FOLLOW-UP PROVIDED BY THE EUROPEAN COMMISSION
TO THE OPINIONS OF THE
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE
PLENARY SESSION OF JUNE 2023¹

¹ Including the follow-up to two opinions adopted during the March 2023 Plenary session, and five during the April 2023 Plenary session.
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Rapporteur: John COMER (IE-III)

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Rapporteur: Anastasis YIAPANIS (CY-III)
Co-rapporteur: Alberto MAZZOLA (IT – Cat. 1)

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Rapporteur: Rudolf KOLBE (AT-III)

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Rapporteur: Martin BÖHME
Co-rapporteur: Rolf GEHRING

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Rapporteur: Martin BÖHME (DE-III)
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579th Plenary Session – June 2023
Rapporteur: Nicoletta MERLO (IT-II)
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<td>1.1. In order to ensure that the EU youth strategy's implementation is successful and provide a framework and reference for promoting youth agendas across all Member States, the EESC underlines the importance of having accurate, up-to-date data. This will make it possible to monitor and evaluate the asymmetric impact of crises such as COVID-19 and the impact of policies on youth and define good practices which address young people directly and exclusively or which have a significant impact on them.</td>
<td>The 2019-2027 EU Youth Strategy stresses that youth policy should be evidence-based and anchored in the real needs and situations of young people. The Strategy draws on multiple sources and data collection tools, including the Eurostat EU Youth Dashboard, the Youth Wiki, Erasmus+ and European Solidarity Corps Dashboards, Eurobarometer surveys, and research activities by EU-Council of Europe Youth Partnership and other international organisations. In May 2022, Eurostat published a renewed EU Youth Dashboard about the situation of young people. A comprehensive review of available data, research and studies is conducted regularly for the preparation of the implementation report on the EUYS – the EU Youth Report. The next EU Youth Report covers the period 2022-2024. The Commission acknowledges that the range and coverage of data and indicators, statistical and quantitative as well as qualitative, needs to follow the situation of young people accounting for regional differences, and therefore continue evolving, as it can point to areas where youth policy attention is needed and where actions could be developed or intensified. The Commission will continue its efforts in this area, in cooperation with Member States and</td>
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stakeholders, and building on the achievements and strengthened cross-sectoral cooperation during the European Year of Youth. The interim evaluation of the EU Youth Strategy, to be finalised by the end of 2023, will also provide insights into data availability and recommendations in this area.

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<th>1.2. The EESC appreciates the continuous improvements to the EU Youth Dialogue and considers that it is crucial to strengthen this dialogue and involve bodies representing young people meaningfully throughout the policymaking process, acknowledging their role and taking into due account the new ways in which young people today engage, debate and mobilise, often through the use of technology and social media.</th>
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<td>The EU Youth Dialogue is a flagship instrument of the EU Youth Strategy to engage young people, and those working with and for them, in meaningful joint reflection and consultation on the priorities, implementation and follow-up of EU youth policy cooperation. The Commission supports the objective to make the Dialogue more participative, more transparent and to increase the ownership from the youth sector and therefore, is continuously looking into ways to further strengthening it. The EU-Council of Europe Youth Partnership is carrying out a review of the EU Youth Dialogue and will issue a recommendations paper in autumn 2023. The Commission’s interim evaluation of the EU Youth Strategy will also have a focus on the inclusiveness of the EU Youth Dialogue.</td>
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<th>1.3. The EU Youth Dialogue should be closely linked to the EU's agenda. Events such as &quot;Your Europe, Your Say!&quot; and the EU Youth Event should be better integrated with the EU Youth Dialogue and youth organisations and networks contributing to it should be better supported financially and on a longer-term.</th>
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<td>The EU Youth Dialogue (EUYD) is organised in 18-months work-cycles, each dedicated to a thematic priority, set by the Council trio presidencies, and closely linked to the priorities of the EU Youth Strategy and its Youth Goals. The recommendations of the EU Youth Conference under each Presidency feed the EU youth policy agenda. The Commission welcomes dialogue and cooperation on enhancing synergies with major youth events, such as the Committee</td>
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| Your Europe, Your Say!’, or the European Parliament ‘European Youth Event’².  
The Erasmus+ programme provides funding to civil society organisations and networks in Europe and beyond, to strengthen youth work, inclusion, and civic spaces for young people. Three Erasmus+ Youth Actions finance the youth organisations: European Youth Together, Civil Society Cooperation in the field of youth (structural support through operating grants), and Partnerships for cooperation in the field of youth-European non-governmental organizations (NGOs).  
| 1.6. The EESC considers it essential that all Member States' laws, legally binding acts, policies, strategies, programmes, measures and public investments be subject to a **Youth Test** consultation, impact assessment, policy design and proposals for mitigation and that they prevent infringements of rights and discrimination against young people.  
3.2.1. The EESC considers it essential that all Member States' laws, legally binding acts, policies, strategies, programmes, measures and public investments be subject to a Youth Test consultation, impact assessment, policy design and proposals for mitigation and that they prevent the infringement of rights and discrimination against young people within the economies of a Super-Ageing Society and globalisation.  
3.2.3. The EESC would point at its opinion on the EU Youth Test, which encourages European and national institutions to ensure the appropriate involvement of youth organisations, to implement measures and mechanisms to | The Commission has a Better Regulation framework that ensures that the youth impact is taken into consideration when proposing new legal initiatives. The youth dimension is strongly integrated in the **Commission’s Better Regulation framework**, notably through the tool #31 (Education and Training, Culture and Youth), the tool #29 (fundamental rights, with an explicit reference to the age dimension in assessing impacts) and the tool #20 (strategic foresight)³. For relevant initiatives, the ‘call for evidence’ reflects the youth dimension and the public consultations include tailored questions for youth. Youth is also part of targeted consultations. The youth input is then reflected in the impact assessments and evaluations and in the annex on consultation activities, the synopsis report. The impact assessments also analyses if there are expected adverse effects on youth and where needed, defines the necessary mitigating measures. This is why Better Regulation tools contain questions to establish the relevance of an initiative for youth from the outset.  

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² [Home - European Youth Event (europa.eu)](https://europa.eu)  
³ Better regulation toolbox (europa.eu)
| Ensure that the youth perspective is taken into account, and to carry out a systematic assessment of the impact of policies by fully implementing the Youth Test. | There is always an opportunity to do more to ensure that decisions do not negatively impact young people today and in the future. For this reason, **the Commission will make sure that the tools mentioned are used when relevant** and welcomes a **stronger role of youth organisations in taking part in various consultations** for new EU initiatives, and in actively pointing out where they foresee a negative impact.

The Commission encourages the participation of youth in responding to all public consultations on its ‘**Have your say**’ portal. This will indeed ensure that a comprehensive youth perspective is taken into account. |
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| **1.7.** With a view to breaking down economic barriers, **the EU and the Member States should give priority to both integrating young people into the labour market through quality jobs and improving outreach to NEET.**

3.3.2. Integrating young people into the labour market through quality jobs and improving the outreach to NEET (not in employment, education or training) should be a priority for the EU and the Member States. In this regard, the EESC urges the Spanish presidency to consider youth demands regarding the ongoing legislative files that are particularly relevant to young Europeans: binding measures to guarantee quality traineeships and the Directive on Improving Working Conditions in Platform Work, upholding the subsidiarity principle and the autonomy of the social partners. | **Member States are committed to implementing the 2020 Council Recommendation reinforcing the Youth Guarantee**⁴. This places particular attention to reaching out to and supporting the most vulnerable young people, including NEETs (not in employment, education or training).

The Commission has launched a new social inclusion initiative under the ESF+, ALMA (Aim, Learn, Master, Achieve)⁵ to help young NEETs, who are vulnerable regarding their chances of accessing work or training for individual or structural reasons, integrate into society and labour market of their country of origin.

As mentioned in the **2023 Commission Work Programme**⁶, the Commission will propose an initiative reinforcing the quality of traineeships. |

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⁶ COM(2022) 548 final.
1.9. In order to promote **mental health** and combat violence and bullying, the EESC stresses the importance of ensuring that adolescents acquire socio-emotional skills and providing free psychological and social support in schools and other large groups. A European Year of Mental Health would be helpful in raising awareness of such issues.

Several initiatives were launched under the **European Year of Youth**. The Pathways to School Success\(^7\) and Expert Group for supporting Well-Being at school\(^8\) focus on creating supporting learning environments at school and on how to promote better mental and physical health and emotional well-being, as well as how to prevent bullying and violence. The Commission will focus on the implementation of the flagships and other actions outlined in the **Commission Communication on a comprehensive approach to mental health**\(^9\), which has a dedicated chapter on “**Boosting the mental health of children and young people**”.

1.10. In order to **achieve better psychological and physical health**, the EESC considers it important that all young people have the opportunity to play sports and engage in society and in cultural activities

One of the main priorities of the Commission’s work on mental health is to work to **reverse the trend of a worsening of the mental health of young generation**. The Communication on a **comprehensive approach to mental health**\(^10\) will take a number of actions to support the young generation, such as tools for children and young people to address, for example, healthy lifestyles and the prevention of mental health problems.

The **Healthier Together – EU non-communicable diseases initiative**\(^11\), presented by the Commission in June 2022, is a toolkit for action by Member States and stakeholders for the prevention and management of non-communicable diseases, including mental health, and their risk factors such as physical inactivity. The Commission supports Member States in the implementation of such actions through the identification of best and promising practices,

\(^7\) COM(2022) 316 final.
\(^8\) New expert group focuses on supporting well-being at school | European Education Area (europa.eu)
\(^9\) COM(2023) 298 final.
\(^10\) Idem.
\(^11\) Healthier together – EU non-communicable diseases initiative (europa.eu)
and financial support under the EU4Health programme, for their wider implementation within the EU.

The HealthyLifestyle4All initiative\(^\text{12}\) promotes a holistic approach to food, health, well-being and sport with attention to mental health. Youth labs gathered young people to explore new ideas on promoting healthy lifestyle.

The Erasmus+ Sport Actions\(^\text{13}\) support projects promoting healthy lifestyles.

A joint Commission-European Parliament seminar on the role of culture in health and well-being was organised in November 2022. The Commission published good practice examples of EU funded projects linking culture, health and well-being, e.g. “Culture For Health”\(^\text{14}\) on well-being through participatory arts and culture. The EU Work Plan for Culture 2023-2026\(^\text{15}\) includes more cross-sectoral work between health and culture sectors, through Open Method of Coordination expert group with Member States, to be launched in the first quarter of 2024.

The Creative Europe programme\(^\text{16}\) will also support culture’s role in health and well-being, particularly mental health, through funding for cultural initiatives empowering young people as audience and emerging artists.

1.12. The EESC calls for more meaningful **engagement of young people** The European Climate Law\(^\text{17}\) recognises the powerful role of citizens and

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\(^\text{12}\) The HealthyLifestyle4All Initiative | Sport (europa.eu)
\(^\text{13}\) Sport actions | Erasmus+ (europa.eu)
\(^\text{14}\) Report indicates culture should be integral part of the EU’s health strategy | Culture and Creativity (europa.eu)
\(^\text{15}\) Council of Ministers agrees on new EU Work Plan for Culture 2023-2026 | Culture and Creativity (europa.eu)
\(^\text{16}\) Creative Europe | Culture and Creativity (europa.eu)
in climate action and environmental **issues** and stresses the importance of skills development in these fields.

| communities in driving the transformation towards climate neutrality and calls for strong public and social engagement on climate action at all levels. The Commission aims to engage with society to act towards a climate-neutral and climate-resilient society, also through the European Climate Pact. 

Youth engagement is guided by the EU Youth Strategy 2019-2027, which aims to foster youth participation, through better inclusion, empowerment, and connection with young people. For example, young people are an important part of the activities of the European Climate Pact, through its work with young Climate Pact Ambassadors and different awareness-raising and engagement activities organised with and for young people.

Lastly, one of the flagship initiatives of the European Education Area is the **Education for Climate Coalition**, which mobilises practitioners from all education sectors to work towards achieving a climate neutral and sustainable Union. Within the Education for Climate platform, with currently over 6 300 members, a dedicated **Youth Climate Lab** has been established in 2023, as a space bringing together young people from 16 to 25 years old to explore climate-related challenges, cooperate to deliver a solution, and learn and interact with interested stakeholders.

1.13. The EESC calls on the EU and its Member States to take proper account of the **correlation between climate issues and mental health** as regards young people and to **increase research** in and

| The Commission Communication on a **comprehensive approach to mental health** recognises that children and young people, in particular, are increasingly dealing with anxiety, sadness or fear and that they are

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18 [About the Pact (europa.eu)]
20 [Education for Climate Coalition: European Commission organises the first gathering of young people and education communities (europa.eu)]
21 COM(2023) 298 final.
government responsiveness to climate action. especially vulnerable to the different and interconnected health, environmental and social determinants. In addition, young people are strongly preoccupied by climate change and biodiversity loss.

The Commission recognises the strong link between climate issues and mental health, as well as the importance of clear and decisive action as a measure to counter mental health issues. As a recent study shows, not only do 75% of children and youth see their future as ‘frightening’, but also that **climate anxiety and distress are correlated with perceived inadequate government response** and associated feelings of betrayal.

| 1.14. Working with the above-mentioned topics, it is important to be aware of marginalised young people and to take an **intersectional approach**, paying attention to gender, ethnicity, disability and so on. | The **European Climate Pact** has always worked to promote diversity and to ensure a fair representation among its ambassadors and Climate Pact community, both in terms of gender, background and disability. Through different Climate Pact events, it has the aim of bringing attention to the intersectional links between climate issues and gender.

Finally, the Commission acknowledges that vulnerable and marginalised groups abroad are more likely to be the most affected by the climate crisis, especially women. It is committed to supporting a fair and inclusive green transition in its **external action, as set out in the EU Gender Action Plan III**.  

Following the Commission Communication on a **comprehensive approach to mental health**, a **call for best practices** on mental including the specific needs of vulnerable groups has been launched and includes improving mental health and well-being of ethnic minorities and addressing links between mental health, physical health and |

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22 JOIN(2020) 17 final.
23 COM(2023) 298 final.
2.3. The EESC believes that the ongoing and future EU Youth Agenda should **address the main challenges, issues and obstacles young Europeans are facing** (identified through the EU Youth Dialogue and Eurobarometer). It should also determine how the EU can help young people overcome them. **The EU should** encourage the Member States to bolster the measures directly designed to mitigate **intergenerational** unfairness and foster intergenerational justice, with strong coordination and oversight mechanisms to ensure policy coherence. The Member States also need to reinforce cross-sectoral measures that have a positive impact on young people by potentially affecting mainly young beneficiaries and reducing the generational divide.

The Commission shares the view that **EU youth policy should address the challenges faced** by young people including those living in rural and remote areas, provide common EU responses, and complement the efforts and initiatives by Member States, as echoed in the EU Youth Strategy 2019-2027.

Notably, the 11 **European Youth Goals** of the Strategy present a vision for a Europe that enables young people to realise their full potential. The European Youth Goals identify **cross-sectoral areas** that affect young people’s lives and point out **challenges** to be tackled. The Strategy calls for mobilising instruments and actions at EU, national, regional and local levels by all stakeholder in this pursuit.

In terms of young peoples’ expectations from the EU, the **2022 Eurobarometer Survey on Youth and Democracy in the European Year of Youth**\(^{24}\) found that youth attach most importance to ‘preserving peace, reinforcing international security and promoting international cooperation’ (37% of respondents), followed by ‘increasing job opportunities for young people’ (33%), ‘fighting poverty and economic and social inequalities’ (32%) and ‘promoting environmentally friendly policy and fight climate change’ (31%).

The Council Resolution on the **Outcomes of the 9th Cycle of the EU Youth Dialogue**\(^{25}\), focusing on Youth Goals 10 (Sustainable Green Europe) and 3 (Inclusive Societies), manifest the commitment to ensure quality and continuity in the dialogue process and

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\(^{24}\) New Eurobarometer survey shows growing youth engagement | Erasmus+ (europa.eu)

\(^{25}\) Publications Office (europa.eu)
### 3.4.1. Although much progress has been made in recent years, many young people still report acts of violence based on sexual orientation and gender identity. The EESC considers that facilities such as shelters and projects reintegrating people into society should be improved to ensure that there are tools available for people to process the resulting trauma and to support victims of violence and all forms of discrimination. Legal, health, psychological and social mediation services are also essential.

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<th>feeding its outcomes into youth policy making at all levels.</th>
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| Ensuring LGBTIQ (lesbian, gay, bisexual, trans and intersex, queer) people’s safety is one of the main pillars of the LGBTIQ Equality Strategy 2020-2025\(^{26}\). In December 2021, the Commission adopted a Communication\(^{27}\), accompanied by a draft Council decision\(^{28}\), to **extend the current list of ‘EU crimes’** under Article 83(1) of the Treaty on the Functioning of the European Union (TFEU) to cover hate speech and crime. The Commission has been focusing on creating dialogue and exchanges of good practices among Member States. The High-Level Group on combating hate speech and hate crime provides a forum for national authorities, international organisations and civil society. The work has focused on better support for victims, stepping up prevention of hate crime training for law enforcement, encouraging hate crime reporting and data collection, and on cooperation between law enforcement and civil society organisations (CSOs).

In June 2022, the Commission organised a joint session of the High-Level Group and the LGBTIQ Equality Subgroup focused on tackling anti-LGBTIQ hate crime and hate speech in the EU. In 2023, the Commission will also provide €1.2 million for a dedicated joint **project with the Council of Europe on combating anti-LGBTIQ violence and hate speech** and strengthening awareness-raising and fact-based narratives about LGBTIQ people.

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\(^{26}\) COM(2020) 698 final.
\(^{27}\) COM(2021) 777 final.
\(^{28}\) pdf (europa.eu)
Combating all forms of gender-based violence is one of the main pillars of the Gender Equality Strategy 2020-2025. The proposal for a Directive on violence against women and domestic violence, adopted by the Commission on 8 March 2022, provides for a range of support and protection measures for victims of such violence. The Commission is preparing a Recommendation on preventing and combating harmful practices against women and girls. These practices are forms of gender-based violence as they disproportionately affect women and girls or affect them precisely because they are women or girls.

| 3.5.4. Young people often refer to collective loneliness, whereby people today feel alone in a crowd. However, this hides another problem: inactivity due to defensive isolation. This is a rapidly growing social phobia, often accompanied by more or less acute forms of depression that build up over time. The EESC welcomes the conclusions of the European Year of Youth's closing conference on "Claim the Future" on 6 December 2022 calling for increased focus on preventive health care, combating mental illness and loneliness. | The Commission welcomes the Committee’s support for the conclusions of the European Year of Youth closing conference. The Year successfully focused on re-establishing a positive outlook for young people and included activities supporting young people's mental health and well-being. The Commission’s Communication on a comprehensive approach to mental health also includes flagship actions to boosting mental health of children and young people. This includes creating a child and youth mental health network, a prevention toolkit addressing the interlinks between mental and physical health and key health determinants, tools for children and young people to support healthy lifestyles and prevention of mental health problems. |

| 3.7.1. Young people are key agents of change and innovation and essential partners in the implementation of the 2030 Agenda for sustainable development and other multilateral agreements and | 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 calls on Member States |
instruments, including the Paris Agreement on Climate Change and the European Green Deal. The EESC calls for more meaningful engagement of young people in climate action and environmental issues to reinforce cross-sectoral cooperation in the fields of education and sustainability.

The EU Youth Dialogue has provided a route for meaningful engagement of young people in climate and environmental issues. The 2023 May Council Resolution on the Outcomes of the 9th Cycle of the EU Youth Dialogue under the title ‘Engaging Together for a Sustainable and Inclusive Europe’ provides recommendations for Member States and the Commission.

In Erasmus+ and the European Solidarity Corps programmes, the incorporation of green practices at the level of the projects is part of the award criteria. There are financial incentives for participants to use low carbon means of transport.

Young people are an important part of the European Climate Pact activities, notably the young Climate Pact Ambassadors and different awareness-raising and engagement activities organised with and for young people.

Moreover, the Commission published a ‘Toolkit for Youth Participation in the Just Transition Fund’32, to encourage more ambitious, meaningful and numerous participation opportunities for youth in the regions most impacted by transition towards climate-neutrality.

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32 Inforegio - Youth for a just transition - A toolkit for youth participation in the just transition fund (europa.eu)
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<th>Points of the European Economic and Social Committee opinion considered essential</th>
<th>European Commission position</th>
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<tr>
<td>1.1. As stated by the EESC in its previous opinion on this matter, Member States' agreement is necessary to add new own resources to cover the debt repayment resulting from borrowing under the NextGenerationEU Recovery Plan without jeopardising the budgets of EU programmes or substantially increasing the Gross National Income (GNI)-based resource contribution.</td>
<td>The Commission concurs with the opinion of the Committee. It is precisely for this reason that the Commission needs new own resources to protect EU budget expenditure including repayment of NextGenerationEU, borrowing and delivering sufficient resources overall to avoid higher Member States Gross National Income contributions.</td>
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<td>1.2. The EESC emphasises that the designing of proposals for new sources of own revenues should be done in context of the budgetary pressures faced by Member States following the pandemic and the ongoing international tensions. This has become all the more important in the current higher interest rate environment, which may lead to the new own resources proposed in the 2021 Commission package falling short of covering the cost of repaying NextGenerationEU.</td>
<td>The Commission amended the proposals of December 2021 and complemented them with a new statistical own resource to cover the increased needs due to the higher interest rate environment and to fulfil its mandate stemming from the interinstitutional agreement of December 2020.</td>
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The EESC notes that the own resource based on plastic packaging waste that is not recycled is in force. It emphasises the importance of adopting and transposing the new legislative proposal on packaging and packaging waste related to non-recycled plastic packing waste in a harmonised manner. The EESC also considers an own resource calculated on the basis of the volume of municipal waste as

The Commission has carefully examined possible alternatives of own resources and summarised its assessment in a Staff Working Document accompanying its proposals of June 2023. This included alternatives related to waste management, as these are closely related to the set EU ‘green’ objectives. The analysis shows however that these could
another implementable option (assuming it is technically and environmentally feasible), which would also support the circular economy. 

