FOLLOW-UP PROVIDED BY THE EUROPEAN COMMISSION

TO THE OPINIONS OF THE

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

PLENARY SESSION OF MARCH 2023¹

¹ Including the follow-up to one opinion adopted during the July 2022 Plenary session, two during the September 2022 Plenary session, two during the October 2022 Plenary session, one during the December 2022 Plenary session, three during the January 2023 Plenary Session and three opinions during the February 2023 Plenary session.

N°	Title	References		
	SG.A5			
1.	Strategic Foresight Report 2022	INT/998		
	Rapporteur: Angelo PAGLIARA (IT-II)	COM(2022) 289 final EESC-2022-04981-00-00-AC		
	DIGIT			
2.	Interoperability Europe Act	INT/1003		
	Rapporteur: Vasco LINHARES DE LIMA ÂLVARES DE MELLO (PT-I)	COM(2022) 720 final EESC-2022-05805-00-00-AC		
	JUST	-		
3.	Enhancing the convergence of insolvency proceedings	INT/1007		
	Rapporteur: Sandra PARTHIE (DE-I)	COM(2022) 702 final EESC-2022-05781-00-00-AC		
4.	Violation of sanctions/EU crimes	SOC/739		
	Rapporteur: José Antonio MORENO DÍAZ (ES-II)	COM(2022) 249 final COM(2022) 684 final EESC-2022-03748-00-01-AC		
5.	Strengthening the role and independence of equality bodies	SOC/750		
	Rapporteurs: Nicoletta MERLO (IT-II) and Sif HOLST (DK-III)	COM(2022) 688 final COM(2022) 689 final EESC-2022-05875-00-00-AC		
	FISMA	•		
6.	Review of the European Market Infrastructure Regulation (EMIR)	ECO/601		
	Rapporteur: Florian MARIN (RO-II)	COM(2022) 696 final COM(2022) 697 final EESC-2022-05896-00-00-AC		
7.	Listing rules for public markets (Listing act)	ECO/602		
	Rapporteur: Kęstutis KUPŠYS (LT-III)	COM(2022) 760 final COM(2022) 761 final COM(2022) 762 final EESC-2022-05409-00-00-AC		
	TAXUD			
8.	Administrative cooperation in taxation (DAC 8)	ECO/604		
	Rapporteur: Petru Sorin DANDEA (RO-II)	COM(2022) 707 final EESC-2022-06314-00-00-AC		

EMPL		
9.	Recommendation on minimum income	SOC/744
	Rapporteurs: Paul SOETE (BE-I) and Jason DEGUARA (MT-II)	COM(2022) 490 final EESC-2022-04756-00-00-AC
	EAC	
10.	Young people's role in the green transition	SOC/753
	(Exploratory opinion requested by the Swedish presidency)	EESC-2023-00128-00-00-AC
	Rapporteur: Nicoletta MERLO (IT-II)	
	ENV	
11.	Revision of the EU Action Plan against Wildlife Trafficking	NAT/874
	Rapporteur: Ozlem YILDIRIM (FR-II)	COM(2022) 581 final EESC-2022-05701-00-00-AC
	CLIMA	
12.	Carbon Removal Certification	NAT/887
	Rapporteur: Stoyan TCHOUKANOV (BG-III)	COM(2022) 672 - final EESC-2022-06159-00-00-AC
	AGRI	
13.	EU strategy on fertilisers	NAT/888
	Rapporteur: Arnold PUECH D'ALISSAC (FR-I)	COM(2022) 590 final EESC-2022-05716-00-00-AC
	ENER	
14.	State of the Energy Union 2022	TEN/791
	Rapporteurs: Marcin NOWACKI (PL-I), Angelo PAGLIARA (IT-II) and Lutz RIBBE (DE-III)	COM(2022) 547 final EESC-2022-05991-00-01-AC
15.	Digitalising the energy system - EU action plan	TEN/798
Assoc CNECT	Rapporteur: Thomas KATTNIG (AT-II)	COM(2022) 552 final EESC-2022-06280-00-00-AC
INTPA (Assoc EEAS)		
16.	Youth action plan in the EU external action (Own-initiative opinion)	REX/566
	Rapporteur: Michael MCLOUGHLIN (IE-III)	EESC-2022-05742-00-00-AC

GROW			
17.	Revision of th	e Design Directive and Regulation	INT/1008
	Rapporteur-ge	eneral: Ferdinand WYCKMANS (BE-II)	COM(2022) 666 final COM(2022) 667 final EESC-2023-00101-00-00-AC
18.		truction for CO2 reduction in building sector	TEN/794
Assoc	(Exploratory	opinion requested by the Swedish presidency)	EESC-2022-06006-00-00-AC
CLIMA/ JRC	Rapporteur: R	udolf KOLBE (AT-III)	EESC-2022-00000-00-00-AC
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		GROW	
19.		Short-term rental initiative	INT/1009
-	dopted during y session of	Rapporteur: Marinel Dănuț MURESAN (RO-I)	COM(2022) 571 final
February 2	•		EESC-2022-05400-00-00-AC
NEAR			
the Plenar January 20	EAS, SANTE,	The role of civil society in the reconstruction and resilience of the Euro-Mediterranean region (Own- initiative opinion)Rapporteur: Angelo PAGLIARA (IT-II)	REX/537 EESC-2021-02760-00-00-AC
21.		Digital transition in the Euro-Mediterranean region	REX/549
-		(Own-initiative opinion) Rapporteur: Dolores SAMMUT BONNICI (MT-I)	EESC-2022-01584-00-00-AC
GROW (Assoc. SG.D2/EMPL/ENV/CLIMA/ENER)			
-	dopted during y session of r 2022	SMEs, social economy enterprises, crafts and liberalprofessions Fit for 55(own-initiative opinion)Rapporteur: Milena ANGELOVA (BG-I)Co-rapporteur: Rudolf KOLBE (AT-III)	INT/979 EESC-2022-01049-00-00-AC

ENER		
23.	Accelerating renewables roll out	TEN/783
Opinion adopted during the Plenary session of October 2022	Rapporteur: Kęstutis KUPŠYS (LT-III) Co-rapporteur: Alena MASTANTUONO (CZ-I)	COM(2022) 221 final (C (2022) 3219 final) EESC-2022-03515-00-00-AC
24. Opinion adopted during the Plenary session of September 2022	The energy and digital transition in rural areas (own-initiative opinion) Rapporteur: John COMER (IE-III) Co-rapporteur: Luís MIRA (PT-I)	NAT/859 EESC-2022-00484-00-01-AC
25. Opinion adopted during the Plenary session of October 2022	Emergency preparedness (own-initiative opinion) Rapporteur: Paul RÜBIG (AT-I)	INT/989 EESC-2022-01516-00-00-AC
26. Opinion adopted during the Plenary session of February 2023	Review of the Urban Wastewater Treatment DirectiveRapporteur: Stoyan TCHOUKANOV (BG-III)	NAT/877 COM(2022) 541 final EESC-2022-05433-00-00-AC
	ENV	
27. Opinion adopted during the Plenary session of January 2023	Sustainable recycling, use of secondary raw materials and Just Transition in the European ferrous and nonferrous metal industry (Own-initiative opinion) Rapporteur: Anastasis YIAPANIS (CY-III)	CCMI/191 EESC-2022-03665-00-00-AC
28. Opinion adopted during the Plenary session of February 2023	Rapporteur: Kęstutis KUPŠYS (LT-III)	NAT/879 COM(2022) 542 final EESC-2022-05604-00-00-AC
GROW		
29. Opinion adopted during the Plenary session of January 2023	The cost of non-Europe - the benefits of the single market (exploratory opinion requested by the Czech presidency) (exploratory opinion requested by the Czech	INT/987 EESC-2022-01691-00-00-AC
	Rapporteur: Philip VON BROCKDORFF (MT-II) Co-rapporteur: Emilie PROUZET (FR-I)	

TRADE		
30.	The power of trade partnerships: together for green	REX/561
Opinion adopted during the Plenary session of January 2023	and just economic growth Rapporteur: Tanja BUZEK (DE-II)	COM(2022) 409 final EESC-2022-04926-00-01-AC

N°1 Strategic Foresight Report 2022 COM(2022) 289 final EESC 2022/4981 – INT/998 577 th Plenary Session – March 2023 Rapporteur: Angelo PAGLIARA (IT-II) SG.RECOVER – President VON DER LEYEN Points of the European Economic and Social Committee opinion considered essential		
 1.1. The European Economic and Social Committee (EESC) encourages the Commission to continue developing the strategic foresight agenda and is calling for increased involvement in the process from the very beginning. Greater involvement for the EESC, as the voice of the social partners and organised civil society, would enhance the EU's analysis and foresight capacities and help to pinpoint trends and possible solutions. 2.24. The EESC calls on the Commission to conduct a specific Eurobarometer survey on the topics to be covered in the next Strategic Foresight Report in order to better understand citizens' expectations and points of view. This is also crucial for gauging the degree to which future measures proposed by the foresight analysis will be accepted. 	The Commission welcomes the Committee's support and interest in greater involvement in its strategic foresight agenda. Over the last years, this has translated into close cooperation, including various steps of the process informing the annual Strategic Foresight Reports. In this context, the Commission also welcomes the forward-looking approach of this year's opinion, which included useful considerations for the preparation of the 2023 Strategic Foresight Report. The Commission also welcomes strong involvement of the Committee in the interinstitutional foresight cooperation of the European Strategy and Policy Analysis System (ESPAS).	
1.2. The EESC would like to see the strategic foresight agenda, as well as the Commission's action, geared towards building a new development model that takes due account of economic, environmental and social sustainability.	Economic, social and environmental sustainability are at the heart of Commission's action. The European Green Deal set out a clear strategy to make Europe the first climate-neutral continent by 2050, boosting the economy, improving wellbeing, and leaving no one behind. The 2023 Strategic Foresight Report provides a forward-looking analysis relevant for strengthening the linkages	

	between the environmental, social, and economic dimensions of sustainability. It explores key issues to ensure the transformation of the economy towards a model that respects the planetary boundaries, while safeguarding global competitiveness and resilience. It also investigates how pursuing inclusive wellbeing over the long-term, engaging in a pathway towards sustainability, and consolidating democracy can be the recipe for Europe to strengthen its global role. As part of the foresight related activities, the Commission is also exploring progressively supplementing the use of the Gross Domestic Product (GDP) with wellbeing indicators.
1.3. As achieving the twin transitions also depends on people's willingness and behaviour, the EESC recommends that the Commission also pay attention to the concerns of society and to the possible reluctance among people towards the proposed changes.	The Commission agrees that the success of the twin transitions requires strong social acceptance, relying on the ability to enable people to successfully participate in them. For this reason, the 2022 Strategic Foresight Report included a strong focus on fairness, i.e. stressing the need to strengthen social and economic cohesion. The 2023 edition deepens this analysis and provides specific recommendations on how to achieve the objectives of a socially and economically sustainable Europe.
1.4. The report describes the desired future and the resources needed to achieve it, without addressing the risks and threats in sufficient depth. The EESC calls on the Commission to set out a clearer picture of the risks involved and to analyse the possibilities and scenarios in the event that the desired objectives are not met, especially in the part concerning the availability of raw materials, rare earth metals, water resources and possible related issues.	The Commission agrees that an assessment of current and future strategic dependencies will be key for the success of the twin transitions. That is why it has taken several measures in the recent years. In 2020 it published a foresight study on critical raw materials for strategic technologies and sectors, supported by long-term decarbonisation scenarios, to assess quantitively the materials demand

2.14. The EESC wishes to highlight that in the current geopolitical context, access to critical raw materials is crucial, not only for achieving the twin transition objectives, but above all for maintaining and strengthening the European industrial system and also for social, economic and employment resilience. To this end, the EESC suggests that the Commission carry out a more detailed in-depth analysis through appropriate analysis (also from a geopolitical point of view) and forecasting tools.	for selected technologies and assess supply risks. Together with the update of the foresight study on supply chain analysis and material demand forecast in strategic technologies and sectors, they provide an in-depth analysis of the availability of critical raw materials in key sectors for the transitions. They also constitute a valuable input for the Critical Raw Materials Act ² , reaffirming that the EU needs to mitigate risks for supply chains related critical raw materials strategic dependencies to enhance its resilience and open strategic autonomy. The 2021 and 2022 Strategic Foresight Reports provide additional analysis, including key foresight projections on the availability of critical raw materials by 2050, and related issues for
 1.6. The Strategic Foresight Report does not give consideration to the strategic importance of a strong, cohesive, and innovative European industrial system that is capable of generating quality jobs. The EESC calls on the European Commission to develop specific forecasts on the future of European industrial policy and recommends that suitable economic policies be adopted in order to enhance its long-term competitiveness and productivity and boost public and private investment in this regard. 2.17. The EESC agrees with the call for European policies to be adapted to a new economic model, for an increase in investment to enhance well-being, and for an increase in the productivity and competitiveness of Europe's industrial and economic system. Here, the EESC calls for specific forecasts to be developed on the future of European 	technologies using these materials. Both the 2021 and 2022 Strategic Foresight Reports provide detailed analysis and include several recommendations related to building strong, cohesive, and an innovative EU industrial system, while taking into account geopolitical and other trends. In the updated Industrial Strategy (2021), the Commission analysed the EU's strategic dependencies and introduced regular analysis of the state of the Single Market, across 14 industrial ecosystems. Building on these results, the Commission has recently presented several initiatives to bolster the EU's long-term competitiveness and productivity, mobilizing relevant national and EU tools, and improving

² COM(2023) 165 final.

industrial policy, which is essential for achieving full strategic autonomy.	framework conditions for investment. These include the European Green Deal Industrial Plan ³ , the proposal for Regulation on the Net Zero Industry Act ⁴ and the Critical Raw Materials Act ⁵ . In addition, the EU's long-term competitiveness strategy ⁶ highlighted nine drivers to boost economy activity and productivity in the long-term, and strengthen the resilience of the EU's Single Market.
 1.7. Russia's military aggression against Ukraine, the energy crisis and the new economic and geopolitical reality will have an impact on the path towards the twin transitions. The EESC welcomes the EU's determination to achieve its objectives, but at the same time calls on the Commission and the Council to develop all the necessary tools in order to strengthen strategic energy autonomy, bolster the European industrial system and support businesses and workers following on from what was done during the pandemic crisis with the adoption of an instrument based on the SURE model. 2.16. The EESC calls on the Commission, in the context of the twin dynamics, to take greater account of how situations may change arising from the war in Ukraine, especially in relation to the supply of energy and critical raw materials. 	Russia's war of aggression against Ukraine has been a key consideration in the preparation of the 2022 Strategic Foresight Report. With today's new geopolitical reality, successfully transitioning to low-carbon economy and a digital future are essential to securing long-term competitiveness, prosperity, and sustainability. The EU is therefore doubling down on its twin transitions, while strengthening its open strategic autonomy and cushioning the impact of war. The REPowerEU plan helped to accelerate phasing out of Russian fossil fuels, diversify energy supply and store record levels of gas up to 95%. The Commission proposal for an electricity market design reform will make the bills of consumers less dependent on volatile fossil fuel prices, while boosting investments in renewables, improving consumers' rights and protection and better prevent potential market manipulation. So far, the EU economy and labour markets have been particularly resilient, however the Commission continues to closely

³ COM/2023/62 final. ⁴ COM/2023/161 final. ⁵ COM/2023/160 final. ⁶ COM/2023/168 final.

	monitor the situation and stands ready to adopt further measures would the situation require it.
1.8. The EESC welcomes the increased references to the social dimension and, as previously stated in its 2021 opinion, calls on the Commission, as part of its strategic analysis, to develop specific forecasting tools relating to the impact of the transitions on social security systems, and consequently propose specific measures to mitigate the social effects of the twin transitions.	The 2023 Strategic Foresight Report examines the key intersections between the structural trends and dynamics affecting the social and economic aspects of sustainability, analysing the potential trade-offs and choices that the EU is likely to face ahead. The report proposes areas for action to achieve the objectives of a socially and economically sustainable Europe with a stronger role in the world in the coming years. Moreover, to support fair transitions towards a climate-neutral, digital and sustainable Europe, the Commission is engaged in monitoring and analyzing employment and social developments in the EU, including a focus on challenges related to longer-term trends and assessing the impact of labour market and social policies.
2.7. The report does not adequately take into account the fact that the digital divide between the EU's different regions jeopardises achieving the twin transition objectives. The next strategic report must take into account these divides and the possible consequences from the social point of view and in terms of the opportunities available.	The 2022 Report highlights that the impact of the transitions on regions will be uneven, implying potential economic and labour market imbalances. It also highlights that in regions in transition, tailored measures and incentives will be necessary to support those who are the most vulnerable. Reinforcing regional investments supported by cohesion policy should reduce technological disparities. Connectivity, including in rural and remote areas, will also be key. In February 2023 the Commission presented the Connectivity initiatives aiming to accelerate very high capacity network deployment, including in rural areas.

N°2 Interoperability Europe Act COM(2022) 720 final EESC 2022/5805 – INT/1003 577 th Plenary Session – March 2023 Rapporteur: Vasco LINHARES DE LIMA ÂLVARES DE MELLO (PT- I) DG DIGIT– Commissioner HAHN			
	Points of the European Economic and Social Committee opinion considered essential		
Committee digitalisati done to th person, e	European Economic and Social e (EESC) stresses that complete ion of public services should not be he detriment of those provided in especially considering the most e population groups.	The Commission recognises the need for equal access to public services for all parts of society, including disadvantaged groups and citizens with disabilities, as a cornerstone of diversity of opinion, pluralism, innovation and progress.	
		As foreseen by the Digital Decade Policy Programme, 'every citizen and business should be able to interact digitally with public administrations', however, 'offline accessibility of services should nevertheless be maintained while transitioning to digital tools'.	
		Furthermore, the Commission will continue to work with Member States to support the implementation of the Web Accessibility Directive and the European Accessibility Act, and to foster the development of digital accessibility skills in IT professions.	
		In addition, the Commission adopted in April 2023 a proposal for a Council recommendation on improving the provision of digital skills in education and training ⁷ . This proposal recognises the need to improve the training of digital skills for all, at all levels, and to consider the needs of the need for more EU	

⁷ <u>Proposal for a COUNCIL RECOMMENDATION on improving the provision of digital skills in education and training - Publications Office of the EU (europa.eu)</u>.

	support to increase participation and reach vulnerable groups ⁸ .
1.3. The EESC considers adequate staffing as a prerequisite for a successful digital transformation.	While the Commission considers that the Interoperable Europe Act proposal will significantly reduce administrative burden for citizens, businesses and public administrations, the implementation of the proposal will require limited additional resources from Member States and local authorities, notably to carry out the interoperability assessments in some cases or designating national competent authorities.
	The Commission recalls that the proposal is in line with the principles of proportionality and subsidiarity – thus, the scope of the proposal for a regulation is cross-border interoperability of network and information systems (only those systems are in scope that require cross-border exchange of data). The proposal focuses on setting a framework for EU-level cooperation and providing the tools to design better services and implement at lower cost.
	The Interoperable Europe Act proposes a voluntary peer-review mechanism and provisions on training to enhance skills and knowledge exchange between public administrations, for example, to implement Interoperable Europe solutions in their network and information systems and to help them perform the interoperability assessments. This builds on the existing Interoperable Europe (IOPEU) Academy – an educational initiative aimed at boosting public administrations' advanced digital skills in the interoperability field. The

 $[\]label{eq:https://education.ec.europa.eu/sites/default/files/2023-04/deap-recommendation-provision-digital-skills-180423-1 en.pdf$

	Academy offers online, self-paced Massive Open Online Courses (MOOCs) that are available in EU Academy to everyone interested in interoperability, but specially targeted to civil servants engaged in digital transformation. In parallel it includes awareness actions such as events, webinars, workshops, and lectures in collaboration with academia, training organisations, public administrations and other relevant stakeholders that have an active role in digital transformation and interoperability. The Technical Support Instrument (TSI) can provide Member States with tailor- made expertise for the design and implementation of reforms aimed at enhancing public administrations' digital skills for digital transformation and interoperability.
	Moreover, activities under Horizon Europe contribute to capacity building in digital skills.
1.7. The EESC considers it important, for future funding programmes for public service interoperability projects, to make granting of funding conditional on adopting the principles and structures advocated by the European Interoperability Framework.	The proposal introduces interoperability assessments in a number of cases, when an assessment of the impacts of the planned action on cross-border interoperability should be carried out. This includes the case 'where the intended set-up or modification concerns a network and information system used for the provision of cross-border services and funded through Union programmes'. Such an interoperability assessment will also contain a description of the level of alignment of the network and information systems concerned with the European Interoperability Framework.

1.7. The EESC warns that some technological solutions for digitalisation could be highly energy intensive.	The Commission recalls its commitment to policies that contribute to the European Green Deal ambition of achieving carbon-neutrality by 2050.
	The Commission considers that the Interoperable Europe Act has limited but positive impact on the achievement of the EU climate and energy goals, as shown by the impact assessment. The proposal contributes indirectly to the efficient management and use of digital service infrastructures and their respective components that permits the establishment of sustainable and efficient cross border public services, which will allow better energy efficiency. For example, greater cross-border interoperability could save the burden by facilitating legislative reporting, reducing paper usage, and limiting physical travel required from users of public services when completing administrative procedures.
1.8.2. The EESC believes that access to data, whether for people, businesses or other public services, should be subject to different levels of authorisation in order to safeguard data confidentiality and to ensure that only data that is strictly necessary is disclosed.	The Commission considers access to data an essential requirement in achieving interoperability. However, the Commission stresses that the Interoperability Europe Act, with the exception of data that may be used in the regulatory sandboxes, does not create a new legal basis for the processing, transfer and storage of data. Instead, the proposal aims to create a human-centric EU approach to interoperability that ensures that interoperability solutions are designed with respect to the existing privacy and data protections rules, while maintaining the legitimate interests of confidentiality. Furthermore, even in the event in which data may be processed, transferred, or

stored, following the creation of a
regulatory sandbox, the Interoperable
Europe Act is without prejudice to the
General Data Protection Regulation, to
the EU Data Protection Regulation and
other Union and/or Member State
legislation that may apply. Thus, the
processing, transfer and storage of data
may only be done based on the
requirements provided for in the above-
mentioned legislations, which already
provide robust and adequate safeguards
that guarantee confidentiality and ensure
that only data that is strictly necessary is
disclosed.

N°3 Enhancing the convergence of insolvency proceedings COM(2022) 702 final EESC 2022/5781 – INT/1007 577 th Plenary Session – March 2023 Rapporteur: Sandra PARTHIE (DE-I) DG JUST – Commissioner REYNDERS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. The European Economic and Social Committee (EESC) underlines that a properly designed insolvency regime should help viable businesses to remain operational, avoiding their premature liquidation ⁹ . The aim should be to find a balance between premature insolvency and proceedings starting too late. Transparency of proceedings, as well as easy access to information of a business' performance, are key factors in this context.	The Commission agrees with the Committee on the main objectives of a well-functioning insolvency regime and is confident that the measures taken at EU level in the field of insolvency and preventive restructuring are effective in achieving these objectives. The insolvency proposal aims to make insolvency regimes for businesses overall more efficient and reduce information and learning costs for cross- border creditors resulting from the lack of harmonisation. The new rules seek to level the playing field - supporting investors, promoting free capital movement, and strengthening the market by laying down common safeguards and standards to ensure that non-viable businesses with no prospect of survival are orderly and efficiently liquidated. The Commission also recalls that the present proposal should be read in the context of the existing EU legislation on insolvency law. Notably, it is important to mention that the current proposal is complementary to the 2019 Directive on Restructuring and Insolvency ¹⁰ , which

⁹ See also in points 3.2 and 3.4 of the opinion of the Committee.
¹⁰ Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132, OJ L 172, 26.6.2019, p. 18–55.

	focused on measures for saving viable businesses (preventive restructuring frameworks) and on second chance for entrepreneurs. With regard to transparency of proceedings, it is worth to mention that the EU Insolvency Regulation ¹¹ obliges already Member States to set up publicly accessible national insolvency registers, which are interconnected through the European e- Justice Portal.
1.2. [] However, the EESC would welcome proposals to address the outstanding issue of the insolvency of natural persons ¹² .	The Commission acknowledges that this proposal only deals with insolvency of those natural persons who are entrepreneurs (natural person exercising a trade, business, craft or profession). The focus on corporate insolvency is in line with the proposal's objective to advance the Capital Markets Union (CMU) by reducing the information and learning costs incurred by investors when investing in businesses across borders and that stem from the limited predictability of the outcome of corporate insolvency proceedings in the different Member States. More uniform insolvency laws will thus expand the choice of funding available to companies across the Union.
	This proposal does not address the issue of 'consumer insolvency', that is insolvency procedures of individuals who are not exercising an independent business or professional activity. The Commission is carrying out, in parallel, several actions addressing the phenomenon of consumer over- indebtedness. In this context, the Commission has launched with an

 ¹¹ Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, OJ L 141, 5.6.2015, p. 19–72.
 ¹² See also in points 3.1 and 4.1 of the opinion of the Committee.

	external contractor a large-scale study on European consumers' over-indebtedness and its implications and has carried out projects on debt-advice for consumers (it is to be mentioned that in its legislative proposal of 30 June 2021 ¹³ , the Commission included rules obliging Member States to make available debt advisory services to consumers).
1.3. The EESC doubts whether the proposal, which is presented as an important step in closing relevant gaps for the improvement of the EU's Capital Market Union, can actually fulfil this expectation. The proposal falls short of providing a harmonised definition of insolvency grounds and the ranking of claims, both of which are key to achieving greater efficiency and limiting the existing fragmentation in national insolvency rules ¹⁴ .	The Commission acknowledges that the proposal does not address significant substantive elements of national insolvency laws, such as the ranking of claims or the question of insolvency trigger. This decision has been taken as a result of the impact assessment ¹⁵ , which analysed the effects and costs of two options with different scope of harmonisation. Option 1 ('targeted harmonisation') included in its scope targeted measures on procedural efficiency and value maximization, whereas Option 2 ('wide harmonisation') suggested a more comprehensive harmonisation of the insolvency trigger or the ranking of public claims. The detailed analysis found that a more comprehensive harmonisation (Option 2) would be more effective, but this would also come at a higher cost, notably in terms of potential inconsistencies with other pieces of law (property law, company law, labour law). The targeted harmonisation (Option 1) would deliver comparable benefits (to Option 2) but in a more cost-effective manner.

¹³ See Article 36 of the Proposal for a Directive of the European Parliament and of the Council on consumer credits, COM/2021/347 final.
¹⁴ See also points 3.5 and 4.9 of the opinion of the Committee.
¹⁵ SWD(2022) 395 final.

	The proposal is expected to bring significant economic benefits for investors (creditors), companies, including small and medium enterprises and in general, the wider economy. Creditors will in particular benefit from expected higher value recovery as well as reduced information and learning costs. Investors from third countries will enjoy similar benefits, making it more attractive for them to invest in the EU. Companies across the EU will face more uniform insolvency regimes and lower legal uncertainty about what will happen if they become insolvent. Micro and small companies will benefit directly from the creation of a special alleviated insolvency regime that will be more proportional to their needs. The qualitative and quantitative assessment suggests that the targeted harmonisation could lead to significant reductions in both costs and time of recovery. This is expected to boost recovery rates, which, when extrapolating empirical estimates in economic studies, could lead to a reduction of funding costs and result in an increase in cross-border portfolio asset
	when extrapolating empirical estimates in economic studies, could lead to a reduction of funding costs and result in
	Furthermore, the decision to opt for a targeted harmonisation instrument for now does not preclude any EU actions in this field in the future.
1.4. The EESC therefore urges the Commission, the Parliament and the Council to revise the proposal in Article 27 to oblige counterparties, e.g. suppliers to a business that is entering insolvency proceeding, to sign executory contracts, which are then assigned to the acquirer of the business without the consent of the counterparty. This, in effect,	The Commission would not agree with the advice of the Committee to revise the proposal in Article 27 that ensures the assignment of so-called executory contracts to the acquirer of the business without the consent of the debtor's counterparties (i.e. the counterparties of those executory contracts). The

binds them artificially to a contract partner	Commission justifies its position with the
they have never chosen nor vetted and curtails	following reasons:
their entrepreneurial freedom. ¹⁶ Restraining contractual rights of termination in the case of insolvency will reduce the willingness of vital suppliers to provide credit, especially in the case of MSMEs facing financial difficulties.	a) The freedom of contract is not an absolute principle of civil law. Legal systems do acknowledge situations where contractual rights or obligations are assigned to an assignee without the consent/approval of the counterparty to the contract (e.g. when the assignment happens by operation of law).
	b) The proposal is balanced: not all executory contracts are subject to assignment without the consent of the counterparty, but only those that 'are necessary for the continuation of the debtor's business and the suspension of which would lead to a business standstill'. Moreover, according to Article 27(2) the insolvency court may decide to terminate certain executory contracts.
	c) Maintaining in force those executory contracts is vital for the success of the pre-pack agreement: it ensures the viability of the business (or part thereof) that is sold. Thereby, the rule in Article 27(1) serves exactly the same economic objective as Article 7(5) of the 2019 Directive on Restructuring and Insolvency. The latter provision ensures that executory contracts are maintained throughout a preventive restructuring procedure. In both cases the aim is to ensure the survival of a business as economic reality, and the difference between the rules lies in the fact that in the case of a pre-pack the economic activity is carried on by an acquirer (i.e. a legal entity that is different from the debtor), which requires that the executory

¹⁶ See also in point 4.8 of the opinion of the Committee.

	contracts are assigned to the acquirer(whereby in preventive restructuring the debtor is also the legal entity that carries on the economic activity).
1.6. While the EESC endorses this special procedure ¹⁷ , we caution that the requirements for national courts to carry out these tasks can lead to an overburdening of national judicial systems, if they are made responsible for assessing whether a microenterprise is indeed insolvent, and for conducting the necessary lengthy proceedings, including the realisation of assets and distribution of the proceeds. The EESC therefore recommends resorting to other competent players, such as insolvency practitioners, to help reduce the burden on the judiciary ¹⁸ .	The Commission has assessed in its impact assessment the potential effect of the introduction of a regime for microenterprises (MSEs) on judicial capacity under the assumption of a proportional increase in the case load for judges and no cost savings from other measures. On the other hand, the impact assessment also referred to certain mitigating effects of the MSE regime that should reduce costs for the public sector (notably the judiciary) ¹⁹ . It must be noted, as well, that according to the proposal Member States will have the option of designating administrative bodies (instead of courts) as the competent authorities in the simplified MSE proceedings. Thereby Member States could almost entirely spare their judicial systems from the additional tasks generated by the special proceedings. With regard to the recommendation of the Committee to alleviate the burdens of the courts by resorting to other actors, such as insolvency practitioners, it must be mentioned that the proposal also identifies cases where, in the special proceedings for MSEs, an insolvency practitioner may still be appointed. The suggestion of the Committee might be taken into account within subsequent interinstitutional negotiations, provided that the objective to make an orderly

¹⁷ Namely the simplified winding-up proceedings for microenterprises in Title VI of the EC proposal. This refers to the preceding point (1.5) of the opinion of the Committee.
¹⁸ See also in point 4.6 of the opinion of the Committee.
¹⁹ See impact assessment pp 51-52.

	liquidation procedure effectively available to all MSE can be reached.
4.10. Similarly, insolvency triggers are not sufficiently taken up by the proposal, despite claims to the contrary in the communication on the directive. []	To the decision of the Commission not to suggest the harmonisation of the insolvency triggers in general, see comment to point 1.3. of the Committee.
4.11. With a view to simplifying insolvency proceedings, which the EESC supports in principle, the directive proposes that the inability to pay debts as they mature should be the criterion for opening simplified winding- up proceedings. Instead of providing guidance on how to define the specific conditions under which this criterion is met, the proposal asks the Member States to define this point themselves, and foregoes the chance for coherence across the EU.	With regard to the specific condition of opening simplified winding-up proceedings for microenterprises, the Commission regards the provision in Article 38(2) of the proposal as a rule of minimum harmonisation of the insolvency ground – since with its current language it excludes the use of the balance-sheet test for the purpose of assessing the insolvency of MSEs and the opening the simplified proceedings.
4.13. Finally, the EESC recommends that the Commission publishes regular statistics on insolvency cases under the relevant insolvency regulation so that the effectiveness of the system established can be assessed from time to time.	The Commission recalls that according to Article 29 of the Directive on Restructuring and Insolvency, Member States shall collect and aggregate on an annual basis, at national level, all types of data on procedures concerning restructuring, insolvency and discharge of debt. The data should be communicated to the Commission by a standard communication form (which is to be established by implementing acts). The Commission will publish on its website the data communicated in accordance with this provision in an accessible and user-friendly manner. As a further instrument to assess the effectiveness of insolvency regulation, the Commission envisages to undertake recurrent benchmarking exercises similar to that carried out by the European Banking Authority in 2020 ²⁰ in line with

 ²⁰ European Banking Authority, 'Report on the benchmarking of national loan enforcement frameworks', response, EBA/Rep/2020/29, available at https://www.eba.europa.eu/sites/default/documents/files/document_library/About%20Us/Missions%20and%20t

the results of the feasibility study ²¹ that followed up on Action 11B of the CMU action $plan^{22}$.
action plan .

asks/Call%20for%20Advice/2020/Report%20on%20the%20benchmarking%20of%20national%20loan%20enfo rcement%20frameworks/962022/Report%20on%20the%20benchmarking%20of%20national%20loan%20enfor cement% 20frameworks.pdf ²¹ DG FISMA, 'Feasibility Assessment to enhance data reporting in order to allow for a regular assessment of the

enforcement regimes', of national loan August effectiveness 2021, available at https://finance.ec.europa.eu/system/files/2021-08/210802-national-loan-enforcement-feasibilityassessment_en.pdf ²² COM/2020/590 final.

