FOLLOW-UP PROVIDED BY THE EUROPEAN COMMISSION

TO THE OPINIONS OF THE

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

PLENARY SESSION OF JULY 2019[1]

[1] Including the follow-up to one opinion adopted during the June 2019 plenary session.

N°	Title	References
	SG	
1.	**Report on the State of the Energy Union** Rapporteur: Christophe QUAREZ (Gr.II-FR)	COM(2019) 175 EESC-2019-01938-00-00-AC-TRA TEN/695
2.	**Strategic Action Plan on Batteries (report)** Rapporteur: Colin LUSTENHOUWER (Gr.I-NL)	COM(2019) 176 EESC-2019-01700-00-00-AC-TRA TEN/696
	GROW	
3.	**Fostering an entrepreneurship and innovation friendly single market – promoting new business models to meet societal challenges and transitions (own-initiative opinion)** Rapporteur: Giuseppe GUERINI (Gr.III-IT)	EESC-2019-01572-00-00-AC-TRA INT/881
4. (Asoc. ENV)	**The role of consumers in the circular economy (own-initiative opinion)** Rapporteur: Carlos TRIAS PINTÓ (Gr.III-ES)	EESC-2019-01026-00-00-AC-TRA INT/882
5. Opinion adopted during the plenary session of June 2019	**European legal framework/social economy enterprises (own-initiative opinion)** Rapporteur: Alain COHEUR (Gr. III-BE)	EESC-2019-00346-00-01-AC-TRA INT/871
	CNECT	
6. (Asoc. GROW)	**Blockchain and distributed ledger technology as an ideal infrastructure for the social economy (own-initiative opinion)** Rapporteur: Giuseppe GUERINI (Gr.III-IT)	EESC-2019-00522-00-00-AC-TRA INT/880

7. (Asoc. MOVE/ ENER/ GROW)	**Transport, energy and services of general interest as drivers of sustainable European growth through the digital revolution (own-initiative opinion)** Rapporteur: Alberto MAZZOLA (Gr.I-IT) Co-rapporteur: Evangelia KEKELEKI (Gr.III-EL))	EESC-2019-01070-00-00-AC-TRA TEN/691
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8.	**Teaching Europe – developing a toolkit for schools (own-initiative opinion)** Rapporteur: Gerhard RIEMER (Gr.I-AT)	EESC-2019-01831-00-00-AC-TRA SOC/621
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9.	**Taxation in the digitalised economy (own-initiative opinion)** Rapporteur: Krister ANDERSSON (Gr.I-SE)	EESC-2018-02781-00-00-AC-TRA ECO/458
10.	**Taxation – qualified majority voting** Rapporteur: Krister ANDERSSON (Gr.I-SE) Rapporteur: Juan MENDOZA CASTRO (Gr.II-ES) Rapporteur: Mihai IVAŞCU (Gr.III-RO)	COM(2019) 8 final EESC-2019-00699-00-00-AC-TRA ECO/491
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11.	**Towards a more resilient and sustainable European economy (own-initiative opinion)** Rapporteur: Javier DOZ ORRIT (Gr.II-ES)	EESC-2019-01033-00-00-AC-TRA ECO/492
12. (Asoc. SG.D2)	**A new vision for completing the Economic and Monetary Union (own-initiative opinion)** Rapporteur: Judith VORBACH (Gr.II-AT)	EESC-2019-01345-00-00-AC-TRA ECO/493
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13.	**Promoting short and alternative food supply chains in the EU: the role of agroecology (own-initiative opinion)** Rapporteur: Geneviève SAVIGNY (Gr.III-FR)	EESC-2019-01463-00-00-AC-TRA NAT/763
14.	**The farming profession and the profitability challenge (own-initiative opinion)** Rapporteur: Arnold PUECH D'ALISSAC (Gr.I-FR)	EESC-2019-02022-00-00-AC-TRA NAT/773

REGIO (Assoc. SG.D1)		
15.	**The European Semester and cohesion policy – Towards a new European strategy post-2020 (own-initiative opinion)** Rapporteur: Etele BARÁTH (Gr.III-HU) Co-rapporteur: Petr ZAHRADNÍK (Gr.I-CZ)	EESC-2019-01444-00-00-AC-TRA ECO/495
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16.	**The sectoral industrial perspective of reconciling climate and energy policies (own-initiative opinion)** Rapporteur: Aurel Laurenţiu PLOSCEANU (Gr.I-RO) Co-rapporteur: Enrico GIBELLIERI (Cat.2-IT)	EESC-2019-00927-00-00-AC-TRA CCMI/167
EMPL		
17.	**The new role of public employment services (PES) in the context of the implementation of the European Pillar of Social Rights (own-initiative opinion)** Rapporteur: Vladimíra DRBALOVÁ (Gr.I-CZ)	EESC-2019-01656-00-00-AC-TRA SOC/620

N°1	Report on the State of the Energy Union COM(2019) 175 final EESC 2019/1938 - TEN/695 545th Plenary Session – July 2019 Rapporteur: Christophe QUAREZ (GR.II-FR) SG – Vice-President ŠEFČOVIČ
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.2. The EESC is surprised by the European Commission's statement that "the Energy Union is a reality". The Energy Union may be a reality in terms of EU policy decisions, but it is not yet a reality in European citizens' daily life. The EESC thus calls on the European Commission to hold Member States accountable for the decisions they themselves adopted at EU level. It also calls for increased ambition for the energy transition and climate action.	As pointed out in the Fourth report on the State of the Energy Union, based on proposals by the Commission, the European Union has successfully completed the adoption of a new legislative framework for energy and climate policies, building on the Energy Union Strategy adopted in 2015[2]. The report already demonstrates significant progress in the implementation and results of energy and climate policies.
1.3. The EESC indeed regrets the persistence of divergent views expressed by national governments, as well as the differences between what national governments vote for in Brussels and implement at home. The EESC calls on the European Commission to make further use of its powers, including legal powers, to ensure that EU energy law, including the 2020 energy and climate targets, are respected by Member States. The EESC calls on the European Commission to analyse the reasons for the divergent views expressed by national governments, as well as the reasons why some Member States will miss their energy and climate targets.	The full-fledged dedicated governance framework[3] included in the new energy and climate legislative package will be instrumental in ensuring that Member States collectively deliver on the level of ambition that has been agreed at the EU level. The agreed framework is based on a sustained iterative dialogue between Member States and the Commission.
1.4. The EESC regrets that the European Commission did not make sufficient use of the	The Fourth report on the State of the Energy Union explains the state of play

[2] A framework strategy for a resilient energy union with a forward-looking climate change policy (COM/2015/80 final), 25 February 2015.
[3] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, OJL 328, 21.12.2018, pp. 1-77.

Fourth State of the Energy Union report to highlight the lack of clear progress around four of its Energy Union priorities: putting the citizen at the centre, reducing energy imports, being number one in renewables, and creating clean energy jobs.	and emphasises progress made, both through legislative action and through the complementary enabling framework, across all dimensions of the Energy Union. In this context, it also stresses, and provides detailed information on the priorities highlighted by the Committee regarding the just transition for and empowerment of citizens, security of supply, progress in renewable energy and labour market and competitiveness impacts of energy and climate policies.
1.8. In the light of the importance of climate change as a key EU political topic, both in the perception of the citizens and in the programmes of political parties, the EESC calls on the next European Commission to make the fight against climate change a top priority for its 2019-2024 term. This priority should be reflected in the European Commission's organisation, with the creation of a position of European Commission First Vice-President responsible for Climate Action.	The current Commission is not in a position to comment on the priorities and programme of the next Commission who may wish to address the question once it takes office.
2.11. To help private investors perform this re-allocation of capital, public authorities should ensure effective and predictable carbon prices for all economic activities and phase out all fossil fuel subsidies. Possible elements include a carbon price floor for the ETS, combined with the harmonisation of energy taxes. The EESC thus strongly supports the European Commission proposal to ensure that the EU harmonisation of energy taxation can be decided by qualified majority, rather than unanimity as this procedure can allow a single national government to block any European Union progress. The aviation sector could be the first sector where such harmonisation could occur.	The Commission thanks the Committee for its support on the proposals on energy taxation it made in its communication on institutional matters in the energy and climate field[4]. Regarding a possible carbon floor price in the Emissions Trading System (ETS), the Commission notes that the EU ETS has been considerably strengthened in 2018. The EU ETS now delivers a robust carbon price signal incentivising long-term investment and innovation. The Commission therefore sees no need to directly regulate the price with a price floor. The Commission published its evaluation

[4] A more efficient and democratic decision making in EU energy and climate policy (COM(2019) 177 final) of 9 April 2019.

	of the Energy Taxation Directive on 11 September 2019[5]. While the evaluation does not make any policy recommendations, it explores how more environmentally friendly policies could better support the EU's wider climate change commitments.
3.1.2. To provide a stable and favourable business environment for European companies, especially SMEs, the EU and all its Member States should develop long-term energy plans to achieve the carbon-neutrality objective they agreed to in the Paris Agreement. The EESC thus calls on the European Union to adopt the objective of making the EU a climate-neutral economy by 2050. Sector-related and regional decarbonisation strategies should later be devised to identify business and local opportunities and anticipate future job gains and losses in order to ensure a smooth transition.	Discussions are ongoing on the objective of making the EU a climate-neutral economy by 2050, in the context of the Commission's proposed strategic long-term vision for 2050[6], which shows that transforming the economy in this way is both possible and beneficial. In parallel, each Member State is preparing its national long-term strategy, to be delivered by 1 January 2020.
3.2.2. The EESC reiterates that Europe needs a "Social Pact for a Citizen-driven Energy Transition", to be agreed by the EU, Member States, regions, cities, social partners and organised civil society, in order to ensure that the transition leaves no one behind. It should become the sixth dimension of the Energy Union and cover all social aspects, including quality job creation, vocational training, consumers' education and training, social protection, specific plans for transition regions where jobs are lost, health and energy poverty. This initiative should be part of the European Pillar of Social Rights. Such a Pact could build on national experiences, for example the	The Fourth report on the State of the Energy Union insists on the need to ensure that the energy transition is socially fair, and provides an integrated vision of social aspects, from job opportunities, savings to energy bills, to health benefits and addressing energy poverty. This social element of 'just transition' is cross-cutting in nature, relates to all dimensions of the Energy Union and should be integrated in the implementation of all energy and climate policies.

[5] Commission staff working document: Evaluation of the Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity {SWD(2019) 332 final}.

[6] A Clean Planet for all — A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy (COM(2018) 773 final), 28 November 2018.

French "Pacte pour le pouvoir de vivre" which gathers together 19 Trade Unions and NGOs.	
4.3. The EESC regrets the lack of real proposals to better engage civil society organisations and citizens. While the Energy Union Tour was a positive development, the EESC invites the European Commission to increasingly engage with decision-makers and stakeholders and specifically meet with national and regional economic and social councils and organised civil society to jointly deliver clean energy to all Europeans.	The Regulation on the Governance of the Energy Union and Climate Action[7] provides for extensive consultation processes at national level on the draft National Plans. National consultations should involve local and regional authorities as well as stakeholders (including social partners) and the civil society. It also requires Member States to establish a Multilevel Climate and Energy Dialogue as a tool to forge societal support for the energy transition.

[7] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, OJL 328, 21.12.2018, pp. 1-77.

N°2 Strategic Action Plan on Batteries (report) COM(2019) 176 final EESC 2019/1700 - TEN/696 545th Plenary Session – July 2019 Rapporteur: Colin LUSTENHOUWER (GR.I-NL) SG – Vice-President ŠEFČOVIČ	
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
4.2. Such an approach is welcome and, given that European industry seriously lags behind in battery development and production, it is also necessary. However, an industrial policy with a steering role also carries the risk of backing the wrong horse (picking the supposed winner prematurely). Nonetheless, the Committee welcomes the new approach covering the entire industrial value chain (the value chain approach). Industrial policy based on the value chain methodology is also much better suited to "circular thinking" than the old sectoral approach of industry. That said, the value chain approach also requires another more appropriate policy that is, for example, adapted to State aid policy. Given that the battery production industry has been made a spearhead of EU industrial policy, the Commission will also need to adopt a flexible and supple approach to the investment aid that Member States grant to businesses in these chains. By applying the eligibility criteria for IPCEI ("Important Project of Common European Interest") in a flexible way, European industry can be helped through substantial public funding. Such funding could, to some extent, come close to the levels of support that Asian businesses receive from their governments. The EESC welcomes this new application of the IPCEI instrument.	The Commission welcomes the positive opinion of the Committee on the implementation of the Strategic Action Plan on batteries and its support for the value chain approach. The Commission has identified batteries as a 'strategic value chain' for the European economy in the context of the energy transition and climate neutrality. They are a key enabling technology not only for the competitiveness of the automotive sector but also relevant for energy storage (notably for renewable energy) and other industrial applications. The Commission has also emphasised that this should be an industry-led process and the European Battery Alliance, launched in October 2017, was designed for this purpose. This is a new element in implementing the European Industrial Policy: a clear focus on strategic value chains and coordinated action by bringing all policies and actors together. The Commission is encouraged by the progress being made on the Important Project of Common European Interest (IPCEI). The first battery IPCEI is in the final stages of preparation, involving several Member States and European companies and with projects covering all

	segments of the battery value chain. The Member States formally notified the IPCEI to the Commission at the beginning of October 2019. The Commission is committed to assessing the notification as quickly as possible. The Commission has been informed that a second possible IPCEI on batteries is under preparation. It should be noted, however, that the IPCEI state aid rules offer support for risky and ambitious projects that aim to deliver future technological innovations. They do not allow supporting mass production or commercialisation activities. Important Projects of Common European Interest in this and other areas will be implemented in a way that fully respects the international obligations of the EU and its Member States, notably at the level of the World Trade Organization.
4.3. However, the question arises as to whether the policy set out in the Strategic Action Plan might not be too late to bridge the enormous gap vis-a-vis Asian countries and their businesses. It should also be asked whether the financial resources deployed are sufficient. To put it bluntly: "Is it too little, too late?"8 The European Court of Auditors set out its concerns in a recently published briefing paper: "However, there is a risk that the measures taken so far will not be sufficient to achieve the EU's strategic objectives for clean energy." It should be noted, however, that the Commission's role is limited, as are the financial resources at its disposal. The Commission is right to be somewhat detached. Its role is that of matchmaker. It is primarily for Member States, European business and its research institutions to take up this challenge. It is therefore very welcome that the French and	Two years after the launch of the European Battery Alliance, significant progress has already been achieved. There are now strong industrial partnerships springing up from across the value chain. A number of manufacturing projects have been announced in different Member States. Europe's first gigafactory is being built in Sweden with the support of the European Investment Bank. A second factory will be developed in Germany. Additional cell manufacturing investments are foreseen in France, Germany, Italy, Czech Republic and Slovakia. Finland and Poland will also host investments in raw materials and battery materials. Under Horizon 2020, a dedicated call for proposals on batteries of €114 million was launched for 2019. A further call of €132 million has been published. In parallel, a

[8] See also the European Court of Auditors' briefing paper of 1 April 2019 on EU support for energy storage.

German governments decided at the beginning of May 2019 to each make around EUR 1 billion available to support initiatives by their business communities to develop a battery production industry. This is one of the first very practical outcomes of the European Battery Alliance launched by the Commission, where Member States, the Commission and business work together.	new European Technology and Innovation Platform ('Batteries Europe') has been set up (to elaborate a strategic research agenda). For the next Multi-Annual Financial Framework the Commission has also proposed a 'Partnership' on batteries under Horizon Europe. An Interregional Partnership on Batteries on advanced materials was set up in October 2018. The aim is to identify practical pan-regional projects that can be supported by the European Regional Development Fund (ERDF). The Partnerships has proven to be very popular, now involving 27 regions. Six pilot themes have been identified under which projects will be selected.
4.7. How realistic is it to expect, as the Commission seems to think, that 10 to 20 mega-producers will emerge in the EU? Are long-term investors in capital markets sufficiently willing to invest the approximately EUR 10 billion needed? While fully appreciating the priorities set out in the action programme, the Committee still finds it disappointing that no mention is made of the question of access to the capital needed for these major investments. Banking financing alone is completely insufficient. Capital markets, and in particular infrastructure funds, will need to be ready to invest in these projects using risk capital[9]. This requires a long-term policy, adequate returns and underlying support from national authorities. The parties need to stop looking at each other; the government can play a role here as a driver of an investment process. The Franco-German initiatives show that these countries are aware	In addition to the significant private and public investments that are likely to arise in the framework of the Important Project of Common European Interest (IPCEI), a number of important industrial investments in battery production in Europe have been announced. This includes significant investment plans with €350 million financing support from the European Investment Bank for cell production facilities in Sweden. This investment is aimed to meet the expected demand for batteries from the electric vehicles market in Europe from 2022. A first gigafactory plant is already under construction and will be powered by renewable energy. Annual battery output is expected to reach 16 gigawatt hours and be completed in 2020 (equating to approximately 250,000 electric vehicle batteries per year). When operating at full capacity, this factory will be able to

[9] On 2 May 2019, Tesla announced that, although it had recorded a loss of in excess of USD 700 million in Q1-2019, it would like to raise USD 2 billion on the capital market for a new battery plant and the development of a new type of electric car. The American capital market is easily able to make such investments in the form of shares and/or bonds. The question arises as to whether the fragmented EU capital market can match this.

of this. The recently launched Investment Platform with EIT InnoEnergy as a "driver/accelerator" could also, in the EESC's view, prove very valuable in bringing together investors and promoters.	produce 32 GWh of battery capacity every year. The financing will be supported by the European Fund for Strategic Investments (EFSI), the main pillar of the Investment Plan for Europe. The European Battery Alliance Business Investment Platform, supported by the European Institute of Innovation and Technology (EIT) Inno Energy, aims at facilitating the matchmaking between projects owners and financial stakeholders. At its launch on 25 September 2019, a matchmaking worth €5 billion was realised. The platform is already used by several industrial and financial institutions with a potential investment value of €20 billion. The Business Investment Platform will also work to create financial deal flows towards key projects identified under the battery smart specialisation partnership that already gathers 27 regions in the EU Member States – and more in the future. These will benefit from European Regional Development Fund support.
4.8. At the same time, targeted information campaigns will be needed to inform European consumers that purchasing batteries produced in Europe, where human and environmental safety standards are taken into account, has many advantages over purchasing batteries from third countries, where these standards and values are not respected to the same extent. Carrying on as we do at present is a permanent way of exporting our environmental problems. 4.9. The EESC believes that more practical initiatives are needed to develop material recycling from old batteries. So-called "urban mining" can make a substantial contribution to the provision of the necessary raw materials. There is significant potential for	The Commission has started preparatory works for a regulatory framework that will set the performance and sustainability criteria that rechargeable batteries will have to comply with to be placed on the EU market. What form this framework will take has yet to be decided. The rules can be supported by European Harmonised Standards on performance and durability. In this context, a possible review of the Batteries Directive is under preparation, with a view to strengthening collection and recycling of used batteries. Work is ongoing with the Member States and the European Investment Bank to support EU companies investing both inside and outside Europe in sustainable primary

future recycling of the urban mine provided that economic incentives, collection amounts, recovery technologies and, ultimately, recycling rates improve. The recent Commission report on the implementation and impact of the Batteries Directive unfortunately shows that the collection of conventional batteries has not yet reached the desired level. About 57% of such batteries are still not recycled. It is therefore right that the Commission, as indicated in its concise but very effective report, is considering adapting the 2006 directive, not least given the arrival of new batteries, such as those targeted by the action plan. The Committee awaits these proposals with great interest. In addition, the Committee notes that current battery processing facilities will have to be adapted again in view of the large flows of new battery types in the near future. New technology will also need to be developed for recycling or processing; the EESC believes that targeted R&D in this specific area requires the EU's full support, as it will help improve the living environment and can to a large extent reduce the dependence on raw materials from outside the EU.	and secondary raw materials extraction and processing.