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<tr>
<th>1.4. The EESC urges the Commission to develop the proposals concerning Business in Europe: Framework for Income Taxation (BEFIT) as soon as possible. In this regard, the EESC calls on the Commission to set clear aims in relation to simplifying the tax landscape and ensuring the competitiveness of existing and new tax directives. In particular, the EESC highlights the need to base the BEFIT rules on harmonised definitions and standards as well as a more refined estimation of the potential additional revenues linked to its implementation.</th>
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<tr>
<td>The Commission takes note of the Committee’s recommendation. One of the objectives of the Commission proposal on Business in Europe: Framework for Income Taxation (BEFIT) is to provide tax administrations and businesses with a simplified set of rules for computing the tax base. For this purpose, BEFIT builds on the principles that permeate the recent achievement of the Pillar 2 Directive. BEFIT also uses the financial accounting statements as a starting point and subjects them to a limited series of adjustments. In designing these rules, the Commission has taken due account of the existing company tax directives, to ensure that there is consistency in the approach.</td>
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<th>1.5. The EESC deems it reasonable to explore the possibility of including financial services within BEFIT or of developing a global financial transaction tax (FTT) as proposed by the European Parliament while at the same time assessing impacts of the proposal.</th>
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<td>The Commission already put forward two financial transaction tax (FTT) proposals, one in 2011, for all Member States, and one in 2013, under enhanced cooperation. After years of negotiation, Member States have reached no agreement. Progress has been slow; enhanced cooperation is reduced to ten EU countries, and the prospects of reaching an agreement, and subsequently for the FTT to become an own resource, are currently very limited; the last substantial discussions took place under the Portuguese Council Presidency in 2021. The proposal on Business in Europe: Framework for Income Taxation (BEFIT) adopted in September 2023 includes the financial sector.</td>
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1.6. The EESC welcomes the agreement between the Council and the European Parliament on the Carbon Border Adjustment Mechanism (CBAM). Moreover, with the aim of achieving a more level playing field in terms of labour conditions, the Commission may consider an additional levy targeting EU companies importing products from third-country manufacturers that do not ensure proper protection of workers, assuming this is in line with the World Trade Organization (WTO) rules and subject to clear criteria to its application. At the same time, the EESC re-emphasises the need for some export relief for EU companies to compete on third markets.

Concerning the additional levy, the Commission refers to its assessment in the Staff Working Document accompanying the June 2023 proposals on own resources. An EU Fair Border Mechanism in the form of duties paid on certain imported goods would be an EU trade policy tool requiring compatibility with the World Trade Organisation (WTO) Agreement and EU bilateral trade agreements.

1.7. Pursuant to the OECD/G20 Inclusive Framework, the EESC notes that a standstill and withdrawal period concerning digital taxes had been agreed. An EU-wide tax on digital transactions could however be potentially considered to increase own resources in case the agreed rules of the OECD/G20 Inclusive Framework are not respected by other major trading partners.

The implementation of the OECD/G20 Pillar One agreement remains an essential priority in the area of corporate taxation for the EU and its Member States. In 2021, the Commission proposed an own resource based on a share of residual profits from multinationals that will be re-allocated to EU Member States under the OECD/G20 agreement on so-called ‘Pillar One’. Substantive progress has been made following the October 2021 agreement. In July 2023, 138 countries agreed to an Outcome Statement recognising the significant progress made. The multilateral convention has not yet been signed and ratified, which means that it cannot yet enter into force. However, the Outcome Statement refers to a signature in the second half of 2023 with a view to enter into force in 2025.

The EU has always considered the OECD’s Two-pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy a paradigm-changing reform of the international corporate tax system. Given...
the ongoing international work in the context of the OECD, the EU will not consider further measures on the digital sector, as long as the OECD’s Pillar One is in preparation or in place.

<p>| The EESC also emphasises that the second set of own resources measures should be in line with the proportionality and social fairness principles. In addition, the EESC reiterates that all of the proposals regarding own resources should be supported by an impact assessment of their effectiveness. | The Commission proposal on new own resources of June 2023 helps to rebalance the package and improves fairness. The contribution of the Carbon Border Adjustment Mechanism (CBAM) own resource is paid by importers for goods of third countries, the solidarity adjustment mechanism of the Emissions Trading System (ETS) own resource mitigates excessive contributions from carbon intensive Member States and the statistical own resource based on company profits helps counterbalancing remaining regressive impacts across most Member States. Moreover, the Commission has analysed different own resources in its Staff Working Document assessing their effectiveness. |</p>
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<td>1.9. Moreover, the EESC calls on all MRS to explore the possibilities for reversing the lacking involvement of local key drivers for development (SMEs, existing industrial clusters, local bank, social enterprises, trade unions, academia, NGOs, and other CSOs), and of multinational corporations and international financial institutions and banks, which is crucial. In the context of MRS, the adoption of the partnership principle should be fully implemented with the full involvement of the stakeholders concerned.</td>
<td>The Commission recognises the need to reinforce the involvement of local stakeholders, the private and the financial sector in the work and delivery of the macro-regional strategies. This is important as the four macro-regional strategies have a key role to play in bridging local and regional action with European political priorities. The Cohesion Policy partnership principle does not apply to macro-regional strategies. However, the will to expand to new stakeholders is present and will be implemented via the various technical support mechanisms established by the four macro-regional strategies and managed under their responsibility.</td>
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<td>1.12. The EESC suggests that a different approach to MRS governance should be considered. As the political level is represented by the Ministers of Foreign Affairs, the operational level should be strengthened with enhanced cooperation with the Ministries of EU Affairs and the Ministries for EU Funds. Participation of regional authorities, empowering their administrational capacity and reinforcing spatial planning, is also crucial for the implementation of the MRS.</td>
<td>The Commission recognises the need and logic for involvement in the governance of the macro-regional strategies of all concerned ministries at national level. Additionally, while in some of the macro-regional strategies regional authorities already play a significant role in the political/strategic discussions at all governance levels, this practice should be extended to all macro-regional strategies. However, as macro-regional strategies are an intergovernmental form of cooperation led by participating</td>
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<td>6.8. It is crucial to promote capacity-building activities to support both regional and local authorities, and enhance the proactive participation of organised civil society and social partners in the development processes of MRS. In this context, the partnership principle should apply to SMR projects to ensure local stakeholders are able to actively participate. This should also support awareness-raising and increasing knowledge among citizens of the main topics and activities concerning the MRS.</td>
<td>The key challenges identified in this paragraph already form the basis of many activities carried out in the macro-regional strategies. The technical support structures now up and running in all four macro-regional strategies have an important role to play in this respect, together with other bodies of organised civil society and social partners active in the macro-regional strategies.</td>
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| 6.9. In particular, the EESC proposes establishing a system for the short- and medium-duration exchange of civil servants between the regions of the MRS, similar to the Erasmus programme, and expresses its willingness to be one of the facilitators of this initiative. We strongly believe that this will considerably help capacity building and awareness raising, and also help to gradually overcome the bureaucratic issues resulting from the various cross-country disparities. | The Commission takes note of this proposal, which could form part of the capacity building and awareness raising activities currently taking place in the macro-regional strategies. |

| 8.4. The EESC suggests that a different approach be considered in the governance of macro-regional strategies. Since the political level is represented by the foreign affairs ministers, the operational level should be boosted through enhanced cooperation with the ministries of EU affairs and EU funds. Involving regional authorities by empowering their administrative capacity is also crucial for the implementation of macro-regional strategies. | As set out in the Commission’s reply to point 1.12 of the Committee’s opinion, the Commission recognises the need and logic for involvement in the governance of the macro-regional strategies of all concerned ministries at national level as well as of regional authorities. However, as already stated as intergovernmental forms of cooperation led by participating countries, the responsibility for involving the right stakeholders at the right levels falls primarily on these countries. |
### Points of the European Economic and Social Committee opinion considered essential

1.5. The EESC calls on the Commission and the Member States to put in place cohesion policies and EU funds to support the shaping of labour market transitions in a way that no worker or region is left behind. It is essential to ensure attractive conditions for companies, while acknowledging the need for investment by companies in innovation and competitiveness and to adapt to the changing needs. The EESC calls on the European Commission and the Member States to take these points into consideration in the mid-term review of the MFF.

### European Commission position

The Commission supports the Committee’s call for promoting regional resilience and competitiveness, leaving no one behind.

In this regard, the proposal establishing the Strategic Technologies for Europe Platform (STEP) suggests using cohesion policy to support domestic industrial production capacity in critical sectors. This would contribute to reinforce the resilience of regions.

Significant EU funding and technical support is available to investment in up- and reskilling in close correlation with the digital and green transition for the whole 2021-2017 programming period. Cohesion policy is key for supporting reforms and growth-enhancing investments in people and businesses to address the regional imbalances while fostering the unfulfilled potential of less competitive regions and sub-regional territories, together with instruments such as the Recovery and Resilience Facility.

In particular, the European Social Fund Plus (ESF+) plays a key role in

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33 COM(2023) 335 final.
supporting Member States and their education and training sector to provide high-quality, inclusive and accessible education and training to develop all people’s skills, in complementarity and synergy with other funds and instruments. The ESF+ also provides support to businesses, including small and medium-sized enterprises, to help them improving their competitiveness through the provision of training and re- and upskilling opportunities, and recognition of qualifications of their workforce, also to promote the adaptation of workers, enterprises and entrepreneurs to change.

The European Regional Development Fund (ERDF) helps improve access to the labour market and education and training by investing in infrastructure. ERDF is also one of the main sources of Cohesion Policy support for small and medium-sized enterprises’ competitiveness, innovativeness and their transition towards more sustainable and digital models.

When proposing the 2024 country specific recommendations, the Commission will take stock of persistent and new challenges faced at national and regional level. Those should then be taken into account by the Member States for the mid-term review of their programmes.

1.7. The EESC calls on the Commission and the Member States to ensure that European labour market and cohesion policies are based on sustainable investment in quality jobs, access to training and essential services, social dialogue, and collective bargaining, in accordance with respecting the autonomy of

| The cohesion policy is place-based and targeted at the national, region and local needs (including those for jobs, training and services). Furthermore, the partnership principle is a legal obligation. Therefore, during the 2021-2027 period, cohesion policy continues to be implemented while respecting that social |
the social partners and in accordance with national industrial relations systems

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<th>1.8. The EESC calls on the European Commission and the Member States to respect human rights and fight effectively against corruption, and thus uphold the rule of law – which plays a key role in making regions attractive to labour market players – and to ensure better monitoring of the effective use of EU funds, especially decentralised ones, by means of European Commission audits.</th>
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<tr>
<td>The Commission is committed to preserve the financial interest of the EU, by building an effective management and control system, and monitoring effectively the implementation of horizontal enabling conditions, including arrangements to ensure compliance of the programmes supported by the Funds and their implementation with the Charter of Fundamental Rights of the European Union. It has also developed guidance and shared best practices for the implementation of administrative and institutional practices on prevention and avoidance of conflicts of interest. For shared management Funds, national audit authorities, which may in turn be subject to audits by the Commission services, are required to provide the necessary guarantees.</td>
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<th>1.9. The EESC calls for the efficient social dialogue and effective participation of civil society organisations (CSO) on all matters related with this strategy to achieve quality regional development that responds to the needs of those living in and wishing to live in the regions concerned and to the needs of companies, especially regarding effective allocation of the ESF+ fund to combat youth unemployment.</th>
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<tr>
<td>Measures on youth employment focus on a wide range of issues, all converging towards how to accompany young people into the labour market. Most ESF+ programmes include measures to secure access to education and acquisition of basic school skills and to activate and guide young people into the labour market. With respect to the regulations governing the Funds, in particular the Common Provisions Regulation for shared management (Article 8) and the European Social Fund Plus (EFS+) Regulation (Article 9), implementation of ESF+ programmes to this regard respects the 2021-2027 Multiannual</td>
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Financial Framework issues related to partnership (including the involvement of social partners and civil society organisations (CSOs)).

The Commission is convinced that a strong and functioning partnership involving all stakeholders, including CSOs, is essential for improving the quality of the programmes but also increasing the ownership and democratic accountability of the investment at regional and local level. The Commission stays fully committed to strengthening the partnership principle. In 2022, the Commission established the European Community of Practice on Partnership (ECoPP), which is a forum for practitioners at all levels of funds’ implementation to exchange partnership practices. Civil society organisations at national, regional, local and EU level have been active members of the ECoPP and contributed significantly to the work and outcomes of the community. The Commission takes into consideration the views of the CSOs regarding the design and the implementation of partnership processes.

1.11. The EESC calls on the European Commission to use the European Semester and the EU Social Scoreboard as tools to provide targeted recommendations to the Member States to combat regional inequalities.

The Commission agrees on the importance of adequately monitoring regional disparities with the aim of supporting Member States to address them, including with the support of EU cohesion policy funding.

Where relevant, regional disparities are analysed in the European Semester country reports, including since 2022 through a dedicated Annex. The Treaty-based Joint Employment Report also integrates a regional dimension to the Social Scoreboard, as far as data is available, through both dedicated maps at.
regional level (NUTS 2) and relevant findings at the regional level. The data and findings included in both publications make it possible to better understand how different regions in a country fare with a view to inform the Commission proposal for country-specific recommendations.

This, in turn, helps monitor convergence within countries, assess the impact of regional policies and shape regional policy-making, in line with the European Pillar of Social Rights and its Action Plan.

The Commission increasingly enhances the regional focus of the European semester, with a view to embed the reduction of territorial disparities within the coordination of economic and employment policies.

Regional data from the EU Social Scoreboard are also used to improve the analytical intelligence of regional social challenges, steering the programming negotiations of cohesion policy Funds.
### Points of the European Economic and Social Committee opinion considered essential

1.1. The European Economic and Social Committee (EESC) welcomes the Commission's proposal, which aims to improve both the amount of information publicly available on companies through the Business Registers Interconnection System (BRIS) and the reliability and trustworthiness of this information. This proposal should benefit not only SMEs needing reliable information to support their cross-border activities but also other stakeholders with an interest in business transparency, such as large businesses, shareholders, creditors, consumers and employees. The proposal should also help undertakings reduce costs and save time in supplying the information needed in cross-border situations. The proposal will continue to facilitate the full use of the single market and digital single market.

1.2. The EESC supports further expansion of the use of digital tools to ensure communication between companies and authorities involved in cross-border activities, as well as the promotion of the "digital by default" principle, providing that nobody is left behind.

2.4 Corporate transparency has been acknowledged as an effective means of deterring corporate abuse. This proposal helps by addressing the need for more reliable

### European Commission position

The Commission welcomes the support of the Committee for the proposal for a Directive on upgrading digital company law.

The Commission is pleased that the Committee shares the view that the proposal is going to benefit not only small and medium-sized enterprises needing reliable information to support their cross-border activities but also other stakeholders with an interest in business transparency. Similarly, the Commission notes that the Committee also considered that the proposal will reduce costs and save time for companies, further advance the digital single market, including through applying the ‘digital by default’ principle, and help to deter abuse by providing more reliable information on companies and ensuring greater transparency and trustworthiness in that information.

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38 COM(2023) 177 final.
information on companies and for greater transparency and trustworthiness in the information that is provided. The proposal also addresses the widespread problem of corporate abuse, including evasion of taxes and labour standards, money laundering, terrorism finance and consumer fraud. Such corporate abuse is enabled through mechanisms such as letterbox companies, identity theft, lack of transparency in corporate groups and the chain of ownership, exploitation of differences in national regulatory regimes and difficulties in cross-border cooperation in enforcement. A recent study demonstrated that letterbox companies are a widespread phenomenon in the EU. Key information for stakeholders, such as place of management and place of the main economic activity, is rarely found in company registers. Furthermore, the information that is provided is often out of date and it is not clear how trustworthy the information is.

1.3. The EESC supports the proposal to expand the scope covered to include partnerships, business groups and third-country company branches (Articles 7, 13, 13a, 14 and 36). As cooperatives and foundations also account for a substantial amount of business, the EESC recommends expanding the scope further to include these types of undertakings in the Directive and to require access to BRIS where information on

| 35 The impact of letterbox-type practices on labour rights and public revenue (2016), SOMO and ETUC, with the support of the European Commission.
| 38 SWD(2023) 178 final. |
these types of companies is already included in national registers.

2.4. In the interests of improving transparency even further, the proposal should also include cooperatives and foundations in the scope of the Directive, and information on them should be made available through BRIS insofar as this information is contained in national company registers. As these legal forms account for a significant proportion of business in the EU, there would be a major gap in transparency if they were not included in the scope.

2.9. The recommendation to apply the same reporting requirements to partnerships as to limited liability companies is based on the principle of creating a level playing field for different company forms. This principle also backs up the recommendation to include foundations and cooperatives in the scope of the Directive.

1.4. The EESC supports the requirement for undertakings to make information on place of management and place of the main economic activity available in national registers and BRIS (Article 14). The EESC supports further expanding the list of information that must be provided and updated on an annual basis to include the number of employees, the sectors of activity (NACE code) and, in the case of undertakings formed by EU company law (Cross-border Conversions, Mergers and Divisions Directive, SE and SCE legislation), agreements on worker information, consultation and participation rights.

2.6. Expanding the list of items to be provided by undertakings to include the place of States include information on cooperatives in business registers, which means that in practice there would be difficulties and costs to connect such information through the Business Registers Interconnection System (BRIS).

As to foundations, as non-profit entities, they are substantially different in their characteristics from companies, for which the EU company law acquis is designed. That is why in 2012 the Commission proposed a specific legal framework through a proposal for a European Foundation Statute. However, this proposal was eventually withdrawn due to lack of support during the interinstitutional negotiations.

1.4. The EESC supports the requirement for undertakings to make information on place of management and place of the main economic activity available in national registers and BRIS (Article 14). The EESC supports further expanding the list of information that must be provided and updated on an annual basis to include the number of employees, the sectors of activity (NACE code) and, in the case of undertakings formed by EU company law (Cross-border Conversions, Mergers and Divisions Directive, SE and SCE legislation), agreements on worker information, consultation and participation rights.

2.6. Expanding the list of items to be provided by undertakings to include the place of

The Commission welcomes the Committee’s support for the disclosure of information on the central administration and principal place of business of limited liability companies and partnerships. The Commission had included the number of employees (as information to be available free of charge through BRIS) in its proposal for a Directive amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in company law (Digitalisation Directive), however, the co-legislators decided to remove this provision from the Digitalisation Directive.

As regards the information about sectors

41 OJ C80, 7.3.2015, p. 21.
management and the place of main economic activity is justified by the need for competent authorities to identify letterbox companies and possible corporate abuse before a pre-conversion certificate may be issued for a cross-border conversion (Article 86m) or a pre-division certificate for a cross-border division (Article 160m). These locations are also relevant in determining applicable national law in the case of insolvency. As noted in the impact assessment, many stakeholders have requested additional information and expanded search capabilities in BRIS. Workers' representatives need information on the number of employees, as employee number thresholds trigger many workers' rights, such as the rights to found a works council or have representation on a company's board. Partnerships should also disclose the same types of information that limited liability companies do.

| of activity (NACE code), the Digitalisation Directive included in the list of information to be made publicly available free of charge through BRIS the object of the company, which in some Member States may be described by using the NACE code. According to the proposal for a Directive on upgrading digital company law, this information item (object of the company) is also included in the EU Company Certificate. The Commission will take into account the suggestion related to the NACE code in the context of the interinstitutional negotiations. As to the suggestion to make information about agreements on worker information, consultation and participation rights in the context of cross-border operations available in the business registers and BRIS, the Commission would like to clarify that these issues were not part of the current proposal as they are addressed in the Directive on cross-border conversions, mergers and divisions. The transposition deadline for that Directive expired recently (in January 2023). That Directive, together with the existing social acquis, regulates the employees’ rights to information, consultation and participation in the context of cross-border operations specifically, including what information and when it should be made available (for example, in articles related to draft terms of cross-border operations, disclosure, employee information and consultation). As regards the proposed disclosure requirements for partnerships, they aim to mirror the existing disclosure requirements for limited liability companies. |

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1.5. The EESC supports interconnecting BRIS with the beneficial ownership registers interconnection system (BORIS) and the Insolvency Registers Interconnection (IRI) system, and using the EUID (European unique company identifier) to link information stored in different systems (Article 22). BRIS should also include information on disqualified directors and enable more effective searches for companies by sector of activity (NACE code) and size (employee numbers and revenues).

1.8. The EESC supports the introduction of a European Company Certificate (Article 16b). However, it recommends that the list of items include the number of employees and the NACE sector(s) of activity, which should be updated on an annual basis. The list of information to be provided for partnerships should be harmonised with the list required from limited liability companies.

The Commission welcomes the support from the Committee for the interconnection of the EU systems such as BRIS, BORIS and IRI. As to information on disqualified directors, the Commission would like to clarify that the Digitalisation Directive requires Member States to have rules on disqualified directors in place and establishes an exchange of information between Member States about disqualified directors. The deadline to transpose these provisions by Member States expired on 1 August 2023 (Article 2 (2) of the Digitalisation Directive).

Furthermore, information about disqualified directors is not always included in business registers but sometimes exists in specific registers; in several Member States this information might also be of a criminal law nature. Therefore, making such information publicly available could raise serious concerns related to privacy and the protection of personal data.

The Commission is looking for ways to improve the search functionalities in BRIS. These are technical changes in the BRIS system and, therefore, do not require legal provisions.

The Commission welcomes the Committee’s support for the EU Company Certificate. According to the proposal, the EU Company Certificate would also include the object of the company, which, as explained above, in some Member States may be described by using the NACE code.

Please see the reply to point 1.4 above as companies while adapting them to the specificities of partnerships.
1.6. The EESC supports the obligation to check a harmonised list of items when companies are formed (Article 10 on Preventive control) but recommends adding a verification of the identity of persons involved in its formation, including information on whether they have been disqualified from acting as a director in any EU Member State ("disqualified director"). It also recommends extending preventive control to the reorganisation of undertakings through EU company law (Cross-border Conversions, Mergers and Divisions Directive, SE and SCE legislation) and expanding the list of items to include a check that the agreements on worker information, consultation and participation required by such legislation have been concluded.