N°4 Violation of sanctions/EU crimes COM(2022) 249 final COM(2022) 684 final EESC 2022/3748 – SOC/739 577 th Plenary Session – March 2023 Rapporteur: José Antonio MORENO DÍAZ (ES-II) DG JUST – Commissioner REYNDERS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
Conclusions and recommendations	
1.2. () The European Economic and Social Committee (EESC) regrets that the abovementioned decision was not subject to full democratic deliberation in the European Parliament's Committee on Civil Liberties, Justice and Home Affairs due to the activation of the urgency procedure. Similarly, the EESC remains concerned that the proposal for a Directive tabled by the Commission has not been preceded by an impact assessment.	Given the urgency to hold accountable individuals and legal persons involved in the violation of Union restrictive measures, the urgent procedure was activated and on 7 th July 2022 the European Parliament provided its consent to add the violation of EU restrictive measures to the list of crimes laid down in Article 83(1) of the Treaty on the Functioning of the EU (TFEU). The Council adopted Decision 2022/2332 on adding the violation of Union restrictive measures to the areas of crime laid down in Article 83(1) of the TFEU, on 28 November 2022. The Commission's proposal for a Directive on the definition of criminal offences and penalties for the violation of Union restrictive measures was adopted immediately thereafter, on 2 December 2022, and is following the ordinary legislative procedure. Given the urgency to end impunity for those violating Union restrictive measures, no impact assessment was conducted before the adoption of the proposal. However, on 25 May 2022, the Commission published a Communication <i>'Towards a Directive on criminal</i>

	penalties for the violation of Union restrictive measures ' ²³ that provided a detailed overview of the main elements of the proposal. On the basis of this Communication as well as of a dedicated questionnaire circulated by the Commission, targeted consultations were conducted with Member States in the Working Party on Judicial Cooperation in Criminal Matters (COPEN) (8 September 2022), Europol (5 September 2022) and Eurojust (13 September 2022). The Commission also organised an in- depth discussion with members of its Expert Group on EU Criminal Policy (16 September 2022).
1.3. In the development of the Directive, the EESC encourages the Commission, the European Parliament and the Council to expand the humanitarian carve out, exempting humanitarian agencies and personnel from criminal liability, bringing this provision in tune with current international practice, while ensuring that appropriate mechanisms are provided for to prevent abuse for criminal or political purposes.	See explanations under point 4.5.
1.4. The EESC supports the inclusion of appropriate guarantees and protection for whistle-blowers and journalists who publicise attempts to evade sanctions, to which the abovementioned carve-out should extend.	The Commission welcomes the Committee's support of including the protection of whistle-blowers who report violations of Union restrictive measures as an important tool to strengthen the enforcement of the proposal. Article 14 of the proposal calls on Member States to take measures to ensure that the protection granted under Directive (EU) 2019/1937 is applicable to persons reporting criminal offences referred to in Articles 3 and 4 of the proposed Directive.

²³ EUR-Lex - 52022DC0249 - EN - EUR-Lex (europa.eu)

1.5. The EESC urges the Commission, the European Parliament and the Council of the European Union to ensure that the private sector and civil society organisations are provided adequate information and proactive support in adjusting to the new legislation and in complying with new requirements.	The Commission concurs that the private sector and civil society organisations should receive adequate information and support in complying with new legislation. With regard to Union restrictive measures, the Commission has published guidance and extensive frequently asked questions covering a broad range of topics. The Commission continues to update them in order to assist stakeholders on how to apply the sanctions packages.
1.6. The EESC encourages the Commission, the European Parliament and the Council of the European Union to ensure that, beyond promoting the harmonisation of legislation, Member States are equipped with adequate administrative capacities, sufficient funds, and trained personnel for detecting, prosecuting and punishing sanctions violations, which could be supported by cooperation between Member States via the sharing of best practices in detection and prosecution.	Beyond the proposal, the Commission has taken several initiatives to support Member States in the enforcement of sanctions. In particular, the Commission set up the Freeze and Seize Task Force with the aim to coordinate Member States' efforts in implementing sanctions, notably asset freezes. The Task Force provides for an ideal platform to exchange views and share best practices between competent authorities.
4. Specific comments	
4.1. The European Parliament gave its consent to the draft Council decision via an urgent procedure. This means that the European Parliament gave its consent without prior deliberation by its Committee on Civil Liberties, Justice and Home Affairs (LIBE). The strong geopolitical imperative underlying the adoption of the proposal should not detract from the need to submit legislative proposals to appropriate democratic scrutiny. Democratic accountability standards should be preserved. The EESC reiterates the importance of ensuring adequate scrutiny by the European Parliament on the proposal for a Directive on the establishment of minimum	See explanations under point 1.2.

rules concerning the definition of criminal offences and penalties for sanctions violations that is currently under consideration.	
4.2. In the same vein, the proposal for a Directive mentions that the Commission refrained from conducting an impact assessment, pointing to the "urgent need to hold accountable individuals and legal persons involved in the violation of Union restrictive measures" ²⁴ . Although the EESC acknowledges the pertinence of expediting the adoption of the Directive on criminal penalties for the violation of Union sanctions, it is the Committee's view that the relative urgency of harmonising definitions and penalties does not justify skipping the impact assessment that ought to accompany the preparation of the Directive. This is particularly the case since the individuals and legal persons involved in the violation of sanctions can already be held accountable under existing national legislation, which means that delaying the adoption of the Directive will not leave violations unpunished. Thus, the EESC supports the conduct of a regular impact assessment and once the Directive has been adopted, the EESC advocates it in place quickly.	See explanations under point 1.2.
4.3. While the EESC welcomes the extensive consultations that the Commission conducted with a broad spectrum of stakeholders, the EESC regrets that the Commission's proposal for a Directive on the definition of criminal offences and penalties for the violation of sanctions does not mention the EESC among them.	The Commission welcomes the fruitful exchanges with the Committee on the proposal for a Directive on the definition of criminal offences and penalties for the violation of sanctions. At the same time, it recalls that its proposal for a Directive was adopted on 2 December 2022 and, given the urgency to table the proposal, the Committee was not among the stakeholders involved in the targeted consultation conducted ahead of the adoption of this proposal. In addition, the

²⁴ <u>COM/2022/684 final</u>.

	proposal does not mention the Committee's opinion as the latter was formally adopted on 22 March 2023.
4.5. Adequate provisions should be made to safeguard humanitarian action in jurisdictions under sanctions. Liability for possible sanctions violations remains a concern for humanitarian actors providing relief to heavily-sanctioned jurisdictions (). In order to ensure that the penalty framework does not hinder humanitarian action, the language of the proposed Directive ought to be strengthened.	The Commission acknowledges the importance of the provision of humanitarian aid, in compliance with international humanitarian law. To this end, the delivery of humanitarian aid to persons in need is excluded from criminalisation, in accordance with Article 3(6) of the proposal.
4.6. The EESC encourages the Commission to monitor the implementation of the directive not merely with reference to the adoption of legislation, but paying attention to the endowment of sufficient administrative, financial, technological and human resources capacities and appropriate training to allow national bureaucracies, judicial and law enforcement authorities to give effect to the contents of the new legislation. In the absence of adequate equipment, staffing and financial endowment, the harmonisation of legislation alone is likely to fail in its mission of detecting, prosecuting and punishing sanctions violations. In addition, the EESC encourages the Commission to make criteria it will apply for monitoring, in order to provide some orientation to stakeholders.	The Commission has taken several initiatives to support Member States in the enforcement of sanctions. In particular, the Commission set up the Freeze and Seize Task Force with the aim to coordinate Member States' efforts in implementing sanctions, notably asset freezes. The Task Force provides for an ideal platform to exchange views on enforcement issues common to many or even all Member States, such as those connected with the identification of the beneficial owner. Trainings for judges will also be provided via dedicated channels.
4.7. When criminal convictions allow for the confiscation of assets, a sizable portion of the proceeds ought to be allocated for compensating victims and, in the case of those sanctions currently in force against Russian targets over its war on Ukraine, to post-war reconstruction efforts in Ukraine. The EESC supports this demand, in line with the EESC	With regard to confiscation of assets, the Commission recalls that the proposed Directive is linked with the Commission proposal for an asset recovery and confiscation Directive, currently under negotiation. In addition, Article 10 clarifies the notion of 'proceeds' of crime for the purpose of specific circumvention

opinion ²⁵ on the Commission proposal for a Directive on asset recovery and confiscation. The EESC further encourages the Commission to work with dedicated civil society organisations on the definition of victims and on the design of mechanisms to channel the proceeds of sanctions evasion to victims, or to social investment endeavours that directly benefit them. ()	offences covered by the proposal. This would ensure that instrumentalities and proceeds arising from the criminal offences related to the violation of Union restrictive measures can be subject to confiscation. The Commission is engaging with different stakeholders and exploring channels on the possible use of frozen and immobilised assets to support Ukraine's reconstruction.
4.9. As indicated in the Directive's current wording, provisions should be made to uphold the principle of non-retroactivity of criminal penalties, in line with the principle 'nulla poena sine lege'. The EESC underlines the need to guarantee the due process rights and other human rights safeguards of accused persons.	The Commission agrees with the Committee on the need to guarantee the due process rights and human rights safeguards of the accused. The proposal seeks to ensure the respect of fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, including the right to property, the right to an effective remedy and to a fair trial, the presumption of innocence and the right of defence including the right not to incriminate oneself and to remain silent, the principles of legality, including the principle of non-retroactivity of criminal penalties and proportionality of criminal offences and penalties, as well as the principle of ne bis in idem. This is specifically referred to in Recitals 23 and 24. Specific safeguards, including the right to remain silent and the privilege against self-incrimination as well as legal professional privilege, are also mentioned in the operative part of the proposed Directive (Article 3(4) and (5)).
4.10. Lastly, the EESC regrets that, while the identification of sanctions violations as a 'Eurocrime' has proved a swift process,	The Commission welcomes that, for the first time, the Council extended the areas of crime listed in Article 83(1) TFEU to

²⁵ <u>OJ C 100, 16.3.2023, p. 105–110.</u>

include the violation of Union restrictive
measures. The Commission wishes to
underline that also the fight against
gender-based violence and hate crimes is
a high priority for the Commission.

N°5 Strengthening the role and independence of equality bodies COM(2022) 688 final, COM(2022) 689 final EESC-2022-05875 – SOC 750 577 th Plenary Session – March 2023 Rapporteurs: Sif HOLST (DK-III) and Nicoletta MERLO (IT-II) DG JUST and DG EMPL – Commissioner DALLI	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.1. The European Economic and Social Committee (EESC) welcomes the initiative to give equality bodies the role of advocates for the rights of victims of discrimination, and particularly welcomes the explicit focus on promotion and prevention and on provision of adequate resources, enabling equality bodies to carry out their role independently and effectively. 4.1.5. The EESC applauds the proposed strong safeguards for the independence of equality bodies, which is crucial to their ability to provide sufficient support to citizens. 4.1.6. The EESC emphasises the particular importance of safeguards for the availability and adequacy of the human, technical and financial resources are a prerequisite, both for the independence of equality bodies. Resources are a prerequisite, both for the independence of equality bodies and for their ability to effectively protect victims and prevent discrimination. 	The Commission appreciates the support of the Committee for its proposals ²⁶ and shares the view of the Committee that the role of equality bodies should be to facilitate access to justice for victims of discrimination and promote equal treatment and help prevent discrimination. It also concurs with the opinion of the Committee that equality bodies should receive adequate resources and be independent to carry out their functions effectively.
1.3. Believing that not properly taking into account intersectional and multiple forms of discrimination would be a missed opportunity, the EESC requests that the aspect of intersectionality be taken into account in policies at both national and EU level, so as to	Intersectionality is a key component of all the Commission equality strategies. The Commission seeks to ensure that the fight against discrimination on specific grounds and their intersections with other grounds of discrimination is integrated into all EU policies.

²⁶ Here and later in the text, references to "the proposals" refer to the two proposals strengthening the role and independence of equality bodies: COM(2022) 688 final and COM(2022) 689 final.

guarantee that every victim is given protection. 4.1.12. Recalling that "the intersection of race, ethnic origin, social class, age, sexual orientation, nationality, religion, sex, disability, refugee or migrant status etc. has a multiplier effect which increases the discrimination", the EESC believes that it is important to continue to have knowledge- exchange and learning promotion programmes at all levels, including by securing an intersectional approach to the work.	A recital of the Employment Equality Directive ²⁷ , which covers discrimination based on the grounds of religion or belief, disability, age and sexual orientation in the workplace, and a recital of the Racial Equality Directive ²⁸ , which covers discrimination based on racial or ethnic origin, specifically refer to the equality between men and women, stressing that women are often the victims of multiple discrimination. Likewise, a recital in the proposals on equality bodies stresses that, in promoting equal treatment, preventing discrimination, equality bodies should pay particular attention to discrimination based on several of the grounds protected by the equality directives ²⁹ .
1.5. The EESC supports the obligation for public institutions to consult with equality bodies in a timely manner and to take their recommendations into consideration, but recommends that Member States should be required to report on actions taken in relation to their interactions with equality bodies and the results of such actions.	The Commission welcomes the support of the Committee regarding the proposed obligation for Member States to ensure that the government and other public institutions consult equality bodies on legislation, policy, procedure, programmes, and practices related to the rights and obligations derived from the equality Directives, in a timely manner. The proposed Article 13 also provides that Member States must ensure that equality bodies have the right to require feedback from the authorities concerned on the recommendations they made.
1.6. The EESC believes that entrusting the supervision mechanism to the Commission ensures a high level of attention to monitoring. However, for this to be effective, it calls for consideration to be given to whether the	The Commission welcomes the support of the Committee regarding the monitoring provisions of the proposals. The Commission takes note of the Committee's suggestion of a more

²⁷ See recital 3 of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, OJ L 303, 2.12.2000, p. 16–22.
²⁸ See recital 14 of Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment

between persons irrespective of racial or ethnic origin, OJ L 180, 19.7.2000, p. 22–26. ²⁹ See recital 15 of COM(2022) 688 and recital 16 of COM(2022) 689.

reporting timeframe can be reduced to three years instead of five, as proposed by the directives.	frequent reporting obligation, every three years instead of five. The Commission proposed frequency of five years for the reporting is aligned with the frequency of the reporting obligations under the existing equality Directives. It also takes into account the fact that, according to the proposals, equality bodies will also produce and make available to the public an annual activity report and a report on the state of equal treatment and discrimination in their Member State, at least every four years.
 1.7. The EESC welcomes the clarification that accessibility for all also requires attention to the accessibility requirements of persons with disabilities and stresses that accessibility can also be a matter of access to advice. 4.2.2 The EESC [] underlines that accessibility can also be a matter of access to counselling, for example, if individuals live at a remote location or have difficulties accessing online resources. 	The Commission's proposals provide for an obligation for Member States to ensure accessibility and provide reasonable accommodation for persons with disabilities to guarantee their equal access to all services and activities of equality bodies, including assistance to victims. The Commission is committed to ensuring the correct implementation of EU rules on accessibility, including in respect to persons with disabilities. Equality bodies should be able to receive complaints of discrimination not only in writing or online, but also orally as proposed in Article 6 paragraph 2 of the proposals. The Commission also agrees that the services of equality bodies should be available throughout the Member States' territories, including in rural and remote areas as proposed under Article 11.
1.8. [] The EESC further insists that the proposals must promote a leading role for social partners and civil society organisations in the implementation of national non-discrimination frameworks and reinforce existing practices of support for social partners	The Commission shares the Committee's view that social partners are key partners in fighting discrimination, alongside civil society organisations, and confirms that its proposals fully respect the essential role and autonomy of social partners. The

and civil society organisations from equality bodies. 4.1.3. The Commission's proposal to extend the mandate of equality bodies to cover Directive 79/7/EEC, so that equality bodies are able to provide protection against gender- based discrimination in the field of state social security, must be without prejudice to the role and powers of social partners and should serve to reinforce and support their work.	Employment Equality Directive requires Member States to promote dialogue between the social partners with a view to fostering equal treatment ³⁰ . Social partners are among the entities with which equality bodies will cooperate under Article 12 of the proposals, and are listed in the corresponding recital ³¹ .
 4.2.2. The EESC believes that the assistance provided by equality bodies is essential to ensure that victims of discrimination are not limited to individual recourse to judicial redress and the law, but that these competencies must be without prejudice and complementary to the collective representation and litigation powers of social partners. 4.2.5. [] The EESC further stresses that, in line with the existing equality directives, the litigation powers of equality bodies should be without prejudice and complementary to the relevant competences and legal standing of social partners and civil society organisations, in accordance with the criteria laid down by their national law. [] 	The Commission confirms that its proposals fully respect the essential role and autonomy of social partners. The proposals do not modify the current provision of the equality directives according to which Member States must ensure that associations, organisations or other legal entities, having, under national law, a legitimate interest in ensuring that the provisions of the directives are complied with, may engage, either on behalf or in support of the complainant in judicial and/or administrative proceedings.
1.9. The EESC recognises that exercising investigative powers in the context of proceedings on behalf of or in support of victims of discrimination must be without prejudice to the powers and independence of investigations by courts, tribunals and other public monitoring bodies such as labour inspectorates.	The Commission confirms that the proposals do not affect investigative powers held by other entities. Besides, the proposals call for 'appropriate mechanisms for equality bodies to cooperate with relevant public bodies' in charge of investigation.
1.11. The EESC suggests that the promotion of information campaigns on EU rights and	The Commission welcomes the support of the Committee concerning the need for

³⁰ See article 13(1) of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, OJ L 303, 2.12.2000, p. 16–22.
³¹ See recital 38 of COM(2022) 688 and recital 39 of COM(2022) 689.

respect for diversity be developed and financed by the Commission and carried out at local level by national equality bodies, together with civil society organisations and social partners, and adapted to the needs of territories. Special attention should be paid to the most vulnerable groups and special campaigns should be planned targeting children and young people at school, from an early age. 4.3.2. The EESC urges for social partners and civil society organisations to be included in the preparation, execution, and dissemination of these information campaigns. The insights of the relevant organisations will further the reach and effectiveness of the campaigns and can bring a voice the most vulnerable groups.	campaigns to promote equality rights in the EU, adapted to local territories/specific groups of people. Awareness-raising is highlighted in the proposals as specific activity to support the prevention of discrimination and the promotion of equal treatment, and with a requirement for Member States and equality bodies to focus on disadvantaged groups and to take into consideration the most appropriate communication tools and formats for each target group. It is also a key aspect of the Union of equality strategies. For example, in order to recognise and make visible cities' efforts to put in place inclusion policies at local level, the Commission has launched an annual designation of European capital(s) of inclusion and diversity, which in 2023 celebrated its second edition. In the Strategy for the rights of persons with disabilities 2021-2030 ³² , the Commission committed to 'work with Member States to complement and support national campaigns, to strengthen awareness-raising and to combat stereotypes around disability'.
1.12. The EESC calls for the regular collection and analysis of disaggregated data to monitor inequalities and discrimination, including multiple discrimination, and stresses the importance of carrying out systematic research on inequalities and discrimination, also in cooperation with organised civil society and social partners in work-place related matters.	The Commission welcomes the support of the Committee regarding the provisions of the proposals on data collection and on access to equality data. To improve the collection and use of equality data by Member States, in 2018 the EU High Level Group on Non- discrimination, Equality and Diversity set up a Subgroup on Equality Data, supported by the EU Fundamental Rights

³² <u>https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8376&furtherPubs=yes</u>

4.4.1. [] the EESC stresses the importance of providing equality bodies with adequate additional resources to deploy these powers.	Agency. The subgroup has already produced several guidelines, a 'Compendium of practices on equality data" as well as a "Diagnostic mapping tool' ³³ . The Agency itself regularly publishes ground-specific equality data and related data-collection guidelines, including a recent guidance to improve data collection on disability ³⁴ .
4.1.13. The EESC welcomes the fact that the directives contain provisions for multi- mandate bodies to guarantee the necessary resources and visibility for the equality function. However, the meaning of 'autonomous exercise of the equality mandate' will have to be further defined and interpreted – also ensuring that it does not require a hermetic separation between the different mandates in cases where they can be used to strengthen and complement each other. Introducing a structural "firewall" in equality bodies with different dedicated departments could be counterproductive when it comes to achieving strong equality bodies.	The Commission welcomes the support of the Committee regarding the need for safeguards to guarantee the autonomous exercise of the equality mandate in multi- mandate bodies. It takes due note of the Committee's suggestion to clarify and fine tune this provision and will take it into account during the interinstitutional negotiations.

 ³³ Compendium of Practices on Equality Data | European Union Agency for Fundamental Rights (europa.eu)
 ³⁴ New guidance to improve data collection on disability rights | European Union Agency for Fundamental Rights (europa.eu)

N°6 Review of the European Market Infrastructure Regulation (EMIR) COM(2022) 696 final COM(2022) 697 final EESC-2022-05896 – ECO/601 577 th Plenary Session — March 2023 Rapporteur: Florian MARIN (RO-II) DG FISMA – Commissioner MCGUINNESS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
4.6. (and 1.8.) The European Economic and Social Committee (EESC) is disappointed that the Commission has not performed a thorough evaluation of the existing framework, given that the regulation was last amended more than three years ago. Furthermore, in order for the current amendments to be fit for purpose, the EESC would have expected a targeted analysis of how the attractiveness of the EU market has changed in the past years, especially related to recent significant geopolitical developments.	The Commission prepared an impact assessment reflecting the outcome of a broad consultation process in the preparation for the proposal, including a targeted consultation, a call for evidence and the establishment of a Working Group. The Commission engaged with a broad range of stakeholders, including EU bodies, the European Central Bank (ECB), the European Systemic Risk Board (ESRB), the European Supervisory Authorities (ESAs)), Member States, members of the European Parliament's Economic and Monetary Affairs Committee, the financial services sector (banks, pension funds, investment funds, insurance companies, etc.) as well as non- financial corporates. This process showed that there are ongoing risks to EU financial stability due to the excessive concentration of clearing in a few third-country Central Counterparty Clearing House (CCPs).
 1.12. The EESC considers that the five-year deadline for the Commission to review the application of the regulation is too long. [] 4.12. [] Furthermore, the EESC was expecting the Commission's report on the application of EMIR Refit and EMIR 2.2, as agreed, on 2 January 2023, but the 	The Commission takes note of the Committee's comment that the 5-year deadline for a review is too long. However, the timeline is a maximum, to allow enough time to apply the changes introduced by the Commission proposal

Commission is now proposing to cancel it. The EESC is against that proposal and considers that it might result in the amendments to EMIR not being evaluated at all, given the consequent changes already done to EMIR Regulation.	and to enable an assessment to consider the impact of the changes. The Commission also takes note of the Committee's criticism of the cancellation of the Commission report due in January 2023. The Commission proposal has been subject to extensive assessments, in particular assessing the operation of the European Securities and Markets Authority's (ESMA) supervisory framework on which the Commission was required to report by January 2023 but also on other aspects that the Commission was to report on under Article 85 of EMIR ³⁵ .
3.7. The EESC is disappointed that the deadline for UK-based clearing houses to have unlimited access to EU-based stakeholders was extended by three years, to 30 June 2025. It considers that a thorough plan should have been put in place to incentivise the shift to EU market-based clearing operators immediately after Brexit. The EESC is critical of the past lack of reaction, limited consultation and slow decision-making process regarding a € 81 trillion derivatives market.	The Commission notes the Committee's disappointment on the extension of the equivalence decision. Since the start of Brexit discussions, central clearing was identified as an activity where financial stability risk could be significant in the event of an abrupt disruption in the access of EU participants to UK-based CCPs. A time-limited equivalence decision was adopted for UK-based CCPs until 30 June 2022 to avoid such a cliff-edge scenario and to provide time for the market to act. However, this voluntary shift has been insufficient, despite the Commission repeatedly urging EU market participants to reduce excessive exposures to such systemic infrastructures located in a third country, and in light of the potential risks in a stress scenario. ESMA also concluded in December 2021 that some services are of substantial systemic importance. Based on this, the Commission proposal includes measures to increase clearing capacity in the EU and strengthen the clearing ecosystem which will aim to reduce the excessive exposures of EU market

³⁵ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, OJ L 201, 27.7.2012, p. 1.

	participants on third-country CCPs in the medium-term, thus supporting the EU's open strategic autonomy.
3.8. European banks benefit from a UK market multi-currency pool, and the shift to European clearing houses would generate a euro-based clearing process, with significant costs for the banking system. Although the EESC supports this shift, and considers that it must be made as soon as possible, it would point out that the right incentives must be provided in order to prevent banks from shifting to other markets. []	The Commission notes the Committee has indicated significant costs for the banking system associated with the shift. While the Commission agrees there will be costs, these costs, however, are not yet known as they will depend on the calibration of the measures in L2 acts (e.g. on how the active account requirement will be designed) that should take into account the competitiveness of EU financial market participants. In addition, the proposal should bring benefits to the EU's financial stability, which should also be taken into account. Finally, the proposal should lead to more activity and liquidity at EU CCPs, thus decreasing costs for market participants when clearing at EU CCPs.
3.9. [] The EESC would have expected that at least public entities be required to clear in the EU and calls for a clear vision to end this dependence as soon as possible.	On the clearing of public entities, the Commission is supportive of the aim. In the Communication <i>A path towards a stronger EU clearing system</i> ³⁶ , the Commission called for public authorities in the EU to clear at EU CCPs, should they decide to clear, and where the products sought are available.

³⁶ Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and the Social Committee: A path towards a stronger EU clearing system; COM(2022) 696 final.

N°7 Listing rules for public markets (Listing act) COM(2022) 760 final COM(2022) 761 final COM(2022) 762 final EESC-2022-05409 – ECO/602 577 th Plenary Session – March 2023 Rapporteur: Kęstutis KUPŠYS (LT-III) DG FISMA – Commissioner MCGUINNESS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.4. In general, the European Economic and Social Committee (EESC) welcomes the proposal to give issuers the choice to publish a prospectus in English only, it being the established common language of international investors. However, publication of a full-scale document, and not only the summary, in national languages would empower local retail investors. The EESC advises issuers to bear in mind that using "English-only" issuance documents would hinder the development of a national retail investment base.	The Commission considers that its proposal strikes the right balance between reducing issuers' burdens and ensuring the protection of investors by allowing the prospectus to be drawn up in English and mandating the translation of the summary only into national languages, which is de facto the document most read by retail investors. Based on feedback received from stakeholders, the summary might not even be read by retail investors, especially if there is a three pageKID (Key Information Document) available for some products (e.g. structured products). This flexibility was one of the points raised by the Technical Expert Stakeholder Group (TESG) ³⁷ on small and medium-sized enterprises (SME) growth markets. The issuer is not obliged to draw up the prospectus in English, it is a choice. If an issuer wants to maximize its opportunities to attract a local retail investor base and believes that retail investors would read the whole

³⁷ The SME listing package amended Article 33 of MiFID II and mandated the Commission to set up an expert stakeholder group to "monitor the functioning and success of SME growth markets". To fulfil this requirement, in October 2020 the European Commission set up a TESG on SMEs (<u>https://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32019R2115&from=EN</u>).

	document, that issuer has the choice to draw up the prospectus in a local language. Moreover, in cases of cross-border offers/admission to trading of bonds, the fact of not being obliged to translate the entire prospectus into several languages (and to translate only the summary) may convince the issuer to extend the offer to retail investors, instead of limiting it to qualified investors only.
1.5. The EESC notes that bundling investment research with other services is likely to increase the visibility of listed small and medium-sized enterprises (SMEs). Therefore, the EESC welcomes the proposed increase in the unbundling threshold to \notin 10 billion; however, further measures to encourage independent research may also be needed.	The unbundling rules introduced by MiFID II ³⁸ were designed to break the link between brokerage commissions and investment research. However, they have exacerbated the negative trend in research coverage for SMEs and have not led to the emergence of independent, SME-focused research providers. Issuer- sponsored research emerged to compensate for the lack of research coverage on SMEs.
	In 2021, the unbundling rules were first amended under the Capital Markets Recovery Package (CMRP) ³⁹ as part of the Commission's response to the COVID-19 crisis. It sought to improve SMEs research coverage by allowing a joint payment for trade execution, and investment research for those issuers whose market capitalisation does not exceed \in 1 billion. However, it did not sufficiently address the problem. Therefore, the Commission proposed to further amend these rules and increase the threshold of market capitalisation below which the unbundling rules would

³⁸ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast); OJ L 173, 12.6.2014, p. 349–496.

³⁹ Capital Markets Recovery Package: Council adopts first set of measures to help companies access funding -Consilium (europa.eu).

	not apply. Furthermore, the Commission proposed to introduce a code of conduct to regulate the production of issuer- sponsored research, to increase its reliability and to guarantee fair and accurate information for investors.
1.4. The EESC highly values the Commission's approach in mitigating legal uncertainty surrounding information disclosure requirements. However, the proposal for a cross-market order book supervision (CMOBS) mechanism that would facilitate the exchange of order book data among supervisors might pose the risk of creating an uneven playing-field, since bilateral trading venues would be beyond the scope of the reporting regime.	The proposal reinforces, as a first step, the capacity of market authorities to carry out their supervisory tasks. It strengthens the capacity of supervisors to monitor markets by creating a mechanism to exchange among market authorities order book data (cross-market order book data surveillance).
4.3. The EESC notes that free float is not the only factor that matters when it comes to ensuring liquidity. The minimum 10 percent free float requirement should only apply at the moment of listing. For smaller Member States in particular, flexibility is critical, as their markets can adequately operate with a lower free float. This is crucial to prevent abrupt de- listings.	The Commission has proposed to decrease the free float from 25% to 10%, to be met on an ongoing basis, and removed the geographical restriction to the EU/EEA for shares relevant to the free float calculation.
4.2. The EESC clearly sees the need to tackle fragmented national rules on MVRS. The EESC expects that the minimum harmonisation of those rules, aimed at attracting family-owned businesses to the EU's capital markets, will help bring about a genuine pan-European CMU. A detailed framework design should be produced at the national level in order to adapt to the local ecosystem, while encouraging high-level EU harmonisation.	The Commission welcomes the Committee's support in tackling fragmented national rules on multiple- vote right shares. The Commission proposal seeks to achieve a minimum harmonisation of national laws on multiple vote share structures adopted by companies listing on SME growth markets, while leaving certain flexibility to Member States for their implementation. This proposal is in line with the Capital Markets Union's (CMU) core aim of improving access to market- based sources of financing for EU companies at each stage of their

development, including for smaller ones,
which may be more likely to list on
public markets if the controlling
shareholders can retain decision-making
power in the company after listing to be
able to pursue their strategic vision of the
business.