N°3	**Fostering an entrepreneurship and innovation friendly single market – promoting new business models to meet societal challenges and transitions (own initiative opinion)** **EESC 2019/1572 - INT/881** **545th Plenary Session – July 2019** **Rapporteur: Giuseppe GUERINI (GR.III-IT)** **DG GROW – Commissioner BIEŃKOWSKA**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
Points 1.4. and 3.2. to 3.5. The European institutions must support the development of artificial intelligence and the proper use of big data. Need to cope with digital transformation. Digital Innovation Hubs are a positive experience.	The Commission welcomes the opinion of the Committee and agrees that Artificial Intelligence (AI), big data and in general the digital transformation have become areas of strategic importance and a key drivers of economic development. For this reason, it adopted: (i) the Communication 'Artificial Intelligence for Europe'[10], its first strategy on Artificial Intelligence (April 2018); (ii) the Coordinated Plan on 'Artificial Intelligence [11], developed together with the Member States (December 2018); and (iii) the Communication 'Building Trust in Human Centric Artificial Intelligence'[12] (April 2019), accompanying the Guidelines on Trustworthy 'Artificial Intelligence developed by the AI High-Level Expert Group. In addition, the Commission announced a number of initiatives in the area of big data[13]. The Commission is pleased with the Committee's support to the Digital Innovation Hubs. The Commission will continue to develop them targeting all companies and especially small and medium-sized enterprises (SMEs) and start-ups. The European Union supports the collaboration of Digital Innovation Hubs to create an EU-wide

[10] https://ec.europa.eu/digital-single-market/en/artificial-intelligence
[11] https://ec.europa.eu/digital-single-market/en/news/coordinated-plan-artificial-intelligence
[12] https://ec.europa.eu/digital-single-market/en/news/communication-building-trust-human-centric-artificial-intelligence
[13] https://ec.europa.eu/digital-single-market/en/big-data

	network, where companies can access competences and facilities not available in the Digital Innovation Hub of their region. This network will lead to knowledge transfer between regions and will be the basis for economies of scale and investments in the hubs. For this, the European Commission is investing €100 million per year from 2016 to 2020.
Points 1.6. and 3.8. Measures to support SMEs' access to credit such as the Juncker Plan, the COSME programme and the future InvestEU programme should continue.	The Commission welcomes the support to the current and future programmes aiming at improving small and medium-sized enterprises' (SMEs) access to finance. Under the current drafting of the proposal, the future InvestEU Fund would support SMEs' access to finance, including access to bank finance. This would be done through a dedicated SME window. InvestEU would build on the successful experience of the European Fund for Strategic Investment (EFSI) and other programmes, such as Competitiveness for Small and Medium Enterprises programme (COSME) and its Loan Guarantee Facility, which has already mobilised financing for 450,000 SMEs in Europe. Moreover, the SME window will also provide financing for innovative SMEs and those active in the cultural and creative sector as foreseen in the political agreement reached on InvestEU.
Points 1.7., 3.7. and 3.11. to 3.15. Role of the social enterprises should be recognised [...] SMEs and social economy enterprise should be supported by industrial and tax policies that aim to create shared value [...] [...] the 2011 Social Business Initiative	Following the adoption of report of the Commission's expert group on Social entrepreneurship in October 2016 and the adoption of the Communication 'Europe next leaders: the Start-up and Scale-up initiative', the Commission has developed actions to support the development of social economy enterprises in five different pillars: access to finance, access to markets, better framework

could be followed by a bolder and more coherent initiative [...].	conditions, social innovation and international issues[14]. A study on the relations between social economy and the traditional economy has been carried out, exploring new economic and legal trends ranging from social intrapreneurship to new business models in Europe such as 'mission led enterprises'. A conference on this subject took place in July 2018.
Points 1.8. and 4.8. Role of SMEs, family business, social enterprises [...] in promoting and spreading entrepreneurial spirit should be recognised. It is essential to invest in training programme and support entrepreneurial spirit.	The Commission agrees that entrepreneurship needs favourable environment at every level. Several initiatives have been taken in this sense. As an example: - EU Member States are encouraged to include entrepreneurship in the education curriculum of students, also by offering supporting tools such as the Entrepreneurship Competence Framework (EntreComp)[15]; - Erasmus+ plays a prominent role in supporting the development of competences and skills in in the fields of education, training and youth, including entrepreneurship competence with the aim of increasing the sense of initiative and entrepreneurship. Under the future Erasmus+ programme, the Commission intends to support Centres of Vocational Excellence that will also act as entrepreneurial incubators and catalysts for investment. - The programme Erasmus for Young Entrepreneurs, aiming at promoting entrepreneurship via the exchange of experiences between young and experienced entrepreneurs, has 15.000 entrepreneurs registered and already reached about 7.250 exchanges[16];

[14] https://ec.europa.eu/growth/sectors/social-economy_en
[15] https://ec.europa.eu/jrc/en/entrecomp
[16] https://www.erasmus-entrepreneurs.eu/

	- Specific initiatives are addressing the needs of specific target groups, for example women entrepreneurs[17]. The Commission has also recently launched several actions to boost social economy in educational programs and business start-up and development schemes such as Coopstarter 2.0[18]. It is currently implementing a preparatory action aiming at stimulating cooperative and solidarity entrepreneurship for secondary schools and higher education. Promotion of different programs such as Erasmus+ are currently being carried out via our European Social Economy Regions projects. The work is on-going on a guide explaining different opportunities for organisations active in the social economy to participate in EU programmes.
Point 3.9. Support and encourage business activities through administrative simplification [...] and cutting red tape.	The Commission is strongly committed to reducing red tape for small and medium-sized enterprises (SMEs). Examples of the measures taken to alleviate administrative and legislative burden for such enterprises include: - The implementation of the 'Think Small First' principle is supported at European and national level in the policy making process and in designing SME support initiatives; - The SME Test is included in the Commission impact assessment[19] and the Commission strongly encourages EU Member States to systematically apply it also at national level. - The fitness check and the REFIT programme are on-going[20]. The REFIT platform involves all the relevant stakeholders in the exercise.

[17] https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women_en
[18] http://starter.coop/wp/coopstarter2/
[19] https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-test_en
[20] https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-making-eu-law-simpler-and-less-costly_en

	The Commission monitors and assesses countries' progress in implementing the Small Business Act and the Think Small First principle on an annual basis ('SME Performance Review'). The results of this assessment, feed into the European Semester process, under which the Commission provides governments of the Member States with country-specific recommendations on structural reforms, with a view to creating more jobs and growth.
Point 3.10. The Commission should increase the consideration given to social and environmental aspects [...] in the public contracts markets.	The Commission is actively promoting, in partnership with national and local public authorities, the use of sustainable, innovative and social considerations in public procurement procedures. This is achieved in particular through concrete, targeted projects aiming to raise awareness and provide contracting authorities with the necessary guidance and support. In recent years, green public procurement[21] criteria and guidance have been published and the Commission offers training sessions and a helpdesk to support EU contracting authorities with the use of environmental requirements. In the area of socially responsible procurement[22], the Commission is organising a series of awareness-raising and training workshops in the Member States. It is also working to update and improve its guidance on social considerations in public procurement, and to produce a collection of good practices to provide inspiration to EU contracting authorities. The Commission also adopted a guidance document that presents the issues that public buyers should know about to start and develop their procurement of innovation practice (C(2018) 3051).

[21] https://ec.europa.eu/environment/gpp/index_en.htm
[22] https://ec.europa.eu/info/policies/public-procurement/support-tools-public-buyers/social-procurement_en

	Finally, quality and sustainability standards in public procurement are also addressed in the recent Commission guidance on the participation of third country bidders and goods in the EU procurement market (C(2019) 5494).

N°4	**The role of consumers in the circular economy (own-initiative opinion)** **EESC 2019/1026 - INT/882** **545th Plenary Session – July 2019** **Rapporteur: Carlos TRIAS PINTÓ (GR.III-ES)** **DG GROW – Commissioner BIEŃKOWSKA**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.1. The EESC is calling for a strategic shift – at European, national and local level – to unequivocally promote new models of circularity, not only by stepping up the alignment of all actors, but also by placing consumers at the centre of public policy.	The Commission shares the Committee's call for new models of circularity. There is the need to keep working on the consumption aspects of circular economy, by empowering consumers to make better purchasing decisions.
1.2. Making for a circular economy and cutting down on excess consumption will therefore achieve the intensity and efficiency needed by strengthening the role of consumers in moving beyond the current production and consumption model, since everyday acts of consumption are the most effective levers for change.	The Commission considers that indeed consumers' consumption patterns play a crucial role in the transition towards a more circular economy. The circular economy can promote the availability of products and services with lower environmental footprint.
1.3. Education, life-long training and self-learning must be put in place, and consumers provided with the most objective information possible, steering them towards circular patterns of behaviour. In this regard, the EESC highlights the role of local public administrations and consumer organisations.	The Commission agrees with the importance of mainstreaming circular economy thinking in education and training systems. This is being done already to a certain extent through projects under Erasmus+ or the European Solidarity Corps. This also include an important role of local authorities and consumer organisations in achieving a more circular European economy. Working on capacity building is also an objective that the Commission intends to continue pursuing.
1.4. Delivery of these actions will be measured using the impact indicators that are being drawn up based on the United Nations' Sustainable Development Goal 12 (SDG 12)	As indicated in the political guidelines of the President-elect, the Commission intends to continue working towards the achievement of the United Nations

and its associated targets, generating new standardisation processes.	Sustainable Development Goals, for instance by integrating them in the European Semester.
1.5. Reflecting the cross-cutting nature of aware consumption, the other 16 SDGs and their respective associated targets will complement the impact assessment, and SDG 17, Partnerships, will find spaces for co-creation and shared responsibility, facilitating the multiplier and scalability effects required.	The Commission shares this position. In the context of the preparation of the new Circular Economy Action Plan, increasing synergies between the different Sustainable Development Goals (SDGs) and their indicators will be investigated.
1.6. Calculating the social and environmental footprint of products in the various value chains is something that has huge potential for providing consumers with relevant information regarding their purchasing decisions, as part of a digital society. The EESC insists on using indicators that are reliable, comparable and verifiable, and stresses in particular the importance of monitoring indicators relating to chemical substances, including how they are handled.	The Commission fully shares the Committee's opinion on the importance of having environmental and social information that is reliable, comparable and verifiable. The Product Environmental Footprint method, developed by the Commission and partly tested with industry, aims to introduce more performance-oriented requirements in existing and new policies, exploiting also the new possibilities offered by digital solutions.
1.7. Activities must be guided by a win-win approach and not be uniform: they should be tailored to the specific conditions of different areas and economic sectors, applying bottom-up methods involving all the relevant actors in each case. Such initiatives must be strongly rooted in the development of local economies: coordination should be driven by the authorities and by the empowerment of consumer organisations.	The Commission is of the opinion that a wise and balanced mix of bottom-up and top-down approaches is needed to make Europe a fully circular economy. Participation is essential to identify the needs and specificities of economic sectors and local economies, while maintaining and enhancing the full functioning of the EU single market, which is a critical lever in order to mainstream circularity practices, products and services.
1.8. Europe's leadership regarding various circular economy models must be matched by the creation of a business environment that facilitates the internationalisation of circular economy goods and services, with feedback from pioneering experiments in	The Commission supports and promotes circular economy at international level. In particular, cooperation in the context of G7, G20, as well as within the United Nations, will also help creating the conditions for the internationalisation of

countries such as South Korea. These models must be backed by specific guidelines on a fair transition towards environmentally sustainable economies and societies, which can also ensure a level playing field in relation to opportunistic products from third countries.	circular economy goods and services. The Commission cooperates and mutually learns from best practices of international partners, for example via Circular Economy Missions abroad. The Commission will work so that every new agreement concluded has a dedicated sustainable-development chapter and the highest standards of climate, environmental and labour protection, with a zero-tolerance policy on child labour.
1.9. Advertising and commercial practices play a key role in consumer decisions. Companies' corporate social responsibility policies must necessarily be involved in countering greenwashing and social-washing. It is crucial in this regard to strengthen current official monitoring and accreditation structures for transition processes towards a circular economy.	On the official monitoring part, under the Circular Economy Action Plan the Commission has developed a monitoring framework to track at macro-level the transition to a circular economy. Monitoring efforts at EU level, whenever relevant, will be strengthened in cooperation with Member States and relevant partners. The Commission agrees that Corporate Sustainability and Responsibility (CSR) and corporate governance have a role to play in order to enshrine circularity into day-to-day business practices. Possible measures in this respect will be explored.
1.10. Taxation and responsible public procurement are effective tools to gear a rewards-based approach to responsible production and consumption as part of the gradual standardisation of products and services. For the first aspect, the Member States should consider effective ways to apply a reward-based approach moving towards a gradual convergence of circular taxation that contributes to the European Single Market, and for the second, local administrations should introduce support plans for "sustainable suppliers" to make it easier for them to ensure their production meets current contractual requirements and	Price is an important aspect influencing purchasing decisions of European consumers. Economic instruments can play an important role to ensure that prices better reflect environmental costs. Concerning rewards-based approaches, Member States may make use of subsidies for the purchase of circular products as long as these do not violate the Community State aid rules or the rules of the Single Market. The Commission is supporting public authorities to include more environmental requirements in their tenders through criteria and guidance documents. The Commission is also

is scalable - which at present often leads to deficits.	supporting capacity building of non-governmental organisations in order to reinforce their implication in green public procurement and has developed specific training for staff in charge of public procurement in public authorities.
1.11. The EESC also calls for voluntary labelling, as a step towards mandatory labelling, provided it is based on independent, verified voluntary environmental excellence schemes. Promoting the EU ecolabel and extending it to more products would make it a flagship "brand" for sustainable choices in Europe.	Labelling remains an important means of providing relevant information both in business-to-consumer and business-to-business settings. Providing consumers and businesses with reliable information on the environmental features of a product is paramount, and can be achieved in particular through lifecycle assessment. More generally, the digitalisation of information along the supply chain may also allow for solutions that until now have not been implementable. The Commission agrees on the importance of promoting the European Union Ecolabel to empower consumers. The Commission is finalising the new Strategic Work Plan, building on the results of the last REFIT exercise. In that context, the option of enlarging the product portfolio is one of those being considered.
1.12. The EESC points to the urgent need to improve eco-design, systematically researching requirements concerning lifetime, repair, chemical inputs, etc., while also meeting social criteria and at the same time promoting local consumption networks and consumer-producer practices.	The Commission welcomes the opinion of the Committee on stepping up efforts to improve eco-design of products. In the last years, the Commission has started to actively work towards a more systematic integration of circular economy aspects, in particular durability, reparability and recyclability in the preparation of implementing measures under the Ecodesign Directive. In addition, the methodology for Ecodesign of energy-related products (MEErP) is currently being reviewed to include more durability elements and a new Ecodesign Working

	Plan is on its way for the 2020-2025 period.
2.8. Finally, the EESC stresses that certain innovative forms of consumption can also support the development of the circular economy: sharing products or infrastructure (sharing economy), consuming services instead of products, using IT or digital platforms, etc.	The Commission agrees with the Committee on the importance of a move towards innovative and more sustainable forms of consumption such as sustainable service oriented business models.
7.1. Responsible research and innovation (RRI), within the framework of Horizon Europe: the balanced participation of all stakeholders, in particular consumers and/or their representatives, shall be facilitated. 7.2. Eco-design and eco-innovation: from the perspective of environmental co-responsibility, the active participation of consumers will be enhanced through practices of shared value creation, which can be accredited by means of officially regulated quality labels. 7.3. Consumers will be encouraged to get involved in planning corporate social responsibility policies by taking part in a "sandbox" for products and pilot services, in order to ensure ex-ante joint validation.	The Commission agrees with the Committee on the importance of better involvement of customers in the development of more sustainable products and services. The Commission will take this into account in the implementation of the Horizon Europe framework programme.

N°5	**European legal framework/social economy enterprises (own-initiative opinion)** **EESC 2019/346 - INT/871** **544th Plenary Session – June 2019** **Rapporteur: Alain COHEUR (GR.III-BE)** **DG GROW - Commissioner BIEŃKOWSKA**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
Point 2.1.2. The social economy now needs to be recognised by policy-makers. Some progress has been made, as evidenced by the Luxembourg Declaration on the Social and Solidarity Economy in Europe – "A roadmap towards a more comprehensive ecosystem for social economy enterprises" – the conclusions of the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council on *"The promotion of the social economy as a key driver of economic and social development in Europe"* – adopted for the first time unanimously by the 28 Member States – the Commission's renewal in 2018 of its Expert Group on the social business initiative (GECES), and the European Parliament's call on the Commission to ensure that the features of the SE are taken into account when framing EU policies.	The Commission continuously supports social economy enterprises' (SEE) development through its varied policies and actions in order to build a strong social and sustainable Europe. The Commission's services regularly meet in inter-services meetings gathering more than 20 Directorate Generals to discuss and exchange on the role of SEEs in European policies.
Point 2.1.3. The EESC has several times pointed out the advantages of recognising the SE, the need for EU legislation to take proper account of the diversity of social enterprise forms that exist, and the need to establish a specific action plan for the SE.	Following the adoption of report of the Commission's expert group on Social entrepreneurship in October 2016, the Commission has developed actions to support the development of social entrepreneurship in five different pillars: access to finance, access to markets, better framework conditions, social innovation and international issues. Those actions are

	also mentioned in the Communication ‘Europe's next leaders: the Start-up and Scale-up Initiative’ {COM(2016) 733}.
Point 2.1.4. The European Pillar of Social Rights cannot become effective without the participation of SEEs. It is therefore important to ensure, in practical terms, that they can take part in the EU's economic and social development	Social economy enterprises play a strong role in the implementation of the Pillar as discussed in numerous European conferences. The side event to the Social Summit that focussed on Social Economy (November 2017) and in the Bulgarian Presidency Conference on Social Economy (March 2018) highlighted the importance of such enterprises in that regard.
Point 2.2. There is very little recognition of SEEs in the EU law. Initiatives have been taken in the past to support the development of European cooperatives, mutuals, associations and foundations. But the only draft regulation that came to fruition was that on European cooperatives. Currently the approach of introducing statutes category by category seems to have been abandoned in favour of two alternatives: - firstly, promoting the concept of social enterprises at European level and implementing a number of financial instruments to address their financing needs; - secondly, non-binding Commission recommendations encouraging Member States to themselves promote SEEs in their countries, especially those that do not yet have national legislative frameworks.	Indeed, the Commission had adopted proposals for European legal statutes for mutual societies, associations and foundations in the past but they did not find sufficient support from the co-legislators. The Commission therefore decided to support the development of the sector with several policy instruments as mentioned in reply to point 2.1.3.

Point 3.2.1.3. **Freedom of establishment** Freedom of establishment is a real issue for certain types of SEE. Because legal forms vary widely between Member States, exercising this freedom in most cases obliges enterprises, when they set up in a Member State, to adopt a form there that is at odds with the rules of operation laid down in their Member State of origin. No equivalent to the European company concept exists for SEEs. Very basic recognition of SEEs – for example via an interpretive communication on Article 54 TFEU – would make it possible both to take better account of their specific features in EU law and at the same time to begin a debate on the different potential responses to the establishment issue, for example via enhanced cooperation.	The Commission is aware of the obstacles and difficulties, including financial ones, which social economy enterprises might face in their cross-border activities. The Commission services have recently launched a study[23] to assess and diffuse successful transnational initiatives and activities of social economy enterprises as well as corresponding European and national policies with a view to promoting successful approaches that could help them to enter the Internal Market by establishing cross border activities and cooperation. An enhanced cooperation would require support by the co-legislators, including the Council, which has not been given to previous Commission initiatives.
Point 3.2.2. **Competition law** Limited profitability should also become a concept in competition law, without prejudice to the rules applicable to services of general economic interest under Article 106(2) TFEU and its supplementary and interpretive texts. Even if the only criterion for falling within the scope of competition rules is that an entity operates a business in a market, at the point of applying the rules adjustments could be made so as to take account of certain specific features of SEEs. Thus in relation to state aid, the CJEU has recognised the specific situation of cooperatives compared with for-profit companies as regards the constraints they	The notion of State aid is laid down in the Treaty on the Functioning of the European Union (TFEU). The Commission is bound by the interpretation of the European Union courts in this regard, as in the Commission's Notice on the notion of State aid. The case law of the Court of Justice of the EU on cooperatives relies on certain features which are specific to cooperatives. The Court has not confirmed that the same considerations would apply to other forms of corporations, such as social enterprises.

[23]https://ec.europa.eu/easme/en/tender/10739/promoting-cross-border-activities-social-economy-including-social-enterprises.

face in accessing financing for their activities. In a legal judgment, the Court stated that tax advantages granted to cooperative societies could not be described as giving them a selective advantage since the respective situations of cooperatives and for-profit entities were not comparable. The Court of Justice based its reasoning on the specific characteristics of cooperatives: their control structure and the fact that relations with their members are not purely commercial, their limited access to equity markets, and their necessary dependence on their own capital or credit financing for growth. In its Notice on the notion of State aid, the Commission took note of the CJEU's position on cooperatives, and pointed out that preferential tax treatment for cooperatives cannot qualify as state aid.	In addition, the Commission considers that the rules applicable to services of general economic interest cater for many of the specificities in the sectors in which social enterprises are often active. The Commission points out that it launched a public consultation on State aid rules for health and social services of general economic interest[24]. The consultation provided a forum in which the conclusions and recommendations, as well as other comments by social enterprises and other stakeholders, could be taken into account.
Point 3.2.3. **Freedom to provide services and public procurement** The Commission has identified SEEs' access to public procurement as worthy of attention, pointing out that it is difficult for some of these entities to take part in tenders. Reserved contracts are *a priori* out of reach. However, there is a blanket exception for economic operators whose principle purpose is to support the social and professional integration of disabled or disadvantaged people. Directive 2014/24/EU also allows contracts relating to health, social and cultural services to be reserved by the Member States for limited-profit enterprises meeting certain operational criteria. However, it should be noted that the tendering process, where a competition is set	EU directives on public procurement set out the rules under which public bodies purchase goods, services and works. They aim to guarantee equal access to and fair competition for public contracts within the European Union market. These rules put a focus on qualitative aspects such as social, innovative and environmental considerations. To support the use of public procurement to achieve social objectives, the Commission services have set up training and awareness raising activities for contracting authorities in Member States. The objective is to make them aware of the different opportunities and to promote the use of social clauses in

[24] Consultation published at https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2019-3777435/public-consultation_en, open from 31 July to 6 November 2019.

up between enterprises based on the free market and private enterprise model, does not always put limited-profit enterprises in a comfortable competitive position. Here again, their sometimes modest size and their more tenuous access to sources of investment financing can be a competitive handicap, whatever the type of activity envisaged. Thus, the division of tenders into lots and award criteria based on the most financially advantageous tender should take account of this difference in situation.	their purchasing procedures. Events on socially responsible public procurement are organised in 15 Member States (Croatia, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, the Netherlands, Poland, Romania, Slovakia and Sweden). Target groups are national, regional and local authorities, as well as suppliers to the public sector (including organisations of small and medium-sized enterprises and social economy stakeholders) that may be interested in knowing more about the different issues at stake. The events focus on best practices and peer review from other Member States. Workshops are organised between February and November 2019. Moreover, the Commission updates its 2011 guide on *'Best practices on strategic public procurement and social clauses'* and enriches it with examples of good practice. It should be a concrete tool to help public authorities to buy goods and services in a socially responsible way in line with the new European Union Procurement rules.

N°6 Blockchain and distributed ledger technology as an ideal infrastructure for the social economy (own-initiative opinion) **EESC 2019/522 - INT/880** **545th Plenary Session - July 2019** **Rapporteur: Giuseppe GUERINI (GR.III-IT)** **DG CNECT - Commissioner GABRIEL**	
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.1. The EESC supports the activities proposed by the European Commission to develop a European Blockchain Partnership, starting with the EU Blockchain Observatory and Forum.	The Commission welcomes the Committee's support and stresses the relevance of another initiative taken in 2019, namely the creation of the International Association for Trusted Blockchain Application (INATBA). The Commission is also preparing actions investing in deployment of blockchain based European public services infrastructure under the next multiannual financial framework (MFF) in the Digital Europe Programme (see further in comment to 5.19).
1.2. The EESC would encourage the institutions to facilitate the involvement of civil society organisations in the Observatory and European Blockchain Partnership, as, clearly, the successful development of blockchain and the new digital infrastructures does not only come down to IT, but involves a fully-fledged process of disruptive social innovation.	The Commission welcomes the involvement of civil society organizations in the activities of the European Observatory and Forum, which is open to all stakeholders. The Observatory and Forum currently is engaging a community of over 2000 contributors, including from civil society. The European Blockchain Partnership is an initiative at the level of the EU government services, facilitated by the Commission. However, the opinion of civil society will be taken into account for the work undertaken by the European Blockchain Partnership.
1.3. The EESC believes that social economy organisations can help to promote greater and informed awareness	The Commission welcomes the involvement of civil society organizations in the activities related to blockchain. The

of the potential of blockchain, specifically with regard to identifying cultural and methodological values built around forms of open and participatory governance, with the aim of maintaining a high level of transparency and involving all Europeans in the development that these new technologies may bring about.	Commission will liaise with International Association for Trusted Blockchain Application (INATBA), which is a multi-stakeholder platform that brings private and public bodies and academia together, to facilitate the involvement of civil society organisations where it has particular relevance regarding governance aspects.
1.4. The practical applications of blockchain technologies can significantly improve the performance of social economy organisations, benefiting them, their members and, above all, their end users.	The Commission agrees that blockchain and distributed ledger technologies are transformative and cross-cutting technologies that can empower citizens, improve public services and be implemented by businesses for a wide range of application areas. This is also reflected in the membership of International Association for Trusted Blockchain Application (INATBA), which includes organisations from a number of areas. First examples of blockchain-based applications benefitting end-users are also emerging.
1.5. Business ventures based on "distributed ledger" technologies (DLT) need sound governance structures that provide clarity as regards roles and responsibilities and underpin cooperation between the various stakeholders.	The Commission agrees and has facilitated the creation of International Association for Trusted Blockchain Application (INATBA) to support cooperation between various stakeholders on international level on governance issues.
1.6. The EESC calls on public authorities to ensure that blockchain technology develops in compliance with the rules on the processing of personal data and on cybersecurity, and to guard against the risks of individuals' or businesses' data being hoarded or misused.	The Commission is working with stakeholders through the European Union Blockchain Observatory and Forum, the European Blockchain Partnership and the International Association for Trusted Blockchain Application (INATBA) to ensure compliance with the EU acquis. An assessment of the existing regulatory framework is currently being undertaken, to possibly address and clarify any issues.

