



European Economic and Social Committee

Brussels, 17 December 2007

PLENARY ASSEMBLY

12 AND 13 DECEMBER 2007

SUMMARY OF OPINIONS ADOPTED

Full text versions of EESC opinions are available in the official languages on the Committee's web site at the following address:

http://eesc.europa.eu/activities/press/summaries_plenaries/index_en.asp

The plenary assembly was attended by **Ms Fischer Boel**, European Commissioner, who spoke about the CAP, and by **Ms Reding**, European Commissioner, who spoke about electronic communications networks and services. Furthermore, during the session, the EESC award for organised civil society 2007 was presented to three successful candidates.

1. LISBON STRATEGY

- *Implementation of the Lisbon Strategy: Current situation and future prospects*

- **Rapporteurs:** Mr van Iersel (Employers – NL)
Mr Barabás (Various Interests – HU)
- **Reference:** Own-initiative opinion – CESE 1428/2007 fin – CESE 1715/2007
- **Key points:**

The EESC considers that the implementation of the Lisbon agenda cannot simply be limited to policy makers, legislators and high level groups. It should be a **process for all, with all and by all**, for two reasons:

- input from many circles in society is desirable to define the best possible approaches;
- implementation in Member States depends largely on cooperation between all the stakeholders concerned.

Implementation and the way it is secured by goals, measurable objectives and timetables is key. Organised civil society as a whole and especially national ESCs can play an effective role in identifying deficiencies and helping to find sustainable solutions.

Exchanges of views and practices among national ESCs regarding the NRPs and the Lisbon agenda could be very useful. The EESC could offer a forum for this.

The EESC suggests that the European Council gives the EESC a mandate to publish each year a report containing information, as available, on the involvement of organised civil society, and of national ESCs where they exist, in the progress of the Lisbon Strategy, including concrete suggestions and desirable improvements.

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2. MARKETING OF PRODUCTS

- ***Marketing of products/Accreditation and market surveillance***
 - **Reference:** COM(2007) 37 final – 2007/0029 COD
- ***Common framework for the marketing of products***
 - **Reference:** COM(2007) 53 final – 2007/0030 COD
- ***Marketed products/National rules to apply in another Member State***
 - **Reference:** COM(2007) 36 final – 2007/0028 COD – CESE 1693/2007
 - **Rapporteur:** Mr Pezzini (Employers – IT)

- **Key points:**

The EESC supports the Commission's initiative of putting together a legislative package on the subject insofar as it fully achieves:

- effective, uniform implementation of the mutual recognition principle;
 - more robust market surveillance;
 - a European common accreditation system, providing a public service of general interest;
 - common levels of competence for accredited certification bodies;
 - more stringent selection criteria and harmonised selection procedures for conformity assessment;
 - greater systematic, ongoing cooperation between national authorities;
 - greater legal protection for the CE marking, avoiding confusion caused by the existence of too many marks;
 - full identification and definition of responsibilities for all those placing products on the market;
 - a more uniform legal framework with greater consistency between existing texts, high levels of conformity and minimal red tape;
 - a traceability guarantee for any product placed on the market;
 - full application of the principle of proportionality of certification responsibilities and procedures, particularly as regards smaller businesses and non-mass produced or products produced in small quantities;
 - full involvement of all market players and, in particular, consumers;
 - explicit provision for out-of-court redress mechanisms, with time frames and costs reduced to the absolute minimum.
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3. INDUSTRIAL AND INNOVATION POLICY

- ***The development of the European cement industry***

- **Rapporteur:** Mr Krzaklewski (Employees – PL)
- **Co-rapporteur:** Mr Cinčera (Category 3 – CZ)

- **Reference:** Information report – CESE 1041/2007 fin rev.

- **Key points:**

The cement industry has a major impact on the environment even if appropriate tools and regulations are applied within this sector, and actions are taken to improve its own environmental profile.

The European CO₂ emissions policy should be amended, by including more detailed references to the specifics of the sector and by taking greater account of the global context in order to avoid that rising demand for the product be met by import from less efficient factories located in non-Kyoto countries.

