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### Information and Notices

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## II

(Preparatory Acts)

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

## 411th PLENARY SESSION OF 15 AND 16 SEPTEMBER 2004

**Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council and the European Parliament, the European Economic and Social Committee and the Committee of the Regions — Action Plan: The European agenda for Entrepreneurship'**

COM(2004) 70 final

(2005/C 74/01)

On 11 February 2004 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Economic Community, on the abovementioned communication.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 14 July 2004. The rapporteur was Mr Butters.

At its 411th plenary session of 15 and 16 September 2004 (meeting of 15 September), the European Economic and Social Committee adopted the following opinion with 150 votes in favour, one against and six abstentions.

### 1. Context

1.1 The 2000 Lisbon Presidency conclusions and the European Charter for Small Enterprises underlined the importance of entrepreneurial activity to sustainable development in Europe and the need to engender a policy environment conducive to promoting enterprise.

1.2 The President of the European Commission, Romano Prodi, subsequently announced at the 2002 Spring European Council in Barcelona that the Commission would be submitting a Green Paper on entrepreneurship before the 2003 Spring European Council. The Commission fulfilled this task in January 2003, which initiated a rigorous and open consultation of stakeholders over the coming months. The 2003 Spring Council called on the Commission to present an Entrepreneurship Action Plan to the 2004 Spring Council.

1.3 The Committee opinion on the Green Paper was approved by the Plenary in September 2003 <sup>(1)</sup>.

1.4 The Commission subsequently adopted its *European agenda for Entrepreneurship* Action Plan in February 2004 <sup>(2)</sup>.

### 2. Objectives of this opinion

2.1 As with the preceding Committee opinion on the *Entrepreneurship in Europe* Green Paper, this opinion seeks to contribute to an ongoing process of understanding and stimulating entrepreneurship. It aims to do so by providing some general comments and more precise analysis of the Action Plan. The opinion will then present a series of constructive recommendations from the Committee on how this initiative can be converted into realistic, tangible initiatives that will benefit current and future generations of European entrepreneurs.

### 3. General comments on the Action Plan: does it meet its stated aim of providing a 'strategic framework for boosting entrepreneurship'?

3.1 The *Entrepreneurship in Europe* Green Paper demonstrated a clear appreciation of the issues and the scale of the challenge of raising the level of entrepreneurship in the EU. The Committee's opinion recognised this and congratulated the Commission for the Green Paper and the subsequent open and rigorous consultation process.

<sup>(1)</sup> OJ C 10 of 14.1.2004

<sup>(2)</sup> COM(2004) 70 final, page 4

3.2 Building on the Green Paper, the Action Plan provides a further analysis of the nature of Europe's entrepreneurial challenge. The Action Plan's aims are justifiably ambitious but are combined with indefinable objectives. The overall impression is one of a vague and conservative document. The Action Plan demonstrates little of the creativity hinted at in the Green Paper and public consultation, frequently preferring to cite existing initiatives. It offers few delivery mechanisms and fails either to delegate delivery responsibilities or to set out monitoring and evaluation procedures.

3.3 One of the key points to come out of the discussions during the drafting of the Green Paper and subsequent consultation was the broad range of policy areas that affect entrepreneurs and the resulting need for a horizontal approach to tackling the challenges identified. The Action Plan tellingly fails to demonstrate to stakeholders that this initiative has received anything more than token support from Commission services beyond DG Enterprise or Member State administrations. Without gaining such support, the Action Plan is destined to have a minimal impact.

3.4 The Commission received 250 responses to its consultation. While the Committee recognises the transparency shown by the Commission in publishing all contributions received on its website, the Action Plan makes very few specific references to comments submitted and it is unclear to the reader how the responses were analysed and incorporated. Given the scale of this exercise and the interest generated across the EU, it would be unfortunate if these responses were not considered carefully and, if they were, then the Action Plan should demonstrate this.

3.5 The Action Plan could have acknowledged the heterogeneity of SMEs, recognising that this diversity requires focussed, rather than generic policy solutions. For example, the recent Commission communication on the *Promotion of the cooperative enterprises in Europe* <sup>(1)</sup> acknowledges the importance of promoting cooperatives in Europe and a correlating reference to the specific role of social economy enterprises should have been included into the Action Plan <sup>(2)</sup>. Equally, the needs of self-employed entrepreneurs differ significantly from those of incorporated businesses <sup>(3)</sup>. As well as demonstrating an appreciation of such specific business ownership forms, the Action Plan should recognise the need for targeted policy approaches to businesses with specific needs and characteristics, such as innovative start-ups or established businesses engaged in more conventional activities.

3.6 The Committee argues that it is also important to encourage an entrepreneurial mindset within the public sector. While the Committee understands that the Action Plan concentrates on entrepreneurship in the form of creating, running and

developing a business, it could also have reiterated the need for entrepreneurial attitudes to be stimulated in public administrations.

### 3.7 Structure

3.7.1 In its opinion on the Green Paper, the Committee advocated 'that the Action Plan divide its content into two distinct areas:

- promoting the spirit of entrepreneurship: this action should be aimed at developing a culture of entrepreneurship, "restoring" and improving the reputation of the entrepreneur among potential entrepreneurs in schools, universities and family circles, as well as in public and private services, especially financial institutions and European and Member State administrations;
- creating an environment that encourages entrepreneurial activity: this is aimed at defining a programme of operational measures to encourage business activity in response to the ten questions in the Green Paper.' <sup>(4)</sup>

3.7.2 The Committee generally concurs with the areas covered in the five strategic policy areas, yet is concerned by the lack of specific actions outlined within each area. Moreover, the Committee would maintain that the two-pronged approach cited above would have been more consistent than the somewhat arbitrary nature of these five strategic policy areas. These five policy areas appear to be inconsistent, seem to overlap and include four broad challenges and one specific issue (improving access to finance).

3.7.3 Nonetheless, to provide consistency, specific comments on the Action Plan will be divided into the same five areas in the next section of this opinion.

3.7.4 The Committee would argue that the Commission's document outlines the broad agenda. The next stage must be to develop specific actions plus policies, monitoring and review mechanisms, as well as entrepreneurship indices and data that will ensure progress.

## 4. Specific comments on the five strategic priority areas

4.1 The Committee identifies a number of specific priorities under each of the five strategic priority areas.

### 4.1.1 Fuelling entrepreneurial mindsets

4.1.1.1 This has to be a long term objective and it involves many bodies at many different levels. DG Enterprise needs the support of DG Education and Culture, as well as national and sub-national agencies involved in the formulation and delivery of education policy.

<sup>(1)</sup> COM(2004) 18

<sup>(2)</sup> See EESC opinions 242/2000 (Olsson) and 528/2004 (Fusco and Glorieux) for further references to the significance of social economy enterprises.

<sup>(3)</sup> OJ C 10 of 14.1.2004, points 5.4 and 6.12

<sup>(4)</sup> OJ C 10 of 14.1.2004, point 2.2.2

4.1.1.2 As the Green Paper underlined, entrepreneurs are motivated by a wide variety of ambitions, such as financial gain, independence, or job satisfaction. Whatever their motivation, it is **essential that potential and existing entrepreneurs recognise the social responsibilities that are integral to business ownership.**

4.1.1.3 The Committee welcomes the Action Plan's recommendations relating to young people, but would also highlight the **demographic shift towards an ageing population in Europe.** It would be remiss not to provide an environment which enables opportunities for business ownership amongst the older population who have the capabilities (skills, management, capital etc.) to establish and run a business.

4.1.1.4 The Committee equally welcomes the emphasis in the Action Plan on addressing the specific needs of female entrepreneurs. Women seeking to start and develop businesses face particular practical, economic and cultural challenges, which vary significantly between Member States. Officials could better appreciate and act upon these challenges if they involve successful and unsuccessful female entrepreneurs in the policy-making process.

4.1.1.5 There is a longstanding tradition in several Member States of entrepreneur programmes in schools. There is no need to re-invent the wheel and the Action Plan should be based on analysing, sharing and encouraging the adoption of good practice. The Commission coordinated several valuable BEST projects in this area in the 1990s and their findings and recommendations should prove invaluable in developing policies under the Action Plan.

4.1.1.6 **Mechanisms to facilitate further involvement of business membership organisations in projects with schools** should be built into the new Commission Multi-Annual Programme for SMEs for 2006-2010.

4.1.1.7 Creating a more entrepreneurial society in Europe is not, however, merely a matter of grooming future entrepreneurs. This policy will fall on stony ground if Europe does not also create an environment which will allow potential entrepreneurs to succeed. This means **sensitising a much broader range of actors** involved in the business community, from the public and private sector and indeed society at large, to understand and appreciate entrepreneurship. Entrepreneurship should hence be embraced by public sector officials seeking to execute their duties effectively, as well as by those involved in running businesses.

4.1.1.8 The Committee would argue that policies should seek to **de-dramatise entrepreneurship** by reducing the perceived and real barriers between entrepreneurs and the rest of society. Modern working patterns allow people to try

different ways of engaging in the economy and switch from employment to self-employment or employer and then back again relatively easily. Entrepreneurship should therefore be viewed by many more people as either a long-term or short-term option. This will have the dual advantage of encouraging more people to consider business owner-management as a positive option, while also improving attitudes towards entrepreneurs among a whole range of relevant stakeholders. In generating such an environment, attention needs to be placed on the ability to register and de-register an enterprise with the minimum of bureaucratic procedures. This need is particularly acute in several of the new Member States, where the administration involved in switching from self-employment to employment is reported to be excessively onerous and bureaucratic barriers to entry are high.

4.1.1.9 At the same time, authorities and other stakeholders must ensure that facilitating interchange between these various work statuses is not abused. In achieving a balance, it is important that employees, or the unemployed, are not cajoled or compelled to enter self-employment against their better judgement and that less scrupulous employers are not allowed to relinquish their responsibilities to employees<sup>(1)</sup>.

#### 4.1.2 Encouraging more people to become entrepreneurs

4.1.2.1 The Action Plan covers well the central issue of a **fair balance between risk and reward.**

4.1.2.2 The Committee looks forward to the Commission's forthcoming communication on **business transfer.** It is envisaged that this will build on its valuable May 2002 BEST report and continue the task of raising the stakes and awareness among Member State officials and the financial community on this important policy area. Several specific problems need to be tackled to facilitate transfers and maximise the opportunity for the continuity of enterprises. In particular, tax regimes, inheritance taxes, inheritance legislation and company law all currently discourage the succession of business and so need to be reviewed.

4.1.2.3 The Action Plan rightly highlights the **stigma of failure** as a significant barrier to increased entrepreneurial activity. This challenge can partly be addressed through successful strategies to sensitise society to entrepreneurship. However, more direct attention needs to be paid to the attitude of financial institutions, which must be more flexible in their treatment of individuals associated with business closures. The Committee would recommend that the Commission targets financial institutions with evidence that demonstrates that entrepreneurs with previous (successful or unsuccessful) experience are more likely to succeed with new ventures.

<sup>(1)</sup> OJ C 10 of 14.1.2004, point 5.3

4.1.2.4 In this process, it is important that a balance is struck between enabling 'honest' failures to start again and ensuring that illegal practices are prohibited. Bankruptcy law consequently needs to be less judgemental and more transparent.

4.1.2.5 Whilst seeking greater details on specific actions envisaged, the Committee welcomes the reference in the Action Plan to further work by the Commission and Member States on **social security schemes for entrepreneurs**.

#### 4.1.3 *Gearing entrepreneurs for growth and competitiveness*

4.1.3.1 Research shows that there is a need for training and support provision to owner-managers, especially in marketing. There have also been significant developments in the transfer of knowledge into SMEs through placements and stronger links between research institutes and the SME community. Mentorship programmes whereby young companies/entrepreneurs can learn from experienced ones should be further developed and supported.

#### 4.1.4 *Improving the flow of finance*

4.1.4.1 The Committee welcomes the proposal to encourage Member States to exchange good practices and to produce a further Action Plan on electronic procurement.

4.1.4.2 The Committee recommends a **more holistic approach** to considering access to finance, incorporating:

- **raising business acumen of owner-managers** to understand what is required to secure finance for growth. This could be achieved via accredited business support networks;
- **sensitising financial institutions to the needs of businesses** seeking funding and support for growth: this again entails fostering a greater understanding of entrepreneurship in the financial sector;
- **opening up public contracts to smaller businesses**. This is the most direct form of demand-side action that the public sector can take. As the Committee identified in the opinion on the Green Paper, many obstacles restrict small firms' access to public contracts<sup>(1)</sup>, while public officials similarly encounter administrative hurdles. Yet the potential benefits to both parties and to the economy warrant further reflection and action in this area. The USA provides a positive model, whereby federal departments and agencies aspire to assign 23 % of public procurement contracts to small companies.
- **simplifying and reducing tax compliance procedures**. Although the Action Plan puts forward some interesting

ideas in this area, this has not yet been adequately thought through. The Committee recognises that competence for the implementation of concrete measures falls with national and, in some cases, regional or even local authorities. The Committee reiterates its call for **fiscal incentives for the re-investment of profits**<sup>(2)</sup>, which receives no mention in the Action Plan.

#### 4.1.5 *Creating a more SME-friendly regulatory and administrative framework*

4.1.5.1 The Committee's opinion on the Green Paper highlighted the need for policy options to support small firms to be 'embedded horizontally, into all relevant policy-making areas (employment, taxation, environment, education, etc.) and, vertically, at all policy-making levels'<sup>(3)</sup>. Despite the broadly encouraging June 2002 Better Lawmaking Package, many services of the Commission still fail adequately to assess the effect of policy proposals on SMEs, or indeed other stakeholders. **The Committee would consequently support recent calls for a Vice-President of the European Commission with more direct responsibility for overseeing regulatory reform.**

4.1.5.2 More broadly, there is still significant scope for **improving the procedures for regulatory impact assessments** within, not only the Commission, but also the Parliament and Council.

4.1.5.3 The Committee regrets that reference is no longer made to the **'think small first'** approach. This stipulates that any regulation or legislation should be developed taking into account the specific characteristics and challenges of small enterprises. Central to this are specific business-impact assessments, targeted to small and micro-enterprises, of all new and existing legislation. If put into practice throughout the EU policy-making process, this approach would represent the single most significant contribution by the institutions to greater entrepreneurial activity.

4.1.5.4 The recent accession to the EU of 10 new Member States brings with it a much larger SME constituency, many of whom are struggling to come to terms with existing EU legislation even before they are able to monitor potential new regulatory proposals. The Commission must, therefore, build on various isolated initiatives whereby the SME community's opinion is proactively sought. More significantly, the Commission must also demonstrate that it is taking on board feedback if disaffection and a culture gap between the EU institutions and policies and small firms are to be avoided.

<sup>(1)</sup> OJ C 10 of 14.1.2004, points 6.10.1 and 6.10.2

<sup>(2)</sup> OJ C 10 of 14.1.2004, point 6.11.1

<sup>(3)</sup> OJ C 10 of 14.1.2004, point 6.2.1

4.1.5.5 The Committee stresses the importance of effective dialogue between the Commission and SME representatives. Consultation of SMEs through their representative organisations should be central to all Commission consultation procedures. To facilitate this and to ensure that all Commission services remain aware of the views of the SME community, the Committee would recommend building on the role of the SME Envoy through **the appointment of an SME Commissioner under the new Commission**. Central to this role should be overseeing the application of the 'think small first' principle across the Commission.

4.1.5.6 The same principles of dialogue are applicable to the social partners, which deal with many issues of great importance to future and existing entrepreneurs. The Committee recommends a review of the social dialogue - principally at EU level, but also in some cases at national level - to consider how to formalise a more proportionate level of participation by the increasingly significant and diverse SME community.

4.1.5.7 With specific reference to state aid rules, the Committee warmly welcomes the development of an instrument to identify aid that is unlikely to produce significant effects on competition. It is important, for example, that state-aid processes do not hinder the exploration and implementation of innovative ways of tackling any finance gaps for small firms.

## 5. Recommendations for maximising the positive impact of the Action Plan

5.1 The Committee calls for the following procedural clarifications and/or improvements:

5.1.1 **Coherent enterprise policy approaches:** within the Commission, the Enterprise Directorate-General clearly has a key role to play in piloting progress. The Action Plan touches on all areas of Commission enterprise policy and, as the Committee recommended in its opinion on the Green Paper <sup>(1)</sup>, this must be reflected by the Directorate-General's individual policy initiatives. In particular, the 2006-2010 Multi-Annual Programme for SMEs must demonstrate a clear correlation with the Entrepreneurship Action Plan and thereafter provide a mechanism for responding to a number of its priorities.

5.1.2 **Evaluation:** although some improvements have been made recently, the business community has not been satisfied with the approach used for the evaluation of the European Charter for Small Enterprises. Currently, this allows public officials, at EU and national level, to act as both 'judge and jury'. It is crucial that business representatives are more closely involved in the evaluation of the Action Plan.

5.1.3 **A framework for future ex-post evaluation** must be defined to allow for ongoing policy improvement. This should involve Commission and Member State officials and recognised business representatives at EU and national level.

5.1.4 **Appropriate indicators of performance are an essential tool in setting and measuring targets for increased entrepreneurial activity.** This was recommended by the Committee in its previous opinion <sup>(2)</sup> and underlined in the 20 February Competitiveness Council conclusions. Such data will also allow comparative study of Member States' policies and entrepreneurial environments.

5.1.5 **Clear timeframes:** the 20 February Competitiveness Council conclusions call on the Commission to set out a more ambitious timetable. To be effective, the timetable must also be precise and focussed in terms of objectives. The Committee understands that the Commission has, since publishing the Action Plan, elaborated in a series of worksheets, more precise targets and timetables for specific actions. In the same spirit that prevailed during the consultation, the Committee urges the Commission to promote the existence of these worksheets and to make them readily available to interested parties.

5.1.6 **Monitoring the process and delegating responsibilities:** the Commission cannot and should not implement much of the action needed, but it must carefully supervise and monitor progress on the implementation of the Action Plan. In parallel, it is therefore essential that responsibility for the delivery of various actions is delegated to the relevant level and that the timetable is communicated and agreed by all parties concerned. This requires the concerted involvement of various actors and the Committee recommends the following initiatives to ensure their engagement in the work ahead.

5.1.7 In order to broaden the Commission's engagement in the process, some form of **Action Plan monitoring committee should be established**, within the revised Commission structure post November 04. This would comprise representatives from each of the relevant Directorates-General from which legislative proposals affecting businesses originate, as well as those Directorates-General responsible for overseeing the delivery of Community programmes stemming from the Action Plan.

5.1.8 The creation of a **working group of relevant Member State officials** would increase their engagement in the process. This should meet regularly to discuss specific aspects of the Action Plan's recommendations, chart progress and identify shortcomings.

<sup>(1)</sup> OJ C 10 of 14.1.2004, point 4.3

<sup>(2)</sup> OJ C 10 of 14.1.2004, point 8.4 final bullet point.

5.1.9 It is vital that the business community is closely involved in the implementation, monitoring and evaluation of the Action Plan. By this, the Committee means the business community in its broadest sense, comprising businesses of all shapes and sizes, from the self-employed to multinational corporations and from social enterprises to public limited companies. Any failure to achieve this broad engagement risks disenfranchising the business community from the ongoing process, which will in turn minimise its impact. The Committee therefore recommends a **systematic approach to consultation throughout the process with the business community** via their recognised representatives at EU and Member State level.

5.1.10 As the responses to the Green Paper illustrated, an increasing number of actors beyond the SME community are interested in entrepreneurship. For example, trade unions generally recognise the importance of enterprise policy. **All such interested parties should be allowed to contribute to the implementation of the Action Plan.**

5.1.11 Generally, the Committee would recommend a concerted effort from the Commission to keep the Action Plan in the spotlight, both among policy-makers and more broadly

across the community. **Ongoing promotional activities and awareness-raising campaigns** linked to specific objectives within the overall plan will help to maintain the momentum and engagement of the wide variety of actors required to ensure that this vital initiative succeed.

## 6. Conclusions

6.1 The Committee welcomes the Commission's Action Plan and reiterates its appreciation of the Enterprise Directorate-General's efforts since this process began in early 2002. The Committee recognises that much of the ongoing action required has to be taken by policy-makers beyond DG Enterprise.

6.2 The Action Plan is just the starting point of an ongoing, long term process. This process will only succeed if it connects horizontally across a broad range of policy areas, and vertically among policy-makers at many levels. The Action Plan and other related forthcoming Commission initiatives must trigger a positive response from these policy-makers. The Committee calls particularly on other Commission Directorates-General and Member State authorities to play an active role.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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## Opinion of the European Economic and Social Committee on 'Tourism policy and public-private cooperation'

(2005/C 74/02)

On 29 January 2004, the European Economic and Social Committee, acting under the second paragraph of Rule 29 of its Rules of Procedure, decided to draw up an opinion on 'Tourism policy and public-private cooperation'.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 14 July 2004. The rapporteur was **Mr Mendoza**.

At its 411<sup>th</sup> plenary session (meeting of 15 September 2004), the European Economic and Social Committee adopted the following opinion by 148 votes to one with three abstentions.

### 1. Introduction

1.1 In line with its commitment to the tourism sector in Europe, the European Economic and Social Committee adopted an opinion on *Socially sustainable tourism for everyone* at its plenary session on 29 October 2003.

1.1.1 That opinion was subsequently presented at the European Tourism Forum 2003 as a contribution to improving tourism in general and accessible tourism in particular, in the context of the European Year of People with Disabilities.

1.2 The opinion set out a general framework of analysis, principles and proposals for defining the future of the tourism sector in its multiple and diverse forms. Ten specific aspects were identified, for each of which ten initiatives were proposed, giving a grand total of 100 concrete initiatives which individually and as a whole are intended to create sustainable and accessible tourism for the 21<sup>st</sup> century.