1.7. With regard to the profound changes that these new technologies are set to bring about, the EESC recommends that individuals and workers be duly protected, including through proper involvement of the social partners, particularly as regards their working conditions and in relation to putting in place proper plans for training and updating skills.	The Commission is preparing actions for skills development concerning blockchain under the next multiannual financial framework in the Digital Europe Programme. The Commission is interested in ideas, suggestions coming from stakeholders or from the Committee on how to address working conditions and workers protection in the context of blockchain.
1.8. The EESC believes that real involvement of social economy and civil society organisations is imperative to ensure that the huge opportunities offered by the new technologies are geared towards delivering benefits, access, transparency and participation for all, and not just for a new "digital economy elite”.	The Commission agrees. This is part of the Commission’s strategy for blockchain and included in the objective and the activities undertaken by the EU Blockchain Observatory and Forum, the European Blockchain Partnership and the International Association for Trusted Blockchain Application (INATBA).
4.4. The EESC firmly believes that, in order to ensure that the benefits of blockchain technologies are properly developed, an appropriate framework of rules will need to be promoted that encourages and fosters cooperation between the public and private sector and organised civil society. This is required in order to achieve the positive social, cultural and regulatory convergence that is needed to open up all of the opportunities to improve services and processes in both the public and private sectors.	The Commission agrees that the right governance framework for blockchain technology is key and is pursuing this aim through the European Blockchain Partnership and International Association for Trusted Blockchain Application. This Association also promotes regulatory convergence in Europe and at global level. On legal aspects, the Commission has commissioned a study which will deliver its analysis towards the first quarter of 2020.

5.19. The huge potential of the new digital technologies and the high cost of the investment required also expose blockchain technology to the risk of concentration as regards the devices capable of making it work. As a result, alongside the potential to democratise the network, there is also the risk of the data and technological networks being subject to speculation and hoarding in the hands of the few players or countries able to make large investments. It is therefore important that there are public interventions to support the development of these technologies in a participatory and accessible way.	The Commission draws attention to the proposed Digital Europe Programme (DEP) as part of the funding programmes in the new Multiannual financial framework. The Commission proposed, and the co-legislators have agreed, that part of this programme's funding needs to be targeted for building a European ecosystem for trusted infrastructures using distributed ledgers (e.g. blockchain) services and applications. In this regard, the Commission has recently launched a targeted consultation on the orientations of the first two years of its proposed Digital Europe Programme. In the orientation paper, it is proposed that over the first two years, the programme should support the deployment of the European Blockchain Services Infrastructure (EBSI) and the deployment of cross-border sectoral blockchain based services and applications in areas of public interest. Those actions will be supported in the context of the European Blockchain Partnership, as well as other public private initiatives.

N°7	**Transport, energy and services of general interest as drivers of sustainable EU growth through digital revolution (own-initiative opinion)** **EESC 2019/1070 - TEN/691** **545th Plenary Session – July 2019** **Rapporteur: Alberto MAZZOLA (GR.I-IT)** **DG CNECT – Commissioner GABRIEL**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.3. The EESC recommends the development of a regulatory environment that drives competition and innovation, and empowers citizens and companies with trust and an awareness of the benefits of digital technology applied to transport, energy and services of general interest to citizens, consumers, companies and workers, including all of these combined into a single "e-person". The EESC suggests moving from concepts of data ownership to a definition of data rights for persons and legal entities. Consumers should be in control of data produced by connected appliances so that consumers' privacy is ensured.	Putting forward a regulatory environment that fosters innovation and competition is an essential objective of the Commission's digital policy. The Digital Single Market Strategy promoted better access to consumers, improved framework market conditions and maximised the growth potential of the digital economy. Its mid-term review underlined the importance of trust in the digital economy, as well as the need to ensure a digitalisation of key economic sectors (transport, energy, health, finance) that benefits people and companies across Europe. Concerning 'data ownership', the Commission agrees that the discussion needs to move away from 'data ownership' and towards access and control rights. This was also the key message received in the stakeholder dialogue conducted on the basis of Communication 'Building a European data economy'[25]. The Union legislation on the protection of personal data (a fundamental right guaranteed by the Charter of Fundamental Rights) provides for a high level of protection and enables individuals to have control of their own personal data. This framework also

[25] COM(2017) 9 final.

	applies to personal data generated by a consumer-held connected device. For non-personal data, and in particular machine-generated Internet of Things' (IoT) data, the Commission formulated, in its Communication 'Towards a common European data space'[26], a set of principles which should be applied in contractual arrangements in order to favour fair and competitive markets for connected Internet of things devices and for products and services that rely on non-personal machine-generated data created by such devices.
1.4. The free flow of data is essential. The EESC therefore calls for effective solutions that eliminate the problems associated with the accessibility, interoperability and transfer of data, while securing adequate data protection and privacy, fair competition and wider consumer choice. The same conditions must apply to public and private companies with reciprocity for data exchanges and compensation of costs.	The Commission fully agrees that the free flow of data is essential. This is why the Commission has presented the proposal for the Regulation (EU) 2018/1807[27] on a framework for the free flow of non-personal data in the European Union. The Regulation prohibits Member States to impose national data localisation requirements except when justified on grounds of public security. Together with the free movement of personal data established by the General Data Protection Regulation[28], there is now a framework for the free movement of all data within the Union. In connection with the above, the Commission has published guidance on handling mixed data sets[29]. It aims at helping users, especially small and medium-sized enterprises, to understand the interaction between the two frameworks when processing datasets that consist of both personal and non-

[26] COM(2018) 232 final.
[27] Regulation (EU) 2018/1807 of the European Parliament and of the Council of 14 November 2018 on a framework for the free flow of non-personal data in the European Union (Text with EEA relevance); OJ L 303, 28.11.2018, p. 59–68.
[28] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, OJ L 119, 4.5.2016, p. 1–88.
[29] COM(2019) 250 final.

	personal data. This contributes to the effective application of the free movement of data, to legal certainty and to ensure that both Regulations are complied with.
1.6. The EESC has a clear position on the question of the extent to which it is ethically acceptable to delegate the choices to be made to systems based on artificial intelligence (AI): all automated systems, however sophisticated they may be, must operate according to the principle of human control over the machine.	The Commission agrees with the Committee. In its Communication of 8 April 2019 on Building Trust in Human-Centric Artificial Intelligence, the Commission welcomed the Artificial Intelligence (AI) ethics guidelines prepared by the High-Level Expert Group on Artificial Intelligence and made clear that it supports the key requirement of Human Agency and oversight for trustworthy Artificial Intelligence and that no AI system should undermine human autonomy.
1.7. The EESC calls upon the EC to publish guidance and clarifications on the General Data Protection Regulation (GDPR) to achieve uniform enforcement and a high level of data and consumer protection, including for connected and automated cars, and to revise product liability and insurance rules to adapt them to a situation where decisions will increasingly be made by software. Cybersecurity is of utmost importance in order to guarantee a safe and accepted transition.	The Commission agrees with the Committee regarding the need for more clarity regarding related liability issues. (see further in comment on point 2.8. on the Product Liability Directive 85/374/EEC). The EU strategy for mobility of the future[30] includes the actions to be taken in this field. As regards the General Data Protection Regulation[31], the European Data Protection Board is in charge of issuing guidelines on important aspects of the Regulation. The Board has so far issued more than 20 guidelines and will pursue this work.
1.8. The EESC urges the EC to develop an appropriate framework for digitalised national healthcare systems to share the health data of	The Commission has adopted, on 6 February 2019, a Recommendation on a European Electronic Health Record

[30] COM(2018) 283 final.

[31] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC; OJ L 119, 4.5.2016, p. 1–88.

EU citizens in accordance with the GDPR., i.e under strict conditions of privacy and anonymity, for the purposes of research and innovation carried out by EU institutions and companies.	exchange format to facilitate the cross-border exchange of health data. The aim is to ensure that citizens can securely access and exchange their health data in the Union. In conformity with the General Data Protection Regulation, the fundamental right to the protection of personal data should indeed be fully and effectively implemented, as stated in one of the principles that should govern access to and exchange of Electronic Health Records across borders in the Union (Annex of the Recommendation). As outlined in the Recommendation, the Electronic Health Record exchange format should be further elaborated through a Joint Coordination Process involving among others the health tech industry.
1.9 As 5G will raise mobile and internet technology to the status of a General Purpose Technology strongly contributing to "the process of industrial mutation that incessantly revolutionises the economic structure from within, incessantly destroying the old one, incessantly creating a new one ...", the EESC urges the EU institutions and Member States to complete the Digital Single Market, including the development of capabilities to integrate and use 5G services to defend and improve the competitiveness of European industries such as transport and automotive, energy, chemical and pharmaceuticals, manufacturing, including SMEs, and finance, where Europe is a leading global power. 1.10. The EESC asks the EC to strictly monitor progress in the deployment and real use of 5G and calls on the Member States to further accelerate the process. The EESC suggests adopting a European policy requiring each country to have at least two suppliers, at least	The Commission agrees with the Committee urging the EU institutions and Member States to complete the Digital Single Market, including the development of capabilities to integrate and use 5G services to defend and improve the competitiveness of European industries. The importance of very high capacity networks and 5G was highlighted in the 5G Action Plan, where 5G is seen as a game changer, enabling industrial transformations through wireless broadband services provided at gigabit speeds, the support of new types of applications connecting devices and objects (the Internet of Things), and versatility by way of software networks allowing innovative business models across multiple sectors (e.g. transport, health, manufacturing, logistics, energy, media and entertainment). While these transformations have already started on the basis of existing networks, they will

one of them European. 1.11. In addition, in order to be able to assess the potential risks of electromagnetic radiation to human health and the environment, the EESC calls on the Commission to commission a biological impact assessment of 5G radiation.	need 5G if they are to reach their full potential in the coming years. The Commission strategy for the Digital Single Market (DSM strategy) and the Communication on Connectivity for a Competitive Digital Single Market: Towards a European Gigabit Society[32] underline the importance of very high capacity networks like 5G as a key asset for Europe to compete in the global market. To monitor progress in the deployment and real use of 5G the Commission has set up the European 5G Observatory. The Commission is aware of the need for technology sovereignty and takes note each country to have at least two suppliers, at least one of them European. The Commission is continuously monitoring the issue of electromagnetic radiation through its Scientific Committee on Health, Environmental and Emerging Risks (SCHEER). In this context the Commission is following guidance issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). The Commission will examine the revision of the international limits by the International Commission on Non-Ionizing Radiation Protection expected by the end of 2019, including any new evidence regarding the use of spectrum used for 5G small cells.
1.13. The EESC, in order to organise the transition to zero- and low-emission mobility, supports: an integrated and systemic approach, that is technology-neutral; low and zero emission vehicles and infrastructure; a gradual long-term switch to alternative and net-zero	The Commission agrees with the Committee's views. The Strategic Forum for Important Projects of Common European Interest is working on specific recommendation on 'Clean Connected and Autonomous Vehicles'.

[32] COM(2016) 587 final.

carbon fuels; increased efficiency, as with the SES, by making the most of digital technologies, as with the European Rail Traffic Management System (ERTMS), and smart pricing and further encouraging multi-modal integration and shifts towards more sustainable transport modes; empowered citizens with growing connectivity to choose "mobility-as-a-service".	The Commission agrees with the Committee's views, which are in line with its Communication 'Europe on the move'[33] and which have been largely illustrated in the Digital Transport Days organised in cooperation with the Finnish Presidency from 7 to 9 October 2019 in Helsinki[34]. The Connecting Europe Facility call for proposals 2019[35], published on 16 October 2019, includes subjects such as Intelligent Transport Services for road (ITS), European Rail Traffic Management System (ERTMS) and 'mobility-as-a-service' (MaaS).
2.3. While more and more people have access to digital technologies, a digital divide in the use of digital technologies persists as some people do not have access to them and some people are more capable than others of leveraging the digital transformation for a better life. 2.4. The digital transformation of the European economy demands new skillsets at all levels. In many Member States the links between education providers and industry are missing, when on the contrary these developments require cooperation to be stepped up so as to prevent skills gaps and mismatches from developing. Continuous education and training and lifelong learning are crucial elements in adapting to the transformation of workplaces and in fostering professional development. Education and training, also via research projects, is an essential way to foster talents and provide high level skills for the EU to remain competitive.	The Commission agrees with the Committee's views. Transfer of knowledge and education is indeed a prime concern of European research initiatives with targeted actions towards students. The proposal for a Digital Europe Programme includes a pillar on advanced skills through which educational offerings in the Information and Communication Technology (ICT) areas of high demand such as blockchain, cybersecurity and artificial intelligence will be supported. This will be an important element in supporting the upskilling of European citizens.
2.6. The free flow of data is essential. The EESC	The Commission fully agrees with the

[33] COM(2018)293 final of 17 May 2018.
[34] https://www.digitaltransport.eu/2019%c2%a0
[35] https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/apply-funding/2019-cef-transport-map-call

therefore calls for effective solutions that eliminate the problems associated with the accessibility, interoperability and transfer of data, while securing adequate data protection and privacy. The same conditions must apply to public and private companies with reciprocity for data exchanges and compensation of costs. 2.7. The EESC calls upon the EC to ensure fair competition and consumer choice in the domain of access to data. In the automotive industry, fair access to in-vehicle data will be crucial to ensure that consumers have access to competitive, convenient and innovative mobility services. The EESC recommends that the EC provide guidance with regard to how the GDPR and privacy rules apply to connected and automated cars. Similar challenges might also arise in the domain of public transport for Mobility-as-a-Service (MaaS).	need for effective solutions to improve data access, interoperability and transfer. That is why the Commission is monitoring closely the application of the Regulation (EU) 2018/1807 on a framework for the free flow of non-personal data in the European Union[36] that is applicable since May 2019. Furthermore, the Commission intends to work with international partners to build convergence towards a high level of protection of personal data and cybersecurity standards as a means to facilitate international data flows, including where possible through the instrument of an adequacy decision. International data flows form an essential part of digital trade. With regard to interoperability and transfer of data in the Union, the Commission is facilitating the self-regulatory work by the industry to improve switching between cloud service providers and to port data between Information Technology systems. As a result, relevant codes of conduct are expected to be developed by the industry by the end of November 2019 and implemented by May 2020. The Commission also supports the industry working group which presented recommendations to develop a European cloud cybersecurity certification Scheme in line with the Cybersecurity Act Regulation (EU) 2019/881[37]. Fair access to in-vehicle data and resources is indeed an important political

[36] Regulation (EU) 2018/1807 of the European Parliament and of the Council of 14 November 2018 on a framework for the free flow of non-personal data in the European Union; OJ L 303, 28.11.2018, p. 59–68.

[37] Regulation (EU) 2019/881 of the European Parliament and of the Council of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act) (Text with EEA relevance); PE/86/2018/REV/1; OJ L 151, 7.6.2019, p. 15–69.

	subject. It raises points of consumer privacy and of cybersecurity. For this reason, further actions may be undertaken by the new College.
2.8. The EESC also calls upon the EC to revise product liability and insurance rules to adapt them to a situation where decisions will increasingly be made by software. Principles of security and safety by design and by default should be systematically applied to increase trust in the take-up of these technologies.	The Commission published in 2018 a report on the application and evaluation of the Product Liability Directive 85/374/EEC[38]. It concluded that the Directive was still relevant but there are open questions in the context of emerging technologies. However, it also concluded that there were open questions in relation to its application to emerging digital technologies. The Commission is preparing guidance in this respect. Moreover, the Commission has looked into the subject of product liability for emerging digital technologies, including Artificial Intelligence and the Internet of Things, and the broader software ecosystem with the help of an Expert Group on 'Liability and New Technologies' and in order to discuss the specific characteristics of these technologies and the challenges they pose to the existing Union and national legal framework.
2.9. Cybersecurity is of utmost importance in order to guarantee a safe transition. There is a need to fully address the challenges identified for crucial sectors at EU level – fostering the role of the European cybersecurity agency, to reduce the risk of weak links in the increasingly interconnected European grid. The EESC particularly welcomes the work of European Network of Transmission System Operators for	The Commission agrees that a high level of cybersecurity constitutes a key enabler for the digitisation of our society. This is reflected by the fact that sectors such as transport and energy (including transmission systems) have been included in the scope of the Directive (EU) 2016/1148[39] concerning measures for a

[38] Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products; OJ L 210, 7.8.1985, p. 29–33.

[39] Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union; OJ L 194, 19.7.2016, p. 1–30.

Electricity (ENTSO-E) in this regard.	high common level of security of network and information systems across the Union (Network Information Systems Directive). In this context, the forum for strategic cooperation established by the Directive, the Network Information Systems Cooperation Group is working on sector specific guidance through the Work Stream on Energy. Both Commission and the European Union Agency for Cybersecurity (ENISA) are supporting the implementation of the Network Information Systems Directive and the Work of the Cooperation Group. In addition, the Cybersecurity Act, that entered into force in June 2019, has already reinforced the role of the European Union Agency for Cybersecurity (ENISA), providing for a permanent mandate and additional resources. The Cybersecurity Act establishes that: - the European Union Agency for Cybersecurity shall assist the EU institutions, bodies, as well as Member States, in developing and implementing Union policies related to cybersecurity, including sectoral policies on cybersecurity; - the European Union Agency for Cybersecurity shall also contribute to and help organise sectoral cybersecurity exercises to strengthen cybersecurity capabilities; The focus should be on ensuring that the European Union Agency for Cybersecurity effectively carries out its new tasks under the permanent mandate.
2.10. Large quantities of data are generated by sensors and by the progressive roll-out of smart	The incorporation of smart sensors into products generates large quantities of data

meters. Such data must be processed and made accessible by the relevant stakeholders in a safe, transparent way that preserves individual freedoms. The EESC stresses that while the potential of smart technologies is significant, it nevertheless tests many well-established principles of consumer protection, such as privacy, liability and safety, as well as efforts to combat energy poverty. As for data, regulators need to find an approach through which consumers always have access to and are in control of the data they produce and which fosters competition and brings innovative services.	and poses indeed new challenges linked to privacy, the protection of personal data as well as cyberattacks data quality. The Commission is taking the necessary steps in order to ensure that data are generated and processed taking into account the principles of privacy and data protection and ensuring security by design and by default. The General Data Protection Regulation, applies to the processing of personal data collected by smart meters and gives consumers the possibility to have control over such data. In addition, Directive (EU) 2019/944[40] on common rules for the internal market for electricity lays down a framework providing consumers with access to their data and for non-discriminatory access to such data for third parties, calling on Member States to put in place a data governance framework complying with these principles.
2.11. Artificial intelligence is about to transform all sectors and gives rise to a number of challenges. For instance, guarantees are needed in relation to the transparency of automatic decision-making and the prevention of discrimination against consumers.	The Commission is discussing the issues of transparency and non-discrimination, based on the Ethics Guidelines for Trustworthy AI[41], presented by the High Level Expert Group on AI on 8 April 2019. The next Commission might also put forward legislation for a coordinated European approach on the human and ethical implications of Artificial Intelligence.
3.3.1. Human error is involved in 95% of all traffic accidents on Europe's roads, in which	The digital transformation of land transport will improve and make safer

[40] Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (Text with EEA relevance); OJ L 158, 14.6.2019, p. 125–199.
[41] https://ec.europa.eu/digital-single-market/en/news/ethics-guidelines-trustworthy-ai

more than 25 300 people lost their lives in 2017 and 1.2 million were injured, with the cost of accidents amounting to € 120 bn per annum. 3.3.2. Land transport technology will most likely be revolutionised by digitalisation and automation: the EESC notes that this new technology has the capacity to both improve transport market efficiencies but also to provide analytical data to assist in the control and enforcement of existing legislation and the protection of human and social rights.	land transport not only by automation, but also by making vehicles connected. In this regard, the Commission is working on both enabling communication technologies and providing for the necessary infrastructure behind them (the development of 5G corridors).
3.4. Investment 3.4.1. The EESC recognises that in many areas in Europe today's transport infrastructure network does not deliver. Anticipating the constantly rising demand for transport services, significant amounts of public and private investment are needed to build and improve transport infrastructure. 3.4.2. Completion of the TEN-T network on time. with optimised geographical coverage, must be an absolute priority: the core TEN-T network by 2030 and the comprehensive network by 2050 or earlier. Achieving the core network alone requires investments of around € 500 bn, without considering resilience and upgrading existing infrastructure. These investments cannot be funded by CEF grants or EU instruments only, and MS resources are probably not enough. There is a concrete risk of substantial delays.	The need to invest in digital capacities and facilitate the wide deployment of digital technologies is crucial for Europe not only to compete globally but also to regain control over its value chains and ensure its strategic autonomy. The Digital Europe Programme is an important tool in this respect. The trans-European transport network (TEN-T), as adopted in 2013, is based on a Europe wide planning method that ensures balanced geographical coverage, paying due attention to both central and peripheral regions, major economic centres and areas of more rural nature. The Commission makes every effort to use the available tools (grants and financial instruments as well as coordination at EU level) to facilitate project implementation and mobilise the necessary investment from public as well as from private sources.
3.4.3. Grants will continue to play an important role in EU investment policy in the transport sector, particularly in those cases where market investments are more difficult to realise. However, blending grants with other sources of	The new Connecting Europe facility (CEF) programme will have a specific digital component, but also a significant part of CEF transport will be devoted to

financing such as the European Investment Bank or private sector loans, and mobilising public and private sector investors including public and private cooperation, are essential additional tools. 3.4.4. The EESC calls for investment in technology and infrastructure on which digital transport can be built, in particular traffic management and control systems: SESAR[…] ERTMS […] and C ITS. Furthermore, 5G connections have to be made available along the TEN-T core network. EU funding instruments such as the Connecting Europe Facility, InvestEU and Horizon EU should prioritise these undertakings. 3.4.5. The EESC […] considers that […] a road pricing system which complies with the "user pays" and "polluter pays" principles would have a positive effect provided the revenues are earmarked.	digital transport projects. In the on-going review of the TEN-T Regulation[42], due attention is payed to the strengthening of traffic management systems and to the integration of new technologies so as to enable digital transport solutions for passengers and freight. The 'user pays' and 'polluter pays' principles are key objectives of the ongoing revision of the Eurovignette directive on road charging. These principles should be implemented through different measures, in particular measures aiming at better reflecting the costs of pollution, noise and congestion. The earmarking of revenues of road charges is certainly welcome but should not be seen as a condition for the success of other measures to implement the user and polluter pays principle.
6. 5G 6.1. Rolling out of 5G on the Single Market 6.1.1 Public authorities have started to take measures to facilitate the introduction of 5G on the Single Market, including 5G spectrum assignments. In the coming months, European mobile operators should prepare to deploy and perform tests under "real" conditions, as the first 5G smartphones and terminals are expected to be available in the first half of 2019. However, only twelve Member States have completed or launched at least one spectrum auction as of early December 2018. 6.1.2. At international level, all countries are competing to be among the first to launch 5G	The Commission agrees with the Committee's concerns about 5G rollout and the relevant spectrum assignments. The current availability of spectrum for 5G in all bands, low, mid and high, is still a challenge in Europe. Whereas the 700 MHz band has already been harmonised at EU level, there are also legal obligations to allow the use of upper bands in all Member States by the end of 2020. The 5G Observatory showed some progress, although most of the work is still to be done. The Commission will insist on the 2020 deadline and monitor that derogations are applied only in justified cases. Currently