N°8 Administrative cooperation in taxation (DAC 8) COM(2022) 707 final EESC 2022/6314 – ECO/604 577th Plenary Session – March 2023 Rapporteur: Petru Sorin DANDEA (RO-II) DG TAXUD – Commissioner GENTILONI	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.4. The European Economic and Social Committee (EESC) notes that a global effort to regulate crypto-assets and their use is key in order to successfully address the growing issues and implications with a worldwide scope relating to such assets. The ongoing work carried out at the OECD and G20 levels for the achievement of a global agreement regarding the transparency of crypto-currencies is crucial in this respect and the EESC encourages the Commission to play an active role on the international stage.	The Commission services have been actively following the ongoing work at the international level. On developing an international approach to regulating crypto-assets, the Commission has been cooperating with other jurisdictions in multilateral fora, such as G7, G20, the Financial Stability Board and the Basel Committee of Banking Supervisors. The DAC8 proposal has been closely aligned to the Organisation for Economic Cooperation and Development (OECD) Crypto-Asset Reporting Framework (CARF) ⁴⁰ , which is the international standard to expand tax transparency in the area of crypto-assets transactions.
1.6. and 4.2. The EESC considers that the tax identification number ('TIN') reporting system is the most effective compliance method for ensuring the effectiveness of the new rules. For this reason, the EESC strongly supports the Commission's proposal on TIN since it contributes to preventing possible mistakes, thereby improving legal certainty and the predictability of the system.	The Commission agrees on the relevance of the tax identification number (TIN) to improving the matching rates and for the sake of the efficiency of the data exchanges. Therefore, the Commission proposal included mandatory TIN for all DAC exchanges. However, the Directive ⁴¹ on which the Council reached an agreement on a general approach on the 16 May 2023 Economic and Financial Affairs Council (ECOFIN) ⁴² established that each Member State shall

 ⁴⁰https://www.oecd.org/tax/exchange-of-tax-information/crypto-asset-reporting-framework-and-amendments-to-the-common-reporting-standard.htm
 ⁴¹ EUR-Lex - 2022_413 - EN - EUR-Lex (europa.eu)
 ⁴² https://www.consilium.europa.eu/en/meetings/ecofin/2023/05/16/

	take the necessary measures to require the TIN of individuals and entities issued by the Member State of residence, where possible, setting different dates to enter into force depending on the concrete provisions.
4.1. The EESC encourages the Commission and the Member States to include in the current proposal reporting obligations for natural persons that hold crypto-assets. This would certainly increase the effectiveness and scope of application of the proposal.	As in the OECD CARF, the DAC8 proposal sets reporting obligations only on intermediaries (i.e. Crypto-assets service providers, CASPs), as they will have the information and the means to report it to the Tax Authorities. The DAC8 proposal does not regulate declarations by the taxpayers (i.e. crypto-asset users) themselves. Member States are free to define the domestic declaration obligations on the crypto-assets users who are tax residents in their territory.
4.4. The EESC believes that reporting obligations should not be limited solely to exchanges and transfers in crypto-assets, but should also be extended, at least in this current initial phase, to overall holdings of crypto- currency assets for the sake of transparency and certainty, even though it remains clear that taxation should only apply to effective gains.	The DAC8 proposal has been closely based on the OECD CARF, which does not cover holdings. Any deviation from the OECD CARF would trigger significantly increased implementing costs and administrative burdens for both the crypto- assets service providers and the Tax Authorities. Furthermore, to comply with the data protection principle of data minimisation, it is important that data reported and exchanged are those that are relevant for tax assessments. In that respect, the data Member States' Tax Authorities need are the ones related to the transactions of crypto-assets, which may lead to taxable gains for the users.
4.5. The EESC stresses the need for effective and proportional penalties, leaving it up to the Member States to decide on the specific amounts of sanctions to be issued. Minimum thresholds appear to have the potential to increase the effectiveness of the new rules on the taxation of crypto-currencies. The EESC hopes that the	The Commission proposal laid down minimum penalties for the most grievous conducts. These provisions aimed to ensure that differences in Member States' compliance frameworks did not allow 'penalty

penalties and compliance measures will be able to strike a proper balance between effectiveness of the rules and adequate deterrence on the one hand and proportionality on the other hand. Proportionality could, for example, be ensured by taking adequate account of the number of transactions involved in infringements carried out by a given company.	 shopping' and provoke adverse effects on the functioning of the internal market. The proportionality principle was considered, proposing different minimum amounts for each DAC and considering the nature and the size of the reporting subject (i.e. natural persons vs legal persons as well as the size of the legal persons concerned). However, the Directive on which the Council reached agreement on general approach at the 16 May ECOFIN does not include minimum penalties, although it expands the need for effective, proportionate and dissuasive penalties to cases of non-compliance by crypto-asset
4.6. and 1.8. Furthermore, after the implementation of the Directive, the Commission should report on the penalty structures of the Member States and give guidance on the necessary changes to the system of penalties and compliance measures.	service providers. The Commission will consider penalties in the context of the evaluation of the DAC, which is due to be carried out every 5 years. This evaluation may provide further insights and guidance on possible improvements to the system of penalties and compliance measures.
4.7. and 1.10. The EESC stresses that the specific provisions and safeguards on data protection included within the proposal for a Directive, and in line with the GDPR rules and principles, should be carefully applied and respected following high standards in order to fully protect the fundamental rights of the individuals whose data will be collected, exchanged and stored.	The Commission agrees. The DAC8 proposal is in compliance with the General Data Protection Regulation provisions (GDPR). The European Data Protection Supervisor (EDPS) has scrutinised DAC8, and no significant comments were raised. The DAC8 proposal provides a more precise description of the roles of the Commission and the Member States as data processor and data controllers.
4.10. Finally, the EESC recommends that the Commission include in its draft proposal the requirement for there to be cooperation between the tax authorities already covered by the current text and the authorities in charge of combatting money laundering and the financing of illegal	The Commission agrees with the Committee on the benefit of enhanced cooperation between authorities in charge of combating money laundering and countering terrorism financing (AML/CFT) and the tax authorities. The

activities and terrorism, since it could be that	DAC8 proposal provides that information
several cases of crypto-assets being used for	exchanged based on DAC can be used for
illegal purposes and money laundering have	customs, Anti-Money Laundering /
surfaced in recent years. In this context, the	Countering the Financing of Terrorism
EESC reiterates that public authorities, in this	(AML/CFT) and international sanctions.
case tax authorities, require adequate resources	This will facilitate and support the
in terms of qualified personnel and high-grade	coordination of the work of the Member
digital technology and standards.	States' authorities responsible for
	AML/CFT and tax respectively.

N°9 Recommendation on minimum income COM(2022) 490 final EESC 2022/4756 – SOC/744 577 th Plenary Session – March 2023 Rapporteur: Paul SOETE (BE-I) Rapporteur: Jason DEGUARA (MT-II) DG EMPL – Commissioner SCHMIT	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.7. The European Economic and Social Committee (EESC) insists that it is necessary for minimum incomes to be kept in line with inflation, especially with the rise in cost of living in terms of food and energy, and this should be done on a regular basis, with the support of civil society organisations, social partners and welfare organisations. 4.1.3. The EESC insists that it is necessary for minimum incomes to be kept in line with inflation, especially with the rises in cost of living in terms of food and energy, and this should be done on a regular basis. In this sense, the annual review at Member State level is a clear recommendation. 3.20. The EESC proposes that Member States should assess minimum income levels at least on a yearly basis and it should be indexed to take account of inflation, at least on a yearly basis depending on the level of inflation. 	The Commission agrees that maintaining the adequacy, adjusting and regularly reviewing the level of income support is an essential element. The Council Recommendation on adequate minimum income ensuring active inclusion adopted by the Council ⁴³ retained the Commission proposal and calls Member States to regularly review and, whenever relevant, adjust the level of minimum income in order to maintain the adequacy of income support, while taking into account in-kind benefits ⁴⁴ . The Recommendation also highlights that a sound and transparent methodology for setting, reviewing and adjusting minimum income, informed by relevant indicators and accounting for household's specific needs, is necessary to ensure adequacy of the overall income support. Reference values, such as the national-at-risk-of poverty threshold or methodologies based on a nationally defined basket of goods and services reflecting the cost of living and needs of persons lacking sufficient resources in a given Member State or a region, can help guide the adequacy assessment.

⁴³ <u>EUR-Lex - 32023H0203(01) - EN - EUR-Lex (europa.eu)</u>
⁴⁴ Point 7 of the recommendation.

	When determining and adjusting the level of minimum income, Member States should consider the level of inflation (especially that of food and energy), rises in the costs of living, and wage developments ⁴⁵ .
3.5. Effective minimum income schemes can help to guarantee that human rights are respected, ensure that people live in dignity, help them remain active and included in society, and help integrate people into sustainable and good quality employment. The EESC also highlights the importance of minimum income schemes for self-employed people in Europe, who should be fully entitled to the same support and benefits as other groups.	The Commission agrees that all people lacking sufficient resources should have access to minimum income benefits ⁴⁶ , at all stages of life ⁴⁷ . Minimum incomes should be seen as part of a broad social safety nets, including an array of monetary and in-kind benefits that provide income support and access to enabling and essential services. The Recommendation ⁴⁸ also calls for continued efforts to improve access to the insurance-based social protection system for low-income people, to help them acquire social protection rights, particularly through facilitating quality employment, and to coordinate the provision of income support under the respective schemes.
3.8. The EESC stresses the aim of a Europe- wide methodology supported by a European analysis to help Member States define adequacy of minimum income through an appropriate method such as the agreed EU at risk of poverty (AROP) indicator of 60% of equalised disposable income or/and underpinned by a reference budget (including food, housing, water, electricity, heating, telecommunications, health, transport, leisure and culture).	The benchmarking framework available at EU level ⁴⁹ provides a list of indicators, including the referred at-risk-of-poverty (AROP) threshold, for measuring various aspects of performance of national practices related to minimum income schemes. It has been used for monitoring adequacy of the national minimum income schemes in the framework of the European Semester.

⁴⁵ Point 4, underpinned by recital 21.

⁴⁶ Minimum income benefits are defined as non-contributory and means-tested monetary benefits of last resort that aim at bridging the gap in order to reach a certain overall level of income in households where other sources of income or benefits have been exhausted or are not adequate to ensure a life in dignity. ⁴⁷ Point 9, underpinned by recital 23. ⁴⁸ See recital 19.

⁴⁹ Monitoring and benchmarking frameworks - Employment, Social Affairs & Inclusion - European Commission (europa.eu)

	The Recommendation acknowledges the role of benchmarking and welcomes the Commission's intention to continue working jointly with Member States in the Social Protection Committee on the benchmarking framework on minimum income and enhance the availability and comparability of relevant indicators and data. Further work will be done on additional policy lever indicators to be included in the framework.
3.13. The EESC concurs with the Commission services' conclusion that job counselling, individual action plans and integration of activation measures into minimum income have a positive effect on the likelihood of entering employment successfully.	The Commission welcomes the Committee's support and underlines that the Recommendation clearly calls for sufficient financial and in particular non- financial incentives and support to (re)enter the labour market, while being gradual and proportionate. A well selected and tailor-made set of active labour market policy measures are key for labour market reintegration.
3.14. The EESC stresses the Commission services' finding that a large proportion of minimum income beneficiaries are not subject to Active Labour Market Policy (ALMP) measures, even though they might be capable of working. While there should be a fair balance overall between incentives and a stronger link with conditions to receive income support and activation measures, attention should be paid to special groups such as young adults outside of the labour market or who are at risk of poverty or social exclusion.	The Recommendation identifies young adults as a particularly vulnerable group and states that particular attention should be paid to young adults to direct them back into education, training or the labour market within the shortest time possible. To do so, the receipt of income support should be linked to particularly strong activation measures supporting them in gaining work experience and developing the right skills for a changing world of work, in particular those relevant to the green and digital transitions.
	Positive incentives to take up employment, supporting a progressive transition to the labour market while retaining eligibility to minimum income for certain period during employment, generally yield positive results. The

	quality and sustainability of offered jobs (i.e. long-lasting quality jobs) is also a challenge. The Commission monitors the employment policies in the Member States under the European Semester. In addition, special administrative data collection programmes have been set up to monitor the implementation of the Council Recommendations on the Youth Guarantee and on the integration of the long-term unemployed into the labour market ⁵⁰ .
3.17. Social economy enterprises, together with small and medium sized enterprises in general, are important, especially as entry- level employment. The EESC welcomes the Commission's Social Economy Action Plan and urges the Commission to assess the best projects at the appropriate level.	The role of the social economy is instrumental to facilitate employment opportunities for minimum income beneficiaries. Employment in the social economy could be a steppingstone towards other sectors of the open labour market. The Commission presented on 13 June 2023 a proposal for Council Recommendation on developing social economy framework conditions providing guidance for Member States on creating the right framework conditions for the social economy, including social economy entities that provide employment opportunities to people at vulnerable situation, potentially also minimum income beneficiaries ⁵¹ .
4.1.9. The EESC believes that minimum income schemes should include both cash and in-kind services to those who cannot work or for whom it is almost impossible to work.	The Commission agrees that in-kind benefits can complement monetary benefits by facilitating access to specific services such as early childhood education and care, healthcare and long- term care, social housing, employment

⁵⁰ Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee 2020/C 372/01 OJ C 372, 4.11.2020, p. 1–9; Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market OJ C 67, 20.2.2016. ⁵¹ <u>EUR-Lex - 52023DC0316 - EN - EUR-Lex (europa.eu)</u>

	and training as well as to essential services. The provision of such in-kind benefits can help contextualise the assessment of the adequacy of income support. Certain in-kind benefits provided through targeted schemes and supporting general consumption (for example food vouchers or the compensation of costs directly related to housing, including reduced energy tariffs) to persons lacking sufficient resources can be taken into
	account when assessing the adequacy of income support in so far as these benefits directly contribute to improving the income situation of the minimum income beneficiaries.
4.5.1. The EESC stresses the need to make the governance of social safety nets at all levels more effective. Special attention should be paid to strong coordination of different stakeholders, both horizontally and vertically. Roles and responsibilities of stakeholders should be clearly defined while avoiding silo effects.	The Recommendation ⁵² also points out that effective governance mechanisms are key in delivering robust social safety nets. Efforts should be made to ensure close coordination and alignment of existing schemes and benefits, as well as their coordination with other policies. Particular attention needs to be paid to strengthening the operational capacity of all involved institutions. Data exchange and closer cooperation across different levels of governance and services, including through formal agreements or one-stop-shops, facilitate better- integrated support.
4.6.1. As indicated in the Council's political agreement, continuous monitoring of implementation of income support policies and related labour market activation measures as well as of access to services, supported by regular evaluations, is necessary to achieve the objectives of this recommendation in the most	The Commission agrees that the involvement of social partners, civil society and other relevant stakeholders is central to the effective implementation of the Recommendation ⁵³ . The European social partners and civil society organisations were consulted on the

 $^{^{52}}$ Council recommendation on minimum income, ensuring active inclusion (2023/C 41/01). 53 Idem.

efficient way. The progress reports by Member States should be drafted with meaningful participation of relevant civil society and welfare organisations and social partners or their reports should be regularly addressed by the Commission's monitoring mechanism. The EESC is not, as mentioned in the draft of the recommendation, one of many stakeholders at EU level but a central Treaty- based institution in the monitoring process.	content of the proposal and the Commission will continue to promote their involvement using the existing activities within the European social dialogue. In the context of the European Semester process, the Commission organises structured dialogue events with civil society organisations to discuss relevant policy initiatives. Such an event on the Recommendation was held in February 2023, where civil society organisations received a detailed presentation of the adopted text and had a possibility to reflect on the provisions. The exchange of views was well received and emphasized that it facilitated mutual understanding. Continuation of such practice will contribute to the monitoring of the initiative and provide feedback to policy development. Reflections and feedback are also regularly gathered from various other policy exchanges or position papers submitted to the Commission. Civil society organisations receiving operational grants from the Commission frequently organise actions and hold events, such as meetings with people experiencing poverty where the Commission actively participates. The Commission is fully aware of the status of the Committee.
4.6.4. The stages of monitoring Member States are imperative, especially for those that are still way behind the targets. The EESC stresses the importance of a clear way forward using the European Semester and other tools to keep following all Member States in their progress.	The Commission will review the progress of the implementation of the Recommendation within the Open Method of Coordination on Social Protection and Social Inclusion, involving the Social Protection Committee and, where relevant, the Employment Committee and the network of the Public Employment Services. In line with the provisions of the Recommendation, every three years the

	Social Protection Committee and the
	Commission will draft a joint report on
	minimum income. The joint report will
	rely on the benchmarking framework and
	be complemented by additional
	information gathered through the
	existing reporting mechanisms of the
	Member States. The Commission further
	notes that a first joint report was already
	finalised in September 2022. The key
	messages of the report were endorsed by
	the Employment, Social Policy, Health
	and Consumer Affairs Council (EPSCO)
	in October 2022 ⁵⁴ . The report provides an
	overview of the current state of play as
	regards minimum income schemes in the
	EU and it informed the preparation of the
	Commission proposal.
	Moreover, the European Semester
	process will continue to monitor and
	identify structural challenges linked to
	minimum income schemes, including in
	relation to adequacy, social inclusion,
	labour market activation or delivery of
	integrated services. The relevant
	indicators of the benchmarking
	framework on minimum income will be
	systematically used for monitoring
	progress made by Member States.
	The Commission will take stock of
	actions taken in response to the
	Recommendation and report to the
	Council by 2030. This timeline is well
	aligned with the commitments of the
	Porto Summit and the social targets
	endorsed by the European Council.
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⁵⁴ <u>New report on minimum income published - Employment, Social Affairs & Inclusion - European Commission</u> (europa.eu)

N°10 Young people's role in the green transition (Exploratory opinion requested by the Swedish presidency) EESC 2023/128 – SOC/753 577 th Plenary Session – March 2023 Rapporteur: Nicoletta MERLO (IT-II) DG EAC – Commissioner GABRIEL	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. The European Economic and Social Committee (EESC) believes that young people can and must play a crucial role in the context of the green transition. It considers that a new governance model that is more inclusive and capable of ensuring the active involvement of young people in decision- making processes, overcoming the obstacles that still exist, is essential.	The Commission fully supports the opinion of the Committee that young people have a crucial role to play in the context of the green transition. The European Youth Strategy 2019-2027 ⁵⁵ calls on Member States to reinforce crosssectoral cooperation in the fields of education and sustainability to: a) engage European youth in democratic life; b) connect young people across the EU through voluntary engagement, learning mobilities, etc.; and c) support youth empowerment through youth work. In the field of employment, green transition has a great potential to offer jobs of the future for young people will be in a crucial position to drive these transitions, which highlight the importance of investing in relevant skills. Young people are also an important part of the European Climate Pact activities, notably through its work with young Climate Pact Ambassadors and different awareness-raising and engagement activities organised with and for young people.

⁵⁵ COM(2018) 269 final.

1.4. The EESC encourages the EU institutions and the Member States to implement measures and mechanisms to ensure that the youth perspective is taken into account in all policy areas and to create a space that is able to guarantee active participation of young people through the full adoption of the EU Youth Test.	The Commission is committed to strengthening active youth participation in the green transition and has anchored the youth dimension in its better Regulation framework to establish the relevance of an initiative for youth from the outset. Impact assessments and evaluations that focused primarily on youth include youth employment initiative, Europass, child guarantee, or individual learning accounts.
	The role of the Youth coordinator was created to encourage the youth perspective in policymaking at all levels and across all relevant Union policy fields in line with the 2019–2027 EU Youth Strategy.
	One of the objectives of the European Year of Youth (EYY) 2022 ⁵⁶ was to mainstream youth policy across all relevant Union policy fields. In this context, the EYY Stakeholders and National Coordinators Platform was created (consisting of more than 100 European level youth stakeholders and 29 National Coordinators), and existing national mechanisms of youth- check are examined by the Commission.
1.5. The EESC considers it crucial to link the initiatives and policies that will be adopted in the context of the European Year of Skills to the theme of the green transition, sustainable development, and the challenges that young people face in a rapidly changing world.	The Commission underlines that the European Year of Skills will mostly be a communication and awareness raising campaign with many initiatives be taken at national level. The green transition will play a significant role throughout the Year. The Education for Climate Coalition Policy Forum 2023 on 26 April focused on boosting competences for the transitions to climate neutrality. The Forum fostered collaboration between green education stakeholders and enabled the community

⁵⁶ DECISION (EU) 2021/2316 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 December 2021 on a European Year of Youth (2022); OJ L 462, 28.12.2021, p. 1-9.

	processes by facilitating a direct dialogue between policymakers and practitioners. The EU Green Week 2023 on 3-11 June was a good opportunity to hear the latest about EU environmental policies, biodiversity, circular economy, and zero pollution.
1.10. The EESC considers it essential to have holistic training policies that are integrated with industrial policies, coordinated with other development strategies, and planned in detail at territorial and local level, in close connection with the social partners, so as to ensure that the green transition is a just transition that leaves no one behind.	The Commission agrees that equipping people with the skills needed for the green transition requires close collaboration between a broad range of stakeholders. At EU level, the Pact for Skills promotes coordinated re- and up-skilling by companies, workers, public authorities, social partners, education and training providers and employment services in key sectors, such as offshore and onshore renewable energy. The European Social Fund+ makes €5.8 billion available for green skills and green jobs throughout 2021-2027. Moreover, the Just Transition Fund ⁵⁷ , equipped with €19.2 billion, focuses on reskilling and upskilling of people, including youth, in the territories most impacted by the transition towards climate-neutrality.
1.11. In order to ensure adequate participation of women in sectors linked to the green transition, the EESC believes that gender equality must be an integral part of the green transition. The Member States should invest more resources in careers guidance for young people at school and in supporting them into work through efficient public employment services that are adequately linked to the productive fabric of the territory.	The Commission supports the Committee's call for greater gender equality in sectors linked to the green transition. The Commission proposal for a European Year of Skills 2023 ⁵⁸ underlines the importance of equipping the EU workforce with the skills needed for the green and digital transition. In particular, the Commission proposal supports reskilling and upskilling efforts to provide women and young people not in

 ⁵⁷ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund; OJ L 231, 30.06.2021, p. 1-20.
 ⁵⁸ COM(2022) 526 final.

	education, employment, or training with better access to the labour market.
1.12. Young entrepreneurs can play an important role in the development of innovation, including in the field of the green transition. The EESC believes that these young people need to be encouraged through specific training and support for innovative projects, and by ensuring adequate financial support.	The Commission has launched in March 2023, together with the Organisation for Economic Co-operation and Development (OECD), the Youth Entrepreneurship Policy Academy (YEPA), a policy-learning network comprised of EU policy makers, experts and representatives from national and international youth and social entrepreneurship networks. The YEPA will have regular capacity building events for three years, including on entrepreneurial skills and training.
3.4. In recent years, despite a high degree of youth activism on the issue of climate change, we have also been witnessing an increasing disaffection and loss of trust among young people with respect to political institutions, which translates into a decrease in their active participation in political parties and a growing abstentionism in political elections, both as voters and as candidates. This represents a threat to the democratic system and an obstacle to the development of forward-looking policies, starting with those needed to meet the challenges of the climate transition, and capable of responding to different sensitivities and needs. In this regard, the EESC believes that promoting youth participation in politics and other decision-making processes should be a priority and that all options should be explored to make it feasible and effective at all levels.	The Commission supports the Committee's call on promoting youth participation. The European Year of Youth raised awareness of EU actions and provided opportunities for young people to engage in policies at different levels. As part of the Year, the European Youth Forum, with the support of the Commission, organised in October 2022 the 'Level Up! Accelerating change' ⁵⁹ event in the European Parliament for more than 1,400 youth activists to learn practical skills, network and maximise their impact in their communities. In 2024, the Commission will organise a European Youth Week to promote participation of young people in decision-making processes. The EU Youth Dialogue is a key instrument of the EU Youth Strategy bringing together young people and youth organisations with policy and decision makers, as well as experts, researchers, and other relevant civil society actors. The participatory process in each country is organised by national working groups and culminates in

⁵⁹ <u>https://www.levelup22.eu/event/dbe4f6d4-48fb-49c1-8b35-3c81d857cdf2/summary</u>

	the EU Youth Conference where representatives debate with and elaborate recommendations for policy makers.
 3.5., 3.73.8. 3.5. As a starting point, it would be important to identify and overcome social, economic and cultural obstacles to the full participation of young people, which may also be due to a lack of awareness or difficult accessing information concerning youth participation and representation mechanisms. Another aspect that should be emphasised concerns the new, often informal ways in which young people today engage and dialogue, often through the use of technology and SOC/753 – EESC-2023-00128-00-00-AC-TRA (EN) 4/7 social media, and which should be taken into due consideration as they are capable of mobilising entire generations. 3.7. For these reasons, the EESC emphasises the importance of creating opportunities for all the most representative youth organisations, starting with those representing the most vulnerable young people and those living in the most peripheral and rural areas, to be involved in policymaking and in developing ideas on sustainability issues. 3.8. Youth organisations can fulfil many functions and play a crucial role in disseminating and implementing projects relating to the environment and sustainability. For this reason, the EESC calls on the EU institutions to provide these associations with structural financial support through adequate and specific resources, so that youth organisations have the right conditions to ensure and develop young people's engagement in the green transition. 	The Commission welcomes the reflection of the Committee on the role of youth organisations and on the participation and active citizenship of young people, notably youth at risk of social exclusion. In line with the priority of the Erasmus+ and the European Solidarity Corps Programmes, dedicated inclusion measures are being rolled out to better reach out to more participants with fewer opportunities and to better support the organisations working with these target groups. In order to encourage, foster and facilitate young people's participation in Europe's democratic life at local, regional, national, and European level, the Erasmus+ Programme has introduced the new action Youth participation activities outside formal education and training. To enhance the participation of young people with fewer opportunities, the Support, Advanced Learning and Training Opportunities Resource Centre Inclusion and Diversity offers opportunities for training, exchange and reflection on inclusion practice and diversity management. The incorporation of green practices at the level of the projects is part of the award criteria in the Erasmus+ and of the European Solidarity Corps Programme. There are also financial incentives for participants to use low carbon means of transport. Moreover, the Commission has published a 'Toolkit for Youth Participation in the

	Just Transition Fund ⁶⁰ , to encourage more ambitious, meaningful and numerous participation opportunities for youth in the regions most impacted by transition towards climate-neutrality, as well as to ensure that the effects of such processes will lead to better-quality strategies and interventions addressing the challenges of the transition.
4.2. In the context of the climate and environmental emergency, education for sustainability should become a priority for schools. Educators have an instrumental role to play in ensuring that students are climate literate and have the knowledge and skills they need to take part in the green economy. There are many approaches that teachers and schools can take to explore these issues with students, but this also requires quality education for all and decent work for those providing it. The EESC considers it essential to ensure adequate funding at European, national, regional and local level in order to provide support for projects and initiatives to foster and implement teaching and learning in the fields of the environment and sustainability.	The Commission fully supports the Committee's opinion on the crucial role of schools and educators for learning for sustainability as well as on the importance of adequate funding. Eight out of twenty-seven Erasmus+ Teacher Academies ⁶¹ , which are EU funded European partnerships that promote cooperation between teacher education institutions and training providers, focus specifically on sustainability. The Commission's reference framework on sustainability competences ('GreenComp' ⁶²) provides educators and learners a set of sustainability competences to think, plan and act with empathy, responsibility, and care for the planet. Following the adoption of the Council Recommendation on learning for the green transition and sustainable development (16 June 2022) ⁶³ , the Commission is supporting Member States in their efforts to embed sustainability in their education and training systems.
4.3. The topic of the green transition and sustainable development strategies are absolutely cross-cutting. It is therefore	The Commission supports the Committee's opinion on a cross-cutting and life-long approach to education and

 ⁶⁰ 'Toolkit for Youth Participation in the Just Transition Fund': <u>https://op.europa.eu/en/publication-detail/-/publication/c4b1f9ca-643e-11eb-aeb5-01aa75ed71a1/language-en/format-PDF/source-189601671</u>
 ⁶¹ <u>https://education.ec.europa.eu/education-levels/school-education/erasmus-teacher-academies</u>
 ⁶² Bianchi, G., Pisiotis, U., Cabrera Giraldez, M. GreenComp – The European sustainability competence framework. Bacigalupo, M., Punie, Y. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office of the European Union, V. (editors), EUR 30955 EN, Publications Office V. (editors), EUR 30955 EN, Publications V. (ed

Luxembourg, 2022. ⁶³ <u>EUR-Lex - 32022H0627(01) - EN - EUR-Lex (europa.eu)</u>.

necessary to consider education and the	training. Through its Erasmus+
development of the skills expected by young	Programme, the Commission supports
people on this issue using a cross-cutting	transdisciplinary approaches to education
approach that is capable of providing	for sustainability with a focus on life-long
theoretical and practical skills, including by	learning as well as learners' acquisition of
implementing and enhancing school-to-work	relevant, up-to-date green skills and the
paths and professional apprenticeships.	development of curricula in line with
Training on these topics should also be made	required green skills.
structural, by designing and developing it	
starting from the territories and their needs,	
within a broader framework at national level	
and with a view to life-long learning.	
4.11. The green transition must be a just	The Commission fully agrees that the
transition, ensuring reskilling and upskilling	green transition should be a just transition.
for workers and quality jobs for all in order to	Through the Just Transition Fund, the
ensure that no one is left behind. This is why	Commission provides support to Member
the EESC considers it essential that training	States, alleviating negative effects of the
policies be holistic, integrated with industrial	transition through making available
policies, coordinated with other development	financing of diversification and
strategies, and planned in detail at territorial	modernisation of local economies. Close
and local level, in close connection with the	involvement of the stakeholders in
social partners.	transition process is ensured through
	establishment of Just Transition
	Platform ⁶⁴ that helps regions, workers,
	youth and social partners in the Just
	Transition Fund territories, ensuring that
	no one is left behind.

⁶⁴ <u>https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en</u>

N°11	N°11Revision of the EU Action Plan against Wildlife Trafficking COM(2022) 581 final EESC 2022/5701 – NAT/874 577th Plenary Session – March 2023 Rapporteur: Ozlem YILDIRIM (FR-II) DG ENV – Commissioner SINKEVIČIUS	
	Points of the European Economic and Social Committee opinion considered essential European Commission position	
The follow-up given by the Commission to this opinion will be included in a subsequent report.		

N°12Carbon Removal Certification COM(2022) 672 final EESC 2022/6159 – NAT/887 577th Plenary Session – March 2023 Rapporteur: Stoyan TCHOUKANOV (BG-III) DG CLIMA – Executive Vice-President TIMMERMANS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. The European Economic and Social Committee (EESC) welcomes the Commission's proposal for an EU certification framework for carbon removals, recognising the need to scale up carbon removals and promote regenerative practices, while not losing the primary focus on crucial greenhouse gas emission reductions to limit global warming. However, the EESC notes that the proposal leaves too many crucial points to be developed further through delegated acts.	The quality criteria included in the Commission proposal for a Regulation establishing a Union certification framework for carbon removals ⁶⁵ provide detailed guidance for the establishment of the certification methodologies to be set out in the delegated acts. For instance, the proposal includes clear principles for the calculation of the net carbon removal benefits of carbon removal activities, requiring a detailed breakdown of all removals and emissions attributable to the activity; the demonstration of additionality is simplified by promoting a representative benchmark of standard practices, which will reward first-movers and avoid subjectivity; the expected duration of carbon storage for which the operator takes liability will be clearly indicated and will allow for better risk-sharing arrangements. Annex I to the proposal presents a detailed list of the elements that will have to be included in the certification methodologies. These elements will need to be adapted to the different types of carbon removal activities through secondary legislation because of the technical complexity of this exercise.