1.3 While keeping these objectives as a point of reference, the EESC proposes in this opinion on *Tourism policy and public-private cooperation* to identify those activities and measures needed to make the objectives feasible and to realise them in practice. The opinion also considers individuals, sectors, organisations, bodies and institutions that are responsible for implementing these measures, both in terms of their own specific responsibilities and tasks, and in cooperation with other players.

1.4 The aim of this opinion is to analyse and propose methods of cooperation between the public and private sectors, especially between public authorities and private companies and their business organisations, while also addressing issues relevant to other players in the tourism sector: workers and trade unions, consumer organisations, etc. Ultimately, the goal is to make all players accountable within their own remit and at the same time to find mechanisms and instruments that can be used to coordinate activities with those of others involved in tourism management and policy, in order to improve the competitiveness and sustainability of the sector.

1.5 It should be pointed out that even if the importance of tourism and the rate at which it is developing varies considerably across Europe, public-private cooperation has everywhere proved to be a good way of improving the quality, sustainability and competitiveness of tourism.

1.6 The public hearing held in Seville (Spain) on 15 April 2004 clearly demonstrated that there are many positive examples of successful public-private cooperation and that we must continue along this route if further improvements are to be made to the quality, sustainability and competitiveness of the tourism sector. These objectives must be given even greater priority in an enlarged Europe, where tourism will clearly play a key role.

### 2. Definition of stakeholders and sectors in the tourism industry: public and private sectors

2.1 It is not the purpose of this opinion to provide an exact definition of the public and private sectors, but by way of illustration and in order to focus the analysis, the Committee feels that it should provide a basic outline of both, so as to explain their position with regard to cooperation in the tourism sector.

2.2 The public sector is made up of the different tiers of administration – local, regional, national and international – as well as bodies and institutions that are mostly dependent on the former and are funded either by taxes or charges. This therefore covers a wide range of institutions, e.g. educational and promotional organisations, including some in the form of private companies or joint ventures, but with clearly defined remits. Their role in society is strictly regulated and the focus is ultimately on promoting the public good. A reference should be included here to the experience of public entities operating in the market, such as the *Paradores* in Spain and the *Pousadas* in Portugal (government-run hotels in rural beauty spots or historic sites). In general terms, the public sector provides a number of basic services with the aid of which companies must develop their business.

2.2.1 Of particular note are organisations responsible for tourism promotion and information, as this is an area where cooperation is essential in defining objectives and joint measures.

2.2.2 Where the public sector is concerned, the various forms of public-private cooperation can attract new types of funding for many activities, in particular those relating to promotion, building infrastructure, improving quality, etc.

2.3 The private sector meanwhile is made up not only of businesses – in their many forms as companies, cooperatives or individuals – but also, and very importantly, of the social partners, trade unions and associations of businesses and citizens, as consumers and parties with a direct stake in the welfare of society. Their interests and objectives are basically personal and individual, but they also have social goals, insofar as their activities directly or indirectly affect society as a whole and they are thus accountable to society, both for their actions and for their omissions.

2.3.1 It is worth emphasising that this wide range of *businesses* can also be classified by *size*: large companies, micro-businesses, and small and medium-sized enterprises (SMEs). Size seems to be relevant when the scope of cooperation is being defined, and it tends to be SMEs that are more interested in cooperation, perhaps because they are more dependent and therefore need more support in achieving their objectives. Another relevant factor may be the scope of their activities, given that local or regional businesses are more inclined to cooperate than large multinationals, which tend to be more rigid owing to their centralised structure and the uniformity of their management systems, and which have more diverse interests spread over different tourist locations and destinations.

2.3.2 Economic and social players can be classified according to the social groups they represent, i.e. employers and workers. It is clear that their associations are extremely important when it comes to setting up public-private partnerships, since while they defend basically individual interests, their collective interests are very close to those of the public sector and therefore easier to coordinate. The professionalism of their representatives can be and indeed usually is a key factor in ensuring the successful setting-up of a partnership.

2.3.3 The social sector provides a wide range of private organisations and associations of various types, which like the economic and social players are concerned with protecting individual and collective interests. These include consumer associations, environmental groups and neighbourhood associations. They tend to be good partners in cooperative projects developed in the tourism sector and are sometimes able to mobilise the other stakeholders.

2.3.4 While they are not strictly speaking the subject of this opinion, it should be pointed out that there are other feasible and desirable types of cooperation between the various levels of public authority on the one hand and different types of company on the other. Such cooperation could take vertical or horizontal form.

### 3. Current situation

3.1 The current range of possible relations between the public and private sectors comprises *four broad alternative scenarios* which are unlikely to occur in their pure form, but which indicate trends in practice.

3.1.1 **Antagonism:** This scenario is one of confrontational relations between public and private sectors, with each seeing the other, or thinking they see it, as opposing or obstructing its objectives and interests. The private sector often sees the public sector as thwarting its goal of profitability by failing to provide the infrastructure needed to develop its activities properly, and because of the paucity or poor quality of public services for tourists or the tourism industry. At other times, businesses see public authorities purely as the tax collector, seizing more and more from a sector that faces substantial price competition and causing distortion of competition vis-à-vis other countries, regions or areas with different tax regimes, and they call for harmonisation of taxes such as VAT on tourism services. Ultimately, they feel they have to fight back against a public sector that reduces rather than promotes the sector's competitiveness.

3.1.1.1 In this situation of potentially antagonistic relations between the public and private sectors, public authorities may see the private tourism sector as creating problems and obstacles and distorting its public objectives in relation to social welfare, preservation and sustainability of natural resources, social cohesion and the responsibility of businesses towards local communities.

3.1.1.2 Through the media, society becomes more or less aware of the tension and the internal or external confrontations resulting from these relations, and a climate of conflict and ongoing mutual recrimination is generated that helps neither the private nor the public sector attain their objectives.

3.1.1.3 Obviously this situation is not ideal if tourism is to develop in a way that is socially, economically and environmentally sustainable and is to remain competitive; it is not satisfactory either from the standpoint of consumers and local people, or from that of businesses trying to build on tourism potential to create and distribute wealth.

**3.1.2 Co-existence:** In this scenario, public and private entities tolerate each other, work independently to achieve their respective objectives, respect each other's remits, fulfil their legal and social obligations and respect the rights of other players in the tourism industry. It is a scenario of mutual tolerance which, although preferable to the previous scenario, is clearly not enough to develop the sustainable tourism that the Committee considers to be appropriate for the 21<sup>st</sup> century. This is quite a common scenario in places where tourism is not the main economic activity, but supplements income earned from other sectors, or in towns and cities with diversified economies in which tourism alone accounts for only a small percentage of local economic activity.

**3.1.3 Coordination:** This scenario is characterised by some coordination of policies, strategies and measures between the different public and private players in the tourism sector, each of which has its own objectives, but realises that coherence and information exchange enhance the complementarity of their respective objectives and thus also benefit society. The main instruments of this scenario are information and communication, with respect to both policies and measures, between the different players in the tourism sector. Communication can take place through joint activities such as working groups, forums, information meetings, etc. This requires a greater degree of public-private cooperation, and the Committee believes that it promotes the objective of economic, social and environmental sustainability in tourism. It tends to exist in typical tourism contexts or locations, where tourism development is strong, with public and private players aware of the importance of tourism for their communities.

**3.1.4 Cooperation:** In this scenario, while each public or private stakeholder has its own objectives, they adopt joint objectives with respect to both practice as well as strategies and even policies. This requires consistency of objectives and a very sophisticated vision of tourism that is not easy to achieve, requiring consistent application of economic, social and environmental sustainability criteria, both in the short term and in the medium and long terms. The Committee sees this as the most advanced scenario, towards which the new concept of sustainable tourism must move if it is to survive as an industry creating economic, social and environmental benefits.

**3.1.4.1** Various instruments can be used to achieve this cooperation: joint ventures, tourist boards, foundations, joint institutions, councils, partnerships, etc. But in each case the pooling of experience, know-how and long-term investment projects are key aspects of cooperation and optimising efforts. It is important to note that this cooperation is most effective at local level, where public and private interests coincide most concretely and directly. It is here that the right environment can be created for tourism to drive local development, creating high-quality and socially sustainable jobs.

**3.1.4.2** One of the activities where this level of cooperation can be seen most frequently is the joint creation of tourism products by public and private sectors. There are examples of highly successful products created on the basis of cooperation.

**3.2** Looking at the current context, all four scenarios described exist in real life, sometimes in pure form, but more often with combinations of features, producing a variety of intermediate situations. This opinion proposes that cooperation is a feasible and desirable objective for the European and global tourism industry, since it improves the competitiveness and sustainability of tourism. It is also necessary to recognise and improve the good practice which, in Europe and all over the world, is being achieved in tourism, sometimes at the instigation of the public sector and in many cases promoted and created by the private sector.

**3.3** Generally speaking it can be said that in the case of those tourist destinations and activities where public-private cooperation is the basis for improving quality, planning development and responding to crisis situations, and in many similar cases, the efficacy and cost-effectiveness of measures is considerably enhanced, thus making the location or activity more competitive.

**3.3.1** On the other hand, where there is confrontation, lack of coordination or simple ignorance, which can happen sometimes consciously or unconsciously, this just exacerbates problems, delays solutions, reduces competitiveness and reduces cost-effectiveness.

**3.3.2** Various studies have shown and confirmed that tourists perceive the quality of services received during a trip or holiday as being 50 % dependent on the services provided by public bodies and 50 % dependent on the services provided by the private sector, principally businesses, through their employees. The way in which tourists perceive different quality indicators and the impact of these on their overall perception of the quality of a product is endorsed, for example, by various studies carried out by the municipality of Calvià and others in Spain as part of the Plans for Touristic Excellence.

**3.4** It is encouraging to note the steady trend towards cooperation as opposed to confrontation, which was perhaps more common in the early years of the tourism industry, during periods of rapid growth where there were no restrictions on development of the best locations on the coast or in the countryside. There were periods when the drive for short-term profits eclipsed certain aspects of sustainability which even the public sector was unable to take into account, incorporate into its strategy and develop in cooperation with the private sector.

**3.4.1** Social awareness of long-term factors and limitations, especially with regard to protecting natural resources, has been growing, and tourism practices are much more consistent with social objectives than they were in the past.

#### 4. Objectives of public-private cooperation today

4.1 Generally speaking, it can be said that the basic aim of cooperation must be to promote and incorporate the objectives that are an intrinsic part of each party's remit, its strategies and plans and which constitute its *raison d'être* in society now and in the future. Each party must bring its own objectives – both individual and collective – and ensure that they are integrated with those of its partners.

4.2 Various types of objectives can be identified in relation to tourism cooperation.

4.2.1 **Sectoral.** As has already been shown many times and in various ways, the tourism industry is a sector of strategic importance for achieving multiple objectives that are at the very heart of the European Union, its policies and its will to make Europe a better place now and for future generations.

4.2.1.1 Because it has a direct impact on the economy, society and the environment where it takes place, tourism development can and must be a priority instrument for improving the quality of life of Europe's citizens. However, to ensure that this potential is realised in practice in the long term, tourism must meet certain sustainability requirements that all stakeholders – public and private bodies, businesses and consumers – must respect. The basic objective of public-private cooperation can and must be to ensure the long-term viability and competitiveness of the tourism sector.

4.2.1.2 It should be noted in particular that public-private cooperation has proved very effective in managing situations of decline or even crises in tourism in mature destinations that risk losing their wealth-generating potential. Joint action by all stakeholders – which is essential – increases the efficacy and visibility of the measures taken.

4.2.1.3 Moreover, it is becoming apparent that in emergency situations such as 9/11 in New York and the very recent 3/11 in Madrid it is necessary to call upon all public and private operators and decision-makers to join forces in order to mitigate the adverse impact on tourism of such tragedies.

4.2.1.4 One area in which alliances and public-private cooperation in the sectoral environment could prove effective is transport, where the massive increase in low-cost airlines has led to a fall in transport costs in general. Public-private alliances must therefore safeguard service quality, jobs and safety where this kind of product is concerned.

4.2.1.5 While providing training for professionals working in a specific sector is a clear objective in all human activity, it is even more important in a sector such as tourism which has a

clear and important human relations component. Public-private cooperation in this area is essential as it is in the interest of both sectors to improve the training and professionalism of employees.

4.2.2 **Social.** It is not possible to set objectives for public-private cooperation without taking into account the social objectives that any human activity should entail. Specifically, local development and job creation are fundamental objectives in tourism and therefore for cooperation in the tourism sector.

4.2.2.1 The fact that tourism is an economic activity based on personal services means that any new tourism activity will create jobs, although high-quality and sustainable tourism is only feasible with high-quality jobs.

4.2.2.2 Improving the social conditions of local communities visited by tourists must certainly be one of the objectives of effective cooperation between the public and private sectors. Several European regions will be affected by and have to adjust to recent and future changes to the Common Agriculture Policy. Farm holidays should perhaps be promoted as a way of combining traditional farming activity with a new activity – tourism – which can increase profitability. Consideration must also be given to promoting tourism as a potential new activity in areas affected by the restructuring of industry, mining or similar activities. The Committee will be called upon to draft an own-initiative opinion examining this alternative in depth for the regions concerned.

4.2.2.3 Protecting the cultural, archaeological and architectural heritage is perhaps one social objective which can best be served by public-private cooperation. This is certainly the case of the *Red de Paradores de España* and *Pousadas* in Portugal, thanks to which a large number of monuments have been restored and opened to the public, generating unquestionable wealth in the surrounding area. This is a way of keeping public assets in public hands while at the same time ensuring that they are appreciated and enjoyed. This also applies to rural areas, which many SMEs see as a business opportunity. However, such activities do not necessarily have to be carried out by public entities alone; indeed, there are many examples of palaces and monuments that have been restored privately and are now profitable thanks to tourism, as the Committee's study group saw during the visit organised in connection with the Seville hearing. The countries that have just joined the EU all have an extraordinary heritage that must be restored. This is a new and exciting opportunity to promote tourism while protecting heritage. Public-private cooperation in all its forms has a very important role to play in achieving this objective.

4.2.2.4 Tourism can also benefit from public-private cooperation in other sectors. Thus, for example, given the valuable contribution made by the catering industry to prosperity and cultural and tourist heritage, the promotion of public-private cooperation to enhance high-quality agrifood development and designations of origin will have an impact on tourism products in the future.

4.2.2.5 One positive step could be the widespread implementation of the Code of Ethical Tourism, approved a few years ago by the World Tourism Organisation (WTO), as this would highlight the need for public-private cooperation.

4.2.3 **Economic.** It is generally accepted that the economic dimension is a key aspect of tourism. As already noted, the tourism industry has proved to be a powerful engine for job creation and wealth virtually worldwide, but especially in Europe, and in even more concentrated form in the Mediterranean countries. Sustainability here requires a strategic, long-term – not short- or medium-term – vision; it means developing tourism products with a view to current and future competitiveness; and that they should be able to generate profits in the short, medium and long term and stable and permanent employment year-round in the short, medium and long term. The common objectives of effective cooperation will thus be to seek and maintain the competitiveness and economic profitability of the tourism sector.

4.2.3.1 Information and communication technologies (ICT) are another area among the tourism sector's economic objectives where cooperation is vital in order to meet the objectives of both tourist destinations, usually represented by the public sector, and of the economic activity of selling tourist services, usually represented by businesses. Universally accessible tourist information, including in peripheral regions, is essential if the sector is to be competitive.

4.2.3.2 Where the economic objectives of cooperation are concerned, it must be remembered that public sector intervention is essential a) to prevent unfair competition and b) to level out any aspects of competition, e.g. tax arrangements, which may undermine the transparency of the market.

4.2.4 **Environmental.** Tourism is an industry, perhaps the only industry, whose basic product is 'natural attraction', made up of a combination of factors in which the perception of nature, of its various settings and landscapes, its biodiversity, and ultimately, respect for the environment, play a key role in ensuring the quality and suitability of the product sought by consumers, i.e. the tourists. It is perfectly feasible and desirable for both public and private players to gear cooperation to maintaining these conditions, which ensure both the sustainability of natural resources and their rational and sustainable use, making it possible for them to yield profits.

4.2.4.1 Environmental protection is one area in which public-private cooperation could be instrumental in achieving the objective of environmental quality. Recent events such as the Prestige disaster have demonstrated the need for environmental protection in the private as well as the public sector.

4.3 Finally, the possible objectives of adequate public-private cooperation must always be consistent with the concept of sustainability, which comprises on the one hand the three dimensions of the economy, society and nature, and on the other hand the three timescales (short, medium and long term), and participation of all stakeholders in the tourism sector as an integral factor. It is sustainable development policy and measures that form the basis for cooperation.

## 5. Principles and criteria of cooperation

5.1 A number of *principles* must govern cooperation between the public and private sectors in relation to tourism.

5.1.1 Remits: It is obvious that, in order to establish a solid, lasting partnership, the various stakeholders must be able to pursue independently their own objectives, determined by mutual agreement, and that their remits must therefore be recognised, whether in the form of an explicit legal mandate, delegation of powers or just formal or informal representation.

5.1.2 Co-responsibility: The different stakeholders must be either directly or indirectly concerned by or involved in the situation for which the partnership has been set up.

5.1.3 Voluntary nature of cooperation: Only those who freely choose to be active participants in a partnership are bound by it.

5.1.4 Democracy: Rules for decision-taking and representation must be very clear and consistent with the principles of participatory democracy.

5.2 The operating *criteria* for partnerships so as to ensure that they meet their objectives include:

5.2.1 Concrete objectives: i.e. explicit, specific and, if possible, quantifiable in economic terms, with a fixed timescale and mutually agreed.

5.2.2 Relevance: The objectives must be important for all stakeholders, whether directly or indirectly.

5.2.3 Monitoring of results: It is important for stakeholders to be able to see clearly the results of their participation in a partnership; otherwise they lose interest and withdraw.

5.2.4 Proportionality: It is essential that the involvement of stakeholders should be in proportion to the scale of the challenges faced.

## 6. Instruments and types of association and cooperation

6.1 In order to describe instruments and types of association, it is first necessary to establish the ideal level of cooperation, i.e. the level at which it makes sense, which means analysing and defining the context in which the challenge is occurring, in which a solution can be found and in which the expertise of all stakeholders can be brought to bear. Thus the context will be local if the problem is purely local and if the expertise to address and apply solutions is available locally. The same applies at the regional and state levels.

6.2 Another basic feature is inclusiveness. It is important that all stakeholders can contribute something to the solution, whether it be means, information or coordination of activities.

6.3 Specific types of *partnership* might be:

6.3.1 Informal: The stakeholders set up an informal strategic alliance, working group, forum or similar arrangement, without legal personality. Decisions are taken by a majority, but should not be binding or create obligations for those involved, except for those voluntarily entered into.

6.3.2 Formal: Such arrangements may take the form of consortiums, foundations, public entities, joint ventures, associations, etc. They are governed by rules that lay down the conditions of agreements and their implementation.

6.3.3 Ensuring that economic and social stakeholders are involved in defining a permanent framework of labour relations based on rights, and developing collective bargaining, will have a positive impact on the competitiveness, profitability, stability and social and economic efficiency of tourism. Economic and social stakeholders must also be involved in social dialogue, along with public authorities and institutions, whenever the topics under discussion call for tripartite involvement.

## 7. Role of networks of stakeholders: of towns and cities, businesses, specific projects

7.1 In today's globalised world, economic activity cannot be conducted in isolation; this principle also applies to towns and cities and, in the present case, tourist destinations and operators. According to experts in this area, in territorial terms the new global economy will be based on networks of towns and cities in order to facilitate coordination. Although during the early phase tourist destinations employ competitive strategies to attract funding, increase sales and raise their international profile – in short, to be better, more competitive and faster growing – in a later phase they tend to become aware of the need to link up with other destinations for the purpose of joint promotion and lobbying of national governments and/or international organisations.

7.2 More and more the exchange of experience between tourist destinations around the world is considered necessary in order to work towards common objectives of sustainability and

competitiveness. There are a number of positive aspects to this, the most important of which are perhaps the ability to prevent strategic mistakes and the incorporation of the best instruments of sustainable management. Networks are a complementary and alternative way of representing cities, businesses or institutions. ICTs strengthen these networks by allowing their members to have an informal, instantaneous and valuable relationship.

7.3 Networking is not always without problems and negative aspects: sometimes there are conflicts of interest which hinder cooperation, while, at other times, the strongest members of the network are the ones that reap the most benefits from it.

7.4 For businesses, like cities, networking is a powerful tool for providing and exchanging information, making them more competitive and raising their profile vis-à-vis public institutions.

7.5 A number of specific tourism projects are network-based. One example is the European Union's URB-AL programme, which aims to set up networks of cities to work on many areas of the economy, society and urban development. These areas sometimes promote the exchange of experiences of sustainable tourism.

## 8. Positive examples of public-private cooperation in the sphere of European tourism

8.1 Various positive examples of public-private cooperation were analysed during the public hearing held in Seville on 15 April 2004. The following should be mentioned in particular:

8.1.1 **Turisme de Barcelona:** This company was set up in 1993 by the Barcelona Chamber of Commerce, Barcelona City Council and the Barcelona Promoció Foundation with a view to promoting Barcelona as a tourist destination. In the ten years that have passed since then, Turisme de Barcelona has helped to improve both the image and tourist facilities of the city. This positive development is reflected in the growth of supply and demand, the improved hotel occupancy rate and other indicators. However, the most revealing aspect is perhaps the fact that over these ten years the contribution of institutional budget appropriations has fallen from 70 % of the total budget to just 20 %, with the remaining income generated internally by Turisme de Barcelona's own activity as an intermediary in the hotel room market. A number of successful tourist products warrant a special mention, such as the Barcelona Bus Turistic, Barcelona Card and Barcelona Pass, as well as programmes such as the Barcelona Convention Bureau, Barcelona Shopping Line, etc. These products undoubtedly owe their success to the climate of close cooperation and understanding between the tourism industry and the public authorities, which are working together to improve tourist facilities in Barcelona.