[42] Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU; *OJ L 348, 20.12.2013, p. 1–128.*

nationwide. The EU is also competing. The five major vendors of infrastructure include two European suppliers, two Chinese, and one Korean. No major European company is among the first to produce 5G devices and chipsets. 6.1.3. The EESC warns that the competiveness of European industries such as transport and automotive, energy, chemical and pharmaceuticals, manufacturing, including SMEs, and finance industries, where Europe is a leading power, will depend on the capability to integrate and use 5G services. 6.1.4. The EESC is aware that scientists have issued warnings about the dangers that electromagnetic radiation from 5G may pose to human health and the environment, particularly high-volume, deep penetration radio-frequency signals in buildings and other enclosed spaces. The EESC calls on the Commission to commission a biological impact assessment of 5G radiation and the risk of interference with other frequency ranges. **6.2. 5G investment needs** 6.2.1 Investments by market players in Europe for 5G are estimated at € 60-100 bn annually for the next five years. They will provide all main European socio-economic drivers with gigabit connectivity. Improved connectivity in rural areas will require a further € 127 bn investment. 6.2.2. 5G will raise mobile and internet technology to the status of a General Purpose Technology affecting productivity and economic activity across a broad range of industries handling a greater number of devices and higher volume of data, enabling the massive use of IoT and developing Mission Critical Services.	several Member States have no plan yet for the 5G auctions, and only one Member State has assigned all pioneer bands. The Commission has set up the European 5G Observatory to monitor international developments and Europe's position on 5G deployments globally. Once spectrum is available, investments envisaged by the telecom sector of €60 to €100 billion annually during the next 5 years will need to follow. This will be comparable to investments expected in the United States of America and the other leading regions such as Asia. To unlock this investment, in particular in areas of public interest, the Commission is planning to use public funding instruments proposed in the Connecting Europe Facility Digital and the Digital Europe programme. In particular, the proposed Connecting Europe Facility Digital Programme with a proposed total budget of €3 billion contains deployment actions dedicated to 5G Corridors for Connected and Automated Mobility.

N°8	**Teaching Europe - developing a toolkit for schools (own-initiative opinion)** **EESC 2019/1831 – SOC/621** **545th Plenary Session – July 2019** **Rapporteur: Gerhard RIEMER (GR.I-AT)** **DG EAC– Commissioner NAVRACSICS**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
Main conclusions and recommendations	The Commission would like to refer to its reply to the opinion of the Committee on 'Education about the European Union' adopted in March 2019. The reply covers some of the conclusions and recommendations contained in the current opinion, such as reference to the 'Learning Europe at School' initiative, the Communication 'Europe in May 2019 – Preparing for a more united, stronger and more democratic Union in an increasingly uncertain world' or the 2018 Council Recommendation on Key competences for lifelong learning.
1.1. The EESC interprets the **Paris Declaration** of 2015[43] and the 2018 **Council Recommendation**[44] as **a clear mandate from the MS supported by the EP resolution 2016**[45] to put teaching and learning about the "European Union" firmly on the policy agenda. This is a new starting point for the promotion of a European dimension of teaching and providing the necessary support for educational staff. 1.2. The EESC believes that to a certain extent	While Member States are responsible for the organisation and content of their education and training systems, the Commission shares these views of the Committee. Schools, both general and vocational, can play a decisive role in raising awareness and knowledge about the European Union among citizens. Education is a driver for learners to become active citizens. The 2018 Council Recommendation on promoting common

[43] Paris Declaration, 17.3.2015.
[44] Council Recommendation (2018), ST/9010/2018/INIT.
[45] EP resolution (2016) (2015/2138(INI)).

there is an **information gap in the education sector** when it comes to a general learners' understanding **about the role of the EU** and the impact that it has on the daily lives of European citizens. Despite the improved turnout - from 42.61% (2014) to 50.95% (2019) - the results of the recent elections to the EP show that there is still a strong need to inform and educate people from an early age about the European Union. 1.3. The EESC calls for **a new momentum of activity in the area of Education about the EU**. It wants to use the window of opportunity offered by the renewal of the EP, the EC and especially the new Commissioner for education, culture, youth and sport. The EESC is convinced that a special focus on EU education for young people must be considered indispensable for a progressive development of real European citizenship, needed to build a robust European Union. 1.4. The EESC is trying to raise **with the two new opinions the focus as much as possible on Education about the EU (SOC/612)[46] and Teaching Europe at school**. It is important to think again about how to foster a better connection and awareness between, and of, people about the EU – its actions, aims and values. To achieve this, further efforts should be undertaken to better inform people about the EU during their initial school education, in particular, as well as in VET and higher education and in a lifelong learning context. 1.5. **Many measures have been taken at EU level and in the MS** to improve the situation and a variety of excellent materials and toolkits are available at national and EU levels which could be a source of inspiration for steering further initiatives. However, the	values, inclusive education, and the European dimension of teaching[48] put teaching and learning about the EU firmly on the policy agenda. It provides a platform for dialogue and cooperation between the Commission and the Member States. It also identifies 20 actions to be carried out by Member States across the fields of education, culture, youth and sport, with the support of the Commission and the Erasmus+ programme. Jean Monnet Activities under the Erasmus+ programme support research and teaching about the EU in higher education institutions worldwide. These activities also help improve the citizens' understanding of the EU beyond academia, through outreach and education projects. The Commission's proposal for the future Erasmus Programme (2021-2027) envisages extending Jean Monnet Activities to other sectors of education, including to secondary schools.

[46] OJ C 228, 5.7.2019, p. 68.
[48] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1528379535771&uri=CELEX:32018H0607(01)

clarity, accessibility and general information about what is available needs to be improved. The outcomes of the EC - Study 2013[47] proves that there is an obvious political will in the MS to improve the quality of such information, but that there is still a long way to go. 1.12. **The EESC believes in the Vision** that young people who finish the school system do so with a basic knowledge of the EU, **a kind of "EU literacy"**. The EESC knows that it is quite a challenge but also an opportunity to teach around 72 million pupils enrolled in primary, lower and upper secondary education in the EU but one that is worth taking on. This includes the possibility for them to have the chance to visit European institutions. Teachers, too, should have this opportunity in order to gather special experience, to discuss with the different organisations and institutions (such as the EESC) and to return home with a better understanding of Europe, its role, values and how it is organised.	
1.6. (and 4.2) The EESC thinks it is necessary to **undertake a new study, as critical research**, about the actual situation in MS regarding EU education in schools and in teacher training and Continuous Professional Development. An analysis of existing initiatives and curricula, especially in primary and secondary education, as well as of efforts undertaken by CSOs and the social partners, would be helpful. The study could be based on the Learning Europe at School Study of 2013.	The 2013 Commission study 'Learning Europe at School'[49] provided an overview of the situation in the Member States. The Commission is exploring options to update this information, including the possibility of a follow-up study, possibly through the Eurydice network. The Commission may also conduct follow-up studies under the new activities of the Jean Monnet Action that will be dedicated to teaching and learning about the EU at school.
1.9. (and 5.5, 5.7 for more detailed suggestions) The EESC considers that **a small toolkit (a basic "package") should be**	The design of school curricula fall under the exclusive competence of Member States. The Commission is therefore not in

[47] Learning Europe at School, EC Study, 2013.
[49] *Learning Europe at School*, ICF report commissioned by DG EAC, 2012.

developed for each school (learner and teacher) that would help to better educate all people about the EU. The contents of such a toolkit could take different forms and need to be adapted to the national and regional context, also to persons with special needs.	a position to propose specific curriculum content on EU citizenship education to Member States. It can, however, support relevant debates and peer-learning activities through the Erasmus+ programme. Indeed, some of the projects supported under the Jean Monnet Activities in recent years have developed teaching materials and toolkits. Furthermore, the Commission makes available a range of teaching and learning materials for different age groups. These include: • The 24-language Learning Corner[50] website, which is a central learning hub for 5 to 18 year olds, their teachers and their parents; it brings together all available learning materials from the EU institutions; • Publications for the 9-12, 12-15 and 15-18 year olds for use in a classroom setting. Many Europe Direct Information Centres located in Member States already engage with schools and teachers, encouraging them to use the above-mentioned materials in a structured way.
1.10. (and 4.4) To foster further political support for enhancing education about the EU, a **High-Level group of experts on "Teaching Europe"** should be established at the European level, represented by MS and integrating well-known experts. This group could provide policy proposals and recommendations for discussion by education ministers, which could lead to Council conclusions.	Under the European Framework for Cooperation in the field of education and training (ET2020), the Working Group on 'Promoting Common Values and Inclusive Education' tackles such issues as promoting common values and intercultural competences, including citizenship education, and fostering a European dimension of education and training. Moreover, the Commission is currently

[50] https://europa.eu/learning-corner/

	considering the possibility of creating a group of national experts on teaching and learning about the European Union at school, as part of a pilot project coming from the Parliament. This will allow peer-learning, knowledge sharing and exchange of good practices among Member States on this topic. The group would be supported with scientific knowledge and expertise from the most relevant Jean Monnet projects.
1.11. (and 5.6) **Teachers play an important role as "architects of the future"**. They need a better understanding of the EU and the competence to teach Europe to pupils at any age. There is a lack of knowledge about the EU and some are not experienced or confident enough to teach it in their classrooms. Therefore the EESC asks for a new focus on teacher training at EU and MS level, and to support teachers to use existing material and to make full use of the opportunities offered by the new digital technologies.	The 6.5 million school teachers across Europe should indeed be knowledgeable and confident enough to teach about the EU. This requires substantial initial and in-service training activities for which Member States remain solely responsible. However, the Commission can support activities in this respect, for example through the above-mentioned peer-learning group of national experts and the new activities of the Jean Monnet Action of the future Erasmus+ programme (2021-2027). Also, the current Erasmus+ programme already offers different possibilities to support the professional development of teachers, including the development of competence to teach about the European Union at school, through mobility activities or so-called 'strategic partnerships'. These opportunities are expected to be continued in the future Erasmus programme (2021-2027).
3.3.3. The Erasmus programme which was an incredible success, should continue to be an opportunity to learn about the EU. In the past 32 years, more than 10 million people have benefited from Erasmus[51]. According to the Commission's proposal the new Erasmus programme 2021-2027 foresees a doubled	As explained above, the Commission's proposal for the future Erasmus+ programme (2021-2027) envisages extending the Jean Monnet Activities to other sectors of education, including to secondary schools. Some projects of this kind have already been supported under the

[51] EC, "Investing in people", May 2018

budget compared with the former ones, from just below 15 to 30 billion and envisages providing support for activities that teach and explain the EU. There should be an opportunity, for instance, for the Jean Monnet initiatives to support actions beyond higher education in other fields of education and training.	Jean Monnet Activities of the current programme on an ad-hoc basis but the new programme would allow for more visible and structured work in the school context. A new action to empower young people to participate more actively in society is foreseen in the programme. It will bring together young people and decision makers from across Europe in order to foster European awareness and active citizenship. Furthermore, Erasmus+ alumni are encouraged to share their experience with their friends, fellow students, staff in their institutions, journalists, etc. With the future Erasmus programme, the Commission plans to mobilise even further the potential of former Erasmus participants and to support activities of alumni networks, ambassadors and 'Europeers', by encouraging them to act as multipliers and advocate European values.
4.1. The EU, especially the incoming Commission and the new Commissioner for education, culture, youth and sport, should consider how to develop a new momentum with MS in order to promote an intensive general discussion on the role of teaching Europe at school.	The Commission cannot yet comment on the policies of the new Commission. The current Commission is already implementing a new EU-wide prize to reward outstanding secondary school teachers and schools that teach about the EU in ways that inspire. This new 'Jan Amos Comenius Prize for high quality teaching about the European Union', which is based on a European Parliament Pilot Project, will provide EU-wide recognition and visibility to the importance of teaching and learning about the EU. The Prize is set to be awarded for the first time in May 2020, following a call for applications published before the end of 2019.
1.7. (and 4.3.; 5.1.) In addition, an **inventory of the teaching and learning**	The Commission welcomes this proposal. In addition to the Erasmus+

materials/resources that have resulted from relevant EU-funded projects would be extremely helpful and necessary. A platform that pools together all these different tools categorised by language, age-group and topic – perhaps similar to the "what-Europe-does-for-me" website – could be used for teaching and learning at school. 5.4. A better and more intensive use of the existing material is crucial, especially existing links such as the EU's excellent Learning Corner[52], where the presentation of materials is outstanding. It has popular topics for primary and secondary schools with materials according to age groups, knowledge tests and quite a lot of specific toolkits ranging from activity books, factsheets, games and teaching kits to videos. The age groups go from under 9 to over 15. Pupils can find games, competitions and activity books to help them discover the EU in an amusing way. Teachers, too, can find sources of teaching material for all age groups to help pupils learn about the EU and how it works. They can also draw inspiration for lesson plans and discover networking opportunities with other schools and teachers across the EU. What is needed is better communication of information, together with the MS, on how to use this.	projects results platform, the Commission manages the new Learning Corner[53], which provides a broad variety of learning materials, teaching resources, games or quizzes about the EU. They are available in all official EU languages and easily accessible on one single platform. Furthermore, the website has been created at the interinstitutional (europa.eu) level on Europa, so that all learning materials from all EU institutions can be made available on a single online platform. New materials from other EU institutions are added to the Learning Corner as they become available The Learning Corner website was launched in March 2019 and its promotion is on-going. The Commission is promoting it to all primary and secondary schools in the EU in the second half of 2019. It will work with the Commission Representations in the Member States, with all EU institutions, and with other key partners to ensure that schools and teachers are informed of the website, the resources it contains, and how to use them in a classroom setting. The Commission would be happy to look into how best to integrate the teaching and learning materials emerging from EU funded projects into the Learning Corner website. A study on the effectiveness of Commission's own materials and activities targeting youth, commissioned in 2017, was completed in early 2019. It provides useful insights into how the Commission's materials and activities currently reach and engage young people

52 Learning corner.
53 https://europa.eu/learning-corner/home_en

	and it presents recommendation on their relevance, coherence and effectiveness. The Commission's 'School Education Gateway' online platform includes a section on developing the citizenship competence[54]. Furthermore, in 2019, the eTwinning online platform, which brings together around 500,000 teachers and 190,000 schools, focused on democratic participation, in addition to its permanent priorities of citizenship, values and digital learning. This topic was explored in an annual eTwinning book and during the annual conference on 'Where education meets democracy' held on 24-26 October 2019.
4.5. An EU Day in schools in the MS should also be introduced (on a voluntary basis). This new initiative would provide a focussed opportunity to discuss EU-related topics in an intensive, positive and forward-looking way in classrooms all across Europe and to use and implement the toolkits.	The possible introduction of an EU Day in schools is a competence of Member States. The 2018 Council Recommendation on promoting common values, inclusive education, and the European dimension of teaching[55] recommends Member States to establish a 'Day of the European Union' in learning settings. All EU institutions and many EU Agencies participate in the initiative Back2School (and since 2018 also Back2University) where EU staff talk about EU matters with students in their former schools. While these events take place throughout the year, some Member States encourage EU staff to concentrate their visits in one specific week (e.g. around Europe Day) when also national politicians reach out to schools in order to discuss Europe.
5.2. Besides teachers, parents and other adults also have a significant influence on young people's perception of the EU. A toolkit for	The Commission would like to refer to the activities and bodies highlighted in its reply to the opinion on 'Education about

[54] https://www.schooleducationgateway.eu/en/pub/theme_pages/citizenship.htm
[55] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1528379535771&uri=CELEX:32018H0607(01)

teaching about the EU in formal education should therefore be accompanied by lifelong learning opportunities for adults. In the light of the current issues with misinformation, this should include informing people of where they can find trustworthy information on the EU. 5.8.6. Beyond the teaching of Europe in the education sector, it is important that information is also accessible to the general public, for example in public libraries and other public places.	the EU', namely: the Altiero Spinelli Prize for Outreach, the Europe for Citizens programme, Multimedia Actions including Euronews, the Commission representations and the Europe Direct network. In addition, corporate communication campaigns, e.g. 'InvestEU'[56], 'EUandME'[57] and 'EUprotects'[58], aim at improving citizens' understanding of the EU and its actions for Europeans. The Commission already provides a range of publications and online materials to inform the public about the EU. The Commission fully shares the Committee's views regarding lifelong learning opportunities for adults and the need to inform people of where they can find trustworthy information on the EU. The Commission will further develop the information it produces for adults and find ways of making it easily accessible, in a single place, to help combat disinformation and to encourage lifelong learning. The Commission's proposal for the future Erasmus Programme (2021-2027) envisages extending Jean Monnet Activities to other sectors of education and training, including adult learning to support activities aiming to enhance people's awareness of the EU. The Erasmus+ programme, through its adult learning actions, already contributes to increasing awareness of EU citizens on the benefits of the EU. This support will be enhanced in the new programme.

[56] https://europa.eu/investeu/home_en
[57] https://europa.eu/euandme/frontpage_en
[58] https://europa.eu/euprotects/content/homepage_en

5.8.4. The EESC thinks that it should be possible that certain institutions which are financially supported by the EU, especially the European University institute and the College of Europe, provide training on European issues to all teacher trainers in the EU. In addition, Erasmus+[59] students and Jean Monnet academics should play an important role in schools to act as ambassadors for the EU.	The Commission is currently reflecting on the possible role and contribution of institutions such as the European University Institute and the College of Europe as providers of expertise and training related to the teaching and learning about the EU at school. The Commission may engage in discussions with these institutions (also with the various Jean Monnet Centres of Excellence) about their possible role as providers of expertise and teacher training on European issues.
5.8.5 The EESC also considers it important that the EC has set up a Teachers' Testing Panel composed of one primary and one secondary school teacher from all MS, selected by the EC Representations. The panel advises on the content and style of the learning material being developed by the EC services. This could be very helpful in ensuring that what is offered reflects current trends and needs.	The Commission welcomes the Committees' positive response to the setting up of the Teachers' Testing Panel. The Panel will meet for the third time in November 2019. It is a valuable sounding board for providing advice on teaching and learning materials developed by the Commission and potentially other EU institutions.

OJ C 228, 5.7.2019, p. 68.

N°9	**Taxation in the digitalised economy (own-initiative opinion)** **EESC 2018/2781 - ECO/458** **545th Plenary Session – July 2019** **Rapporteur: Krister ANDERSSON (GR.I-SE)** **DG TAXUD – Commissioner MOSCOVICI**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.4. The EESC strongly believes that, in the context of the digitalisation of the economy, any changes to the rules for allocating taxation rights of profits among countries must be coordinated globally, in order to better harness the benefits of globalisation, with proper global governance and global rules. The EESC therefore welcomes the close cooperation between the Commission, Member States and the OECD/G20 to support the development of an international solution, which will limit the risk of international double taxation. However, if an international solution cannot be reached, the EU must consider proceeding on its own.	The European Union favours a global solution that would avoid the multiplication of unilateral measures and the risks of fragmentation of the single market, double taxation and disputes. However, as President-elect von der Leyen announced in her political guidelines for the next Commission – if by the end of 2020 there is still no global solution for a fair digital tax, the EU might need to act alone.[60]
1.6. (also 4.2) The EESC encourages the Commission and Member States to carefully consider all possibilities to eliminate any under-taxation of digital services, irrespective of where the company is located, for those sales that end up in a Member State. Services provided through platforms used by European consumers should be fully incorporated in the VAT system, as an essential component in addressing the tax issue. It should be noted that digital communications customers e.g. Facebook etc. access these services at no	Upon a proposal from the Commission, the European Council adopted the Value Added Tax e-commerce package (Council Directive (EU) 2017/2455[61]) in December 2017. This set of rules imposes extra reporting obligations on marketplaces and platforms supplying services to consumers in the EU.