2.7. Expanding the list of items for "preventive control" for company formations to include checking the identity of key persons is justified by the prevalence of fraud through identity theft. "Preventive control" should also apply to cross-border corporate reorganisations through cross-border mergers, conversions, divisions or conversions into SEs or SCEs. Research by the European Trade Union Institute (ETUI) shows that, though required by EU law, negotiations with workers' representatives over worker information, consultation and participation rights are often not concluded or even started before such reorganisations are approved by the competent authority. A completed agreement with workers' representatives should be included in this minimum list. In general, the Directive should require people to be identified at the highest assurance level, as regards verification of identity, the Commission would like to clarify that the Digitalisation Directive already introduced the requirement to verify the identity of the applicants in case of the fully online formation of companies (including the use of electronic identification through the eIDAS Regulation), and that the current proposal extends this requirement also to other forms of company formation.

Furthermore, the proposal aligns with the rules which will significantly facilitate the verification of the identity of (key) persons through the EU digital identity wallets as included in the proposal for a European Digital Identity Wallet Regulation[45]. Please see the reply to point 1.5 above as regards disqualified directors. As regards the suggestion to apply preventive controls to cross-border conversions, divisions and mergers, as well as agreements on workers’ information, consultation and participation in the context of these cross-border operations, the Commission would like to clarify that these issues were not part of the current proposal as they are addressed in Directive (EU) 2019/2121. The transposition deadline for that Directive has expired in January 2023. Directive 2019/2121 requires that substantial scrutiny – including a possible anti-abuse check – takes place before issuing the pre-operation certificate and that a scrutiny of legality

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lower levels of electronic identification reduce the effectiveness of these checks against identity fraud.

is carried out in the Member State(s) of the company or companies resulting from the cross-border operation (for example, in Articles of the Directive regarding the pre-operation certificate, scrutiny of legality of the cross-border operation). In addition, that Directive, as well as Directives supplementing the Regulation on the Statute for a European company (SE)\textsuperscript{46} and the Regulation on the Statute for a European Cooperative Society (SCE)\textsuperscript{47} with regard to the involvement of employees\textsuperscript{48}, together with the existing social acquis, regulates the employees’ rights to information, consultation and participation in the context of these legal acts.

1.6. Reliable and trustworthy information is an important precondition for the smooth operation of the single market and companies' cross-border activities. The EESC supports the obligation for registers to provide up-to-date data (Article 15) but recommends strengthening Articles 28 and 40 to ensure that penalties for non-compliance are effective, proportionate and dissuasive.

2.8. Up-to-date data are a significant benefit for a secure business environment and play a significant role in reducing costs for companies' cross-border activities and ensuring corporate social responsibility. Penalties required by EU law but left to the discretion of Member States to define may not satisfy the need for effectiveness, proportionality and dissuasiveness (cf. current discussion on EU Consumer Law). Articles 28 and 40 should be strengthened to ensure that penalties are effective, proportionate and

The proposal aims to strengthen the penalties. Without specifying the exact penalties, the proposal promotes harmonisation as it amends the existing provisions on penalties by adding situations for which Member States must have in place penalties. Firstly, the proposal now covers failure to disclose any documents or information required for limited liability companies and covers failure to disclose information on partnerships and on groups. Secondly, the proposal also requires penalties for failure by companies to file changes within the deadlines under proposed Article 15. In addition, the proposal harmonises the general criteria for imposing penalties by requiring them to be proportionate, dissuasive and effective.

\textsuperscript{48} Council Directives 2001/86/EC and 2003/72/EC.
dissuasive and to ensure a competitive and balanced business environment throughout the European Union.

1.9. The EESC recommends strengthening Article 16c (Digital EU power of attorney) to require use of the highest level of assurance to verify the identity of persons authorised to represent a company and a check on whether this person has been disqualified as a director in EU Member States.

1.10. The EESC conditionally supports the once-only principle (no resubmission of company information) when a company from one Member State sets up subsidiaries or branches in another Member State. To prevent Member States from being forced to forego validity checks where there is a reasonable doubt that another Member State has not provided adequate levels of assurance of the reliability of information in its register, Article 16e (Safeguards in case of reasonable doubt) should be expanded to allow a Member State to decline accepting information from another Member State in such a case.

2.10. While the once-only principle and the abolition of apostille, requirements are important measures to reduce red tape, their implementation needs to be balanced by safeguarding the trustworthiness of information provided through Member States' company registers. Electronic identification of individuals should be done at the highest level of assurance, and Member States should have the right of refusal for information provided by company registers in Member States which have not achieved a proper balance, for example by not yet having transposed key elements of the Digital Tools Directive\(^\text{49}\) or this proposed Directive (once passed).

As regards the Committee’s suggestions with respect to Article 16c, the Commission would like to clarify that the proposal requires that national rules for drawing up the digital EU power of attorney should include the verification of the identity, legal capacity and authority to represent the company of the person granting the power of attorney.

The Commission would like to underline that the application of the ‘once-only principle’ when companies set up subsidiaries or branches in another Member State (so that companies do not need to submit the information twice) should be seen together with a comprehensive package of measures also put forward in the proposal to ensure that company information is reliable and up to date. These measures include judicial or administrative control in all Member States, minimum common ex-ante scrutiny, obligations on companies to keep their information up-to-date and a requirement for Member States to provide effective, proportionate and dissuasive penalties.

Furthermore, the Commission would like to point out that the use of the ‘once-only principle’ is proposed only in well-defined cases: between business registers which exchange information securely through the Business Registers Interconnection System, BRIS, in which case there is no doubt about the origin and authenticity of this information; and

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in specific cases of setting up subsidiaries and branches where the information subject to ‘once-only principle’ is already available in a business register. In the Commission’s view, these provide strong safeguards for allowing for the application of the ‘once-only principle’.

As regards safeguards proposed under Article 16e, these are specifically related to abolishing the apostille under Article 16d and are supposed to apply only in specific and limited cases where authorities have a reasonable doubt about the origin of a document originating from the register of another Member State.
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<tr>
<th>Points of the European Economic and Social Committee opinion considered essential</th>
<th>European Commission position</th>
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<tr>
<td>1.5. In order to facilitate access to repairs outside the legal guarantee, it is essential to <strong>support repair service providers</strong> in setting up, for example <strong>in the form of professional training</strong> and by ensuring that <strong>all repairers</strong> have access to essential information on repair and maintenance, as well as to the necessary parts at a reasonable price.</td>
<td>The Commission recognises that the professional training for repairers is an important element needed to increase the supply of repair services in the EU, but this aspect is outside the scope of the proposed directive. On 13 June 2023, the Commission proposed a Council Recommendation on developing social economy framework conditions(^{50}), in which it encourages Member States to support training and skills development for the social economy, including with regards to circular and repair skills. Repairer’s access to repair information and spare parts is addressed in the framework of the Ecodesign Directive(^{51}) and in the proposal for the Ecodesign for Sustainable Products Regulation(^{52}).</td>
</tr>
<tr>
<td>3.5 It therefore <strong>calls on the Commission to implement</strong>, in close cooperation with professional organisations, all the <strong>tools necessary to develop</strong> initial and continuing <strong>training in the repair</strong> business.</td>
<td></td>
</tr>
<tr>
<td>4.1.1 The EESC welcomes the Commission's proposal to improve information for consumers by ensuring, in each Member State, a platform to identify repair solutions. <strong>It is important to specify the conditions for</strong></td>
<td>The Commission’s proposal gives flexibility to the Member States on how best to organise and manage the national online repair platform. Thus, Member States can decide to, for example, manage</td>
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\(^{50}\) COM(2023) 316 final.


setting up and managing this platform to ensure that the information is complete and up to date. The platform directly, through public-private partnerships or delegate it to other public or private entities. They can also decide which repairers can register on the online platform as long as access to that platform is reasonable and non-discriminatory for all repairers.

When implementing the provisions concerning the national platform, the Member States will specify how it is managed, including requirements for updating the information.

The Commission takes note of this suggestion for subsequent interinstitutional negotiations.

| Setting up and managing this platform to ensure that the information is complete and up to date. | the platform directly, through public-private partnerships or delegate it to other public or private entities. They can also decide which repairers can register on the online platform as long as access to that platform is reasonable and non-discriminatory for all repairers. When implementing the provisions concerning the national platform, the Member States will specify how it is managed, including requirements for updating the information. The Commission takes note of this suggestion for subsequent interinstitutional negotiations. |
| 4.1.4 In short, an information and awareness-raising campaign at EU level is needed to raise awareness of the benefits of repairing and of the "don't buy more, buy better" principle. This awareness-raising campaign should aim to clarify information on the maintenance that consumers need to carry out. In this vein, the EESC supports the measures put forward by the proposal for a directive on green claims. | Raising awareness and promoting repair can take place through the proposed online national repair platform. Article 9 of the proposal requires Member States to inform consumers about their rights set out in the proposal. According to recital 25, Member States should undertake appropriate steps, for instance sign-post the online platform on related national websites or carry out communication campaigns to inform citizens about the platform and consequently further promote repair. Once the proposed directive is adopted, the Commission could complement the awareness raising efforts of the Member States by EU-level awareness raising campaign about the new rights and obligations concerning the repair. |
| 4.2.2 Additionally, the EESC believes that the possibility for distributors to have recourse against manufacturers should be embedded in mandatory law and therefore | The Sale of Goods Directive (EU) already provides for a right to redress (Article 18) for sellers against any |

guaranteed in order for this measure to work and be economically viable. Distributors’ obligation to repair, whatever the cost, must come with effective recourse for them against manufacturers with respect to access to spare parts and cost sharing. This obligation must be simple enough to implement that SMEs are able to comply with it.

In addition, in case of producers’ non-compliance with their obligations on access to spare parts, sellers can submit appropriate complaints to the market surveillance authorities responsible for the enforcement of ecodesign measures.

4.2.6. […] it would be consistent for the Commission to build on this text in the area of repair by asking Member States to prohibit any practice of intentionally making products irreparable. There can be no right to repair if objects are designed to be irreparable.

The proposed directive is part of a broader, complete system of measures promoting repair of the goods. Thus, practices aiming at intentionally making products irreparable could be tackled by appropriate ecodesign requirements, in particular under the future Ecodesign for Sustainable Products Regulation. Moreover, stronger rules prohibiting misleading practices regarding reparability of goods are addressed in the legislative negotiations concerning the proposal on Empowering Consumers in the Green Transition that amends, among others, the Unfair Commercial Practices Directive 2005/29/EC.

4.3.3 The EESC calls on the Commission and the Member States to prohibit and sanction such practices [serialisation and part pairing], which clearly present a barrier to repair.

The proposed directive is part of a broader, complete system of measures promoting repair of the goods. Thus, practices concerning product design that hinder repair, such as serialisation and part pairing, are tackled in the framework of ecodesign requirements.

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54 This obligation is set out in a number of implementing measures under Directive 2009/125/EC such as, for example, Commission Regulation (EU) 2019/2023 of 1 October 2019 laying down ecodesign requirements for household washing machines and household washer-dryers, OJ L 315, 5.12.2019, p. 285–312. According to Art. 3 of this Regulation in conjunction with Annex II, point 8 (Resource Efficiency Requirements), manufacturers must ensure that certain spare parts must be made available for a minimum period of 10 years after placing the last unit of the model [of the household washing machine and dryer] on the market.

55 COM(2022) 142 final.

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<th>For example, the Commission Regulation (EU) 2023/1670 of 16 June 2023 on ecodesign requirements for smartphones, mobile phones other than smartphones, cordless phones and slate tablets provides that the review, that will take place four years after its entry into force, will assess the appropriateness to prohibit serialisation of parts.</th>
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<tr>
<td>The proposed directive is part of a broader, complete system of measures promoting repair of the goods. Enabling production of spare parts by the means of 3D printing may be an element of fostering the repair market; however, it is beyond the scope of the proposed directive and is addressed instead in the ecodesign framework. For example, the Commission Regulation (EU) 2023/1670 of 16 June 2023 laying down ecodesign requirements for smartphones, mobile phones other than smartphones, cordless phones and slate tablets pursuant to Directive 2009/125/EC of the European Parliament and of the Council and amending Commission Regulation (EU) 2023/826, OJ L 214, 31.8.2023, p. 47–93.</td>
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<tr>
<th>4.3.4. […] The EESC calls on the Commission to <strong>promote the production of spare parts using 3D printing</strong>. This implies producers publishing their 3D models when they stop producing the parts themselves; a practice that some producers have already taken up in recent years. As part of the forthcoming revision of the intellectual property framework, the EESC calls on the Commission to <strong>assess the possibility of supporting data sharing for these parts, and of supporting the dissemination of this information through the platform</strong>.</th>
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<td>The EESC calls on the Commission to <strong>promote the production of spare parts using 3D printing</strong>. This implies producers publishing their 3D models when they stop producing the parts themselves; a practice that some producers have already taken up in recent years. As part of the forthcoming revision of the intellectual property framework, the EESC calls on the Commission to <strong>assess the possibility of supporting data sharing for these parts, and of supporting the dissemination of this information through the platform</strong>.</td>
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<tr>
<th>4.3.5 The EESC calls for the EU to support device refurbishing practices, to the extent that these pursue the same economic and environmental objectives as repairing.</th>
<th>The proposal promotes the sale and use of refurbished goods through the national online repair platform. According to Article 7, such platforms must allow consumers to find companies that sell refurbished goods as well as those that buy defective products for the purposes of refurbishment.</th>
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<tr>
<td>4.4.4 Another of the key steps forward of the text is that of the obligation for producers to repair their goods beyond the legal guarantee period. For reasons of competitiveness, it is essential that this obligation also apply to non-EU producers. The EESC therefore reiterates the need to implement liability for authorised representatives and fulfilment centres.</td>
<td>The proposal establishes a cascade of responsible economic actors in the EU with regards to products that are placed on the EU market by non-EU producers. If such producers are not established in the EU, the obligation to repair would have to be carried out by the EU importer, then the authorised representative or finally the distributor, if none of the economic actors mentioned before is available. The Commission takes note of this suggestion for subsequent interinstitutional negotiations.</td>
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| 4.4.5 The EESC also believes that **the Commission should help and encourage the development of new economic models, such as professional repair services, repair shops, "repair cafés", etc.** The EESC therefore calls for more access points for repairs. | The Commission considers that one of the barriers to the development of the repair market is insufficient access to spare parts and repair information. In order to tackle this problem, the Commission is developing, within the context of ecodesign measures, reparability requirements on producers to provide spare parts as well as repair instruction manuals. This will be continued and further developed in the future proposal for the Ecodesign for Sustainable Products Regulation.

In addition, on 13 June 2023, the Commission proposed a Council Recommendation on developing social economy framework conditions\(^{58}\), in which it encourages Member States to support the development of social economy community-based initiatives and ecosystems, including in the circular economy. |

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\(^{58}\) COM(2023) 316 final.
### Green claims

**COM(2023) 166 final**  
EESC 2022/5381 – INT/969  
579th Plenary Session – June 2023  
Rapporteur: Angelo PAGLIARA (IT-II)  
DG ENV – Commissioner SINKEVIČIUS

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**N°8 Measures to fight stigma against HIV**  
(Exploratory opinion at the request of the Spanish Presidency)  
EESC 2023/863 – SOC/758  
579th Plenary Session – June 2023  
Rapporteur: Pietro Vittorio BARBIERI (IT-GR.III)  
Co-rapporteur: Nicoletta MERLO (IT-GR.II)  
DG SANTE – Commissioner KYRIAKIDES

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<tr>
<td>1.1. The EESC shares the Spanish Presidency’s view that ending HIV-related stigma and discrimination should be considered one of the political priorities of the EU agenda.</td>
<td>The Commission is aware that people living with human immunodeficiency virus/ acquired immunodeficiency syndrome (HIV/AIDS) experience stigma in various settings, including healthcare. Stigma (or the fear of being exposed to stigma) can even prevent people from getting tested and therefore possibly hamper efforts to control the HIV/AIDS epidemic itself. The Commission recently closed the cycle of a Thematic network on HIV, tuberculosis, viral hepatitis, and sexually transmitted infections on the EU Health policy platform[^59]. This Thematic network also worked on stigma experienced by people living with HIV, including by presenting a joint statement. The European Centre for Disease Prevention and Control also works on this topic. For instance, in 2021 and 2022 it teamed up with European AIDS Treatment Group and AIDS Action Europe in efforts to measure HIV stigma and discrimination through a joint survey revealing that 28% of respondents felt ashamed of their HIV status, while a similar percentage experienced poor self-</td>
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[^59]: https://health.ec.europa.eu/events/eu-health-policy-platform-annual-meeting-2023-04-19_en
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<th>1.2. The EESC shares the need for a high-level declaration from the European institutions, to be presented to the European Parliament on 1 December 2023, and undertakes to support it and take part in it at every possible level, way and forum.</th>
<th>The Commission acknowledges the role that awareness-raising can play in combatting stigma against HIV and would consider appropriate levels of action once a more concrete initiative has been developed.</th>
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<td>5.4. The EESC believes that consideration should be given to ensuring constant monitoring and carrying out impact assessments of the various health policies and legislative frameworks adopted in each Member State, through the involvement of independent and impartial actors, including with a view to bringing out best practices to be shared and proposed at European level.</td>
<td>The Commission supports Member States actions and policies in controlling infectious diseases, such as HIV/AIDS, for public health reasons. The Health Security Committee, composed of representatives of the Member States, coordinates in liaison with the Commission the risk and crisis communication and responses of the Member States to serious cross-border threats and adopts opinions and guidance, including on specific response measures for the Member States for the prevention and control of serious cross-border threats to health. For HIV/AIDS, the Commission supports Member States efforts to reach international targets, in particular the Sustainable Development Goals, in particular target 3.3 (end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases by 2030). The Health Security Committee also acts on this front, for example through its meeting, on 30 November 2022, to discuss Member States’ progress towards the Sustainable Development Goals. In addition, a new Commission Public Health Expert Group has been set up, with the identification and transfer of</td>
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**Preliminary results of ECDC survey on HIV stigma can be found in:**

best and promising practices within public health as a main work stream and the possibility to also work on such practices regarding HIV/AIDS, including via targeted calls for practices on its Best Practice Portal, if the Member States ask for practices in this area.

| 7.6. The EESC calls for conditions for people living with HIV that give them equal opportunities in terms of professional growth and access to e.g. insurances, mortgages and loans and that reflect the improvement in treatment, health and life expectancy. According to the EESC, anonymised statistical evidence available through the EU Health Data Space should be used to improve access to financial services. | The Commission considers that data available through the European Health Data Space can indeed be useful for research and policy decision-making, also in relation to people living with HIV. However, for collecting statistics or other insights to inform policy interventions with the view of improving access to financial services, the information available through the European Health Data Space would need to be combined with information from additional data sources, such as insurers, banks and other financial institutions. The possibility for such analysis would eventually depend on the contents of a specific data permit application and will be subject to a decision by a health data access body. In addition, the proposal for a Directive on consumer credits will introduce a prohibition against using health data in the creditworthiness assessment for certain consumer credits. |

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N°9 Towards a European Food Policy Council as a new governance model in the future EU Framework on Sustainable Food Systems
(Own-initiative opinion)
EESC 2023/895 – NAT/892
578th Plenary Session – June 2023
Rapporteur: Piroska KÁLLAY (HU-II)
DG SANTE – Commissioner KYRIAKIDES

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## Green collective bargaining
(Exploratory opinion requested by Spanish presidency)

EESC 2022/6018 – SOC/747
579th Plenary session – June 2023

Rapporteur: Maria del Carmen BARRERA CHAMORRO (ES-II)
Co-rapporteur: Marinel Dănuț MURESAN (RO-I)

### DG EMPL – Commissioner SCHMIT

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| 1.8. The EESC therefore calls on the EU and the Member States and the social partners, with full respect for collective autonomy, to take more committed and effective measures to further the development of, and raise the importance of greening in collective bargaining at the various appropriate levels. | The Commission agrees with the Committee’s call to make efforts to raise the importance of greening in collective bargaining. In particular, this is also fully in line with the Council Recommendation on strengthening Social Dialogue in the European Union\(^{62}\), which the Council formally adopted on 12 June 2023. The Recommendation calls on the Member States to support national social partners, effective participation in social dialogue, including in collective bargaining, and the implementation of EU level autonomous social partner agreements by taking actions such as supporting social partners to adapt their activities, among others, to the digital age, and to promote collective bargaining in the context of the new world of work, and a fair and just transition towards climate neutrality. This has been emphasised also in the Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality\(^{63}\), inviting Member States to ‘actively involve social partners at national, regional and local levels, while respecting their autonomy, in all


stages of policy-making and implementation provided for under this Recommendation, including through social dialogue and collective bargaining where appropriate’. This Recommendation also invites Member States to ‘adopt and implement, in close cooperation with social partners as relevant, comprehensive and coherent policy packages, while pursuing a whole-of-society approach and making optimal use of public and private funding’.

| 1.12. The EESC calls on the EU and the Member States to further support actions and initiatives that will incentivise employers and workers to adapt to the green transition, and to consider developing, among other measures, a concept of designated employees that act as environmental transition representatives or contact points for matters related to the environmental and ecological transition of the workplace. | The Commission recognises the importance of the workers’ active involvement in the design of measures in the workplace. In particular, as the green transition brings significant changes in the workplace and for workers, the Commission underlines the role of workers in this context to design measures that are adaptive and adapted to these changes. An extensive legal framework on workers’ involvement exists, including the Directive establishing a general framework for informing and consulting employees and the Directive on European Works Councils in transnational settings. Information and consultation are based on a process of dialogue between employee representatives and management; it does not cover the designation of individual ‘ambassadors’ for environmental or ecological issues, which is a matter for each company. The European Parliament adopted a Resolution calling for the revision of the European Works Councils Directive. On this basis, and in accordance with the |

| and 5.4. The EESC calls on the EU and the Member States to further support actions and initiatives that will incentivise employers and workers to adapt to the green transition and to consider developing, among other measures, a concept of designated employees that act as environmental transition representatives or contact points for matters related to the environmental and ecological transition of the workplace. | |

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64 Directive 2002/14/EC.  
65 Directive 2009/38/EC.  
political commitment of President von der Leyen in her Political Guidelines as regards resolutions adopted by the Parliament under Article 225 of the Treaty on the Functioning of the EU (TFEU), the Commission confirmed its commitment to follow up with a legislative proposal, in full respect of proportionality, subsidiarity and better law-making principles. In line with Article 154 of the TFEU according to which the Commission is obliged to consult with EU social partners before presenting any legislative proposal, the Commission has launched a two-stage consultation of EU social partners, who may decide to negotiate an agreement in the field. A first phase of consultation of social partners has already taken place in April 2023 and the second phase was launched in July 2023. President von der Leyen confirmed in the letter of intent accompanying her 2023 State of the Union speech that a legislative proposal on European Works Councils is a key priority for 2024.67

In addition, the Corporate Sustainability Reporting Directive68 supports that Member States should ensure that sustainability reporting by concerned companies is carried out in compliance with workers’ rights to information and consultation. As part of the Commission’s proposal for a Corporate Sustainability Due Diligence Directive69, companies would, where relevant, also carry out consultations with workers for the identification of actual or potential adverse impacts on the environment and human rights. If fully adopted and

68 Directive (EU) 2022/2464.
69 COM(2022) 71 final.
effectively implemented on the ground, these new frameworks would significantly contribute to enabling workers’ involvement in designing measures to support the green transition in the workplace.