In this context, the tools used to combat climate change could, unless they are adequately improved and amended, not only damage competitiveness but also, paradoxically, the environment. Allocation of CO₂ emission rights should be preceded by an analysis to set sustainable goals, avert distortion of the market and motivate entrepreneurs to improve energy efficiency and thus further reduce CO₂ emissions. The ETS can only function effectively in the post-Kyoto period if it is introduced in non-EU countries and be better suited to the global market at sector level.

By using waste combustion technology and new technologies which combine the production of electricity and cement in hybrid plants, the sector can help cut down fossil fuel use and preserve natural resources.

Finally, the European institutions and the European social partners within the cement sector should strengthen dialogue within the sector at both European and national level particularly with regard to problems of health and safety at work, issues such as employee training and core skills acquisition and the risk of job cuts due to the expected relocation of businesses to non-Kyoto countries and the growing trend to import cement from these countries.

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- ***Impact of European environmental rules on industrial change***

- **Rapporteur:** Mr Pezzini (Employers – IT)
- **Co-rapporteur:** Mr Nowicki (Category 3 – PL)

- **Reference:** Own-initiative opinion – CESE 1709/2007

- **Key points:**

The Committee believes that all economic and social operators – whether public or private – and politicians and public authorities must be fully aware of the fact that we are facing a new industrial revolution that places quality of life and of the environment at the heart of development and requires a new, integrated approach to planning, production and consumption, and to conserving and managing natural resources.

The Committee believes there is an urgent need to move on from a defensive, knee-jerk approach to one that is decisive and proactive, preparing the future by launching at EU- and Member State level a clear, stable framework of positive actions on a sustainable basis.

The Committee believes it is essential that, at EU level, new and sustainable industrial initiatives be incorporated into the Structural Funds, Community innovation, research and training programmes, and relevant financial instruments.

The Committee would remind the Commission and the Member States of the need to speed up adoption of concrete simplification measures in order to eliminate unnecessary burdens and to reduce the increasing costs resulting from the bureaucratic and technical burdens imposed by current environmental legislation; the latter will have to be streamlined and consolidated for consistency.

As the EESC and leading figures from the Commission, the Council and the European Parliament have often said, it is essential to reduce the administrative and bureaucratic burden on firms in order to unleash their economic and social energy and to refocus it on the sustainable modernisation of the productive and organisational environment and structures.

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- ***Development of the automotive sector in Europe***

- **Rapporteur:** Mr Zöhrer (Employees – AT)
- **Co-rapporteur:** Mr Glahe (Category 1 – DE)

- **Reference:** Information report – CESE 1065/2007 fin rev.

- **Key points:**

The information report includes both end-product manufacturers (original equipment manufacturers/OEMs), and the motor vehicle components industry.

It carries out a comprehensive future-oriented analysis of the sector: It points out and examines the international trends of the industry; goes through the evolution of the sector in Europe during the past decade and examines in depth the current production and commercial figures in Europe for both passengers and commercial vehicles.

The report also analyses the role played by the automotive component manufacturers and the important role that this industry is playing in the added and supply chain of the motor vehicle sector. It also goes through the relations between vehicle manufacturers and component manufacturers and the challenges ahead for the latter.

The Committee's main conclusions and recommendations are the following:

The biggest challenge facing the motor vehicle industry is reconciling the need for individual mobility and transport of goods with a volume of traffic close to full capacity and the associated environmental impact and security risks, as well as the scarcity of raw materials.

The Committee urges the Commission to initiate a broad dialogue involving various stakeholders from industry, civil society and politics, as well as the scientific community, with a view to discussing ideas for a future transport concept and its implementation and developing specific projects. The goal must be to adopt an integrated approach for a new industrial policy in the sector.

In view of the very narrow and therefore incomplete statistical definition, the Commission is urged to carry out a more in-depth analysis of component-related fields not yet covered and of employment trends (job opportunities, qualifications and working conditions).