[60] https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf
[61] Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods; OJ L 348, 29.12.2017, p. 7–22.

apparent charge which raises the question as to how VAT could reasonably be applied.	
1.7. (also 4.9) The allocation key suggested for the Common Consolidated Corporate Tax Base (CCCTB), with its three factors, could be used and applied, as a starting point, for the allocation of the residual profit, if this is the method agreed upon at the OECD. The EESC supports such an approach.	The Commission's proposal for a Common Consolidated Tax Base (CCCTB) contains elements of fractional apportionment method to attribute profits and proposes a definition of the tax base that may inform the discussions at the Organisation for Economic Co-operation and Development (OECD) and could be a source of inspiration for shaping the agreement.
4.13. The EESC fully recognises the complexity of the calculation of international taxation rights among countries. It would entail calculating and agreeing between countries on the size of the residual profit. It would also entail knowing the size of each of the four factors in the allocation key. The use of a modified CCCTB formula could be seen as a step in the direction of getting acceptance for the CCCTB.	The EU supports a global solution that would be simple to calculate, to implement and to administer. In this regard, a multi-factor formula for the allocation of profits is worth exploring.
1.8. (also 4.10) The EESC believes, however, that resources spent on R&D are important for developing intangibles and that the country in which such activities take place should be remunerated for them. The EESC therefore suggests that a formula consisting of four factors be used for the allocation of the residual profit, rather than the three factors included in the CCCTB formula.	The Commission supports a solution that would realign taxing rights with the new realities of value creation and capture the new types of business models (digital, Intellectual Property-intensive, etc…). Without prejudice to the outcome of ongoing international discussions, there is merit in exploring a multi-factor formula allocation key.
1.9. (also 4.11) To the extent that reallocation of international taxation rights cannot be obtained within the existing transfer pricing framework, the EESC supports allocating residual profits from market intangibles by using a four factors formula.	The Commission agrees that the existing transfer pricing framework does not fully address the way value is created in many newer business models, especially digital business models. The Commission supports a solution that would be simple to calculate, to implement and to administer.
1.11. The EESC considers it necessary to	Existing corporate tax rules fail to align

strike a reasonable balance between the re-allocation of corporate profit taxes among net-exporting countries and net-importing countries, not to jeopardise the possibility of countries to meet their social and environmental objectives. 1.10. (also 4.16) Given the growing size of markets outside Europe, in particular in countries like China, India and Brazil, allocating taxation rights on the entire corporate tax base, or even on the entire residual profit, would result in substantial revenue losses in many Member States and could result in difficulties in meeting social objectives in European countries.	with the new business models and the new realities of value creation and still leave scope for aggressive tax planning. Pressure under the current tax system to reduce corporate tax rates may also reduce the revenues to finance the necessary provision of public goods. Moreover, it creates a shift of the tax burden towards less mobile tax bases with consequences in terms of inequalities and fair burden sharing. By designing a proper allocation of taxing rights in line with current business models, putting a floor to tax competition and limiting profit-shifting opportunities, in particular for highly mobile income, the reform of international corporate taxation should pave the way for long-term economic growth, jobs and social fairness. However, both a reallocation of taxing rights towards market jurisdictions and minimum effective taxation would imply reallocation between EU Member States and third countries, as well as within the EU. Better understanding the impact this would have on individual Member States' tax revenues and coordinating positions at EU level would help to scope and design the proposals in the best interest of all Member States.
4.17. According to a study from Copenhagen Economics countries being net-exporters could lose considerable corporate tax revenues if part of the profit is taxed where the goods and services are sold[62.] A conservative estimation suggests that 18-21 per cent of the current corporate tax base in the Nordic countries came from foreign residual profits in 2017. For Germany, the share is estimated to be 17 per cent. If the marketing intangible	It should be underlined that the study from Copenhagen Economics only looks at potential tax base losses and remains silent on potential gains that could result from a reallocation. It is also questionable that their estimates are conservative. Among others, while Copenhagen Economics states that ʻ18-21 per cent of the current corporate tax base in the Nordic countries came from foreign residual profits in 2017', it gives no

[62] Future Taxation of Company profits – What to do with Intangibles? by Sigurd Næss-Schmidt, Palle Sørensen, Benjamin Barner Christiansen, Vincenzo Zurzolo, Charlotta Zienau, Jonas Juul Henriksen and Joshua Brown, Copenhagen Economics, 19 February 2019.

approach is introduced, the bulk of this corporate tax revenue would be allocated to other countries.	indication that these residuals arise from marketing intangibles. Moreover, it takes industry-level data on the link between Research and development expenses and marketing intangibles, whereas that link should be established at the level of individual group entities. In addition, Copenhagen Economics applies a low rate of return (4% against 5% to 10% considered by the International Monetary Fund), thus increasing the share of residuals that would be up to reallocation. Furthermore, it considers only a reallocation of the residuals based on sales, while the Organisation for Economic Co-operation and Development (OECD) considers different reallocation keys (including a multi-factor formula). Overall, this is likely to overestimate the share of residual profit to be reallocated.

N°10	**Taxation – qualified majority voting** **COM(2019) 8 final** **EESC 2019/699 - ECO/491** **545th Plenary Session – July 2019** **Rapporteurs: Krister ANDERSSON (GR.I-SE), Juan MENDOZA CASTRO (GRII-ES) and Mihai IVAŞCU (GR.III-RO)** **DG TAXUD – Commissioner MOSCOVICI**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.1. The EESC supports the Commission's ambition to kick-start a necessary debate, given the sensitivities of Qualified Majority Voting (QMV) in tax matters. 1.2. In the past, the Committee has [...] indicated of its support for changing the unanimity rule and that it is open to a qualified majority approach.	The Commission welcomes the positive opinion on the Communication on qualified majority voting (QMV) on some tax areas given by the Committee. The transition to qualified majority voting with the involvement of the Parliament in tax matters is a priority. That is why in 2019 the Commission launched the debate with Member States before the end of the legislature.
1.3., 3.3. At the same time, the EESC considers that there are certain conditions that would need to be met for QMV to be successfully implemented.	The Commission considers essential to make the Union more efficient and better able to act fast when needed. To this purpose, the Commission has suggested to make use of the flexibility mechanisms allowed by the Lisbon treaty (so called 'passerelle clauses') allowing legislative proposals to be adopted with qualified majority vote in the Council for different policy areas, including foreign policy and taxation. In the near future, a horizontal discussion on all those initiatives at European Council level is needed to make progress.
1.7. Unanimity in taxation has impacted on other wider EU policy priorities. 3.5., 3.18.2. The EESC must point out that no	The Commission regrets that these initiatives were blocked in the Council. Avoiding such situations is one of the principal reasons for which the

major progress at European level has been achieved on reforming corporate taxation, mainly due to lack of political will in the Council. Also, important proposals on the taxation of digital services and tax avoidance have been blocked due to the unanimity voting system.	Commission suggests the use of QMV in certain taxation areas. It will be for the next Commission to decide on how to take these initiatives forward.
1.8. A gradual shift to QMV would help reach environmental objectives more effectively at a time when action on climate change is more urgent than ever.	As pointed out in the Commission Communication for a more efficient and democratic decision making in EU energy and climate policy [COM(2019)177], taxation policy is an important instrument to ensure achievement of the Energy Union objectives, and in particular to facilitate the clean energy transition. The possibility to activate the clause laid down in article 192.2 of the Treaty on the Functioning of the European Union regarding environmental measures of a fiscal nature will be examined in this context.
1.10. The EESC also considers that taxation policy in general and combating tax fraud in particular must remain a priority policy area for the upcoming European Commission… 1.13. In this respect, the EESC highlights – and welcomes – the progress made at EU level in the fight against aggressive tax planning and tax evasion, and in improving the value-added tax (VAT) system. At the same time the EESC would like to see progress in other areas.	As regards fair taxation and increasing tax transparency, the Union has achieved a lot over the past five years. It will be for the next Commission to propose new concrete actions aimed at combating fraud and harmful tax regimes. The Commission continues to work on the fight against tax fraud, evasion and avoidance in order to maintain sound public finances, ensure fair burden-sharing, and avoid distortion of competition in the internal market. Given the cross-border nature of the issue and the spill over effects in terms of revenues losses for Member States and the European Union, a joint EU approach is crucial. Measures on this front mainly involve corporate taxation, personal

	taxation, and Value Added Tax.
1.11., 3.10. On the other hand, the EESC is aware that tax policy has always been closely linked to the sovereignty of Member States, as it is of utmost importance to them. 3.13. With its Communication, the Commission does not seek to create any new competencies for the EU. Nor does it aim to shift towards a system of harmonised personal and corporate tax rates across the EU.	The Commission's aim has been to open a debate on how to best reform the way the EU exercises its pre-allocated competencies in the field of taxation. Making use of the so called 'passerelle clauses' is not a question of widening EU competencies, but one of making the use of existing competencies more efficient.
1.14. Following in-depth economic, social and fiscal analysis, any new rule must be fit-for-purpose and all Member States must at all times have sufficient possibilities to participate in the decision-making process. Creating an advantageous outcome both at the EU level and at the level of the individual Member State should be the ultimate objective.	The Commission underlines that any use of the 'passerelle clauses' would not alter the division of powers between Member States and the EU. Indeed, the use of such clauses requires unanimous approval of the Member States (in the Council or the European Council). In addition, the general 'passerelle clause' requires the absence of opposition of national Parliaments. What is more, any concrete proposal ensuing from a decision to move to qualified majority voting would still have to respect the limits of the respective legal basis and the usual subsidiarity checks.
1.15. When decided, the four proposed steps should be implemented gradually and the European Commission should perform an evaluation after each implementation.	The Commission fully agrees that a step-by-step approach is necessary. Also, assuming that the European Council accepts the Commission's proposal to move to qualified majority voting in four steps, the Commission will decide for each of its legislative proposals into which step it would fall, subject to an assessment by the Council and the Parliament in the adoption process. Any such decision may be ultimately subject to control by the Court of Justice of the European Union.

	The Commission underlines that the Treaty provides that the Committee will be consulted on any proposal under the ordinary legislative procedure, just as today under the special legislative procedure. In the transition to qualified majority voting the Committee will continue to be involved in the legislative process, as is the case currently.
1.16., 3.3. EESC underlines the need for a wider process to possibly progress towards a more effective QMV that will take time and be in sync with other policy initiatives. In that sense, the EESC points out the necessity of: • A sufficiently strong EU budget. • Better coordinated economic policy. • A substantial analytical work assessing to what extent current tax measures have been insufficient.	The Commission agrees that more efficient and democratic decision making procedures in tax and environmental tax areas will have an impact on wider policies of the internal market. In the near future, a horizontal discussion on all those initiatives at European Council level is needed to make progress.

N°11	Towards a more resilient and sustainable European economy (own-initiative opinion) EESC 2019/1033 - ECO/492 545th Plenary Session - July 2019 Rapporteur: Javier DOZ ORRIT (GR.II-ES) DG ECFIN – Commissioner MOSCOVICI
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.4. To enable economic policies that increase economic, labour market and social resilience, the drive towards strengthening the institutional architecture of EMU should be kept up and reinforced. The establishment of a fiscal capacity at eurozone level, the reform of current fiscal rules in order to preserve public investment during downturns, the establishment of a common safe asset and the completion of the Banking and Capital Markets Unions should be carried forward, if only in incremental steps. Furthermore, measures to avoid unfair tax competition among Member States should be promoted	In the communication 'Deepening Europe's Economic and Monetary Union: Taking stock four years after the Five Presidents' Report'[63] of June 2019, the Commission presented the way forward on the deepening of the Economic and Monetary Union (EMU). By 2025, progress should be made to reinforce the European Union economic surveillance and governance framework underpinned by more democratic accountability, to set up a fiscal stabilisation function and to finalise the implementation of the Banking Union and Capital Markets Union. This progress should also be used to further strengthen the international role of the euro.
1.10. Given the interconnection between the different facets of a resilient and sustainable economy, the participation of representative organisations of the social partners and civil society in policy-making and in the implementation cycles should be placed on a formal footing and reinforced wherever necessary at national and European levels.	Social dialogue contributes to more sustainable societies and it strengthens the democratic elements in society. It is an important vehicle to develop a common understanding of new challenges and to find compromises to tackle them. The Commission supports the autonomy of social partners and recognises the importance of their contributions to policy making. While acknowledging the diversity of national social dialogue systems and the different roles played by social partners in different Member

[63] COM(2019) 279 final.

	States, the Commission encourages Member States to support social partners to contribute to the strategies to adapt the economies to changing economic as well environmental realities. Public authorities need to set the objectives of policies, while making sure that the views and opinions of social partners are heard and taken into consideration. Public authorities should also create a framework which is conducive for negotiations between social partners. Social partners and other stakeholder need to have the necessary capacity to make their contributions. The Commission recognises the contribution of civil society organisations. It already provides them with financial support to increase their capacity to develop, promote and support the implementation of EU instruments and policies.
2.1.3. It should be noted, however, that while the resilient recovery of an economy means avoiding or effectively dealing with the lasting disruptive effects of a shock, with a view to both the cyclical and structural nature of changes, economies need not always return to the pre-shock state (or growth path). For example, the advent of the Fourth Industrial Revolution and the transition to a climate-neutral economy should arguably lead to different economic models. It is important that political institutions and social actors be prepared to act upon the changes, anticipating their consequences and directing the transformation processes.	The concept of resilience promoted by the Commission covers three aspects: i) reducing the economies' vulnerability to shocks; ii) increasing their shock-absorption capacity; and iii) increasing their ability to reallocate resources and recover from the shocks. The fourth industrial revolution or the transition to a climate-neutral economy can be considered as trends that slowly change the structure of an economy. The reallocation of resources following a response to long-term trends allows the economic structure to adapt to a new context, which does not necessarily mean a return of the economy to its pre-transition state. During that period, active policies have an important role to play to accompany the consequences of the

	trends and to direct the transition towards a more inclusive and sustainable economy.
2.2.1. The general definition of economic sustainability is the ability of an economy to support a defined level of economic production indefinitely. It concerns the avoidance of large macro-economic imbalances. Often conflating the two concepts of sustainable economy and economic sustainability, the EU process of economic policy coordination, most notably the European Semester is in its core built to pursue the latter dimension, failing to fully reflect the broader concept of sustainable economy. For example, the reflection paper of the Commission "Towards a sustainable Europe 2030" states that "healthy budgets and modern economies are key; progress made towards sound fiscal policies and structural reforms have reduced debt levels and stimulated job creation".	The European Semester has in recent years strongly focused on inclusive growth. Reforms are looked at in terms of their growth-friendliness and in terms of their redistributive impacts. Inclusiveness is one of the elements of a sustainable economy. Other aspects of sustainable growth, including the environmental and/or climate aspects, are more clearly reflected in other Commission policies and initiatives, including for instance the Energy Union. The Commission intends to continue working towards the achievement of the United Nations Sustainable Development Goals, for instance by integrating them in the European Semester, as announced by the President-elect in her Political Guidelines. Therefore, it is to be expected that those elements will be more systematically covered in future Semester cycles.
2.2.5. Socially and environmentally sustainable development would thus imply staying within the "safe and just space for humanity" by providing a proper social foundation to all members of society and at the same time staying within the planetary boundaries. For this to happen, a fundamental revision of the current production and consumption model ("growth model") is necessary, based on "sustainable growth". This vision paves the way for a structural shift of the European economy, driving sustainable growth and employment.	In the Political Guidelines for the next Commission, the President-elect announced her intention to present a European Green Deal, suggesting ambitious emission reduction targets and a just transition.

2.2.6. In the light of the above, and also in line with EESC opinion NAT/542, sustainable growth means that growth should be based not only on quantity but also – in fact even more – on quality, which means growth that (i) is based on clean energy and responsible material use without exploiting the environment and labour, (ii) is based on a closed flow of income cycling between households, businesses, banks, government and trade overcoming current bottlenecks due to financial fragmentation, operating in a social and ecological way, (iii) provides fair living conditions by meeting the needs of all within the planetary boundaries, (iv) also takes the unpaid work of carers – principally women – into account, and (v) ensures that economic growth is measured not only by annual flow, but also by stocks of wealth and their distribution. All these features are essentially missing from the current model.	The Political Guidelines of President-elect von der Leyen set out that economic policy should go hand in hand with social rights, Europe's climate-neutrality objective and a competitive industry. The guidelines also stress the importance of an 'economy that works for people', and the need to ensure a 'just transition' through this period of change. In that context, the Commission intends to refocus the European Semester into an instrument that integrates the United Nations' Sustainable Development Goals. The Commission intends to use its experience with the European Semester to ensure an effective monitoring system, relying on both quantitative and qualitative information, and based on dialogue with the Member States.
4.2. In the case of EMU, the build-up of risks, which proved in the last crisis capable of creating large disturbances, should be avoided. To that end, the "macroeconomic imbalance procedure" has been a step in the right direction. However, it is still fraught with asymmetries in the way it tackles different imbalances (e.g. current account deficits vs. surpluses) and it does not produce binding recommendations for adjustment, especially for Member States with excessively large current account surpluses. It therefore needs to be adapted.	The macroeconomic imbalance procedure has regularly assessed the euro-area dimension of imbalances, in particular following the Five Presidents' Report of 2015. Supra-national considerations and systemic aspects have been taken into account in annual editions of the Alert Mechanism Reports of the macroeconomic imbalance procedure, and have been reflected in country-specific recommendations. External imbalances have been at the core of the macroeconomic imbalance procedure, which includes an explicit focus on large and persistent current account surpluses. In particular, these surpluses have been key for the

	identification of imbalances in Germany and the Netherlands for a number of years, as they contributed to the asymmetric external rebalancing in the euro area. Consequently, the Commission and the Council have repeatedly invited those Member States to foster investment and support domestic demand, including by using fiscal policy. This would help addressing their large current account surpluses and contribute to a more symmetric rebalancing for the euro area as a whole.
4.3. Economic resilience that is compatible with labour resilience would also require that – rather than putting all the burden of adjustment to shocks on labour markets – macroeconomic policies, especially fiscal policies, have the space to be sufficiently active in order to counter the impact of shocks, especially recessions that affect some Member States rather than others. Establishing fiscal capacity at euro-area level would be the most effective way to do this, although allowing more scope to national fiscal policies to do that could also work. Fiscal policies with greater capacity to stabilise national economies at their full employment level of activity would also make it easier to build sustainable fiscal buffers.	The Stability and Growth Pact aims at ensuring sustainable public finances in all Member States. In other words, Member States should build fiscal buffers in good times that can be used in bad times to cushion the effect of a downturn. However, the recent economic crisis has shown that these buffers may not suffice in cases of severe and protracted downturns. For that reason, in May 2018, the Commission tabled a proposal for a regulation on the establishment of the European Investment Stabilisation Function[64] to complement national automatic stabilisers, when constrained, as well as European Central Bank action. That proposal is not mutually exclusive with other ideas that have been put forward, such as that for a European Unemployment Reinsurance Scheme.
4.7.2. Investments, both public and private, in the future climate-neutral economy must be stepped up to achieve the EU's upgraded emissions reduction targets for 2030 and a radical change will be necessary to reach net zero emissions by 2050, consistent with the Paris targets,	The Commission proposed important initiatives to boost sustainable investment in the EU during the 2021-2027 multiannual financial framework. The proposed InvestEU Programme will aim at supporting investments in the EU and has ambitious climate, environment and

[64] COM(2018) 387 final.

as acknowledged by the Commission communication (COM(2018) 773 final). Investments in renewable energy by the EU-27 in 2017 were a mere 50% of the level it reached back in 2011 and also 30% less than in 2016 . The enduring weakness of investment activity in renewables in Europe is also in contrast with the high level of still existing fossil fuel subsidies across its Member States. The problem is not only underinvestment: the allocation of existing resources is also dysfunctional. Clear policy objectives and a more coherent policy framework is necessary to turn around these negative trends. In any case, the end of the era of fossil fuels in Europe must be accompanied by the necessary investments that ensure the protection of its workers, the creation of new jobs and support for local development. Transition processes must be negotiated with the social partners and civil society organisations and related to transparency and effective communication policies. 5.1. The importance of investment, especially public investment, for fostering adaptation to the imminent transition processes, and of fiscal policies for fostering the absorptions of shocks, means that there is an imperative to create space for fiscal policies to that end at EU and national levels. The EU should set itself the goal of reaching the level of investment it achieved prior to the crisis within a short period of time. This would imply closing the investment gap, and thus increasing investment by two to three GDP percentage points, or around EUR 300 billion annually for the EU-28.	sustainability objectives. The Commission President-elect announced also her intention to put forward a European Green Deal which would include a Sustainable Europe Investment Plan to support sustainable investment over the next decade. It would include, among others initiatives, a Just Transition Fund, Carbon Border Tax and European Climate Law. The current and future initiatives will make a significant contribution towards closing the investment gap for sustainable financing.
5.2. To strengthen the revenue side and ensure sufficient fiscal resources in the	The Commission shares the Committee's view that the fight against tax abuse should

EU and the Member States, efforts need to intensify against tax fraud, tax avoidance, money laundering, tax havens and unfair tax competition between the Member States. Without prejudice to supporting innovation, the Member States should agree to coordinate action at EU level with a view to urging digital giants to pay their fair share of taxation to each of the Member States in which they make profits.	be of highest priority for the EU. In addition to the anti-tax avoidance directives[65], the Commission has successfully proposed measures increasing tax transparency[66], making the value added tax more fraud resistant[67], and shaping the global fight against tax abuse, notably through the EU list of non-cooperative jurisdictions. Ensuring effective taxation in the digital economy continues to be a priority of the Commission. The Commission supports the work underway in the context of the G20 and Economic Co-operation and Development to reach an agreement on the reform of the international corporate tax system and is working, together with Member States, to ensure that the specificities of the single market are respected in any solution arising from these discussions. The Commission will also consider whether the anti-money laundering/ countering the financing of terrorism rulebook should be further harmonised, both as regards the obligations of credit institutions as well as the powers, duties and tools necessary for effective supervision.
5.3. The EU economic governance system, including the architecture of EMU need to be improved in order to avoid putting brakes on economic growth and burdening national fiscal policies with tasks that they cannot and should not have to handle.	The Commission will take stock of the implementation of the framework for economic and fiscal surveillance with the review of the two-pack and six-pack legislation.