<table>
<thead>
<tr>
<th>4.1. The EESC calls on the EU and the Member States to further support actions and initiatives that will incentivise employers and workers to adapt to the green transition, taking into account practices of workplace information and consultation.</th>
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<tr>
<td>The Commission acknowledges the importance to safeguard the right of information and consultation of workers at all appropriate levels. The general framework for informing and consulting employees sets minimum standards at Member States’ level. As the green transition brings about significant changes in the workplace, it is also crucial to ensure this right to seize all opportunities and address current and future challenges brought by the green transition. To achieve an effective and fair transition that leaves no one behind, the Council Recommendation on ensuring a fair transition towards climate neutrality highlights that it must be accompanied by adequate measures implemented at national, sectoral and company levels to support adaptation of workers and in the workplace, including based on jointly established transition pathways or plans where adequate. In achieving this objective, including in the context of the European Year of Skills, the Commission also recognises the importance of ensuring that workers are equipped with skills for the green transition so as to face resulting changes on the labour market, as emphasised in the Council Recommendation on ensuring a fair transition towards climate-neutrality, which encourages Member States to develop, in close</td>
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cooperation with social partners, up-to-date labour market and skills intelligence and foresight, including by identifying and forecasting occupation-specific and transversal skills needs, and adapting education and training curricula accordingly.

As regards individuals’ skills development specifically, the Council Recommendation on individual learning accounts further acknowledges the importance of individual financial support complemented by outreach and awareness raising activities and campaigns to ensure high rates of adult participation in learning opportunities, in particular for individuals most in need of upskilling and reskilling. In this regard, it recommends that Member States incentivise employers and workers to adapt to the green transition, by providing additional individual training entitlements to the accounts of individuals most in need of upskilling and reskilling, reflecting national circumstances and EU priorities, including for the green transition.

The Council Recommendation on a European approach to micro-credentials for lifelong learning and employability aims to promote quality, trust and uptake of micro-credentials. This includes incorporating micro-credentials within active labour market policies to respond to the digital and green transition and offer targeted upskilling and reskilling for the European workforce. Micro-credentials (targeted, short in duration, flexible) offer a real opportunity to deliver timely and meaningful upskilling

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<td>4.4. The EESC recommends that the Commission and the Member States explore with sectoral social partners the potential added value of carrying out studies on the impact of the climate emergency and green transitions on the employment sector across different production sectors, to identify and propose measures to respond effectively to the needs of economic environments and help the various collective bargaining units to manage the just transition in their collective agreements.</td>
<td>Recognising the variations of the impact of both climate change and measures to support the green transition on employment across various sectors, the Commission continues to conduct studies to assess both positive and negative potential impacts of the transition through a sector-specific approach. Furthermore, the Council Recommendation on ensuring a fair transition towards climate-neutrality welcomes the Commission’s intention to further enhance exchanges with key stakeholders, including people, communities concerned, as well as social partners in the exchange of best practices, including in the context of industrial ecosystem’s transition pathways, notably in a cross-border context and with a focus on the regions and sectors most affected. In respect of the key role of ensuring that workers are equipped with skills for the green transition, in this Recommendation Member States also encouraged to cooperate closely with social partners, with respect of their autonomy, in developing up-to-date labour market and skills intelligence and foresight, identifying and forecasting occupation-specific and transversal skills needs, building on existing tools and initiatives, including the expertise of and cooperation with social partners and relevant stakeholders.</td>
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<tr>
<td>5.2. The EESC considers it necessary for the European Commission, within the framework of Articles 154, 155 and 156 TFEU, to encourage the Member States to promote the inclusion of companies' environmental management in social dialogue and collective</td>
<td>The Commission facilitates and promotes the role of social dialogue at EU level while acknowledging the diversity of national systems and respecting the autonomy of social partners, also with a view to taking into</td>
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bargaining. Collective bargaining is a good vehicle for facilitating the adaptation of organisations and employment, as well as working conditions, to the effects of climate change, and it makes it possible to assess and present companies' investment costs in order to maintain them and adapt them to the requirements of fair competitiveness.

account the greening of the economy, in line with its Treaty based duties and competences. As indicated in the reply on the previous point, the Council Recommendation on ensuring a fair transition calls on Member States to promote further the full involvement of social partners in the design and implementation of transition pathways for industrial ecosystems, while directly contributing to climate and environmental objectives. At European level, several social partners, both at cross-sectoral and sectoral level, have already produced joint positions and opinions on such a key priority. This is pointed out in the Commission Communication of 25 January 2023, which indicates that ‘social partners adopt between 30 and 50 joint outcome positions on a wide range of topics, including the impacts of the transition to climate neutrality’. The Commission bases this point on the most recent research carried out by EUROFOUND and focused on how social partners, in bipartite or tripartite settings and at different levels, are working together in the context of the transition to a climate-neutral economy.

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73 COM(2023) 40 final - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Strengthening social dialogue in the European Union: harnessing its full potential for managing fair transitions.

74 Eurofound (2022), Reinforcing social dialogue in the context of the move towards the green and digital transitions: Background paper, Eurofound, Dublin; Eurofound and EEA (2023), The transition to a climate-neutral economy: Exploring the socioeconomic impacts, Publications Office of the European Union, Luxembourg.
The Equal Treatment of Young People in the Labour Market
(Own-initiative opinion)
EESC 2022/638 – SOC/721
579th Plenary session – June 2023
Rapporteur: Michael MCLoughlin (IE-III)
DG EMPL – Commissioner SCHMIT

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<th>Points of the European Economic and Social Committee opinion considered essential</th>
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<tr>
<td>1.1. The recent Directive on the adequacy of minimum wages in the EU did not consider substantially the issue of &quot;youth minimum wages&quot;. It is not a one-size-fits-all approach. On the contrary, as a horizontal framework it catered for different traditions and starting points, and strengthened the role of the social partners and collective bargaining. Thus, &quot;youth minimum wages&quot; are treated differently in different Member States, a matter which needs consideration. The EESC recommends that the Commission, Member States and the social partners consider this issue in line with the directive and in the spirit of the proposed Council recommendation on the strengthening of the social dialogue in the EU.</td>
<td>The Directive on adequate minimum wages in the EU(^{75}) establishes an EU framework for setting adequate minimum wages, promoting collective bargaining on wages, and enhancing the effective access of workers to minimum wage protection. Among others, the Directive requires that the different rates of statutory minimum wage for specific groups of workers (‘variations’) respect the principles of non-discrimination and proportionality, with the latter encompassing the pursuit of a legitimate aim (Article 6). The purpose of this provision is to limit their use by setting a few clear conditions as they directly affect the adequacy of statutory minimum wages. Moreover, the Directive requires Member States to involve social partners when establishing variations and deductions including those affecting young workers (Article 7).</td>
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<td>1.3. Differential rules for young people regarding unemployment benefits and assistance payments have the potential to shape young people's labour market situation and impact on their ability to exercise their rights to free movement in the EU. [...] The EESC recommends that the Commission work</td>
<td>The 2019 Council recommendation on access to social protection for workers and the self-employed(^{76}) calls on Member States to ensure formal coverage to social protection for all in employment but also effective and adequate coverage. The gaps in access to social protection for</td>
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\(^{75}\) Directive (EU) 2022/2041.
\(^{76}\) 2019/C 387/01.
closely with the Member States and social partners to collect the data and national practices, also in light of the newly proposed Council recommendation on the strengthening of the social dialogue in the EU in further examining this matter.

| workers and the self-employed are particularly pronounced among certain categories, including young people. |
| A recent EU-wide study (by the European Social policy network) pointed out that obstacles faced by young people to access (contributory based) benefits such as unemployment, sickness or maternity benefits are generally not driven directly by age-specific rules. |
| Gaps are rather due either to: a lack of formal coverage for specific categories (trainees, apprentices, casual workers, platform workers, dependent self-employed) in which there are a lot of young people; or to issues of effective coverage (in particular when rules on minimum qualification period or restrictions on minimum contributions paid or hours worked effectively exclude young people from social protection that have a short employment history or are in a precarious working relation) or adequacy (low level of benefits). |
| In its report on the implementation of the 2019 Council recommendation on access to social protection, the Commission welcomed a number of recent measures that are relevant to address gaps in access to social protection, including for young people. It is also announced that it will continue to support Member States efforts in closing those gaps, including through gathering data and exchanging good practices. |
| Comparative information on national social protection systems, including unemployment benefits, is available |

77 ESPN (2022), Access to social protection for young people, an analysis of policies in 35 countries, available at: https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8454&furtherPubs=yes
Through the ‘Mutual Information System on Social Protection (MISSOC)’\textsuperscript{79}. In particular, the database includes information on specific rules that may be applicable to young workers. Other sources of information on national unemployment benefit schemes (and the rules applicable to young workers) include the Organisation for Economic Co-operation and Development (OECD) Tax-benefit model\textsuperscript{80} and EUROMOD\textsuperscript{81}.

In addition, the employment gap between young persons with and without disabilities remains high. Despite the right to access mainstream vocational education and training, more young persons with disabilities leave school early and fewer learners with disabilities complete a university degree often due to the general lack of accessibility, reasonable accommodation or insufficient support provided to learners with disabilities. This leads to a difficult transition to the open labour market. The Disability Employment Package, being developed until 2024, including via cooperation with the European Network of Public Employment Services, EU agencies and social partners, guided by the UN Convention on the Rights of Persons with Disabilities will help address these challenges.

Para 1.4. […] Unpaid or not compensated internships can have a very negative impact on young people's experience of the labour market. We note the resolution passed by the Committee at its December 2022 plenary session and that of the European Parliament, and recommend that the other EU institutions and bodies, including the Commission, take a

The Commission fully supports the objective of improving the quality of traineeships (also known as internships), including for young people from vulnerable groups or living in disadvantaged areas. As announced in the 2023 Work Programme\textsuperscript{82}, the Commission will present an initiative on

\textsuperscript{79} https://www.missoc.org/
\textsuperscript{80} https://www.oecd.org/social/benefits-and-wages/
\textsuperscript{81} https://euromod-web.jrc.ec.europa.eu/
\textsuperscript{82} SWD(2023) 9 final.
greater interest in this matter as a tangible symbol of their commitment to young people following the European Year of Youth. Periods of very short work experience and officially recognised and agreed education placements may sometimes not be paid. However, longer term internships, analogous to work done by paid employees, should be paid.

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<th>Para 1.7. Traineeships have become an important gateway through which young people enter the labour market. To facilitate access to employment, traineeships should offer good quality learning content and adequate working conditions, and should not be a substitute for regular jobs or a precondition for a job placement. The current situation suggests that there are growing concerns, especially among young people, that the health crisis and the consequences of the war in Ukraine could lead to deteriorating conditions for trainees. The aim of the Commission is to review whether the quality framework for traineeships (QFT) is being properly implemented.</th>
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<td>In January 2023, the Commission published the evaluation of the of the Council Recommendation on a Quality Framework for Traineeships. As presented above, a planned Commission initiative to update the Quality Framework for Traineeships to address issues including fair remuneration and access to social protection is included in the 2023 Commission Work Programme. To this aim, social partners are being consulted on the direction and elements of the new initiative. The first phase of the social partners’ consultation concluded on 15 September and the second phase was launched on 28 September.</td>
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83 SWD(2023) 9 final.
**Social Progress Protocol**  
(Exploratory opinion requested by Spanish presidency)  
**EESC 2023/563 – SOC/756**  
579th Plenary Session – June 2023  
**Rapporteur:** Maria del Carmen BARRERA CHAMORRO (ES-II)  
**Co-rapporteur:** Diego DUTTO (IT-III)  
**DG EMPL – Commissioner SCHMIT**

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<td>1.4. The EESC welcomes the Commission’s proposal to open up the possibility of Treaty reform, as endorsed in the latest State of the Union address, and, in line with the European Parliament’s proposal, considers it appropriate to include the SPP among the aspects to be reformed. The EESC believes that the CoFoE conclusions provide an appropriate roadmap for implementing this reform.</td>
<td>The Commission has published a Communication on 17 June 2022 which outlines a detailed assessment of what is needed to follow-up on the proposals of the Conference. A first set of new actions was announced by President von der Leyen in her State of the Union address on 14 September 2022. Further proposals were put forward in the 2023 Commission work programme. In the Communication, the Commission highlighted that new reforms and policies should not be mutually exclusive to discussions on Treaty change.</td>
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<td>1.2. The EESC agrees with the proposal in the final report of the Conference on the Future of Europe (CoFoE, May 2022) to include, with a view to advancing the social market economy, a call for the EU, the Member States and the social partners to, among other things, introduce measures to ensure the full implementation of the European Pillar of Social Rights (EPSR, November 2017) and its action plan (March 2021), especially the most relevant objectives for the 2030 Agenda, at EU, national and regional level, by adding a social progress protocol (SPP) to the Treaties.</td>
<td>As outlined by President von der Leyen in her speech to the Conference on 9 May 2022 and reiterated in the State of the Union address on 19 September 2023, the Commission will always be on the side of those who want to reform the EU to make it work better, including through changing the Treaties if need be.</td>
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<td>4.1. The EESC notes that, while binding and non-binding minimum standards at European level do exist, in order to advance the implementation of the EPSR, promoting and guaranteeing a truly competitive and</td>
<td>At the same time, the Commission believes that Treaty change should not be an end in itself and that, for the vast majority of measures proposed in the</td>
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A sustainable social market economy requires an SPP in order to reinforce the strengths of our European social market economy system, while eliminating weaknesses and adapting it to meet the challenges ahead. The EESC believes that the CoFoE conclusions provide an appropriate roadmap through which to promote it. It therefore calls on the European institutions to take the necessary steps to ensure that this CoFoE proposal is implemented.

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<th>1.6. The EESC considers the Spanish Presidency of the Council of the EU a great opportunity to push forward this proposal and urges the EU institutions, in the framework of European social dialogue, to make progress with respect to this process.</th>
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<td>The possibility of Treaty revision is included in Article 48 of the Treaty on European Union (TEU). It allows any Member State government, the European Parliament or the Commission to submit to the Council of the EU a proposal to amend the Treaties. Each trio of Member States holding the rotating Presidency of the Council works together closely to set long-term goals and prepares a common agenda determining the topics and major issues that will be addressed by the Council over an 18-month period. Potential revisions of the Treaties are not currently in their agendas.</td>
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<th>1.10. &amp; 5.3. The EESC regrets that the EU has not yet fulfilled its obligation under the Lisbon Treaty to accede to the European Convention on Human Rights, as laid down in Article 6(2) TEU. This accession is key to subjecting the EU legal order to external oversight of human rights, in the same way as any legal order based on democracy and the rule of law. To this end, the EESC also recommends that the EU accede to the Council of Europe's European Social Charter, in order to promote a harmonious coexistence between EU law and Council of Europe law in the social sphere.</th>
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<td>As regards the accession of the EU to the European Convention on Human Rights (ECHR), the Commission notes that in March 2023, the negotiators in Strasbourg reached a provisional agreement on a revised package of accession instruments, which tackles almost all the issues to be addressed for EU accession. During the Reykjavik Summit of the Council of Europe, the provisional agreement was welcomed as a crucial step towards EU accession. The EU will now work with the ambition of finding an appropriate way to forward to address the last outstanding issue, which is human rights protection in the</td>
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| 3.2. [...] the Commission has announced that it intends to propose a Council recommendation on the development of framework conditions for the social economy in the second quarter of 2023. | Common Foreign and Security Policy. The accession of the EU to the ECHR is a priority for the EU and the Commission remains committed to get this done.

As regards the accession of the EU to the Council of Europe’s European Social Charter, and in line with the Conclusions on EU priorities for cooperation with the Council of Europe 2023-2024, the EU will continue to work jointly with the Council of Europe on respecting, protecting and fulfilling human rights in line with the European Social Charter and revised European Social Charter. The proposal for a Council recommendation on developing social economy framework conditions\(^{88}\) was adopted by the Commission on 13 June 2023.

The proposal aims to create favourable conditions for social economy organisations to thrive and grow, and raise awareness of their potential, particularly in relation to creating quality jobs and facilitating access to the labour market; fostering social inclusion and providing accessible and high-quality social and care services and housing; supporting training and skills development in the sector; supporting innovation sustainable economic development and territorial cohesion; enabling access to public and private funding; making full use of the tools available under Union public procurement rules and State aid rules; and taxation systems that encourage their development.

To ensure successful implementation of the Council recommendation, Member

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States are recommended to adopt or update their national social economy strategies within 18 months of the adoption of the Council recommendation. The Council recommendation moreover recommends Member States to review and improve their administrative and institutional set-ups at all levels of governance, for example through setting up local and/or regional social economy contact points, designating social economy coordinators in national public institutions and regular dialogue with regional and local authorities and social economy entities to inform, advise and accompany the evaluation, monitoring and implementation of their social economy strategies.

| 5.2. The EESC believes that the EU should have sufficient competence to act, if necessary, to ensure the effectiveness of social progress, and in analogy with Protocol 27 on the single market and competition, in accordance with the provisions of the Treaties, including Article 352 TFEU. |
| The Commission agrees and believes that the Treaties provide sufficient competences for the Union to work for further social progress, which is an aim of the Union set out in Article 3(3) first subparagraph of the TEU. The European Pillar of Social Rights and its Action Plan represent the shared framework to continue driving these efforts forward. |
### Points of the European Economic and Social Committee opinion considered essential

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<td>1.2. The objective of providing EU drivers with a digital driving licence also aims to put an end to differences and bureaucratic delays between the various Member States in processing applications from foreign drivers for exchanging foreign licences, which lead to obstacles to freedom of movement. This driving licence will be held on a mobile phone or any other digital device. The EESC supports this objective, but hopes that paper-based driving licences will remain available to drivers who wish them. Furthermore, for reasons related to the digital inclusion of all age groups, the EESC recommends personalised and free training and coaching on using new digital driving licences.</td>
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<td>The Commission welcomes the position of the Committee that recognises the role of mobile driving licences in supporting free movement within the Union. In line with the expectations of the Committee, the proposed driving licence directive provides citizens with the freedom of choice whether they wish to hold a physical driving licence, a mobile one or both. Nevertheless, considering their advantages and the foreseeable trends of technical progression, the proposal requires Member States to offer mobile driving licences to all applicants as the default option. The Commission will highlight to the European Parliament and to the Council the Committee’s recommendation on measures that would further ease the introduction of the new licence format to citizens of all ages, such as personalised and free training.</td>
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<td>1.3. In the same vein, the EESC recommends removing the reduced validity period of driving licences on the basis of age for</td>
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<td>The Commission notes that the driving licence directive proposal aims to make sure that all drivers can be assured that</td>
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89 In accordance with Article 3(3) and (5) of the driving licence directive proposal, (COM(2023) 127 final).
90 In that regard, please see Article 3(4) of the driving licence directive proposal.
persons aged 70 and over, as provided for in Article 10 of the proposal for a directive on driving licences. It calls for a non-discriminatory approach, with a concrete medical assessment, applicable to all drivers with identified impairments that affect the ability to drive.

other drivers are fit to drive. Regarding medical checks and other measures concerning senior drivers, the Commission has proposed a more proportionate system than the current one. The newly proposed system would in fact raise the age from which Member States may reduce the validity of driving licences (currently 50 years versus 70 years in the Commission’s proposal). It also takes into account that, according to the newest trends, drivers above 70 years of age represent an increasing share of total fatalities and that they have a higher risk per km travelled.

The relevant provisions are currently being discussed by the co-legislators.

1.4. The EESC would like the proposal for a directive on driving disqualifications to offer better safeguards against the risk of overlap with the area of cooperation in criminal matters. Indeed, the exchange of information on offences committed by drivers envisaged in the proposal is based on Article 91(1)(c) of the Treaty on the Functioning of the European Union (TFEU) concerning the common transport policy, whereas the planned exchange of information between national authorities seems to relate more to criminal offences covered by the principles of police cooperation as laid down in Article 87 TFEU and judicial cooperation in criminal matters as laid down in Article 82 TFEU.

The Commission has relied on the case-law of the Court of Justice of the EU to define the legal basis of the proposal. The choice should be in line with the true purpose of the proposed directive to which the content of it should adhere. The purpose of this proposal, which its content enables to attain, is indisputably the enhancement of road safety and safeguarding the well-being of the driver and other road users, through the driving disqualification to be imposed.

For completeness’ sake, it should also be noted that in line with the Court’s judgment in Case C-43/12 a system for cross-border exchange of information on road safety related traffic offences that enables the EU to pursue the goal of improving road safety, may be established on the basis of Article 91(1)(c) of the Treaty on the Functioning of the European Union.

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1.5. The Committee finds that the legislative package focuses on the human factor; however, many road accidents are caused by a lack of road maintenance, yet it fails to touch upon the responsibility of road infrastructure managers. In the EESC’s view, the interaction of the proposed directive with Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019 on road infrastructure safety management, the transposition of which is currently being monitored by the Commission, along with a potential overlap in the planned measures, risks undermining the directive’s effectiveness by creating a fragmentation of the applicable legislation.

1.6. The proposal for a directive on driving disqualifications provides for the national identification number indicated on the identity card to be part of the electronic data exchanged between national authorities, where necessary. However, in many Member States the national identification number also allows access to the medical file of the person concerned. The EESC notes that the General Data Protection Regulation prohibits in principle the processing of personal data relating to health because these are "sensitive" data. The Committee therefore calls for the proposal for a directive to be clarified in relation to this matter.