⁶⁵ <u>EUR-Lex - 2022 394 - EN - EUR-Lex (europa.eu)</u>

 1.3. The EESC notes that there may be legitimate questions about the use of carbon removal in the EU's climate policy, from the potential for reduced or delayed emission reductions due to promises of future carbon removal, to the threat of fraudulent claims and greenwashing based on carbon credit purchases. In order to prevent greenwashing, the EESC calls for the expected carbon storage duration and reversal risks to be clearly reflected in the use of the different carbon removal certificates (which cover "permanent storage", "carbon farming" and "carbon storage in long-lasting products"). 1.4. The EESC welcomes the Commission's aim of giving the public, carbon removal providers and buyers transparency and clarity on the value of certified carbon removal activities. However, it calls for further safeguards around the value and use of certificates. It invites the Commission to provide guidance defining appropriate claims that can be made based on different instances of certified carbon removal and calls for the distinction to be maintained between certificates resulting from permanent carbon storage in products. 	The proposal is a first step establishing a Monitoring, Reporting, Verification (MRV) and certification scheme for high quality carbon removals. It will allow to transparently recognise attributes of the certified carbon removal units, such as their expected duration and the type of activity they are generated from. While this proposal does not include rules on these uses, the proposal for a Green Claims Directive and the upcoming Corporate Sustainability Reporting Standards will define rules for climate- related claims at organizational and product level.
 1.6. The EESC calls on the Commission to ensure that the methodologies are based on scientific evidence and guided by the scientific community. The EESC points out that the system for certification is far too complex and burdensome to promote a major uptake of these practices – these procedures look very time-consuming and technical and may demotivate operators in their activities, given that they are often small-scale businesses with narrow margins even in the best-case scenario. 1.7. The EESC notes that a diverse range of measurements of carbon removals is required 	The methodologies will build on scientific research in the respective fields of carbon removal activities. The scientific community, as well as civil society, are closely involved in the development of the methodologies through the Expert Group on Carbon Removals. Minimising administrative burden and MRV costs will be a guiding principle in the development methodologies, as already indicated in the choice of an objective and highly representative standardised baseline (to avoid the need for each farmer to

to conduct monitoring, reporting and verification (MRV), including the use of remote sensing and satellite imagery. With regard to the required measurements, the EESC stresses that it is essential to keep the costs of carbon removal MRV as low as possible, to ensure broad accessibility of the certification framework.	establish an individual baseline), the promotion of digital technologies and remote sensing, and the possibility for farmers to join groups of operators to pool the costs of MRV and the risks of release.
1.8. The EESC stresses that the potential risks and side effects for major players (farmers, forest industry, and construction and wood industries) associated with the proposal, including those of an environmental or socio- economic nature, need to be carefully assessed and addressed before integrating the certification framework into other policies, such as the common agricultural policy.	The certification methodologies will establish rules to avoid any negative effects of carbon removal activities on the environment. The review of the implementation of the Regulation will look, among the other things, at market developments in the field of carbon removals and at food security, including food availability and affordability. Socio-economic objectives such as food security and rural development are addressed through other policies, notably the Common Agricultural Policy (CAP), but also the Just Transition Fund, regional funds, etc. In addition, carbon farming practices that improve soil fertility and land resilience contribute to better food security.
1.9. In the EESC's view, the current Common Agricultural Policy (CAP) should not be used to finance carbon farming or carbon removals ⁶⁶ . While there may be a small role for the CAP in carbon removals, this instrument is designed for the production of food, feed and biomass, which is the primary objective of the agriculture and forestry sector. In this specific context, carbon removals are a by-product, which means that additional financing sources should be made available.	The CAP has several objectives encompassing economic, environmental, and social sustainability, all of which are important and interconnected. There can be significant synergies between the CAP objective of supporting agriculture production in a sustainable way and the climate objective of increasing biogenic carbon removals through carbon farming. Public funding under the CAP can support the upscaling of carbon farming, for example with incentives for soil management practices, to cover upfront

⁶⁶ <u>OJ C 323, 26.8.2022, p. 95</u>.

	investments, additional costs related to monitoring, reporting and verification aspects, advisory and cooperation services, or to finance pilot and research projects that improve the effectiveness of carbon farming. The upcoming certification
	methodologies related to carbon farming can be an opportunity for Member States to design result-based support under the CAP – or with state aid – and help improving the quantification of the mitigation impact of public spending.
	Private financing of carbon removals – for example from food companies who want to claim climate neutrality – or additional public financing through state aid will complement the CAP.
1.10. The EESC feels that the high level of ambiguity from the Commission around financing will act as a strong disincentive for participation for potential partakers. The EESC therefore emphasises that some level of certainty in relation to financing is necessary. Given the opportunities of carbon removals in	This proposal is a first step towards the inclusion of carbon removals in EU climate policies. Therefore, it focuses primarily on establishing robust quality criteria to quantify and monitor carbon removals, and reliable certification processes to verify them.
the future, the EESC recommends developing a roadmap towards a common financial instrument for these measures.	It is too early to address the possible inclusion of carbon removals into the EU climate and energy framework; this debate will take place when designing the climate policy framework for the next decade. The public consultation on the climate target for 2040 is currently ongoing.
	In addition, in the coming years, the Commission will assess the role of certified land-based carbon removals and permanent storage under the revised Regulation for the inclusion of Land Use, Land Use Change and Forestry ⁶⁷ (article

⁶⁷ LULUCF, Regulation 2023/839.

	17) and the revised ETS Directive (article $30)^{68}$.
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⁶⁸ Directive (EU) 2023/959.

N°13 EU Strategy on fertilisers COM(2022) 590 final EESC 2022/5716 – NAT/888 577 th Plenary Session – March 2023 Rapporteur: Arnold PUECH D'ALISSAC (FR-I) DG AGRI – Commissioner WOJCIECHOWSKI Points of the European Economic and European Commission position	
Social Committee opinion considered essential	European Commission position
1.2. The European Economic and Social Committee (EESC) highlights that emergency domestic actions are required to limit the impact of the fertiliser crisis. Besides the possibility of directly supporting the most affected nitrogen manufacturers and farmers through State Aid (which faces budgetary constraints, raises risks of competitive distortions and should be subject to conditionality), the EESC considers that corrective measures are necessary to improve the functioning of the EU fertiliser market, as they are likely to have a greater impact on farmers and be more cost effective for taxpayers.	Compared to the autumn 2022 forecast, the EU macroeconomic outlook turned better than expected. Input price pressure on farmers is expected to ease in 2023^{69} and the affordability and availability of fertilisers could improve with lower energy prices and dynamically increasing imports. Nevertheless, the Commission recalls that several measures are available for Member States to provide targeted assistance, while limiting distortions of the internal market. Between March 2022 and the end of May 2023, the Commission already approved 55 schemes dedicated to agriculture in 23 Member States under the Temporary Crisis and Transition Framework. The total approved budget for those schemes amounts to almost ϵ 6 billion, which is 1.3% of the total average value of the EU agricultural production over the period 2020-2022 (ϵ 450 billion). Five Member States (Poland, Finland, Greece, Slovenia and Malta) decided to set up specific schemes for the purchase of fertilisers, for a total of more than ϵ 1 billion. The Framework was recently amended and prolonged in part to enable Member

⁶⁹ Fertilisers prices confirmed the downward trend started in October 2022; while prices are still higher compared to previous years, average nitrogen, phosphate, and potash fertiliser prices are (early June) below the pre-war level (about -50%, -28% and -7% respectively). Lower natural gas prices might prompt EU ammonia manufacturers to increase production as, end of May, ammonia production costs were around 70 USD/t below the import price.

	States to continue supporting the economy in the context of Russia's war of aggression against Ukraine. This adds up to the exceptional EU support package of \in 500 million of March 2022, which, once topped-up with national resources, resulted in around \in 1,2 billion of support for farmers, as well as to the exceptional measure adopted in June 2022, and funded by the European Agricultural Fund for Rural Development (EAFRD), which allowed Member States to provide income support to farmers and agri-food businesses affected by significant increases in input costs. The Commission is of the opinion that, following an improvement of fertilisers domestic prices in the EU, for the moment no further financial support action is needed. The Commission is also committed to improve transparency in the EU fertiliser markets via the recently established EU Fertilisers Market Observatory, an informal group of experts that will provide the Commission with advice and expertise regarding the economic and other relevant factors affecting fertiliser markets developments. More transparency is likely to generate a better functioning of the supply chain, with easier production and investment decisions by farmers and fertilisers producers.
1.3. To address both fertiliser supply and prices by facilitating imports and domestic competition, the EESC advises taking actions that include the suspension of EU import tariffs on all fertilisers, the facilitation of fertiliser logistics and regulatory flexibilities.	The EU is committed to facilitate the global trade in fertilisers. In December 2022, the Council adopted the decision to temporarily suspend custom duties (6.5%) on all ammonia and urea imports, except those from Russia and Belarus. This aimed to address availability and affordability concerns relating to the

	security of supply of these products. The current custom duty of 5.5% applied to cargoes from Russia and Belarus still applies. The Commission carefully assessed the situation of the market for UAN (Urea Ammonium Nitrate) and concluded the conditions were not met to suspend Anti-Dumping duties for this product imported from the United States of America, Russia and Trinidad and Tobago, which were imposed in 2019, following a legal investigation and remain in place for five years. Trade Defence Instruments (TDI) are not fit for addressing political issues: they aim at protecting EU stakeholders against international unfair trade practices. The overall credibility of TDI is based on the fact they are applied on the basis of a strict legal framework regardless of any political reason. In addition, when TDI instruments are in place, it is not possible to suspend custom duties for the products concerned: this is why the Commission proposed to suspend custom duties only for products not subject to any TDI measure. Imports of phosphate rock and potassium chloride from all trade partners already enjoy a zero duty. As regards phosphatic fertilisers, all imports are already taking place under preferential free trade agreements.
1.4. The EESC also considers that medium-	As long as mineral nitrogen fertilisers
term measures are required to limit the EU's	processes are based on natural gas, the
dependence on imported mineral fertilisers	EU will be in a challenging relative
and reduce the environmental footprint of crop	competitive situation and depend on
fertilisation. These should aim to limit	imports. This reliance was dramatically
fertiliser use through enhanced plant nutrient	exposed by Russia's war of aggression
efficiency, partly substituting synthetic	against Ukraine and the resulting rise in
fertilisers by recycled livestock manure and	natural gas prices and subsequent higher
other waste, and improving Europe's self-	fertiliser prices in the EU. At the same

sufficiency in fertiliser production, in order to	time, the EU exceeds safe planetary
support the agro-ecological transformation of farming.	time, the EO exceeds safe planetary boundaries by a factor of more than three for nitrogen and by a factor of two for phosphorus. In parallel with the EU's plans for greening its economy in line with its commitment to reaching climate neutrality by 2050 and to reducing greenhouse gas emissions by at least 55% by 2030, the European Green Deal has clearly identified the need for a new approach on nutrients, setting as a central objective the reduction of nutrient losses by at least 50% by 2030 while ensuring that there is no deterioration in soil fertility. The Commission will put forward an Integrated Nutrient Management Action Plan in July 2023. The Commission underlines that all Common Agriculture Policy (CAP) Strategic Plans foresee interventions to improve fertilisers management. These actions are expected to be carried out on 15.2% of EU agricultural area and
	support for sustainable nutrient management is estimated to cover 51.8 million hectares across the EU, with values differing across Members States. Moreover, actions to improve soil quality
	and rise natural fertility, which also contribute to reduce fertiliser application, will be carried out on 47% of the total utilised agricultural area (UAA) across the EU (76.7 million hectares).
	The Commission will encourage Member States to scale up their efforts in this domain and stands ready to support Member States which are willing to further prioritise and increase the ambition of such interventions in future revisions of their CAP Strategic Plans.
	Concerning recovering of nutrients from livestock manure, the Commission

	reiterates its commitment to assess wider and safe use of those products in an integrated nutrient management approach to meet EU environmental and climate ambitions, while enhancing circular economy.
1.6. The EESC further calls for taking into consideration the social aspects related to farmers (who are highly impacted by fertiliser prices), food consumers (who are facing food price inflation) and industry workers when adopting new measures.	The Commission agrees that fertilisers and other input costs affect farmers' decisions, with potential knock-on effects along the entire food supply chain and, ultimately, on food consumers and reiterates its commitment to support farmers and industry.
	The Commission also considers that pursuing the transition to a sustainable food system contributes to enhancing EU food security. For instance, the EU has considerably invested in research and innovation and continues to fund programmes, which contribute to foster the industrial interest in areas such as organic fertilisers produced from recovered residues and by-products available in the EU.
	Moreover, the transition of the EU fertiliser industry to green and low- carbon fertilisers productions is also contributing, inter alia, to mitigate difficulties faced by the fertiliser sector. The Commission is facilitating the process with the support to the creation of a market for renewable energy, measures for the uptake of renewable hydrogen and its derivatives by the industry, several EU funding instruments and simplified rules for State aids. The European Hydrogen Bank should cover and lower the cost gap between renewable hydrogen and fossil fuels for early projects, by means of an auction system for renewable hydrogen production to support producers. The first pilot auctions are currently being

	designed and they are due to be launched in autumn 2023.
1.7. On the international stage, the EESC urges the EU to step up actions against global food insecurity, including the promotion of fertiliser transparency, availability and effective use. Global fertiliser trade should be facilitated by keeping markets open, avoiding export restrictions and bans, increasing fertiliser production in Europe and expanding logistic routes.	As announced in the Commission Communication on Ensuring availability and affordability of fertilisers ⁷⁰ , the EU has joined the Global Fertiliser Challenge (GFC) initiative to cooperate with partner countries in reducing their dependence on and consumption of imported mineral fertilisers, improving nutrient management, increase fertiliser efficiency and alternative agricultural practices, with a contribution of 25 million dollars. The latter comes from a set of EU-funded programmes such as the 'Food Production and Resilience of Food Systems in African, Caribbean and Pacific countries' (€336,5 million) that aims at balancing social, environmental, and economic considerations through agro-ecological and other innovative approaches as part of a concrete and sustainable response to the unfolding food crisis, with an increased attention to sustainable soil health and fertility management. The Commission is a facilitator of open
	 The commission is a facilitator of open global trade in fertilisers, while keeping the EU's open strategic autonomy, and is committed to enhance market transparency by supporting the G20 Agricultural Market Information System (AMIS) process, which will also cover fertilisers. The necessary support to the AMIS Secretariat for this purpose will be provided. Moreover, the Commission will continue engaging at the World Trade Organisation (WTO) to improve transparency on agricultural markets and

⁷⁰ COM/2022/590 final/2.

	policies, including in relation to fertilisers, while advocating for a rules- based trade system and the avoidance of any unjustified export restrictions.
3.17. As regards nitrogen fertilisers, promoting alternative, non-fossil pathways for ammonia production is a highly relevant long-term objective, as this would decrease the EU's gas dependency as well as its carbon footprint. Renewable hydrogen produced by water electrolysis (itself from renewable electricity) is at a pilot industrial stage, while the methanation of agricultural by-products and organic waste can produce both biomethane for ammonia generation and a digestate usable as an organic fertiliser. However, despite the current high market price for fossil-based ammonia, renewable alternatives are far from competitive and will require time, technology maturation and possibly significant public subsidies before reaching the industrial stage.	The Commission would like to inform the Committee that water electrolysis is no longer at pilot stage but has entered commercial stage and is about to be scaled up.

N°14	State of the Energy Union 2022 COM(2022) 547 final EESC 2022/5991 – TEN/791 577th Plenary Session – March 202 Rapporteurs: Marcin NOWACKI and Lutz RIBBE (DE-III) DG ENER – Commissioner SIMSC	(PL-I), Angelo PAGLIARA (IT-II)
	ts of the European Economic and al Committee opinion considered essential	European Commission position
The fol report.	low-up given by the Commission to thi	s opinion will be included in a subsequent

N°15	N°15 Digitalising the energy system - EU action plan COM(2022) 552 final EESC 2022/6280 – TEN/798 577th Plenary Session – March 2023 Rapporteur: Thomas KATTNIG (AT-II) DG ENER – Commissioner SIMSON	
	Points of the European Economic and Social Committee opinion considered essential European Commission position	
The follow-up given by the Commission to this opinion will be included in a subsequent report.		

N°16 Youth action plan in the EU external action (Own-initiative opinion) EESC 2022/5742 – REX 566 577 th Plenary Session – March 2023 Rapporteur: Michael MCLOUGHLIN (IE-III) Co-rapporteur: Tatjana BABRAUSKIENĖ DG INTPA – Commissioner URPILAINEN	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. and 4.13 While welcoming the Youth Action Plan (YAP) in EU external action, the European Economic and Social Committee (EESC) points out that there may be challenges in the roll-out and delivery, which will need monitoring and oversight. []	The Commission recognises monitoring and oversight as essential and announces in the Youth Action Plan (YAP) that a monitoring framework will be developed with the involvement of youth organisations. Reporting on the implementation of the YAP will be integrated in existing reporting mechanisms.
1.2. [] It also considers that basic competences on issues such as youth-friendly spaces, consultation skills, and youth work-methods should be provided to all EU staff working with young people.	The Commission agrees on the importance of improving capacities of EU staff for working with young people, as part of our youth institutional engagement and is developing guidelines and trainings in this regard, taking advantage of and sharing existing experience and tools.
1.3. The EESC would like to see constant attention paid during implementation to the most marginalised young people, including young people with disabilities, and all leadership work being complemented by an equal focus on grassroots support for youth in local communities. []	The Commission reaffirms its commitment on ensuring inclusion and diversity, and intersectional and right- based approaches that ensure that no one is left behind in the actions undertaken during the implementation of the YAP. This is already applied for example in the setting up of the EU Youth Sounding Board for International Partnerships and youth advisory structures at country level.

	The Commission recognises that reaching grassroots youth organisations is essential to ensuring inclusive youth participation and empowerment, and counts on the support of platforms and networks of youth organisations at the EU and global level. EU Delegations are invited to support local youth organisations, incorporating them in their consultation processes, and in their civil society roadmaps.
1.4. The EESC stresses that data collection and monitoring are a key challenge for the implementation of the YAP, and that regular reporting by the European Commission, the European External Action Service (EEAS), relevant funded agencies and civil society organisations (CSOs) should feature, consistent with the mapping and gap analysis of international data on youth recently undertaken by the European Commission	As foreseen in the Youth Action Plan, the Commission, in cooperation with the European External Action Service (EEAS) service, is developing a monitoring framework for the implementation of the YAP building on existing age-and-sex disaggregated data and specific youth indicators. The Commission will also advocate in multilateral fora for better international data on youth to be incorporated in existing monitoring and reporting systems. An evaluation of YAP implementation will be launched in time to feed into the next programming cycle.
1.5. The EESC welcomes and encourages links with the work of the United Nations (UN) and its agencies in this area [].	The Commission and the EEAS services are already working closely with the UN and its agencies. For example, youth engagement has featured prominently in the involvement of the Commission in the UN Transforming Education Summit, or in the EU-level Voluntary Review of the implementation of the 2030 Agenda. Besides, the EU is actively engaged in the preparations for the Summit of the Future 2024, including through the work strand on meaningful youth engagement. The foreseen support to the establishment of the UN Youth Office or the EU@UN youth delegates are other relevant actions that evidence the EU commitment with

	supporting this youth agenda at multilateral level.
1.6. The EESC believes that headline EU youth policies like ERASMUS+ and the Youth Guarantee can be helpful in working in the areas of youth engagement and youth polices. In utilising such structures, attention should be paid to the independence of application procedures and issues like visas and languages.	The Commission agrees on the importance of continuing to explore and advance the roll out of EU successful youth policies or programmes outside of the EU, assessing their feasibility and identifying main challenges to an inclusive and meaningful youth engagement and empowerment.
1.7. The EESC recommends the Council of the EU to encourage EU Member States to have their own plans that focus on similar issues as the YAP and work in partnership with civil society, in particular youth organisations. In addition, existing linkages and civil society partnerships between EU Member States and target countries should be built on and enhanced, particularly between youth organisations.	The Commission encourages a Team Europe approach in the implementation of the Youth Action Plan, and will consider working with EU Members States at all levels at country, regional and global levels. In this sense, the Commission welcomes any policy development in this regard promoted by EU Member States also to amplify our action and build synergies The same applies to the inclusion of a Youth and the World section of the Youth Wiki ⁷¹ where the Commission is already sharing information with Member States on this.
1.8. The EESC also recommends that target countries should be encouraged and given the tools to have their own tangible dedicated youth policies and national youth councils or equivalents. At the same time, the Commission should be guided by the principles of human rights when supporting the target countries.	The Commission agrees on the importance of supporting partner countries in the development of youth policies and national youth councils, in line with the priorities of democratic governance and human rights. The Commission is leading by example with the setting up of Youth Sounding Boards are global and local level. Global programmes such as the Women and Youth in Democracy Initiative and regional programmes as the Western Balkans Youth Labs or EU4Youth in the Neighbourhood will contribute to enhancing youth participation. At

⁷¹ <u>https://national-policies.eacea.ec.europa.eu/youthwiki/policy-fields/9-youth-and-the-world</u>

	country level, many EU Delegations are already supporting youth in policy making, and better youth policies, through policy dialogue, budget support, civil society thematic programme, TAIEX (Technical Assistance and Information Exchange instrument of the Commission), etc.
1.9., 1.10. and 4.2. Strong linkage with the European Year of Skills is needed in rolling out the YAP. The EESC points to the importance of skills development needs, especially in the field of climate change mitigation and adaptation, as well as in the circular economy, mental and physical health, sexual and reproductive health and rights, to be taken into account, including in reskilling and upskilling young people. The roles of social and civic dialogue are essential and need to be strengthened.	 With the European Year of Skills, the Commission is putting the spotlight on skills development, reskilling, upskilling and lifelong learning as critical to sustainable growth, the digital and green transitions, innovation and competitiveness with an EU internal focus. In external action, education and skills development play an important role notably in the delivery of the Global Gateway Strategy. It is also at the core of the empowerment pillar of the Youth Action Plan. This is
	reflected in the commitment to dedicate 13% of the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI) budget for Sub-Saharan Africa, Latin America and the Caribbean, Asia and the Pacific, to education and skills.
1.11. The EESC strongly believes that civic engagement with all CSOs should be fostered such as youth groups, trade unions and young entrepreneurs groups.	Consultation with civil society organisations is a longstanding commitment and practice of the EU. The Policy Forum on Development provides a structured dialogue platform for engagement with the civil society organisations (CSOs). The EU Youth Dialogue could also serve as a reference for developing consultation tools outside the EU.

	As part of the YAP commitments, "an EU platform for regular dialogue with youth organisations, as a new element of the Policy Forum on Development" will be developed. In partner countries, EU Delegations are engaging local youth organisations as part of their consultation processes, and including them in their civil society roadmaps. Initiatives at global and regional level will also promote further young people's civic and political participation.
1.12., 1.14. and 4.24. Issues like trade need to be examined as part of the YAP []. Young people remain the most vulnerable to child labour and other forms of maltreatment. In order to combat this, the fight against child labour should be made an important part of the YAP so that it finally becomes history in the 21st century. []	The Commission is determined to step up efforts in the fight against child labour. The Political Guidelines of President von der Leyen announced a zero-tolerance policy on child labour that has served as a basis for a number of Commission's initiatives promoting the decent work and the elimination of child labour in supply chains.
	This is reflected directly and explicitly in many EU policies, legislation and instruments, such as the EU Strategy on the Rights of the Child and the Communication on Decent Work Worldwide, in which the EU recommitted to eradicating child labour in all forms in line with the Sustainable Development Goals target 8.7 by 2025, through its commitment to the 2022 Durban Call to Action.
	The Commission has also put forward a legislative proposal for a regulation prohibiting the placing on the EU market of products made using forced labour, including forced child labour; as well as a proposal for a directive on Corporate Sustainability Due Diligence, currently discussed by the European Parliament

1.13. The EESC recommends that specific mental health community-based services for young people and targets for both output	The support to mental health services in an inclusive way is integrated in our approach to basic health service package
	Finally, the Commission is also implementing projects with partner countries and UN organisations aimed at tackling the root causes of child labour and at eliminating child labour for example in the coffee, cotton, textile and
	Trade and Sustainable Development (TSD chapters) in EU trade agreements require the respect of the core ILO principles, which include the effective abolition of child labour. In the Commission's proposal for a new Generalised System of Preferences (GSP) regulation, and under the Union's zero tolerance approach for child labour the reasons for temporary withdrawal should include exports of goods made by internationally prohibited child labour. When necessary, EU development assistance at country level assists the trade partners in complying with those requirements.
	and the Member States. It proposes to establish a corporate due diligence duty for large EU and non-EU companies active on the EU market. The core elements of this duty are identifying, bringing to an end, preventing, mitigating and accounting for negative human rights, including child labour, and environmental impacts in the company's own operations, their subsidiaries and their value chains. The annex of the proposed directive explicitly refers to the fundamental International Labour Organisation (ILO) conventions n° 138 and 182 on the elimination of child labour.

numbers and qualitative mental health improvements should be developed for work with young people in external action, consistent with the Commission's study.	under the Universal Health Coverage, which the Commission implements through the World Health Organisation (WHO) Universal Health Coverage Partnership. Other programmes when focusing on specific cohorts also can address the mental services and include related indicators, whenever relevant.
4.11. It is unclear if participative processes were utilised in selecting the issues for the Youth Empowerment Fund. Young people may not always select the issues others see as important particularly in the developing world or in fragile states where more practical considerations may be more important.	The decision of developing the Youth Empowerment Fund builds upon the Youth Action Plan consultation, and the need stated by young people and youth organisations to ease access to funding for youth-led actions at local level to contribute to the achievement of the SDGs. The programme is under development. The Commission is looking to have youth participate in the decision processes for granting support at local level.
4.13. There are a lot of actors, policies and funding lines involved in this work such as the EU delegations, various Directorate-Generals of the Commission, the EEAS, the EU Council and the Member States, and a variety of aid budgets. The roll out of the YAP needs to ensure clarity and proper cross-sectoral cooperation to ensure a strong focus on the target group at the end of the day, while providing sufficient budget.	The EU Youth Strategy is the overarching framework within the EU. For external action, one of the objectives of the Youth Action Plan is indeed to increase coherence across the EU institutions and with EU Member States, by providing an overarching framework to the ongoing initiatives in different regions and under different budgets. The implementation of the Youth Action Plan will be funded mainly through the existing instruments, notably the geographic programmes of the NDICI- Global Europe Instrument and the Instrument for Pre-Accession Assistance (IPA), including their contribution to Erasmus+ Programme.
4.25. Young people are often the first to make perilous journeys to emigrate to Europe and elsewhere. To make sure that young people are	The Commission is fully committed to promoting safe and regular migration, while preventing dangerous and irregular

not forced to take dangerous, often illegal	movements across borders. This is a
paths over international borders, the YAP	cornerstone of the comprehensive EU
should include active cooperation with third	approach to migration and forced
countries in order to establish humanitarian	displacement, as outlined in the EU Pact
	-
corridors and resettlement programs for young	on Migration and Asylum. One of the
people to get to Europe safely and legally	objectives of the Youth Action Plan is to
	increase opportunities for mobility in
	relation to education, training and work.
	Talent Partnerships were launched in
	2021 as one of the key aspects of the
	external dimension of the Pact aiming at
	strengthened cooperation between the
	EU, Member States and partner countries
	in the area of legal pathways, boosting
	international labour mobility and
	development of talent in a mutually
	beneficial way.
	Existing resettlement and humanitarian
	admission programmes for non-EU
	nationals in need of international
	protection are safe and legal alternatives
	to irregular journeys and a demonstration
	of EU solidarity with people fleeing
	persecution, including young people. In
	addition, the EU has committed to
	working on other complementary
	pathways to protection linked to
	education and work.
	education and work.

N°17 Revision of the Design Directive and Regulation COM(2022) 666 final COM(2022) 667 final EESC 2023/101 – INT/1008 577 th Plenary Session – March 2023 Rapporteur-general: Ferdinand WYCKMANS (BE-II) DG GROW – Commissioner BRETON	
Points of the EESC opinion considered essential	Commission position
	The Commission welcomes the strong overall support of the Committee for these proposals.
1.6. However, the European Economic and Social Committee (EESC) does not believe that merging the publication and registration fees will reduce the total cost of the fees, as the cost of renewals, as proposed, will increase drastically. This measure is therefore not as favourable for individual designers and SMEs as has been claimed. The EESC would therefore like to see lower fees for SMEs and individual designers, perhaps in proportion to their turnover.	In its Impact Assessment, the Commission elaborated that the proposed new fee structure for EU designs (based on sub-option 3.1) will benefit those businesses with lower number of designs per application and those who renew protection only once. These are, in particular, natural persons (also firms not having legal entity) who renew designs less often than companies and do so for shorter periods (mainly additional 5 years). Under the proposed fee scheme, those having one design per application (55%) will be able to protect their designs at lower cost than currently for up to 20 years. Those with between 2 and 23 designs (43%) will be able to protect them at lower cost than currently for a period of up to 15 years. Those with 24 to 37 designs (1%) will pay less for protection of up to 10 years. Only the remaining 1% will pay more than currently (see Annex 9 of the Impact Assessment). Moreover, lowering the basic fee for the initial five years' registration of an EU design rather than reducing renewal fees will facilitate access to design protection for small and

	medium enterprises and individual designers, taking also into account that not all designs that are registered are renewed. The Commission therefore believes that the interests of SMEs and individual designers have been appropriately considered with the new fee structure.
1.7. In the EESC's view, the simplification brought about by abolishing the "unity of class" rule is necessary but not sufficient, as there is still a need to improve the usability of the design filing systems available on the websites of the national industrial property offices and the European Union Intellectual Property Office (EUIPO). To meet this challenge, offices could turn to patent agents, thus making it easier for SMEs and individual designers to protect their designs.	Apart from the abolition of the unity of class requirement for multiple applications, both proposals contain various other measures to simplify and streamline procedures to encourage, in particular, SMEs and individual designers to apply for registered design protection at EU or national level. These consist, in particular, of updated procedures, for example, of the requirements for the representation of designs; an alignment of the rules at national level with those of the EU design system and an alignment of the rules for EU design proceedings with EU trademark proceedings.
1.8. The EESC considers it inappropriate to use Article 290 of the Treaty on the Functioning of the European Union (TFEU) to draw up rules on disputes and appeals against EUIPO decisions. Delegated acts are intended only to supplement the basic act and must relate only to non-essential elements, but the provisions that the proposal for a Regulation envisages for adoption by delegated act relate to the rights provided for in Chapter VI of the Charter of Fundamental Rights, on justice, and in particular to Article 47 on the right to an effective remedy and to a fair trial; they therefore cannot be regarded as non-essential elements.	The proposed Commission powers to enact secondary legislation according to Articles 290 and 291 of the Treaty on the Functioning of the EU strictly follow the approach of the reform of Regulation (EU) 2017/1001 on the EU trademark for sake of consistency. Specifically with regard to the appeal proceedings, the proposed amendment to Article 55 of the EU Design Regulation makes reference to the relevant provisions for the appeal proceedings in the EU Trade Mark Regulation. It is complemented by the proposed new Article 55a of the EU Design Regulation for the delegation of power concerning

the details of the appeal proceedings relating to designs where such different proceedings require a organisation than what is laid down in the Delegated Regulation (EU) 2018/625 supplementing the EU Trade Mark Regulation. The proposed new Article 55a of the EU Design Regulation for delegation of powers regarding appeal proceedings aims at aligning the respective delegated acts for trademark and designs appeal proceedings. The essential elements of the appeal proceedings, however, are laid down in the basic act.

N°18 Wooden construction for CO2 reduction in building sector (Exploratory opinion requested by the Swedish presidency) EESC 2022/6006 – TEN/794 577 th Plenary Session – March 2023 Rapporteur: Rudolf KOLBE (AT-III) DG GROW – Commissioner BRETON		
	Points of the European Economic and Social Committee opinion considered essential European Commission position	
The follow-up given by the Commission to this opinion will be included in a subsequent report.		