**8.1.2 Institute for High-Quality Tourism in Spain (ICTE):** The ICTE dates back to the early 1990s when various instruments designed to actively improve quality were created. In 2000 the Institute for High-Quality Tourism in Spain was set up in response to evidence that emerging tourist destinations in the Mediterranean, Caribbean, etc. were beginning to pose a threat to the Spanish tourism industry's position as leader. A clear strategy was chosen of overall quality based on the need to integrate all tourism stakeholders in all aspects of its work. All its activities involve those players linked to the particular sub-sector: hotels, restaurants, travel agents, transport companies, rural tourism companies, golf clubs, health resorts, municipalities and provinces. Today, more than 250 business associations, national government, the Autonomous Communities and city councils, more than 3,000 tourism companies receiving technical assistance and 463 companies and bodies with a high-quality tourism certificate participate in the Integrated System of High-Quality Tourist Destinations in Spain. As with Barcelona, the ICTE is a positive example of public-private cooperation as a way of improving overall quality, an essential element of tourist activity.

**8.1.3 Other examples provided at the Seville hearing:** Andalusia's public-private cooperation model, which has now been in existence for twenty years and has resulted in five cooperation agreements covering all sectors of production, including tourism. This model is based on cooperation between the Autonomous Community's public administration, the Employers' Confederation of Andalusia and the main Andalusian trade unions, the General Workers' Union (UGT) and Comisiones Obreras (CCOO), and has created a climate of trust and stability, both of which are essential for tourist activity.

**8.2** As an example of local policy, the Committee welcomes the fact that, during its Seville hearing on cooperation between the public and private sectors, the Mayor of Seville once again called on economic and social stakeholders and the tourism sector in general to draw up a pact to ensure that all stakeholders are fully involved in shaping, drafting, planning, implementing and evaluating tourism policy in their particular area. This initiative could be a point of reference, along with other initiatives already in the pipeline, for major cities and towns of varying sizes when promoting cooperation at local level.

**8.3** Several examples are available of successful cooperation projects undertaken in the field of social tourism with the aim of facilitating universal access to holidays and tourism. The holiday cheque scheme overseen in France by the National Agency for Holiday Cheques (ANCV) and in Hungary by the National Society for Leisure Activities is one such case, as are the tourist programmes for older people developed by the *Instituto Nacional para o Aproveitamento do Tempo Livre dos Trabalhadores* (INATEL – national institute which helps workers to make best use of their free time) in Portugal, the tourism programme for older people run by the social services office (INSERSO) in Spain, the promotion of youth hostels in Brussels, supported by the Commission for the French Community (COCOF) and

various public-sector training programmes, and the help provided for renovating holiday centres that are members of associations such as the Youth Tourism Centre (CTG) in Italy.

**8.4** There are without doubt many other positive examples of public-private cooperation throughout Europe and the world, such as those listed in the WTO and Canadian Tourism Commission's excellent publication entitled *Cooperation and Partnerships in Tourism – A Global Perspective*, which was published in 2003. This publication provides 18 positive examples of cooperation in tourism at global level, all of which warrant special consideration in terms of demonstrating good practice.

## 9. Promoting cooperation at European level

**9.1** The newly enlarged Europe, from every angle and, in particular, in terms of tourism, is a very dynamic environment in which a multitude of changes are taking place, affecting the structures of both supply and demand. At the Lisbon Summit, the EU embarked on a strategy to make Europe the most dynamic and competitive knowledge-based economy in the world over the coming years, capable of generating sustainable economic growth with more and better jobs and greater social cohesion. In order to achieve this ambitious objective, greater cooperation both amongst the institutions and within the public and private sectors is needed. In the past, tourism has demonstrated its ability to create jobs and generate well-being and must continue to fulfil this role in the future in the 25-strong European Union and following subsequent waves of accession. The Committee would invite the Commission to study the possibility of creating a **European Consultative Council on Tourism** as a concrete platform from which to develop the principle of cooperation at European level.

**9.2** This Council could comprise representatives of the European institutions (Commission, Parliament, European Economic and Social Committee and Committee of the Regions), the European Youth Council and the Member States, equal numbers of representatives of employers' organisations and trade unions, as well as representatives of European consumer, environment, disability and social tourism organisations and universities, and renowned experts in the field.

**9.3** The European Consultative Council on Tourism could gather and analyse data on the past and future development of tourism, suggest ways of supporting and participating in action undertaken by the Commission, provide a reference framework for cooperation to be further developed by the various stakeholders in other tourist-related sectors of the Union and plan the convening of the European Tourism Forum and the follow-up to the agreements it reaches.

**9.4** Should this proposal be deemed appropriate by the Commission, the Committee would be keen to contribute to putting it in place and making it fully operative in time for the 2005 European Tourism Forum.

## 10. Final comments

10.1 In today's globalised and yet specialised world, it is necessary to constantly re-think the models on which economic, social, land planning and urban development activities are based. This applies to tourism too, which raises many challenges in terms of quality, sustainability and competitiveness for all the stakeholders concerned.

10.2 The Committee believes that only if the various public and private stakeholders adopt a basic attitude of cooperation will it be possible to meet the major challenges facing all human activity, but in particular tourism, owing to its strategic nature, its essential role as a human service provider and as a vector of cultural exchange.

10.3 Public-private cooperation is an increasingly important aspect of positive action in the tourism sector. This must be encouraged in as many ways as possible as it cannot but help the sector's objectives to be met. It is the responsibility of all stakeholders to incorporate this aspect into the way in which they respond to the major changes taking place in the world today.

10.4 The Committee welcomes the European Commission's initiative to continue to hold the European Tourism Forum every year, as this is a platform where cooperation guidelines and criteria can be defined at European level in conjunction with stakeholders in the sector, in particular economic and

social stakeholders, authorities and other bodies. The idea is that such guidelines and criteria will lead to similar initiatives in the various EU Member States, regions and towns and even between sectors and regions themselves.

10.5 The Committee hopes to contribute towards cooperation in the tourism sector by promoting encounters, dialogue and agreement between tourism representatives, in particular economic and social stakeholders, national, regional and local authorities and bodies and associations involved in sustainable tourism, such as consumers, environmentalists, the social economy and people with disabilities. It will also continue to cooperate with the WTO and the International Bureau of Social Tourism (BITS). The Committee therefore reiterates its offer to act as a meeting point for all parties who see tourism as an individual right which must be considered not only as an industry and economic activity, but also as an element of personal and human development and understanding, reconciliation and peace between peoples.

10.6 The Committee intends to support, through an annual declaration, the World Tourism Day initiated by the WTO. This year, the Committee's contribution to this event, and to the 2004 European Tourism Forum to be held in Budapest, comes in the shape of this opinion, which may be considered as the Seville Declaration on Tourism Policy and Public-Private Cooperation.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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**Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on the type-approval of motor vehicles with regard to their re-usability, recyclability and recoverability and amending Council Directive 70/156/EEC'**

COM(2004) 162 final – 2004/0053 (COD)

(2005/C 74/03)

On 30 March 2004 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 14 July 2004. The rapporteur was **Mr Ranocchiari**.

At its 411<sup>th</sup> plenary session (meeting of 15 September 2004) the European Economic and Social Committee adopted the following opinion by 125 votes to four, with seven abstentions.

## 1. Introduction

1.1 Each year, around 16 million cars and light-duty trucks are put on the European market and over nine million reach the end-of-life stage, generating more than eight million tonnes of waste.

1.2 In the past, EU countries had their own ways of tackling this significant quantity of waste and did not always pay sufficient attention to the recovery and recycling of materials.

1.3 However, since the early 1990s, all the Member States, thanks to the major efforts of environmental bodies, have established rules for the treatment of end-of-life vehicles, in the form of voluntary agreements or national legislation. This has undoubtedly benefited the environment.

1.4 More recently, on 18 September 2000, the European Parliament and the Council adopted Directive 2000/53/EC<sup>(1)</sup>. This directive seeks to harmonise the various national provisions, thereby avoiding distortions of competition and, more importantly, reducing the environmental impact of these vehicles. As well as laying down rules for the collection and treatment of end-of-life vehicles, the directive sets targets for the Member States regarding the re-use and recovery of waste. In particular:

- a) by 1 January 2006, for all end-of-life vehicles, the re-use and recovery rate must be at least 85 % of average weight per vehicle and year; by the same date, the re-use and recycling rate must be at least 80 % of average weight per vehicle and year;
- b) by 1 January 2015, the rate for re-use and recovery must rise to at least 95 %, and for re-use and recycling to at least 85 %.

1.5 It should be noted that Directive 2000/53/EC (known as the End-of-Life Vehicles or ELV directive) was adopted after a lengthy debate and has been the subject of not entirely unjustified criticism, some of which is to be found in the opinion issued by the EESC at the time<sup>(2)</sup>. It should, however, be acknowledged that the directive has given an important boost (although not without some difficulty) to an invaluable process which, as stated above, had already been launched in the Member States, often in agreement with vehicle manufacturers and the scrap vehicle sector.

## 2. The Commission's proposal

2.1 The current proposal (already dubbed the 'Triple R directive') has been made necessary by Article 7(4) of the ELV directive, which calls for the establishment of type-approval provisions regarding the re-use, recycling and recovery of end-of-life vehicles.

2.2 The proposal stipulates that in order to receive type-approval, M1 and N1 vehicles will have to be designed in such a way as to comply with the re-usability, recyclability and recoverability rates laid down in the ELV directive.

2.3 Once the proposed directive is approved, its provisions will be included in the Community type-approval system, thereby amending Directive 70/156/EEC<sup>(3)</sup> which forms the basis of that system.

2.4 Community type-approval is granted when the approval authority has ascertained that the type of vehicle concerned meets the requirements of all the directives listed in the appendix to Directive 70/156/EEC. After the proposed new directive is approved, it will be included in this list, and no vehicle will receive type-approval if it does not comply with its provisions.

<sup>(1)</sup> OJ L 269 of 21.10.2000.

<sup>(2)</sup> OJ C 129 of 27.4.1998.

<sup>(3)</sup> OJ L 42 of 23.2.1970.

2.5 The proposal lays down the procedure which the manufacturer must follow to obtain type-approval from the competent authority. The procedure is designed to show that the vehicle has been designed and manufactured in conformity with the specified recyclability and recoverability rates.

2.6 To achieve this, the manufacturer must first carry out a preliminary assessment, calculating the recyclability rates on special sheets which are then validated by the type-approval authority. At the same time, the manufacturer must inform the competent authority of his proposed strategy for re-use and recycling of the vehicle type for which he is requesting type-approval, by drawing up an assembly manual as already required under the ELV directive.

2.7 Cars are extremely complex products, and may have more than 10,000 component parts. It is therefore not feasible to check all the calculations in detail for every vehicle. Accordingly, and solely for the purposes of type-approval, it is proposed that detailed checks only be carried out on one or a few 'reference vehicles', chosen from among the versions within a type that are most problematic in terms of re-use, recyclability and recoverability.

2.8 The directive bans the re-use of component parts that could pose risks to safety and/or the environment. These component parts, which are contained in a separate list, cannot be re-used in the construction of new vehicles.

2.9 Lastly, certain categories of vehicle are specifically exempted from the proposal: special purpose vehicles (ambulances, motor caravans, etc.); vehicles produced in small series (where not more than 500 are put into service each year in each Member State); and light-duty trucks that are manufactured in several stages (i.e. at the design stage the manufacturer does not know what type of bodywork will be added to the frame).

### 3. General comments

3.1 The Committee again acknowledges the Commission's commitment to steadily improve this category of waste management. Its approach clearly deserves support, as it seeks to reduce the final disposal of waste to a minimum, using re-use, recycling and recovery in order to turn a problem into an environmental (and potentially, economic) benefit.

3.2 The Committee also acknowledges the crucial role played by the motor industry in making it possible to achieve the desired objectives; for years, the industry has been investing in studies and research for the design of vehicles that are easier to recycle without abandoning other priorities which could have been adversely affected by this.

3.3 Thanks to the synergy produced by the Commission's action, manufacturers' commitments and government legislation, the requirements of the ELV directive are well on the way to being met. This is borne out by the recent ACEA report detailing the state of implementation of the directive in the 15 Member States and Norway.

### 4. Specific comments

4.1 The Commission's decision to implement the requirements of Article 7(4) of the ELV directive by means of an ad hoc directive rather than by other possible courses of action is correct from a technical viewpoint and not called into question by the Committee.

4.2 However, the proposed arrangements pose some problems, both for manufacturers in terms of higher costs, and for technical bodies and type-approval authorities, which could find themselves unable to cope with the enormous volume of data to be checked, as listed in annex II to the proposal, some of which are not even relevant (e.g. number and arrangement of cylinders and engine capacity).

4.3 To limit these problems, the Committee thinks that some amendments could be made in order to make the process more efficient and effective, without however distorting or weakening the spirit and aims of the proposal. More particularly, the Committee proposes revising the following articles.

**Article 4(5):** The reference vehicle on which the type-approval tests are to be conducted is defined as the version of vehicle which is identified by the approval authority as being the most problematic in terms of re-usability, recyclability and recoverability. If one considers all the fittings generally found in the same type of vehicle, identifying the reference vehicle is not always easy. To avoid misunderstandings between the different parties and save valuable time, it would be best to state explicitly that the reference vehicle *will be decided by common accord of the manufacturer and the approval authority* as being the most problematic in terms of re-usability, recyclability and recoverability.

**Article 5(3):** Point 6.2.2 of the explanatory memorandum states that there will be physical checks on vehicle prototypes to verify the information submitted by the manufacturer and its suppliers as regards markings, nature of materials, masses of component parts, etc. Article 5(3) specifically mentions checks on the marking of component parts made of polymers or elastomers. In practice, however, the type-approval check is conducted on prototypes whose materials are 'pre-series' and are therefore not marked. A literal application of this provision would oblige the manufacturer to make special prototypes solely for the purpose of the inspections, thus exacerbating the already high cost of meeting all the other requirements of the directive. A less costly solution would be to *amend Article 5(3) so as to require the approval authority to check that the manufacturer has taken steps (and the responsibility) to ensure that serially produced component parts made of polymers or elastomers are marked in accordance with requirements. The physical checks could always be carried out before the vehicles are put on the market, using those built during the type-approval process and used for the various tests (brakes, noise, safety, etc.), or – better still – could be carried out on the vehicles used for the production conformity checks.*

**Article 10(3):** This specifies that the requirements of the directive will be applied both to newly type-approved vehicles (i.e. new types) and newly registered vehicles (i.e. entire production range) 36 months after the directive enters into force. This deadline seems much shorter than that usually required in such situations; the deadlines for newly registered vehicles are usually two or three years after those for newly type-approved vehicles, as this gives manufacturers time to adapt vehicles already in production to the new requirements. Having a single deadline would create considerable problems for manufacturers as regards adapting their product and in terms of time and availability for obtaining type-approval of all their vehicle models. It must also be remembered that the type-approval process does not only involve manufacturers, but also technical bodies and approval authorities, who may also find it difficult to type-approve so many different types of vehicle in a short space of time. Accordingly, whilst not joining the calls for vehicles already in production to be exempted from the directive, *the Committee thinks that Article 10(3) should be amended so that the new rules apply to newly registered vehicles not so soon after the entry into force of the directive (48 or 60 months rather than 36 months).*

**Annex I(9):** This specifies that for the purposes of checks on the materials and masses of component parts, the manufacturer must make available representative vehicles for each type of bodywork and component parts intended for these vehicles. This requirement again places significant burdens on both manufacturers and type-approval authorities, and does not seem essential for a proper type-approval process. For instance, there does not seem to be any point in testing all types of bodywork (three doors, five doors, people carrier), when here too it would be simpler just to take the version of the vehicle which presents the greatest recyclability problems.

## 5. Summary and conclusions

5.1 The Committee reiterates its warm appreciation for the work done by the Commission in recent years to ensure that waste from dismantled vehicles is dealt with in an appropriate and intelligent manner.

Brussels, 15 September 2004.

5.2 In particular, Directive 2000/53 (the ELV directive) has finally harmonised at EU level the rules which Member States had begun to establish concerning the collection and treatment of end-of-life vehicles. The directive has also set minimum targets for re-use and recovery of waste, and deadlines for achieving them.

5.3 The Committee takes this opportunity to ask the Member States to keep a watchful eye on the appropriate management of discarded parts of vehicles still in use (batteries, tyres, etc.) that are also potential sources of environmental pollution.

5.4 The Committee fully supports the thinking behind the present proposal, whereby motor vehicles will only receive Community type-approval if they are designed in such a way as to meet the re-use and recovery percentage targets laid down in the ELV directive.

5.5 The Committee's misgivings concern the choice of instrument, i.e. a new directive, as it thinks that the same aims could have been achieved more simply and quickly by other means. For example, it would suffice to insert an 'assessment of manufacturers' capability' in Annex X of Directive 70/156/EEC (which is already cited as the basis of the type-approval system), by analogy with the procedure for establishing the manufacturers' capability to produce vehicles identical to those type-approved.

5.6 However, as stated above, the Commission's decision to use a directive is correct from a technical viewpoint and cannot be called into question at this point, although it does not meet the increasingly widespread calls for simplification of EU law.

5.7 For these reasons, the Committee hopes that the Commission will consider the amendments proposed in this opinion. These amendments do not alter the spirit and aim of the proposal, but would make the process less complex and burdensome for manufacturers, technical bodies, type-approval bodies and – last but not least – consumers, who will ultimately bear the burden of any increased delays and costs caused by unnecessarily complex legislation.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

**Opinion of the European Economic and Social Committee on the 'Proposal for a Recommendation of the European Parliament and of the Council on film heritage and the competitiveness of related industrial activities'**

COM(2004) 171 *final* - 2004/0066 (COD)

(2005/C 74/04)

On 26 March 2004 the Council decided to consult the European Economic and Social Committee, under Article 157 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 8 July 2004. The rapporteur was Mr Braghin.

At its 411th plenary session (meeting of 15 September 2004), the European Economic and Social Committee adopted the following opinion by 129 votes to three with six abstentions.

## 1. Introduction

1.1 The Commission document is divided into two parts: a **communication** on the extension up to 30 June 2007 of the specific compatibility criteria, valid until June 2004, for aid to cinema and TV programme production; and a **recommendation** on film heritage and the competitiveness of related industrial activities.

1.2 The recommendation focuses on all aspects of film heritage (collection, cataloguing, creation of databases, conservation, restoration, use for educational, academic, research and cultural purposes, and cooperation between the institutions responsible at European level) and examines legal deposit of cinematographic works as a means of conserving and safeguarding the European audiovisual heritage. The Committee has been asked to draw up an opinion on this document.

1.3 Only the recommendation has been referred to the Committee for an opinion. Regarding the communication, the EESC welcomes the approach adopted by the Commission, which declares itself 'willing to consider, at the latest at the time of the next review of the communication, higher aid amounts being made available provided that the aid schemes comply with the conditions of general legality under the Treaty and, in particular, that barriers to the free circulation of workers, goods and services across the EC in this sector are reduced'. The EESC intends to analyse the results of the study on the effects of the current systems of state aid for the sector in order to evaluate the economic and cultural impact and judge whether the present mechanisms are effective or if different mechanisms and instruments need to be sought.

## 2. General comments

2.1 The EESC agrees with the statement that the conditions for the competitiveness of industrial activities related to film

heritage need to be improved, especially as regards the use of technologies such as digitisation. The legal basis of the recommendation, Article 157 of the EC Treaty, flows from this.

2.1.1 The EESC agrees with this legal basis since it enables the objectives of effective cooperation between Member States to be achieved, and broadens public debate on a matter of great cultural importance.

2.1.2 The EESC also hopes that the Commission will carry out a detailed analysis of the information required of the Member States every two years on the provisions adopted in response to the present recommendation, and will assess which measures, including legislative ones, are most likely to achieve the cooperation and coordination needed to ensure that the audiovisual heritage is effectively protected and its economic potential realised.

2.2 The EESC agrees that transfer of the possession of cinematographic works to archiving bodies does not imply transferring copyright and related rights. However, under the terms of Directive 2001/29/EC<sup>(1)</sup>, the Member States may provide for an exception or limitation in respect of specific acts of reproduction made by publicly accessible libraries or by archives which are not for direct or indirect economic or commercial advantage. The EESC also supports the recommendation to permit the reproduction of deposited cinematographic works for the purpose of restoration (recommendation no. 9).

2.3 The legal issues arising from copyright and specific acts of reproduction made by publicly accessible libraries or archives, as well as from reproduction for the purpose of restoration, must be addressed and resolved urgently. The EESC suggests that an explicit mandate on this matter be given to a high-level group of experts, possibly by making the necessary adjustments to the network of national experts who have already been consulted.

<sup>(1)</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, in OJ L 167 of 22.6.2001.

2.4 The EESC would like to see a shorter period between films being made available to the public and the obligation of deposit, and arrangements to facilitate the deposit of cinematographic and audiovisual works which formed part of the national audiovisual heritage before the introduction of compulsory deposit, as set out in the recommendation.

2.5 The EESC believes that cinematographic and audiovisual works are simultaneously industrial and cultural products which should be safeguarded as part of the shared European heritage, promoted as a factor contributing to pluralism and whose economic potential should be realised. In consequence, certain types of television programme produced by national broadcasters should also be subject to compulsory, rather than voluntary, deposit, since they reflect the fluid, dynamic nature of current social and cultural life more immediately than cinematographic works. Although the EESC is aware that broadcasters have not supported the idea of obligatory deposit, it calls upon the Commission to study this issue more closely in order to assess whether at least those television programmes of the greatest socio-cultural importance should be subject to compulsory deposit on the grounds that they form part of the audiovisual cultural heritage.