[65] https://ec.europa.eu/taxation_customs/business/company-tax/anti-tax-avoidance-package/anti-tax-avoidance-directive_en

[66] https://ec.europa.eu/taxation_customs/business/company-tax/tax-transparency-package_en and https://ec.europa.eu/taxation_customs/business/company-tax/transparency-intermediaries_en

[67] https://ec.europa.eu/taxation_customs/business/vat/digital-single-market-modernising-vat-cross-border-ecommerce_en

5.4. The establishment of a sufficiently large fiscal capacity at euro-area level so as to provide stabilisation in the event of shocks would be the most desirable option, which, however, for the moment appears to have stalled	One important lesson of the financial and economic crisis was that the current framework is ill-equipped to tackle very large country-specific or euro area-wide shocks. A common stabilisation function would be an important complement to national budgets. In 2018, the Commission made a proposal for a European Investment Stabilisation Function to provide up to €30 billion in back-to-back loans to stabilise public investment levels in the event of severe economic shocks.
5.5. Preserving scope at the national level for protecting public investment, especially during recessions, should also be high on the list of priorities. Without prejudice to maintaining the sustainability of public finances, the current EU fiscal rules could be altered or interpreted in a way that excludes public investment, in particular social investment and investment in environmental projects, from the calculation of deficits	The Stability and Growth Pact, which is not prescriptive on the composition of public expenditures, already contains flexibility clauses to help Member States protect public investment during bad economic times. The forthcoming review of the Pact will provide the Commission with an opportunity to consider other initiatives to facilitate investment, with due consideration to the sustainability of public finances. According to the Treaty, however, investment cannot be excluded when calculating the budget balance of the general government.
5.7. A common safe asset should be established, financial fragmentation reduced by promoting the Capital Markets Union, the potential of monetary policy supported and the sovereign-banks loop mitigated by replacing national government bonds on the banks' balance sheets. The latter would also pave the way for the necessary but so far politically difficult reforms which will significantly deepen EMU. Countries that do not belong to the euro zone could participate in a common safe asset programme. The monetary authorities and	In the communication 'Deepening Europe's Economic and Monetary Union: Taking stock four years after the Five Presidents' Report' of June 2019, the Commission suggests that an appropriate common safe asset would strengthen the euro area and increase the efficiency of the Economic, Monetary and Financial Union through several channels, including by mitigating the sovereign-banks doom loops. It could spur the development and integration of capital markets by providing a single benchmark for assessing other assets and would

those responsible for European economic policy should take into account their situation to ensure the resilience of the entire European financial system	facilitate the conduct of monetary policy. A common safe asset has also the potential to reduce the scope for destabilising intra-euro-area capital flows in times of elevated risk aversion, the so-called flight-to-safety that hurts investment, and to support a stronger international role of the euro.
5.10. a) strengthen financial stability: increase the financial capacity of the European Stability Mechanism (ESM), promote a European tax policy that includes fiscal harmonisation, facilitate the fiscal sufficiency of the Member States and establish effective mechanisms to fight tax fraud;	The Commission will continue the fight against tax abuse to ensure fair, efficient, and sustainable taxation in the EU and beyond.
5.10. b) complete Monetary Union by expanding the objectives of the ECB, creating a Single European Treasury with debt issuing capacity, improving the governance of the eurozone and making it more democratic	In the communication 'Deepening Europe's Economic and Monetary Union: Taking stock four years after the Five Presidents' Report' of June 2019, the Commission suggests that a euro area Treasury could take shape to access financial markets on behalf of its members to fund part of their regular refinancing needs. The Treasury could bring together existing competences and services that are today scattered across different institutions and bodies, including the European Stability Mechanism, after its integration into the EU legal framework. To increase transparency and democratic accountability, the communication also recalls the idea mooted in December 2017 to appoint the same person for the positions of the Vice-President of the Commission in charge of the Economic and Monetary Union and the President of the Eurogroup.
5.10. d) labour markets and quality of employment: strengthen collective	Well-functioning labour markets and welfare systems are key for resilience, as

bargaining and social dialogue, ensure that automatic stabilisers work effectively and design more and better active employment policies. The creation of a European unemployment insurance (to complement national schemes) could be an instrument of pan-European economic resilience that would also strengthen the political cohesion of the Union. We ask the European institutions to study the feasibility of its financing within the 2021-2027 Multiannual Financial Framework;	they contribute to a smooth response to economic shocks, effective support and automatic stabilisation, and provide for convergence towards higher living standards in the longer term. The European Pillar of Social Rights contains 20 principles and rights essential for fair and well-functioning labour markets and welfare systems and functions as a compass towards more resilient socio-economic structures. The Pillar promotes social dialogue and collective bargaining and stresses the need for timely and tailor-made active support to employment. In her Political Guidelines for the next Commission, the President-elect included the idea of a European Unemployment Benefit Reinsurance Scheme, to strengthen the protection of citizens and reduce the pressure on public finances in case of adverse economic shocks. Different options regarding the design and financing of such a scheme are being considered.
5.10. e) promote social cohesion and progress towards a more inclusive society by applying the European Pillar of Social Rights, with appropriate financing	During the 2014-2019 Commission mandate, the Union legislators adopted several legislative and non-legislative initiatives to address selected aspects of the European Pillar of Social Rights. Where applicable, those initiatives must now be implemented in the Member States (e.g. the Directive on work-life balance for parents and carers, the Directive on transparent and predictable working conditions, the Council Recommendation on access to social protection for workers and the self-employed). The European Semester is the key instrument to deliver on the Pillar at national level. The yearly country-specific recommendations will continue

	to build on progress already made, guiding Member States to take further action. The Commission will continue to monitor the implementation of the Pillar through the social scoreboard with key indicators to track performance of the Member States. In that context, a fine-tuning of the social scoreboard (including addition of further indicators) could be envisaged. The EU Funds, in particular the European Social Fund, support the implementation of the Pillar in the Member States. For the period 2021-2027, the Commission proposed to dedicate more than €100 billion to a new and improved European Social Fund Plus (ESF+).
5.10. f) promote the creation of favourable environments for business investment and improve the financing of companies, complete as a matter of urgency the Capital Markets Union (CMU) and the Banking Union, including a European deposit insurance scheme (EDIS).	The Commission welcomes the Committee's support for the completion of the Banking Union. In 2019, work has continued on risk reduction measures with two main legislative achievements: adoption of the Banking Package and of the non-performing loans (NPL) Regulation. The Commission has also started the preparatory work for the implementation in the EU of the package of amendments to the 'Basel III' framework endorsed by the Group of Governors and Heads of Supervision (GHOS) in December 2017 to finalise the post-crisis reforms. In parallel, data shows that the capital and liquidity positions of EU banks have continued to improve and their leverage has decreased while loss-absorbing capacity has increased. At the same time, non-performing loans on banks' balance sheets have continued to decline and minimum requirement for own funds and eligible liabilities (MREL) buffers are

	being built up. With respect to European deposit insurance scheme (EDIS), discussions in 2019 have helped Member States understand better the linkages between this scheme and other Banking Union files within a long-term perspective, i.e. when the Banking Union attains its steady state. As reiterated in the Sibiu Communication of 30 April 2019, the Commission lists European deposit insurance scheme and the common backstop to the Single Resolution Fund (SRF) among the top ten EU issues awaiting final agreement.
5.12. The forthcoming Multiannual Financial Framework (MFF) should reflect the ambition of developing a resilient and sustainable economy. The Commission proposal for the MFF 2021-2027 will not enable sufficient resources to strengthen the following resilience factors: investment and the new investment stabilisation function; cohesion policies that favour economic and social convergence between the Member States; internal social cohesion policies inscribed in the European Pillar of Social Rights; and the just transitions advocated in this opinion. The EESC reiterates the request, contained in its opinion on the Multiannual Financial Framework after 2020 that the financial means available in the next MFF reach 1.3% of the GNI of the EU-27. The proposed cut in the financing of cohesion policies - by 10% compared to the current MFF, in the European Commission's MFF proposal - seems particularly unacceptable given the need to reinforce key policies boosting resilience and	The proposal for a budget amounting to around 1.11% of the gross national income of the future Union at 27 is both ambitious and realistic. The Commission has made a fair and balanced proposal based on a rigorous assessment of the resources needed for a modern budget. A combination of moderate cuts in agriculture and cohesion and increased revenue fills the gap resulting from the withdrawal of the United Kingdom. Those inevitable savings in existing policies representing the biggest share of the EU budget do not endanger these policies, which remain important. While continuing investing in economic growth as well as strengthening social and territorial cohesion, the Commission proposals include more resources in support of the sustainability objectives and new instruments to strengthen the resilience of the Member States' economies. The Commission proposes to modernise Cohesion Policy by focusing on key investment priorities and

sustainability.	supporting the shift towards a low-carbon, circular economy and the fight against climate change. Cohesion Policy will continue investing in all regions, as many of them across Europe struggle to achieve industrial transition, fight unemployment and hold their own in a globalised economy. The proposed Reform Support Programme will provide additional funds to encourage structural reforms at national level. The European Investment Stabilisation Function will complement the toolbox existing at national and European level to prevent and deal with crises. Focusing on large asymmetric shocks will enhance its potential to stabilise public investment.
5.12.2. EU structural and cohesion policy should be mainstreamed along the "sustainable economy" paradigm. Although climate mitigation (and adaptation) is an existing priority in European Structural and Investment Funds (ESI) funding, this objective is mainly underpinned by support for renewables and energy efficiency. It is not yet generally mainstreamed in the sense of supporting the transition towards a climate-neutral economy and there are no dedicated priorities devoted to just transitions.	The Commission acknowledges that there is no dedicated priority devoted to just transition. The structure of the future Cohesion policy is framed around five policy objectives, pursuing thematic goals. In particular, the second policy objective is devoted to supporting environmental and climate objectives. Promoting the transition towards decarbonisation of the economy would require a comprehensive set of measures, addressing in an integrated way the subsequent structural changes. It would encompass, for instance, promotion of innovation in industries with high CO_2 intensity of their productive systems, reskilling of workers or depollution of (coal) sites. Such measures should then be underpinned by tailored regional transition strategies. Such measures would overlap with the operations promoted throughout the thematic policy and specific objectives. It

	would then only be possible through dedicated initiative, under the framework of Cohesion policy and earmarked to a certain number of eligible regions, identified as the most likely affected by energy transition. Given the nature of challenges at stake, such an initiative will also have to support both operations falling under the European Social Fund Plus and the European Regional Development Fund.
5.12.3. The EESC expresses its concern that the financing, through the EIB and the European Fund for Strategic Investment (EFSI), of fossil fuel energy projects is higher than that of clean energy. Although the funding for gas infrastructure is for a "bridge energy", it is necessary to apply stricter emissions targets.	Under the European Fund for Strategic Investments 2.0, at least 40% of EFSI financing under the infrastructure and innovation window shall support projects that contribute to climate actions. As of July 2019, 18% of European Fund for Strategic Investments support went to the energy sector. A majority of that support went to projects that address climate action like renewable energy, energy efficiency and biomass. The proposed InvestEU Fund, the investment support instrument for the 2021-2027 multiannual financial framework includes ambitious climate, environment and sustainability objectives. It also excludes the support for most fossil fuels related projects.

N°12	A new vision for completing the Economic and Monetary Union (own-initiative opinion) EESC 2019/1345 - ECO/493 545th Plenary Session – July 2019 Rapporteur: Judith VORBACH (GR.II-AT) DG ECFIN – Commissioner MOSCOVICI
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.3. Resilience to crises is a necessary, but not sufficient, condition for completing EMU: it also requires a positive vision, as set out in Article 3 of the EU Treaty. In the current circumstances, the EESC recommends prioritising the following aspects: sustainable and inclusive growth, reducing inequalities, upward convergence, ensuring productivity growth and competitiveness in line with the Europe 2020 objectives, a business- and investment-friendly environment, quality jobs and adequate pay, combating poverty and social exclusion, stable and sustainable public finances, a stable financial sector, and achieving the 2030 sustainable development goals (SDGs) and the goals of the Paris climate agreement.	Implementing the European Pillar of Social Rights is key to achieving a resilient economy and sustainable and inclusive growth. The Pillar is our reference framework for upwards convergence in the Economic and Monetary Union (EMU) and its key components will remain priority areas for the European Union in the social and employment field: i) equal opportunities and access to the labour market, ii) fair working conditions; and iii) social protection and social inclusion. The European Pillar of Social Rights is also our main instrument for contributing to the implementation of the Sustainable Development Goals (SDGs) in the social field in Europe, such as regarding tackling inequality and poverty or gender inequalities.
1.4.1. a stable monetary and financial pillar as a basis for macroeconomic development • ECB: consolidating its stabilising role and safeguarding its independence; • decisive steps to complete the Banking and Capital Markets Unions, prioritising: stabilisation in order to build trust, efficient regulation, balancing risk	The Commission welcomes the Committee's support for the completion of the Banking Union [and the Capital Markets Union]. In 2019, work has continued on risk reduction measures with two main legislative achievements: adoption of the Banking Package[68] and of the non-performing loans (NPL) Regulation[69].

[68] The banking package, adopted in May 2019, includes: Capital requirements regulation, Capital requirements directive, Bank recovery and resolution directive and Single resolution mechanism regulation.

sharing and risk reduction to avoid a new burden on public budgets in a crisis, taking account of the social impact of regulation, involving climate objectives and consumer protection; • Banking Union: safeguarding the Single Resolution Mechanism and implementing EDIS, reviving the debate on structural reform and shadow banking; • Capital Markets Union: setting priorities, specifically improving supervision, establishing an EU credit rating agency, creating a safe asset, and taking steps towards aligning insolvency rules;	The Commission has also started the preparatory work for the implementation in the EU of the package of amendments to the 'Basel III' framework endorsed by the Group of Governors and Heads of Supervision (GHOS) in December 2017 to finalise the post-crisis reforms. In parallel, data shows that the capital and liquidity positions of EU banks have continued to improve and their leverage has decreased while loss-absorbing capacity has increased. At the same time, non-performing loans on banks' balance sheets have continued to decline and minimum requirement for own funds and eligible liabilities (MREL) buffers are being built up. Following the Euro Summit agreement in December 2018 on the main features of the common backstop to the Single Resolution Fund (to be provided by the European Stability Mechanism), the June 2019 Euro Summit took note of the necessary amendments to the European Stability Mechanism Treaty and called for the finalisation of all related legal documentation by December 2019.
1.4.2. a strong economic pillar as a basis for prosperity and social progress • expanding the economic pillar in the interests of balance between States and to promote growth, productivity and competitiveness; • balancing supply- and demand-side measures, which currently entails boosting the demand side by making	A list of initiatives to strengthen the economic union, which have been adopted since the crisis (2010-2014) and done or initiated during the Juncker Commission, was presented in the communication 'Deepening Europe's Economic and Monetary Union: Taking stock four years after the Five Presidents' Report'[70] of June 2019.

https://www.consilium.europa.eu/en/press/press-releases/2019/05/14/banking-union-council-adopts-measures-to-reduce-risk-in-the-banking-system/

[69] Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures; OJ L 111, 25.4.2019, p. 4–12.

[70] COM(2019) 279 final.

greater use of the social scoreboard in the European Semester, strengthening the social partners' collective bargaining systems and autonomy, rapidly implementing the European Labour Authority, and implementing the "Golden rule of investment" in ways that do not jeopardise medium-term financial and fiscal stability; • creating a euro area fiscal capacity, funded from a common debt instrument and linking disbursements to strengthening the economic and social structure. The current proposals should be regarded as just the first step; • measures to stem unfair tax competition and to prevent tax evasion and avoidance;	
1.4.3. applying the social pillar as a basis for social and societal progress • minimum social standards in Member States providing a high level of protection; • to strive for finding a fair balance between sound economic basis and strong social dimension; • broadening the debate concerning an EU finance minister to include an equivalent position for EU social and labour affairs;	The European Pillar of Social Rights is a major achievement in the direction of strengthening the social dimension of the Economic and Monetary Union and improving social standards in Member States. It functions as a compass for convergence towards fair and well-functioning labour markets and welfare systems. As such, an ambitious implementation of the Pillar is key to ensure adequate protection for individuals, more resilient economic and social structures and a fair Europe. A fair balance between the economic and social dimensions in policy surveillance is crucial to achieve this purpose. A fair Europe with a strong social dimension will remain a political priority in the years to come and the Pillar will continue to play a central role in this regard.
3.3. The EESC strongly urges the EU institutions to be resolute in pursuing the	See the reply to 1.4.1 for Banking

completion of the Banking and Capital Markets Unions, thus laying the foundations for definitively overcoming the financial crisis and for a resilient EMU in which trust is fully restored. A balance needs to be struck between risk sharing and risk reduction so as to minimise the impact on public budgets in the event of a crisis, whether at national or at Community level. Financial market regulation must prioritise efficiency over complexity. The social impact of regulation must be taken into account, and consumer protection must be given high priority.	Union/Capital Markets Union. The Commission shares the Committee's position that the social impact of regulation and consumer protection in financial services must be given high priority. In the wake of the financial crisis, the Commission tabled a number of proposals (e.g. for the Packaged Retail and Insurance-based Investment Products, the Markets in Financial Instruments Directive and the Insurance Distribution Directive) with a view to improving investor and consumer protection and providing for greater transparency of retail banking, investment and insurance products. Furthermore, the Payment Accounts Directive pursues a financial inclusion objective, by granting every EU consumer a right to a basic bank account.
3.3.1. The ratio of financing via bank loans to equity financing is significantly higher in the EU than in the USA. The EESC is in favour of diversifying sources of financing and thus of increasing risk sharing, which in the EU means putting more emphasis on equity financing.	The Commission welcomes the Committee support in greater diversification of sources of financing for EU companies. This is one of the main motivations for the Commission's Capital Market Union agenda, which aims at fostering further development and integration of EU capital markets. Since the publication of the Capital Markets Union (CMU) Action Plan in 2015, some targeted actions were taken to develop adequate sources of equity funding. The Commission is also of the view that a greater diversification of sources of financing for EU companies, including greater reliance on equity, can help reduce vulnerabilities and increase the financial system's overall resilience. This should lead to more plentiful and less expensive equity capital, including for

	Small and medium-sized enterprises (SMEs) and start-ups, thus favouring risk sharing and innovation.
3.4.1. In the EESC's view, a concrete timetable for the EDIS is overdue. In the context of using the ESM as a backstop for the SRF, the EESC also recommends boosting the SRF, reducing non-performing loans in a socially sustainable way, and implementing robust minimum requirements for own funds and eligible liabilities (MREL). Moreover, in the context of the Banking Union, anti-money-laundering measures should also be consistently pursued. The debate on banking structural reform should be revived with the aim of reducing risks to an acceptable level, and the EESC also advocates paying greater attention to the need to regulate shadow banking.	The Commission welcomes the continued support of the Committee for European deposit insurance scheme and the backstop to the Single Resolution Fund, already addressed in the response to 1.4.1. The 4th Non-performing loans progress report[71] documents how the different policy strands of the Council's action plan on non-performing loans have developed and also how the actual numbers of such loans have improved. Deliberations on the Commission proposal for a Directive on credit servicers, credit purchasers and the recovery of collateral[72] are continuing in the European Parliament and the Council. The Directive would enable banks to deal in a more efficient way with non-performing loans. In addition, work on setting up transaction platforms for non-performing loans, including the negotiations on industry standards for such platforms, and on the benchmarking of insolvency regimes is ongoing. With the adoption of the Banking Package, resolution authorities now have a framework that allows them to set minimum requirement for own funds and Eligible Liabilities (MREL) requirements aligned with the international standards and that reflect the resolution strategy foreseen for each banking group in the respective resolution plan. The Commission will consider whether the anti-money laundering/countering the

[71] COM(2019) 278 final, published on 5 June 2019.
[72] COM(2018) 135 final.

	financing of terrorism rulebook should be further harmonised, both as regards the obligations of credit institutions as well as the powers, duties and tools necessary for effective supervision.
3.5. Completion of the Capital Markets Union will help absorb shocks and boost investment by businesses, thus improving competitiveness. Unlike the Banking Union, which is based on clearly defined pillars, the Capital Markets Union covers a great many different initiatives, such as MIFID, the Payment Services Directive and the pan-European Personal Pension Product (PEPP). It is difficult to make a definitive overall assessment, but the EESC recommends the following design principles: first of all, there needs to be a focus on central projects. The priority should be on improving supervision. The Commission should also revive the discussion on setting up an EU credit rating agency. With regard to a "safe asset", the EESC awaits with interest a proposal from the Commission. Secondly, efforts should be made to align insolvency rules and corporate taxes. With this in mind, the EESC welcomes the steps towards a common corporate tax base, while also taking appropriate measures to combat unfair tax competition.	The first steps towards improving supervision, with a view of completing the Capital Markets Union, has already been undertaken through the review of the European Supervisory Authorities. Enforcement of the EU rulebook and efficient supervision are fundamental, it is imperative to continue to improve supervisory convergence and enforcement of the EU rules. The Commission is conscious of the concentration in the credit rating market and would be supportive of initiatives to enhance competition, including the setting-up of an EU credit rating agency, but notes that the last serious attempt encountered major problems, including possible accusations of market manipulation, insufficient credibility and the lack of financing. With respect to ‘safe assets’, the Commission proposed in May 2018 a regulatory framework for Sovereign Bond-Backed Securities (SBBS), to enable the private sector production of a novel instrument constructed through pooling and tranching of euro area sovereign bonds. Other forms of ‘safe assets’, with varying degrees of public involvement, are under study but remain controversial. The Commission welcomes the Committee’s support for the proposed Common Corporate Tax Base (CCTB), which would contribute to the completion of the Capital Markets Union by

	addressing the existing debt-bias in corporate taxation, as well as limit unfair tax competition within the EU.
4.2. The European Semester plays an important role in macro-economic convergence. The EESC welcomes the Commission's intention to make more use of the "social scoreboard" provided for in the European Pillar of Social Rights. Social security increases confidence in a financially secure future and has a positive effect on aggregate demand. The EESC advocates also using the European Semester for proposals for the application of additional resilience criteria in the interests of eliminating social inequalities and tackling climate change.	Since its inception in 2011, the focus on social aspects in the European Semester has increased, including through the integration of the European Pillar of Social Rights and an enhanced social monitoring via the social scoreboard. As labour markets evolve, social protection systems need to cope with increasing uncertainties, and their adaptation is required to render the EU social model future-proof. In most Member States, they are still geared towards standard workers (having a full-time open-ended contract with a single employer), leaving many self-employed and non-standard workers insufficiently covered. In this context, the Commission has put forward a proposal for a Council Recommendation on access to social protection for all workers and the self-employed[73] (the Council Recommendation is expected to be formally adopted still in2019). A fair Europe with resilient socio-economic structures also requires ensuring adequate protection to European citizens in case of external events that affect our economies.
4.3. Sufficient purchasing power is based on well-paid jobs. However, this is hampered by the fact that real wages are, on average, tending to grow more slowly than productivity. The EESC therefore recommends strengthening the social partners' collective bargaining systems and autonomy. In order to ensure fair competition, the existing minimum	Collective bargaining and social dialogue are fundamental components of the European social model. The European Pillar of Social Rights, the Annual Growth Survey 2019 and the Employment Guidelines 2019 stress the need for social partners to be consulted and be able to negotiate and conclude collective agreements, while underlining

[73] COM(2018) 132 final

standards need to be enforced for all employees. In addition, the possibility should be examined of identifying available tools and a framework at EU level in support of and guidance for Member States in their endeavours to develop minimum income systems. The rapid implementation of the proposed European Labour Authority (ELA) is an important step in the fight against unfair competition.	the importance of respecting their autonomy and right to collective action. Member States should ensure that the legal framework fosters social partners' involvement. To support national social dialogue and to enhance mutual learning, the Commission, together with the Member States, is developing an analytical framework for mapping collective bargaining. The Pillar also stresses the importance of access to social protection for all workers and the right to adequate minimum income benefits for everyone lacking sufficient resources. Its principle 14 on minimum incomes reiterates the active inclusion approach that promotes an integrated support through adequate income support, combined with access to enabling services and integration in the labour market. To stimulate mutual learning and upward policy convergence, a benchmarking framework in the area of minimum income benefits has been agreed to be used in the context of the European Semester. Regulation (EU) 2019/1149 establishing the European Labour Authority[74] entered into force on 31 July 2019. The Commission is supporting the start-up phase to ensure a smooth setting up of the Authority until it becomes operational, by 1 August 2021. In 2019 the Authority will focus on setting-up its administrative structure to be able to incrementally start the activities on all its tasks in 2020, while ensuring business continuity for those activities currently carried out by

[74] Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019 establishing a European Labour Authority, amending Regulations (EC) No 883/2004, (EU) No 492/2011, and (EU) 2016/589 and repealing Decision (EU) 2016/344 (Text with relevance for the EEA and for Switzerland); PE/49/2019/REV/1; OJ L 186, 11.7.2019, p. 21–56.