The future regulatory framework for the motor vehicle sector must follow the principle of better regulation. Necessary legal rules must be coordinated in the Commission (also among the various DGs) and relevant consultations must involve the most important stakeholders at an early stage.

The future of the European motor vehicle industry lies primarily in competition based on innovation and not cost.

There must be greater cooperation between end-product manufacturers, component manufacturers, engineering service providers and universities and technical colleges.

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- ***Agricultural tractors - noise level***

Opinion category C

- **Reference:** COM(2007) 588 final – 2007/0205 COD – CESE 1695/2007

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- ***Green Paper on better ship dismantling***

- **Rapporteur:** Mr Adams (Various Interests – UK)

- **Reference:** COM(2007) 269 final – CESE 1701/2007

- **Key points:**

The EESC welcomes the Commission's proposal for action at both the international and regional level to change, as soon as possible, current unacceptable ship dismantling practices.

The EESC recognises that the dismantling of end-of-life vessels is a complex issue involving an important contribution in jobs and raw material resources which accrue to the developing countries offering low-cost dismantling. At the same time, the Committee acknowledges that structural poverty and other social and legal problems in some areas of South Asia is strongly linked to the absence or non-implementation of even minimum standards of safety at work, minimum labour standards and environmental protection.

The EESC believes that:

- It is vital that the EU ensures that the maritime and safety protections it has imposed, for example for single hull tankers, does not translate to simply transferring the harm to developing countries, but in fact is addressed by full implementation of the Waste Shipment Regulation, which incorporates the Basel Convention, including the Basel Ban Amendment, and its principles.
- A strong international regime for the identification, control and disposal of end-of-life ships should be established through the IMO. This regime must have an equivalent level of control as that found in the Basel Convention: incorporate all relevant International Labour Organisation (ILO) standards; not allow exemptions and prevent end-of-life ships with hazardous waste going to countries that are not party to the convention and which have inadequate facilities.

- However, implementation of such an IMO agreement will take several years, therefore (i) effective voluntary programmes by ship owners to minimise disposal problems should be encouraged and supported; (ii) the EU should unequivocally apply its existing legislation by enforcement of the Waste Shipment Regulation. Port states should have the power to declare a ship 'end of life'; (iii) the EU should develop a third party certification and auditing scheme for safe and environmentally sound dismantling facilities.
- Recycling-aware design, identifying existing hazards and substituting as much toxic material as possible from ships when they are built will, in the long term, have a positive effect and the EESC supports efforts, both through the EU, IMO and by ship owners and builders.
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4. AGRICULTURAL POLICY

- ***Cross-border agricultural workforce***
- **Rapporteur:** Mr Siecker (Employees – NL)
- **Reference:** Own-initiative opinion – CESE 1698/2007
- **Key points:**

In this opinion, the EESC points out that migrant workers must be treated in every respect in the same way as the legally resident workers alongside whom they are working. There must be equal pay for equal work and better conditions with regard to access to social security. This is not just a social issue for workers. It is also economically important to employers (a level playing field for fair competition) and financially important for the Member States (tax authorities).

The EESC argues that the proposed directive of the European Parliament and of the Council providing for harmonised sanctions against employers of illegally staying third-country nationals should also apply to employers who illegally employ workers from EU countries which are still subject to restrictions. Moreover, the EESC considers it essential that the EU should ensure that the directive is not just enacted in legislation in all Member States but is also enforced in practice.

The EESC is pleased to note that the European Commission has approved a proposal for a study to be carried out by the European social partners in the construction industry on the subject of (bogus) self-employment. The EESC welcomes the fact that the Commission will also fund this study.

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- ***Agricultural employment situation***

- **Rapporteur:** Mr Wilms (Employees – DE)
- **Reference:** Additional opinion – CESE 1699/2007

- **Key points:**

In this opinion, the EESC underlines that the EU labour market must be developed in a socially sustainable way. In other words, everyone must have the opportunity to work for a living. That opportunity is compromised by additional cheap labour brought in from non-EU countries. Those employed in agriculture must be treated equally in all matters, irrespective of their place of origin.