2.6 The EESC agrees with the view that the cinematographic industry has great potential for creating employment, including in the area of cinematographic heritage protection. This applies all the more to the broader audiovisual sector, in view of the vast range of media and broadcasting means and huge potential offered by digital technology. It therefore hopes that every type of support will be extended to cover all audiovisual works, with a sharper focus on the competitiveness of the sector in all its various forms, and that training possibilities will not be restricted to, or focus principally on, the film sector, but will rather cover the audiovisual sector in its broadest definition.

2.7 The EESC agrees with the Commission on the need for voluntary deposit of ancillary and publicity material, moving image material and cinematographic works of the past insofar as they contribute significantly to the European audiovisual heritage. It emphasises the need to devise suitable incentives for the collection of such material, and to provide the relevant bodies with the funds they need to build up, reasonably quickly, a systematic body of material witnessing to the wealth of cultural identities in Europe and the diversity of its people.

### 3. Conclusions

3.1 The EESC is convinced that if the main objectives set are to be achieved, the Commission must immediately assume a proactive role matching its intentions as expressed in its document, and, more specifically:

- define deposit procedures enabling national systems to be interconnected and interoperable, promoting European standardisation of cataloguing;
  - provide the technical and legal preconditions for adequately protected on-line deposits which can be updated in real time and which might, in the future, give rise to a 'European' database;
  - propose a Europe-wide standard contract between designated bodies, depositors and possibly copyright holders, in keeping with Directive 2001/29/EC, facilitating restoration of works and their subsequent availability for research and teaching purposes;
  - define criteria for making deposited works accessible to the public, in cooperation with the relevant bodies;
  - uphold cooperation between national and/or regional bodies, partly through specific structures and financing, if necessary;
  - support benchmarking of best practice and monitor progress through the planned reports.
- 3.2 The EESC also considers that the Commission, while complying with the subsidiarity principle, should play an active part in supporting the sector with sufficient financial and human resources in order to achieve the following objectives:
- compiling of a European audiovisual filmography and joint production of educational and research projects, since voluntary cooperation is unlikely to produce satisfactory results given the widely differing resources and cultural traditions in the 25 Member States;
  - deposits to include past works from the new Member States, who produce many films testifying to their history, culture, way of life and customs which could be lost, but who have only modest financial resources for this purpose;

- establishment of a structure aimed at harnessing the funds available in national and/or regional bodies, encouraging distribution throughout Europe and the world through the most up-to-date multimedia methods (e.g. DVDs using archive material with subtitles in several European languages, potentially making even past works profitable), especially for works relating to Community topics or policies (such as child protection or the image of women), or to particular traditions (e.g. animated films, children's films or documentaries);
- showcasing of works presented at regional or local theme-based festivals, in order to foster independent production by directors working outside the commercial mainstream, by means of obligatory deposit where appropriate;
- training in conservation and restoration, which require a high level of professionalism and use of new techniques,

supporting such training with adequate Community funding, preferably under MEDIA Training, currently being renewed.

3.3 The EESC also hopes that the on-going discussions on the new MEDIA Training programme will take greater account of training in the new technologies and new requirements arising from the collection, cataloguing, conservation and restoration of film and television works and moving image material in general. In particular, there should be an expansion of training in use and awareness of new archiving techniques and methods, database management and standardised methods for saving works in high-quality digital format, with refresher courses for operators so that the results can be enjoyed by a wider public, especially students and teachers.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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**Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive on the common system of value added tax (Recast)'**

COM(2004) 246 final - 2004/0079 (CNS)

(2005/C 74/05)

On 30 April 2004, the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 July 2004. The rapporteur was **Mr Burani**.

At its 411th plenary session (meeting of 15 September 2004) the European Economic and Social Committee adopted the following opinion by 147 votes to six with 10 abstentions.

## 1. Introduction

1.1 The proposal in question <sup>(1)</sup> differs from the usual work of codifying Community legislation. The Commission noted that the **provisions on VAT** – originally laid down in the Sixth Council Directive 77/388/EEC and subsequently amended on a number of occasions – needed thorough revision. Over the years, the material had been revised, corrected and supplemented a number of times, which had inevitably led to repetition, unclear provisions and duplication. The text needed to be amended in such a way as to make it clearer and more comprehensible, without altering the meaning or scope of the provisions: this is **much more than a mere codification operation**.

1.2 Moreover, in the same way, other amendments have been introduced to bring the text into line with the principles endorsed by the European Parliament, the Council and the Commission for the production of **high-quality legislation**. The new text is being referred to the Council and the European Parliament for approval: although the amendments are essentially cosmetic, this is not a codification operation but complex **recasting**, in which the acts are amended, codified and brought together within a single legislative text, in accordance with the 2001 Interinstitutional Agreement <sup>(2)</sup>.

1.3 The proposal resulting from the Commission's impressive work **supersedes** the **Sixth VAT Directive**: each individual article has been revised to make it clearer and more concise, with the result that there are now 402 articles instead of 53. The text also has a **table of contents** now, which makes it much easier and quicker to consult: this is certainly a welcome improvement.

## 2. The EESC's comments

2.1 Since this is ultimately a recast and not a new directive, the EESC could confine itself to **taking note** of the Commis-

sion's good work and congratulating it on the result: operators and administrations will obviously benefit from the faster consultation and less ambiguous interpretation now possible. The rapporteur naturally accepts the Commission's statement that **the scope of the new text is in line with the texts currently in force**: a thorough check would be impossible and, in any case, such a check has already been carried out by national experts and operators, who were duly consulted.

2.2 Nevertheless, closer scrutiny of the proposal prompts some basic comments on VAT policy and, more generally, on a fiscal policy whose **expressed goal is to harmonise the conditions under which the single market operates**. In this regard, the proposal states (in the fifth recital) that 'A VAT system achieves the highest degree of simplicity and of neutrality when the tax is levied **in as general a manner as possible** .... It is therefore in the interests of the common market and of Member States to adopt a **common system** ....'.

2.3 However, in the following two recitals, the Commission introduces an initial note of caution: 'It is necessary to proceed by stages, since **the harmonisation of turnover taxes leads to alterations in tax structure**'. It then states that, even if the rates and exemptions are not 'fully' harmonised, the ultimate purpose of (harmonised) VAT is to provide **neutrality in competition**' within each Member State'.

2.4 The Committee notes that these points **are taken from the original text** of the Sixth Directive: if, after almost 40 years, it is felt that there is a need to repeat them, then it must also be acknowledged that little or no progress has been made in that time. **As regards harmonisation, the EU seem to be marking time**, and there are other signs, mentioned in the following paragraphs, which do not give cause for optimism.

<sup>(1)</sup> COM(2004) 246 final – 2004/0079 (CNS)

<sup>(2)</sup> OJ C 77 of 28.3.2002

2.5 It should be pointed out, once again, that the VAT system introduced by the Sixth Directive, which is still in use, is **'transitional'**, and there is no sign of any intention to change over to a 'definitive' system once and for all. This would seem to be a clear indication of uncertainty as to the fairness of the system, which the Committee commented on, making specific proposals, in its opinion on the place of supply of services <sup>(1)</sup>.

2.6 There are further points to be made regarding the system of **derogations**, which – if really necessary – should still be **temporary** if a single market is to be achieved. The most recent derogations were granted to the ten **new Member States**, some of them on a temporary basis, and others with no expiry date. However, **other derogations**, granted to the **'second wave'** of Member States (Austria, Greece, Finland, Portugal, Spain and Sweden), are still in force. In this connection, it must be pointed out that only some of these appeared in the directives amending the Sixth Directive, most of them being 'concealed' in the Acts of Accession. One of the merits of the new directive is that it has revealed **all the derogations**, however they were granted.

2.7 There seems to be no plan to discuss the derogations – including those granted a long time ago – with a view to abolishing them. Not even the **founding Member States** seem interested in raising the issue: originally, they, too, were granted **derogations** which they take care not to call into question (at least for as long as the 'transitional system' remains), not least the famous **'zero rate'** originally granted to two countries. Far from being abolished, the 'zero rate' **has been extended to a number of new States**.

2.8 In actual fact, not all the **derogations** are groundless: some of the **permanent derogations** apply to overseas territories, islands and outermost regions which were showing signs of underdevelopment at the time when the decisions were taken. However, given the amount of time that has passed, it would be appropriate to review all the exemptions granted to these regions and ascertain whether the conditions which originally justified them still remain today.

2.9 Other fairly major derogations concern **small enterprises**: 16 Member States (the new Member States and the 'second wave' States) are authorised to grant **VAT exemptions** even where turnover exceeds the limits laid down by the Sixth

Directive. The Committee does not understand this: even if exemptions can in some way be justified where the ten new Member States are concerned, **there is no reason why the other States should continue to be able to grant such exemptions** 12 years on from their accession.

2.10 The Committee believes that VAT exemptions for such enterprises could amount to **distortion of competition**, although the overall impact may well be limited. The Member States and the Commission should look into this matter in greater depth.

### 3. Conclusions

3.1 The Committee congratulates the Commission on accomplishing a huge task carefully, accurately and, most importantly, **transparently**. Without transparency it would have been difficult to see how much the **rules** – which apply to all as a general principle – are undermined by **derogations, exemptions and 'differentiation'**. Clearly, not all cases of departure from a principle are groundless, but there would seem to be a need for the Member States to get down to work and **renegotiate** those derogations which are no longer necessary, if possible abolishing them.

3.2 The Committee cannot see evidence of any such intention: indeed, one of the larger Member States has already expressed **general reservations**, which could even jeopardise endorsement of the Commission's proposal. Given past history, the outlook does not seem good: a **1996 Commission communication** containing a work programme and a proposal for harmonising taxes is gathering dust in the Council and has never been discussed, and the **2000 Communication** presenting a new VAT strategy does not, in practice, appear to have met with much success.

3.3 The EESC's intention in issuing this opinion is not to criticise Member States' VAT policies; it is fully aware that there are still many internal economic and political factors influencing their decisions. The Committee calls for the issue as a whole to be reviewed in the near future so that a **definitive system** can be put in place and one of the **greatest remaining barriers to the achievement of a single market** based on Community rules can be reduced or even removed.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

<sup>(1)</sup> OJ C 117 of 30.4.2004



## Opinion of the European Economic and Social Committee on 'Better economic governance in the EU'

(2005/C 74/06)

On 29 January 2004 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on 'Better economic governance in the EU'.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 July 2004. The rapporteur was **Mr van Iersel**.

At its 411th plenary session (meeting of 15 September 2004), the European Economic and Social Committee adopted the following opinion by 130 votes in favour and 3 votes against, with 7 abstentions.

### SUMMARY

The European Union is entering upon a new phase. 2004 is the year of the accession of ten new Member States, of a new Commission, of a new European Parliament, and hopefully also the year of the Constitution. In the course of this year the Midterm Review of the Lisbon Strategy is being prepared for 2005. The Commission's analyses, including those in the *Broad Economic Policy Guidelines*, draw attention to shortcomings in the progress of integration. These shortcomings are partly due to the weak points in the current economic situation, but also partly to insufficient readiness on the part of the Member States to hold firmly to objectives and promises which they themselves agreed upon. It is of great importance to activate economic growth and breathe new life into the Lisbon Strategy. This opinion focuses on the governance of this strategic concept, which is essential to the credibility and effectiveness of the Union. There is an urgent need for a confidence-inspiring institutional framework in terms of the proper division of tasks within the Union – who is responsible for what, and when? – and in terms of the implementation in the Member States of objectives and directives decided upon by the European Council and the specialised Councils. There are successful models for a 'new style' Lisbon Strategy: they include Europa '92 and Economic and Monetary Union. The opinion argues strongly in favour of the Community method. There is a need for an integrated approach on the basis of a previously agreed plan comprising successive steps.

### 1. Introduction

1.1 The European Union is at a critical stage. It faces major challenges: enlargement, the need to give positive stimuli to economic growth and competitiveness, the draft Constitution and the need for a decisive response to declining confidence in the Union. These difficult tasks call for effective, coherent policy and proper implementation thereof. On the basis of the *Broad Economic Policy Guidelines 2003-2005*, the EESC has issued two opinions on the subject in the past year <sup>(1)</sup>.

1.2 However, deeper reflection is needed. Effective policy and integration are unthinkable without a clear and credible institutional framework which guarantees the follow-up to European commitments.

<sup>(1)</sup> OJ C 133 of 6.6.2003  
OJ C 80 of 30.3.2004

1.3 The Commission's analysis, set out in its Communication of 21 January 2004 <sup>(2)</sup> and the 2004 Update of 7 April 2004 <sup>(3)</sup>, confirms the trends of 2003. Its recommendations remain equally urgent. For that reason the EESC gives explicit consideration in this opinion to institutional and administrative preconditions, i.e. *good governance*. Governance is the central theme for the EU of 25. <sup>(4)</sup>

1.4 The EESC's concerns are shared by many. Like the Commission, industry and social organisations, successive presidencies – Ireland and the Netherlands – place very great emphasis on practical action and implementation. Solemn declarations with no follow-up are counter-productive. Implementation is a vital objective <sup>(5)</sup>.

1.5 The Broad Economic Policy Guidelines evaluate the macro-economic and budgetary policy of the Member States, employment policy and internal market trends. Thus they provide a practical illustration both of the different responsibilities of the EU and national policy levels and of the diverging realities in the Member States.

1.6 The subdued economic growth, and the failure of the Member States to comply with the agreements to which the European Council has committed itself, have led to the following overall picture:

— budgetary policy: a further gradual decline in discipline;

<sup>(2)</sup> Communication from the Commission on the Implementation of the 2003-05 Broad Economic Policy Guidelines, COM(2004) 20 (final)

<sup>(3)</sup> The 2004 Update of the 2003-05 Broad Economic Policy Guidelines, COM(2004) 238

<sup>(4)</sup> The EESC issued an opinion on this in 2002 – see OJ C 221 of 17.9.2002

<sup>(5)</sup> In parallel to this, there is also more and more emphasis on better EU regulation: see the *Better regulation Action Plan, 2003*, and the Conclusions of the Competitiveness Council of 17 and 18 May 2004

- a delay in strengthening competitive power through a knowledge-based economy;
- insufficient productivity-enhancing investment, in particular in ICT and in knowledge and training;
- uncertain investment climate;
- shift of certain investments to regions outside the Union;
- downward pressure on employment;
- labour market policy: insufficient reforms and adaptations.

1.7 In the meantime, the economic picture in Europe looks slightly more positive, but the revival remains fragile. Economic growth in the US is higher. At the same time China and India, above all, are developing with increasingly surprising speed.

1.8 There is a globalisation of financial flows and investments, but within the globalisation there are significant socio-economic and political differences between world regions. The entire world is the reference framework for Europe.

1.9 This year there is a need for the Commission and Council to reflect further on approach and instruments:

- The EU is entering upon an entirely new stage: ten new Member States, a new EP, a new Commission, gradual adaptation of the Commission apparatus to the new conditions – all this when the Constitution has not yet been accepted.
- The enlargement is extensive in quantitative terms, but the Union is also entering a new era in qualitative terms. It is becoming significantly more diverse.
- Developments in markets for products and services and continuing nervousness on the financial markets impel the Member States increasingly towards the same policy positions and towards effective integration.

## 2. The analysis for 2004

2.1 The *Broad Economic Policy Guidelines 2003-2005* are intended to achieve an integral approach to:

- macro-economic policy, directed towards growth and stability;

- strengthening growth potential in Europe through economic reforms;
- strengthening the sustainable nature of this growth.

2.2 The Stability and Growth Pact has for years provided a firm foundation and confidence between the Member States. A disappointing economic trend is now undermining the agreed discipline. The procedural rules are clear enough, but lack of effective enforceability of agreements seems to be a problem. Nonetheless, a large number of Member States both inside and outside the euro zone are still making efforts to take account of the required budgetary discipline. The Scandinavian Member States are particularly successful in this respect.

2.3 Differences of opinion on Stability and Growth Pact procedures led the Commission last November to begin proceedings against the Council at the European Court of Justice <sup>(1)</sup>. It feels that the Council has not in this case respected the powers allocated to the Commission. Such a deep difference of opinion is not conducive to consultation between partners in the Ecofin Council.

2.4 The Commission notes that governments' room for manoeuvre has diminished significantly. Only five Member States appear to have a budget balance or surplus in 2003, while others had a substantial and rising budget deficit. It appears from the Commission's report of 7 April, the 2004 Update, that the budget situation in a number of Member States has rapidly deteriorated, leading to higher levels of public debt. These in turn necessitate debt reduction measures at the expense of investment to boost growth and employment.

2.5 The Commission addresses special recommendations to these Member States. Despite a similar short-term economic trend, the budgetary objectives of the Member States diverge greatly. This leads to a broad spectrum of recommendations.

2.6 The Commission does not appear to have a set of instruments enabling it to assess adequately the quality of government expenditure in the Member States. It is therefore difficult to test these against the agreed budgetary framework.

2.7 The annual report examines social security, the labour market, the internal market and the Lisbon process. It contains a range of many small and large objectives. Achievement of these objectives depends only partly on Community decision-making. Many aspects of policy are reserved for the Member States. In addition there are subjects over which even central government has only a marginal influence, such as the intensification of 'knowledge'.

<sup>(1)</sup> See judgment of the Court (Full Court) of 13 July 2004, Case C-27/04

2.8 Community powers apply mainly to the internal market. As regards the labour market, social security, pensions, budgetary policy, R&D, taxation and infrastructure, it is mainly Member States which are responsible, even though in some cases restrictions are placed by 'Brussels' on the policy freedom of the Member States. In these cases, too, the Commission often makes guiding recommendations. However, Member States vary in the extent to which they follow them.

2.9 The labour markets comprise various segments, between which there are only limited movements of workers. This leads the Commission to observe that, as well as the creation of millions of new jobs in recent years, there is also a large rise in unemployment. There is still a low percentage of older workers, and there remain obstacles for women on the labour market. Inactivity also has inevitable negative effects on the national budgets.

2.10 The employment level in 2005 is forecast as 64.5 % for the whole Union, but in the meantime there are considerable differences between the levels in the Member States. Employment develops better in those countries where the social partners agree on the need and the methods required to make the labour market and working hours more flexible. The Commission maintains that achieving the employment objective of 70 % in 2010 will depend crucially on the implementation of further reforms of the labour market<sup>(1)</sup>. Hence its powerful plea for implementation of the recommendations of the Employment Taskforce<sup>(2)</sup>.

2.11 In addition to changes in social security, the Commission argues for greater differentiation in wage formation, greater flexibility of the labour market while maintaining adequate labour protection, and more mobility. As a consequence of diverging legislative trends and the results of socio-economic consultation there are considerable differences between Member States. This can be seen, among other things, in the number of hours actually worked and in productivity. This partly explains the difference in growth between the EU and the US.

2.12 The Commission notes that the trend towards slower productivity growth in Europe since 1995 is continuing. Here again there are substantial differences between the Member States. In Europe, Finland, Sweden and Ireland are keeping pace with the United States. Lagging productivity growth is partly due to differences in the introduction of ICT and in innovation in industry as a whole. New productivity-boosting investment is introduced more slowly in Europe. This has consequences

particularly for lagging investment in the so-called 'new high-tech sectors'.

2.13 Demographic trends and the ageing of the population give increasing cause for concern both because of the pressure on budgets and because of the (burdensome) effect on growth. Some countries have started making promising efforts at pension reform, which amount to an actual raising of the age of pension entitlement.

2.14 There is insufficient competition on the markets for products and services. National protection still exists. The internal market is still not completed. New proposals have been launched in competition policy. Legislative work in the financial services sector is proceeding properly: 36 of the 42 planned measures have been definitively adopted. The tax provisions on private investment are also improving.

2.15 The transposition of Community directives into national law is increasingly sloppy. The deadlines are not taken sufficiently into account and the transposition of directives into law often takes on a national content. This occurs, for example, when Member States have made concessions in Brussels with a view to a compromise in the Council, and regret these later. Monitoring this process is becoming more and more difficult.

2.16 Without doubt there are positive signals in knowledge and innovation, but because of inadequate risk capital, R&D, patents and ICT the results lag behind expectations. Most Member States are well short of the goal of spending at least 3 % of GDP on research and development as agreed at the Barcelona Summit. The Scandinavians seem to be the most successful. With a view to the 3 % target a one-third/two-thirds split between government and business was provided for. It is clear that in most cases neither the government nor business reaches the target envisaged.

2.17 Even at a time of economic stagnation, the sustainability of the economy still requires just as much attention and specific legislation. There are various sides to sustainability, as shown by the energy sector. The Commission rightly emphasises the environmental aspects, and here special mention must be made of the unfavourable situation in the new Member States. The Commission compares developments with global agreements. But energy can also become a threat to sustainable growth through oil price rises as a result of demand (China) and through the political control on which energy sources depend.

<sup>(1)</sup> Economic Forecast, Spring 2004, page 31

<sup>(2)</sup> Jobs, Jobs, Jobs – Creating more employment in Europe – Report of the Employment Taskforce chaired by Wim Kok, 26 November 2003

2.18 In order to restore confidence in enterprises and on the stock markets after the financial scandals in a number of firms, proposals are put forward for a European variant of 'corporate governance'.

2.19 This first progress report covering a number of years (2003-2006) gives a mixed picture. In its final assessment, the Commission notes some progress with regard to the labour market, competition policy, the environment of firms, new technologies, education and pensions. Things are going less well with the integration of markets, R&D, and social and environmental adaptations. The rapid deterioration in the budget situation of a number of Member States, and the lack of political will to do something about it, are described by the Commission as distinctly worrying. It concludes that the idea of reaching the agreed result in 2006 is an illusion if the reforms are not speeded up. It would be equally damaging for the prospects of the Lisbon process by 2010.

2.20 The Commission judges in Update 2004 that the new Member States have problems comparable to those of the 15 earlier Member States (EU-15) as regards budget situation, debt burdens and employment. So far the Ten have made remarkable progress, demonstrated *inter alia* by more rapid economic growth than in the EU-15, although there are considerable differences in development among the Ten. At the same time the Commission points out that there is an enormous gap to be bridged between the Ten and the EU-15.