N°19 Short-term rental initiative COM(2022) 571 final EESC 2022/5400 – INT/1009 576 th Plenary Session – February 2 Rapporteur: Marinel Dănuț MURI DG GROW – Commissioner BRET	ESAN (RO-I)
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.3. The regulation does not specify who and what has to be declared when registering on the national digital registry, and there are specific situations applying to: information about hosts (property owner, representative of the property owner, tenant/sublessor, company acting as intermediary, company managing or providing upkeep for accommodation units); information about the accommodation units (run fully or only partly as an STR, with services available for a fee, common services, etc.); the maximum number of people allowed to occupy a unit (to avoid exceeding the unit's capacity). 	After a thorough analysis of existing registration schemes and considering subsidiarity, the Commission concluded that the proposed Regulation should only detail the core information that hosts must provide in order to receive a registration number, and leave to Member States the possibility of asking additional information without prejudice to the issue of a registration number. The Commission considered that the information and documentation items listed in Article 5(1) and 5(2) of the proposed Regulation would be sufficient to allow full traceability of hosts and properties offered for short-term accommodation rental (STR) services. Please note that these information items include an indication of whether the unit is offered in whole or part and whether the host uses the unit for residential purposes as a primary or secondary residence or for other purposes. In addition, the proposal requires hosts to provide information on the maximum number of guests that the unit is capable of accommodating.
1.4. The EESC proposes that the Commission recommend in the regulation that national and/or local authorities carry out periodic	The Commission agrees with the Committee that the Member States should monitor and assess the impact that STR activities have on a number of areas

 impact assessments on STR activities, with regard to: the actual local tourism potential; the impact on the life of local residents; the social impact in terms of rented accommodation; the impact on the local housing market; the social impact in terms of cost of living in the local area; the impact on employment; the impact on respect for local traditions; the impact on businesses affected directly and indirectly in the local area. 	of significant societal concern. This will help them in the formulation of proportionate policies responses where the protection of public interest objectives is at stake. The Commission considers however that it should be up to Member States to establish such monitoring mechanism, according to the specific needs and capacity of national and local authorities concerned.
 1.7. Nonetheless, we propose that the Commission recommend that national and/or local authorities monitor the impact of STR activities, with regard to: the drastic reduction in the number of long-term rentals available for purposes other than tourism; 	Please see Commission's reply to point 1.4.
- the limited number of rental options open to people with low incomes, due to rents being driven up by high demand in the STR market;	
- it has changed the living conditions of local residents owing to noise pollution caused by tourists, inappropriate behaviour on the part of tourists and tourists failing to abide by the rules in place to ensure that temporary and permanent residents can get along (respecting local traditions, ensuring that public areas and rubbish collection and sorting sites are kept clean and tidy);	
 the additional measures that must be taken to protect historical, architectural and natural sites; the effects on the labour market as a whole. 	

1.8. The EESC recommends that this regulation require online platforms to provide clients with relevant information about the host's registration on the national digital registry or with a general presentation of the unit, as well as with information on the level of responsibility of the hosts and the platform, measures taken to ensure appropriate health and safety conditions for clients, specific requirements to be met by clients both within the unit and in public areas, and various local traditions which are important for all market players, for the community and for local authorities.	In line with the Digital Services Act ⁷² and the provisions on liability of providers of intermediary services, online short-term rental platforms should not, as a general rule, be held responsible for the content of the offer that is listed at the request of a provider of STR services. However, under the proposed Regulation, online short-term rental platforms are required to ensure that their online interface is designed and organised in a way that enables hosts to comply with applicable requirements, notably registration obligations, where they apply. In addition, the proposed Regulation requires platforms to include, in a specific section of the online interface that is directly and easily accessible, a reference to the information on rules governing the provision of short-term accommodation rental services made available by Member States via the Single Digital Gateway.
1.9. The regulation stipulates that it will be implemented at national level two years after being adopted. We feel that it will be much easier to set up an online platform after that period owing to data interoperability and sharing, with manual data collection no longer necessary. Consequently, the EESC recommends that manual collection of data be made optional for the administrators of online platforms operating as businesses, micro and small enterprises. However, the EESC recommends that it be stipulated that national and local authorities must monitor compliance with data reporting/transmission by all platforms acting as intermediaries for or	The Commission's proposal introduces an obligation for online short-term rental platforms to transmit the activity data to competent authorities through the Single Digital Entry Point. More lenient reporting obligations are laid down for small and micro online short-term rental platforms, which are allowed, if they so wish, to report the relevant data manually. This possibility is intended to reduce their compliance burden and take into account their financial or technical resources. The Commission agrees that it is crucial that data reporting obligations are properly enforced by all online short-

⁷² Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act), *OJ L* 277, 27.10.2022, *p. 1–102*.

facilitating STR services, with per	alties term rental platforms. To that end, Article
enforced in the event of failure to repor	t data 15 of the proposal requires Member
or reporting of inaccurate data on the p	art of States to lay down rules on penalties
online platform administrators or other	types applicable to infringements by online
of platforms facilitating STR services.	short-term rental platforms of (inter alia)
	the reporting obligation and notify them
	to the Commission.

N°20 The role of civil society in the reconstruction and resilience of the Euro- Mediterranean region (Own-initiative opinion) EESC 2021/2760 – REX/537 575 th Plenary Session – January 2023 Rapporteur: Angelo PAGLIARA (IT-II) DG NEAR – Commissioner VÁRHELYI	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
2.11. The EU will make use of existing cooperation instruments and programmes to strengthen its dialogue with the Southern Neighbourhood. The European Economic and Social Committee (EESC) recommends the broadest possible involvement of civil society organisations, through inclusive social and civil dialogue at all levels that takes into account the specific characteristics and roles of the various players involved and that emphasises their contribution to the design and implementation of the policies and measures needed to manage the impact of the current changes and crises, starting with the effects of climate change.	Based on the New Agenda for the Mediterranean ⁷³ , the Commission has relaunched the structured dialogue with Southern Neighbourhood civil society under the new Civil society facility in January 2023. This will be carried out by six Framework Partners selected in an open call that will carry out all-year activities concluded by the Civil society forum in Brussels. These Framework partners are trusted civil society organizations that will bring into the dialogue a large variety of stakeholders. The Committee is very welcome to join the Steering committee of the Civil society facility and contribute to this dialogue.
2.15. Civil society organisations have been at the vanguard of supporting the health and social response to the pandemic and their hands-on involvement has helped palliate the social and health fallout on the population. However, as the EESC has already pointed out, their ability to respond to society's needs is shaped by the reality that resources are often limited and can fluctuate. The EESC is convinced of the need to strengthen support mechanisms for civil society organisations, partly so as to better protect the most	Each EU delegation in the countries of the Southern Neighbourhood has set-up a so-called Roadmap for working with civil society. This is a document prepared together with Member States and civil society, setting out ways to best involve Civil Society Organisations (CSOs) in the programmes of the EU delegations (not only those focused on civil society) ⁷⁴ . For the period 2021-2024 the EU has committed €15 million to the regional

 ⁷³ JOIN(2021) 2 final.
 ⁷⁴ <u>https://europa.eu/capacity4dev/public-governance-civilsociety/wiki/roadmaps</u>

vulnerable groups afflicted particularly badly	Civil society Facility ⁷⁵ ; further €115
by the pandemic, such as young people,	million under the thematic programme
women, migrants and people with disabilities.	for Civil society ⁷⁶ and €49 million under
	the human rights thematic programmes ⁷⁷ ,
	which will be handled by the
	Delegations.
	CSOs are increasingly involved in the
	implementation of other programmes,
	not only focused on civil society and
	human rights. For example, under the
	Climate4Cities regional programme,
	they contribute to local sustainable
	development plans.

 ⁷⁵ C(2021)9735, Action document on <u>Civil society facility 2021</u>
 ⁷⁶ NDICI Global Europe 2021- 2027 <u>Civil society Thematic programme</u>
 ⁷⁷ NDICI Global Europe 2021-2027 <u>Human Rights and Democracy Thematic programme</u>

N°21 Digital transition in the Euro-Mediterranean region (Own-initiative opinion) EESC 2022/1584 – REX/549 574 th Plenary Session – December 2022 Rapporteur: Andrej ZORKO (SI-II) Co-rapporteur: Janica YLIKARJULA (FI-I) DG NEAR – Commissioner VARHELYI	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.2. The benefits of digitalisation are well-known in specific sectors such as e-education, e-health, e-government, agri-business, e-justice and e-banking. Many governments in the Mediterranean region are promoting these sectors, but the effort is not homogeneous across the region and may lead to an even deeper digital divide among countries. Provision of infrastructure to support these technologies is therefore crucial. 1.3. The digital divide in terms of access and usage exists not only between different Mediterranean countries, but also within countries in the region, with rural and remote areas, informal workers, women and the elderly worsen off. Thus, in order not to exacerbate existing inequalities, efforts to close the digital gap are essential both at the regional and national level. 	The joint communication on the New Agenda for the Mediterranean of 2021 ⁷⁸ identifies digitalisation of the Southern Neighbourhood as an area for cooperation. This Agenda and its accompanying Economic and Investment Plan aims for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal. Flagship 7 of Economic Investment Plan for the Southern Neighbourhood (Digital transformation, research and innovation) supports digitalisation efforts through promoting the deployment of relevant internet and mobile infrastructure and skills, as well as the improvement of service delivery in priority public sectors. It also aims to facilitate links across the Mediterranean and within the Southern Neighbourhood. In order to support digital transformation efforts, the Commission works around four pillars: (i) governance, policy and regulatory frameworks; (ii) developing infrastructure and supporting universal access to enhanced, affordable and secure networks; (iii) digital literacy, skills, and entrepreneurship; and iv) digital services.

⁷⁸ joint communication renewed partnership southern neighbourhood.pdf (europa.eu)

	Furthermore, as part of the Africa-EU partnership, the Digital for Development (D4D) Hub instrument ⁷⁹ , launched in December 2020, has the goal of harmonising and coordinating digital initiatives among the Member States ⁸⁰ . It can also be used to ensure exchange of experience and practices, as well as joint contribution to policy decision-making process in digitalization.
	The objective is to boost innovative digital transformation through encouraging the deployment of platforms and policies including e-government, eHealth, e-commerce, digital access to culture and cultural heritage, and digital skills in education, while ensuring a user- centric and the ethical use of technologies in line with the EU Charter of Fundamental Rights. The Commission also proposes to create better digital connections across the Mediterranean and contribute to economic integration. It is also important for the Commission to highlight the human-centric dimension of the Internet and digitalisation process, in order to manage possible risks in this area.
4.1. The profound impact of the digital transition is being felt across societies and the economies. Although the southern Mediterranean region is facing challenges in terms of providing universal accessibility, and enhancing citizens' digital skills, the region is no exception in accelerating towards the digital transition and benefiting from it in numerous areas.	Specialised knowledge, technical assistance and investments are required to deliver on the international dimension of the Commission's digital and science, technology and innovation agenda and cooperation priorities. To this effect the following financial cooperation is envisaged in the area of digital transformation of the Southern Neighbourhood:

 ⁷⁹ The Digital for Development (D4D) Hub.
 ⁸⁰ Langendorf, M., "Applying Europe's Digital Agenda in Mediterranean Partner Countries: Opportunities and Pitfalls", *IEMed. Mediterranean Yearbook*, 2021.

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- work is ongoing on the identification of
a regional project on digitalisation in the
Southern Neighbourhood to be launched
in 2024 considering eCommerce,
eGovernance, eHealth, eEducation,
digital skills amongst possible areas for
regional cooperation.
- The EU Delegations in Egypt, Tunisia,
Morocco, Jordan, Palestine ⁸¹ , Lebanon
either have ongoing projects or are in the
process of designing actions, which focus
partially or entirely on digital
transformation.
- The Commission has given a grant of
€40 million to the European Investment
Bank (EIB) to support the Medusa
project: the deployment of a state-of-the
art submarine cable connecting the
southern neighbourhood. The Medusa
Submarine Cable System ⁸² is a private
initiative for a high capacity, low latency
solution to connect North Africa with
Europe. This flagship infrastructure
project aims to become operational in
2025 and will significantly improve
connectivity capacity towards Europe,
quality of service and resilience, as it will
provide an alternative path for data traffic
towards targeted EU routes.
- At the regional level, digital innovation
is supported by the New Approaches to
Telecommunications Policy IV project
that finances the activities of regulators
group <u>EMERG⁸³</u> focusing on
harmonisation of rules in the telecom
sector.
- Another regional initiative is the
EuMedConnect 3 ⁸⁴ (finalised in
<u>Lancoconnect 5</u> (mansed m

 ⁸¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.
 ⁸² <u>https://neighbourhood-enlargement.ec.europa.eu/medusa-submarine-cable-system-factsheet_en</u>
 ⁸³ <u>http://www.emergonline.org/</u>
 ⁸⁴ <u>https://eumedconnect3.net/</u>

December 2021) and AfricaConnect 3 ⁸⁵
programmes that offer connection to
GEANT ⁸⁶ providing high quality access
to the EU research and innovation
network.
- The European Fund for Sustainable
Development Plus (EFSD+) ensures
coverage for blending, guarantees and
other financial operations. It aims to raise
financial resources for sustainable
development from the private sector for
inclusive economic development. It
supports investment in partner countries
to develop, among others, a digital
economy and reduce the digital gap. The
investment framework also includes the
External Action Guarantee, which can
leverage sustainable development
together with the private sector.
- The 'Knowledge Hub Digital' will
support the implementation of the digital
agenda and cooperation initiatives in
partner countries, by mobilising
international expertise to address
common challenges and seize the
opportunities of digitalisation across
regions and countries, including
technical assistance, training and policy
advice. It will draw on EU know-how to
promote knowledge development and the
sharing of best practices. The facility was
launched in January 2023 to respond to
needs in the digital sector.
- Cybersecurity is a key element towards
a sustainable digital transformation.
Strengthened policy and regulatory
frameworks contribute to the fight
against cybercrime and increase a
 country's cyber resilience. In that

 ⁸⁵ <u>https://africaconnect3.net/</u>
 ⁸⁶ GÉANT is the pan-European data network for the research and education community. It interconnects national research and education networks across Europe, enabling collaboration.

context, projects such as GLACY+ ⁸⁷ are
supporting numerous countries to align
their domestic legal framework with the
provisions of the Budapest Convention.

⁸⁷ <u>https://www.interpol.int/en/Crimes/Cybercrime/Cyber-capabilities-development/Glacy</u>

N°22 SMEs, social economy enterprises, crafts and liberal professions Fit for 55 (own-initiative opinion) EESC 2022/1049 – INT/979 572nd Plenary Session – September 2022 Rapporteur: Milena ANGELOVA (BG-I) Co-rapporteur: Rudolf KOLBE (AT-III) DG GROW – Commissioner BRETON	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. Micro, small and medium-sized enterprises, be they traditional enterprises, family businesses, traders, social economy enterprises, crafts or liberal professions (referred hereafter as MSMEs) are an essential part of the solution towards a competitive, climate- neutral, circular and inclusive EU economy, provided that the right conditions are created and prevail. Positive impact is generated by MSMEs through improving their own environmental performance and through providing expertise and solutions to other enterprises, citizens and the public sector. While acknowledging and highlighting the diversity and different needs of MSMEs, the EESC calls for specific attention to be paid to the smallest and most vulnerable ones.	The Commission recognises the importance of the Small and medium- sized enterprises (SMEs) and of the Micro, Small and Medium Enterprise (MSMEs). The 2020 SME Strategy ⁸⁸ supports SMEs, and MSMEs ⁸⁹ , in the twin transition to a sustainable and digital economy. Many actions of the Strategy have already been implemented and adjusted in order to best support SMEs overcoming the impact of the COVID-19 crisis. Furthermore, SMEs support will be further addressed in the SME Relief Package. Finally, SME needs are also taken into account in the development of the transition pathways for the European industry eco-systems.
1.2. Many MSMEs lack knowledge on the continuously evolving legislative requirements, established to deliver on achieving climate neutrality, and on how to respond to them. Furthermore, they have difficulties in identifying potential business benefits and opportunities	The Commission agrees on the importance of supporting MSMEs in their green transition. For this purpose, the Enterprise Europe Network (EEN) ⁹⁰ has set up a supporting service of more than 200 Sustainability Advisors for SMEs as of January 2022. Clusters ⁹¹ are

⁸⁸ <u>https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0103&from=EN</u>
⁸⁹ <u>https://single-market-economy.ec.europa.eu/smes/sme-definition_en</u>
⁹⁰ <u>https://een.ec.europa.eu/</u>
⁹¹ <u>https://single-market-economy.ec.europa.eu/industry/strategy/cluster-policy_en</u>

many ded by the arrest transition T	also important actors for for ilitation of
provided by the green transition. The EESC thus highlights that there is an urgent need to support MSMEs in understanding and managing the green transition in the best possible way. and 3.3. In order to support the development of the MSMEs' everyday business operations, such as the production of goods and services, energy production and use and the organisation of logistics, a proper supply of practical advisory services and cooperation platforms needs to be available.	also important actors for facilitating the green transition among their MSME members. In addition, a new pilot initiative, the Covenant of Companies for Climate and Energy (CCCE) ⁹² , has been launched to encourage and support European companies, and in particular SMEs, to step up their contribution to a clean energy transition and climate action. To help more companies succeed with the digital transition, European Digital Innovation Hubs ⁹³ in close cooperation with the Enterprise Europe Network will provide access to technical expertise and experimentation as well as the possibility to 'test before invest'.
 1.3. The EESC calls for wide-ranging and targeted information and awareness-raising measures, delivered in a coordinated and complementary manner by the EC and MSs, together with business organisations, chambers, social partners and other relevant stakeholders. And 1.7. The EESC believes it important to involve MSME representatives in preparing sectoral climate action roadmaps at national level, as well as in shaping the EU level transition paths for various business ecosystems, thus also enhancing knowledge on sharing best practices, proper resource allocation and efficient implementation. 	The Commission agrees with this request. Since 2011, the SME Envoys network ⁹⁴ have been playing this coordination role and promoting SME friendly regulation and policymaking in all EU countries. The network of SME envoys improves the consultation process with national SMEs and cooperation between EU countries. SME associations are also represented in the Industrial Forum Expert Group ⁹⁵ , which supports the development of ecosystems' transition pathways ⁹⁶ . SME associations have already contributed to the development of the Blueprints for Transition Pathways.

 ⁹² <u>https://commission.europa.eu/news/launch-first-covenant-companies-call-technical-assistance-2022-06-15_en</u>
 ⁹³ <u>https://digital-strategy.ec.europa.eu/en/activities/edihs</u>
 ⁹⁴ <u>https://single-market-economy.ec.europa.eu/sme-strategy/sme-envoys-network_en</u>
 ⁹⁵ <u>https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&do=groupDetail.groupDetail&groupID=3743</u>
 ⁹⁶ <u>https://single-market-economy.ec.europa.eu/industry/transition-pathways_en</u>

 1.4. The EESC also calls for a comprehensive programme, aimed at supporting MSMEs through all the issues they face in their business operations and activities in going green and complying with legislation. As there are considerable differences between MSMEs, highly customised solutions and well-targeted policies and measures are necessary. And 3.2. In view of the wide scope and depth of the EGD, a total industrial transformation is envisaged. Following the Think Small First principle, and in order to avoid MSMEs "simply going out of business", a comprehensive and wideranging support and capability development programme is needed. The aim would be to support MSMEs through all the issues they face in their business operations and activities in going green and complying with legislation. 	The Commission welcomes the Committee's call for the attention to MSMEs, however, disagree on the feasibility of one single programme. However, the Single Market Programme ⁹⁷ (SMP) provides support to businesses, in particular SMEs, with the aim to boost their competitiveness and sustainability. Companies have access to the EU funding opportunities in a single page ⁹⁸ . In particular, the European Green Deal investment plan ⁹⁹ spells out how the EU plans to finance the green transition for any kind of company. Next to it, NextGenerationEU ¹⁰⁰ is the biggest investment programme ever that has a clear focus on green investment (37%) plus Do-no significant harm principle. The Social Climate Fund ¹⁰¹ , in addition, will provide funds to Member States to support measures and investments intended to reduce reliance on fossil fuels.
	The Just Transition Fund ¹⁰² , finally, will provide grants to regions that host greenhouse gas-intensive activities industries, to support workers in developing skills and competences for the job market of the future, including SMEs.

⁹⁷https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes/single-market-⁹⁷<u>https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes/single-market-programme/overview/support-businesses_en</u>
 ⁹⁸ <u>https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes_en</u>
 ⁹⁹ <u>https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_24</u>
 ¹⁰⁰ <u>https://next-generation-eu.europa.eu/index_en</u>
 ¹⁰¹ <u>https://climate.ec.europa.eu/eu-action/european-green-deal/delivering-european-green-deal/social-climate-clima</u>

fund_en 102 https://ec.europa.eu/commission/presscorner/detail/en/qanda 20 24

1.5. Immediate and targeted short-term support for MSMEs is pivotal for boosting their economic recovery from the pandemic and helping them manage the implications of the Russian invasion of Ukraine, such as high energy prices and lack of supply of materials and products. Due to the extraordinary circumstances, the EESC considers that proper flexibility in the European Green Deal (EGD) schedules should be given over time until the end of the crisis, while ensuring that the objectives are not abandoned for any reason.	The REPowerEU plan is at the core of the EU's response to the hardship and global energy market disruption caused by Russia's invasion of Ukraine. The current energy crisis and the REPowerEU plan seeks to foster energy savings, diversify energy supplies and accelerate the roll-out of renewable energy and in general accelerate the climate and energy transition. The Temporary Crisis Framework ¹⁰³ adopted in March 2022 and replaced the Temporary Crisis and Transition Framework in March 2023 greatly facilitates the provision of State aid to businesses, including MSMEs, to help them shield the impact of the rise in energy prices and invest in energy efficiency or the deployment of renewables.
 1.6. To improve the resource efficiency of MSMEs, the EESC proposes establishing "circularity hubs" in various regions. This should enhance cooperation between companies across sectors and facilitate the development of new practices and processes, including demonstrating new technologies. MSME organisations, chambers, academia, social partners and other relevant stakeholders should be an integral part of the process. And 4.4. New techniques, products and processes are needed in the transition to the circular economy. For example, in the 	The Commission agrees on the importance of establishing the hubs for circularity (H4C) ¹⁰⁴ . They will be a key instrument to advance the research and innovation agenda of European industries towards the Green Deal's objectives. The Commission agrees on the importance of the circular economy in the green and digital transition of construction sector. The Commission has, then, been developing a Transition Pathway for the construction ecosystem ¹⁰⁵ . The Commission is developing a Circular Industrial

¹⁰³ <u>https://competition-policy.ec.europa.eu/state-aid/ukraine_en</u>

¹⁰⁴ https://www.impel.eu/en

https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/new-flagship-initiativehubs-circularity-concept-opportunities-challenges-successful-implementation-2021-04-14 en https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/new-flagship-initiative-

hubs-circularity-concept-opportunities-challenges-successful-implementation-2021-04-14_en

¹⁰⁵ <u>https://single-market-economy.ec.europa.eu/sectors/construction/construction-transition-pathway_en</u>

construction sector this requires recycling renovation and construction waste, reusing elements, and introducing new building materials, including acknowledging quality-assured secondary building materials, and close cooperation between producers, the crafts, professionals and the recycling industry. Regional value chains and building clusters must also be strengthened through the involvement of the crafts.	Technology Roadmap for the construction ecosystem. Regional value chains and building clusters feature in the Built4People partnership for a sustainable built environment under the Horizon Europe programme. In March 2022 the Commission published its proposal for new Construction Products Regulation ¹⁰⁶ .
 1.8. The EESC calls on the EU and MSs to accelerate green investments of MSMEs by ensuring an enabling, predictable and encouraging regulatory environment, including smooth permission procedures and avoiding burdensome administrative duties, as well as by providing fast, easy, simple and traceable access to finance, tailored to the different needs of all diverse groups of MSMEs. And 3.4. In order to enhance and support investment in the greening of MSMEs, the economy, and society as a whole, a favourable investment environment and enabling conditions for MSMEs to enjoy proper access to financing need to be ensured. and A.1. The EESC calls for sticking to the rules of sound competition when allocating public funding for green 	The Commission agrees with the need of enhancing green investments of MSMEs by facilitating access to finance, among other things. The New European Innovation Agenda ¹⁰⁷ includes a flagship area on access to finance, particularly targeting companies in their scale-up phase. The Common European Data Spaces ¹⁰⁸ will play an important role to accelerate green investment is the increased availability of data and digital twins to support investment decisions. The Commission recognises the importance of a supportive environment for the enterprise development and agrees on the need to accelerate the green investments for all class/type of companies providing also slim and clear procedures and relevant financial support. Thus, the EU's renewed sustainable finance strategy ¹⁰⁹ aims to make the EU's sustainable finance framework inclusive.

 $^{^{106} \}underline{https://single-market-economy.ec.europa.eu/sectors/construction/construction-products-regulatio$

investments. The EESC also stresses the need for monitoring the finance flows with appropriate indicators. It is important to grant MSMEs equal access to public procurement and investment, e.g. in general infrastructure, as well as to encourage investment in the greening of the MSMEs themselves, e.g. by using public funding as a leverage for private investment.

And

3.6 To strengthen the role of MSMEs in the development of new green solutions for businesses, consumers and society at large, the EESC calls for the following measures.

- The various innovation programs and initiatives must be more easily understandable and accessible for MSMEs, and guidance should be provided regarding diverse funding instruments available in the field of green innovation. including the European Investment Fund tools.

[..]

The development of common data spaces and easy access to them for MSMEs should be accelerated, with the aim of contributing to the development of new green and digital solutions, including those based on AI.

And

3.4.1. The EESC calls on the EU and MSs to accelerate investments of MSMEs by:

- ensuring an enabling and encouraging regulatory environment, including short and simplified permission procedures and The Commission has also been working with Sustainable the Platform on Finance¹¹⁰ to evaluate how the Taxonomy criteria may be simplified to incentivise SME (voluntary) reporting and thus facilitate the inclusion of SME data in banks' reporting. Furthermore, to help facilitate Taxonomy disclosures by non-financial undertakings, the Commission is in the process of producing guidance in the shape of additional frequently asked questions and specific digital tools to help SMEs to understand which taxonomy criteria are applicable to them and how to report on taxonomy alignment.

The Commission agrees also on the importance of fair competition in using the public money. The access2finance.eu website¹¹¹ provides easy, complete and up-to-date information on how businesses can apply for loans and equity financing supported by various EU programmes (InvestEU, Recovery and Resilience Facility, Cohesion Policy).

The InvestEU Fund¹¹², in particular, will mobilise public and private investment through an EU budget guarantee to contribute to the EU's climate objectives. Against this background, the SME window aims at increasing access to finance for SMEs and small mid-caps through debt and equity products.

To measure the climate and environmental targets of InvestEU, a dedicated climate and environmental tracking methodology has been developed. In addition, a sustainability

¹¹⁰https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en

¹¹¹ <u>https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/search/</u>

¹¹² https://investeu.europa.eu/what-investeu-programme/investeu-fund en

avoiding burdensome administrative duties; providing fast, easy, simple and traceable access to finance, tailored to the different needs of MSMEs stemming from their type, activity, location, sector, etc., including through targeted grant instruments.	proofing method has been determined to review the environmental, climate and social impacts of projects, before they are approved. Regarding the fight against administrative burdens, the Commission agrees, as well, with the Committee to tackle the existing burdens and in the communication on better regulation renewed its commitment to the more systematic and proportionate application of the 'SME Test' ¹¹³ .
3.4.2. The EESC calls on the Commission to take due account of the indirect impacts of the sustainable finance criteria on MSMEs. The same applies to the solvency requirements for banks and any other policy measures in the fields of economic and fiscal policy that have an indirect impact on the MSMEs' capacity to invest and operate, which result in job creation and job retention.	The Corporate Sustainability Reporting Directive (CSRD) entered into force from 1 January 2023. Only listed SMEs, with the exception of listed micro- undertakings, are under the scope of the CSRD. However, special rules will apply for SMEs, including simplified disclosure requirements and sufficient time to prepare. The Commission is also undertaking some work in the context of SME access to finance and value chain participation where it is analysing the costs and benefits to SMEs from reporting on their Taxonomy alignment and how SMEs could possibly report on taxonomy alignment.
1.9. The EESC calls for close cooperation between education providers and MSMEs in shaping training to meet the competences and skills needed in the green transition, including through upskilling and reskilling employees and entrepreneurs alike. Moreover, the EESC calls for supporting innovation activities for the MSMEs by incentivising and	The Commission agrees with this need to enhance the cooperation between the educational systems and the business organisations. The recent Strategy for Universities ¹¹⁴ highlights the importance of entrepreneurial courses and the cooperation with SME to be fostered. The Centres of Vocational Excellence make different stakeholders, including

¹¹³ <u>https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-test_en</u> ¹¹⁴ <u>https://education.ec.europa.eu/sites/default/files/2022-01/communication-european-strategy-for-universities-graphic-version.pdf</u>

facilitating cooperation with other businesses, their organisations, chambers, universities and research organisations.	SMEs, cooperate to strengthen vocational skills development in a given area.
 And 3.7. In order to ensure the proper skills needed to develop and run businesses in line with the green transition[6], the EESC calls for the following. Ensuring that the curricula of vocational and university studies and of continuous professional development (CDP) approaches take full account of the competences and skills needed in the green transition, focusing on the wider process of job greening and the interdependence between sectors. Encouraging close cooperation between education providers and MSMEs in shaping the supply of training, including modules and micro courses applicable for upskilling, to meet the needs of enterprises. Making use of social dialogue to identify needs and develop skills at workplaces. Given the size and diversity of MSMEs and the specificities of various national systems, social dialogue and collaboration between employers and employees in MSMEs has various modes. 	The Commission is building further on many initiatives already ongoing to support upskilling (improving existing skills) and reskilling (training in new skills), making 2023 the European Year of Skills ¹¹⁵ . To achieve the 60% Porto target of adults engaging in training every year by 2030, the Commission is implementing the 2020 European Skills Agenda ¹¹⁶ that presents 12 actions to be delivered within the next 5 years. Its first action is the EU Pact for Skills ¹¹⁷ , establishing large-scale skills partnerships in each industrial ecosystem, also involving SMEs, to address its specific skills gaps and needs. In line with the Skills Agenda, the Commission promotes skills for the green transition, as through the Council Recommendation on ensuring a fair transition towards climate neutrality, which encourages Member States to consider adapting education and training curricula in accordance with national and regional circumstances to the needs of the green transition. In addition, the Enterprise Europe Network (EEN) also supports innovation processes in SMEs by facilitating the creation of research partnership agreements. These partnership agreements are created with other business support organisations such as chambers of commerce, technology centres, etc.