In the short term, the EESC sees a need for action in the following areas:

- Minimum standards must be put in place to regulate the working and living conditions of all migrant workers in Europe.
- Migrant workers must be covered by comprehensive, employment-based social protection; this also includes the acquisition of pension rights.
- Seasonal workers must also be included in upskilling schemes.
- Migrant workers must be provided with information on working conditions and on their rights.

In the EESC's view, the European agriculture sector lacks transparency about the scale of employment and of social standards. This results in distortions of competition. The EESC points out that one way of restoring fair competition is to award certificates to farms that meet certain social criteria.

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- ***Reform of the CMO in wine***

- **Rapporteur:** Mr Kienle (Employers – DE)

- **Reference:** COM(2007) 372 final – 2007/0138 CNS – CESE 1703/2007

- **Key points:**

The EESC would point out that wine-growing provides a livelihood for 1.5 million mainly small, family-run businesses in the European Union and at least seasonal employment for over 2.5 million workers. The Committee is therefore particularly concerned that the reform should give preference to measures that have a positive impact on the incomes of wine-growers and job opportunities in Europe's wine-growing sector.

The Committee does not regard immediate abolition of intervention measures as feasible. It therefore recommends that aids should be provided within the national envelopes during the 2008-2010 "phasing-out period" for distillation to produce potable alcohol and for private storage support.

The EESC believes that measures to bring wine-making practices into line with OIV standards should be incorporated more consistently into the strategic thrust of bilateral or international trade agreements. The authorisation of any practice for imported wines that is approved elsewhere in the world would conflict with the proposed closer alignment of European wines with OIV standards and lead to further distortions in competition.

The EESC welcomes the fact that the Commission has modified its proposals on grubbing-up rules and reduced the budget envisaged. Grubbing-up should be offered as a voluntary measure for removing vines from land that is not suitable for viticulture and as a cushion against the social effects of withdrawal from production of businesses that are not viable.

The EESC is pleased that the Commission has changed its original deadlines for liberalising planting rules. However, the EESC is still against full liberalisation – even at a later point - since this would jeopardise the economic, social, environmental and landscape maintenance objectives of the wine-market reform. It is not acceptable to shift wine production from culturally valuable man-made wine-growing landscapes to areas that are cheaper to cultivate, owing to general responsibility for employment, the economy and infrastructure of wine-growing regions, the social fabric, the environment and nature conservation.

The EESC calls on the Commission to provide, within the national budget envelopes, for promotion of consumer information and sales promotion measures not just in export markets, but also within the internal market. With this aim in mind, particular attention must be paid to providing comprehensive information on the benefits of moderate wine consumption as an integral part of a healthy diet and a modern lifestyle. The EESC stresses that any information and promotional measures should include all products made from grapes.

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- ***Agriculture in areas with specific natural handicaps***
- **Rapporteur:** Mr Bros (Various Interests – FR)

- **Reference:** Additional opinion to the own-initiative opinion – CESE 1704/2007

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5. SOCIAL PROTECTION

- ***Promoting solidarity between the generations***
- **Rapporteur:** Mr Jahier (Various Interests – IT)
- **Reference:** COM(2007) 244 final – CESE 1711/2007

- **Key points:**

The EESC expresses its profound appreciation of the Commission's Communication, which sets out a practical agenda for lending substance to the proposed Alliance for Families.

Vigilance will be required, then, to ensure that this new work does not get sidelined.

More generally, the important thing is to give tangible recognition to the practical and substantial contribution that families continue to make to our societies. The EESC believes that the creation of an observatory on best family policy practices within the European Foundation for the Improvement of Living and Working Conditions should be supported.

Vigilance will then be required to ensure that the prime focus of this observatory is not limited solely to family issues involving work, but that it is also directed towards the compilation of a detailed survey on the needs of the family and the generations. The proposal for a revision of VAT rates on baby products would seem particularly worthy of attention.