2.21 In the EESC's view 'comparable problems' does not mean that the new Member States display the same pattern as the EU-15. A comparison with the so-called 'cohesion countries' works only to some extent. The new Member States are 'emerging markets'. Unemployment in some countries, and especially in a number of regions, is very high. Industrial restructuring is in full swing. This leads to high percentages of friction unemployment. Dependence on foreign investment is considerable.

2.22 The adaptation of legislation and of social and economic practice to the highly developed EU-15 level can be accompanied by shocks. Stability, which is essential in order to maintain the rising level of internal and foreign investment, presupposes effective financial and monetary supervision

and adequate predictability of legislative processes. The creation of this kind of stable climate is not guaranteed and therefore has a high priority. The EESC agrees with the Commission that, with a view to stable development, it is desirable for the Ten to have a separate timescale for achieving financial and economic objectives.

2.23 A feeling of urgency is indeed developing in the Union. Community orientations regularly reappear in conclusions by the Commission, in those of the specialised Councils and in those of the European Council. Recent letters from government leaders reveal the same underlying concerns <sup>(1)</sup>. In essence a Community onward path is being sketched out, but it is not clear who can be held responsible for management and implementation at any given time.

### 3. Internal market, employment and the Lisbon process

3.1 As regards the internal market, for the coming year the Commission calls for urgent action on two fronts <sup>(2)</sup>:

- New efforts on key subjects such as the Community patent, the directive on intellectual property, the directive on the recognition of professional qualifications and the Action Plan on Financial Services, essential for growth and employment. Further postponement could have a domino effect.
- The Member States are called upon to achieve 'better governance', i.e. effective cooperation among the Member States and actual implementation.

3.2 Both are necessary for the Lisbon objectives and as a basis of an enlarged internal market. More internal trade and competition force enterprises to achieve greater efficiency and higher productivity, which in a relatively high-wage area such as the EU is the key to competitive strength and long-term prosperity.

3.3 At present internal trade is declining in practice, while prices within the Union are tending rather to diverge than to converge. The balance between EU investments in the rest of the world and external investments in the EU is negative for the Union.

<sup>(1)</sup> Letter from Prime Minister Blair, President Chirac and Chancellor Schröder dated 18 February 2004, and the 'Joint Contribution to the Spring Council 2004' by government leaders Aznar (Spain), Balkenende (Netherlands), Berlusconi (Italy), Durão Barroso (Portugal), Miller (Poland) and Parts (Estonia)

<sup>(2)</sup> Report on the implementation of the Internal Market Strategy (2003-2006) of 21 January 2004 – COM(2004) 22 final

3.4 With regard to the internal market, the Commission presents the following picture. Work is now being carried out on the so-called 'new approach' directives. There is still no real internal market for services. Services account for more than 50 % of European GNP and for 60 % of employment: hence the priority of the recently proposed directive on free movement of services. The liberalisation of network industries (energy, transport and telecommunications) is in progress, but we are aware how many problems and blockages are involved there. The lack of harmonisation of some taxes continues to play havoc with the internal market. But the removal of fiscal distortions is well under way. So is the Action Plan on Financial Services. The Commission starts from the premise that the failure of governments to apply the rules on public procurement clearly pushes prices upwards. This subject will once again be on the agenda. In connection with the ageing of the population, the Commission also wishes to promote international access to health services. The European patent question continues to be dogged by delays.

3.5 Simplification of the rules is tackled on the basis of the 'Better Regulation Action Plan'. But there is still a long way to go. A number of Member States are not implementing the agreed impact assessments.

3.6 Implementation is a serious problem. The internal market is based on confidence. Particularly in connection with enlargement, this confidence will need to be strengthened. For the European Union's new phase, the following statement is significant: *'But real success in an Internal Market composed of 28 countries will require a different attitude and different working relationships. Member States must take full ownership of their Internal Market and work in partnership with each other and with the Commission to make it work in practice.'* <sup>(1)</sup>

3.7 Work is also being done on the Employment Strategy. Responsibility for this lies mainly with the Member States. But at European level also, social systems are on the agenda, firstly because of the national budget policy to be applied within the agreed European framework, and secondly in connection with the reforms of labour markets and the ageing of the population.

3.8 The approach to and implementation of the Employment Taskforce's recommendations depend on national decision-making. These recommendations provide strong support for the Lisbon Process. Broad fields are involved: greater flexibility in promoting entrepreneurship and innovation, increasing work participation and an 'activating' social security, investment in education and schooling, and partnership with

<sup>(1)</sup> Report on the implementation of the Internal Market Strategy (2003-2006) of 21 January 2004 – COM(2004) 22 final

a view to change; all of this means active involvement of all partners interested, and participating in processes of change. The whole thing is probably best summed up in the phrase *'Europe needs more people in work, working more productively'*. In a recently issued opinion the EESC expressed broad agreement with the said recommendations of the Employment Taskforce, albeit with some critical comments <sup>(2)</sup>.

3.9 The link between the overarching Lisbon Process and stable budgetary policy is obvious. The report to the Spring Summit <sup>(3)</sup> sees insufficient implementation of the Lisbon strategy as a costly matter for Europe, as a result of lower growth, insufficient growth in employment and lagging behind in education and R&D.

3.10 The Spring report deals with the developments in the Internal Market and employment already mentioned above. With regard to the knowledge economy, the Commission calls for more investment in knowledge and networks, including R&D, education and vocational training.

3.11 There is still a lack of interaction between the university and business worlds, which are too far apart. This does not fit in with the objective of creating a knowledge-based economy. Interaction, as in the US, would certainly have a productivity-enhancing effect and strengthen firms. Much of this added value is currently lacking. Separate mention should be made of the brain drain from Europe: the balance of incoming and outgoing researchers remains negative <sup>(4)</sup>, and this negative trend is increasing.

3.12 In line with other reports, the Commission in its Spring report makes a number of clearly formulated proposals based on the 'tritych' of investment, competitiveness and reforms.

3.13 The policy guidelines and the reports on the Internal Market, the employment strategy and the Lisbon process are comparable in terms of subjects covered and evaluation. The Commission correlates public spending with a number of socio-economic fields. It thus throws light on the problems involved in shifting from public consumption expenditure to productive expenditure.

#### 4. The institutional framework

4.1 The EESC notes that the situation now demands that

— under difficult economic circumstances, a radical transition from a Union of 15 to one of 25 members should take place in as balanced a way as possible;

<sup>(2)</sup> Opinion on Employment support measures – OJ C 110 of 30.4.2004 (SOC/159)

<sup>(3)</sup> Report from the Commission to the Spring European Council: Delivering Lisbon – reforms for the enlarged European Union – COM(2004) 29 final/2

<sup>(4)</sup> Communication from the Commission to the Council and the European Parliament – researchers in the European Area: one profession, multiple careers – OJ C 110 of 30.4.2004 (INT/216), and Communication from the Commission entitled 'Europe and basic research' – OJ C 110 of 30.4.2004 (INT/229)

- at the same time backlogs with regard to commitments made earlier by the European Council, which have lost nothing of their topicality, should be overcome; and
- the pace should be maintained and new impetus provided.

4.2 For the EESC, all of this is not just a matter of policy formulation. Equally important are organisational factors – primarily monitoring and supervision – and political/cultural factors. Against this background the EESC notes and approves of the Commission's analyses and conclusions in the Communication of 21 January 2004 and the Update of 7 April 2004. The Conclusions of the Competitiveness Council of 17 and 18 May are, alas, too general and not very concrete <sup>(1)</sup>.

4.3 Enlargement of the Union calls for even more attention to be paid to good institutional foundations and for careful delimitation of powers and responsibilities, without which there is a threat of further lack of discipline and watering down <sup>(2)</sup>.

4.4 Over the years a pattern has developed of diverging Community and inter-governmental responsibilities and decision-making. Even the draft Constitution clearly assumes that a Union of 25 Member States cannot possibly operate in the same way as a Union of 15.

4.5 The introduction of the euro, alongside a properly functioning Stability and Growth Pact, should have led to greater convergence. But too many of the agreements and decisions are not binding.

4.6 The lack of effective results from the agreed commitments seriously jeopardises the potential of the European Union.

4.7 In the European Council there appears to be agreement on objectives, although they are often defined too generically and not precisely enough. But political good intentions are not transformed into manageable legislation and rules which are actually enforced.

4.8 In recent years great hopes have been pinned on policy competition, 'naming and shaming' and the open method of coordination. But when the economic trend is less favourable these do not work effectively. In practice the Member States say nothing, or not enough, to each other about their respective shortcomings. In these circumstances the Commission's own scope for manoeuvre is restricted. In practice there is no satisfactory alternative to the Community method.

4.9 The Internal Market gives cause for concern. Objectives and agreements on free movement and a 'level playing field' are incompletely implemented or not at all. The country scores show that in the national transposition of Internal Market directives discipline is declining, sometimes to a serious extent <sup>(3)</sup>.

4.10 Subsidiarity is a positive principle. But one rarely mentioned aspect is that unjustified recourse to subsidiarity tends to lead to diverging interpretations of European legislation in the Member States.

4.11 There are also different speeds, as in the case of the EMU. With 12 participants so far, 13 non-members are about to arrive. An EMU of 12 participants with 3 non-participants is a different matter from an EMU of 12 when there are 13 non-participants, even though the new Member States add a new economic perspective. Serious attention will have to be paid to the requirement of budget discipline, as provided for in the Treaty.

4.12 The euro will have to be underpinned by the macro-economic policy of the Member States and by the further development and deepening of integration as a whole.

4.13 The principle that the Union is based on the rule of law must be guaranteed under all circumstances.

4.14 Thus a method must be found of ensuring that the Commission and the Council no longer confine themselves to merely pointing out the shortcomings or making an urgent appeal to Member States, after which they move on to the day's agenda. The Lisbon Process and the substantial enlargement simply require strict discipline.

4.15 The Lisbon Strategy is a strategic concept. In that sense it is comparable to earlier strategic concepts which led to radical advances in integration. In those cases the planning involved a time limit and a strictly controlled series of stages with close cooperation between the Commission and the Member States. At the end of the 1960s this applied to the customs union, anchored in the Treaty. The success of 'Europe '92' was also the result of similar planning. By bringing 279 draft directives into one scheme on the basis of the 1987 Single Act, stagnation was overcome and substantial advances in the Internal Market were achieved. Monetary Union is another successful example. From 1993 onwards the budget deficits of all would-be participants fell steadily. So did inflation, and with it interest rates. Consequently it was possible for the euro and a monetary policy guaranteed by an independent Central Bank to come into being according to plan.

<sup>(1)</sup> Conclusions of the Competitiveness Council of 17 and 18 May 2004

<sup>(2)</sup> See footnote 4

<sup>(3)</sup> See Internal Market Scoreboard, Edition 13, 13 July 2004, [http://www.europa.eu.int/comm/internal\\_market/score/docs/score13/score13-printed\\_en.pdf](http://www.europa.eu.int/comm/internal_market/score/docs/score13/score13-printed_en.pdf)

4.16 In the above cases, either the Community method was followed with success, as with the customs union and Europe '92, or positive cooperation by the Member States gave them an urgently needed result, namely participation in the EMU. The problem is that neither of these two situations applies at present. Satisfactory progress now really depends entirely on political will.

4.17 The European Council of 27 and 28 March 2004 in fact endorses the Commission's analysis and conclusions. It underlines the importance of balanced budgets, and even that of budget surpluses, the importance of price stability, and it insists on compliance with the Stability and Growth Pact. As well as taking account of social cohesion and sustainability, the Council foresees three priorities for the Competitiveness Council: competitive strength, energising the Internal Market and better legislation. There must be investment in knowledge across the board. On labour market policy, the European Council comes out in favour of implementation of the Employment Taskforce's report.

## 5. Europe at a new crossroads

5.1 Europe is once more at a crossroads. The economic recovery is still fragile. The expectations of the Lisbon Process are not being fulfilled. The European Union is entering a new phase involving a population 20 % larger and an increase in heterogeneity. At the same time, as a result of enlargement, there are new stimuli and a new prospect of growth and prosperity.

5.2 The credibility of the Union is at stake. The importance of public opinion and of declining support for the integration process must be taken into account.

5.3 Enlargement should not be allowed to lead to introversion on the part of the Union. The playing field is the world: the EESC takes the view that the main benchmark is the position of the Union in the world – not only in relation to the United States, but in the overall picture, including rapidly developing and extensive emerging markets such as China, south-east Asia and India, which are demanding their own place in globalisation.

5.4 The analyses and recommendations by the Commission and the Council Presidency for the Spring Summit are in the same spirit each year. There is hardly any difference of view between the institutions about what the Union and the Member States need to do. Competitiveness takes an increasingly central place, but time after time the Member States seem to diverge from recommendations, and agreed decisions are inadequately implemented or not at all. Execution and implementation constitute a serious problem.

5.5 For all these reasons an effective revival of the Lisbon Process is very important. The EESC emphasises the great importance of this long-term perspective. It endorses the focus of the Commission and the European Council and provides a common way forward for old and new Member States alike.

5.6 This way forward can aim at nothing other than deepening of integration. Without such deepening, a Union of 25 Member States will be able to progress no further than a free trade area. In the global power game of the future that is an undesirable option for the European economy, firms and citizens.

5.7 Formulating at EU level a 'new style' Lisbon Process – strengthening of competitiveness and intensifying the knowledge base of the economy, promoting sustainability, social consultation and social dialogue – can also have favourable effects on the independent policy of the individual Member State.

5.8 The policy guidelines show that healthy public finances and public and private investment require a cohesive, transparent and confidence-inspiring framework, which the Council and the Commission must guarantee. The Union has an urgent need for dynamism, and Europe is once again at a crossroads.

## 6. Recommendations and conclusions

6.1 In this process the EESC takes the following as starting points:

- there should be a sharp distinction in analysis and objectives, between that which is reserved for the European Union and that which is reserved for Member States in decision-making;
- to maintain credibility and avoid frustration, only realistic objectives should be set;
- economic growth and the 'new style' Lisbon process should occupy a central place among these objectives, both to strengthen competitiveness and to support structural changes;
- Member States should not blame 'Brussels' for European objectives on which they have agreed together.

6.2 Transparency requires the necessary attention to be given to the institutional dimension. The distribution of various responsibilities between Member States and the Union has not been covered sufficiently by proper consultation. Such a non-committal approach is impossible to explain to citizens and firms.

6.3 Moreover, more binding arrangements would provide a support for the Member States and for the internal and external operation of the Commission. The Commission will of course need a firm operational basis in the enlarged Union.

6.4 The Member States will need to take account of discipline with regard to the public budget and the macro-economic policy which they themselves agree to in the Stability and Growth Pact.

6.5 Inter-governmental reflexes are tending to become stronger. The EESC warns strongly against this tendency. No individual Member State or group of Member States is in a position to take over the specific role of the Commission. Of course each Member State argues from its own position and applies its own political emphasis, even when greater objectivity and subtle monitoring are called for.

6.6 The Constitutional Treaty envisages better coordination of policy in the 25-member Union. In this crucial period extending the qualified majority method will have positive effects. Otherwise undesirable vetoes will continue. Industry, the social partners and other social actors (universities, research institutes etc.) can make a positive contribution to this improved policy management.

6.7 There is always a risk of fragmentation. The EESC argues for an integral approach, which can be achieved through greater effectiveness of the Competitiveness Council, in cooperation with the ECOFIN Council and accompanied by better publicity. The European Council conclusions are in line with this, as are the arguments at the basis of government leaders' call<sup>(1)</sup> for a 'super-commissioner' responsible for economic policy.

6.8 For its part the EESC would argue that at all events the Competitiveness Council must become more transparent. This is a practical starting-point for improving governance. The Council is not well served by a meeting-room filled with a number of Commissioners together with an ever-changing group of members of national governments responsible for a variety of policy areas. Firstly, the Commission will need to ensure that the coordination for the Competitiveness Council is transparent and presents a clear picture to public opinion. Given the importance of the Lisbon agenda, this is clearly also a task for the President of the Commission. Secondly, better organisation of the Competitiveness Council and a streamlining at EU level should also lead to an internationally more recognisable pattern of responsibilities of national government members. This would enhance the ability to convince public opinion and the mutual sense of responsibility for shared policies.

6.9 On the 'multi-speed' question there is no formal definition with which the Union could get by. Examples such as the EMU and the Schengen Agreement are successful. However, diverging situations and approaches in the Member States, presented in the Policy Guidelines, do not offer an attractive prospect for badly defined 'multi-speed' situations, which would be a source of distortion of competition. The procedure provided for in the draft Constitution offers positive starting points.

6.10 For the internal market – still at the heart of integration – the 'multi-speed' option is an unattractive one, because it would lead to changing coalitions on specific issues and because it would offer reluctant Member States too easy a way out of dilemmas.

6.11 In areas which are reserved for Member States it is difficult to offer a general menu of measures and adaptations. The way in which this is dealt with, mainly through precise descriptions of national situations and best practices, deserves every support. Efforts must be made to refine these methods further through the use of comparable statistics; the Commission will also need a set of instruments to enable it to better assess the quality of public expenditure.

6.12 The EESC remains in favour of policy competition and the open method of coordination for clearly defined policy areas where the Community method does not apply. But this would be on the assumption that they would yield only limited results (certainly in the short term), because the Member States do not of course assess each other. Some Member States are making useful adaptations to policy, e.g. in the field of pensions and the labour market. External publicity for this must be improved.

6.13 The European Council notes that the Commission is going to draw up a 'roadmap' to strengthen and implement the Lisbon Strategy. 'Better governance' is a central starting point. Confidence and stability require a clear institutional framework.

6.14 The EESC would argue that the 'new style' Lisbon process should borrow from the successful methods of 'Europe '92'. Building on existing practice, this would mean that the reports on policy guidelines, the internal market, employment and the Lisbon process would be summarised in a clear plan with stages and a timetable, within which it would be made clear what action would be expected from whom (Commission, Council, European Parliament or Member States), on the basis of what decision and within what sort of timescale. In this connection the EESC emphasises the importance of the Commission's role and of the Community method, which were both responsible for the success of 'Europe '92'. The Commission presents an annual progress report and, after consultation with the European Parliament, the ECOFIN Council and the Competitiveness Council determine the priorities on which the Commission bases its proposals.

6.15 The only real progress with the Lisbon process has been made in the internal market, at least as regards legislation and rules. Yet there are constant shortcomings in implementation. Progress is a direct result of the Community method. The EESC would argue for combining all internal market subjects in a clear plan with clear deadlines:

<sup>(1)</sup> Letter from Prime Minister Blair, President Chirac and Chancellor Schröder of 18 February 2004

— all outstanding aspects of the internal market action plan;



- the outstanding aspects of the financial services action plan;
- aspects of the knowledge sector which are subject to Community decision-making;
- review and relaxation of excessively rigid and detailed rules;
- implementation and execution.

6.16 For the subjects which depend on national decision-making, such as social security, the labour market (Employment Taskforce) and taxation, the EESC would recommend that the Council, on a proposal from the Commission – in accordance with policy competition and open coordination – should also decide on objectives and implementation. But the step-by-step plan should also provide for monitoring of the progress of these national processes. Management is most difficult in these areas, but there is little point in agreements which are not implemented.

6.17 Other subjects, which do not depend on rule-making and sometimes only partly on public management, but which are linked to competitiveness, knowledge and economic capacity, also deserve a place in the 'new style' Lisbon process; these include:

- sectoral industrial policy arising from joint consultation between industry (including social consultation), the Commission and the Council <sup>(1)</sup>;
- the output of EU technology programmes and platforms, more cross-frontier cooperation between research institutes and researchers in the Union, and promotion of cooperation between university and business;

- regional policy, with special emphasis on knowledge and innovation.

6.18 The Commission and the European Council are in favour of a '*Partnership for Change*'. The EESC fully supports this effort. It could be a very useful concept. The Lisbon strategy has never been regarded as a mere 'top-down' process. Its success lies in the fact that policy formulation, execution and implementation depend on many actors: administrators (European, national and regional), the social partners at all levels, firms, universities and many other social organisations making up civil society. A clear presentation of objectives, explaining to all political and social actors in the Union what is expected of them, can provide a new and very necessary source of inspiration.

6.19 *Partnership for Change* has great potential, provided that it is presented in the right way. It can lead to a new kind of communication and to new alliances between the many groups involved in the European integration process. This too is a part of 'good governance'.

6.20 The European Council has called upon the Commission to form a *High Level Group* which would report to the Commission by 1 November 2004 on the ongoing approach to the Lisbon process. The report and the vision of this *High Level Group* will play an important part with a view to the Mid-term Review of the Lisbon Strategy for the 2005 Spring Summit. The European Council has also asked the EESC to submit its recommendations for this Mid-term Review at the same time.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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<sup>(1)</sup> See the Conclusions of the Competitiveness Council of 26 and 27 November 2003

**Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council and the European Parliament — Building our common future: Policy challenges and budgetary means of the enlarged Union 2007-2013'**

COM(2004) 101 final

(2005/C 74/07)

On 18 March 2004 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned communication.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 July 2004. The rapporteur was **Mr Dassis**.

At its 411th plenary session of 15 and 16 September 2004 (meeting of 15 September), the European Economic and Social Committee adopted the following opinion by 143 votes to 26 with 11 abstentions.

## 1. Scope of the opinion

1.1 On 1 May 2004 the European Union made a leap towards realising the vision of the founders of the first European Community in 1952 – a vision shared by people who had known wars, disasters and other misfortunes and had lived in poverty and misery. The road to real European integration is no longer so long. The Europe of 25 is a reality and the Europe of 27 has already been decided upon.

1.1.1 However, this does not mean that the risk of a regression with unforeseen consequences has been removed. The common European structure requires supports. The best support is for European citizens to be sure that they are an integral part of that structure – to feel proud that they belong to a large geographical entity which is democratic, safeguards and guarantees peace and respect for human dignity, and aims for prosperity for all. They should also be inspired by a patriotic feeling towards Europe and proud to live there.