¹¹⁵ <u>https://digital-skills-jobs.europa.eu/en/latest/news/2022-state-union-2023-will-be-european-year-skills</u>
¹¹⁶ <u>https://ec.europa.eu/social/main.jsp?catId=1223</u>
¹¹⁷ <u>https://pact-for-skills.ec.europa.eu/index_en</u>

trade in green solutions produced by C MSMEs, including in the context of pr	The Commission agrees with the Committee request for green public procurement. The Commission actively costers the strategic use of procurement
single market and by facilitating their access to foreign markets of green products, technologies and services. A competitive business environment must be ensured for EU enterprises in relation to third countries, deploying all means of diplomacy, including in the spheres of climate, resource and trade policy, and paying specific attention to moves by China and other emerging markets.	o support the green transition. To accelerate the uptake of green and nnovative solutions in the public procurement market, the Commission has launched a number of actions, such as the "Big Buyers for Climate and Environment" ¹¹⁸ initiative or 'Innovation Procurement Brokers" ¹¹⁹ . Moreover, Horizon Europe has provided opportunities for funding a number of concrete projects of consortia of procurers.
 3.5. The EESC calls on the EU and MSs to enhance trade in green solutions by MSMEs by developing and ensuring proper market conditions that do the provide MSMEs with a level playing field in the single market, in terms of trade in products, technologies and services that contribute to the green transition. Ensure that MSMEs are given proper access to provide green solutions to the public sector in the context of tenders mandatory for such services, and to 	The success of these initiatives has led he Commission to encourage an ecosystem' approach to public procurement of green and innovative solutions, allowing public buyers and pusinesses to work together more effectively. The Commission also promotes the uptake of green public procurement in its dialogues and negotiations with nternational partners. Moreover, the newly adopted nternational Procurement Instrument ¹²⁰ IPI) aims to ensure reciprocity of public procurement markets of third countries. The IPI empowers the Commission to nitiate investigations in cases of alleged restrictions for EU companies in third country's procurement markets and in

¹¹⁸ <u>https://bigbuyers.eu/</u> 119

 ¹¹⁹ https://innovation

 procurement.org/fileadmin/user_upload/InnoBrokers/D1.1_Innovation_Procurement_Broker_business_model.p
 https://innovation
 df ¹²⁰ https://eur-lex.europa.eu/eli/reg/2022/1031/oj

 and services by MSMEs, by means of multilateral and bilateral trade agreements. The EESC also encourages MSs to take due account of the needs of MSMEs in their export promotion activities. [] Ensure that standards promoting the green transition are drafted in an MSME-friendly way, and allow for innovation by enforcing equivalent alternative solutions. 	to consultations on removing the public procurement restrictions. Finally, to help the SMEs, the Commission promotes their participation in the standardization process by Small Business Standards (SBS), a European non-profit association. Ensuring in this way that standards promoting the green transition are drafted taking into account the inputs of SMEs, and respect a performance-based and a technology neutral approach.
 2.13. This calls for highly customised solutions and well-targeted policies and measures that take account of the differences between, say, medium-sized enterprises in manufacturing industries, enterprises operating in hospitality and retail sectors, family and traditional businesses, innovative start-ups, social economy enterprises, and crafts and liberal professions. And 4.5. The environmental challenges related to social economy enterprises are essentially the same as those of other enterprises in terms of the issues in question. However, the specific conditions of these enterprises need to be duly considered in line with the numerous EESC opinions, through targeted measures built on the recent EU social economy action plan. 	The Commission shares the Committee's opinion that policies should take into account the specificities of enterprises and organisations to the extent possible and when relevant. For example, the Commission action plan for the social economy ¹²¹ aims to support the development of social economy organisations, with attention to their specific organisational and business models prioritising social and environmental goals over profit. The action plan highlights the contribution of social economy to the green transition and announces several actions tailored to their needs and aimed at enhancing this potential. A sector group on social economy has been established within the Enterprise Europe Network and similar developments have taken place in the EU cluster policy, Sectoral skills alliances, Erasmus for Young Entrepreneurs, etc.
3.1.3. The EESC calls for corresponding guidance on legislation on other major environmental issues to also be prepared. More generally, this kind of guide should become regular practice and accompany	A network for the implementation and enforcement of environmental law (IMPEL) ¹²² is in place to encourage

¹²¹ https://ec.europa.eu/social/main.jsp?catId=1537&langId=en ¹²² https://www.impel.eu/en

any future initiatives in the field of the EGD. MSMEs need a stable legislation framework which provides clear perspectives and planning for their investments. Therefore, sudden changes, such as the recent change of renewables and energy efficiency targets proposed in the REPowerEU plan, must be avoided, as they aggravate the already highly complex and uncertain environment.	 proper enforcement action by Member States and exchange best practices. The Commission already conducts regular Environmental Implementation Reviews, with reports and priority actions for each Member State. The EEN-Sustainability Advisors for SMEs will also support SMEs and MSMEs in getting an understanding of the environmental requirements of the EU legislation and implement them in the most suitable way.
3.2.4. The EESC also calls on the EC and MSs to monitor the effects of the implementation of the green and digital transitions in terms of the supply and value chains, and the respective regional economic and societal developments in order to be able to counteract possible negative effects on MSMEs and employment at an early stage.	The 2022 Council Recommendation on ensuring a fair transition towards climate neutrality ¹²³ i.a. encourages Member States to promote the creation of quality jobs, in particular, in territories most affected by the green transition, by facilitating access to finance and markets for micro, small and medium-sized enterprises, in particular those contributing to climate and environmental objectives. The Commission will monitor the implementation of the Recommendation in the context of the European Semester, including the relevant Committees in their respective areas of competence, as well as the Energy Union and Climate Action Governance framework.
3.8. The EESC calls for the creation of proper indicators and practical tools that contribute to the systematic monitoring of the operations and impacts of enterprises in relation to the green transition. This should also serve for communicating to the wide range of stakeholders. Meanwhile, the EESC calls on EU policy- makers to refrain from setting	The Commission will consider ways to analyse the impact of the proposed 2040 climate target on SMEs as part of the impact assessment that will accompany its legislative proposal, as called for under the EU Climate Law.

¹²³ <u>https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022H0627(04)&from=EN</u>

burdensome reporting obligations for
MSMEs, and to also evaluate the indirect
implications for MSMEs caused by the
reporting requirements targeted towards
big companies.

N°23 Accelerating renewables roll out COM(2022) 221 final COM(2022) 3219 final EESC 2022/3515 – TEN/783 573 rd Plenary Session – October 2022 Rapporteur: Kęstutis KUPŠYS (LT-III) Co-rapporteur: Alena MASTANTUONO (CZ-I) DG ENER – Commissioner SIMSON	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
GENERAL – SOLAR STRATEGY	The Commission welcomes the Committee's opinion on the EU Solar Energy Strategy and on the Commission recommendation on speeding up permit-granting procedures for renewable energy projects and facilitating Power Purchase Agreements. The Commission appreciates the Committee's support to the overall approach of both documents.
1.1. The European Economic and Social Committee (EESC) highlights the need for the EU to boost solar energy and further European capacities in this field as a matter of urgency.	Because the EU urgently needs to upgrade its climate change and energy independence ambitions, the Commission proposed to raise the renewable energy target to 45% by 2030 as part of the REPowerEU package. The adoption of the EU Solar Energy Strategy highlights the critical role of this technology to achieve our targets. According to the Commission's estimations, the EU needs to more than quadruple its solar PV capacity over the 2020-2030 decade.
3.3. For a coherent and sustainable EU Solar Energy Strategy, the EU needs to ensure:	The EU Solar Energy Strategy relies on existing legislation and programmes and envisages new proposals. This overall framework includes in

1) suitable regulatory frameworks that save	particular the existing Renewable
time and reduce costs;	Energy Directive and the Electricity
2) the active contribution of consumers to	Market Directive, which protect the
solar energy production;	right of consumers to become self-
3) use of economies of scale;	consumers, either individually or collectively. The strategy launched the
4) robust public and private investment in	European Solar Rooftops Initiative to
infrastructure;	contribute to accelerate rooftop
	deployment of solar energy. The
5) incentives for research, development and	Commission will propose to apply the
innovation;	Ecodesign and the Energy Labelling
6) skilled people and the quality jobs needed	regulations to the photovoltaic (PV)
to attract them;	sector, in order to enhance its
7) raw material sufficiency;	circularity and energy-efficiency.
· · ·	Horizon Europe, the current EU
8) circularity and energy-efficiency in the	funding programme for research and
whole solar PV sector; and	innovation, which has long been
9) adequate funding.	financing activities in the field of solar
	energy, included a research and
	innovation flagship on solar energy in
	its 2023-2024 Work Programme.
	Under the Strategic Energy and
	Technology (SET) Plan, the
	Commission will also develop a joint
	strategic research and innovation solar
	energy agenda with Member States.
	Other funds play a key role to finance
	renewable energy deployment, the
	necessary infrastructure, as well as
	upskilling and reskilling of workers,
	including NextGenerationEU,
	InvestEU, the cohesion policy funds,
	the Modernisation Fund, the
	Innovation Fund or Erasmus +. Finally,
	as committed in the Strategy, a large-
	scale skills partnership for the
	renewable energy sector was launched by stakeholders in March 2023.
	by stakeholders in March 2023.
ROLE OF MEMBER STATES	
1.2. The enhancement of solar energy must	The initiatives put forward to
take into account the differences between	implement the EU Solar Energy
	Strategy, as part of REPowerEU, take

Member States and comply with technical conditions and environmental sustainability. 3.4. The EESC also points out that the Strategy needs to recognise the differences between Member States in terms of their energy mix, which reflects their geographic and climate conditions and the availability of various renewable energy sources. Moreover, the enhancement of solar energy must comply with technical conditions and the environmental framework.	into account the particularities of the different Member States. One example is the proposal to make the installation of rooftop solar energy compulsory for certain categories of buildings, through a targeted amendment to the Energy Performance of Buildings Directive. In implementing this obligation, the Commission has proposed to let Member States define criteria at their level, as well as possible exemptions for specific types of buildings, according to the technical and economic potential of the solar installations and the characteristics of the buildings.
1.3. It calls on Member States not to wait for the adoption of the new EU rules and to already start facilitating administrative procedures and shortening the permit- granting process.	The Commission agrees that, in the emergency situation created by the energy crisis, renewable energy deployment needed to be urgently accelerated. For that reason, a set of emergency measures were adopted in December 2022 under Article 122 of the Treaty on the Functioning of the European Union to accelerate the permit-granting for renewable energy projects, including specific provisions for solar energy installations. In addition, the relevant provisions were subsequently included in the political agreement for a revision of the Renewable Energy Directive.
1.6. There are major obstacles to the installation of solar energy due to a huge lack of skilled workers, as well as regulatory and even technical barriers. The EESC urges intensive promotion of training and skills development in cooperation between relevant stakeholders.	The Commission agrees there is a growing skills gap in the solar energy sector in a context of accelerated growth. In March 2023, it has supported the sector's stakeholders in setting up an EU-level skills partnership focused on renewable energies, including solar.

ROLE OF CONSUMERS AND COMMUNITIES	
1.3. The EESC calls on policy-makers to encourage, support and enable people to become solar energy prosumers and to build up energy communities.	The Commission agrees and continues to monitor the full and effective implementation of RED Art. 21 and 22 as well as Article 15 and Article 16 of the Electricity Market Directive by all Member States to this effect.
	At the EU level, the Commission is supporting the proliferation of energy communities through the Energy Communities Repository, the Rural Energy Communities Advisory Hub, specific calls under the LIFE programme as well as the future Energy Communities Facility announced in the EU solar energy strategy.
3.7. To enhance the adoption of solar energy, we need a policy that will motivate consumers and all energy system stakeholders to respond to this ambition when procuring their energy. At the same time, they need to be encouraged to commit to energy efficiency and energy-saving measures. This could be achieved by making them aware of the expected benefits, e.g. reduction of energy bills, improvement of daily well-being and increased value of their property, and by designing appropriate financial instruments.	The Commission considers that renewable self-consumers and active customers play key roles in the energy transition. The EU legislative framework has been adapted accordingly. Most recently, on 14 March 2023 the Commission has adopted a proposal to revise the Electricity Market Design where it reinforces the role of self-consumption by creating a clear legal basis for engaging in energy sharing beyond the building level ¹²⁴ .
3.8. The EESC recommends that local authorities launch collective solar energy projects, taking advantage of public buildings such as offices, schools and hospitals, so as to be able to tackle energy poverty in areas where people cannot afford to invest via energy communities.	The Commission agrees that collective action on renewable energy, such as energy sharing, can help address energy poverty and should be further facilitated. Local authorities can already take up this role through citizen energy communities as defined in

¹²⁴ Electricity market design (europa.eu).

	Article 16 EMD ¹²⁵ . In the EU Solar Strategy, the Commission furthermore calls on expanding the activity of energy sharing beyond energy communities. The Commission supports several pilot projects of this kind under the LIFE and European Regional Development Fund (in particular Interreg) programmes.
3.16. The EESC stress that deployment of solar energy should not be a privilege for some consumers, and that energy poor and vulnerable consumers must have access to solar energy, e.g. through social housing installations, energy communities, or financial support for individual installations.	The Commission agrees and has called on Member States to support innovative financing models and multi- stakeholder approaches to facilitating access to solar energy for energy poor and vulnerable customers. The Commission encourages Member States to support partnerships between social housing companies, local authorities and energy communities in this regard. Moreover, under the Renewable Energy Directive (RED) Art. 22 (4) f), Member States are required to ensure that renewable energy communities are accessible to all consumers, including those in low- income or vulnerable households.
SOLAR AND OTHER TECHNOLOGIES	
1.4. The EESC notes that the expansion of the use of heat pumps should be seen in tandem with the increase in the installation of solar PVs, as a combination of a (rooftop) solar PV system and a heat pump provides the most energy-efficient and economically accessible solution for cooling where climate conditions allow.	The Commission agrees that heat pumps, especially in combination with solar energy, play a key role in the electrification of additional demand. The emergency Regulation adopted in December 2022 to accelerate the permit-granting for renewable energy projects includes provisions on accelerated permitting for heat pumps. A dedicated action plan to accelerate the roll-out of heat pumps is planned for adoption by the end of 2023.

¹²⁵ https://www.emd-international.com/single-news/emd/introducing-the-new-global-emd-solar-energy-index/

 1.4. The EESC also sees the need to promote utility-scale solar thermal systems. 3.11. The EESC calls for greater use of solar thermal systems, where possible, at utility scale in energy transition plans at Member State, regional and municipal level. 	The EU Solar Energy Strategy covers all forms of solar energy, including in particular photovoltaic and solar thermal. The text of the strategy calls for a level playing field between the different technologies when designing incentive schemes. In addition, all major initiatives derived from it, such as accelerated permitting and the obligation to install solar energy in buildings, explicitly cover solar thermal.
INNOVATIVE DEPLOYMENT	The EU Solar Energy Strategy
 3.13. Building-integrated solar PV (BIPV) systems have an important role to play in maximising solar energy production. [] The Committee recommends encouraging further research into BIPV systems and also adding an additional layer to the Rooftop PV initiative, with an extra emphasis on support to east-west solar PV installation orientation. 3.19. However, a careful approach is necessary in cases where technical solutions are less advanced and implications for biodiversity loss have not been fully examined. One such example could be floating PV projects, especially in non-artificial water bodies. This lack of a more granular approach is one of the rare shortcomings of the aforementioned proposal. 3.20. The EESC calls for a stronger emphasis to be placed on agricultural photovoltaics (agri-PVs), possibly in the form of an additional Commission Recommendation. 	The EU Solar Energy Strategy identifies a set of new technologies and solar deployment modalities, including building-integrated solar, which it seeks to promote. To that end, the Commission has committed to issue a guidance to Member States on these forms of deployment. The objective is to identify the existing barriers and good practices. Among the identified forms of innovative deployment, Agri-PV is probably the one with the highest potential. Floating solar is also one of the identified innovative modalities of deployment. It is indeed essential to ensure that the impact of the deployment of floating solar panels on biodiversity is fully understood, in keeping with an effective implementation of the EU Water Framework Directive.
PERMITTING	

3.17. According to COM(2022) 222 final, the Member States should adopt a plan or plans designating "go-to areas" for one or more types of renewable energy sources within two years after the entry into force of the amendments to the Directive. The Committee underscores the urgency of getting those plans in place as early as possible, limiting the full implementation process to a maximum of two years.	The deadline to designate 'renewable acceleration areas', as they are called in the agreed text of the revised RED, has been determined by the outcome of the interinstitutional negotiations on the revision of the Renewable Energy Directive. It has been agreed to set it by 18 months after the entry into force of the revised directive. National permitting authorities should also seek to speed up permitting procedures of renewable energy technology manufacturing sites in order diversify supply, and of critical raw materials.
3.17. The EESC advocates shorter periods for kick-starting initiatives where technical solutions are well known, such as in the case of rooftop PVs.	The emergency Regulation to accelerate the deployment of renewable energy, adopted in December 2022, is part of the EU's response to the energy crisis. This emergency Regulation, with a limited duration, includes targeted measures addressed to accelerating the permit- granting process of specific renewable energy technologies and types of projects, which have the highest potential for quick deployment, including rooftop PVs.
SUPPLY SIDE ASPECTS	
 1.7. The EESC underscores the importance of building a domestic EU industrial capacity for sustainable and reasonably priced solar energy products and calls for solid support for the Solar PV Industry Alliance. [] 3.6. The EESC strongly supports the Solar PV Industry Alliance, which is expected to come up with solutions to the persistent problem of dwindling industrial capacity in the EU. [] 	The EU Solar Energy Strategy takes stock of the current state of play as regards the supply side of the EU solar energy sector. The current high dependence on imports from a single country represents a potential supply risk. The Commission agrees that the EU needs to reinforce its own production base and diversify imports. To this end, it proposed the creation of a European Solar PV Industry Alliance,

[
 3.24. The Committee stresses the need to strengthen the European industrial base and economy, safeguard strategic autonomy (in particular autonomy of energy supply), and ensure smooth and reliable supply chains. 4.5. The EESC is firmly convinced that European co-operation in innovation aimed at developing fully recyclable PV systems is necessary in order to build a thriving domestic European solar energy industry. 	bringing together all relevant actors in the PV sector, including civil society, under the leadership of the Commission. One of its main objectives is to unlock the financing of a set of manufacturing projects of innovative solar PV products all along the value chain. Launched in December 2022, this new alliance will cooperate with the existing industry alliances and directly address the skills shortage. One of the priorities of the alliance will be to develop a solid recycling sector for the growing amount of solar PV products coming to their end of life. Recycling and re-use of raw materials will be one of the key strategies to address their potential scarcity. Furthermore, the proposal for the Net Zero Industry Act adopted in March, has a dedicated focus on solar,
3.25. The EESC calls on the Commission and the Member States to create all the necessary conditions for commercialising European PV innovative solutions through the Important Projects of Common European Interest (IPCEI) along the whole solar value chain.	alongside other net-zero technologies. The Important Projects of Common European Interest (IPCEI) is a State aid instrument and as such Member States are in the driving seat for designing and pre-notifying IPCEI to the Commission, in line with the relevant criteria outlined in the IPCEI Communication. The IPCEI rules allow to bridge, with State aid, the funding gap for developing innovative solutions including their first industrial deployment but not mass production. The Commission stands ready to facilitate and guide Member States and industry in their endeavours. The Commission understands that some first preparatory discussions are currently taking place among Member States and industry in this regard.

3.27. The EESC calls for incentives for research into new PV technologies, e.g., based on alternative materials.	PV is already a very cost-effective and climate-friendly technology for generating electricity. To achieve the required massive rollout and integration into the energy system at affordable cost and in a sustainable way, novel highly performant PV technologies, circular by design, need to be developed for a wide range of applications. Horizon 2020 and Horizon Europe have been supporting research and innovation in these challenges, including novel technologies based on alternative, earth abundant materials and/or less energy intensive processing.
4.9. The case with solar glass, an essential element for locally produced PV panels, is a perfect showcase of the short-sightedness of EU trade policy, whereby the defensive trade tariffs for the final products (solar PV panels) coming to Europe from China were lifted, exposing European producers to harsh competition from overseas, but similar defensive measures for the intermediate products, like solar glass, remained in place. That made solar glass sourced from Europe by European PV producers disproportionately overpriced compared to peer producers in other regions of the world. That in turn also led to pricing pressures for imported solar glass.	The purpose of EU trade defence policy is to restore a level playing field on the market of an imported product in the face of unfair trading practices. The adoption or repeal of trade defence measures is subject to strict legal conditions imposed by EU legislation and the World Trade Organisation disciplines. A trade defence measure protects solar glass producers from unfair competition from dumped products from China. It has not led to a disproportionate overpricing of solar glass in the EU market, but rather restored a level playing field on the Union market. The fact that the trade defence measure on one of the downstream products (solar panels) expired is due to the circumstances that prevailed on that market at the time, meaning that the legal conditions for the maintenance of these measures were no longer met. This fact does not alter the need for fair trade on intermediate products, including solar glass.

N°24The energy and digital transition in rural areas (own-initiative opinion) EESC 2022/484 – NAT/859 572 nd Plenary Session – September 2022 Rapporteur: John COMER (IE-III) Co-rapporteur: Luís MIRA (PT-I) DG ENER – Commissioner SIMSON	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.1. The role of local communities has to be leveraged to achieve a just energy transition combined with community development, through the establishment and scaling up of renewable energy communities and citizen energy communities comprising the voluntary coming together of citizens, local authorities and SMEs to promote social and economic benefits.	The Commission agrees with the Committee's opinion and is supporting Member States in the implementation of the relevant provisions in Directive (EU) 2018/2001 and Directive (EU) 2019/944, and in the Council Recommendation (2022/C 243/04) as well as providing support through EU programmes, such as LIFE and Horizon Europe. Furthermore, the Commission provides technical assistance through the rural energy communities advisory hub launched in June 2022.
1.2. The EESC calls for the following policies and instruments to be stepped-up:	
- Renewable energy policy: the current renewable energy policy is primarily driven by the need to increase capacity rather than increasing synergies with rural community welfare. The necessity to maximise renewable energy capacity is essential and equally essential is the need to quantify and deliver on all rural development issues.	The role of renewable energy in the rural areas is recognized in Directive (EU) 2018/2001 and Recital (3) thereof. In particular, the enabling framework for renewable energy includes funding opportunities like the Just Transition Fund or the cohesion policy funds which target also renewable energy projects aiming to transform regions, local governments and cities, as well as these mostly affected by the decarbonisation process. The objective of these

	financial sources is indeed to ensure a balance between the maximised renewable capacity and the balanced attribution of this new capacity. Activities on energy communities are also prone to improving the uptake of community business models that can ensure synergies between capacity development and rural development. The Rural action plan adopted with the
	Communication from the Commission on the long-term vision for the EU's rural areas ¹²⁶ includes a flagship aiming to support rural municipalities in energy transition and fighting climate change.
- Tendering policy: the current tendering policy for renewable energy installations is unhelpful for rural communities due to its primary focus on cost reductions rather than the socio-economic needs of rural citizens. All renewable energy installations should aim to be established as cost-efficiently as possible and make a meaningful contribution to the socio-economic needs of rural communities and rural citizens.	The trend of focusing tendering procedures to cost-efficiency is evident and this is recognized in a Commission Report pursuant to Article 4(8) of Directive (EU) 2018/2001, published in November 2022 ¹²⁷ . However, there are good examples of tenders in Germany, Ireland and France which show that the tendering procedures may provide the necessary framework to ensure local acceptability, particularly when preferential treatment is granted to certain bidders that share the benefits of renewable energy sources (RES) deployment with local communities and this treatment does not result in discriminatory advantage for local content. Projects that effectively involve local players may result in substantial added value in terms of local acceptance and access to additional private capital which results in greater participation (and

 ¹²⁶ COM(2021) 345 final.
 ¹²⁷ <u>EUR-Lex - 52022DC0638 - EN - EUR-Lex (europa.eu)</u>

	investments) by citizens. Local engagement can facilitate the land acquisition process and thus ease the challenging pre-development phase (permitting).
- Electricity storage: the electricity storage sector needs to grow. One of the key challenges will be the seasonal security of electricity supplies. Battery storage and smart electrification combined with demand-side responses will help in this regard. Green	The Commission agrees with the Committee's opinion and is supporting Member States in the implementation of the relevant provisions of Directive (EU) 2018/2001 and of Directive (EU) 2019/944.
hydrogen storage will be needed as a backup.	By letter of 9 March 2023, the Commission invited the EU DSO entity in cooperation with ENTSO-E to submit a proposal for a network code (or guidelines) on demand side flexibility in line with the framework guidelines developed by ACER.
	The EU DSO entity, in cooperation with ENTSO-E, has twelve months for the submission of the proposal, and have started the drafting. The Commission follows up.
	The network code (or guidelines) will complement the provisions related to demand side flexibility included in the Clean Energy Package (Electricity Regulation and Electricity Directive).
- Specific financing through earmarking of the national recovery and resilience plans and thus ensuring that the money is actually spent in rural areas.	The Recovery and Resilience Facility Regulation does not put forward specific earmarking of the national recovery and resilience plans for rural areas. However, the scope of the regulation includes green transition and social and territorial cohesion, which, according to article 174 of the Treaty on the Functioning of the EU, means paying special attention to rural areas, and the recovery and resilience plans are expected to effectively

	contribute to strengthening the growth potential, job creation, and economic, social and institutional resilience of the Member State.
1.3. The EESC stresses that rural users of different ages must be provided with the possibilities for appropriate training and upskilling to use this new digital technology. The inclusivity in less-favoured areas must also enable access to the required devices, either through shared use or through a state subsidy for their purchase.	The Commission agrees with the Committee's opinion on the multi- faceted barriers which exist in remote locations and the need to provide the possibilities for appropriate training and upskilling to use this new digital technology. The European Pillar of Social Rights highlights that everyone has the right to quality and inclusive education, training and life-long learning. In this context, the digital economy and society index (DESI), considers human capital and digitalisation, including among other things issues of connectivity and access and the rural urban divide. In February 2023 the Commission presented the Connectivity initiatives aiming to accelerate very high- capacity network deployment, including in rural areas. These initiatives were: proposal for a Gigabit infrastructure Act regulation, publication of a draft Gigabit Recommendation and launch of an exploratory consultation on future of the connectivity sector and its infrastructure. In addition, this issue is currently being discussed in the context of the Digital Education Action Plan and it various actions, for instance, through the structured dialogue on digital education and skills, feeding into the Council Recommendation on the key enabling factors for successful digital education

	and training, proposed on 18 April 2023 ¹²⁸ . In addition, the activities of the European Year of Skills promote skills policies and investments to ensure that nobody is left behind in the green and digital transitions and the economic recovery.
1.4. The EESC concludes that the deployment of digital technologies in rural areas is necessary to support the energy transition. The rural energy system must be decentralised, which implies a huge need for more and better interconnection, which of itself requires the deployment of digital technologies to match supply and demand and ensure efficient energy flows. The digital application at rural level will have to be highly energy efficient because of the lower utilisation rate and the lower population density. Low energy IT connectivity is a must for rural areas.	The Commission fully agrees with the Committee's conclusions. The priority in decentralization of the energy system and the role of digital technologies in it is well reflected in the Communication 'Digitalising the energy system - EU action plan' published on 18 October 2022 ¹²⁹ .
1.5. The idea of rural energy transition has not received the level of attention that one would expect. This is surprising because the resources needed to produce renewable energy are very much linked to rural areas. The majority of renewable energy infrastructure, such as wind turbines, solar and biogas plants are located in rural areas. Transmission grids are also a feature of the rural landscape. Many rural inhabitants feel that these structures are imposed upon them and provide greater benefit to urban areas.	The Commission has the Rural Energy Community Advisory Hub in place to provide technical support to rural energy communities and provide guidance to relevant stakeholders to set up or support sustainable energy projects. The Advisory Hub will in particular focus on mobilizing farmers to join or set up energy communities, as well as creating networks of energy communities that foster rural-urban partnerships. Under the Common Agricultural Policy (CAP) support for investments

 ¹²⁸ <u>CR Proposal on key enabling factors for successful digital education and training.pdf (europa.eu)</u>.
 ¹²⁹ <u>EUR-Lex - 52022DC0552 - EN - EUR-Lex (europa.eu)</u>.

	and infrastructure can be provided through the European Agricultural Fund for Rural Development (EAFRD).
	Based on their needs assessment and intervention strategy, Member States may foresee in their CAP Strategic Plans targeted interventions to promote sustainable energy production on farms but also for businesses in rural areas and for rural communities.
	In light of the War in Ukraine and the energy crisis, Member States were furthermore asked to explore within their CAP Strategic Plans to strengthen resilience of farms and improve input autonomy (e.g. through renewable energy projects, in particular biogas).
	The notion of retaining value within rural communities is recognised in the Long-Term Vision for Rural Areas, where the need for combating energy poverty and enabling ecosystem services and business models supporting rural development is promoted. This is seen through the flagship 'Support rural municipalities in energy transition and fighting climate change'.
1.6. The EESC calls on the Commission to propose a Digital Rural Act as the third component of the EU digital strategy, together with the Digital Markets Act and the Digital Services Act. Digitalisation will open up new opportunities, especially for young people, which could change population trends by enabling people to work from home and from rural work hubs.	The Commission is of the opinion that the collaborative approach proposed in the Long-Term Vision for Rural Areas and championed by the EU Rural Action Plan (e.g. flagship 'Rural Digital Futures') seems more appropriate than a heavier regulatory approach.
1.7. The EESC stresses that for EU or national recovery and resilience plans to benefit fully	The Digital Decade 2030 targets focus in particular on sustainable and 'future

from the contribution of rural areas, it is imperative that high-speed internet connectivity is ensured in the whole territory, including sparsely populated zones. The EESC urges governments to either create the conditions for private operators to provide this service or use a state company to provide the service.	proof' 5G and fibre network infrastructures that can accommodate exponential growths in data traffic. By 2030, the Commission aims at having gigabit connectivity for every office and every household in Europe, and mobile 5G coverage of all populated areas in the EU. Around \in 16 billion RRF investments have been approved to support the roll-out of digital connectivity in the next three years, in particular in rural areas. The EU is also leveraging connectivity investments through the new Cohesion Funds, the EAFRD for regions, InvestEU, and CEF Digital. With a budget of over \in 2 billion, CEF Digital is the first programme under the Multiannual framework 2021-2027 directly managed by the Commission. It will support i.a. the deployment of 5G systems along transport paths and in 5G Communities, mainly in rural areas. In this context, the Long-Term Vision for Rural Areas provides the policy framework for the digital transformation of rural areas including the closing of the connectivity gap between rural and urban areas.
1.9. The EESC concludes that the deployment of digital technologies in rural areas is necessary to support the energy transition. [] The digital application at rural level will have to be highly energy efficient because of the lower utilisation rate and the lower population density. Low energy IT connectivity is a must for rural areas.	In the rural areas the renewable energy might be better exploited. In addition, too stringent conditions in terms of low energy IT connectivity, might reduce the incentives for private investors to invest in such areas. The right balance should be found.
1.11. The Commission has proposed that an investment of 20% of NextGenerationEU will be in digital. The EESC recommends that all	In the Commission's opinion it could be counterproductive to allocate half of the NextGenerationEU investments for

Member States devote at least 10% of these funds to rural digital without imposing undue bureaucracy.	digital to only rural areas. First, Member States enjoy flexibility in setting-up their priorities, within the boundaries of the RRF Regulation. Second, the rural areas could also benefit from national or regional actions/projects digitalisation of public administration or investments in digital skills. Finally, as RRF provides state aid support for digital connectivity projects, this addresses mostly the connectivity needs of the "white" areas (mostly rural or sparsely populated areas). As regards bureaucracy, the adopted proposal for the Gigabit Infrastructure Act (February 2023) would further reduce the red-tape associated with digital connectivity infrastructure projects.
2.21. Renewable electricity such as wind, solar	The recast Renewable Energy
and biogas is a major component of the rural	Directive mandates Member States to
landscape. The harmonisation of the	ensure that prosumers can sell their
legislation among Member States must	excess production and to receive
promote and protect prosumers' interests and	remuneration for it. The Commission
motivate investments in renewable energy	is currently assessing Member States'
infrastructures. The capacity to sell the energy	transposition of the Directive.
produced into the national grid must be made	Furthermore, the Commission engages
possible in all Member States. There must be	with Member States via fora such as
adequate compensation schemes between the	the Concerted Action in the Renewable
renewable energy produced by the prosumers	Energy Directive in order to support
and the energy consumed to ensure the energy	them with this transposition and
independence of rural areas.	implementation exercise.
2.22. Recent auctions for centralised	EU-wide experience shows that energy
procurement of renewable electricity have	community projects participate in
become increasingly widespread and have	auctions if some preferential treatment
succeeded in many cases in reducing the	is provided. However, the experience
construction costs of wind and solar facilities.	with the special rules is not always
In general, the development of rural	positive. Examples from some
electricity is primarily linked to the	Member States showed that providing
decarbonisation of the energy sector and there	preferential rules which are not well
are no synergies with rural development	designed may lead traditional
objectives. Rural inhabitants frequently	developers to only artificially label

project ¹³⁰ .
The experience with a separate tender basket specifically devoted to
· ·
facilitating the participation of a
certain category such as small-scale
projects is quite positive.
An incentive for increasing public
acceptance for renewables in a broader
sense is the participatory bonus to the
project for the involvement of citizens
in the financing and in the project
governance.
These findings are based on analytical
research of existing tendering support
schemes.
The Commission Recommendation on
speeding up permit-granting
procedures for renewable energy
projects and facilitating Power
Purchase Agreements ¹³¹ highlights the

initiative

as a community

object to such developments as they foresee their

projects and facilitating Power Purchase Agreements¹³¹ highlights the importance of early involvement of the public in the planning of renewable energy projects, as well as passing the benefits of the energy transition on to local communities. The accompanying guidance¹³² provides good practice examples in this regard.

The role of social innovation in the process of increasing public acceptance is also important. Through the Programme for Employment and Social Innovation (EaSI) the EU is financing projects aimed at empowering local organisations to develop and promote public acceptance of sustainable practices, for example under the call for proposals on

development.

¹³⁰ COM(2022) 638 final.

¹³¹ COM(2022) 3219 final.

¹³² SWD(2022) 149 final.