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- ***Animal health requirements - pet animals***

Opinion category C

– **Reference:** COM(2007) 572 final – 2007/0202 COD – CESE 1705/2007

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6. MIGRATION

- ***Migration and Development: opportunities and challenges***

– **Rapporteur:** Mr Sharma (Various Interests – UK)

– **Reference:** Own-initiative opinion – CESE 1713/2007

– **Key points:**

- The own-initiative opinion of the EESC entitled 'Migration and Development: opportunities and challenges' examines how migration can be viewed as a tool for development.
- The EESC concludes that migrants have a key role to play in poverty relief in their countries of origin, via the transfer or remittances.
- In order to enhance the impact of these remittances, it is recommended that steps be taken to lower the transaction costs of remittances and to facilitate their flow.
- The Committee opinion highlights the important role of diaspora communities in the co-development of their countries of origin, in the medium to long-term.
- Within this context, it is recommended that the international community and development agencies cooperate more with diaspora communities in order to assist them in increasing their capacity. To this end, the Committee supports the creation of a Migration and Development Fund.
- The EESC calls on all actors to take steps to mitigate the effects of brain drain.
- It is argued that facilitating circular and virtual migration will help to build the capacity of the diaspora communities, whilst also creating brain trust in their countries of origin.
- The Committee calls for more attention to be devoted to regional approaches to migration and development, for example, approaches already undertaken by the African Union.
- It is recommended that migration and development be mainstreamed into other relevant policy areas.

- The Committee calls for policy coherence between the national policies of Member States and EU policies on migration.

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7. ROLE OF ORGANISED CIVIL SOCIETY IN MOLDOVA

- ***The EU's relations with Moldova: what role for organised civil society?***

– **Rapporteur:** Ms Pichenot (Various Interests – FR)

– **Reference:** Own-initiative opinion – CESE 1714/2007

– **Key points:**

The EESC stresses the extent to which the success of the EU-Moldova Action Plan, under the European Neighbourhood Policy, hinges on the ability to associate and involve civil society organisations in its implementation.

The EESC recommends building a sustained and forward looking relationship with Moldovan civil society, beginning by structuring our relations. The EESC will therefore organise an event, which would include local and regional players, aiming at:

- evaluating existing information and consultation mechanisms in Moldova, both governmental and European, including an assessment of the implementation of the action plan (2005-2008);
- preparing and training civil society for pursuing the partnership after 2008.

The EESC hopes to see more effective participation by Moldovan civil society in regional Western Balkan and Black Sea dialogue, particularly through interregional and cross-border cooperation within this area of imminent strategic importance. EU-Moldova cooperation can be seen against the backdrop of strengthened cooperation with neighbouring countries, particularly Russia.

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8. SUSTAINABLE DEVELOPMENT

- ***Adapting to climate change in Europe – options for EU action (Green Paper)***

- **Rapporteur:** Mr Osborn (Various Interests – UK)

- **Reference:** COM(2007) 354 final – CESE 1702/2007

- **Key points:**

In the EESC's view the following key points should be covered in the development of the European and national adaptation strategies:

- strategies should deal with planning for all the topics identified in the Green Paper including coast protection, floods and droughts, water resources, fires, public health, agriculture and biodiversity, land-use and infrastructure planning, building and construction, etc.;
- the need for adaptation should take a much larger share of European budgets in future programmes, and should be built into the criteria for assessment of programmes and projects;
- substantial new and additional resources should be committed by Europe and its members states to assist adaptation in the developing world;
- mitigation and adaptation strategies must match up and complement one another. Risk assessment and management should be a crucial tool in establishing priorities;
- European research into adaptation climate change impacts and adaptation should be substantially increased;
- European civil society, including consumers and the general public, should be more extensively engaged in order to spread wider public understanding of the problems of climate change and the behavioural changes that will be needed to limit further climate change and to adapt to the changes that are now unavoidable;
- an independent body should be established to monitor progress on adaptation to climate change and mitigation measures in Europe, and to maintain pressure for the necessary action and implementation of commitments.
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- ***Market-based instruments for environment and related policy purposes (Green Paper)***

- **Rapporteur:** Mr Ribbe (Various Interests – DE)

- **Reference:** COM(2007)140 final – CESE 1697/2007

- **Key points:**

The Committee, while endorsing the – in its view – sound and accurate points made, would have liked to see the Green Paper, which was a long time in preparation and the publication of which was repeatedly delayed, bring rather more clarity to the planned future use of market-based instruments (MBI). MBI are defined as taxes, charges, targeted subsidies and tradable permit systems.