1.2 However, for all these things to happen it is necessary for the European Union to consolidate the already existing common policies and to proceed at a stable pace, through democratic procedures, to formulate and apply all the remaining common policies in order to go beyond the Economic and Monetary Union to become a social and political entity.

1.3 The formulation and implementation of these policies naturally entail some cost, which will need to be divided up fairly in accordance with the financial capacity of each citizen and of each country.

1.4 In response to a referral by the Commission, the EESC, wishing to contribute to the debate on the drawing up of the budget for the new 2007-2013 programming period, is issuing the present opinion, which also takes account of the

Communication from the Commission: Third Report on Economic and Social Cohesion <sup>(1)</sup>.

1.5 The EESC does not, however, limit itself to a critical analysis of these two documents, but also addresses policy issues and questions or dimensions not covered by them, in spite of their considerable importance to building a common European future and the financial functioning of the Union, during the period in question.

1.6 Consequently, given the nature and membership of the EESC, while taking the above documents – in particular the Commission communication on the 2007-2013 financial perspective – into account, we cannot limit ourselves to a critical analysis of them, but must also address policy issues and questions or dimensions not covered by the communication.

1.7 In other words, as well as giving its opinion (whether in favour or against) on the various positions and proposals of the European Commission, the EESC must help to develop the discussion about Europe's future, drawing attention to other relevant factors.

## 2. General review of the European Commission communication

2.1 In its Communication to the Council and the European Parliament <sup>(2)</sup>, the European Commission sets out its vision for the European Union and its budget planning for the period 2007-2013.

2.2 With a view to reaping the full benefits of enlargement and helping Europe prosper, three main priorities are proposed: sustainable development, the interests of the European public and strengthening the Union's role as a global partner.

<sup>(1)</sup> COM(2004) 107 final

<sup>(2)</sup> COM(2004) 101 final) of 10 February 2004

### 2.3 Sustainable development: growth, cohesion and employment

2.3.1 At the 2000 Lisbon European Council, the heads of state and government agreed a programme with a view to building a Europe which would become 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'.

2.4 The Commission feels that this process must be reinvigorated and given credible and operational targets, both at national and at EU level: promoting the competitiveness of enterprises in the single market, improving research and development, connecting Europe through networks, improving the quality of education and training in the EU, further strengthening the social policy agenda and helping society to anticipate and manage social change.

2.5 The objectives of growth and competitiveness would also be the main priorities of the next generation of regional and cohesion policies, with particular emphasis on aid for regions whose development is lagging behind. Growth and cohesion must complement each other even more than they did in the past.

2.6 In the future, cohesion policy must systematically address the problem of lack of competitiveness so that more of the Union's regions can contribute to growth and employment.

2.7 The Commission's proposals also explicitly notes the Council's decisions of 2003 to reform the **Common Agricultural Policy** and to set agricultural spending for market measures and direct payments until 2013. The reform will radically shift the focus of the EU's agricultural policy to sustainable development by decoupling aid from production. **The future rural development policy**, reorganised to form a single instrument, will help to increase competitiveness in agriculture and enhance the environment and the diversity of the countryside. Additional funds will be released by the partial transfer of amounts from direct payments to farmers in order to reinforce rural development programmes.

2.8 **The new, reformed common fisheries policy** will continue to focus on sustainable exploitation of resources. **Environment policy** is there to respond to the European public's expectations of a better standard of living and intergenerational solidarity, to meet international commitments and to promote efficiency and competitiveness.

### 2.9 Citizenship

2.9.1 Since the Amsterdam Treaty, responsibility for most of the policies in the field of freedom, security and justice has been transferred to the Community. Today, everyone recognises that the challenges posed by immigration, asylum, and the fight against crime and terrorism can no longer be adequately met

by measures taken at national level only. The same holds true for protection from natural disasters, health and environmental crises, access to public services and consumer and health issues.

2.10 Improved instruments and adequate funding will help make that possible.

### 2.11 The European Union in the world

2.11.1 The enlarged Union must play a greater role, both as a regional leader and a global partner. To meet these expectations, the EU must become a politically responsible actor capable of punching its weight.

2.12 The Union needs to play its full role in global political governance and strategic security. This includes protection against threats, ensuring civil security and protecting the European public against risks.

### 2.13 Financial requirements

2.13.1 These objectives can be achieved for a Union of 27 Member States without increasing the current ceiling for expenditure.

2.14 If the Union is to succeed in the challenge of building a credible political project, it must be equipped with the resources to implement that project. The Commission has calculated an average spending level of 1.14 % for the period in question. There will be a significant shift in the balance of the EU budget to support the new priorities. Expenditure levels will increase initially due to the effect of enlargement but will, at the end of the period, be close to the initial level. Payments will lie below the current ceiling of 1.24 % of GDP.

2.15 The Commission proposes that, for the future, an EU-wide correction mechanism should be considered, establishing a transparent, objective method for correcting a budgetary burden deemed excessive in relation to a country's relative prosperity.

2.16 In the course of 2004, the Commission will draw up appropriate legislative proposals and a specific plan designed to achieve the objectives.

## 3. Comments of the EESC on the Commission's document and proposals

3.1 The EESC generally endorses the European Commission communication. More specifically, the communication as a whole can be considered:

— to be cohesive, in that the different sections are logically connected and present a uniform whole, without contradictions, inconsistencies or omissions;

- to have a solid, farsighted political premise: the political foundation is developed broadly, comprehensively and with foresight, on the basis of objectives that warrant the pursuit of a shared future;
- to provide clear and consistent practical policy priorities and choices: it proposes lines of action and the implementation of measures which follow logically from the policy objectives laid down;
- to be balanced: while accepting certain compromises or re-weighting certain factors or structures, the communication endeavours to adapt available financial resources to the needs arising from the pursuit of the political objectives, based on concrete political practice.

3.2 The EESC considers certain decisions and positions expressed in the communication to be valuable (or very valuable) and supports them, namely:

3.2.1 The concept and definition of sustainable development and the correlation of economic, social and environmental factors.

3.2.1.1 Agreeing with the Commission's position, the EESC notes that sustainable development is a complex concept encompassing:

- protection of the Union's natural resources (environmental aspect);
- creating a climate favourable to:
  - 1) promoting competitiveness (economic-quantitative aspect);
  - 2) promoting solidarity (social-qualitative aspect) paying special attention to citizens who run the risk of social exclusion, and ensuring more prosperity and security for all European citizens.

3.2.1.2 Thus the concept of sustainable development includes not just quantitative (economic) but also qualitative (social and environmental) factors.

3.2.1.3 The EESC criticises the confusion which occurs in other texts between the concepts of sustainable economic growth and sustainable development. In its opinion on 'Assessing the EU sustainable development strategy' <sup>(1)</sup>, the EESC notes that the financial perspectives could constitute an opportunity to give a decisive boost to sustainable development. The EESC also notes that it is not enough merely to continue the application of the various policies which have turned out to be problematic for sustainable development and to include them in future under a budget heading for 'sustainable growth'. The EESC would add that economic growth and sustainable development are two different concepts which can sometimes come into conflict.

3.2.1.4 The EESC reiterates its view that, to achieve sustainable development, there is an urgent need to devote to it greater financial resources than those currently allocated and those foreseen in the financial perspectives for 2007-2013. Moreover, since the financial resources are insufficient and the environment constitutes a collective public good which transcends frontiers, as well as a substantial aspect of the strategy for sustainable development, the EESC wonders to what extent it would be advisable to separate the relevant investments in this sector from the calculation of the budget deficit which is envisaged under the terms of the Stability and Growth Pact <sup>(2)</sup>.

3.2.1.5 Europe can play an important role in the globalised economy and can influence developments in the direction of more sustainable development. However, the financial resources envisaged for this are insufficient. The European Union must speak with a single voice. The Member States, however large or important they are, can barely influence developments at global level. It is urgently necessary for them to coordinate their efforts with the aim of pursuing common goals as the European Union.

3.2.2 The economic efficacy of social cohesion depends on a clear understanding that in addition to its social function and role in reducing disparities, the cohesion process also entails quantitative improvements in aspects of the economic dimension.

3.3 The whole plan for pursuing and achieving the overall political project is based on the key concept of sustainable development, as defined within the complex framework of its economic, social and environmental aspects.

3.4 In conjunction with the relevant analyses of the Third Report on Economic and Social Cohesion, the European Commission also raises the issue of how the organisation and process of promoting interregional cooperation must be addressed and discussed.

3.4.1 It is proposed that the additional programmes of the CSFs be abolished, as well as the CSFs themselves as management tools, replacing them with an equivalent strategic instrument for promoting cohesion that is equitable at Community level.

3.4.2 In addition, since the practice followed to date, with the 60-70 priorities of the old provisions, has been seen to be ineffective, it is proposed that 3-4 specific priorities be set for each country, but with the common priority of improving governance. Moreover, in order to take more account of the particularities of the member countries, the European Union could adopt more flexible and decentralised forms of administration, always requiring full transparency and rigour.

<sup>(1)</sup> CESE 661/2004 of 28 April 2004

<sup>(2)</sup> EESC Opinion on Budgetary policy and type of investment, OJ C 110, 30.4.2004, p. 111

3.4.3 The proposal to adapt the method of monitoring financial management is particularly significant: rather than monitoring being carried out project-by-project, it would be based on prior signing of a 'confidence pact' setting out the management rules. In this sense the monitoring procedure should take place within a single framework and should be acceptable to all institutions concerned.

3.4.4 Furthermore, the EESC expresses its concern at the widening gulf between credits and payments. At the end of the 2007-2013 programming period, it is estimated that the gap will reach €188 billion, the equivalent of one year's budget. The EESC therefore takes the view that the financial perspectives need to be made more flexible. Allowing the possibility of lengthening the period of payment of commitments undertaken in the framework of the Structural Funds by one further year (by changing the N+2 rule into an N+3 rule) would enable the available funds to be used and exploited more calmly, free of time pressure: this would turn out to be wiser and more effective.

3.5 The discussion must be underpinned by the realisation that the Community budget and financial resources are directly dependent on the degree of economic growth of the Member States and the size of their national GDPs.

3.5.1 Therefore the Community budget, by also helping to promote economic growth in the ten new Member States, will pave the way for improving and broadening the base for calculating the EU's own resources. In effect, strengthening national economies and increasing national GDPs will improve the Community budget by raising Member States' contributions (percentage calculation on a broader basis).

3.5.2 It is also pointed out that incorporating the markets of the new countries in the Single European Market guarantees an improvement in the growth prospects of the earlier 15 Member States. Indeed, it would not be too difficult to assess the extent of the additional growth which each of those 15 countries can expect from the multiple effects of the growth of the new countries and the incorporation of their markets in the Single European Market. However, this expected additional growth of the E-15 countries also entails additional allocations from the Community budget.

3.5.3 In addition, the EESC considers that, in order to ensure that EU resources are distributed in such a way as to meet the basic objective of convergence, priority must be given to the needs of the new Member States, where most of the less developed regions are located and where the process of integration has not yet been completed.

3.5.4 The EESC takes the view that, going beyond the ceiling of the European budget, special attention will need to be given to the projections of that budget. Indeed, the budget is

based on the gross Community revenue, the estimation of which must take account of employment hypotheses related to economic growth, the exchange rate between the euro and the dollar, the crude oil price, etc. Consequently, the existing uncertainties influencing total financial resources are many. The EESC therefore recommends that the European Commission work out alternative scenarios on the basis of pessimistic and optimistic hypotheses in order to give the parameters within which the annual budget figures for 2007-2013 will be found.

3.6 In the EESC's view, the question of how to reconcile the economic cost of major political objectives with the available (inadequate) economic resources can be resolved by determining to what extent the available resources suffice to achieve the objectives.

3.7 A dilemma arises with regard to adjusting these factors: either there will be pressure to dilute the political objectives and the vision that they represent in line with the available resources or, alternatively, it will be necessary to try and increase resources to an adequate level so that the ambitious objectives remain intact. This dilemma may remain theoretical if the available resources in practice are adequate.

3.8 Given that these objectives are considered necessary for effectively building the future of Europe, any 'watering down' of them raises problems. In this sense it is not easy to accept, nor can one fully understand, the Commission's attempt to redefine the necessary balances, even if the dilution of its political objectives is minimal.

#### 4. Alternative options for the appropriations ceiling

4.1 The communication indicates that before reaching its compromise proposal, the Commission considered three alternative ceilings for funding the Community budget, also taking account of recent relevant developments.

4.2 Option one was to set the appropriations ceiling at 1 % of GDP, which would also have reflected the stated preference of certain Member States. The European Commission explicitly states that this ceiling for the Community budget is quite inadequate.

4.3 Option two was to set the ceiling at 1.30 % of GDP. The Commission considers that this ceiling, though still moderate, would allow the European Union to better respond to the needs involved in meeting all its political objectives.

4.4 Option three was to set the ceiling at 1.24 % of GDP, which is the current financial framework. However, the European Commission notes that if the final choice is 1.24 % of GDP, then shifts in EU spending will be required in order to ensure that there is a margin for financing the new priorities.

4.5 In the end, the Commission chose the third option, which obviously means:

4.5.1 First, maintaining the current fiscal framework: this raises the question of whether it will ultimately be possible to manage and finance the new priorities with the appropriations used until now to cover fewer priorities. It is pointed out that the level of development of most of the ten (and in the future twelve) new Member States is lagging significantly behind that of the E-15 countries and that, as a result, effective financial support to ensure the development of the new member countries will require the allocation of new resources on a considerable scale. The Commission text points out that 'In the enlarged Union, average GDP per capita will be more than 12 % lower than in the Fifteen, while income disparities will double overall.'

4.5.2 Second, corrections and adjustments to the Community budget: this raises the question of whether these required corrections and adjustments will also result in a corresponding 'dilution' of the political objectives set in the Commission's communication, which would undermine the basis for building Europe's future.

4.5.3 Third, with the adoption and putting into effect of its constitutional charter, the EU will acquire to a greater extent a federal structure and operation, in terms of a reduction in additionality and greater support for common European policies, and consequently for the necessary resources.

4.5.4 The EESC draws attention to specific references in the Commission communication which demonstrate clearly the probable financial shortfalls which could arise during the 2007-2013 programming period, thereby overturning the political expectations and removing any chance of putting into effect the proposed action plan described above.

4.5.5 Indeed, despite the conciliatory tone, moderation and balanced logic which characterise the text, the Commission does not fail to stress that 'since enlargement will have an asymmetric impact on the Community budget – increasing expenditure more than revenues – even the simple preservation of the 'acquis' implies an intensification of financial effort' (Introduction). This elegantly expressed comment does not leave any room for doubts about the inability simply to maintain (let alone improve) the Community 'acquis' if the funding is not increased.

4.5.6 The Commission further reinforces this observation by referring to a further widening of the gap between the EU's political commitments and their practical implementation, and to an undermining – through lack of political will and inadequacy of funds – of the EU's capacity to keep its promises in many of the new priority sectors (Introduction).

4.5.7 Similar allusions are also made elsewhere in the Communication. Thus, in Chapter II, it is stated that 'the gap

between the demands on the Union and the resources at its disposal has grown too wide', and this is followed immediately by the warning that 'To saddle the Union with a set of goals and then deny it the resources required would be to condemn it to the justified criticism of citizens denied their legitimate expectations'.

4.5.8 The EESC thinks it useful to point out the Commission's declaration that, if an agreement is not reached on the objectives of the European plan, and if the necessary funds are not provided, 'all Member States stand to lose'.

4.5.9 The above must be considered in connection with the fact that, because the European Development Fund will be incorporated in the Community budget for the new 2007-2013 programming period, in practice a Community budget will not be maintained at the same level but reduced.

4.5.10 In the course of the new programming period, 2007-2013, common European policies would be strengthened, while the corresponding national policies would be limited. This development is justified by the fact that the EU cannot be transformed into a mere executive of national policies. The common interest requires the formulation and implementation of common European policies.

4.5.11 However, the improvement of added value cannot be left to national policies. The Commission explains unequivocally that effectiveness requires 'large critical masses' at supra-national level, and that it can therefore best be achieved through common policies (page 4 of the English text).

4.5.12 It is therefore a mistake to regard the question as a simple matter of redistribution of resources between Member States. On the contrary, it should be presented as a question of optimising the impact of European common policies, with a view to further increasing the added value of the Community funds made available for them (page 4 of the English text).

4.5.13 Moreover, in listing the positive points, the Commission points out the scope of Community measures and the ensuing creation of a European added value for every euro paid out from the EU budget.

4.5.14 References of this type are also found in the following passages of the Commission text:

- in the Introduction, where it is stated that 'The goal must be to maximise the efficiency of public spending and make national and European efforts more than the sum of the parts';
- in Chapter I.A.1.e), where the operation of Community policies is analysed, seeing them as a catalyst for the implementation by the Member States of the social policy agenda which is an integral part of the Lisbon strategy;

- in Chapter I.A.2, which studies the added value of political cohesion;
- in Chapter I.A.3, which notes the implications of the Common Agricultural Policy in terms of added value;
- in Chapter I.C, where it is stated that ‘coherent external relations can increase [the European Union’s] influence far beyond what Member States can achieve separately or even along parallel lines of action’;
- in Chapter I.C.2, with the observation that the ‘leverage of EU financial assistance and of trade bilateral preferences would be considerably increased by such a unified presence in the organs of multilateral economic governance such as World Bank, IMF and UN economic agencies: in particular, the value for each euro spent in this new context, would rise substantially’;
- in Chapter I.C.3, which analyses the added value of the assistance provided by the EU to third countries (comparative advantage of a joint European approach to crises outside its territory);
- in Chapter III.B, which examines the question of the added value to be provided by the creation and operation of the New Neighbourhood Instrument.

4.5.15 The EESC thinks it useful to point out that there is no sense at aiming at ‘more Europe’ while providing smaller resources for it. Moreover, the limitation of own resources to 1 % of GDP would lead in the end to cuts in the funding of the structural policies and cohesion policies. Indeed, given the framework for funding the Common Agricultural Policy up to 2013, all the further cuts arising from the reduction in the Community budget will aim at the cohesion policy, with dramatic effects in relation to the challenges and needs arising from the enlargement of the EU. More than that, such a trend would render any developmental initiative or incentive devoid of content and value.

4.5.16 On the basis of these observations, the EESC takes the view that it is necessary to overcome the Commission’s reservations and opt for increasing the own resources of the Community budget for the new 2007-2013 programming period beyond the current budgetary framework, to the maximum level of 1.30 % of GDP, while ensuring in parallel that the annual approximation to this ceiling does not vary too much.

4.5.17 This viewpoint is further strengthened by the point that in the case of countries which are net contributors to the Community budget, part of the resources made available through the Structural Funds returns to the economy thanks to exports. This question has already been studied in the 15-member EU, and this is expected to operate in the same way in the 25-member EU. As a result, a significant proportion of the funds to be released for the development of the 10 new

Member States will still come back to the countries which will be net contributors to the Community budget (market in technological or electronic equipment, provision of special services, transfer of know-how, etc.). This aspect cannot be ignored with a view to the preparation of the new Community budget. The Commission does not fail to refer in its Communication to this specific question, pointing out that applying the rules of the single market also to cohesion policy makes it possible to obtain a measurable added value, through the increase in intra-Community trade between the less developed Member States and regions and the rest of the EU. The reason for this rise in intra-Community trade is that ‘around one quarter of expenditure under the programmes for these areas returns to the rest of the Union in the form of increased exports’.

4.6 The EESC fully agrees with the Commission’s comments on the consequences of acquiring the status of European citizen. Indeed, the advantages attaching to it must not be confined to market freedoms: in parallel with freedom, justice and security, it is also necessary to ensure that citizens have access to the basic public services. The Commission rightly notes that the benefits of a Europe without frontiers must be equally available and accessible. The Union ought to supplement the Member States’ efforts in this respect, but such action involves a cost.

4.7 The EESC also shares the Commission’s analysis that it is necessary to have available not only funds but also resources for exploiting them if Europe is to be able to play a leading role (development aid, trade policy, external policy, security policy, external aspects of other policies, etc. (see page 5 of the English text).

4.7.1 Going beyond that, on the basis of the forecasts of the draft constitutional charter of the European Union, the protection of European citizenship undertaken by the EU is not merely a matter of its recognition, but creates a corresponding legal responsibility through guaranteeing it, and consequently commitments and obligations in terms of compensation (e.g. in a case where a European citizen is the victim of terrorist action or a natural disaster).

4.8 The EESC welcomes the progress on certain budget headings. However, the relevance of the percentage changes should not escape us. Indeed, for the chapter on citizenship, freedom, security and justice, an increase of 162 % is envisaged for the seven-year period 2007-2013, although this amounts only to €2,239,000,000. For the same period, the expenditure on agriculture will be reduced by 3 % (€1,442,000,000). At the end of the period, the expenditure for these two chapters will correspond to 2 % and 26 % of the budget respectively. As regards the agricultural share of the budget, it should be borne in mind that EU enlargement and reform of further Common Market Organisations create new, substantial challenges for the CAP.

## 5. Specific comments

5.1 Neither the text of the communication, nor the third report on economic and social cohesion, tackles a question the management of which is likely to have repercussions on the Community budget, namely that of the free movement of workers from the ten new Member States on the labour market of the fifteen current Member States and the application of the relevant transition period of two, five or seven years. In this field, the main question is to what extent the employment restrictions imposed on workers from the ten new countries in the Fifteen will affect the scale of the expected economic and social development of those countries.

5.2 The balance between the contribution of European funds and the degree of adoption and promotion of the commitments already made by the 10 new Member States could form the subject of a discussion.

5.3 An examination of the economic prospects for a specific period requires separate consideration of own resources and expenditure. The Commission Communication is set out on these lines: in Chapter 4 it examines the new financial framework, emphasising expenditure, while Chapter 5 contains reflections on the funding system.