1.7. The EESC calls for removing from the legislative proposal the provision allowing the adoption of implementing measures for (TFEU).

The Commission recalls that in the ‘EU Road Safety Policy Framework 2021-2030’\(^2\), it decided to base its road safety policy framework for the current decade on the so-called “Safe System approach”. The core elements of this approach, which is derived from European best practices and is recommended globally by the World Health Organisation (WHO), are ensuring safe vehicles, safe infrastructure, safe road use and better post-crash care. Only by taking actions on these different dimensions jointly can fatalities be avoided, and the severity of crashes reduced. The concerned actions and measures at EU level work in complementarity towards safer roads within the Union.

The Commission is committed to ensure the highest levels of personal data protection in its proposals and to set out clear rules and obligations as regards the processing of personal data. It would also like to recall that the European Data Protection Supervisor (EDPS) has already issued its opinion on all three proposals of the Road Safety Package, and that no recommendations were made concerning the proposed driving disqualification directive\(^3\).

The Commission wishes to recall that once a legal act is in force, it can be relied upon in order to, for example,        

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\(^1\) SWD(2019) 283 final.  
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<th>the Directive on driving disqualifications even before it has been transposed in the Member States, as it violates the principles of legal certainty and the hierarchy of norms, as well as their temporal application.</th>
<th>adopt other acts or to set up administrative arrangements for its implementation, even before the deadline for its transposition by the Member States. In fact, the referenced implementing act is instrumental for the further application of the proposed directive by Member States. The Commission does not identify any violation of the principles of legal certainty, of the hierarchy of norms or of their temporal application with the provision in question.</th>
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<td>1.8. The EESC takes note of the opportunity to allow young people to drive lorries accompanied from the age of 17. It also stresses the need to adapt the vocational training of lorry drivers and to improve working conditions and wages in order to make the job more attractive. It calls on the Commission to encourage employers to improve the situation by all means possible, such as strengthening training or raising awareness in the Member States.</td>
<td>The Commission agrees with Committee that the shortage of drivers can only be tackled by a wide range of measures. The driving licence directive brings a small but important contribution to the challenge faced by the road transport sector.</td>
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| 1.9. The EESC recommends harmonisation with a view to ensuring that, after theoretical training at a driving school and practical driving lessons, apprentice drivers of heavy goods vehicles gain practical driving experience with specially trained instructors. 17-year-old drivers would be permitted to drive heavy goods vehicles only after a long apprenticeship and a highly selective driving test. The EESC calls for the proposal for a directive to move in this direction. | Accompanied driving has proven itself to be one of the most effective methods of ensuring that novice drivers gain driving experience in a safe way. Building on the available best practices, the Commission has proposed to extend the possibility to implement this scheme to category C licences. This way, young professional drivers will receive the assistance of an experienced person and can safely accumulate experience before solo driving.

On the other hand, this measure is also aimed at closing the so-called “school-to-wheel gap” that has so far prevented young people, who have dropped out of school before turning 18, to start... |
training as professional drivers.
The relevant provisions are currently being discussed by the co-legislators.

### Road safety and increased enforcement

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<th>2.16. The proposal for a directive on the Union-wide effect of certain driving disqualifications (COM(2023) 128 final) reduces impunity by allowing national authorities to have access to national driving licence registers and by improving cooperation between these authorities in recovering fines.</th>
<th>The Commission notes, for clarity’s sake, that Member States authorities already have access to national driving licence registers for certain purposes, through the so-called EU driving licence network (RESPER) established by Directive on driving licences. The driving disqualification and the driving licence proposals would merely allow the use of the already existing system for the envisaged additional purposes. Moreover, it should be stressed that only the driving disqualifications fall within the scope of the proposal, not the collection of fines. This is true even for the cases where the driving disqualification is coupled with an additional financial sanction. Nevertheless, Member States may apply other EU legal instruments to recover financial penalties, provided that those instruments are applicable.</th>
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<td>2.17 It proposes that this cooperation, which already exists in the area of speeding, be extended to other offences, such as failure to respect safe distances with other vehicles, dangerous overtaking (especially when crossing solid white lines) and dangerous parking.</td>
<td>The Directive on facilitating cross-border exchange of information on road-safety-related traffic offences provides for a system of cooperation between Member States for the exchange of vehicle registration data in case non-residents commit road-safety-related traffic offences. However, the Union-wide effect of driving disqualifications, which is the purpose</td>
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of the driving disqualification directive proposal, does not fall under the scope of the mentioned Directive. The Commission further notes that the additional offences listed by the Committee (“failure to respect safe distances with other vehicles, dangerous overtaking (especially when crossing solid white lines) and dangerous parking”) form part of the third proposal of the Road Safety Package, not covered by this Opinion, namely the proposal to amend the Directive on facilitating cross-border exchange of information on road-safety-related traffic offences.

The scope of the driving disqualification directive proposal covers only excessive speeding, driving under the influence of alcohol or drugs, and causing death or serious bodily injury as a result of any traffic offence.

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<th>2.20. The proposal considers that residents and non-residents should be treated equally in the event of infringements, and that fines should be payable through an IT portal. However, it specifies that each country will retain its own legislation on criminalisation and penalties.</th>
<th>The Commission notes that the Committee’s remarks on the establishment of the referenced IT portal seem to be linked to the third proposal of the Road Safety Package, not covered by this Opinion, namely the proposal to amend the Directive on facilitating cross-border exchange of information on road-safety-related traffic offences. Nevertheless, such portal is indeed foreseen to alleviate burdens related to the payment of road-safety-related traffic fines.</th>
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<td>2.21. The reform also provides for the possibility to withdraw driving licences in all EU Member States and harmonise the rules on suspending and cancelling driving licences through the principle of mutual recognition for failure to comply with traffic</td>
<td>The Commission notes that it is clearly stated in the driving disqualification directive proposal that “the implementation of this Directive should not require the harmonisation of national rules concerning the definition</td>
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lights, dangerously exceeding the authorised speed limit or refusal to undergo alcohol or drug tests.

of road traffic offences, their legal nature and the applicable sanctions for such offences’. Instead of harmonising the applicable rules on driving disqualifications, the proposal aims to enable the Member State that issued the driving licence to take action when the road-safety-related traffic offence is so serious that the driving disqualification imposed on the offender requires a Union-wide effect.

Moreover, the Commission would like to recall that the offences that fall under the scope of the proposal are excessive speeding, driving under the influence of alcohol or drugs, and causing death or serious bodily injury as a result of any traffic offence.

### Specific comments

3.3. Article 5(2)(c) of the proposal for a directive on driving disqualifications provides, where necessary, for the national identification number indicated on the identity card to be part of the electronic data to which national authorities have access. Point 6 of annex I to the proposal for a directive on digital driving licences explicitly states that the national identity card number will be part of the data contained in the identity card microchip and readable by identity card readers. However, in many Member States the national identification number also allows access to the medical file of the person concerned.

As regards the data to be stored on the microchip, the Commission notes that if a Member State wishes to include a microchip on the physical driving licences it issues, the Driving Licence Directive only provides the legal basis to store the data elements mentioned in part D of Annex I of the driving licence directive proposal. All other information included, if any, is left up to the Member State’s national legislation (Article 4(5) of the proposal). Part D of Annex I of the driving licence directive proposal does not include the national identity card number. The Commission also wishes to recall that the issue referred to by the Committee in the Opinion did not form part of the EDPS’ recommendations on the driving licence.

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96 Recital 6 of the proposal.
97 In this regard please also see Recitals 5, 6 and 8 of the proposal.
| 3.7. The EESC considers that Member States should be able to allow drivers aged 18 and over to drive buses and D/DE category vehicles on their territory without the 50 km distance limit. | The Commission understands the position of the Committee. It nevertheless wishes to recall that the referenced provision forms part of the Directive on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers. |
| 3.8. The driving licence reform provides for young drivers aged between 16 and 21 to be authorised to drive limited-speed cars with a B1 licence. This is an interesting proposal for limiting the use of lightweight motorcycles or unsafe scooters and overcoming the lack of public transport in some regions, especially as limited-speed cars can also be used by drivers who do not have a B licence, or even be used as a transition for older people with reduced driving capacities. The EESC endorses these advances. | The Commission welcomes the support of the Committee. It nevertheless wishes to clarify that, as the Opinion itself states, the referenced provision is only available for applicants who have not yet reached the age of 21. As such it does not find it an appropriate measure to facilitate “a transition for older people with reduced driving capacities”. |
| 3.9. It should also be possible to limit the speed of cars by means other than the speed limit proposed by the Commission. Electronic speed limitation devices are a reliable and modern alternative. For their part, Member States could lay down penalties for the unlawful modification of engine speed limitations. | The Commission takes note of the position of the Committee as concerning the vehicles of category B with a maximum authorised mass of 2 500 kg and a maximum speed physically limited to 45 km/h. It is the view of the Commission that the current wording of the provision allows for limitations implemented through software to be applied as well, if they provide adequate security against unlawful tempering. |
| 3.10. The EESC also supports the envisaged possibility to drive alternatively-fuelled | The Commission welcomes the support of the Committee. |


vehicles weighing up to 4 250 kg with a B licence, as this could speed up the electrification of the light lorry fleet and mitigate the shortage of drivers. Moreover, vehicle manufacturers have already introduced a large number of electric vans weighing 3 500 to 4 250 kg, which have a charging capacity equivalent to that of diesel vans currently on the market.
Monitoring the EU's extraordinary measures and resilience in the field of energy
(Exploratory opinion requested by Spanish presidency)
EESC 2023/490 – TEN/799
579th Plenary Session – June 2023
Rapporteur: Andrés BARCELÓ DELGADO (ES-I)
DG ENER – Commissioner SIMSON

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N°15  Impact of the energy crisis on the European economy  
(Own-initiative opinion)  
EESC 2023/493 – TEN/800  
579th Plenary Session – June 2023  
Rapporteur: Alena MASTANTUONO (CZ-I)  
DG ENER – Commissioner SIMSON

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<td>1.1. As expressed in many of its previous opinions, the EESC finds it crucial to enhance conditions for better functioning of the energy markets, while at the same time addressing market manipulation and other phenomena that distort markets and cause negative impacts on businesses, households, and society as a whole.</td>
<td>Within a context of rising energy prices and high volatility on the energy markets, the European Council in October 2022 called on the Commission to urgently submit proposals to improve the functioning of energy markets, to increase market transparency and preserve its integrity, and to eliminate factors that amplify the volatility of energy prices.</td>
</tr>
<tr>
<td>1.12. Against this backdrop, the EESC welcomes the basic objective of the proposed Regulation to strengthen the monitoring and transparency of the wholesale energy markets. However, the EESC has also stressed that any initiatives must be preceded by a rigorous debate and impact analysis.</td>
<td>To gather stakeholders' feedback for electricity market design reform, the Commission opened a public consultation between 23 January and 13 February 2023. Over 1350 replies from different stakeholders were collected, of which over 200 dedicated to the amendment of Regulation on wholesale energy market integrity and transparency (‘REMIT’).</td>
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<td>1.13. The EESC therefore regrets that the proposals regarding electricity market design have not gone through full consultation and impact assessment. It is of the opinion that no reform should be rushed, and public consultations and impact assessments are precious tools in the law-making process.</td>
<td>Most of the respondents agreed on the need to extend the scope of REMIT by adapting the framework to the evolving market circumstances to cover all current and future markets and products, specifically to all of those referred in the EU wholesale energy legal framework.</td>
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<td>1.14. In the description of the policy context for the proposed regulation, the Commission stresses consumer, industry and investors' concerns over exposure to volatile short-term prices driven by high gas prices. However, a proper analysis of market power abuse and market manipulation is missing. In the future, continuous monitoring and analysis is</td>
<td>During the consultation, several respondents also pointed out the limited effectiveness of the current cross-border</td>
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</table>

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required so that appropriate interventions and regulatory responses can be made in a timely manner on a sound basis.

supervision, implying the possibility to enhance ACER’s (Agency for the Cooperation of Energy Regulators) role in cases involving multiple participants of cross-border transactions.

In the attempt to address the concerns expressed by the stakeholders, while at the same time tackling the urgencies of soaring energy prices and increasing volatility, the Commission adopted on 14 March 2023 a proposal to reform electricity market, and specifically amend REMIT to ensure market integrity and transparency by allowing for better data collection and market monitoring, as well as by strengthening cross-border investigation mechanisms and harmonising the fines.

REMIT amendment aims to strengthen monitoring by better utilising data, allowing for more effective and appropriate interventions and regulatory responses to protect EU and Member States against market abuse.

| 1.15. The EESC highlights the importance of cooperation between authorities in detecting and addressing market manipulation and endorses increased collaboration and sharing of information between energy, competition, and financial regulatory authorities. In the same sense, the EESC welcomes the alignment of the definitions of inside information and market manipulation with financial market rules. | The Commission acknowledges the importance and the need to adapt definitions to the evolving context and appreciates the position of the Committee. Various definitions in REMIT have been adapted, including market manipulation definition, to ensure better market monitoring and protection against market abuse. Moreover, the Commission proposed in the REMIT amendment a stronger cooperation mechanism between relevant national authorities at national level as well as ACER and ESMA (European Securities and Market Authority). |
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\[101\] COM(2023) 148 final.

\[102\] COM(2023) 147 final.
Finally, the proposal will further facilitate exchange of information and data between relevant authorities at national and EU level.

1.16. The EESC also highlights the importance of cooperation between national and EU-level authorities. It stresses the need to ensure an appropriate and efficient division of duties between national regulatory authorities and ACER. Strengthening the powers of ACER must reflect its capacities and conditions within which it operates and, at the same time, its limits regarding national competences such as criminal liability. Strengthening ACER's competencies must not replace clearer and more harmonised rules for the market monitoring of national authorities.

Efficient division of duties between national regulatory authorities and ACER is key for REMIT enforcement. For this reason, in full respect of the principle of subsidiarity, the proposal aims to confer new powers to ACER only with respect to cross-border cases (e.g. impacting at least three Member States). Given that these are cases where impact expands beyond the jurisdiction of one Member State, their investigation would be much more effective if undertaken at EU level.

Currently, there is no uniform mechanism to ensure the best possible supervision and investigation of cross-border cases. There is therefore a need to set up an efficient and effective supervisory and investigatory regime for this type of market abuse cases, which cannot, due to their Union wide features, be efficiently addressed by Member State action alone.

Finally, with respect to the point raised on criminal liability, it is worth underlining that there is no actual criminal liability involved, inasmuch as REMIT clearly focuses on administrative sanctions. Besides, it should be noted that while the Commission identifies the urgency to strengthen and harmonise the sanctions regime at national level so to ensure that illegal behaviours on energy market can be proportionally penalised, it did not aim to empower ACER to issue fines.
Lastly, the investigations of cross-border cases by ACER should be conducted in close cooperation with national authorities to avoid any duplications of procedures.

| 1.17. While emphasising the importance of increasing the quality of data and transparency of trading, the EESC finds it important to streamline data and information processes and requirements with the aim of minimising the administrative burden. It points out that with the development of the market, new rules should not discourage new entrants. As for the new requirements regarding algorithmic trading, the Proposal may contribute to an uneven playing field between market participants across the EU, as it leaves the periodicity of information obligations to be decided purely at the national level. The Committee calls for proportionality in data reporting and the application of the once-only principle. The revision should aim at creating a transparent and non-discriminatory system, while avoiding a misuse of data collected. |
| Given some inconsistencies in various definitions between REMIT and the EU financial market legislation, the amended REMIT aims to align such definitions based on the characteristics of both the physical power and gas markets, and the respective market participants active on these markets. This would allow to streamline data and information exchange processes and requirements by ensuring legal certainty, increasing clarity, and avoiding double reporting. Moreover, amendments to REMIT on algorithmic trading aim at adapting its scope to current and evolving market circumstances. Indeed, the use of trading technology has evolved significantly in the past decade, and many market participants use algorithmic trading and high frequency algorithmic techniques. |
Points of the European Economic and Social Committee opinion considered essential

**Key point 1:** Energy, including the infrastructure for the transport and distribution, cannot be treated like any other commodity: it is an essential building block of our economic and social system and thus a central part of the provision of public services. Therefore, energy supply is classified as a service of general interest. It is therefore necessary to create regulatory framework conditions for future energy that guarantee both an environmentally-friendly, affordable and reliable supply of energy and the right to energy. This also means that energy market design must take into account the requirements associated with decarbonisation. In order to ensure affordable basic energy supply, the EESC believes that the new market design must guarantee basic energy supply at regulated prices.

European Commission position

The Commission agrees with the objectives of having environmentally-friendly, affordable and reliable supply of energy. The Commission has proposed to reform the EU’s electricity market design to accelerate a surge in renewables and the phase-out of gas, make consumer bills less dependent on volatile fossil fuel prices, better protect consumers from future price spikes and potential market manipulation, and make the EU’s industry clean and more competitive. The Commission has based its market design reform proposal on the following argumentation:

- a functioning electricity market is key to ensure the decarbonization of the system. There was wide consensus among respondents to the public consultation on the electricity market design that the current functioning of short-term markets is key for facilitating the integration of renewables, while also guaranteeing security of supply and cross-border trade. Under the proposal, the generators will continue to be active on the short-term market, but the volatile short-term market price will no longer determine their revenues. These revenues will instead be more shaped by long-term contracts, such as power purchase agreements and so-
called two-way contracts for difference, depending on whether the installation was privately or publicly funded;

- the current pan-EU integrated liberalised market is one of the cornerstones of the EU electricity system, which is among the safest in the world, and has avoided major blackouts even in the tight supply situations created by the recent energy crises. Over the past decade, integrated electricity markets have also provided European consumers with significant welfare benefits (estimated at €34 billion per year for 2021). The recent crisis, however, has shown the shortcomings of the current framework. The high fossil fuel prices resulted in high and volatile prices on the short-term electricity markets, and without enough hedging possibilities nor a clear long-term price signal, households and companies were exposed to significant price spikes and excessive electricity bills. This was further exacerbated by some shortages in consumer protection rules. The crisis underlined the need to reduce our dependency of imported fossil fuels, and the need to proceed faster with the integration of renewables in the energy mix;

- the core objective of the market-based supply price based on effective competition is to deliver the cheapest and cleanest energy mix possible at all times. However, for certain situations such as ineffective markets or for the needs of vulnerable customers, Article 5 of Electricity Directive¹⁰³ allows derogations from the default market rules - Member States to intervene in price setting - but under strict

conditions. Regulated prices were of use during the crisis, however there are significant downsides to regulated prices. In particular, they can reduce energy efficiency incentives and undermine competition to the long-term detriment of consumers.

Key point 2: (...) liberalisation must be critically examined in terms of its sustainability, affordability and security of supply. In addition, it must not be forgotten since the current crisis shows that liberalized energy markets are unable to meet these needs and do not create enough incentives and investment security for renewable energy. Moreover, governments will be responsible for delivering these three objectives (sustainability, affordability and security of supply) over a long period, because the market will not combine and realize them spontaneously.

This key point of the Committee’s opinion does not contain any specific request. The Commission refers to its previous point and to the next point.

Key point 3: Opt for a hybrid model, where market forces and target-driven management jointly lead to optimal market functioning within the framework of the stipulated objectives. The heart of this model is a government-established “E-facility” which buys the electricity from the producers and sells it to the suppliers of household customers, SMEs, Citizen Energy Communities and large consumers, and where appropriate and possible to other countries, using the three objectives as a framework for decision making. This facility would conclude long-term contracts with electricity producers on the basis of tenders. These contracts would be of various types, such as power purchase agreements (PPA), contracts for difference (CfD) and cost+ contracts.

The Commission’s analysis, based on views from a broad range of stakeholders, confirms that a well-functioning and liberalised electricity market is the best tool to achieve the objectives of sustainability, affordability and security of supply.

The Commission acknowledges the role and importance of long-term tools to achieve these objectives, hence, its proposal contains elements to further strengthen and develop the organised forward markets and the power purchase agreements (PPA) market.

The Commission acknowledges the market alone way not be enough to ensure all the investments that are needed for the decarbonisation of the power system, and that Member States might decide to establish direct price support schemes for new investments, including investments in
new power generating facilities, investments aimed at repowering existing power generating facilities, investments aimed at extending existing power generating facilities or at prolonging their lifetime. In those cases, the Commission proposes that the schemes should be structured by way of two-way contracts for difference so as to include, in addition to a revenue guarantee, an upward limitation of the market revenues of the generation assets concerned, and that the revenues collected by the authorities in times of high prices are redistributed to the final energy costumers.

**Policy recommendation 1.3 - A system that considers these changes can only function if the merit order system is abolished and replaced with a model where electricity prices are based on the respective production costs. This system must take into account the average costs in the pricing.**

The Commission sees clear benefits in the marginal cost pricing, based on, inter alia, the following arguments:

- the use of marginal cost pricing in the EU electricity market is not a particularity of the European power system, it is a common feature of all commodity markets, from oil to wheat. Electricity is an homogeneous product. Like in any other market the price of electricity is determined by the intersection between demand and supply;

- this market feature is well suited to foster competition between electricity producers, effective electricity trading across Member States and integration of renewable energies, delivering the cheapest available power to meet demand.

- the coupled European internal energy market, which is based on marginal pricing, also provides security of supply;

- this market model was strongly supported by stakeholders during the consultation on the market design reform, where the majority of respondents considered that short-term markets are functioning well in terms of providing the necessary signals for
the dispatch of generation, and did not see an as efficient alternative to the marginal pricing model. However, it was recognised that the impact of high and volatile fossil fuel prices on short-term electricity markets exposed households and companies to significant price spikes and excessive electricity bills.

| Policy recommendation 1.9: As the reform will take time to be fully effective, the EESC recommends that the inframarginal rent cap mechanism stay in place until the reform is fully operational. Revenues should be directed toward the most vulnerable, with the option of lowering prices in light of recent developments in wholesale prices. |
| Embedding the inframarginal revenue cap or similar emergency measures as a permanent feature of the market design would entail unnecessary risks and costs, namely:
- the risk of harming the forward markets, that have been identified as a key component to ensure price stability for the consumers, by decreasing its reliability and liquidity;
- the risk of affecting the investment attractiveness of the technologies needed for the electricity system decarbonisation;
- the risk that the measure will not be fit of purpose for any future crisis, which might be of a different nature than the current one. |

Based on the report issued by the Commission on 5 June\(^\text{104}\), the implementation of the inframarginal cap on market revenues in the Council Regulation on an emergency intervention to address high energy prices\(^\text{105}\) has diverged significantly across Member States. This diverging implementation has reportedly led to investor uncertainty and thus hampering Renewable Energy Systems (RES) investments at least in some Member States.