	the Commission or other bodies.
4.5. […] With this in mind, the EESC recommends implementing the golden rule for public investment in ways that do not jeopardise medium-term financial and fiscal stability. This would help to ensure that future-oriented public investment is maintained at a necessary level, in line with the deficit rules.	A rule that excludes public investment from the general government budget balance is not allowed by the Treaty on the Functioning of the European Union. However, the forthcoming review of the Stability and Growth Pact will provide the opportunity to consider further initiatives to facilitate public investments in the EU, with due consideration for the sustainability of public finances.
4.6. Completing EMU requires a common fiscal capacity for the euro area. The EESC advocates a common budget for the euro area that can be funded from a common debt instrument. Moreover, the debate should be revived on the possibility of a European minister of economy and finance, who should also be accountable to the European Parliament. The EESC stresses that disbursements must be linked to strengthening the economic and social structure. The term "structural reform" needs to be defined along these lines. The relationship needs to be clarified between measures under the Multiannual Financial Framework 2021-2027 (MFF) and the Structural and Investment Funds	In May 2018, in the context of the preparations of the multiannual financial framework 2021-2027, the Commission proposed two budgetary instruments relevant from the point of view of deepening the Economic and Monetary Union: the European Investment Stabilisation Function and the Reform Support Programme. Currently, the Council is discussing features of a Budgetary Instrument for Convergence and Competitiveness for the euro area and an Exchange Rate Mechanism II for Member States on a voluntary basis. In June 2019, the Commission invited Member States to reach an agreement on the main features of this instrument with a view to supporting a swift adoption by the Parliament and the Council. A common stabilisation function would be an important complement to the Budgetary Instrument for Convergence and Competitiveness for the euro area. In December 2017, the Commission mooted the possibility of appointing the same person for the positions of the Vice-President of the Commission in charge of the Economic and Monetary Union and the President of the Eurogroup.
4.7. Tax policy must also not be ignored	The European Commission shares the

when completing EMU. Across the EU, losses due to tax evasion could amount to EUR 825 billion a year. For example, Base Erosion and Profit Shifting (BEPS) in the EU by multinationals is estimated to amount to EUR 50-70 bn or 0.3 per cent of EU GDP before the comprehensive anti-tax avoidance measures were enacted . However, tax evasion still remains an important problem and has to be tackled. At the same time, the tax burden and social contributions on labour in Europe are the highest in the world. Combating aggressive tax planning and tax evasion, and eliminating special arrangements by governments and tax authorities that could be described as tax havens, could prevent tax losses and establish a broader basis for public investment to develop social infrastructure and mitigate climate change and for achieving sustainable stability in the real economy and the financial sector	Committee's view that the fight against tax abuse should be of highest priority for the EU. Next to the comprehensive anti-tax avoidance measures mentioned by the Committee, the Commission has successfully proposed measures increasing tax transparency,[75] making the value added tax more fraud-resistant[76] and shaping the global fight against tax abuse, notably through the EU list of non-cooperative jurisdictions. While there are no tax havens within the EU, as all Member States follow international standards of financial transparency and continue to develop anti-tax abuse rules according and beyond base erosion and profit shifting recommendations, it is the Commission's position that the fight against aggressive tax planning and tax evasion should remain high on the agenda of all Member States. This is reflected for example in the 2019 euro area recommendation[77] and 12 country-specific recommendations[78] issued in July 2019 that highlight the need for action in the fight against tax abuse. The Commission will continue fighting tax abuse to ensure fair, efficient, and sustainable taxation in the EU and beyond.
4.7.1. The EESC notes with great interest the Commission's communication to use the passerelle clause enshrined in Article 48(7) TEU in tax policy and other areas. This would allow for a reform towards qualified majority voting. In addition, initiatives to reduce tax fraud and prevent unfair competition in the area of	The Commission appreciates the Committee's support for the proposal that certain taxes should directly contribute to the EU budget. The Commission also shares the Committee's view that additional initiatives are needed to further limit tax

[75] https://ec.europa.eu/taxation_customs/business/company-tax/tax-transparency-package_en and https://ec.europa.eu/taxation_customs/business/company-tax/transparency-intermediaries_en
[76] https://ec.europa.eu/taxation_customs/business/vat/digital-single-market-modernising-vat-cross-border-ecommerce_en
[77] SWD(2018) 467 final
[78] https://ec.europa.eu/info/publications/2019-european-semester-country-specific-recommendations-council_en

corporate tax need to be pursued consistently. The EESC refers here to its opinion on threats and obstacles to the single market[79]. The EESC welcomes the proposal that, under the MFF, certain taxes should be paid directly into the EU budget so as to increase own resources.	fraud and unfair tax competition, including pending Commission proposals such as the value added tax definitive regime. The Commission notes that a reform towards qualified majority voting, as set out in the Communication 'Towards a more efficient and democratic decision making in EU tax policy'[80] would be instrumental for progress in the fight against tax abuse. Further to this, the Commission supports the work underway in the context of the G20 and Organisation for Economic Co-operation and Development to reach an agreement on the reform of the international corporate tax system and is working, together with Member States, to ensure the specificities of the single market are respected in any solution arising from these discussions.
5.3. A balance needs to be struck between social and financial issues. For example, the debate concerning a European minister for economic and financial affairs should be complemented by a debate on a fully resourced commissioner responsible for labour and social affairs, who would among other things be responsible for monitoring the European Pillar of Social Rights	A fair Europe with a strong social dimension continues to be a political priority. The continued commitment to the implementation of the European Pillar of Social Rights is illustrated by the announcement of the President-elect of a intended action plan to fully implement it. The European Social Fund Plus (ESF+) will provide adequate resources (more than €100 billion) to help implement the Pillar and promote social and territorial cohesion in Europe.
6.4. […] The EESC therefore calls on the Council and the Commission to present an ambitious roadmap for deepening the Economic and Monetary Union. This will generate security and trust and provide the basis for a positive economic and social future for the EU.	In the communication 'Deepening Europe's Economic and Monetary Union: Taking stock four years after the Five Presidents' Report' adopted in June 2019, the Commission reiterated that it would continue to engage with the European Parliament, the Council, the European Central Bank and other bodies to pursue

[79] OJ C 125, 21.4.2017, p. 8 (point 3.6 on Tax policy).
[80] COM(2019) 8 final.

	the deepening of the Economic and Monetary Union. By 2025, progress should be made to reinforce the EU economic surveillance and governance framework underpinned by more democratic accountability, to set up a fiscal stabilisation function and to finalise the implementation of the Banking Union and Capital Markets Union. This progress should be also used to further strengthen the international role of the euro.

N°13	Promoting short and alternative food supply chains in the EU: the role of agroecology (own-initiative opinion) EESC 2019/1463 - NAT/763 545th Plenary Session – July 2019 Rapporteur: Geneviève SAVIGNY (GR.III-FR) DG AGRI – Commissioner HOGAN
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
2.2. A growing number of initiatives have been launched at local and regional level to support alternative food systems and short food supply chains. A comprehensive food policy should build upon, stimulate and develop common governance at all levels – local, regional, national and European. Such an approach would create an enabling framework for these initiatives to flourish, whatever their scale, and is needed to achieve the Sustainable Development Goals in Europe.	The Regulation (EU) No 1305/2013[81] on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) already supports the development of short food supply chains. The short food supply chain is flagged under one of the six Union's priorities for rural development (promoting food chain organisation). Within the 2014-2020 Rural Development Programmes, the Member States can activate measures able to help developing short food circuits, such as 'training of farmers, advisory services, investments, cooperation and LEADER programmes'.
1.6/5.3.1. In order to roll out the agroecology project across the EU, a structured action plan is needed, along with various forms of leverage across different sectors of public and private activity covering numerous areas: training, agricultural development, redirecting aid, adapting regulations, regionalising sectors, genetic selection, overseas regions and international action[82]. [...]	The proposals for the new Common Agricultural Policy (CAP) post-2020 will greatly favour the development of agroecology, as an agricultural farming system anchored to the territory. The future Common Agricultural Policy mentions agroecology among the sustainable farming systems that may be supported. In the preparation of the CAP Strategic Plans, Member States will analyse if agroecology fits well in their strategies. It will be for the national authorities to design agroecology

[81] Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005; OJ L 347, 20.12.2013, p. 487–548.
[82] C. Claveirol: La transition agroécologique: défis et enjeux [The agricological transition: challenges and issues], *Les avis du CESE*, 2016.

	in the most appropriate way for their territory and specific needs, and to combine different tools of the Common Agricultural Policy to help the transition towards this sustainable farming system such as investments, management commitments including agri-environment-climate and organic farming, or training. Member States will also have the possibility to promote the implementation of these interventions by individual farmers or by groups of farmers collectively. As regards research and innovation, under Horizon 2020, an amount of around €168 million have been allocated to research and innovation activities covering different aspects of agroecology.
5.3.2. A comprehensive food policy such as the EESC has been promoting for several years, piloted by a European Food Council, for which the EESC could be a facilitator, and coordinated at directorate-general level by a European Commission vice-president, can form the framework of a programme. The proposal for a common food policy has been raised at European Union level through the work of IPES-Food[83].	The Commission takes note of this proposal.

[83] IPES-Food, *Towards a Common Food Policy for the European Union*, Brussels, IPES Food, 2017.

N°14	**The farming profession and the profitability challenge (own-initiative opinion)** **EESC 2019/2022 - NAT/773** **545th Plenary Session – July 2019** **Rapporteur: Arnold PUECH D'ALISSAC (GR.I-FR)** **DG AGRI – Commissioner HOGAN**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.2. […] The EU agricultural sector is also one of the biggest sources of employment, employing more than 40 million people across the EU.	The Commission acknowledges that agriculture is an important sector in the European Union. The Common Agricultural Policy (CAP) supports 6.5 million farmers through direct payments, covering 90% of farmed land. Even though the share of agriculture in overall employment is decreasing, almost 11 million farms continue to provide work for roughly 21 million people. The EU agri-food sector – and not the EU agricultural sector strictly speaking – provides 43 million jobs in total.
1.5. New technologies, together with inclusive research and innovation activities, are part of the solution to keep the EU agricultural sector competitive and enable EU farmers to tackle the sustainability issue directly and effectively.	The importance of new technologies, inclusive research and innovation activities for keeping the EU agricultural sector competitive and strengthening capacities to achieve sustainability related objectives are reflected in the EU framework of the current Common Agricultural Policy and Horizon 2020 programme. Furthermore, they are reflected in the Commission' proposals for the post 2020 period, especially in the proposals for the future Common Agricultural Policy and Horizon Europe. One key instrument for supporting inclusive research and innovation development is the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI), which was launched in 2012 and links the Common Agricultural Policy

	and Horizon 2020 at operational level. The European Innovation Partnership for Agricultural Productivity and Sustainability will be continued in the post 2020 Common Agricultural Policy. Moreover, Member States are encouraged to give more attention to the whole Agricultural Knowledge and Innovation System (AKIS) as it will be part of the Common Agricultural Policy plans to be prepared by them.
1.6. Lifelong education and skills development are needed in order to provide EU farmers with the right tools to better exploit new technological potential and use innovative solutions in their farms.	The Commission agrees with this statement. In its legal proposals for the post-2020 Common Agricultural Policy, greater use of knowledge and innovation and enabling farmers and rural communities to make use of it plays a pivotal role. Member States are encouraged to effectively use the Agricultural Knowledge and Innovation System[84] and elaborate Digitalisation Strategies. They will have the opportunity to support advisory service and trainings under the Common Agricultural Policy. In addition, the proposal for Digital Europe Programme, foresees support for advanced digital skills. A larger future Erasmus programme would enable even more farmers and people engaged in the rural economy to benefit from transnational mobility, cross-border cooperation projects and from jointly developed tailored training programmes and curricula. This will enable especially young farmers to learn from best practices in multiple European countries and enhance their skills and will support agricultural educational institutions in adapting their offering to new challenges and opportunities.

[84] See also the Commission's publication (April 2019): 'Building stronger agricultural knowledge and innovation systems (AKIS) to foster advice, knowledge and innovation in agriculture and rural area', available at: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/building-stronger-akis_en.pdf.

1.8. A strong EU seeks to deliver not only on the objectives of the Lisbon Treaty but also on global targets such as the Paris Climate Agreement and the United Nations Sustainable Development Goals. These ambitious commitments need to be supported by a strong budget and efficient policies, guaranteeing the future, development and prosperity of agriculture and rural areas. European farmers and agri-cooperatives need a strong CAP budget for the next period.	For the period 2021-2027, the Commission has proposed a total of €365 billion (in current prices) for the Common Agricultural Policy. Considering the various challenges and priorities that had to be taken into account for the Commission proposal on the multiannual financial framework 2021-2027, the funding proposed for the CAP reflects that it will remain one of main spending areas in the EU budget.
3.1.1. According to EUROSTAT[1], the agricultural sector accounted for 1.2% of the EU's GDP in 2017 and created (gross) value added of EUR 188.5 billion, contributing actively to the trade surplus of the EU with EUR 137 billion of agricultural exports for the same period of time.	According to the recent EUROSTAT data,[85] the value of trade (imports plus exports) of agricultural goods between the EU-28 and the rest of the world was €275 billion in 2018. It is almost evenly divided between exports at €137 billion (49.9% of trade) and imports at €138 billion (50.1% of trade), resulting in only a small trade deficit of €0.3 billion.
3.3.1. […] Furthermore, farmers help to keep and restore the EU traditional landscape of rural areas, ensuring the preservation of cultural heritage and also providing positive synergies with the EU tourism sector. However, the efforts made so far by the agricultural sector cannot conceal the fact that significantly more must be done and more measures taken in order to achieve European and global biodiversity objectives, including the protection of bees, insects and birds. This conflicts to some extent with the need to generate a profit, so the EU absolutely must reward the agriculture sector's larger environmental contribution through additional resources allocated to the CAP.	The Commission recognises that very substantial environmental and climate challenges remain in the agricultural sector. Within the legal proposals for the post-2020 Common Agricultural Policy, there is an explicit commitment to aim higher with regard to the environment and climate. In its CAP strategic plan, each Member States will have to show how, in pursuing the policy's objectives, it will also contribute to achieving the objectives of various items of EU environmental and climate legislation. In order to do so, an improved system of conditions to be met by farmers receiving area- and animal-–based payments under the Common Agricultural Policy is set out. A set of voluntary instruments will be offered farmers to support sustainable farming practices.

[85] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Extra-EU_trade_in_agricultural_goods#Context

4.2.1. The EU agricultural sector is at the forefront of the technological and digital revolution, with many breakthroughs in genetics, automated vehicles, robots, drones, satellite imaging, remote sensing, big data etc.	Information available to the Commission suggests that, while the development of digital and other technologies in the EU is advanced, the uptake by the agricultural sector is moderate and uptake rates vary considerably across Member States. In addition, EU agricultural sector can also benefit from new technologies through the new Checks by Monitoring approach introduced by the Commission (Commission Implementing Regulation (EU) 2018/746 of 18 May 2018 amending Implementing Regulation (EU) No 809/2014 as regards modification of single applications and payment claims and checks[86]) and the future Area Monitoring System proposed by the Commission for the post 2020 Common Agricultural Policy.
4.2.2. In this perspective, new technologies help EU farmers to ensure food security while respecting the highest standards in the world and fulfilling consumers' expectations. In this sense, new technologies enable EU farmers to tackle the environmental issue directly and effectively. For instance, the reduction of plant protection products (PPPs) is achievable using a mix of technologies that help farmers in every aspect of production. Among others, new breeding techniques have the biggest impact to reduce the use of PPPs and foster plants' and animals' resistance to pests, fungi and external pathogens.	Regarding agricultural research in Horizon 2020, the European Commission follows a challenge-based approach, which does not prescribe the approaches to be used for innovations in plant protection. This means that research priorities are framed in challenges, which can be addressed by modern and traditional plant breeding techniques. The choice of approach depends on the specific needs and scope of the challenge. This widens the chances to meet the manifold demands from society. In any case, most studies related to global food security insist that a variety of approaches will be necessary to deal with the challenges ahead.
4.2.4. Access to finance is vital for EU farmers in order to implement innovative technological solutions on farms. In this	The Commission agrees with the need to promote the role of financial instruments. The legal proposals for the post-2020 Common

[86] Commission Implementing Regulation (EU) 2018/746 of 18 May 2018 amending Implementing Regulation (EU) No 809/2014 as regards modification of single applications and payment claims and checks; C/2018/2976; OJ L 125, 22.5.2018, p. 1–7.

regard, the subsidiarity function of the second pillar of the CAP must be preserved and fostered within the new CAP. It is important to understand that EU farmers will only implement the latest technological developments in their business through easy access to credit.	Agricultural Policy will simplify EU rules and will focus on results and benefits for farmers. Member States will enjoy increased flexibility to model their interventions in a way that they best respond to their needs. The rules for using financial instruments and combine them with grants will also be simpler. The scope for the use of financial instruments for working capital is extended. However, the uptake of certain types of new technologies does not necessarily depend on access to credit; this applies for instance to technology-based tools to supports farmers' production decisions. In addition, there are other possibilities to access finance than only credit. Finally, it should not be overlooked that easy access to credit can have adverse impact by sending wrong incentives.
5.1.2. It is important to note that the Paris Agreement as well as the Sustainable Development Goals set important targets for the EU agricultural sector that must be reached between 2030 and 2050. EU farmers are ready to pick up these challenges if equipped with the right tools. The "toolbox" must include a positive and user-friendly policy framework, new technologies, water management strategies (i.e. storage and irrigation) and a strong CAP budget that sustains the additional efforts of the farmers. Depriving farmers of one of the abovementioned tools could endanger food security and negatively affect the quality of the EU food production.	The Commission agrees with this analysis (see comment on point 3.3.1.). Regarding new technologies, the legal proposals for the Common Agricultural Policy post-2020 promote a toolbox with a strong focus on employing new technologies to achieve sustainability-related objectives. This includes the request for Digitalisation Strategies as part of National CAP Strategic Plans, calls on Member States to make effective use of and to further strengthen their Agricultural Knowledge and Innovation System (AKIS), and a continuation of the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI).
5.3.2. Due to its heterogeneous nature, the EU agricultural sector reacted differently to the 2008 prices shock: many small and medium farmers were forced to rely only on CAP direct payments to keep their activities alive	The Commission agrees that direct payments under the Common Agricultural Policy provide a safety net for the income of most EU farms. However, the present opinion makes no

but this was not enough to guarantee their farm's economic sustainability. […]	reference to market measures. The instruments such as intervention buying-in or private storage aid, as well as the possibility to adopt exceptional measures, also exist as horizontal measures providing a safety net that is centrally managed by the Commission to address serious market imbalances. This safety net approach has been enhanced in the 2013 reform. The provisions have been effectively used, both after the Russian embargo in 2014 and also in the dairy crisis in 2016.
6.1.1. Agriculture has moved forward into an era of digitally enhanced farming, where every device that produces data during the various stages of agricultural production can send that information to be collected, processed and analysed. The use of big data could help farmers step into the future of farming and achieve ambitious targets.	The Commission agrees with this analysis and considers that data-oriented farming sector can be boosted by allowing access to public part of geographical data in possession of the Member States' Common Agricultural Policy administrations (Integrated Administration and Control Systems': IACS-data sharing) and providing these data for broader environmental and climatic purposes. This will certainly allow for an even better monitoring, evaluation and demonstration of the Common Agricultural Policy performance and achievement of its objectives.
6.1.4. Data ownership and the right to determine who can access and use the data is vital to keep farmers' involvement in the implementation of new technologies. At the present time, there is no common framework where data ownership is clearly explained. For this reason, the EU agricultural sector built a Code of Conduct on agricultural data sharing by contractual agreement87, where it explains the data originator's right to be compensated for the use of data created as part of their activity.	The Commission would like to emphasise that the Code of Conduct on agricultural data sharing by contractual agreement referred to by the Committee in point 6.1.4 of the opinion is based on an initiative supported by the Commission. The Commission is monitoring the use of the Code of Conduct and the experiences gained with it carefully; mainly through Horizon 2020 projects and with an EU-wide survey among farmers and authorities. These assessment activities are carried out in close collaboration with the practitioners

[87] COPA-COGECA– EU Code of conduct on agricultural data sharing by contractual agreement.

	concerned. For instance, within the Horizon 2020 projects Internet of Food and Farm 2020 (IoF 2020) and Smart AGRI Hubs[88], after first experiences with the management of data sharing and cross-branch exchanges, the above-mentioned Code of Conduct was set as one key reference document for data sharing activities within the projects. Furthermore, within the framework of the Internet of Things European Large-Scale Pilots Programme[89], among others, the workshop 'CREATE the Next Generation IoT eXperience for the Future IoT & the Rule of Law' was organised to discuss questions related to data sharing in several sectors, including agriculture.
6.1.5. Digitalisation and precision farming has a major role in shaping the future of the EU agricultural sector. They also impact the labour market and the type of skills needed in agriculture, and are redefining the role of farmers and the business models of agri-cooperatives.	To develop a better understanding of the socio-economic implications of digitalisation in the agricultural sector, the Commission has called for corresponding Horizon 2020 activities (e.g. within the Project DESIRA). In addition, it has carried out surveys among farmers, authorities, farm advisory services and representatives of the machinery sector to gain further insights into the impacts of the uptake of precision farming technologies.
7.2.1. Stakeholder participation is key to putting research into practice. Placing the interests of farmers at the heart of the innovation process will not only significantly accelerate its impact but will also ensure the practicability of research and innovation outcomes. Moreover, this will help to make sure that the research funds granted are better spent.	One key instrument for supporting inclusive research and innovation development is the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI), which was launched in 2012 and links the Common Agricultural Policy and Horizon2020 at operational level. This partnership is proposed to be an inherent part of the policy instrument portfolio post-2020.
7.2.2. Farmers, agricultural holdings, forest owners and their cooperatives can be drivers	The Commission would like to draw attention to the multi-actor approach that has

[88] For more information about the project, please see https://www.iof2020.eu/ and https://smartagrihubs.eu/.
[89] Please, see here for further information about the programme: https://european-iot-pilots.eu/.

of innovation and economic growth, including with the help of government programmes. Therefore, their involvement from the very beginning in research and innovation activities in the fields of agriculture, food, forestry and aquaculture should be promoted and encouraged. Their involvement in all stages of the projects will ensure more demand-driven research and innovation as well as helping to bridge the current gap between academia and practice, towards applicable solutions. Ultimately, this should result in our farmers and growers becoming more competitive.	been implemented under Horizon 2020. The multi-actor approach that has applied to two-third of Horizon 2020 projects in the area of agriculture is meant precisely to ensure that farmers and other actors are involved in research/innovation at all critical phases of the process, from the beginning to the end. The Commission would like to stress that also the programming of Horizon 2020 programmes and calls, and forthcoming Horizon Europe for the post 2020 period, are based on lessons learnt with the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI) and extensive stakeholder consultation. However, following a participatory approach in developing and implementing research agendas does not ultimately result in farmers and growers becoming more competitive, as it does not guarantee the uptake of research findings and new technologies by all farmers. The result of such an inclusive and practitioner-oriented approach to research is only likely to enhance the likelihood of the adoption of new technologies by farmers. The uptake of innovations by the overall sector is also determined by the capacity of the national Agricultural Knowledge and Innovation System (AKIS). Reinforcing the AKIS of Member States is one of the objectives of the post 2020 Common Agricultural Policy.