The Committee would therefore ask the Commission to use the public debate triggered by the Green Paper as an opportunity to set out the scope, impact and also the limits of various instruments by drawing on specific, practical examples. A debate on reducing the taxation of labour and compensating for this with revenues from the taxation of environmentally harmful activities is overdue.

The EESC considers it extremely important that the promised survey of environmentally harmful subsidies be submitted without delay and that these subsidies be abolished as soon as possible. The Committee sees environmentally harmful subsidies as a significant distortion of competition and a completely unacceptable misallocation of public funds.

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- ***The role of the National Councils for Sustainable Development***

- **Rapporteur:** Mr Haken (Various Interests – CZ)

- **Reference:** Own-initiative opinion – CESE 1700/2007

- **Key points:**

An overview of National Councils throughout the EU gives a very diverse picture. While some Member States have no or only inactive councils, those that are active differ considerably in their tasks, compositions, independence, resources and also as to the impact of their work.

Following the positive experiences in Member States with "strong" national councils, the EESC calls on all Member States to strengthen their councils or to create operative and effective councils where they do not yet exist.

The EESC recommends that councils should:

- include representatives from all the main sectors of society concerned;
- have a sufficient degree of independence from government;
- play an important part in the elaboration of sustainable development strategies and in monitoring their implementation;
- be sufficiently funded so that they are able to provide real added value to the debates and the decision-making process;
- pool experience, exchange best-practice and keep an open dialogue between the councils, particularly through the strengthening of the EEAC network.

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9. CONSUMER PROTECTION

- ***Classification, labelling and packaging of substances and mixtures***
Opinion category C
- **Reference:** COM(2007) 611 + 613 final – 2007/0212/0213 COD – CESE 1706/2007
- **Key points:**

The EESC endorses the contents of these proposals and feels that they require no comment on its part.

Instead, the Committee will set out its views on the content of the Commission proposal on CLP¹ in an opinion² that is currently underway and scheduled for adoption at the Committee Plenary in March 2008.

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¹ Proposal for a Regulation of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures, and amending Directive 67/548/EEC and Regulation (EC) No 1907/2006 - COM(2007)355 final.

² NAT/367 – Rapporteur Mr Sears.

10. SOCIAL COHESION

- ***Fourth Report on Economic and Social Cohesion***

- **Rapporteur:** Mr Derruine (Employees – BE)
- **Reference:** COM(2007) 273 final – CESE 1712/2007
- **Key points:**

This Fourth Report has been published at the crossroads of two different programming periods: thus it offers a preliminary assessment of the impact of European cohesion policy in the period 2007-2013, and is both an analysis of achievements to date and a launch-pad for discussion of the future.

The EESC commends the European Commission on the level of quality and detail achieved in the report. It also welcomes the initiative launched by the Commission to hold a large-scale debate on the future of cohesion policy; its opinion includes a series of answers to questions posed by the Commission.

The Commission argues that Europe's disparities have decreased and continue to do so; thus, the report states that by the beginning of the next programming period, nine of the 12 Member States that joined the EU in 2004 and 2007 will have risen above the threshold of 75% of EU GDP per capita. As a result, this benchmark will lose relevance. The EESC feels that this issue should be addressed right away.

With reference to the issue of the economic indicators used in cohesion policy, the EESC proposes considering whether it would be more pertinent, during the next Structural Fund allocation phase, to use the economic indicator of Gross National Income (GNI) rather than GDP. The objective is to have a better picture of the living standards in the regions while avoiding the bias due to commuters and foreign direct investment which swell the GDP of a region but not the wealth, since commuters spend their income in their region of origin and the profits generated are often repatriated back to the parent company.