\(^{105}\) Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices; OJ L 261I, 7.10.2022, p. 1–21.
The Commission’s proposal pursues to protect consumers from volatility by promoting the use of long-term contracts such as power purchase agreements, forwards and contract for difference. These are means to decouple electricity prices from gas prices. They will promote the price stability and shield consumers from high electricity prices. These instruments will also help promoting the development of renewable energy generation, which has lower production cost and will help pushing more expensive sources of production out of the merit order curve. Furthermore, the Commission’s proposal includes a range of measures aimed at protecting and empowering consumers, such as energy sharing, the obligation for suppliers to propose fixed electricity price contracts or provisions related to supplier of last resort, among others.
<table>
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<tr>
<th>Points of the EESC opinion considered essential</th>
<th>European Commission position</th>
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<tr>
<td>1.2. The EESC stresses that fossil fuels must not be subsidised with EU funds. Therefore, the &quot;do no harm&quot; principle must also be applied to funds associated with the EHB: hydrogen (H2) must be financed through EU funding only if the electricity used comes from sources that are compatible with the Taxonomy Regulation and that are considered to make a considerable contribution to decarbonisation.</td>
<td>EU funds provided under the European Hydrogen Bank (EHB) for domestic auction and for imports support renewable hydrogen. Projects supported in the auction will need to certify that the hydrogen produced is renewable in line with the two Delegated Acts that are relevant for hydrogen. In addition, when public support in the energy sector qualifies as State Aid, including for hydrogen, it has to comply with State aid rules. In balancing the positive and negative effects of the aid, the Commission also pays attention to compliance with the ‘do no significant harm’ principle. Compliance with the screening criteria of the Taxonomy Regulation provides further guidance to demonstrate the absence of significant harm to the environment.</td>
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<td>1.3. EHB financing should prioritise the production of green H2 and must be compatible with EU rules on hydrogen. The EESC believes that, in order to manage demand and availability in hard-to-electrify sectors (especially in the steel sector) in the best possible way, the EHB should serve as a demand management tool. In addition, a</td>
<td>As published in the Draft Economic Terms and Conditions, the first auction will be directed at the production of renewable hydrogen (RFNBO). In the first auction round, there will be no restriction of off-takers, in light of uncertainty around the depth and quality of</td>
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106 COM(2023) 1086 and COM(2023) 1087.
common procurement mechanism in sectors that are difficult to electrify should help to avoid intra-European price competition, especially during the start-up period. The expected bids. However, the Commission will closely monitor the off-take situation in the first auction round and will consider adjusting off-take rules in the subsequent rounds.

1.4. The EESC opposes using (non-renewable) energy sources from Europe's electricity grids for energy-intensive electrolysis processes, thereby increasing the overall demand for energy. The EESC stresses the need to promote H2 use in conjunction with the development of renewable energy resources and to use it only where direct electrification is not possible. Please see rules set out with respect to additionality in the Delegated Act\textsuperscript{109}. Additionality aims to ensure that there is sufficient renewable electricity to support hydrogen production to avoid increased fossil electricity generation.

1.5. In times of multiple crises, it is essential to fully explore the potential for job creation in developing sectors. The EESC therefore calls on the Commission to carry out an analysis to identify the skills of workers in declining industries that would be useful for new jobs in the H2 sector. Assessment of skill needs was performed under the Erasmus+-funded GreenSkillsforH\textsubscript{2} project in order to define a sectoral Skills Strategy\textsuperscript{110}. Several other initiatives supported by the Commission already focus on the matter, for example the Clean Hydrogen Joint Undertaking call for proposals 2023 (European Hydrogen Academy\textsuperscript{111}), and the Net-Zero Industry Skills Academies proposed in the Net-Zero Industry Act\textsuperscript{112}.

1.6. According to the REPowerEU Plan, 10 million tonnes of green H2 should be produced in the EU by 2030. Priority should be given to accelerating the development and expansion of Europe's production capacity in order to achieve energy independence and avoid contributing to new strategic dependencies. The EU Innovation Fund will run the first pilot auction for the support of EU-produced hydrogen in autumn 2023. The speed of rolling out this instrument reflects the urgency the Commission attaches to supporting domestic production. However, it is important to recognise that a global hydrogen market is expected to emerge. Therefore, imports will be important due to the potentially large future

\textsuperscript{109} COM(2023) 1087 final.
\textsuperscript{111} https://pact-for-skills.ec.europa.eu/stakeholders-and-business/funding-opportunities/european-hydrogen-academy_en
\textsuperscript{112} COM(2023) 161 final.
1.7. The EESC believes that the cost-effectiveness of the projects to be supported should not be the only factor considered when drawing up the guidelines for allocating funding from the EHB. Rather, a number of further quality criteria, including environmental and social sustainability standards, should be included.

Please see the DRAFT economic Terms and Conditions (T&C) of the 2023 Innovation Fund Pilot Auction for renewable hydrogen production\(^ {114}\). The first pilot auction intends to use a single criteria auction (price based) to ease this first auction design (see e.g. AURES project\(^ {115}\) or IRENA auction design report\(^ {116}\)) and facilitate the creation of a still incipient market for renewable hydrogen. Whilst not assessed in the clearing process, non-price criteria will be addressed through so-called ‘pre-qualification criteria’, including for sound use of water resources, as set out in the Communication on the Hydrogen Bank\(^ {117}\). The Delegated Acts include criteria for renewable hydrogen which ensure sustainability standards are met\(^ {118}\).

In hydrogen projects supported outside the EU, requirements will include high environmental and social sustainability standards to ensure crowding in of local renewable energy production and the sustainable use of water, prioritising the needs of local populations and respecting environmental sustainability. In cases where a renewable hydrogen project proposal includes the development of a desalination plant, this will be considered in light of national water management and

\(^{113}\) COM(2022) 230 final.
\(^{114}\) \textit{policy\_funding\_innovation\_draft\_term\_conditions\_pilot\_auction\_en.pdf (europa.eu)}

\(^{115}\) \textit{Auctions for Renewable Energy Support II | AURES II | Project | Fact sheet | H2020 | CORDIS | European Commission (europa.eu)}


\(^{117}\) COM(2023) 156 final.

\(^{118}\) \textit{https://climate.ec.europa.eu/system/files/2023-03/policy\_funding\_innovation\_draft\_term\_conditions\_pilot\_auction\_en.pdf}.
1.8. The EESC believes that the existing EU emissions trading system (ETS) must be further strengthened; this includes effective protective measures aimed at imports (border adjustment mechanism). A predictable and less volatile price path can help create investment certainty for indispensable investments in green H2. The Commission's top priorities should be ensuring investment security under the EU ETS, eliminating natural gas subsidies, and providing research, technology and innovation support for green H2 production and distribution technologies.

Further strengthening of the EU Emissions Trading System (ETS) was achieved as part of the ‘Fit for 55’ package and the system continues to deliver a robust carbon price signal fostering investment security. The Carbon Border Adjustment Mechanism (CBAM)\(^{119}\) was also introduced as part of this package and together with regulatory instruments (Renewable Energy Directive\(^{120}\), Energy Efficiency Directive\(^{121}\), fuel mandates\(^{122}\) etc.) this should lead to investment certainty for decarbonisation technologies.

Considering the scale of the transition, there is still a considerable role to play for financing instruments such as the Innovation Fund as innovative clean technologies face a significant cost gap and cannot yet compete on pure market conditions. The Innovation Fund is one of the mechanisms in place to redirect revenues from the auctioning of allowances under the EU ETS into support for innovative clean technologies. The Innovation Fund provides investment grants for projects in the areas of energy intensive industries, renewable electricity, energy storage, carbon capture, storage and utilisation (CCUS), and next-zero mobility and buildings. The support of renewable hydrogen production and demand are also key areas of support.


\(^{122}\) Fit for 55: Parliament and Council reach deal on greener aviation fuels | News | European Parliament (europa.eu)
1.9. The EESC stresses that the use of H2 must be subject to high technical safety requirements, particularly for operational installations, and that conditions and monitoring will need to be imposed in order to identify and reduce risks.

While not in the remit of the EHB, improved safety standards can facilitate the development of the hydrogen market. The legislative framework supporting the development of renewable hydrogen includes the Hydrogen and Decarbonised Gas Market Package\textsuperscript{123}, which is currently in inter-institutional negotiations. The Commission proposal includes that Member States shall set out technical safety criteria for hydrogen (Article 9 of the Directive\textsuperscript{124}), and that hydrogen network operators would have to operate a secure and reliable infrastructure for hydrogen (Article. 46 Directive), which would be enforced by the regulatory authorities (Article 72 of the Directive).

1.10. The EESC calls on the Commission to assess the impact of the development of green H2 on household energy costs.

The Commission does not see a role for hydrogen in households. For heating in residential buildings and for district heating measures focusing on electrification (e.g. via heat pumps), the direct use of renewable energy, and energy efficiency\textsuperscript{125} are more effective for decarbonisation, rather than the use of renewable hydrogen. Hydrogen should be used in hard-to-abate sectors where direct electrification is not feasible or difficult to achieve.

1.11. The EESC recommends that the Commission clarify transition periods for industry according to sector-specific needs based on emission reduction pathways and targets. The steel, cement and chemical industries must be supported in converting their energy systems and production methods, as well as parts of the transport sector. The EESC stresses that these CO\textsubscript{2} emissions need to be reduced.

In January 2023, the Commission published the transition pathway for the chemical industry\textsuperscript{126}. It is an actionable plan co-developed by the Commission with EU Member States, chemical industry stakeholders, non-governmental organizations (NGOs), and other interested parties. It provides a list of more than 150 actions, grouped under 26 topics, to be

\textsuperscript{123} Hydrogen and decarbonised gas market package (europa.eu)
\textsuperscript{124} COM(2021) 803 final.
\textsuperscript{125} COM(2022) 222 final and COM(2021) 558 final.
\textsuperscript{126} [ONLINE] ET-08-23-017-EN-N - Transition Pathway for the Chemical Industry (v17.05 8h30).pdf
emission-intensive industries may otherwise not survive the change. Implemented by the concerned stakeholders within an agreed timeframe. Preparatory work on a transition pathway for the metals industry is ongoing. The EHB pilot domestic auction will support the production of renewable hydrogen, which is considered key in the decarbonisation strategy of hard-to-abate sectors (including heavy industry).

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<tr>
<th>1.12. The EESC believes that the EHB, in coordination with the Member States and their authorities, and with other EU funding tools and institutions, should ensure that funds are coordinated in such a way as to maximise their benefits while avoiding overfunding.</th>
<th>The EHB will play a coordination role of the existing EU financial instruments supporting hydrogen projects. This also includes making information on available EU financing more accessible for stakeholders. A hydrogen public funding compass is a publicly available online guide for stakeholders to identify EU public funding sources for hydrogen projects. Under the EHB domestic auction, there will be specific limitations to state-aid cumulation with the funds of the auction, ensuring that projects located in countries that have been able to provide public support to hydrogen production do not benefit from more advantageous conditions for price bidding. At this stage, the Commission is still assessing possibilities for funding of renewable hydrogen development in third countries. Team Europe Initiatives have been developed jointly by the EU and Member States bundling their efforts in fostering development of renewable hydrogen projects in third countries.</th>
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<tr>
<td>1.13. The EESC is of the opinion that the EHB should include provisions on (social and environmental) may be</td>
<td>Although further project impact criteria (social and environmental) may be</td>
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prevailing wages, workforce development, and apprenticeships similar to the provisions in the US Inflation Reduction Act (IRA).

considered for future calls, this first pilot domestic auction will prioritise simplicity in its design given the still immature renewable hydrogen market focusing awarding on pricing criteria and payments based on certified actual production.

Ensuring decent working and living conditions for citizens all over the Union is a priority for the Commission. The Commission has promoted the principle of fair wages that provide for a decent standard of living, set in a predictable and transparent way, as one of the principles of the European Pillar of Social Rights\textsuperscript{129}.

To make this reality for EU workers, the Commission has taken action via the recently adopted EU Directive on adequate minimum wages in the EU\textsuperscript{130}. The Directive establishes an EU framework for adequate levels of statutory minimum wages, promoting collective bargaining, and enhancing effective access of workers to minimum wage protection in the EU, with the goal of improving working and living conditions in the Union.

1.15. The EESC calls for public and municipal companies not to be disadvantaged compared to market-based companies under the EHB’s funding programmes.

The EHB domestic auction design is non-discriminatory and fully open for the participation of any entity located in the EU/EEA. For the international auction design, the objective is to mirror as much as possible the domestic auction design also on these aspects.

1.16. The EESC is of the opinion that the European energy transition can only succeed if global trade in raw materials, and especially energy, is also based on the principles of ecological and social

The EU is strongly committed to international cooperation to accelerate the green transition and contribute to broader social and economic development with partner countries including in supporting

\textsuperscript{129} The European Pillar of Social Rights in 20 principles - Employment, Social Affairs & Inclusion - European Commission (europa.eu)

sustainability and the promotion of renewable energy sources.

hydrogen market development in the EU and globally.

EU cooperation with third countries under MoUs/Partnerships/Free Trade Agreements aims to support the green transition in partner countries, including through the development of the renewable energy sector and industrial supply chains, by strengthening the regulatory framework, technology deployment and sustainable production of renewable hydrogen in win-win mode with in-country value addition.

The Commission has proposed the Critical Raw Materials Package (CRMs)\(^{131}\), which creates a regulatory framework to strengthen Europe’s security of supply for the minerals needed for the green and digital transitions. It requires Member States to increase efforts to improve circularity of CRMs, including waste collection and CRM recyclability.

The Commission published in 2021 the EU principles for sustainable raw materials\(^ {132}\) aiming at aligning Member States’ understanding of sustainable extraction and processing towards the Sustainable Development Goals and to improve the sustainability of the sector.

While the EU cannot regulate outside its jurisdiction, the CRMs Package includes a wide set of measures to ensure that projects associated to the EU maintain high levels of environmental and social standards. Improved sustainability with respect to labour and human rights and the environment is an essential component for the selection of Strategic Projects, in the EU and in third countries, and for the Strategic Partnerships with third countries.


<table>
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<tr>
<th>The EU also pursues this work in international fora (e.g. United Nations, World Trade Organisation, Organisation for Economic Co-operation and Development (OCDE) or International Labour Organization (ILO)). The Commission pays special attention to include strong sustainability provisions in the EU’s trade and investment agreements, as shown by the commitment to develop Sustainable Investment Facilitation Agreements.</th>
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<tr>
<td>3.3. At the same time, the EESC acknowledges that the use of &quot;blue&quot; H2 will be necessary pending availability in adequate quantity and at an acceptable price. To manage demand, the EHB should serve as a demand aggregation tool, providing an overview of the demand for and availability of H2 in hard-to-electrify sectors and pooling it to make the supply price as low as possible, meaning it will function similarly to the EU Energy Platform, as suggested in the EHB Communication.</td>
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<td>The EHB aims to unlock private investments in hydrogen value chains in the EU and in third countries by connecting renewable hydrogen supply with the emerging demand by European off-takers. The EHB aims at increased demand visibility by linking with off-takers, parallel MS initiatives and existing data platforms. The Commission will study the possibility to include a mechanism for demand assessment of renewable hydrogen in the future within the scope of activities of the EHB, using the experience gained under the EU Energy Platform and Aggregated.</td>
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<tr>
<td>Points of the European Economic and Social Committee opinion considered essential</td>
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<tr>
<td><strong>Conclusions and recommendations</strong></td>
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1.2. The risk of the digital divide needs to be carefully monitored. Digitalisation could leave some vulnerable groups further behind despite the provision that an alternative must be available on request. It would be advisable if there was a timeline and greater clarity as to how this alternative would operate effectively. | According to the Commission proposal, upon the request of the consumer or farmer, economic operators shall provide the information included on the digital label by ‘alternative means’. Additionally, this information has to be provided by alternative means in the case this digital label is temporarily not accessible for technical reasons at the moment of purchase. The Commission considers that the wording chosen implies an immediate reaction on the side of the economic operators. Indeed, the information should be provided by alternative means as soon as possible and without undue delay. Additional details supplementing the general principle are to be adopted in a delegated Regulation. The Commission is confident that the ‘alternative means’ properly address the risks associated to the digital divide. |
|  
1.3. Economic operators who adopt digital labelling should take specific action to recommend and encourage end-users to consult the digital label. | According to the Commission proposal, in case digital labelling was chosen by the economic operator for a product, the data carrier found on the product packaging or the accompanying document or leaflet, should be accompanied by a statement that raises awareness of the presence of labelling information provided digitally. |
<table>
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<tr>
<th>1.4. Some End-users have concerns about excessive tracking being attached to the digital labelling.</th>
<th>Annex I (1) (b) to the proposal includes a suggestion for the wording of such statement.</th>
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<td>This concern was taken into consideration. According to the Commission proposal in point 1 of Article 11c, economic operators who chose to provide a digital label must not track, analyse or use any usage information for purposes other than what is absolutely necessary for providing the relevant information digitally. Moreover, general data protection rules apply.</td>
<td></td>
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<td>1.6. A recommendation to engage in soil sampling before applying fertilising products should be highlighted on the physical label as well as the digital label. Such action would be good for the environment and save money.</td>
<td>The issue of soil testing/sampling is relevant to the use of EU fertilising products in general. As such, a recommendation like this would not come directly under the scope of the Fertilising Products Regulation (FPR), and, in particular, of the targeted Commission proposal. In fact, the FPR regulates the making available on the single market of EU fertilising products but not their use. The instructions for use of EU fertilising products are included as labelling information to provide minimum guidance on an appropriate use of these products emphasizing safety issues. The efficient use of EU fertilising products is multifactorial and may be influenced by other aspects apart from soil properties, such as the climatic conditions or the crops for which fertilisation is practiced. Farmers may also have different knowledge about the characteristics of their soil or revert to knowledgeable consulting services.</td>
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<tr>
<td>1.7. The design and format including minimum font size of physical labels should</td>
<td>The design and format of physical labels, including minimum font size, is not covered by the labelling requirements of Annex III to the FPR. Therefore, an</td>
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be specified in the proposal to ensure clearer communication. (see also 3.6)  

amendment to include requirements for the size and the layout of the physical label would be an amendment of Annex III to include new provisions, which was out of the scope of this Commission proposal. The approach chosen is voluntary digital labelling, which means that a generalised approach on the physical label cannot be taken. Nevertheless, the proposal is indirectly impacting the readability of the label should economic operators reduce the amount of information on the physical label by choosing to provide digital labels for on-pack labelling for end-users. 

However, under the revision of the Regulation on Classification, Labelling and Packaging of chemicals, the Commission proposes to set minimum font requirements for information on hazards and generic risk mitigation measures, which may also benefit fertiliser labels, where they are coming under the scope of the above-mentioned Regulation.

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<th>3.9. The adoption of digital labelling is voluntary on the part of Economic operators. However, in the interests of promoting the more extensive use of digital labelling, priority should be given to encouraging Economic operators to move to digital labelling.</th>
<th>Digitising a label is a voluntary action. However, the Commission considers that the added values of digital labelling for fertilising products, such as waste reduction and more language versions provided on-line, are incentives that would encourage stakeholders to adopt digital labels. Benefits are clearly expressed in the recitals. At the same time, the proposal takes account of the limited capacities of small to medium-sized enterprises (SMEs) and also encourages operators to stay sensitive to</th>
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the digital divide. In addition, support to farmers’ digitisation is deployed, for example under the Pact for Skills, for upskilling, or the Farm Sustainability Tool for nutrients (FaST\textsuperscript{134}); these tools intend to help farmers to transit to digital tools to reap benefits of their use, so economic operators will have more digitally experienced counterparts over time.

3.13. The proposal states that packages over 1 000 kg should be deemed as bulk deliveries. It would have been preferrable if packages of 1 000 kg were deemed as bulk deliveries and packages under 1 000 kg would require the physical label in addition to the digital label.

The limit builds on existing approaches. This limit of 1000 kg relevant for products sold with packaging was a notion carried over from the previous Regulation relating to fertilisers\textsuperscript{135}, which was repealed by the FPR. In addition, this limit was chosen for regulatory coherence, as it corresponds to one of the risk mitigation measures for organic fertilisers and soil improvers within the animal by-product rules. It is set out in the Regulation on health rules as regards animal by-products and derived products not intended for human consumption\textsuperscript{136}, (Annex XI, Chapter II, section 2 No 4(b)).

\textsuperscript{134} https://fastplatform.eu


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<tr>
<td>1.2. The EESC believes that the conservation and enforcement measures adopted by the Northwest Atlantic Fisheries Organization (NAFO) should be transposed into EU law, with a view to achieving their uniform and effective implementation within the EU.</td>
<td>The Commission thanks the Committee for its support and shares its view.</td>
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<td>1.3. However, it considers that the proposal under consideration does not establish an efficient mechanism for transposing the measures adopted by NAFO, and does not resolve the issue of having to update these measures each year.</td>
<td>The Commission is in favour of simpler and swift transposition methods, as the content of the proposal contains already binding international obligations for the Union. In the proposal, the Commission is introducing more delegated powers to enable a swifter transposition into Union law, following a decision of the Northwest Atlantic Fisheries Organization (NAFO) Contracting Parties.</td>
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1.4. The Committee is in favour of a more efficient, simpler mechanism, and therefore proposes drafting a regulation that contains a single article stipulating that the European Union must, without fail, apply NAFO measures to its fleet.

While the Commission is in favour of simpler transposition methods, it is not possible to transpose the NAFO conservation and enforcement measures (CEM) in one single article. NAFO CEM are addressed to the NAFO Contracting Parties. Therefore, CEM text cannot be applied as such, for example by EU individuals, as it would be uncertain what the scope of their duties is. EU Regulation must spell out clearly how norms are to be applied within the Union, by either Member States, operators, or by the Commission. There is the need for clear identification of subjects and their rights and duties in order to ensure the transposition of these international obligations. This also ensures that all key rules are available to operators in their language.