	'Social innovations for a fair green and digital transition' from May 2022.
2.26. A citizen energy community is a legal entity where citizens, SMEs and local authorities come together as final users to cooperate in the generation of renewable energy. One such example is in the Municipality of Feldheim, (a small village southwest of Berlin) which has become self- sufficient in energy. They have set up wind turbines in their backyard and installed an independent grid. Residents pay minimum prices for electricity. The establishment of a biogas plant enabled the village to establish a district heating network. This is an excellent example of a renewable energy community in operation. It also demonstrates that a bottom- up approach is vital for the future of rural areas.	The Commission expects that the implementation of the provisions on citizen energy communities in Directive (EU) 2019/944 and on renewable energy communities in Directive (EU) 2018/2001 in all Member States will lead to an increase of the number of energy communities across Europe. Today, at least two million European citizens collectively engage in more than 8 400 energy projects, having realized a minimum of 13000 projects since 2000, according to the COMETS database.
2.41. Anaerobic digesters need to be established near where there is an adequate supply of slurry. Surplus grass silage and maize silage can also be used, provided it does not conflict with food and fodder production.	The Commission takes note on the conclusions by EESC and will consider the role of anaerobic digesters.
2.42. There is a need for further research to improve the efficiency of anaerobic digesters and to reduce the cost associated with the process.	
2.43. The use of anaerobic digesters needs to be promoted and financed as part of the energy transition in rural areas.	
2.44. Biomass energy can be used to produce heat or generate electricity. Biomass will play a vital role in the generation of renewable electricity.	
[] The European legislative framework for the Digital Rural Act is designed to address these difficulties by promoting: guaranteed	While the Commission agrees that technology and digitalisation should be equally 'available and accessible' also 'to the agricultural and rural world', it is of the opinion that the collaborative

equal broadband network coverage for all of	approach proposed by the EU Rural
Europe's regions[];	Action Plan, in particular the flagship
infrastructure[];	'Rural Digital Futures', which implies the cooperation of various
capacity building: improving the digital	stakeholders, seems more appropriate
literacy of people living in rural areas;	than a heavier regulatory approach, as
suitability[].	the suggested 'Digital Rural Act'. The
3.3. The Digital Rural Act, as a legislative	over-regulation might become too burdensome for the concerned
mechanism of the European Commission, just	stakeholders.
like the Digital Markets Act and the Digital	
Services Act, will be a set of rules, obligations	
and responsibilities [].	
3.4. Finally, the Digital Rural Act will be the	
biggest forerunner of the European Green	
Deal, the Farm to Fork Strategy and Europe's	
carbon neutrality in 2050[].	

N°25 Emergency preparedness (own-initiative opinion) EESC-2022-01516 – INT/989 573 rd Plenary Session – October 20 Rapporteur: Paul RÜBIG (AT-I) DG ENER – Commissioner SIMSC	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
1.3. Increase sovereignty regarding energy generation, including the technologies needed. Safeguard resilience of energy systems. [] (point 6.2 and 6.3).	The Commission agrees with the Committee that, as the EU shifts towards clean energy technologies, the needs in terms of resources and critical raw materials increase. It is essential to not only diversify the supply and build new ties with reliable like-minded partners around the globe, but also to strengthen the EU's domestic industrial capacities along the critical raw materials value chain, including for extraction, processing and refining and recycling. Since 2020, the Commission has taken key actions, such as with the Action Plan on Critical Raw Materials (September 2020) ¹³³ , which presented 10 concrete ways to tackle vulnerabilities in the raw materials supply chain. However, more needs to be done, and in March 2022, the European Council called on the EU to take clear actions, underlining the importance of critical raw materials for the green and digital transitions. As a response, Commission President von der Leyen announced the work on the EU Critical Raw Materials Act to secure the EU's critical raw materials (CRM) supply in the 2022 State of the European Union speech ¹³⁴ . The Commission

¹³³ COM(2020) 474 final.

¹³⁴ State of the Union 2022 (europa.eu)

presented the European Critical Raw Materials Act on 16 March 2023 ¹³⁵ , with the aim to ensure the Union's access to secure and sustainable supply of critical raw materials, to develop an EU raw materials value chain and to improve the resilience of the EU industry along the raw materials value chain to supply disruptions through several mitigation
measures. Furthermore, to avoid an over-reliance on highly concentrated sources of critical raw materials' supply in third countries (including China), the Commission has been negotiating bilateral Strategic partnerships on Raw Materials Value Chains such as with Canada, Ukraine, Namibia and Kazakhstan. Moreover, several Free Trade Agreements have energy and raw materials chapters. The European Raw Materials Alliance (ERMA) is facilitating the access to finance for projects along the raw materials value chain including on rare earths elements.
In addition, the Commission presented on 1 February 2023 the Green Deal Industrial Plan ¹³⁶ to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality. The Plan aims to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's ambitious climate targets.
The Commission has also proposed the Net-Zero Industry Act on 16 March 2023 ¹³⁷ to identify goals for net-zero

¹³⁵ COM(2023) 160 final.

 ¹³⁶ COM(2023) 62 final.
 ¹³⁷ COM(2023) 161 final.

	industrial capacity and provide a regulatory framework suited for its quick deployment, ensuring simplified and fast-track permitting, promoting European strategic projects, and developing standards to support the scale-up of technologies across the Single Market.
	Finally, the Commission notes that the situation along the value chain of key clean energy sector is analysed in Clean Energy Competitiveness Progress Report (CPR) and the Clean Energy Technology Observatory (CETO). The monitoring of EU research and innovation activities, deployment and market uptake is needed to achieve the European Green Deal's objectives.
1.4. Improve impact assessments to capture impact of a measure on purchasing power of EU consumers and competitiveness of EU economy.	The Commission agrees with the Committee that it is essential that the impacts on energy affordability and competitiveness, together with sustainability and security of supply, are duly assessed in the Impact Assessment of energy initiatives. This is the case for Commission initiatives linked to the European Green Deal and the <i>Fit for 55 Package</i> ¹³⁸ . Moreover, in the context of the current energy crisis and following the proposal from the Commission, various specific emergency Council Regulations, aiming to improve energy affordability while supporting the European Green Deal, were adopted in 2022. These include the cap on revenues of inframarginal electricity power generators and the solidarity contribution which will help to redistribute extraordinary profits from the fossil

¹³⁸ <u>https://www.consilium.europa.eu/en/press/press-releases/2022/12/18/fit-for-55-council-and-parliament-reach-provisional-deal-on-eu-emissions-trading-system-and-the-social-climate-fund/</u>

	energy sector to consumers ¹³⁹ as well as the market correction mechanism to protect EU energy consumers from episode of extraordinarily high gas prices ¹⁴⁰ .
1.8. Build up energy transport infrastructures, speed up the procurement of critical energy infrastructure.	The Commission agrees with the Committee on the need to accelerate the energy grid development in the EU. The achievements of a decade long TEN-E policy helping build key electricity and gas interconnectors increased the resilience of Member States' grids in the face of Russia's war against Ukraine and the weaponisation of energy sources. As of June 2022, the revised TEN-E Regulation ¹⁴¹ is in force with new and updated rules which ensures the timely development of necessary trans-European infrastructure to support the integration of an increased share of onshore and offshore renewable electricity and renewable and low-carbon gases. The revised TEN-E Regulation has put in place dedicated provisions ensuring a biennial offshore grid planning system per sea-basin on the basis of joint Member States' political commitments for offshore generation and strategic offshore network development plans providing market participants with the right investment signals. Permitting, transparency and consultation rules have been strengthened to speed up project implementation. To complement these regulatory efforts, the Commission uses the existing regional High-Level Groups and dedicated platforms, such as the

¹³⁹ EUR-Lex - 32022R1854 - EN - EUR-Lex (europa.eu)

¹⁴⁰ COUNCIL REGULATION 2022/2578

¹⁴¹ Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No 347/2013; OJ L 152, 3.6.2022, p. 45–102.

	National Competent Authorities' platform for targeted discussions and share of best practices.
 1.10 1. the EU's new supply chain regulation has to be simplified. The focus should be on securing a sustainable supply of critical raw materials and goods to the EU, negotiated in bilateral trade-agreements; 2. reinforce production chains and transport systems to offset possible future disruption to the availability of critical raw materials for EU firms (industry and trade); 3. reduce dependence on imports of critical materials and prefabricated products. 	The Critical Raw Materials Act establishes the general objective of ensuring the Union's access to a secure and sustainable supply of critical raw materials through three specific objectives: to strengthen the EU value chain, to improve monitoring and risk mitigation capacities and to ensure a well-functioning Single Market while improving the sustainability and circularity of critical raw materials.

N°26 Review of the Urban Wastewater Treatment Directive COM(2022) 541 final EESC 2022/5433 – NAT/877 576 th Plenary Session – February 2023 Rapporteur: Stoyan TCHOUKANOV (BG-III) DG ENV – Commissioner SINKEVIČIUS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.5. To ensure the implementation of the 'polluter pays' principle, and ensure the affordability of water services, the EESC strongly supports the proposal for an Extended Producer Responsibility, but exemptions must be strictly limited for it to be efficient. 4.15. Preferably, the exemption for products placed on the market at less than two tonnes per year should be deleted as some substances are potent even at low quantities, and as a minimum it should be clarified that the two tonnes refer to the EU market and not the national level. It should also be ensured that the EPR covers online retailers. 	The Commission welcomes the Committee's support for the application of the 'polluter pays' principle. The exemptions are strictly limited to small quantities placed on the EU market (to limit administrative burden for the small and medium-sized enterprises) and to those products not leading to the generation of micropollutants in urban wastewater at the end of their life, and thus not requiring additional treatment at the end of their life. The 2 tonnes exonerations refers indeed to the EU market. The Extended Producer Responsibilities (EPR) system is also a way of incentivising 'greener' products when alternatives are available. Online retailers will have to contribute to the system in line with definition 18 in Article 2.
1.6. If the Directive is extended to cover agglomerations from 1000 p.e. there must be room for decentralised solutions through small sized plants with special attention regarding functionality.	Article 4 allows for decentralised solutions in all agglomerations. In the same Article, several additional measures are proposed to reinforce the control of the functioning of smaller sized plants ('Individual Systems').
1.7. Sewer overflows are a hotspot for pollution, including antimicrobial resistance genes, microplastics and toxic substances that put at risk aquatic life, human health and the status of recreational waters. The Directive should introduce a cap on their occurrence and reporting to the public should give the full picture of the pollutant load carried by overflows. Urban run-off, in the form of polluted rainwater (including snow) from the urban landscape, e.g. roads, should be collected	As detailed in the impact assessment (sections 5.2.1. and 6.1.), imposing at EU level a mandatory objective of reducing sewer overflows and pollution from urban run-off would have led to excessive costs in some cities. Therefore, an indicative target was established so that optimal solutions with the highest cost/benefit ratio can be designed at local level – knowing that local conditions are completely different from one city to another

and properly treated before being discharged into receiving waters.	(hydrology, geography, rain regime, type of collection network etc).
4.6. The EESC supports the introduction of mandatory integrated urban wastewater treatment plans with the objective of reducing sewer overflows and pollution from urban runoff. But while the intention of the urban wastewater management plans is good, they risk becoming empty shells as the content and objective (of reducing combined sewer overflows to 1% of dry weather flow) are only indicative.	The proposal includes several requirements to ensure a proper monitoring and reporting of the pollution due to rainwater (Articles 5, 21 and 22). It also includes clear requirements to inform the public on this pollution (Article 24 and Annex 6 (4)).
1.8. Climate change is affecting the water cycle, with predicted increased occurrences of heavy rains as well as drought. Preventive measures, such as blue-green solutions that capture and retain rainwater e.g. via green roofs or raingardens, decrease the load on sewers (thereby reducing the risk of sewer overflows) and bring many co-benefits for the urban landscape.	Commission agrees on the importance of preventive measures and blue/green solutions. As detailed in Article 5 and Annex 5 (4), the priority is set on preventive measures and blue/green solutions. The synergetic effects of the Nature Restoration Law are also highlighted in the impact assessment.
 1.9. The EESC is concerned that water and sanitation are public services, but are sometimes provided by private companies. Rules and regulations need to be in place to ensure that public services are not run for profit and that revenues are invested in maintenance and improvement of the services. 1.10. Ensuring water affordability should be a priority for all Member States. 	The practical organisation of the water sector, including the choice between private and public operators, is a competence of the Member States. Article 24 and Annex 6 of the proposal include several requirements to ensure the transparency of the sector so that its governance could be improved while complete information is provided to the public. The Commission agrees that Member States should pay attention to affordability. In depth analysis of the potential effects of the proposed measures on affordability were presented in the impact assessment with the support of the Organisation for Economic Co-operation and Development (section 7.1).
1.11. The EESC also calls on the European institutions to start addressing water as a priority and develop an "EU Blue Deal": a radical effort to anticipate needs, to preserve	The Commission agrees on the necessity to preserve water resources, in light of the fact that Europe is increasingly facing water scarcity and drought on its territory, leading to

water resources and adequately manage related challenges through a comprehensive and coordinated roadmap, setting ambitious targets and actions linked to agreed milestones. The EESC will make concrete proposals towards an EU Blue Deal in the course of 2023.	significant damages to nature and the economy. This challenge can only be effectively addressed in a comprehensive manner, all-of- government manner. Different initiatives have already been taken, for instance in the recently revised Drinking Water Directive to reduce water losses in water supply systems. In the proposal, additional measures are included to prevent pollution at source (Article 14) so that more treated water could be reused after treatment. Article 15 has also been reinforced so that the potential for water reuse is systematically considered for all urban wastewater treatment plants. The Commission welcomes the initiative of the Committee and will consider with care the possible future recommendations coming from this initiative.
3.4. Large investments are needed in the water sector. The new rules will require additional investments and it is crucial that financing is broadened from water tariffs and the public budget to also include those sectors that contribute to the pollution of urban wastewater in order to keep access to water and sanitation affordable for households.	The Commission fully agrees, and this is one of the reasons why it has proposed the system of extended producer responsibility to cover the costs of the additional treatment required to remove micro-pollutants.
3.5. Pollution must always first and foremost be addressed at source and be prioritised over end- of-pipe solutions. Policy measures should therefore as far as possible restrict the emission of harmful substances into the environment and society in the first place. The EESC is therefore calling for more synergy with urban development strategies (Urban Agenda for the EU, Ljubljana Agreement, different thematic partnerships, etc.).	The Commission also considers that all possible measures to reduce pollution at source should be taken as priority. To this end, several concrete initiatives are taken by the Commission notably through REACH ((for instance, recent proposal of restriction of microplastics intentionally added in products or on the Per-and polyfluoroalkyl substances (PFAS) uses)). Article 14 of the proposal also includes requirements to monitor a large amount of pollutants in the inlets of the urban wastewater treatment plants so that pollution can be tracked and reduced at source. On the other side the 'integrated management plan for urban wastewater' as required in Article 5 and

	Annex 5 will lead to more synergies with urban development.
3.6. More efforts should be invested to favour citizen empowerment on issues related to the collection, treatment and management of urban wastewater. The general public should not only be involved in the implementation of the treatment of wastewater in terms of information but also in terms of participation: mechanisms should be in place in all Member States for citizens to report back observed failures in the collection and/or treatment of urban wastewater with specific attention paid to illegal industrial discharges.	With the requirements included in Article 24 and the related Annex 6, citizens will have access to a large variety of key information on the functioning of the sanitation services. The requirements of this Article are aligned with the ones of the recently revised Drinking Water Directive so that extensive information will be available on both water supply and sanitation. The possibilities for citizen of access to justice were reinforced in Article 25 as well as the right for compensation (Article 26). In addition, and independently from this proposal, citizens have always the possibility to introduce complaints at national level to their competent authorities for non-respect of EU obligations, national courts are 'the common courts' for upholding EU law.
4.1. Working conditions and health and safety for the workers involved in the urban wastewater system should be a key priority.	Health and safety of workers are indeed a key priority. It is regulated under the Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work ¹⁴² .
4.3. Antimicrobial resistance is a growing concern for society, and urban wastewater, whether treated or not, is a hotspot for it spreading.	Overall, the Commission considers the Antimicrobial resistance (AMR) as a high priority and, next to addressing it in Art. 17 of the Urban Waste Water Treatment Directive (UWWTD) proposal, it will address it through the forthcoming proposal on the revision of the pharmaceuticals legislation and a proposal for a Council recommendation. In the UWWTD proposal, Article 17 requires Member States to ensure a regular monitoring of antimicrobial resistance which is a first indispensable step to design appropriate measures depending on the local specific situation

¹⁴² 89/391/EEC.

4.11. Leakage from sewage pipes is an often	Annex 1.A of the proposal encourages as much
overlooked and largely unreported source of	as possible to design, construct and maintain
untreated wastewater that puts groundwater at	collecting systems (pipes) for urban wastewater
risk. This can represent a significant share of the	to prevent leaks. Article 24 and related Annex
pollution load from urban systems on the	6 (7) require operators to establish investment
environment143. The problem is likely to	plans and make them public. These plans have
increase as the sewage network is ageing.	to take into account the renewal of ageing
Proper monitoring and quantification of sewer	infrastructures including the sewage network.
leakage is needed and should be included as a	This can only be done on the basis of clear
requirement in the Directive.	information on the state of the collection
	network including possible sewer leakages.

¹⁴³ Nguyen & Venohr, <u>Harmonised assessment of nutrient pollution from urban systems including losses from</u> <u>sewer exfiltration: a case study in Germany</u>, Environmental Science and Pollution Research, Vol. 28, 2021.

 N°27 Sustainable recycling, use of secondary raw materials and Just Transition in the European ferrous and nonferrous metal industry (Own-initiative opinion) EESC 2022/3665 – CCMI/191 575th Plenary Session – January 2023 Rapporteur: Anastasis YIAPANIS (CY-III) DG ENV – Commissioner SINKEVIČIUS 	
Amendments and points of the opinion of the Committee of the Regions considered essential	Commission position
 1.1. The European Economic and Social Committee (EESC) notes that the lack of high-quality secondary raw materials and non-competitive prices prevents the greater uptake of secondary raw materials, and calls for appropriate policies and funding opportunities to build brand new recycling facilities and to upgrade existing ones in terms of their technology. The Committee believes that tax facilities and fiscal incentives should be introduced along the recycling value chain and for new circular business models, with a special emphasis on the important role that SMEs and start-ups have in the transition pathway. 1.2. The EESC calls for additional policies that support and finance R&D in the process of replacing critical raw materials, reducing resource consumption, improving product efficiency and enhancing EU monitoring, risk management and governance in the field of CRMs. 	The EU provides important funding opportunities that complement the policy framework on the circular economy. It is estimated that around $\in 26$ billion per year were invested in the EU in waste management and the circular economy over the 2014-2020 period. However, the annual investment need (with investment potential for circular economy included) reached around $\in 52$ billion, suggesting an investment gap of $\in 26$ billion a year. Half of the investment concerned waste management and the other half circular economy ($\in 13$ billion/year each). Of the total investment, the EU funding (including the Multiannual Financial Framework and projects under the European Investment Bank) for waste and the circular economy reached $\in 1.12$ billion per year (or $\in 7.9$ billion for the period). In 2021-2027, EU cohesion policy is expected to provide $\in 7.75$ billion for the circular economy and waste management (around $\in 1.14$ billion from the Recovery and Resilience Facility (RRF) ($\in 1.9$ billion per year, including on research and innovation). Secondary raw materials were not tracked in cohesion policy in 2014-2020, while for the period 2021-2027 they are tracked. In 2021-2027, EU cohesion policy is expected to provide an annual $\in 150$ million to support R&I processes, technology transfer and cooperation

	between enterprises, focusing on circular economy ($\in 1.05$ billion over the period), with an additional $\in 105.2$ million per year on promoting the use of recycled materials as raw materials ($\in 0.74$ billion over the period). Under the RRF, the support to R&I focusing on the circular economy amounts to $\in 1.9$ billion until 2026, with another $\in 0.3$ billion for promoting recycled materials as secondary raw materials (ca. $\in 370$ million per year).
3.5. The EESC emphasises that there is an increased need for workers specialised in the recycling, design and manufacture of extended-life products, waste management and advanced sorting. The social partners and industrial civil society organisations have an extremely important role to play in implementing and monitoring the Just Transition Mechanism (JTM) and the Committee calls for more intense dialogue and closer cooperation between European and national public authorities and industrial stakeholders.	The European Critical Raw Materials Act recognises the need to develop skilled workers across the raw materials value chain, including for the recovery and recycling of critical raw materials, and proposes training via a raw materials skills academy. The Commission agrees with the need to support the uptake of skills related to the circular economy, including in recycling, design and manufacture of extended-life products, waste management and advanced sorting. This is part of the more general need for appropriate skills to harness the green transition. Enhancing such skills is the third of four pillars of the Green Deal Industrial Plan. The national operational plans of the European Social Fund Plus 2021-2027 have allocated a total of €5.8 billion to measures contributing to develop skills for the green transition. The important work of the European Circular Economy Stakeholder Platform ¹⁴⁴ is to be mentioned in this context, jointly managed between the Commission and the Committee. It brings together industry representatives, civil society organisations and national public authorities to foster the uptake of good practices related to the circular economy, including on skills.
3.7. Waste exports should only be allowed when environmental and social standards are fully	While the Committee calls on the co- legislators, the Commission would like to

¹⁴⁴ <u>https://circulareconomy.europa.eu/platform/en</u>

complied with in the destination country, with reliable and effective audit procedures that include the social partners and relevant NGOs. The EESC calls for strict monitoring of classification issues and the introduction of appropriate and effective safeguard procedures to suspend exports in the event that the required conditions are not met. Furthermore, the EESC calls on the Parliament and Council to apply the same strict criteria regarding environmental commitments on exported waste to both OECD and non-OECD countries.

clarify its position. The Commission proposal for new rules on waste shipments, as adopted on 17 November 2021 and currently under discussion by co-legislators, contains measures on the export of all waste to all third countries. Some of these measures apply to all exports, while others are targeted to the specific situations of the Organisation for Economic Co-operation and Development (OECD) and non-OECD countries.

The proposed measures are stricter for export of waste to non-OECD countries. This stems from the reasoning that OECD countries generally have higher waste management standards and practices, compared to non-OECD countries. When becoming a member country to the OECD, each country undergoes a screening and evaluation process by the OECD Secretariat and OECD member countries, including on its waste management regime and legislation. This process guarantees that the standards and practices of OECD member countries comply with minimum requirements for waste management. This is not necessarily the case for non-OECD countries.

The distinction between OECD and non-OECD countries is also enshrined in international and EU law on waste shipment: the Basel Convention bans the export of hazardous waste from OECD countries to non-OECD countries. The EU legislation contains such distinction too, going beyond the Basel Convention in banning not only the export of hazardous waste, but also of some other waste streams (like unsorted plastic waste) to non-OECD countries. The new regime proposed by the Commission therefore builds on a well-established distinction in existing EU and international legislation.

The proposal contains measures to avoid a situation where the export of waste to OECD

	countries would still create environmental problems. This is the case first for the obligation for exporting companies to audit the facilities where their waste is treated, which applies to all export of waste from the EU. In addition, the regime proposed by the Commission for OECD countries allows dealing with possible problematic cases, i.e. a surge in export of some waste streams to a given OECD country where it is likely to generate environment harm or public health concerns. This is a new measure, which is targeting specifically OECD countries. The proposed measures on exports are therefore proportionate to the problems that they seek to address, both in OECD and non- OECD countries.
1.8. The EESC notes the problem of illegal exports of scrap from Europe and the suspicious re-imports of goods manufactured outside the EU and calls for more stringent border controls.	Many efforts are undertaken to address waste trafficking, both at EU and international level. One of the objectives of the Commission proposal mentioned under Point 1.7. above for a new waste shipment regulation is to address waste trafficking, which is one of the most prevalent forms of environmental crimes. Several measures are proposed to tackle illegal shipments of waste. The Commission will
	support transnational investigations by Member States on waste trafficking, with the help of the European Anti-Fraud Office (OLAF). OLAF has relevant expertise and can support national authorities either by carrying out inspections or by coordinating investigations carried out by different Member States. This will strengthen the overall enforcement capacity of the EU and its Member States, and is expected to ensure a
	more efficient use of the often limited resources available for enforcement. The Commission proposal also intends to enhance cooperation and coordination between relevant authorities against illegal shipments of waste.

	Additionally, current rules on administrative penalties against illegal shipment of waste are proposed to be strengthened, thereby complementing the revised Environmental Crime Directive, which will equip Member States with more robust penal framework against offences linked to illegal waste shipments.
	Finally, the EU will continue to actively contribute to multilateral work to address illegal waste movements, including under the Basel Convention on transboundary movements of hazardous and other waste. The EU will also continue to provide financial support to projects designed to help enforcement agencies work together to tackle waste trafficking, such as the ongoing United Nations Office on Drugs and Crime (UNODC)- led <i>Unwaste project</i> ¹⁴⁵ that focuses on illegal waste trade between the EU and the Asia- Pacific region.
3.10. As product recyclability design is key to increasing the circularity and availability of high-quality secondary raw materials, the EESC calls for the use of recyclable raw materials and by-products to be recognised under the Ecodesign for Sustainable Products Regulation (ESPR). Extending the lifetime of products will become increasingly important for the competitiveness of European industry.	The proposed Ecodesign for Sustainable Products Regulation (ESPR), adopted by the Commission in March 2022 and currently under negotiation by the co-legislators, aims to make products placed on the EU market more sustainable and circular. An essential element of this will be to improve the recyclability of products and the materials/components they are composed of, and the Ecodesign for Sustainable Products Regulation (ESPR) will enable targeted rules to be laid down in this respect, on a product-by-product basis, or on the basis of groups of products with similar characteristics. For example, requirements may be set to restrict the use of substances in products that inhibit recycling, ensure ease of disassembly, so that products and their components can be easily separated and recycled, and improve availability of the information waste managers needed to perform

¹⁴⁵ <u>Unwaste (unodc.org)</u>

effective recycling processes. Improving
product recyclability in this way will in turn
contribute to boosting the quality and supply of
secondary raw materials in the EU.
The new batteries regulation is introducing
minimum targets of recycled content for
batteries being placed on the EU internal
market from 2031 onwards. These minimum
targets will apply to cobalt, lithium, nickel and
lead. These provisions should complement the
material recovery targets for waste batteries
(from 2027 and 2031) to help improve the
functioning of markets for secondary raw
materials.

N°28 Revision of EU ambient air quality COM(2022) 542 final EESC 2022/5604 – NAT/879 576 th Plenary Session – February 2 Rapporteur: Kęstutis KUPŠYS (L7 DG ENV – Commissioner SINKEV	.023 Г-III)
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.1. & 3.4. [] The European Economic and Social Committee (EESC) recommends fully aligning the EU air quality standards (including for ozone, in the form of limit values) with the updated World Health Organization (WHO) Global Air Quality Guidelines by 2030 at the latest, and defining a strong enabling framework based on limit values, enforcement mechanisms and clear management rules. 1.2. & 3.3. The EESC welcomes the approach taken by the Commission to focus on "benefit-to-cost", but regrets that the ratio, and not the maximum protection of human life and health indicators, is considered the most important indicator to be taken into account in this revision. [] 	The Commission is fully committed to protect EU citizens and the environment, in line with the latest scientific recommendations and taking into account the level of existing environmental inequalities with a view to mitigate their effects, with a particular attention to the most vulnerable population groups. The impact assessment underpinning the Commission proposal found that the policy option of 'closer alignment' with the World Health Organisation (WHO) Air Quality Guidelines by 2030 provides a benefit-to-cost ratio of between 7.5:1 and 21:1, and that under this policy option some 6% of sampling points are expected not to meet the corresponding air quality standards without additional effort at local level (or possibly needing time extensions or exceptions). The policy option of 'full alignment' with the WHO Air Quality Guidelines by 2030 was found to provide a lower benefit-to-cost ratio of between 6:1 and 18:1, and under this policy option about 71% of sampling points are expected not to meet the corresponding air quality standards without additional effort at local level (and, in many of these instances, it would not be possible to meet these standards at all with technical feasible reductions only). The Commission proposal intends to revise air quality standards in two steps. First, it sets intermediate 2030 EU air quality standards, more closely aligned with WHO

	recommendations, which take into account technical feasibility and socio-economic considerations as outlined in the impact assessment. For per cubic metre (PM) 2.5, the new limit value for 2030 is proposed to be at a level less than half as high as the current one, i.e. going down from 25 μ g/m ³ to 10 μ g/m ³ for the annual mean limit value. Second, the proposal defines a trajectory for reaching a zero-pollution objective (cf Article 1), fully aligned with science, at the latest by 2050, through a regular review mechanism (cf Article 3). The first review will already take place in 2028 (as per Article 3), to prepare the post-2030 framework.
3.6. Articles 16 and 17 contain the rules for deducting winter sanding/salting and natural sources of air pollution from compliance obligation. In the Committee's view, this approach contradicts the objectives of the legislation. Natural and human-made sources combine and amplify the effect of pollutants. By neglecting natural air pollution sources, we would continue putting people's lives in danger.	Article 16 of the Commission proposal extends the rules on deducting natural source contributions from exceedances of air quality standards to cover exceedances of average exposure reduction obligations. Air pollution from natural sources such as Saharan dust cannot be influenced by air quality management. This is why Articles 19 and 20 ensure that air quality exceedances resulting from these sources will not count as non- compliance with air quality standards, and not require air quality plans. Article 17 of the Commission proposal addresses winter-sanding and winter-salting, which are important for road safety, even though resuspension of particles from these measures can also contribute to air pollution with particulate matter. This is why exceedances of relevant air quality standards resulting from these sources only will not result in a requirement to establish air quality plans under
3.7. The EESC calls for a clear, strictly rational link to be established between the pollutant source and the polluter, which clarifies responsibilities and their related penalisations;	The Commission proposal clarifies inter alia in Article 29 on penalties that 'Member States shall lay down the rules on penalties applicable to violations by natural and legal persons, of the

it also demands further clarification of the provisions on air quality plans and the remedies (including financial penalties) linked to failures to comply with air quality standards by the deadlines.	national provisions adopted pursuant to this Directive', while applying the other provisions of Article 29, such as on the dissuasive character of penalties and taking into account circumstances such as the gravity of the violation. Article 28 of the proposal on compensation states that natural persons who suffer damage to human health caused by a violation of inter alia Articles 19(1) to 19(4) on air quality plans by the competent authorities are entitled to compensation in accordance with the further provisions of Article 28. The application of these provisions would be the competence of the relevant authorities of Member States.
3.10. The EESC recommends fully aligning EU ozone standards, in the form of 'limit value', with the 2021 WHO Global Air Quality Guidelines.	As confirmed by the impact assessment underpinning the Commission proposal, the formation of ozone in the atmosphere strongly depends on natural factors and transboundary contributions. This complicates assessing the feasibility of complying with limit values. The Commission proposal therefore includes target (and not limit) values for ozone.
	However, Article 19 of the proposal also introduces mandatory air quality plans for ozone in case of target value exceedances. In addition, a number of policies are in place at EU level to limit the emissions of ozone precursors, including Directive (EU)2016/2284 on National Emission reduction Commitments (NEC Directive) and various policies limiting emissions at their source ¹⁴⁶ .
3.11. On top of the Commission's proposal, additional monitoring sites for Ultra Fine Particles (UFP), black carbon and ammonia should be introduced. The proposed density is not enough to serve the development of epidemiological studies. The monitoring sites must be planned in such a way that their data	The proposed density of monitoring supersites at which <i>inter alia</i> ultrafine particles (UFP), black carbon and ammonia would be monitored aims to ensure that adequate and meaningful information about these air pollutants is retrieved, taking into account the additional administrative burden to establish and run a

¹⁴⁶ For an overview, see <u>https://environment.ec.europa.eu/topics/air/air-pollution-key-sectors_en</u>

ing supersite. The decision on the d density also relied on a dedicated a monitoring additional pollutants ¹⁴⁷ and k to the targeted stakeholder survey of act assessment. Member States' public trations were consulted for both.
mmission is fully committed to facilitate v adoption of all the relevant initiatives uropean Green Deal by the Council and liament. Once adopted, it will oversee rrect implementation by Member States. mmission proposal for Euro 7 emission ds requires Euro 7 vehicles to comply ver or new emission limits (including for its previously not regulated), and also its where the vehicles are driven on the more representative driving conditions proved durability requirements. All of lements define the ultimate ambition if the proposed standards. New digital s, based on on-board sensors that e emissions throughout the lifetime of a will simplify checking compliance of cles with the emission rules.
npact assessment underpinning the ssion proposal took into account existing, agreed and proposed EU . The Commission continues to ate different policies with a view to the ssible coherence between them. This ambient air quality standards and proposals to limit emissions at source. d have been speculative for the impact ent to consider further source legislation sures for which Member States are ible, such as promoting public transport ucing the use of cars. mmission proposal for Euro 7 emission
i i J

¹⁴⁷ <u>https://europa.eu/!xF3MxC</u>

 Promoting public transport and disincentivising the use of personal cars; Reducing EU vehicle emission limits to the globally lowest level possible (and acting as soon as possible) while phasing out internal combustion engines; Improving testing, approval and certification of vehicles; Monitoring emissions on the road, e.g. by remote sensing technology; Harmonising the European framework¹⁴⁸ for low-emission/zero-emission zones and introducing a single EU-level portal for vehicle check and registration for entering such zones. [] 	 well as improvements to testing and new digital methods, based on on-board sensors, that measure emissions throughout the lifetime of a vehicle. Ammonia emissions are inter alia regulated by Directive (EU)2016/2284 on National Emission reduction Commitments (NEC Directive), whereas methane is tackled inter alia by the Methane Strategy¹⁴⁹ and the EU Methane Action Plan under the Global Methane Pledge
3.16. Later on, as more and more cities reach the norms, the guiding targets need to be updated on the basis of scientific data to continually improve air quality.	Article 3 of the Commission proposal requires a regular review of the scientific evidence related to air pollutants and their effects on human health and the environment, to assess whether applicable air quality standards are still appropriate to achieve the objective of avoiding, preventing, or reducing harmful effects on human health and the environment and whether additional pollutants should be covered.
4.4. The EESC takes into account the references to studies, provided by the WHO, that find statistically meaningful health impacts from exposure to black carbon at levels of 1.08 to 1.15 μ g/m ³ . However, the WHO does not endorse these levels in its good practice recommendation. In the Committee's view, this should not act as an excuse to not take any action on black carbon. Similarly, actions to reduce levels of UFP like on PM2.5 and PM10, should be taken.	As outlined in the impact assessment underpinning the Commission proposal, the WHO Air Quality Guidelines concluded in 2021 that there is a consensus that the body of epidemiological evidence is not yet sufficient to formulate guidelines on exposure levels for additional air pollutants – and thus offers no basis for setting EU air quality standards. Furthermore, to date no harmonised monitoring approach for these pollutants exists in Europe ¹⁵⁰ . The Commission proposal would

¹⁴⁸ The EESC notes that the sustainable and smart mobility strategy (<u>COM(2020) 789 final</u>) includes the Commission's commitment to launch a dedicated study on solutions to enable more effective and user-friendly 'urban vehicles access restriction schemes', while respecting the principle of subsidiarity.
¹⁴⁹ COM(2020) 663.