The EESC opinion includes three maps drawn up by ESPON (the European Spatial Planning Observation Network), providing a very visual illustration of the polarisation and increasing metropolitanisation that would occur by 2030 should the Lisbon Strategy be further developed along current lines. An alternative cohesion-oriented scenario has also been envisaged by ESPON, the relevant map clearly showing the feasibility of extending the economic hub and, above all, fostering the emergence of other growth poles (the Baltic regions; an area to the East taking in Vienna, Berlin, Warsaw and Budapest; the South of France and Catalonia). The EESC reaffirms the importance of developing and implementing dual-level polycentrism in the context of harmonious development, in order to avoid the detrimental effects of polarisation.

The EESC also considers the issue of partnership and strongly regrets that this consultation process does not address the role of the social partners and organised civil society in the framing, development and implementation of the Structural Funds. At national and regional level, consultation of civil society organisations must be improved: the deadlines for responding to documents must be adequate and their comments must be given greater weight.

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11. TAXATION

- ***Impact of the territoriality of tax law on industrial change***

- **Rapporteur:** Mr Schadeck (Various Interests – LU)
- **Co-rapporteur:** Mr Gay (Category 1 – FR)

- **Reference:** Own-initiative opinion – CESE 1708/2007

- **Key points:**

It is important to ensure that the territoriality of tax law has a positive impact on industrial change. The EESC notes, however, that taxation is not a critical factor in SMEs' investment decisions. It has much more bearing in multinational companies.

With tax competition comes the need for transparency rules, adequate indicators and the identification of abuse and harmful practices. The lack of coordination of national provisions is leading to non-taxation, abuse and other distortions to the operation of the internal market. This situation can also lead to destabilisation or even the erosion of total EU tax revenues. Unlimited intra-EU tax competition risks making the least mobile taxpayers part of a narrower tax base and bringing about a re-distribution of the tax burden which could undermine social cohesion. SMEs and service companies are the least well-equipped to benefit from tax competition. The Committee advocates introducing support services to help such companies with the procedures required for branching out internationally.

The transfer of the tax burden onto the least mobile production factors may decrease the competitiveness of the businesses concerned. This burden transfer may be detrimental to the rate of national GDP growth, which may lead to a reduction in public investment capacity. While tax competition prompts Member States to improve their grip on public expenditure, this should not be detrimental to public services or to social protection.

The Committee supports the commitment made by Member States to eliminate a number of harmful tax measures by 2010 at the latest and calls on the Commission to continue its work in this regard. It also supports the Commission's policy aimed at ensuring that State aid, including selective tax breaks

for business, contributes to the pursuit of sustainable industrial change and regional development objectives whilst also being compatible with competition policy.

The Committee believes that the introduction of a common consolidated corporate tax base (CCCTB) would enable maximum benefit to be derived from the internal market, whilst safeguarding Member States' fiscal sovereignty. The EESC feels that this optional project should be adopted by as many Member States as possible and that they should ultimately apply a single tax base to all taxpayers at the end of a coexistence period. Furthermore, we should also consider the effects of the common base on tax rates, i.e., the risk of their increasing dispersion. In this case, a minimum rate could be established.

The EESC feels that the fight against tax fraud must be a priority. Finally, it recommends that the Commission step up its monitoring of tax practices in certain tax havens.

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- ***Rates of excise duty applied on cigarettes and other manufactured tobacco products***
Opinion category C
- **Reference:** COM(2007) 587 final – CESE 1716/2007
- **Contact:** *Ms Imola Bedo*
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12. COMMUNITY STANDARDS

- ***Units of measurement***
 - **Rapporteur:** Mr Cassidy (Employers – UK)
 - **Reference:** COM(2007) 510 final – 2007/0187 COD – CESE 1694/2007
 - **Contact:** *Ms Claudia Drewes-Wran*
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