1.5. The EESC stresses the risk involved in introducing a system of delegated acts, as this would give the Commission the power to legislate without being required to follow the ordinary procedures.

The Commission understands the Committee’s concerns on this point. By adopting this proposal, the Commission’s intention is to find a way to simplify and speed-up the transposition exercise. As a result, the Commission introduces a mechanism by which non-essential and more technical parts of the regulation could be amended through delegated powers, which still gives the European Parliament and the Council the right of scrutiny over the acts adopted by the Commission. The delegation of powers is revocable and limited in time.

4.1. The EESC recognises the important role that research vessels play in monitoring and assessing the marine environmental status, in particular in relation to fisheries. Accurate characterisation of ecological communities with respect to their biodiversity and food-web

NAFO is developing Ecosystem Summary Sheets to support the monitoring and assessment of marine environmental status in NAFO Regulatory Area.
structure is essential for conservation. Local richness can show statistically significant, season-dependent changes within the catchment for fish that do not necessarily mirror those observed for biodiversity and functional feeding characteristics.

| 4.2. Recently, the scientific community introduced an innovative approach to monitoring and assessing the status of the marine ecosystem, including through analysing and modelling environmental DNA (eDNA). This approach introduces techniques and concepts that can support effective governance and management of fisheries\textsuperscript{137}. The EESC recognises that eDNA is complementary data providing useful information on the status of the trophic web and the marine ecosystem. Given that some research vessels collect eDNA during their observational campaigns, the EESC asks for the collection and storage of eDNA to be taken into account as valuable data to be integrated into fish catches. | The Commission recognises the potential of environmental DNA (eDNA) to complement data used to monitor and assess the status of the marine ecosystem. Recent studies confirm that potential and initial discussions are taking place under the Data Collection Framework (DCF) to spread out and standardise the collection of samples for genomic analysis\textsuperscript{138}. |

| 4.3. Most countries comply with the pillars of the Nagoya Protocol, which entered into force on 12 October 2014 and stems from the Convention on Biological Diversity. Under this protocol, research and development activities must be carried out in accordance with any applicable access and benefit-sharing (ABS) regulation and must be traceable. Where applicable, all of the required ABS procedures must have been carried out with the competent authorities before the implementation of any research programme requiring the use and transfer of genetic resources, regardless of the supplier country. The majority of countries have signed the Nagoya Protocol, and few of them still need to ratify it. | The Commission fully recognises the importance of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity. |

\textsuperscript{138} Fish Genome report published in May 2023: (https://op.europa.eu/en/publication-detail/-/publication/4cdb3dc7-f080-11ed-a05c-01aa75ed71a1)
4.4. The proposal introduces obligations for research vessel operators to provide certain requested data, which may be inappropriate where external factors (e.g. weather conditions, specific information from satellites about the distribution of nutrients) impose or prompt quick changes in observational campaigns. Some requests, e.g. the need to have an observer with sufficient expertise on board and the obligation for vessels to change position in the event of by-catch, may also make the process less effective in supporting the conservation and management of healthy and productive marine ecosystems, especially if the information gathered is not communicated to the wider community.

The Commission acknowledges the Committee’s concern regarding possible discontinuity of environmental data gathered via regular surveys regulated by NAFO CEM. Most of the environmental data used for scientific analysis in NAFO (STACFEN) is not coming from these scientific surveys but the Commission agrees on the importance to optimise the information gathered from each single survey.

4.5. Due to the difficulty in adapting the operational process to the legislative requirements, and vice versa, the EESC welcomes a more pragmatic approach based on the transparent circulation of information. In this context, the EESC proposes introducing an ex-post publication of the curricula vitae of the experts identified as competent observers, and a brief report describing the rationale and details for the change of position in the event of by-catch. Making this information publicly available could promote the sharing of best practices and improve the reputation of the stakeholders involved.

It is a current practice in all research vessels in NAFO to provide to all NAFO Contracting Parties the name of the principal investigator. In this regard, the selection of these principal investigators falls under the competence of the flag state of the research vessel.
N°21 Proposal for an EU cyber defence policy  
(Own-initiative opinion)  
EESC 2022/5106 – CCMI/202  
579th Plenary Session – June 2023  
Rapporteurs: Anastasis YIAPANIS (CY-III),  
Alberto MAZZOLA (IT – Cat. 1)  
DG CNECT/EEAS – Commissioner BRETON/  
High Representative BORRELL FONTELLES

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<td>The follow-up given by the Commission to this opinion will be included in a subsequent report.</td>
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<td>1.5. As different building regulations also create barriers to the use of renewable building materials, the EESC calls for harmonisation measures and sees the New European Bauhaus (NEB) as an important driver in this connection.</td>
<td>The Commission welcomes the Committee’s support for the New European Bauhaus (NEB) and NEB Academy. The Commission would like to point out that, in line with the integrated approach of the NEB, the NEB Academy embraces a systemic thinking around sustainable construction, looking at all the phases and links in the sector’s value chain. The NEB Academy is open for all stakeholders, which are part of the construction ecosystem.</td>
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<td>1.9. The EESC considers it essential to transfer know-how, as envisaged in the NEB Academy, and to provide appropriate training and development at national level. Training and development on the use of new sustainable construction methods and materials is needed for all those involved in the construction process: planners, architects, engineers, technicians, IT specialists and construction workers.</td>
<td>The Commission would like to emphasise that reducing carbon emissions is not the only objective of the green transition in the construction sector. The evaluation of whether renewable materials are to be used in the construction sector also needs a careful consideration of the consequences for other sustainability criteria, like circularity, waste treatment, and re-usability.</td>
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<td>2.4. […] Providing wood as a substitute for materials with higher life cycle emissions is therefore an important measure in tackling climate change.</td>
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<td>3.2. A key criterion for assessing buildings is their environmental impact over the entire life cycle. Environmental impacts arise from</td>
<td>The Commission would like to point out that EN 15804 only applies to the product but not to the building level, where</td>
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construction (production and transport of construction products used), use and dismantling (including recycling or disposal of construction products). Environmental impacts are recorded in life cycle assessments (EN 15804:15.02.2022).

3.17. The EESC welcomes the Ecodesign Regulation for Sustainable Products proposed in spring 2022 as an important step towards greener, circular products. The establishment of minimum criteria, such as reducing products’ environmental and climate footprints, can also be fully applied to timber construction and create economic opportunities for innovation, although timber construction is not currently included in the Regulation.

<p>| different criteria are combined (EN 15987). | The Commission would like to stress that for construction products made of wood the Construction Products Regulation will apply. Hence, timber construction products and their environmental characteristics will be addressed in the future harmonised standards for these products under the Construction Products Regulation. At the same time, they are in the scope of the Ecodesign for Sustainable Products Regulation. Both Regulations will apply a product life cycle assessment and product specific environmental requirements. |</p>
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<tr>
<td>1.2. Education, training and lifelong learning of the workforce in the field of timber construction is more important than ever. Education and training must be the result of social dialogue with the involvement of all Social Partners.</td>
<td>Under the Pact for Skills, the Commission supported the launch of a skills partnership for the construction sector. The initiative was launched in 2022 by the EU social partners European Construction Industry Federation and European Federation of Building and Woodworkers in cooperation with the European Builders Confederation. The partnership aims at upskilling and reskilling at least 25% of the construction industry's workforce in the next five years.</td>
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<td>2.3. The EESC highlights that, in order to increase the importance of sustainably produced wood as a building material in the construction industry, the need for sustainable forest management for the production of wood as a raw material should be emphasised. Sustainable forest management involves managing and using forests in such a way that they are not only environmentally, but also economically and socially, sustainable. This means that forests are preserved for both current and future generations, and that natural resources are used responsibly. One important element of sustainable forest management is preserving forests' biodiversity and ecosystem services. It is also important to reduce forests' vulnerability to natural disruptions such as forest fires and insect infestations.</td>
<td>The Commission welcomes that the Committee highlights the importance of sustainable forest management practices, which preserve biodiversity and ecosystem services. The Commission would like to point out that the New EU Forest Strategy for 2030 acknowledges the significant opportunities sustainable forest management practices have for forest productivity, timber production, biodiversity, carbon sink function, healthy soil properties and climate resilience.</td>
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2.6. Timber construction can make an important contribution to developing a more circular economy and in particular to the objective of a more bio-based economy, as set out in the relevant EU policies. The applications and material properties of wood and wood-based products need to be further developed in this regard. In particular, the recyclability of wood products plays an essential role in this connection, but combinations of wood with other materials will also become increasingly important. Action, coordinated and supported at European level, to promote research cooperation in the fields of material properties and composite materials can play an important role here and stimulate innovation.

The Commission welcomes that the Committee recognises the need for further improving the recyclability of wood-based products.

The new Construction Products Regulation and the Ecodesign for Sustainable Products Regulation, both in co-decision at the moment, are expected to increase the effective use of secondary materials in construction.

The Commission would like to emphasise that the EU and the Bio-based Industries Consortium established a €2 billion partnership that funds projects advancing competitive circular bio-based industries.

2.8. The EESC notes that technological and material changes in timber construction will also change the organisation of work and the skills required. This creates overlaps between the construction and timber sectors and between traditional occupations in these two sectors. Adjustments to the existing curricula for individual occupations, or even redesigning occupations, are a must in this regard and should be coordinated at European level. The objective of attractive occupations with a wide range of tasks and corresponding organisation of the work will also help to make the construction and timber sectors more attractive.

The Commission would like to highlight the newly formed New European Bauhaus (NEB) Academy on skills for sustainable construction that has the aim to accelerate up-skilling and re-skilling in the construction ecosystem.

Together with stakeholders from the construction ecosystem, knowledge gaps in the use of bio-based materials, digital technologies, and increased circularity in construction are to be identified. An online platform will make training materials easily accessible.

2.9. The EESC believes that, due to the rapid changes in working methods (digitalisation, robotics, artificial intelligence, new machineries), education, training and lifelong learning of the workforce in the field of timber construction is more important than ever. Education and training must be the result of social dialogue with the involvement of all social partners.
| 3.3. Tests on the ground show that, from a life cycle assessment point of view, timber construction has proved to be more advantageous overall than other construction methods, such as reinforced concrete. In particular, it performs significantly better on the impact indicator for assessing global warming potential, producing only 57% of the potential of reinforced concrete construction. | The good performance of timber in regard to CO2 emissions should be considered in design, construction and maintenance of construction works in relation to all other relevant building requirements such as structural integrity, insulation performance or emissions into indoor air (from natural materials or due to protective coatings). |
### Points of the European Economic and Social Committee opinion considered essential

1.1. The EESC is convinced that the metaverse and the development of virtual worlds are likely to have a drastic impact on the way we live together. The metaverse is a highly interconnected digital universe (virtual space) that uses the internet, avatars and software agents and binds them together to create a new physical and virtual world. This has implications for the business environment, working conditions and the development of civil society. These changes will bring with them both opportunities and risks that society will need to address. There is still a need for progress with regard to acceptance of the use of these new technologies, increasing safety for all kinds of workers.

1.2. From the EESC's perspective, it is important to ensure that the next generation of the internet is open and connected. The metaverse is built upon a foundation of

### European Commission position

The Commission thanks the Committee and agrees that the development of virtual worlds will have a significant impact on citizens, workers and businesses alike, and that there is the need to address opportunities as well as risks. Trust and confidence are key for user acceptance, both for citizens and businesses. In its Communication “An EU initiative on Web 4.0 and virtual worlds: a head start in the next technological transition”[^139] (hereafter “Communication”), the Commission proposes actions aiming at increasing awareness and at supporting skills development, and is envisaging to make available a toolbox with guidance, empowering people in using virtual worlds. The Commission also refers to the challenges the virtual worlds may pose for working conditions, and states that persons working in virtual worlds from the EU should be able to rely on the EU’s labour standards.

[^139]: COM(2023)442 final.
interconnected virtual worlds, which are created using various technologies such as 3D modelling software, Web 3.0, augmented/virtual/extended reality, artificial intelligence/machine learning, and distributed computing. Organisations can envision how these technologies can improve their business models, but they must address critical questions, such as how to evaluate market trends, source capabilities, measure engagement, and adapt businesses to stay competitive. Opportunities and challenges are further detailed in points 3.2 and 3.3, and some specific industrial examples are set out in point 3.10. There is a need to continuously analyse whether the legislation currently in force is sufficient to regulate virtual worlds. The EESC reiterates the recent position of the European Parliament and stresses the importance of correctly determining the employment status of those involved in virtual worlds and ensuring that they are considered either employees or self-employed, depending on their actual working conditions.

1.3. The development of the metaverse requires careful consideration by the legislator to ensure a safe environment. Ongoing collaboration among stakeholders is necessary to ensure that the metaverse benefits society. However, virtual worlds such as the metaverse also pose risks, especially for children and vulnerable groups. Platform operators need to put in place strict control mechanisms to filter and remove harmful content and safeguards to prevent

agrees that virtual worlds are by nature highly interdisciplinary. The Commission considers that the EU already has in place a strong regulatory framework covering virtual worlds (data protection, competition, intellectual property and platform regulation for example) but will carefully follow developments. The Commission works with Member States to anticipate and address future challenges. The Commission acknowledges the importance of correctly determining the employment status of persons working in the virtual worlds and will follow relevant developments closely.

The Commission agrees that the protection of children and vulnerable groups through a safe environment needs to be an important aspect of virtual worlds. The Communication reflects the objectives of the Digital Decade policy programme\(^\text{140}\) and the European Declaration on Digital Rights and Principles for the Digital Decade\(^\text{141}\).

The Digital Services Act (DSA)\(^\text{142}\) and the Digital Markets Act (DMA)\(^\text{143}\)

\(^{140}\) Digital Decade Policy Programme 2030 | Shaping Europe’s digital future (europa.eu)
\(^{141}\) European Digital Rights and Principles | Shaping Europe’s digital future (europa.eu)
harassment and abuse. introduce a comprehensive system of accountability for online platforms, also as regards the protection of minors.

The Better internet for kids (BIK+) platform will be leveraged for the implementation of the Communication.

1.4. The metaverse can also impact working conditions and health and safety. It is important to ensure that adequate measures are put in place in order to ensure sufficient information about these issues, including through social dialogue and collective bargaining, to ensure the safety of workers and provide access to training to improve competencies and skills. The EU has to guarantee that existing legislation that applies in the real world is also respected in the virtual world and that, where necessary, appropriate measures are taken to address specific needs for regulating the metaverse.

The Commission agrees that virtual worlds can impact working conditions and health and safety, and, in its Communication, explicitly states that these rights should be guaranteed in the virtual worlds. The Commission agrees as to the importance of effective mechanisms to enforce these rights.

The Digital Services Act (DSA), the Digital Markets Act (DMA), the General Data Protection Regulation (GDPR), together with the upcoming EU Digital identity wallet currently under interinstitutional negotiations, and the Data Act will have an important role in the European regulatory framework governing virtual worlds.

During the preparation of the virtual worlds’ initiative, the Commission conducted extensive consultations with citizens, academia, civil society and business stakeholders, including discussions on the health and safety issues. Its Communication states that European social partners will be invited to give their views on the impact of virtual worlds on workers and health.

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144 A European strategy for a better internet for kids (BIK+) | Shaping Europe’s digital future (europa.eu)
146 EU Digital Identity Wallet Toolbox Process | Shaping Europe’s digital future (europa.eu)
147 COM(2022) 68 final.
The Commission took good note of the outcomes of the Citizens Panel. The Panel mentioned physical and mental health as one of the fundamental citizen values and principles for desirable and fair European virtual worlds.

1.5. The use of the metaverse in industry today, as far as the EESC is concerned, is focused on optimising operations, gathering data and improving performance. Digital twins have proven to be a valuable tool for companies to achieve these goals. The metaverse must provide solutions to unsolved problems or enable products to be manufactured at lower cost and in less time, improve quality, reduce risk and increase efficiency.

The Commission agrees on the important role that industrial virtual worlds will play for businesses. Digital twins are at the heart of it. The Communication aims at supporting a European virtual worlds and Web 4.0 industrial ecosystem and scale up innovation opportunities.

1.6. The metaverse could potentially have a positive impact on the environment and climate change by enabling remote working on a new level, reducing the need for physical travel and reducing carbon emissions. In addition, the metaverse can be used to simulate and test sustainable practices, such as renewable energy systems and smart cities, before implementing them in the physical world. However, the energy consumption and carbon footprint of the technology that powers the metaverse must also be considered. The expansion of virtual worlds will further increase global energy demand. This will increase the need for green energy generation.

The Commission agrees that more research is needed to assess and tap the full potential of the environmental and energy consumption of the technologies underlying virtual worlds and to avoid unintended side effects.

1.7. The EESC sees the need to address issues of taxation of activities in the metaverse already today. Fiscal issues in the metaverse are challenging, as traditional tax models may not be appropriate and new approaches may be needed to collect fair and effective taxes.

The Commission agrees that virtual worlds may have implications for taxation models and will continue to follow this issue. A number of initiatives are already under way such as the value added tax
(VAT) treatment of virtual events which has been recently updated and should be implemented by Member States by 1 January 2025. The VAT treatment of non-fungible tokens is currently a subject being explored at the level of the VAT Committee which is a consultative body looking at matters of application of the provisions of the VAT Directive 148. Other subjects will need to be further explored, such as the taxation of virtual leasing of immovable property located in virtual worlds.

In cases where transactions are carried out in virtual worlds for investment or payment purposes this could give rise to a reporting obligation under the Directive on administrative cooperation in the field of taxation 149.

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| 1.1. highlights that while it is possible for the EU to propose an update to the United Nations Globally Harmonized System (UN GHS) in line with the revised CLP Regulation, there is no guarantee that the EU proposal will be accepted by all parties. A temporary divergence could become a long-term issue. It seems it would be virtually impossible to implement the new proposals regarding online sales originating outside the EU unless it is accepted by the UN GHS. | The Regulation on the classification, labelling and packaging of substances and mixtures (‘CLP’)\(^\text{150}\) implements at EU level the rules adopted in the UN Globally Harmonized System of Classification and Labelling of chemicals (‘UN GHS’). Its purpose is the protection of human health and environment, but also the free movement of chemicals. The EU is committed to leading the way internationally and has initiated the process at UN level on the introduction of new hazard classes.

It is also to be noted that the UN GHS system addresses classification of chemicals by types of hazards and proposes harmonised hazard communication elements, including labels and safety data sheets, but does not address online sales. Therefore, the implementation of rules on online sales for chemicals originated from outside EU is not related to work and decisions taken within the UN GHS system.

Furthermore, all products placed on the EU single market, including chemicals, must comply with EU rules. The new rules and requirements for distance sales, proposed by |

the Commission, will strengthen this requirement, and will improve the compliance of chemicals coming from the third countries with CLP rules.

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<th>1.4. (also 4.11.) suggests that the Commission's framework for monitoring the implementation of the revised CLP Regulation needs to carefully evaluate the impact on essential value chains involving chemicals so that they are not negatively impacted. The European Chemical Industry Council (Cefic) suggests that as many as 12 000 substances might be affected by the proposed changes to the CLP and the GRA (generic approach to risk management). As a result, many products that consumers and professionals rely on may no longer be available on the market.</th>
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<tr>
<td>The CLP sets harmonised rules for the classification, labelling and packaging of substances and mixtures. Harmonised classification and labelling is based on a scientific assessment. Any further regulatory actions to be taken for the newly classified chemicals, as well as their socio-economic impacts, will be assessed under the revisions of other relevant legislation, including under the revision of the REACH Regulation.</td>
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<th>1.5. (also 4.14.) calls for particular attention to be devoted to the well-being of those who work in the chemical industry. Health and safety must always be prioritised. Workers in the chemical industry must be given intensive training so that they have a full understanding of the chemicals that they are in contact with in their work. All equipment needs to be properly maintained. Data from the Major Accident Reporting System (eMars) states that on average over 30 industrial accidents occur each year in the 12 000 registered high hazard industrial establishments in the EU.</th>
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<td>One of the main objectives of the CLP proposal is to improve hazard communication to consumers and workers by clarifying the label formatting rules, allowing the broader use of fold-out labels, introducing a possibility for a digital labelling, and requiring online sellers to provide label information in their distance sales offers. It is, however, important to highlight that this revision targets the identified problems within the scope and application of CLP. While it contributes to the broader objectives of Chemical Strategy for Sustainability on strengthening chemicals legislation, with the overall aim of moving to a toxic-free environment and enhancing the protection of human health and the environment, it addresses only the issues that fall under the remit of CLP. The</td>
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safety of people who work in the chemical industry is of paramount importance and CLP is a tool to communicate hazard information to workers. The Commission, however, considers it important to highlight that it is not in the scope of CLP to address the questions of the assessment of safety in the workplace, chemical plants equipment, staff training and risk assessment measures at the workplace. This is the objective of workers protection legislation.

The EU legislation in the area of occupational safety and health, in particular the Carcinogens, Mutagens and Reprotoxic substances Directive (CMRD)\(^\text{152}\) and the Chemical Agents Directive\(^\text{153}\), ensures a high level of protection of workers from the exposure to hazardous chemicals. In particular, these Directives provide obligations for employers to carry out risk assessments, take prevention measures and provide training. Furthermore, and in line with the EU strategic framework on health and safety at work 2021-2027, the Commission is carrying out a continuous revision of the CMRD to set occupational limit values (OELs) above which workers cannot be exposed. Since 2017, the EU has adopted OELs for 41 carcinogens, mutagens or reprotoxic substances. These limit values will contribute to save lives of more than 100,000 workers over the next 50 years.

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<th>3.4. It is not clear how the proposed change in the rules concerning advertising is going to be enforced. Will the entity publishing an advertisement in breach of the rules be liable to sanctions as well as the seller of the product who placed the advertisement?</th>
<th>Article 1 of CLP defines its purpose and scope. In accordance with this Article, CLP sets out classification, labelling, packaging and certain notification obligations for manufacturers, importers, downstream users, or distributors placing chemicals on the EU market. Therefore, the advertisements requirements set out in</th>
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\(^\text{152}\) Directive 2004/37/EC.  
\(^\text{153}\) Directive 98/24/EC.
Article 48 of the current CLP and the proposed changes to that Article are addressed to the abovementioned economic actors, who will bear responsibility in case of non-compliance with CLP requirements. Enforcement is the responsibility of Member States.