¹⁵⁰ See support contract on "Systematic assessment of monitoring of other air pollutants not covered under Directives 2004/107/EC and 2008/50/EC (with a focus on ultrafine particles, black carbon and ammonia)".

	establish such a monitoring approach to generate more knowledge on current concentrations of these air pollutants. Also, scientific evidence on air pollution would be kept under review as per Article 3 of the proposal. In addition, the action required by the proposal on other pollutants such as particulate matter (PM2.5 and PM10) will <i>inter alia</i> support reduction of fuel combustion. This will simultaneously help to reduce emissions of pollutants of emerging concern such as black carbon and ultrafine particles (UFPs).
4.8. To ensure individuals' livelihoods health and well-being, the EESC maintains that a robust support mechanism for vulnerable individuals and industries is also necessary to make the practical solutions on NH ₃ emissions in livestock farming available "on the ground". This support should include funding for known technological advancements and further research. Overall, livestock farming undertakings should be encouraged to make environment and health-friendly changes while maintaining the critical function of the supply of goods for the population ¹⁵¹ .	Considerable EU funding is already available to reduce emissions from agriculture, notably from the Common Agricultural Policy (CAP). Cost- effective emission reduction techniques have been successfully deployed in several Members States for years. These include, inter alia, covered manure storage, more efficient application of manure and fertilisers to land, using less urea based mineral fertilisers, and better livestock feeding strategies. In the EU total, more than 80% of agricultural ammonia emissions come from 5% of farms, the largest farms.
	On 5 April 2022, the Commission adopted proposals for revised EU measures to address pollution from large industrial installations, including large agro-industrial plants (proposal for a revised Industrial Emissions Directive). The new rules aim, amongst other things, to increase investment in new, cleaner technologies and cover additional intensive farming and industrial activities, ensuring that sectors with significant potential for high resource use or pollution also curb environmental damage at source by applying Best Available Techniques.

¹⁵¹ EESC opinion on Revision of the Industrial Emissions Directive (IED) and of the Regulation on the E-PRTR, OJ C 443, 22.11.2022, p. 130.

The proposal is currently being discussed by the co-legislators in the European Parliament and
the Council of the EU.

N°29 The cost of non-Europe - the benefits of the single market (exploratory opinion requested by the Czech presidency) EESC 2022/1691 – INT/987 571 st Plenary Session – July 2022 Rapporteur: Philip VON BROCKDORFF (MT-II) Co-rapporteur: Emilie PROUZET (FR-I) DG GROW – Commissioner BRETON	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
2. Background	
2.4. Economic cost of restrictions to single market	
2.4.5. Despite limitations, the internal market has so far helped preserve and foster the economic prosperity of the EU. However, the competitiveness and resilience of the EU economy needs to be strengthened through further single market reforms as well as by addressing strategic dependencies. An entrepreneurial culture in the EU also needs to be promoted, where innovative businesses of all sizes, and in particular micro-, small and medium-sized enterprises (MSMEs), as well as start-ups are provided with more effective support and can thrive in order to contribute to more resilient and cohesive societies. Just as important, a well-functioning single market will facilitate the vision for a more social Europe: one that places the well-being of citizens at the top of the political agenda, and helps to avoid downward social levelling.	The Single Market provides all companies, including the small and medium-sized enterprises (SMEs), the necessary framework to cooperate and expand. It is a central achievement of the European project. While the Commission believes that openness to trade and investment is a strength and source of growth and resilience for the EU (open strategic autonomy), the COVID-19 crisis has shown that disruptions in global supply chains can lead to shortages of certain critical products in Europe. The Commission's priorities are: 1) Diversified international partnerships - to ensure that trade and investment continue to play a key role in building our economic resilience. 2) Monitoring of strategic dependencies - a first report based on a bottom-up analysis of the EU's strategic dependencies was published in 2021. The report ⁱ identified 137 products in sensitive ecosystems for which the EU is highly dependent on foreign sources ¹⁵² . The Commission shares the view of the Committee on entrepreneurship and is active through a range of policies in the Single Market Programme, Horizon Europe, the Structural Funds, InvestEU and the Regional Funds.

¹⁵² SWD(2021)352.

	The Commission has also adopted a Communication on long-term competitiveness. ¹⁵³ This includes 9 drivers, among which a better functioning Single Market, better access to capital markets for investors, public infrastructure and skills.
3. Restrictions	
 3.2. Restrictions are also holding back key economic sectors such as services, which remain fragmented along national lines, as shown hereunder: Historically restrictive national rules often justified by the subsidiarity principle; Flawed implementation and application of the Services Directive that hinders the freedom of establishment, the free movement of services and the freedom to provide a service; National requirements that hinder the free movement of goods. Often Member States do not notify new national technical requirements according to the procedure laid down in Directive (EU) 2015/1535, and do not apply the principle of mutual recognition in nonharmonised activities, as in gold plate directives, etc. 	The Commission agrees with the Committee on the need to overcome barriers and restrictions which may still hamper the full completion of the Single Market for services. The Commission identified services as a key priority in the Communication on the 30th anniversary of the Single Market ¹⁵⁴ for enforcement and removal of barriers. In this regard, the Services Directive ¹⁵⁵ is the core EU legislation guaranteeing the freedom of establishment and free provisions of services on the EU Single Market. The Commission has been pursuing a strategic approach in enforcement focusing on legal issues and services sectors having the most significant effects on the EU single market for services. It is a shared responsibility of the Commission and of the EU Member States to make sure that its provisions are effectively applied. In that context, the Commission launched a priority process of addressing jointly with Member States barriers to free movement of services in industrial ecosystems with a high services content which have not reached their potential of cross-border trade. The Commission has developed tools to help Member States with a correct implementation. For example, the Commission published an updated Handbook on

 ¹⁵³ EU competitiveness beyond 2030: looking ahead at the occasion of the 30th anniversary of the Single Market
 <u>https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1668</u>
 ¹⁵⁴ EU competitiveness beyond 2030: looking ahead at the occasion of the 30th anniversary of the Single Market
 <u>https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1668</u>
 ¹⁵⁵ 2006/123/EC.

	the implementation of the Services Directive and continuously works to improve the notifications system to ensure the compliance of Member States' measures ¹⁵⁶ . The Commission engages in an ongoing dialogue with Member States with the aim to better understand and appropriately address relevant issues linked to non-notification. For instance, Commission and Members States work in the Single Market Enforcement Task Force since 2020 ¹⁵⁷ . The Commission is also working with the Member States to make sure that the principle of mutual recognition is duly applied with regard to products that are not, or are only partly subject to EU harmonisation legislation.
3.3. The EESC points out that infringement procedures are lengthy, expensive and the outcome is uncertain. For businesses, this constitutes too high a cost and discourages them from expanding their business or investing elsewhere within the EU. Moreover, these restrictions deprive consumers of more choice, improved service and lower prices. The EESC also calls for stronger action on the part of the Commission in applying infringement procedures.	It is fundamentally important that citizens and business alike understand the nature of the infringement process and set their expectations accordingly. The Commission helps citizens and businesses by raising their awareness of their rights under EU law (i.e., Your Europe), providing practical advice (i.e., through the Your Europe Advice service), guiding them through different problem-solving tools available at national and EU level (such as SOLVIT, which provides information and assistance to citizens and deals with problems of misapplication of EU law by national authorities in cross-border situations; FIN-net or the European Consumer Centres Network, which provides advice and assistance to consumers on their rights concerning purchases made in another country or online and on settling relevant disputes with businesses) and, ultimately, dealing with their formal complaints. The access to all these services as well as the submission of a formal complaint are free of cost for their users, be it citizens or businesses.

 ¹⁵⁶ <u>https://data.europa.eu/doi/10.2873/140</u>
 ¹⁵⁷ <u>The Single Market Enforcement Taskforce (europa.eu)</u>

3.5. As in any economy, the EU is impacted by external shocks but the response to these shocks and how markets react are essentially determined by individual Member State policies at home and the measures taken to stimulate economic behaviour. The war in Ukraine has exposed the EU's dependence on global value chains. The unfolding crisis is likely to affect sectors differently but there is no doubt that chinks in the single market armour have been exposed, particularly, the restrictions on the free movement of goods and services, and essential commodities.	The Commission has proposed on 13 September 2022 a Single Market Emergency Instrument to ensure greater transparency and coordination when a critical situation emerges. This will help mitigate the harmful impacts on the Single Market, safeguard the free movement of persons, goods and services and maximise the availability of products needed in the crisis response ¹⁵⁸ .
4. Addressing the restrictions	
4.2. Using existing tools more effectively	
 4.2.1. The EESC is of the view that draft national texts potentially hindering the internal market must be notified to the EC and must be commented upon and evaluated. Without a commitment from the Member States to notify and comment/evaluate, these procedures remain ineffective. Hence, more effective surveillance in support of the harmonisation of product market regulation across EU Member States is required. [] On services, the EESC is also of the view that the notification procedure under the Services Directive is not functioning as well as expected. Regarding the freedom of establishment, the EESC regrets to note that Member States have not reached a compromise on the proposal for a so-called Notification Directive. This text would have strengthened the obligation for Member States to notify the Commission of draft laws or regulations on 	The Commission works on solutions to make notification procedures under the Services Directive ¹⁵⁹ , Professional Qualifications Directive ¹⁶⁰ and Proportionality Test Directive ¹⁶¹ more coherent and efficient, assessing the possible synergies between those procedures, in particular in term of the content of the information provided by the Member States. The Commission also regrets the absence of compromise among the Member States on the proposal for the Services Notification Directive. The improvements in the area of notifications must then be realized within the existing legislative framework. On the Commission agenda, there is also the plan to increase transparency for notifications under the Services Directive, which includes publication of additional information concerning justification and proportionality of requirements as well as the publication of comments from the Commission and Member States.

¹⁵⁸ 2022/0278 COD.

¹⁵⁹ 2006/123/EC.

¹⁶⁰ 2005/36/EC.

¹⁶¹ 2005/36/EC.

authorisation schemes for services (and therefore for town planning).	
4.3. Unlocking the potential of the digital single market	
4.3.3. Significant financial gains could also be made by increasing the use of online services and improving digital infrastructure within the EU. In this context, the EC recommends moving towards a fully functional e-procurement regime and e-invoicing. Impressively, estimates suggest that a full transition to e-procurement could generate € 50 to € 75 billion a year.	The Commission supports the uptake of eInvoicing, as provided in the Directive on electronic invoicing in public procurement ¹⁶² . The emergence of new EU policy initiatives, in particular the recent legislative proposal 'VAT in the digital age', will shape up European eInvoicing policy in the coming years ¹⁶³ . Moreover, the Commission shall review the effects of this Directive (i) on the internal market and (ii) on the uptake of electronic invoicing in public procurement, by submitting in the fourth quarter of 2023 a final report thereon to the European Parliament and to the Council pursuant to Article 12 of the Directive. The Commission supports the fully digital transition to eProcurement. During the pandemic this proved to be an important step to be more resilient and helped Member States to further digitise certain procurement processes. In 2023 the Commission published and action grant request to the European Committee for Standardisation (CEN ¹⁶⁴) to which CEN submitted a proposal to provide the means to Member States to make certain aspects, like the eSubmission of bids, interoperable between different platforms. This will be an important step for especially SMEs to participate in the single market easier. It is expected that around September a contract is signed with CEN.
4.4. Unblocking supply constraints	

¹⁶² 2014/55/EU.
¹⁶³ COM/2022/701.
¹⁶⁴ Comité Européen de Normalisation.

4.4.1. The EESC notes that the 2018 Geo- blocking Regulations have helped facilitate commerce within the EU. However, European consumers are still subjected to geo-blocking of goods and services. In fact, the EESC highlights the existence of persistent TSCs which can materialise through different practices such as refusing to supply or threatening to stop supplying a particular distributor, limiting the quantities available for sale by Member States; inexplicable differences in product ranges and prices between Member States; or limiting language options for product packaging. The EESC underlines that TSCs are hampering the development of the single market and its potential benefits to consumers and calls on the Commission to address the anti-competitive effect of TSCs with a view to achieving a fully functioning single market.	The Commission is committed to bring down unjustified regulatory and non-regulatory barriers to ensure a better functioning of the Single Market. Territorial supply constraints (TSCs) amount to non-regulatory barriers which fragment the Single Market. The 2020 independent study on the territorial supply constraints in the EU retail sector carried out for the Commission showed that the wide range of prices charged across the EU by manufacturers to retailers for the purchase of specific branded products cannot be fully explained by the factors which are typically applied to explain price differences, such as different taxation regimes (including VAT), labour costs, raw material costs, production costs (e.g., related to volumes/economies of scale), pricing of logistics. According to the study, if TSCs were removed, consumers could save up to €14 billion on certain product categories, provided that retailers pass on the benefits ¹⁶⁵ . In the revised Vertical Block Exemption Regulation and its guidelines, Commission provides examples of situations in which TSCs would fall under competition law. There is also a need to address TSCs when competition law does not apply. In the co- creation process of the green and digital transition pathway for the retail ecosystem ¹⁶⁶ , together with stakeholders, the Commission will reflect on the most efficient way to tackle this issue under the Single Market freedoms.
4.5. Enhancing cross-border mobility of workers and professionals	
4.5.1. Cross-border mobility of workers and professionals across the EU remains a challenge	While the annual report on labour surpluses and shortages shows that the volume of mismatches

https://data.europa.eu/doi/10.2873/325219
 Commission Staff working document "Co-creation of a transition pathway for a more resilient, digital and green retail ecosystem" (forthcoming).

limiting supply and causing mismatches in sectors such as IT and high-tech industry notwithstanding EU policies aimed at facilitating free movement of persons. European and national data suggest that the level of mobility both between and within countries remains low also by international comparison.	which could be resolved in particular by cross- border mobility is very limited, the recent data indicates that cross-border mobility of workers (at all skills levels) could further increase.
4.5.2. Specifically, the EESC recommends more effective national policy measures providing mobility incentives with an emphasis on active labour market policies such as in-work benefits for EU and third country workers with refugee status. In this connection, the EESC believes that host countries offering jobseekers financial incentives to take up a job in another Member State or another region would further encourage mobility. In addition, further efforts to improve information regarding jobs in other EU countries as well as relocation assistance to support the logistics involved in moving country – e.g. finding accommodation, registering for tax purposes, finding a school for your children, possibly assistance in finding a job for partners, etc. The EESC cautions, however, that labour mobility in the EU has been the victim of the piecemeal approach adopted so far. Further disjointed policies particularly at national level need to be avoided.	The Commission recalls that the EURES- network provides information and employment support services to workers and employers. Extensive information on living and working conditions from the EURES countries is provided on the EURES portal and the EURES advisors support job matching, ensure guidance and provide dedicated support to specific groups, such as frontier workers. Post- recruitment-support is part of the services EURES provides. The EURES Targeted Mobility Schemes (TMS) provide financial support for specific target groups for example languages classes, integration course, etc.
4.5.3. The recognition of diplomas and qualifications, which is essential to fill vacancies where labour shortages persist, remains an issue across the EU. The EESC is of the view that the existing system still relies too heavily on individual governments, with Member States free to apply their own rules. The Commission should ensure that a more harmonised approach to recognising diplomas and other qualifications is applied across Member States.	Member States remain competent to regulate professions, with due regard of Directive 2018/958. However, when it comes to the procedures for the recognition of qualifications, Directive 2005/36/EC contains harmonised rules applicable to all recognition systems under the directive. Previous initiatives have shown how mutual trust in the educational systems of Member States, which forms the basis of Directive 2005/36/EC, is a prerequisite to further harmonisation measures in this area. The 2013 modernisation of Directive 2005/36/EC (through Directive 2013/55/EU)

	introduced two new instruments to further harmonise the recognition of professional qualifications, in addition to a series of other innovations to the directive. Firstly, The European Professional Card, which is a digitalised extension of the existing recognition procedures. This card could be extended to additional professions in the future. Secondly, Common Training Principles. While the European Commission established a Common Training Test for Ski Instructors (Commission Delegated Regulation 2019/907) in 2019, no Common Training Framework has been put in place yet. The Commission monitors eligible professions for a CTF on a continuous basis. Finally, the Commission regularly coordinates with Member States through meetings of the Group of Coordinators for the Recognition of Professional Qualifications to ensure a consistent application of the rules of Directive 2005/36/EC.
4.6. Enhancing capital flows and financial services across the EU	
4.6.1. The same argument holds in the case of the EU's capital markets. The EESC acknowledges that the Capital Markets Union (CMU) is a complex project which aims to deepen and further integrate the capital markets of EU Member States. It requires the adoption of measures and regulatory amendments in a wide variety of areas and entails responsibilities not only at the EU level, but also at the level of each Member State. The EESC notes that completing the CMU is still a distant goal in 2022. Despite some progress, particularly with the EU Capital Markets Recovery Package, the EU still has 27 capital markets which do not work as one.	Since the adoption of the first Capital Markets Union (CMU) action plan by the Commission in 2015, the Commission has taken significant steps to further the development and integration of EU capital markets. Of this first action plan, all but one of the legislative proposals have meanwhile been adopted. Further, the Commission has delivered on all of the 16 actions of the second CMU action plan of 2020, with eight files still being negotiated by the Council and the European Parliament. All of these initiatives will result in structural changes in EU capital markets, as highlighted by the Commission's CMU indicators. Nevertheless, the Commission agrees with the Committee that further progress must be swiftly
European finance is still sharply segmented along national lines, with savers and investors depending heavily on national environments.	Committee that further progress must be swiftly made. The Commission also agrees that progress on the CMU can only be made if Member States

This also true for financial services in general, including retail financial services and domestic savings.	complement EU actions with national measures, notably in the areas where the EU has limited competence, such as in the areas of taxation, financial education and pensions.
4.6.2. This, the EESC believes, is limiting both economic recovery and the smooth functioning of the single market. The economic benefits of CMU are clear, but completing the CMU requires both political buy-in from individual Member States, as well as effective adoption of EC-led initiatives including those aimed at strengthening the international role of the Euro. Furthermore, the role of digitalisation in facilitating the CMU cannot be understated.	The Commission agrees that, for the EU to reap the full benefits of the CMU, continued ambition of the co-legislators will be essential. Political support at the highest level should now translate in support on the ground when discussing legislative proposals. Digitalisation will indeed play a key role, which is reflected in a number of the initiatives recently tabled by the Commission or under preparation. For example, the proposal for a European Single Access Point (ESAP) ¹⁶⁷ is meant to facilitate access to companies' financial and sustainability data in digital form. Also, the Commission's proposal ¹⁶⁸ to alleviate the burden associated with withholding tax procedures in cross-border investments will make use of digital tools for efficiency gains.
4.7. A much stronger political will to remove single market restrictions	
4.7.3. The EESC cautions that the single market should no longer be regarded as a glorified version of a global trade agreement whose properties could be adjusted in negotiation. The single market is much more than that. It is also about improving welfare through social and economic convergence aimed at reducing inequality and ensuring that worsening social imbalances and the general increase in poverty do not end up becoming serious obstacles to European integration. To this end, the EESC emphasises the fundamental social and worker rights to decent wages and working conditions, not only in their interaction with economic freedoms, but also in relation to the internal and labour market, competition and any other Union	The 20 principles of the European Pillar of Social Rights are the beacon guiding us towards a strong Social Europe and set the vision for our new 'social rulebook'. The Plan turns the Principles into concrete actions such as the new directive on Adequate Minimum Wages ¹⁶⁹ , a historical achievement ensuring that workers in the Union can earn adequate minimum wages to guarantee adequate working and living conditions, as well as to build fair and resilient economies and societies. The Commission also presented a proposal for a directive to improve the working conditions of people working through digital labour platforms. Finally, the Commission has set concrete action to strengthen and promote social dialogue with its

 ¹⁶⁷ COM/2021/723.
 ¹⁶⁸ COM(2023) 324 final.
 ¹⁶⁹ COM/2020/682.

policy measure, including but not limited to	recent communication and proposal for a
fields such as economic governance, trade,	Council Recommendation on strengthening
digitalisation and the environment.	social dialogue ¹⁷⁰ .

N°30 The power of trade partnerships: together for green and just economic growth COM(2022) 409 final

¹⁷⁰ Strengthening social dialogue (europa.eu)

EESC 2022/4926 – REX/561 575 th Plenary Session – January 2023 Rapporteur: Tanja BUZEK (DE-II) DG TRADE – Vice-President DOMBROVSKIS	
Points of the European Economic and Social Committee opinion considered essential	European Commission position
 1.6. The European Economic and Social Committee (EESC) welcomes the new policy orientation, ranging from a more results-oriented approach, through increased transparency and a reinforced role for civil society, to targeted support, while also increasing the level of commitment by including the possibility of trade sanctions as a last resort. 1.7. The EESC considers these elements as 'part of the package' in all agreements, which needs to be implemented through a targeted and country-specific approach with tailored objectives. It expects the Commission to implement them within the different trade systems and across the different trade agreements, including existing agreements as much as possible. 	The Commission welcomes the acknowledgement of the key elements of the new policy orientation, needed to bring changes on the ground. The Commission also takes note of the position of the Committee as regards the implementation of the new policy in existing agreements. In that regard, the Commission points out that the majority of the commitments set out in the new policy document, and in particular those related to mainstreaming, to collective monitoring and to the involvement of civil society can be applied to trade agreements already in force.
3.6. The EESC expects the new TSD benchmark to be reflected in all future EU trade agreements, including those under negotiation. It should also form the basis for the modernisation of all FTAs in force, in particular first-generation agreements without TSD chapters, triggering review clauses as soon as possible. These new principles should also be taken on board as much as possible in concluded but not yet fully ratified FTAs. Where time does not allow the reopening of concluded FTAs, provisions to enable the Trade Committee to adopt decisions to amend the TSD chapter	The Commission concurs with the Committee that the outcome of the policy review shall indeed be proposed for all future negotiations, and reflected in on-going negotiations, as appropriate, and has made an unambiguous, forward-looking commitment to that effect in the Communication. Furthermore, the Commission has already translated this commitment for example in negotiated outcome with New Zealand, in concrete textual proposals, in the negotiation with India, and reflected it in other ongoing negotiations.

could be included as was done in the TSD chapter with New Zealand.	The Commission also shares the view that the new policy should be part of the modernisation of existing trade agreements which do not have Trade and sustainable development (TSD) chapters whenever a review is launched.
3.7. The EESC expects this to be in particular the case for the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the early TSD review that both parties agreed to in the Joint Interpretative Instrument. The EESC, and both the EU and Canadian DAGs, have long urged the parties to fulfil this	The Commission takes note of the Committee's reference to the Joint Interpretative Instrument agreed between the Parties. The Commission is committed to ensuring the effective enforceability of TSD provisions also in this agreement.
commitment towards more effective enforceability of the TSD chapters, aside from any wider modernisation of the agreement after some time.	The Commission recalls that in the Comprehensive Economic and Trade Agreement between the EU and its Member States and Canada the commitments related to trade and sustainable development, trade and labour and trade and environment are subject to dedicated and binding assessment mechanisms focusing on the effectiveness of their implementation.
	The Parties have been reviewing the effective enforceability of the TSD commitments when implementing the agreement. The Commission also notes that the Comprehensive Economic and Trade Agreement (CETA) is still in provisional application and awaits ratification by several Member States.
3.8. The EESC welcomes the intended goal to streamline sustainability, in particular sustainability considerations in public procurement. The latter should focus on both environmental and social elements. It welcomes the prioritisation of market access for environmental goods and services as well as raw materials and energy goods that are essential for the functioning of a carbon- neutral economy. It regrets, however, the	The Commission recalls that the prioritisation and the active pursuit of sustainability objectives to all relevant areas of trade agreement is one of the key policy measures introduced with the Power of Trade Partnership Communication of June 2022. The commitment produced concrete results embodied in the outcome of the EU-New Zealand Economic

limited attention paid to the wider dimension of environmentally sustainable trade and the labour and human rights impact. Equally, it regrets that Just Transition is not made an overarching concept, given the anchor in the Paris Agreement itself on the imperatives of a just transition of the workforce and the creation of decent work and quality jobs. The recent joint conclusions of the EU-Korea Civil Society Forum acknowledged the Maritime Just Transition Taskforce of the social partners in the International Maritime industry as a best practice.	Partnership Agreement (EPA), the first negotiation concluded after the adoption of the Communication. Through the liberalisation of tariffs on green goods and services, and energy efficient products, from the entry into force of the agreement, the Parties aim at enhancing the role of markets and technologies in their climate change mitigation efforts. The Commission takes note of the Committee's remarks concerning the concept of Just Transition. The Communication makes an explicit reference to Just Transition referring to the Trade Policy Review of 2021. More crucially, the language in the Communication remains fully open to the possibility that Just Transition be identified among the priorities for the TSD implementation with specific trade partners, as relevant. In that sense, the Commission welcomes the contribution of the EU- Korea Civil Society Forum as an example of such country-specific
	instance.
3.10. The EESC considers that the GSP system has to be more transparent and would benefit from publicly available roadmaps based on a gap analysis. Furthermore, the involvement of civil society should be increased and the Annex should be updated with the addition of occupational safety and health (OSH) among the ILO fundamental conventions.	The Commission has made a proposal for a new Regulation on the Generalised Scheme of Preferences (GSP) ¹⁷¹ . This proposed Regulation is currently under negotiation with the European Parliament and with the Council. This proposal has not been subject of the Communication to which the current opinion refers.
3.11. The EESC recommends further promoting the new TSD strategy within the WTO, and building alliances for deepened	The Commission welcomes the ambition to promote sustainability dimension in the plurilateral and multilateral

¹⁷¹ <u>Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008</u>

cooperation along its objectives. As a first step in that direction and beyond bilateral engagements, the EU should convene a plurilateral conference on trade and sustainable development with FTA partners and like-minded countries to exchange implementation and enforcement experiences with TSD provisions across trade agreements and jointly reflect on new generation provisions.	 processes, and notably in the World Trade Organisation (WTO). The Commission recalls that it has actively supported the work in the WTO on environment and gender for many years. More specifically, the Commission recalls that in February 2023 it has put forward ideas on Reinforcing the deliberative function of the WTO to respond to global trade policy challenges as part of the broader WTO reform agenda. Promoting inclusivity in the WTO and making sure that the multilateral trading system contributes to tackling global environmental challenges are key features of this proposal. Furthermore, the EU is at the forefront of the pluri-lateral work on trade, environment and sustainable development launched in 2021¹⁷², and is actively engaged in high-level initiatives to strengthen global collaboration initiatives, notably through the launch in January 2023 together with a diverse group of partners of 'The Coalition of Trade Ministers on Climate', the first Ministerial-level global forum dedicated to trade and climate and sustainable development issues¹⁷³.
4.3. The EESC reiterates the importance of reinforcing roadmaps as leverage for pre- implementation efforts and of them being specific, concrete, public, time-bound and mutually agreed upon with the trading partner, in order to serve as a tool for increased monitoring, implementation, and	The Commission concurs with the Committee on the importance of monitoring the progress and to ensure that the implementation of TSD commitments results in concrete changes on the ground according to the specific sustainability priorities of the trading partners.

¹⁷² https://www.wto.org/english/news_e/news21_e/envir_15dec21_e.htm ¹⁷³ https://www.tradeministersonclimate.org/

possible enforcement of the TSD commitments.	The Commission is of the view that, where necessary and relevant, roadmaps can play a role strengthening the implementation process through specific steps and appropriate follow up actions to be agreed with the trading partners, in line with the spirit of dialogue and cooperation that underpins the TSD policy.
4.6. [] While roadmaps can assist, it is equally important to strengthen the clarity of the obligations at the level of the agreement. The term "continued and sustained efforts" has already proven too vague in the first TSD-related infringement case with Korea. Clarifying and detailing commitments also benefits the parties in terms of understanding what is expected of them and assists them throughout the implementation process.	The Commission wishes to point out that TSD commitments are already legally binding and enforceable through a dedicated state-to-state dispute settlement mechanism. The TSD dispute settlement brought against the Republic of Korea confirmed this. The report of the panel found a lack of compliance by the Republic of Korea with the trade and sustainable development obligations under the trade agreement. Furthermore, the ratification of three fundamental International Labour Organisation (ILO) Conventions following the publication of the panel report, and the on-going dialogue towards the ratification of the one outstanding convention, are a testimony of the effectiveness of the related provisions.
5.2. The EESC [] supports the more ambitious involvement of the DAGs throughout all stages of the lifecycle of trade agreements. This starts with the need to pay increased attention to the establishment of DAGs, especially in partner countries with reduced civic space, and where cooperation between the government and civil society is not a given.	The Commission acknowledges the rich expertise available across civil society organisations and the Domestic advisory groups (DAG) members, and expects to build on their timely, targeted and substantive contributions and advice in the process of implementation of TSD provisions. In recognition of the DAGs role, the Commission is committed to engaging with DAGs and to facilitating the interactions with

	DAGs of the partner countries. The Commission is also committed to monitoring closely the establishment of DAGs in line with the terms of the agreements.
5.10. [] the EESC regrets that its repeated call for the reinstatement of the expert group on FTAs was not considered in the Communication and urges the Commission to still take such action. []	The Commission considers that the existing multiple channels of communication allow for ample and sufficient opportunities for the civil society to participate in trade policy making. The main forum remains the Civil Society Dialogue ¹⁷⁴ , which is held around 25 times a year. With a view to ensure a more effective engagement with civil society organisations, the Commission has introduced improvements in the planning and in the preparation of the meetings. The Commission is also committed to improve the ways it reaches out to civil society in Member States.
5.9. The EESC identifies an important missing gap in the agreements' life cycle, namely a stronger involvement of civil society during the negotiation process. It had put forward proposals for a new negotiating methodology, establishing a new roadmap to ensure that civil society organisations and social partners are genuinely involved throughout negotiations. This proposal aims to preserve the transparency of the agreement's negotiating process while ensuring its confidentiality.	The Commission wishes to reiterate its views that the Treaties establish a framework, which clearly grants, under article 207 of the Treaty on the Functioning of the EU, the responsibility for the trade negotiation and of external representation to the Commission, both of which help to generate the trust needed to conduct the negotiations with external partners. As regards transparency, the practice of the Commission is unprecedented and unmatched in terms of negotiating process. Interested stakeholders have public access to the EU proposed negotiating texts. Furthermore, participation and involvement are guaranteed through the Civil Society Dialogues that accompany

¹⁷⁴ <u>EU Trade Civil Society Dialogue (europa.eu)</u>

the formulation and implementation of
the trade policy, not least including
trade negotiations, and they constitute
the main platform for interacting with
the interested stakeholders.