N°15	**The European Semester and Cohesion policy – Towards a new European strategy post-2020 (own-initiative opinion)** **EESC 2019/1444 - ECO/495** **545th Plenary Session - July 2019** **Rapporteur: Etele BARÁTH (GR.I-CZ)** **Co-rapporteur: Petr ZAHRADNÍK (GR.I-CZ)** **DG REGIO – Commissioner HAHN**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.1. […] There is a need for a revitalised, more ambitious and more dynamic 2030 Strategy for a sustainable, competitive, protective and fair Europe. 1.6. […] The new Europe 2030 Strategy has to build a feasible bridge between local, regional and national targets and the objectives of a better-connected Europe.	The Commission's Reflection Paper 'Towards a Sustainable Europe by 2030' presents scenarios that should drive citizens, stakeholders, Member States, the Parliament, to reflect on the Europe we want by 2030 and provide us with guidance on the level of ambition to pursue in implementing the 2030 Agenda for Sustainable Development[90] and the leadership of the European Union in its internal and external dimension. Against that backdrop, it will be a political choice of the European Union as a whole, including of the next Commission, whether, how and when a new multiannual strategy is warranted.
1.1.1. One of the greatest lessons, as well as achievements, (...) was the introduction and practical implementation of the European Semester. (...) Its results should be visible in the form of stricter discipline, greater responsibility and a clearer focus on key strategic issues. As such, it could serve as a reliable platform for the new cohesion policy interventions.	The Commission considers that the European Semester results are already visible in the form of stricter discipline, greater responsibility and a clearer focus on key strategic issues, noting however that the implementation rate of the Semester recommendations by the Member States could be improved. To this end, the Commission established in 2015 the Structural Reform Support Service that provides, upon request from Member States, technical support to support them in the design and implementation of reforms. In addition, the Commission proposed, in the context of the new multiannual financial framework, the

[90] COM(2019) 22 final.

	Reform Support Programme, a new tool to support the implementation of structural reforms in the Member States after 2020. The Reform Support Programme would provide technical support but also financial incentives to Member States that decide to implement structural reforms. The 2019 European Semester country specific recommendations and country reports are setting the ground for the programming of the new cohesion policy funds post-2020 in key policy areas supporting jobs and growth. Greater coherence between the coordination of economic policies and the use of European Union funds should ensure that EU-funded investments are made within the appropriate socio-economic, fiscal and institutional environment, contributing to long-lasting positive effects for the economy and society.
1.3. The EESC believes in the Semester process, and proposes that there should be an opportunity for a more balanced application of the incentive and differentiated, well-founded and carefully considered sanctions coordinating the implementation of the economic, social and environmental objectives, where possible measuring short-term progress in achieving the long term goals.	The Commission proposal for a regulation on common provisions and financial rules for the 2021-2027 programming period[91] includes measures linking effectiveness of the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund and the European Maritime and Fisheries Fund to sound economic governance. These measures are geared towards (i) reprogramming of the European Regional Development Fund, the European Social Fund Plus and the Cohesion Fund, and (ii) reacting in case of breaches of financial discipline principles.
1.4. The EESC recognises with regret that in spite of a well-defined multi-stage procedure (Annual Growth Surveys (AGSs), CSRs, National Reform Programmes, partnership agreement), the level of performance of the	As highlighted in the 'chapeau' Communication on 2019 country-specific recommendations[92], more than two thirds of all country-specific recommendations issued until 2018 have been implemented with at

[91] COM(2018) 375, 'proposed Common Provision Regulation'
[92] COM(2019) 500 final.

agreements is very different, depending on the status of macroeconomic development in each country. Implementation of the multiannual policies is generally low (between 40 and 50%). It is noticeable that social policy targets are among the least fulfilled commitments, including: wages and wage setting, health and long-term care, education, training, life-long learning and quality jobs (especially as regards young people).	least 'some progress'. This highlights that the European Semester has been effective in promoting policy action in Member States, although there is evidence that the implementation of country-specific recommendations has slowed down in recent years. Recommendations in the areas of employment protection legislation, active labour market policies, labour market participation, skills and lifelong learning have an implementation rate of more than 50%.
1.5. The EESC notes that a strengthened Semester process (...). Key issues include the implementation of the European Pillar of Social Rights, sustainable employment, the introduction of minimum social standards in Member States, on the basis of a common European framework, set by the European Semester, and also more ambitious climate targets and better protection of biodiversity.	The strategic priorities will be established by the European Union as a whole, including the next Commission. The Commission considers the opinion of the Committee as an important input to this debate.
2.1.4. Learning from the added value delivered by a strong partnership principle in cohesion policy, the EESC reiterates the importance of multi-level governance, enhancing the structural participation of civil society organisations and other stakeholders in the process of programming, implementing, evaluating and monitoring the use of the funds; the same should be applied to macro-economic programming across Member States.	The Commission values strongly the principle of partnership and multi-level governance, which have been further strengthened in the proposed Common Provision Regulation. The involvement of partners in the planning, implementation and monitoring of the programmes is needed to ensure their ownership of Union interventions and their commitment to objectives and targets jointly agreed. Partnership contributes substantially to the effectiveness of cohesion policy.
2.1.5. To this end, the EESC emphasises the need to put in place a common European framework – similar to the Partnership Agreement under the EU Structural Funds – guaranteeing that there can be strong and meaningful participation of social partners and civil society at large at all stages of the design and implementation of the EU Semester. This will entail greater	As far as the Member States are concerned, the Commission has repeatedly stressed that, in spite of positive developments, there is room for wider dialogue with, and better involvement of, the different levels of governance. The Commission encourages Member States to make every effort to maximise the involvement of all stakeholders concerned in the European Semester process.

accountability by the national authorities as well as a more effective and meaningful deployment of the policies and recommendations.	The Commission continuously encourages Member States to ensure the involvement of all concerned stakeholders, including the social partners and civil society, in the European Semester process. Their involvement is fundamental to improving ownership and legitimacy of reforms and bringing about better socio-economic outcomes. Yet, the Commission does not believe that it is necessary to establish a formalised common European framework on the matter. Focus should be on using, exchanging and developing further existing good practices in the Member States.
2.2.3. In several opinions, the EESC has defended structural reforms that improve productivity, growth, job quality, job security and social protection, while favouring investment and strengthening collective bargaining, based on autonomy of the social partners and social dialogue. The EESC also "believes that the linkage between the Reform Support Programme and the European Semester could be even greater and more direct than is provided for in the proposal for a Regulation".	The Commission supports reforms in the areas indicated by the Committee, as highlighted by the Annual Growth Survey. In addition, the Reform Support Programme will provide financial incentives and technical support for the implementation of structural reforms. In July 2019 the Commission also tabled a proposal for a governance framework for the Budgetary Instrument for Convergence and Competitiveness (BICC)[93]. This instrument, to be included in the Reform Support Programme, will help euro area Member States and other participating Exchange Rate Mechanism II Member States to enhance convergence and competitiveness of their economies through financial support for coherent packages of reforms and investment. The implementation of the instrument will be aligned with the timeline of the Semester and used to foster the implementation of the country specific recommendations. The link with the European Semester is hence very clear.
2.4.3. Cohesion policy investment and	The Commission would like to recall that the

[93] COM(2019) 354 final: Proposal for a governance framework for the Budgetary Instrument for Convergence and Competitiveness.

intervention could have been predominantly focused on areas highlighted by the European Semester process, especially where investment gaps were identified through statistical platforms such as the Social Scoreboard. It is necessary to adjust the time-frames for the implementation of policy objectives (generally a seven-year period for the cohesion policy versus a shorter usually one- or one-and-a-half-year period, for the Country Specific Recommendations (CSRs)).	Treaty on the Functioning of the European Union objectives on the Funds are to reduce the social, economic and territorial disparities within the European Union. They could support - though not replace - the obligations of the Member States in the context of economic policy coordination. Already in the current period 2014-2020 the European Structural and Investment Funds are for their majority geared towards policies and reforms aimed to help implement the Semester country specific recommendations. The approach is reinforced in the proposed Common Provisions Regulation, ensuring a closer linkage of the Semester with the Funds covered with this proposal during the programming at the start of the period, where relevant, and also at mid-term review for the European Regional Development Fund, the European Social Fund Plus and for the Cohesion Fund. Nevertheless, even if the two processes are strategically aligned, it should be acknowledged that each of them has its own rationale and therefore full alignment of their respective time frames (generally a 5+2 period for the Funds covered with the proposed Common Provision Regulation, versus a shorter, usually one- or one-and-a-half-year period for the Country Specific Recommendations) would neither be possible nor desirable.
2.4.6. The opposing directions within the mutual relationship can, however, indicate that European Semester performance can serve as an instrument to stimulate good performance or to provide a clearly differentiated, proportionate approach to sanctions[94] in the event of poor	An essential premise for the European Regional Development Fund, European Social Fund Plus and for the Cohesion Fund under the proposed Common Provisions Regulation is to support strategic policy investments in the relevant areas identified under the European Semester (Annex D of

[94] See European Economic and Social Committee opinion on *Listening to the citizens of Europe for a sustainable future (Sibiu and beyond)*, point 11.4 (not yet published in the official journal).

performance[95]. Good European Semester performers who maintain macroeconomic discipline and react responsibly to the CSRs could be encouraged by a sort of bonus through the additional allocation of cohesion policy funds (ERDF, ESF+ or CF); the financial base of poor performers and those who ignore CSR reports could be reduced commensurately[96].	the 2019 country reports). The new round of programmes will therefore be already closely linked to the 2019 Country Specific Recommendations and Member States will be expected to deliver on those programmed investments. Cohesion policy investments will therefore be designed so as to support the implementation of policy reforms and addressing investment challenges in addition to rewarding performance. In addition, the Reform Support Programme will provide financial incentives and technical support for the implementation of structural reforms. In July 2019 the Commission also tabled a proposal for a governance framework for the Budgetary Instrument for Convergence and Competitiveness[97]. This instrument, to be included in the Reform Support Programme, will help euro area Member States and other participating Exchange Rate Mechanism II Member States to enhance convergence and competitiveness of their economies through financial support for coherent packages of reforms and investment. The implementation of the instrument will be aligned with the timeline of the Semester and used to foster the implementation of the country specific recommendations. It will also be consistent with and provide synergies with other policies for investment and in particular with cohesion policy.
2.4.7. The new 2021-2027 MFF proposal is also very much about synergies among several MFF chapters and programmes. The European Semester identifies the most important reform needs, as viewed from every Member State´s perspective. One	The Reform Support Programme, also integrating the Budgetary Instrument for Convergence and Competitiveness, and given its nature (among others, to reward implementation of structural reforms in the Member States) will be a directly managed

[95]Common Provisions Regulation 2021-2027, COM(2018) 375 final.
[96] The legal nature of Country Specific Recommendations, European Parliament, June 2017.
[97] COM(2019)354 final: proposal for a governance framework for the Budgetary Instrument for Convergence and Competitiveness

proposal even introduces a new Reform Support Programme; it would be more than necessary to adopt a common management system for cohesion policy instruments and Reform Support Programmes in practice, at best at the level of a particular cohesion policy´s operational programme. In that case, optimal conditions for synergies could be put in place.	instrument, unlike the Funds under the proposed Common Provisions Regulation, which are implemented under shared management with the Member States. Therefore, while close coordination and coherence in implementation of these instruments will have to be in place, for which the Commission will put in place the necessary internal coordination mechanisms, the Commission does not consider it appropriate to propose a common management system for these instruments. In addition, the mandate of the Commissioner-designate for Cohesion and Reforms puts the instruments run by the Strategic Reform Support Service and Directorate-General for Regional Policy under a single political leadership, which paves the way for even further coherence and complementarity between them.
2.5.3. The Social Scoreboard and its indicators should be used as the main tool not just to measure the performance of a region or Member State in the areas covered by the EPSR, but also to identify any possible investment gaps and to target ESF+ funding in the most efficient manner.	The Commission notes that as such, the Social scoreboard is designed as a monitoring and benchmarking tool, while programming of the Funds under the proposed Common Provisions Regulation is based on integrated needs analysis at country level. The 2019 Semester analysis, which is the basis, where relevant, for programming the Funds under the proposed Common Provisions Regulation, has been based, inter alia, on the social scoreboard indicators. Having said this, the investment gaps identified in the 2019 Semester exercise in the policy areas relevant for European Social Fund Plus support in practice address most of the principles of the European Pillar of Social Rights which are relevant for investment.
2.5.4. The statistical reference should be used to identify investment gaps in each Member State and to target investment and policy recommendations where they will be most	Investment gaps are identified in the country reports by using both qualitative and quantitative information. A wide range of statistical indicators (including from the

useful in terms of social inclusion.	social scoreboard) is used to identify the investment gaps and the social challenges related to them. The 2019 Country Reports and their investment guidance Annexes-D are a good example of ample use of data references to underpin them.
2.5.5. Close attention should be paid to decent work, gender inequality, to combating unemployment and, in particular, to young people and those furthest removed from the labour market, such as persons with disabilities and special needs. Particular attention should also be paid to people with little or no knowledge of computing and digital technology.	The Commission agrees with these priorities which are all key to the European Pillar of Social Rights. The Scoreboard indicators (in particular employment, including youth unemployment and not in Employment, Education or Training (NEET), as well as at-risk-of-poverty rates have been reflected in the allocation method for the European Social Fund Plus proposed by the Commission and in the specific objectives of the European Social Fund Plus in the proposal for a regulation[98].
2.5.7. The question might arise as to how the EPSR should be called upon during implementation of the European Semester to strengthen and reinforce, rather than overload, the process.	The Communication 'Monitoring the implementation of the European Pillar of Social Rights' of March 2018[99] indicates the European Semester as the appropriate tool for monitoring progress in key areas covered by the European Pillar of Social Rights, which provides for in-depth analysis, transparent reporting and open dialogue with stakeholders. As such, it reinforces the process without overloading it.
2.5.8. The positive answer comes up again and again: there is a need for a well-defined strategy with horizontal, transversal links between the above-mentioned policies. This new European comprehensive strategy for the sustainable future of Europe would be able to guarantee implementation by means of the Semester's strong coordination mechanism.	It will be a political choice of the EU as a whole, including of the next Commission, whether, how and when a new multiannual strategy is warranted.

[98] COM(2018) 382 final.
[99] COM(2018) 67 final.

N°16	**The sectoral industrial perspective of reconciling climate and energy policies (own-initiative opinion)** **EESC 2019/927 - CCMI/167** **545th Plenary Session – July 2019** **Rapporteur: Aurel Laurenţiu PLOSCEANU (GR.I-RO)** **Co-rapporteur: Enrico GIBELLIERI (Cat.2-IT)** **DG CLIMA - Commissioner responsible ARIAS CANETE**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.8. The EESC advises the Commission to deepen its reflection on this and other policy options, such as a reformed ETS, carbon border adjustment[100], a VAT rate adjusted to carbon intensity[101], and to compare them in terms of: • impact on carbon and investment leakage, in a future situation of higher prices and lower availability of ETS allowances in the EU • legal certainty on compliance with WTO rules • acceptability by trading partners • technical feasibility, specifically regarding the existence of globally accepted accounting and measurement standards and of reliable and recognised databases.	The Commission welcomes the Committee's timely advice. Carbon leakage has always been a core concern of the Commission in designing and implementing the European Union Emission Trading System. The Commission has sought, since the very start of the system, to ensure a level playing field for European businesses. It has done so, successfully, with the free allocation policy, whereby industrial installations receive a very high proportion of the allowances they need to surrender for free. In her Political Guidelines, Commission President-elect von der Leyen announced her intention to introduce a Carbon Border Tax to avoid carbon leakage, which should be fully compliant with World Trade Organization rules.
1.9. The EESC also advises the Commission to engage early in consultations with the EU's main trading partners to test their views on the options considered.	The design and implementation of such instrument will be addressed in detail by the next Commission.

[100] European Parliament resolution of 16 December 2015 on developing a sustainable European industry of base metals (2014/2211(INI)).
[101] A. Gerbeti, CO_2 in goods and European industrial competitiveness, Editoriale Delfino (2014) and A. Gerbeti, A Symphony for energy: CO_2 in goods, Editoriale Delfino (2015).

2.1.4. The Emissions Trading System (ETS) is the current attempt on the part of the EU to set a price for GHG emissions. For the most part it has been ineffective: the price for GHG emissions has been very low for years (even if it rose recently) yet sufficiently volatile to trigger investment leakage. In addition, it is complex and full of exemptions. One structural reason for this ineffectiveness and complexity may be that the ETS system was not able to solve the inherent difficulty, outlined above, between conflicting requirements for high and low prices for GHG emissions. There may thus be a need to solve this dilemma and reconcile the conflicting policy goals of (1) climate change mitigation and (2) the external competitiveness of Europe's REIIs, while heeding all other policy objectives, such as free and fair trade, in the framework of the long-term industrial strategy called for by the European Council.	The primary causes of low carbon prices for a number of years were external and exceptional events. The EU Emission Trading System was not designed to address effectively the deep global financial and economic crisis and the large oversupply of international carbon credits. A significant reform of the Emission Trading System, reinforcing its resilience to external shocks primarily via a strengthened Market Stability Reserve, was agreed already in 2015. The increase in prices the Committee refers to in its opinion is an effect of these changes, and also a clear sign of the market's increased confidence in a robust Emission Trading System going forward. Secondly, the Committee's opinion claims the low and volatile carbon price has triggered investment leakage, while there is no reference to a source upon which this statement is based. The Commission closely follows empirical research and possesses no evidence that could support the Committee's opinion in this regard.

N°17	**The new role of public employment services (PES) in the context of the implementation of the European Pillar of Social Rights (own-initiative opinion)** **EESC 2019/1656 - SOC/620** **545th Plenary Session – July 2019** **Rapporteur: Vladimíra DRBALOVÁ (GR.I-CZ)** **DG EMPL – Commissioner THYSSEN**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.6. The EESC calls for greater financial support for the Member States and hopes that the European Social Fund Plus (ESF+), recently introduced as part of the new Multiannual Financial Framework for 2021-2027, will become a genuine EU instrument for investing in people and implementing the European Pillar of Social Rights (EPSR).	The European Social Fund (ESF) is one of the main instruments used to support access to employment of all jobseekers - in particularly the young, long-term unemployed and the inactive, providing education and training throughout the life-course, and promoting social inclusion in particular for people in vulnerable situations. In the 2014-2020 period, the European Social Fund already reached out to 15.3 million participants[102], including 7.9 million unemployed, including 2.8 million long-term unemployed and 4.9 million inactive participants. When participants left the Fund operation, 1.4 million of the participants were in employment, 1.9 million have gained a qualification and 870 000 participants were in education or training thanks to European Social Fund or Youth Employment Initiative support. The forthcoming European Social Fund Plus (ESF+) aims to be the main instrument for investing in people in the programming period 2021-2027. The Commission's proposal aims at having an Social Fund that is fully aligned with the rights and principles of the European Pillar of Social Rights. In particular, the policy orientation of the European Social Fund Plus proposal

[102] i.e. multiple participations of the same participant in the same operation are only counted once.

	is increased, notably through a closer link between the European Semester, the funding and the related enabling conditions which require policy frameworks to guide strategic investments.
1.7. and 7.6. The EESC considers that greater efforts should be made to monitor, evaluate and benchmark PES services to assess the effectiveness of these services in assisting jobseekers entering the labour market. Common standards and guidelines at European level could help the effectiveness of PES. Existing data sources such as LFS should be utilised more, and agencies such as Eurofound can assist with such monitoring.	Public Employment Services (PES) are in general monitoring and evaluating their services on national level. The EU Public Employment Services Network is implementing benchlearning and users findings for tangible and evidence-informed mutual learning activities. The aim is to support each PES in improving their performance through comparisons and institutional learning from peers. A systematic evaluation of practices and communication of results remains an ongoing challenge. The EU Public Employment Services Network therefore offers learning opportunities to improve Public Employment Services' performance in evidence-based service delivery in its work programme. When collecting data from Public Employment Services in the frame of their benchlearning, available Labour Force Survey data is used.
4.1. Since the proclamation of the EPSR, the national PES and EU PES Network should be more innovative in supporting the purpose of the EPSR and implementing its key principles.	The European Pillar of Social Rights remains an important priority for the PES Network and its activities. The Network strategy for 2020 and beyond and its work programme are supporting the Pillar. When it comes to the call upon being more innovative, learning activities on digitalisation and innovation of services are part of the Network's work programme. Moreover, a working group of the Network discusses on building up an EU Public Employment Services Innovation Lab

	where experiments could boost innovation in Public Employment Services.
6.1.7. The inactive population is not a traditional target group for PES, although a significant share of the inactive population wants to work. The European PES Network published a study on *The role of PES in outreach to the inactive population*, which provides an overview of outreach measures for the inactive with particular reference to the role of PES. The EESC calls on the Commission and the Member States to redesign the reactivation policies aimed at this section of the population.	The competence for the redesign of the reactivation policies lies with the Member States. The Commission promotes outreach to the inactive in society in order to integrate them into the labour market, also in response to increasing skills shortages in many Member States. The European Network of Public Employment Services will hold a Thematic review workshop on outreach to the inactive population in January 2020. The Commission is putting increasing emphasis on the importance of providing integrated services when designing and implementing active labour market policies. In this context, targeted and tailor-made assistance is decisive in ensuring that people receive the necessary support and services reflecting their abilities and ambitions. In the Public Employment Services Network, Member States are regularly exchanging best practices notably through the Benchlearning exercise to improve the effectiveness of active labour market policies. The Commission believes that important measures have already been taken with the Council Recommendations on establishing the Youth Guarantee and on the integration of the long-term unemployed into the labour market, which cover a large part of economically inactive people. The Employment Guidelines reflect the EU's approach for promoting employment in the EU and cover priorities for economically inactive people. The European Pillar of Social Rights provides a

	compass for upwards social convergence in Europe and includes a whole range of principles that are relevant for inactive people, notably in the field of equal opportunities and social protection and inclusion, such as access to education, training and life-long learning. These issues are analysed regularly within the European Semester process and on a country-by-country basis in the corresponding Country Reports.