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<th>4.2. The EEB suggested that there should be binding decision deadlines, new sanctions on organisations that do not provide all the necessary data, and that a precautionary approach should be used in chemical regulation.</th>
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<tr>
<td>The CLP Regulation does not provide for rules on gathering and submission of data on chemicals, nor does it regulate the use of testing methods. Data requirements are regulated by the REACH regulation. The revision of REACH as announced in the Chemicals Strategy for Sustainability will introduce new provisions that will improve the implementation and enforcement.</td>
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<th>4.9. The new provisions for online sales require that there is a supplier established in the EU to ensure that the chemical substance meets the requirements of the regulation. This also applies to online sales from outside the EU into the EU. This proposal aims to prevent the consumer becoming a de jure and de facto importer from outside the EU. There is no clear proposal as to how this could be successfully implemented. Indeed, it would seem virtually impossible to implement such an arrangement until such time as the revised CLP Regulation is aligned with the UN Globally Harmonized System of Classification and Labelling of Chemicals (UN GHS).</th>
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<td>The new proposed provisions on online sales require that there is a supplier established in the Union who ensures that any substance or the mixture meets the requirements set out in the CLP when it is being placed on the market, including via distance sales. This provision will improve compliance with and enforcement of the CLP and will ensure a high level of protection of human health and the environment. In order to prevent situations where a consumer becomes de jure and de facto an importer when buying the substance or the mixture via distance sales from the economic operators established outside the EU, the proposal specifies that the supplier in the EU, who ensures that the substance or the mixture in question meets the requirements set out in the CLP Regulation, acts in course of an industrial or professional activity. As already mentioned before, these provisions are not related to work and decisions taken within the UN GHS system. Furthermore, as all chemicals sold in EU</td>
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must comply with EU rules, the proposed requirements, if adopted, will have to be followed by all economic actors (including those outside EU) who would want to place chemical products on the EU market.

| 4.10. (also 1.3.) | Manufacturers who change the ingredients in a branded product but without changing the brand name should be required to put a special alert on the label so that the consumer would be made aware of the chemical changes in the product. | Any changes in the composition of a substance or mixture leading to a different classification have to be indicated on the label, according to the CLP rules, as the communication concerns the hazardous properties. CLP also prohibits any statements that are inconsistent with the classification of that substance or mixture on the label or packaging. It is, however, not in the remit of the CLP to address branding. |
| 4.11. | The European Chemical Industry Council believes that the changes to the CLP will have impacts across all value chains and that it is essential that the Commission perform a careful analysis to identify whether and how strategic and essential value chains may be negatively impacted by CLP reform. | The revision of the CLP has been subject to an impact assessment that concluded that the impacts from all the proposed changes taken as a whole will be beneficial. The objective of the CLP is to ensure a high-level protection of human health and the environment as well as the free movement of substances, mixtures and certain articles. Socio-economic impacts of additional regulatory action to be taken on the newly classified substances have to be assessed in the framework of downstream legislation which relies on CLP as e.g. the REACH Regulation. |
| 1.2. and 4.6. | The issue of additional resources to ECHA is subject to a separate Regulation which provides for such increase also for other tasks than those linked to the revision of CLP, which will be revised as part of the revision of the REACH Regulation. |
Amendments and points of the opinion of the Economic and Social Committee considered essential

1.2. Evidence-based policy measures are needed in order to ensure the best environmental outcome. Climate change challenges provide an opportunity for Europe to build a sustainable and future-oriented industrial base. The EESC recommends that all upcoming policy initiatives should be based on scientific evidence and on a sound understanding of their real impact on the environment. It is strategically helpful to support the use of the Life Cycle Assessment (LCA) methodology as a tool to review the environmental impact of products throughout their entire life cycle.

The Commission concurs with the opinion of the Committee on the need to take evidence-based measures to achieve the best environmental results. Therefore, the proposal for new rules on packaging and packaging waste is accompanied by a comprehensive impact assessment based on scientific evidence and life-cycle analysis of the impacts of the proposed measures on the environment. The combination of measures in the proposal is considered proportionate and will result in significant environmental and social benefits, and economic savings without compromising the safety and functionality of packaging.

The model used by the Commission to perform the analysis, available in the background study, is aligned with the principles of the Product Environmental Footprint (PEF)\(^{154}\). The model calculated the changes in mass flows resulting from the implementation of the specific measures proposed in the new Regulation. Concrete measures on waste prevention, reuse, recyclability and recycled content were modelled. The outputs of the mass flow model were used to calculate the economic, environmental and social impacts. The scope of the environmental impact assessment included impacts from the manufacturing.
waste collection and treatment (sorting, recycling, incineration, landfill), and transport processes. The impact assessment showed that the proposal would result in environmental benefits, in the form of CO\textsubscript{2} emissions savings by 23 million tonnes in 2030 compared to the baseline scenario (i.e. ‘no-change scenario’ compared to the current situation). Water use would be reduced by 1.1 million m\textsuperscript{3}. The monetised environmental externalities would be reduced by €6.4 billion relative to the baseline scenario. The yearly savings were estimated in the order of €100 per citizen. In addition, the complex impacts on employment were estimated to result in a net increase of about 29,000 green jobs. It is estimated that the recycled content measure alone would reduce the EU’s fossil fuel needs by 3.1 million tonnes per year, which corresponds to almost a quarter of the fossil fuels currently required for the production of plastic packaging. None of the measures in the proposal increase the need for fossil fuels. In addition, measures to improve recyclability are expected to increase the overall recycling rate of packaging from 66.5% in 2018 to 73% in 2030 (with landfill decreasing from 18.7% to 9.6%).

1.4. The EESC emphasises that reusing and refilling are far from the best choices, from a climate-change and environmental point of view. Due to long transport distances compared to local collection and recycling, the increased logistics will have a negative effect. Cleaning refillable bottles or reusable tableware increases energy consumption, emissions and water consumption. The EESC again regrets the lack of a proper impact assessment here.

The Impact Assessment study, for which the sound methodological approach is explained above, has established that the set of reuse measures in the proposal is proven to deliver evident environmental, economic and social advantages. According to the impact assessment, the most efficient EU measures to prevent waste generation are the reuse targets and the ban on unnecessary packaging, accounting for roughly 90% of the waste reduction via EU measures. With the reuse targets, the aggregated assessment of their environmental impacts concludes that they lead to a slight decrease of water consumption.
and a reduction of CO₂ emissions of 1.25 million tons in 2030. The reuse measure is prospected to result in a decrease in water consumption of 69000 m³ in 2030 and of 212000 m³ in 2040. The change in water use resulting from the implementation of the measures of the proposal were estimated by a model including all phases of packaging, from manufacturing to end of life. Reuse, washing and extra logistics (where relevant) are accounted for in the model. The proposal acknowledges that washing is a key process in the business models dealing with reusable packaging. Efficient washing operations implies key parameters are appropriate temperature for washing in dishwasher, load factor of the dishwasher and duration of washing.

Life Cycle Assessments (LCAs) only focussing on specific sectors can come to different results. A thorough analysis shows that they might be based on arbitrary theoretical model assumptions or do not factor in all transport and water requirements of the single use alternative to multiuse. Moreover, these LCAs usually make a single use versus multi-use comparison whereas the Commission proposal foresees a coexistence of both systems, established in a way to optimise economic and environmental performance.

| 1.15. The EESC calls on the Council and the European Parliament to closely work together with local and regional authorities and economic operators in order to find the best ways to put in practice the labelling system. | A harmonised European labelling system to enable the separation of packaging waste by consumers is essential to foster the efficiency of its end-of-life management and increase the purity of the waste entering the waste value chain. By providing clear instructions and standardised symbols on packaging, it would help consumers identify recyclable materials, separate waste correctly, and participate in the efforts to increase recycling. A unified system would avoid diverging requirements and |
conflicting labelling practices. It supports the development of efficient recycling infrastructures and encourages consistent waste management practices across Europe, improving recycling rates. The common labelling system also creates a level playing field for businesses operating in the EU single market.

The proposed labelling rules are inspired by the existing pictogram systems. Technically, every packaging will carry an EU label showing in which waste stream it should go and respective waste containers will carry the same labels. The efficient design and functioning of the systems will indeed be enhanced by the collaboration of local and regional authorities and economic operators.

The development of the EU pictograms will be done in close consultation with all stakeholders, notably representatives of the consumers. This will ensure that diverse perspectives are considered, and that the labelling system reflects the needs and realities of different stakeholders. By closely collaborating with local and regional authorities and engaging economic operators, the Commission aims to set out a system that is well-informed, practical and accepted by key actors, thereby improving efficiency and consumer confidence in waste management systems.
Right to a healthy environment in the European Union especially in the context of the war in Ukraine

Own-initiative opinion
EESC 2022/5826 – NAT/885
578th Plenary Session – April 2023
Rapporteur: Ozlem YILDIRIM (FR-II)
DG ENV – Commissioner SINKEVIČIUS

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<th>Amendments and points of the opinion of the Committee of the Regions considered essential</th>
<th>Commission position</th>
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<td>The Commission welcomes the opinion, its principles, and approaches. It would like however to suggest changing the wording of ‘war in Ukraine’ to ‘Russian war of aggression against Ukraine’ throughout the text. ‘War in Ukraine’ should not be used as it dilutes the responsibility of Russia as the sole aggressor and is not agreed EU language. However, the Commission would like the Committee to raise in a more explicit manner the risks related to nuclear power plants, currently targeted, much as other civilian critical infrastructure by the Russian army. The Commission recalls that the targeting of civilian critical infrastructure amounts to war crimes. The Commission is extremely concerned about the security and safety of the Ukrainian nuclear power plants, notably the Zaporizhzhia Nuclear Power Plant (ZNPP), illegally seized by the Russian Federation and under temporary Russian military control. The EU supports the efforts of the International Atomic Energy Agency (IAEA) Director General Rafael Mariano Grossi for ensuring nuclear safety and security of the plant. Russia’s actions at and around the ZNPP as well as the destruction of the Kakhovka dam and the resulting impact on access to cooling water for the ZNPP represent huge risks for the environment and for health, of Ukrainian people and territory, and also beyond. The potential consequences of an accident,</td>
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provoked or not, or sabotage must be taken into account.

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<th><strong>1.3. and 2.1.4.</strong> Russia's actions appear to amount to ecocide, based on a definition proposed by legal experts and published in June 2021. Since 2001, the Ukrainian criminal code has included the crime of ecocide. In parallel to the decision of the European Parliament, the EESC has called for &quot;ecocide&quot;, as defined by the Independent Expert Panel for the Legal Definition of Ecocide, to be codified as a criminal offence under EU law. The recognition of the crime of ecocide in the revised EU Environmental Crime Directive will lead to developments in legislation beyond the EU, in particular in the International Criminal Court, which may aid in bringing a degree of accountability for Russia, reflecting the environmental and ecological harm caused.</th>
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<td>The Commission is aware and closely following international developments concerning responses to ecocide and acknowledges that a number of legal systems, such as the one of Ukraine, already comprises a crime category of ecocide. The Commission proposal for a new Environmental Crime Directive(^\text{155}) does not contain a recognition of a crime of ecocide. It treats the severity of environmental damage as an aggravating circumstance in the prosecution of environmental crimes. Under the proposal, the more severe the damage, the more severe the sanctions should be. The Commission welcomes an in-depth political debate and is open to explore further the ‘ecocide’ concept in the future, taking into account also developments at international level, as announced in its Communication of 15 December 2021 on stepping up the fight against environmental crime(^\text{156}).</td>
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<td><strong>2.1.10</strong> Civil society played a key role in defending the environment in Ukraine before the war. The war has dramatically affected civil society's ability to conduct its activities. Many environmental defenders have had to flee or are contributing to the war efforts. Those still able to operate have turned their attention to documenting the consequences of Russia's war of aggression on the environment. Their involvement will be vital in rebuilding Ukraine's environment and ensuring that Ukraine adopts the EU’s environmental law in order to enable it to accede to the EU.</td>
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<td>The Commission shares the view that civil society and environmental defenders play a crucial role in the detection of environmental crimes and providing evidence. This is recognised in its proposal for a new Environmental Crime Directive which contains provisions on protection of persons who report environmental offences and support enforcement (i.e., Article 13 of the proposal).</td>
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\(^{155}\) COM(2021) 851 final.

\(^{156}\) COM(2021) 814 final (at section 4).
organisations and other international stakeholders in order to enhance cooperation on offenders that committed environmental crimes.

The proposal for a new Environmental Crime Directive (ECD) aims at facilitating cross-border cooperation, investigation and prosecution within Member States. The ECD does not aim explicitly at facilitating cross-border cooperation with third countries. This cannot not be done in the ECD but must be addressed by international agreements. As stated in the Explanatory Memorandum of the proposal, “criminal activities related to the environment often have a cross-border dimension, while some environmental crimes usually impact several countries (for example the illicit trafficking of waste, of protected species or of wildlife products) or have cross-border effects (e.g. in the case of cross-border pollution of air, water and soil). Cross-border cooperation between law enforcement and judicial authorities is therefore essential”.

Cooperation with Ukraine is particularly significant in the field of environmental criminal law given the severe environmental repercussions caused by Russia’s war of aggression against Ukraine.
N°28 Policy framework for bio-based, biodegradable and compostable plastics
COM(2022) 682 final
EESC 2022/6068 – NAT/886
578th Plenary Session – April 2023
Rapporteur: András EDELÉNYI (HU-I)
Co-Rapporteur: Alessandro MOSTACCIO (IT-III)
DG ENV – Commissioner SINKEVIČIUS

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<td>1.1 If properly <strong>regulated</strong>, bioplastics can be an instrument for &quot;green&quot; development […].</td>
<td>The Commission found that at this moment in time presenting a policy framework on bio-based, biodegradable and compostable plastics provides the most appropriate approach to setting out orientations on the conditions under which the production and use of these plastics can deliver overall positive environmental outcomes without exacerbating problems of plastic pollution, climate change and biodiversity loss.</td>
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<td>1.2 The EU […] and should increase its global position by focusing on <strong>products with the highest added value, i.e. products that are biobased, biodegradable and compostable.</strong></td>
<td>It is to be noted that such plastics are not necessarily of the highest added value.</td>
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<td>1.3 Believes that we will be able to raise the bar in global competition by achieving maximum environmental benefits if the new <strong>regulatory framework</strong> is able to select the industrial applications with the highest environmental added value and if all new products that are placed on the market communicate clearly and truthfully, empowering consumers to be proactive in the shift towards the circular economy.</td>
<td>However, the Commission shares the view of the Committee that they should be used in applications with the highest environmental added value and that consumers should be empowered to make sustainable choices.</td>
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<td>1.4 Encourages the Commission to draw conclusions on the basis of <strong>comparative analysis</strong> of the benefits of biobased, biodegradable and compostable plastics versus fossil-based plastics. <strong>Some overly cautious non-comparative</strong></td>
<td>The Commission will assess the need for regulatory action on such matters as appropriate and on case-by-case basis, as done under its proposal for a Packaging and Packaging Waste Regulation(^\text{157}).</td>
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**recommendations** may fail to provide research, innovation and starting investment activities with sufficient guidance. This may hinder progress and blunt the EU’s competitive edge.

3.2 **[…]** The conclusions and recommendations are overly cautious on certain points, and run the risk of discouraging innovation and investment in certain key areas.

1.7 I am persuaded that the Life Cycle Analysis (LCA) is an excellent tool […] However, considerable further effort is needed to reduce the shortcomings inherent in the methods currently used.

2.3.3 The bioplastics value chain has the potential to reduce CO₂ emissions due to biogenic or sequestered CO₂ if usage increases significantly and if BBP waste is recycled rather than incinerated. […] A scenario calculation (Eionet Report – ETC/WMGE 2021/3) substituting all fossil-based plastics with biobased ones in the EU resulted in total annual GHG emissions of 146 million tonnes of CO₂-eq for biobased plastics, 30% less than the 208 million tonnes of CO₂-eq emissions from the fossil-based value-chain.

3.12 Further experience, research and modelling will be needed to develop the current Product Environment Footprint (PEF) methods as they fall short when it comes to establishing the biogenic carbon bonus and quantifying land use change impacts and the hard-to-guess natural capital impacts.

1.8 A realistic Extended Producer Responsibility (EPR) scheme based on the still under development[^158], and there is no consensus yet among experts on accounting of biogenic carbon uptake and release from products during their lifespan. Therefore, further scientific work is needed to advance on this issue. Discussions are ongoing in the context of the United Nations’ Life Cycle Initiative[^159] while the Product Environmental Footprint (PEF) accounting for biogenic carbon is discussed at the Environmental Footprint Technical Advisory Board (TAB).

Only by applying independent, commonly agreed and robust LCA methodologies is it possible to compare benefits of plastics, and innovation should be promoted only where benefits have been demonstrated according to these methodologies.

Whereas Extended Producer Responsibility (EPR) schemes ensure a sustainable end-of-life treatment of products, the use of biogenic carbon for plastic production is a matter of replacing fossil carbon in the manufacturing of plastic products. Therefore, the Commission does not find it appropriate to integrate the use of biogenic plastic into existing EPR schemes for plastic or propose new EPR schemes based on the LCA for plastics with the aim to promote biobased plastics.

[^158]: The most harmonised methodology currently available is the framework developed by the Commission’s Joint Research Centre, referred to as the ‘Plastics LCA method’, which builds upon the Environmental Footprint (EF) methods.

[^159]: The Life Cycle Initiative | UNEP - UN Environment Programme.
LCA and tailored to the specific needs can redirect and correct the detrimental price competitiveness of biopolymer products.

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<th>1.5 Recommends that a <strong>systematic review be conducted of all measures</strong> which directly and indirectly affect the surrounding legislative and normative environment in line with the most recent scientific findings.</th>
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<td>The Commission will continue to follow all relevant sectoral developments and will assess the need for regulatory or other action on such matters as appropriate.</td>
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1.10 Recommends that the Commission continue the **cyclical reviews of important developments** in the biopolymer ecosystem.

1.6 The **implementation of RED III** will further establish the sequence whereby the reuse/recycling of the **material** (renewable material) is prioritised over reuse for **energy** purposes (renewable energy).

| The Commission supports the cascading use of biomass principle, according to which biomass should be used where it has higher economic added value, and this is reflected in section 3.2. It also recalls that the sustainable sourcing of the feedstock used to produce such plastics is an equally important consideration to be taken into account, going well beyond the mere share of arable land used (today) to produce biobased plastics. Biomass is *de facto* a scarce resource, with increasing demands by the bioeconomy and bioenergy. |

1.12 Notes the banning regulation on single-use plastics but proposes a precision of the definitions of its scope and wording as it believes that the regulation should not exclude a number of **plastic products and applications that are inherently single-use, not returnable**, i.e. that cannot be reused or mechanically recycled. **In those cases, the use of BBP and/or BDCP is to be favoured.**

| The Commission shares the recommendation of the Chief Scientific Advisors to limit the use of these plastics to specific applications for which reduction, reuse and recycling are not feasible\(^{160}\). In addition, it is of the view that these plastics should be used when they deliver higher environmental benefits than alternatives. Instead of perpetuating single-use models, these plastics should make their contribution to ‘reduce, reuse and recycling’ priorities. Even when a product is single-use, in most circumstances, material recycling will be the favourable environmental solution for its end-of-life. |

2.2.1 By 2027, Asia's share is set to increase

| Under Horizon 2020, the Commission already |

to 63%, while **without support measures** the EU's share is set to decrease significantly.

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<th>4.2.1 The policy framework should stipulate a <strong>mandatory minimum biobased and recycled content for BBP</strong>, starting with the European Commission’s proposal on packaging and packaging waste.</th>
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<td>Recycled content and biobased feedstock are two different aspects: including recycled content into new plastic packaging aims to increase the demand for secondary raw materials that are currently downcycled. This exerts a pull effect to bring more plastic waste into a high-quality recycling. The environmental benefit of recycling plastic waste is a matter of circularity, whereas biobased feedstock for plastic is about replacing fossil carbon with biogenic carbon sources. Therefore, the concepts should not be mixed up.</td>
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1.15 **Is convinced that industrial composting and use of compostable plastic is an excellent way** to enhance the collection and utilisation of food waste. In addition to returning carbon to the soil, these techniques make it possible to dispose of and recycle food waste and packaging (or other compostable applications) together. […]

1.16 **Calls for the range of applications of compostable plastics to not be limited** to those listed in the Commission's proposal on packaging and packaging waste. Experience and good practice show that compostable plastics can play a beneficial role in a number of areas, primarily related to food waste management, garden waste, and the agricultural sector. This makes it possible to enhance the recovery of biowaste in its original form, reduce the burden on the treatment of biowaste and the production of fertilizers while increasing their quality.

While making plastics that biodegrade at the end of their life can bring certain benefits, these materials and products have their own sustainability challenges and trade-offs that should be always well understood and duly taken into account. As to industrially compostable plastics to be disposed of with food residues, the related potential benefit of increased biowaste capture must be assessed in light of the net loss of material that would result from the composting of these plastics. After composting (and anaerobic digestion), new feedstock needs to be sourced to make new materials and products. Consumers also need clear guidance in order to avoid any confusion on how to dispose of these materials.

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contact, closed loops and thin foils.

4.3.2.1 [...] Therefore, other important compostable packaging and non-packaging formats such as cutlery, cups, trays and wrapping films (also in closed loop events, uses and areas) should be promoted [...]..

4.1.1 In a number of cases, mechanical recycling is not feasible, due to the packaging being contaminated by food or because it is not possible and/or convenient to mechanically recycle small and/or thin packaging. In these cases, compostable plastics are a good solution as they allow for the co-disposal and joint recycling of food waste and packaging.

4.3 The properties of biodegradability and compostability are not negative aspects leading to increased littering. There are no evidence, studies or demonstrations to prove the assumption that biodegradability may negatively influence littering. This issue can be addressed with a labelling system as has already been introduced in Italy. No material should be littered: all materials have to be collected, sorted and recycled.

4.3.2.3 [...] The cross-contamination of plastic streams by bioplastics is unproven: Italian data show that the presence of compostable plastics in plastic streams is below 1%. [...]