5.4 This opinion concentrates on examining expenditure, because the EESC will return to the question of own resources when the Commission has submitted a report on the subject to the Council.

5.5 At this stage, however, the EESC thinks it useful for it to give its views on the following two points:

- setting the level of any Community tax (which will be paid directly by European citizens to support the resources of the Community budget) is a positive and in any case interesting proposal. However, it must be applied very carefully to avoid any anti-European repercussions;
- it seems desirable to establish a new system of contributions with a fairer weighting. A simple study of the balance of contributions as against profits shows that the operation of the Community contributions system does not take account of average income per head in each Member State – a figure which is a good indicator of the wealth of the citizens of the country concerned.

5.5.1 On the other hand, the EESC has serious reservations as to the generalised corrective mechanism which would only institutionalise the principle of 'fair return'. It is an unacceptable form of solidarity between the less rich and the richer countries. In a 1998 report<sup>(1)</sup>, the Commission attempted simulations for the implications of such a mechanism. It emerged that in 1996, on the assumption that the generalised corrective mechanism had been applied to five countries (UK,

DE, NL, AT, SE; 48.7 % of the GDP) and assuming their exclusion from the financing of the correction, the burden would have been shared between the ten other countries representing 48.9 % of the EU's GDP! The recent enlargement to include countries with a lower standard of living would further worsen this unfairness.

5.5.2 At all events, if a generalised corrective mechanism proved to be necessary, the EESC takes the view that correction of the imbalances should not take account of expenditure incurred as part of structural interventions, since they have an explicit aim of redistribution.

5.5.3 The EESC takes the view that, with a view to the possible introduction of the generalised corrective mechanism, the calculation of budgetary balances should be based solely on operational expenditure, as suggested in Berlin as early as 1999. This would avoid the perverse effects linked to the charging of the Union's administrative expenditure and expenditure on Community policies to the country where these sums are actually spent. It would also be more consistent with the 'direct budgeting' method whereby (a) administrative expenditure is linked to the operational expenditure which gives rise to it and (b) the funds for administrative expenditure are broken down among all the categories.

5.6 Moreover, in the indirect taxation sector, the EESC reiterates the proposal it made in its opinion on the widespread introduction and interoperability of electronic road-toll systems in the Community<sup>(2)</sup>, for the creation of a European infrastructure and transport fund to be financed by levying one euro cent per litre of fuel consumed by all vehicles.

5.7 The EESC agrees with the Commission proposal to synchronise the period of the financial budget with the period of office of the European institutions (Parliament and Commission).

5.7.1 The EESC is pleased that the financial perspectives have been included in the Constitution. This will give greater stability to the EU's budgetary framework.

5.7.2 However, the EESC regrets that the European Council has not managed to put into practice the progress made by the European Convention whereby the financial perspectives would have been adopted by a qualified majority in the medium term. The European Council in fact preferred to retain the unanimity rule, albeit allowing for the possibility of changing to a qualified majority rule – provided that the decision to do so is taken unanimously at the European Council! Indeed, the EESC fears that retaining the unanimity rule may plunge the Union into a serious constitutional crisis, or that the Union's political ambitions may have to be scaled down.

<sup>(1)</sup> The funding of the European Union: Commission report on the operation of the own resources system

<sup>(2)</sup> OJ C 32, 5.2.2004, p. 36, point 4.1



5.8 The EESC supports the proposal to make the European Parliament the main body responsible for the Community budget in the sense that the Parliament would become responsible for the whole (obligatory and non-obligatory parts) of the budget.

5.9 The EESC also thinks it necessary to point out that, despite the clear challenges created and the necessary initiatives presupposed by the Lisbon Strategy, the Commission text does not appear to propose specific measures likely to give rise to economic development initiatives in the EU. The only specific idea put forward in the text is the foundation of a special 'growth adjustment fund' (IV. The new financial framework:

C. Flexibility). However, the funds envisaged under this chapter are regarded as completely inadequate. The application of the Lisbon strategy was based on a framework of average annual economic growth of 3 %, whereas the forecasts for the coming years do not exceed 2,3 % for a 27-member EU. In addition, the anaemic economic growth experienced by the EU since 2000 does not enable it to make up for this 'economic growth deficit'.

5.10 Thus it is necessary to revise these sums upwards in order to meet the basic condition for promotion and success of the Lisbon Strategy, which amounts to changing our system for investment in training and research.

Brussels, 15 September 2004.

*The President*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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### **Opinion of the European Economic and Social Committee on 'The role of women's organisations as non-state actors in implementing the Cotonou Agreement'**

(2005/C 74/08)

At its plenary session of 17 July 2003, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an opinion on 'The role of women's organisations as non-state actors in implementing the Cotonou Agreement'.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 July 2004. The rapporteur was **Ms Florio**.

At its 411<sup>th</sup> plenary session (meeting of 15 September 2004), the European Economic and Social Committee adopted the following opinion by 115 votes to eight, with eight abstentions.

#### **1. Introduction**

1.1 As part of the activities relating to the European Union's policies towards developing regions, and in particular towards the ACP countries, the European Economic and Social Committee has had the opportunity to monitor developments in the EU's cooperation policy. These developments have increasingly been towards a participatory approach, i.e. moving towards involving and recognising the role of non-state actors (NSAs) in defining and implementing those policies. Thus, institutions and NSAs play a complementary role in activities aimed at enhancing the impact of development programmes.

The Cotonou Agreement is currently the only example of such participation being put on institutional footing. It demands that governments fully involve non-state actors in the various stages of the national development strategy.

1.2 In view of those guidelines and of the fact that the Committee has already set out its position in a previous opinion on the role of civil society in European development policy (REX 097/2003), we feel it is important to look in more depth at the subject of women's participation and their fundamental and specific contribution to the formulation and implementation of development policies in the ACP countries that are covered by the Cotonou Agreements. We believe that it would be useful to emphasise how valuable their role can be and how it needs to be properly supported within the framework of the Cotonou Agreements and indeed in all development policies.

1.3 Moreover, as the EU body that represents organised civil society, the Committee has previously affirmed 'the fundamental role played by women as leading players in development, and emphasize[d] the need to promote their organizations and ensure that they participate fairly in advisory and decision-making bodies.' (Opinion on the *Green Paper on relations between the European Union and the ACP countries on the eve of the 21st century - challenges and options for a new partnership* (Rapporteur: **Mr Malosse**, EXT 152/1997).

Real participation in the decision-making process by non-state actors in general, and women's organisations in particular, is still a long way from being fully realised.

## 2. General comments

2.1 The latest report from the World Bank (World Development Report 2004) explicitly recognises that a global market is no longer sufficient to ensure economic, social and professional development, and in particular to remove those obstacles that hinder equitable and sustainable growth for all the countries of the world, North and South. In 2002, the pro capita income of five sixths of the world's population was less than 1 200 dollars, compared to an average of 26 000 dollars for the remaining sixth of the population, the vast majority of which lives in the richest countries.

2.2 So far, none of the international institutions (IMF, World Bank, WTO, ILO, UN, etc.) has been able to operate as an effective, democratic and worldwide regulating authority, nor have they of themselves been able to limit the inequalities in economic development between countries and social groups.

2.3 Furthermore, particularly in a period when most countries are experiencing sluggish economic growth, developing countries are obliged, at the suggestion or insistence of international organisations, to adopt the very policies of economic restructuring that are difficult to sustain and have the most negative impact on poor people. Structural changes have, in the absence of adequate social protection policies, brought about an increase in poverty, precariousness, and insecurity among the poorest sections of society (both in the North and in the South).

2.4 In recent years, the gap between the formal worldwide economy and the informal local economy has also widened. People who make their living in the informal sector of the economy do not enjoy any rights, nor do they share in their country's economic growth, even if they are making an effective contribution to it.

2.5 Women are in the majority in this section of the population, and are therefore most likely to suffer from such conditions. Women who live in poverty in developing countries are not only unable to access goods and services, but are often also victims of serious violations of their human, social, and economic rights.

2.6 Poverty, unemployment and underemployment affect women most of all.

2.7 A great many proposals for policy, action and projects in support of women have come out of the various conferences organised by the agencies and commissions of the United Nations. The most recent of these was the conference on

Millennium Development Goals, where two key documents were approved. In both of these, the rights of women to equal access and full involvement in decision-making processes, prevention of illnesses, and health protection are among the key themes.

## 3. The European institutions and mainstreaming policies

3.1 Article 3 of the EC Treaty states that in all its activities, including those relating to development cooperation, the EU shall aim to eliminate inequalities, and to promote equality, between men and women.

3.2 The EU and its Member States are signatories to the Declaration and the Platform for Action, approved at the Fourth World Conference on Women (Beijing 1995), in which a genuine strategy to remove all the obstacles to gender equality was launched and the principle of mainstreaming of the promotion of gender equality was enshrined. Following the commitment made by signing up to the platform in Beijing, a Regulation (EC 2836/98) on integrating gender issues in development cooperation was approved.

3.3 This text, which expired in December 2003, was replaced by a new regulation for the period 2004-2006 that substantially strengthened and confirmed its goals, i.e. support for mainstreaming combined with specific measures in support of women, with the promotion of gender equality an important factor in reducing poverty. The document also reaffirms support for public and private activities in developing countries aimed at promoting gender equality.

3.4 The Regulation of the European Parliament and of the Council on promoting gender equality in development cooperation can be thought of as an important point of reference for cooperation policies. The areas of activity that were singled out as priorities worthy of attention were control of resources and services for women, particularly in areas of education, employment, and political decision making. The document emphasised the need for statistics disaggregated by sex and age in order to identify and disseminate new methodologies, analyses, impact assessments, etc.

## 4. Cotonou: participatory approach and gender issues

4.1 The Cotonou Agreement, signed on 23 June 2000 with the ACP countries, constituted a turning point in EU policy on development and trade in that, for the first time, the involvement of non-state actors (NSAs) was included in the definition of **national development strategies**, giving them a role complementing that of state institutions. In the Agreement, the following are defined as NSAs: the private sector; the economic and social partners, including trade unions; civil society in all the forms it takes in the particular national circumstances.

4.2 The agreement stipulates that non-state actors shall be informed and consulted about cooperation policies and strategies, about cooperation priorities in the sector that affects them directly, and about political dialogue; shall receive the financial resources to support local development processes; must be involved in implementing projects and programmes in their areas of interest; and finally, receive help and support for capacity-building and improvement of skills, particularly as regards organisation, representation and use of consultation mechanisms, exchange and dialogue with a view to promoting strategic alliances.

4.3 In line with EU policy, the Agreement also emphasises the links that exist between politics, trade and development. Indeed, partnership is based on five interdependent pillars: an overall political dimension, the promotion of a participatory approach, the goal of reducing poverty, the establishment of a new framework of economic and trade cooperation, and finally, reform of financial cooperation.

4.4 Development strategy should also consistently take gender equality into account. This is one of the three cross-cutting themes of the Agreement (Articles 8 and 31).

4.5 The Cotonou Agreement institutionalises the Committee's role as preferred interlocutor of the ACP economic and social interest groups, with an explicit mandate to consult civil society organisations.

## 5. Participation of women's associations, NGOs and organisations

5.1 Taking into consideration the EU's position on gender issues, and in view of the role assigned to the Committee by the Agreement, it seems appropriate to take a closer look at the specific role of women and of their participation in civil dialogue within the framework of the Agreement.

5.2 Of course, given the huge number and geographical spread of the countries involved, women in ACP countries cannot be considered as a homogeneous group; there are vast differences according to the region, cultural context, socio-economic group, level of income and whether they live in a rural or urban environment. However, albeit within the limits of the generalisations we are forced to make, it is important that these women can really be involved in the participatory processes set in train by the Cotonou Agreements.

5.3 An initial difficulty arises from the fact that the Guidelines on principles and good practice for the involvement of non-state actors in consultations and dialogue on development mention gender issues only in passing, and that there are no qualitative or quantitative data on the involvement of women in the *Preliminary evaluation of the Cotonou Agreement's provisions for involving NSAs in programming* (23/1/04).

5.4 Based on the evidence gathered in various regional seminars and forums, it would appear that the involvement of women's associations, organisations and NGOs in the framing of national strategies was in most cases very limited.

5.5 There is a large discrepancy between the intentions stated in the Agreement and their implementation. Furthermore, few measures appear to have been taken to facilitate women's participation.

5.6 In situations where creating and structuring dialogue with civil society in general is difficult enough, increasing the role of women is even more so. Furthermore, the process of implementing the agreement's provisions on participation is still ongoing, and involves the Commission, whose role we believe to be potentially fundamental; the support of governments; and the NSAs themselves, whose potential, competence and level of organisation vary from region to region.

5.7 The obstacles encountered when implementing a participatory approach in general are many and varied. As already stated in a previous opinion <sup>(1)</sup>, these include:

- the fact that most national governments in third countries are very wary of dialogue with NSAs;
- even where there is provision for such dialogue, the actual ability of NSAs to have real influence on the definition of development programmes and strategies remains very limited;
- the high level of administrative centralisation in these countries does not facilitate the involvement of NSAs in general, and also tends to marginalize the more remote areas, particularly rural ones, which are the most difficult to reach and are often also the poorest;
- the lack of any clear rules and standards governing the effective involvement of NSAs; the limited level of organisation of civil society in many third countries: the main problem is often that of developing the potential of the very people who should be participating in the process;
- the access to financial resources, which is closely linked to the matter of distribution of and access to information. Indeed, NSAs in third countries not only complain that there is often no system for disseminating information; the procedures in place for the provision of funds are, in most cases, too expensive and complicated, as the NSAs have often highlighted.

<sup>(1)</sup> The role of civil society in European development policy (REX 097/2003)

5.8 When it comes to the involvement of women, these obstacles are aggravated by conditions due on the one hand to socio-economic, cultural and religious factors, and on the other to many governments having a limited grasp of fundamental rights in general and those of women in particular.

5.9 From this point of view, the Cotonou Agreement, citing respect for human rights, democratic principles and the rule of law as essential elements of the partnership, provides for measures to be taken and for the notification of the other party in the event of serious violations. Nevertheless, as already stated in an earlier Committee opinion (Opinion on the ACP-EU Partnership Agreement, CESE 521/2002, Mr Baeza San Juan), it would have been preferable to set more specific criteria for safeguarding those principles.

## 6. Women in the development process and priority action areas

6.1 In reality, the subject of women's participation in civil society is closely linked to their role in decision-making and in the whole development process. In view of this, it may prove useful to widen the scope of the discussion.

6.2 Women can not only make a significant contribution to the development process, but must also be able to take advantage of the benefits and opportunities that development brings.

6.3 As women tend to make up one of the weaker sections of society in developing countries in general and ACP countries in particular, they are more likely to suffer poverty and deprivation because they do not have sufficient access to and control of resources to enable them to improve their own living conditions and contribute to their country's economic development.

6.4 Access to and control of such resources would therefore seem to be an indispensable prerequisite for effectively combating poverty and triggering sustainable, long-term development.

Where women are involved in economic activity, this tends to be in the informal sector, which is particularly vulnerable to the effects of macroeconomic restructuring.

6.5 Notwithstanding the Millennium Development Goals the EU has signed up to, aiming to halve poverty by 2015, there is a danger that the negotiators from both parties will give their attention only to the effects of the macroeconomic and political dimensions, forgetting the wider objectives and the impact that the measures under negotiation will have on different sections of the population. The European Commission's actions to create monitoring instruments to evaluate the effects of such agreements are to be supported.

6.6 From among the themes highlighted in various documents of the United Nations, the FAO, and other international bodies, it is possible, for the sake of simplicity, to identify a certain number of priority action areas (obviously, this list does not claim to be exhaustive):

### — Education and training

It has been shown that promoting education and training not only brings about improvements in the lives of individuals, but can also have a positive impact on the local community. The correlation between education and other areas of the economy and society and its effect on the role of (educated) women has been demonstrated in many studies, research projects and sets of statistics. It is therefore of fundamental importance to promote the availability of schooling and training, particularly in rural and impoverished areas of developing countries, and ensuring that both women and men can access it free of charge. Worldwide, it is still the case that 24 % of girls of primary school age do not attend school (for boys, the figure is 16 %). In developing countries, 61 % of men have at least a basic education, against 41 % of women.

### — Access to resources

Access to financial resources, in particular ease of access for women to bank loans, micro-credit, savings opportunities and insurance services, is seen as one of the priority action areas. Information on such matters is one possible approach. A series of recommendations in this area, in particular on improving access for women to financial resources, have already been made at the UN. Given the rapid pace of change in the global economy and marketplace, all aspects of resources for development should be looked at from the perspective of women. The differences between men and women in relation to access to and control of economic resources, public goods and services, and land ownership, have deprived women of fundamental rights and economic opportunities, of power, and of an independent voice in political and decision-making processes.

### — Employment policies

Despite a few small advances in the area of women's participation in the labour market, it certainly cannot be said that there is equality of opportunity in access to the formal labour market and fair pay in ACP countries. In developing countries, the informal sector is the biggest source of earnings and employment. It is women who have been most heavily affected by the loss of jobs in many ACP countries. They have often ended up either unemployed or in unprotected, informal, precarious employment, which often does not pay well enough even to meet vital needs. The opportunity to access forms of micro-credit, to promote micro-entrepreneurship among women, and to own land is fundamental to ensuring a decent lifestyle for both men and women, but, according to the UN's Food and Agriculture Organisation (FAO), women are effectively denied that right in many developing countries. An analysis of credit schemes in five African countries shows that women receive 10 % of loans for small landowners; the remaining 90 % goes to men.

— *Women and health*

The concepts of reproductive health, and women's right to health in general, are still alien to many developing countries. This has disastrous results not only for individual women, whose very lives are at risk, but also for society in general. For an emblematic example of how critical the situation is, one only needs to think of the difficulties in treating and preventing STI/HIV, and the effect that the spread of disease is having on the social and economic systems in many countries, especially in sub-Saharan Africa.

Sexual and biological differences between men and women are also reflected in the area of health and medical treatment. The role and status given to women do not reflect their real need for proper access to healthcare and medicines, nor do they take account of their responsibility within society. Scant attention is paid to the various needs that are particular to women. This has lifelong negative repercussions for women. The problem becomes even more alarming in those places where the socio-cultural context tends to justify physical, psychological and sexual abuse of women.

— *Combating all forms of violence against women*

Violence against women is still one of the most difficult battles to fight and even to quantify. One has only to think of the phenomenon of domestic violence, which is difficult enough to report in Western societies, of genital mutilation, and of the trafficking of human beings, which seems to be constantly on the rise. The main victims of this phenomenon, which translates into sexual slavery and other forms of forced labour, are women and children, especially those who live in countries ravaged by war and conflict.

## 7. Recommendations

7.1 If the European Union really wants to have a positive impact on the living conditions of women and poor people, there is a need for more clarity and determination in defining the aims and objectives of support for women and of the steps that need taking. Above all, great care is needed in respect of adjustment policies whose effects have penalised women and, more generally, the most vulnerable sections of the population. The advantages of such policies for these social groups need to be clear.

7.2 We therefore believe that it is necessary that the evaluation of trade agreements between the EU and third countries, in particular ACP countries, should also include specific analysis of their impact on the conditions of the poorest sections of the population and on gender issues.

7.3 Investments aimed at strengthening associations and NGOs that promote gender equality and empowerment of

women are fundamental to bringing about an overall improvement in the economic, social and political conditions in developing countries and to ensuring that they enjoy social and economic growth that is consistent with sustainable development.

7.4 Achieving what is set out above is not simply a matter of promoting better integration of women in civil society, but rather of creating the basic conditions that would enable them to become truly involved, valued, and supported, so that they achieve equality with men for the development of the relevant countries. Strengthening the role of women in the participatory process is key to their obtaining decision-making power.

7.5 The most important basic condition is therefore the affirmation of equal rights of access to education and training for women. With this in mind, it is important to promote all programmes and projects aimed at achieving this, from basic literacy to computer literacy and networking of women's organisations, as a key pillar in ensuring the promotion of the role of women in national development.

7.6 In the context of the devolution process envisaged by the Commission, the role of delegations as set out in the guidelines on principles and best practices for the participation of Non-State Actors, issued on 24 February 2002, is crucial. These delegations enjoy considerable flexibility as to the choice of the most appropriate measures, and are responsible for monitoring and facilitating greater involvement of non-state actors. Although the above-mentioned guidelines contain no specific suggestions as regards the participation and the role of women's organisations, we believe that the delegations should have considerable influence in facilitating their identification and inclusion in civil dialogue, creating networks, and drawing up a strategy for capacity building aimed specifically at women.

Delegations should be given a specific responsibility for promoting the mainstreaming of gender issues, and at least one representative of the delegation should receive specific training on gender-related issues.

7.7 Particular attention should also be given to establishing the current state of women's organisations and their characteristics, as there is often a lack of adequate information.

The Committee itself could assist with the identification of European and international associations and organisations that work to support women in ACP countries and to encourage their participation.

7.8 National strategy documents should expressly provide both for the involvement of women in drawing them up and for positive measures aimed at strengthening the activities of women's groups. We are convinced that the Commission can exercise a certain amount of influence in this regard.

The Committee calls on the Commission to create a specific budget heading for women's civil society organisations in ACP countries.

7.9 More generally, it is important to create fast-track channels for women's groups, both with regard to the eligibility of non-state actors and for access to funds.

7.10 Training courses aimed at promoting the activities of women's groups that operate at grass roots level could, in the context of the Cotonou Agreement, prove to be a useful tool in implementing that agreement.

7.11 The Committee undertakes to promote the organisation of seminars to identify and look in depth at themes

relating to the status and participation of women in ACP countries.

7.12 The Committee will call for equal participation of women's delegations in those seminars and will promote meetings with women and associations from ACP countries and with third countries in general.

7.13 The Committee undertakes to hold, by the first half of 2005, a conference with the above-mentioned players. The objectives of this would be to promote the role of women in decision-making processes, to identify obstacles, and to define strategies based on the outlook of development process actors themselves.

Brussels, 15 September 2004.

*The President*  
of the European Economic and Social Committee  
Roger BRIESCH

**Opinion of the European Economic and Social Committee on the topic: 'Towards the seventh Framework Programme for Research: Research needs in the area of demographic change — quality of life of elderly persons and technological requirements'**

(2005/C 74/09)

On 29 January 2004, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on the topic: 'Towards the seventh Framework Programme for Research: Research needs in the area of demographic change — quality of life of elderly persons and technological requirements'.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 14 July 2004. The rapporteur was **Ms Heinisch**.

At its 411<sup>th</sup> plenary session of 15 and 16 September 2004 (meeting of 15 September), the European Economic and Social Committee adopted the following opinion by 144 votes to one, with two abstentions:

**1. Summary**

*Reason*

1.1 In the light of demographic change and the opportunities and risks involved for the quality of life of the growing numbers of older people in Europe, the Committee calls for:

- (a) the inclusion of a key action in this field in the seventh Framework Programme for Research and
- (b) flanking measures to establish a sound basis for timely policy planning, decision-making and action at both European and national level.

There are close links between the biological, psychological, social, cultural, technological, economic and structural aspects of ageing. Also, people always age within a specific physical and social environment. In Europe, this environment varies widely in geographical, cultural and socio-structural terms. Neither fact – the fact that the ageing process has many different dimensions and the fact that it takes place under a variety of conditions – is adequately reflected in current research programmes. However, given the changes in the population age structure, only such broad and long-term research can provide the sound basis for planning and decision-making needed in the many different areas of society involved and at all tiers of decision-making.

With regard to point (a), research is needed in particular in the following fields:

- economic and financial policy (4.1)
- work and employment (4.2)
- elderly people's everyday lives (4.3)
- the social and spatial environment (4.4)
- lifelong learning (4.5)
- maintaining a healthy life and care requirements (4.6)
- new technologies (4.7)
- processing, collating and adding to existing knowledge (4.8).

The fact that the ageing process has many different dimensions and involves different cultural, economic and structural disciplines necessitates long-term multi- and interdisciplinary research.

With regard to point (b), the following flanking measures are in particular deemed necessary to ensure compliance with Article 85 of the Fundamental Rights Charter, which guarantees all older EU citizens the right to live in dignity and to participate actively as citizens and in decision-making processes:

- the application of the open method of coordination to adopt a uniform approach to – and classification of – indicators of older people's quality of life in European countries: to facilitate exchanges of experiences, inter-European comparisons and mutual learning; to promote dialogue between representatives of organised civil society and the appropriate European Commission directorates-general; and to agree on common values in relation to the ageing society;
- the establishment of a joint European observatory to build a European Agency on Ageing and database to generate, concentrate and disseminate knowledge to improve the open method of coordination and draw practical policy conclusions;
- the establishment of an 'Ageing Society' category in the EESC; and
- workshops and conferences to boost knowledge about demographic change; highlight the urgent need for preventive and flanking measures; sharpen awareness; spread information about research findings as widely as possible; and foster exchanges between the old and the new Member States.

Purpose:

To establish a comprehensive knowledge base:

- for policies to maintain and, if necessary, increase the quality of life for present and future generations of older people; and

- to boost Europe's economic development and competitiveness, given the potential offered by demographic change.

## 2. Introduction

2.1 Demographic change is one of the key historical successes of our time. It is also an ongoing challenge. Never before have entire generations been in the position where they can legitimately hope and expect to live out many years of old age. This new phase of life offers a wide range of opportunities, but also involves completely new tasks for individuals and society. In most European countries, many older people enjoy an adequate income and have the requisite physical and cognitive skills to live out their extra years in contented independence. This opens up new opportunities for economic and social development. As they grow older, however, people's physical, sensory and cognitive faculties are also liable to decline and they risk becoming functionally restricted. Moreover, some groups in society do not have the requisite material, social and personal resources to be able to grow old with dignity. This applies in particular to many older women living alone. The different European countries also vary widely in this regard. Moreover, the shift in the age structure in all countries necessitates a redistribution of existing resources and adjustments to health and social security systems. Population ageing affects every EU country, albeit at rather differing speeds. As the EESC president wrote in his report on the European Economic and Social Committee's activities in the period 2000-2002 (page 37):

2.2 'The Committee also drew attention to worrying demographic forecasts with particular impact in the fields of jobs, public health and pensions'.

2.3 Taking this development as its starting point, the present own-initiative opinion on *research needs in the area of demographic change – quality of life of elderly persons and technological requirements* calls for the inclusion of a key action in this field in the seventh Framework Programme for Research. This involves two separate, but closely related aspects: (i) demographic change as such, which is the result of the declining birth rate and the concomitant changes in family structures on the one hand, and rising life expectancy on the other; and (ii) ageing and old age as an autonomous phase of life with a high potential for social, cultural, organisational, technological and economic innovation, but which also brings with it certain risks. Research is required in both these fields, not only at macro level into their impact on society as a whole and the requisite political action, but at micro level as well, in other words their implications in terms of safeguarding older people's quality of life and the action needed on that front. Account must, however, always be taken of the different circumstances of men and women.

### 3. Background and case for an own-initiative opinion

3.1 Given that demographic change – and related modifications in the structure of the population and society – is a recent phenomenon, further knowledge is needed in order to be able to gauge the impact on overall social development and establish a sound basis for timely policy planning decision-making and action at both national and European level. EESC opinions and Commission communications on issues such as employment policy <sup>(1)</sup>, social integration <sup>(2)</sup>, health care, lifelong learning <sup>(3)</sup> etc. also point in this direction.

3.2 A knowledge base of this kind is also the *sine qua non* for social, cultural, organisational, economic and technological innovations that make it possible not only to maintain elderly people's quality of life, but also to help take some of the strain off health and social security systems. The rapidly growing numbers of very old people in particular and – to some extent as a consequence of that – the fact that several generations of older people are alive at the same time also necessitates entirely new services and occupations.

3.3 Some important findings have already been made on this front thanks to projects supported as part of the fifth Framework Programme for Research (FP5) (key action 6 *The ageing population* under the thematic programme *Quality of Life and Management of Living Resources*). DG Research has recently published a mid-term assessment on findings and experience in this multidisciplinary key action. Implementing the findings of the telematics programme can also help improve the quality of life of older people and people with a disability. The holistic approach pursued under the telematics programme in the late 1990s has yet, however, to be universally taken up.

3.4 Under the sixth Framework Programme for Research (FP6), support for research into population ageing and its impact on individuals and society is only being pursued in a few subsidiary areas of the key actions *Life sciences, genomics and biotechnology for health* (Priority 1), *Information society technologies* (Priority 2), *Citizens and governance in a knowledge-based society* (Priority 7) and *RTD supporting policies and anticipating scientific and technological needs* (Priority 8), as well as ERA-NET.

3.4.1 Key policy findings are to be expected particularly from current Priority 8 projects on demographic perspectives

<sup>(1)</sup> COM(2004) 146 final; Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation; Communication from the Commission: Strengthening the implementation of the European Employment Strategy, Annex 1, 26 March 2004, COM(2004) 239 final; [http://europa.eu.int/comm/employment\\_social/fundamental\\_rights/legis/legln\\_en.htm](http://europa.eu.int/comm/employment_social/fundamental_rights/legis/legln_en.htm).

<sup>(2)</sup> Council Decision 2000/750/EC of 27 November 2000 establishing a Community action programme to combat discrimination (2001-2006), [http://europa.eu.int/comm/employment\\_social/fundamental\\_rights/index\\_en.htm](http://europa.eu.int/comm/employment_social/fundamental_rights/index_en.htm); EESC opinion, OJ C 284, 14.9.1998; Booklet EESC-2000-018 *Jobs, Learning and Social inclusion: The work of the European EESC*

<sup>(3)</sup> Council Resolution of 27 June 2002 (2002/C 163/01), OJ C 163, 9.7.2002; COM(2002) 678 final (November 2001); cf. also COM(2004) 156 final

and on health costs and expenditure against the backdrop of an ageing society. The IST programme's particular strategic objective is to promote the integration of older and disabled people into the information society. In this area too, there are a range of useful findings and promising projects involving major consortia and industry. That said, considerable efforts are still required to bridge the remaining gaps. *The ageing population*, however, is no longer included as a key action in its own right within the thematic priorities.

3.5 The medical and biological projects supported under FP5 and FP6 are expected to greatly enhance our knowledge of the physiological and biological ageing processes, disease control and health promotion and preservation.

3.6 Findings on this front are undoubtedly important, but they cannot resolve the problems of elderly people or, in the short term, help get to grips with the social challenges facing Europe as a whole as numbers of older – and particularly very old people – continue to rise. Because of the relatively low birth rate, the percentage of young people (under 20) in the population of the EU as a whole dropped from 32 % in 1960 to 23 % in 2001, while the percentage of older people (aged 60 and over) rose from 16 % to 22 % over the same period. The old-age dependency ratio – i.e. the percentage of the population aged 60 and over in relation to the percentage aged between 20 and 59 – rose from 29.5 % to 38.9 % over this period. In the next few years, the percentage of older people is set to rise further as the birth deficit of the last thirty years kicks in. In 2020, older people will make up 27 % of the population. In other words, more than a quarter of all Europeans will then be aged 60 or over. <sup>(4)</sup> Numbers of very old people are rising particularly rapidly (see also point 4.5.1 below). Research must be conducted on a much broader field, given the sheer scope of population ageing – and its as yet unforeseeable impact – in so many different spheres of society. Ageing itself is not simply a biological process but involves many different facets over a period of many years, and by the same token research into old age and ageing must adopt a long-term, multi- and interdisciplinary approach. Research cannot seek only to improve health and extend life expectancy, but must also work to help improve people's quality of life in the extra years given to them.

<sup>(4)</sup> European Communities (2002), *European social statistics: population*, Eurostat, theme 3: population and social conditions, Luxembourg: Office for Official Publications of the European Communities



3.7 The seventh Framework Programme for Research (FP7) should therefore include a key action on the challenges of demographic change. This will supplement the largely medical and biological research that has been conducted up to now, by also looking at the social, behavioural, cultural, socio-economic and preventive aspects throughout a person's life. Such a holistic approach to research must include both fundamental research and practical R&D. <sup>(1)</sup> The most representative European older people's organisations should also be involved, as recommended in the second International Plan of Action on Ageing adopted at the second World Assembly on Ageing in Madrid in April 2002 and in the strategy adopted by UNECE at the ministerial conference in Berlin in September 2002. Promoting research of this kind is of the utmost urgency given the long and complex political decision-making process involved. Research needs in a number of fields are set out in more detail below.

#### 4. Individual research needs

This own-initiative opinion focuses on areas where research is needed so that the people of Europe can lead a life worth living - including as they grow older - in an environment of demographic change. Issues to be looked at include the ageing processes and living conditions of older people themselves, which can vary widely across Europe, and also the general conditions obtaining in society as a whole, which also differ considerably in individual countries.

Demographic change has many facets, but this opinion addresses only those areas in which there is a particularly strong need for innovation, and thus for more interdisciplinary research.

##### 4.1 *Research needs in economic and financial policy*

4.1.1 One initial key aspect that is not given due attention in the sixth Framework Programme for Research is the socio-economic outlook in the wake of what the European Commission Directorate-General for Economic and Financial Affairs believes will be the serious impact of demographic change. A solid knowledge base is therefore needed that makes it possible to link income and employment data with data on health and social behaviour. Sound forecasts require the consistent gathering of statistics over relatively long periods. (Good examples include the English Longitudinal Study of Ageing [ELSA], which also looks at health issues, and the US Health and Retirement

Survey [HRS]). For research, this raises the following questions:

- There is a great deal of uncertainty about demographic forecasts, but policymakers have to make practical plans for healthcare, social provision and pensions. What data are required and need to be collected to back up policies of this kind?
- How important is demographic change for consumption and savings? How are people likely to behave and what behaviour is appropriate given longer life expectancy?
- What kind of link exists between an ageing population and productivity? What is the impact on productivity, innovation and entrepreneurship?
- What can be done to exploit the potential advantages of demographic change – in terms of new products and services – so as to benefit older people both today and in the future and boost Europe's economic development (under the watchword of the 'knowledge economy')?
- How are the older people of the future likely to behave economically, given that they will to a large extent be healthier, better educated and more mobile than the present generation of older people but are likely to be worse off, particularly when they come from the more disadvantaged groups in society? (cf. also points 4.2.1 and 4.3.6).

##### 4.2 *Research needs in work and employment*

4.2.1 In future, the shift in the population age structure and the resultant need to redistribute scarce resources which cannot be increased in proportion to the demand will make it necessary for businesses and social security systems – and for the ageing population itself – to rely longer than at present on older people's working skills and knowledge <sup>(2)</sup>. It is a known fact that older people are generally no less productive than younger people, although some skills decline while others increase. The following issues thus require research:

- In which fields are older workers able to put their skills to particularly good use, even with increasing age?
- What alternative job opportunities and structures need to be put in place to keep employment an attractive option for older people too? Would, for instance, temporary work be a feasible way forward?

<sup>(1)</sup> COM(2004) 9 final.; cf also COM(2002) 565 final, especially points 3.3 and 4.2

<sup>(2)</sup> Cf. also point 4.7 of the EESC opinion on innovation policy, OJ C 10, 14.1.2004. (COM(2003) 112 final)

- How can health and safety in the workplace be improved so that workers can play an active part in working life for longer?
- What arrangements are needed in the workplace and the working environment and for patterns and organisation of work to give older people the best possible environment in which to work? How can applied technology help?
- What in particular can be done to get the long-term unemployed back to work, and those who have not been in gainful employment for some time for other reasons (e.g. parenting or family care commitments)?
- Why do firms let older workers go? Why is unemployment rising among older women in particular?
- What obstacles stand in the way of older people working longer or taking up new employment and how can these obstacles be removed?
- With regard to the transition from full-time employment to retirement, how flexible can and must the arrangements be to ensure that they are of benefit to older workers, businesses and social security systems alike?
- What schemes can and must be devised for knowledge transfer so that older workers' skills and wide experience over many years can be passed on in such a way that younger people are happy to take 'old' knowledge on board and make it a part of their 'new' body of knowledge, both for their own benefit and the benefit of their company?
- For continuing education, see point 4.5.

The growing percentage of older people among the population at large also makes it necessary to expand existing occupations and create new ones. Information is lacking, however, as to the areas in which it is particularly urgent to broaden occupational skills to meet the demands and needs of older people, and the areas in which new activities are necessary and where these offer new employment opportunities.

These developments should be considered

- in terms of changes to income and consumption patterns linked to demographic change (cf. also points 4.1.1 and 4.3.6);
- in terms of older people's declining mobility: possible options for consideration here include new domestic services such as home-visit hairdressing or chiropody and remote services such as teleshopping, teleconsultation and the like;
- For specific health- and care-related employment issues, see point 4.6.

#### 4.3 *Research needs in elderly people's everyday lives*

4.3.1 Ageing is not only a biological process, but also – and in particular – a social one. Social conditions vary greatly both within and between the various European countries. This applies both to the macro level – the political and social systems that have grown up historically over time – and also to the micro level – people's individual life histories and resources. Hence, the environment for ageing and old age also varies among individual social groups. These differences – whether they relate to gender, life history and/or professional experience, material living conditions etc. – must be taken into account when researching the everyday realities of older people's lives.

4.3.2 European countries differ widely in terms of climate, topography, population density and types of settlement, transport infrastructure, welfare provisions and many other aspects that influence a person's capacity to lead an independent life and play an active part of society. Some countries have minimum pensions that provide an adequate financial basis for older people to live a contented life. In others, pensions fail even to meet basic needs. Major differences exist both between and within individual countries and within the large group formed by older people.

- What impact do European countries' various welfare systems have on their older citizens' quality of life?
- What preventive measures can be taken to compensate for the disadvantages that make it harder for older people to access reasonably priced accommodation, decent transport, cultural resources, healthy food and/or new technologies, and thus impair their quality of life?
- Given the cutbacks in social security benefits and health care, what in particular can be done to maintain the quality of life of those older people whose existence – both physical and social – is threatened by poverty, chronic illness, poor education, inadequate linguistic knowledge or lack of other resources?
- How do people live who cannot – or can no longer – maintain an independent lifestyle under their own steam? What arrangements are in place for such people in the EU Member States and what action is needed to safeguard their interests?
- What is the situation regarding older people's living conditions in homes and institutions? In what ways are their interests represented?

— What is done in terms of prevention, treatment and care environment in the EU Member States for patients with Alzheimer's disease and people suffering from other forms of dementia? What options are available and what experience has been gained with different kinds of accommodation?

4.3.3 Independence, self-determination and social integration are key personal and socio-political goals. A number of factors compromise the ability of older – and, in particular, very old people – to achieve these goals. For one thing, as people grow older, they are increasingly susceptible to health problems. When that happens, poor environmental conditions and financial constraints make it more difficult for older people to keep their independence and continue to play a part in society. Social norms and preconceptions – for instance, the discriminating perceptions people have of the elderly – may also act as barriers and exclude older people from key areas of society. A counter to the negative picture of ageing, however, is the fact that the vast majority of older people are able to live independent and autonomous lives for many years. They also play a key role in families and society through intergenerational support (both social and financial) and unpaid work in political, trade union and church bodies.

4.3.4 Older people have many of the psychological skills needed to cope with many difficulties beyond their control and the health constraints they face. However, there is a risk of this inner equilibrium being upset when problems accumulate.

— What action is needed – and when – to prevent older people being put under too much of a strain and to help them cope with life's critical situations?

— What measures are required to cover more than the bare necessities, such as the psychological need for security, for family and other interpersonal relations and for social inclusion?

4.3.5 The vast majority of older people can lead a relatively healthy and active life in old age for some 20 to 30 years. As this is a recent phenomenon, there are, as yet, few precedents on which to draw for shaping this phase of life. There are virtually no reliable figures, comparable across Europe, for those areas in which older people are currently active and make a key contribution to society and the economy. These areas include taking on paid and/or unpaid work in political, trade union and church organisations and providing support, education and training for younger people.

— What can be done to provide activities, training facilities, involvement opportunities and meeting places to help each individual turn the potential advantages of these years to good account in a way that both gives meaning to his or her life and benefits society?

— To what extent do the interests, experiences, needs and skills of older men and women differ? How can and must these differences be factored in?

— How can older people become involved at the various national and European levels – either directly or through their representative organisations – in decision-making processes that impact their right to lead a life of dignity and independence and to participate in social and cultural life in order to make Article 25 of the Fundamental Rights Charter a reality?

— To what extent is there a need among older people – and older migrants in particular – for interregional and cross-border mobility and what can be done, as in the case of workers, to help meet such needs?

4.3.6 Discussions about the ageing society focus almost exclusively on the issue as a problem and a burden, against the backdrop of burgeoning social security and health costs. The positive aspects, however, are rarely considered and little information is available on them. These include, for instance, the fact that older people no longer put a strain on the labour market but, as consumers, continue to play a role in economic development.

— How do income and consumption patterns differ between older and younger people?

— What changes in consumer behaviour are to be expected from new generations?

— Which areas have particular potential for innovation so that, in future, better account can be taken of older peoples' specific needs?

— On this point, cf. also points 4.1.1 and 4.2.1.

4.3.7 The current debate about health care problems, pension financing and – in some countries – euthanasia is making many older people feel they are more of a burden than a valued member of society.

— What can be done overall to make older people's contribution – both material and non-material – to so many different sectors of society more visible and more valued?

- What social policy measures are needed so that older people no longer have any cause to feel they are little more than a 'liability'?
- What can be done to change negative attitudes to ageing so that old age is better accepted, making for a positive culture of ageing? How can younger people be encouraged to develop a greater understanding of older people and what can be done to promote dialogue both within and between the generations? (cf. also point 4.5.2)
- What can be done to present a more nuanced picture of old age in the media?
- Death and dying are largely taboo subjects but are nonetheless a significant economic factor. What can be done to prevent death from simply becoming commercialised and, instead, to develop an ethically responsible culture of dying?
- What overall considerations should be borne in mind when modernising housing so that people can continue for as long as possible to live in their own homes?
- What architectural or technical measures may be brought in to help maintain the independence of older people suffering specific impairments such as hearing and sight problems, restricted mobility or dementia?
- How in particular can innovative 'intelligent living' concepts help make it possible for people to live independently and run their own homes for longer?
- What positive experience does Europe already have in these areas? What lessons can be learnt from it?

4.4.3 As they become increasingly frail, most elderly people are horrified by the thought of having to move into a nursing home.

#### 4.4 Research needs in the social and spatial environment

4.4.1 Older people's social environment is set to change dramatically over the next few years. Low birth rates, later parenthood and high divorce rates are eroding the traditional network of family relationships. Also, longer life expectancy makes it increasingly common for up to five generations of a single family to be alive at the same time ('beanpole families').

- How do these changes impact older people's integration and participation in society?
- Will future generations increasingly be able to fall back on relationships outside the family and can these be relied upon even when support is needed?
- What social policy measures and/or organisational and technical innovations can help support networks both inside and outside the family in order to make them more resilient and longer lasting?

4.4.2 Time-budget and mobility studies show that, as people get older, they spend increasing amounts of time at home and devote correspondingly less time to outside activities.

- What can be done, at minimum cost, to adapt housing – particularly rented flats in large older buildings, but also family homes as well – so that older people can continue to live independently and, if necessary, be cared for at home even if their physical, sensory and cognitive faculties decline?

- What attractive but nonetheless affordable alternatives are on offer if an older person's own home becomes a burden and leading an independent life is no longer possible?
- What experience has so far been gained with new patterns of living such as sheltered accommodation? What basic conditions contribute to the success or failure of these and similar alternatives?

4.4.4 Technical devices, systems and services can be a major asset for older people in dealing with day-to-day problems, but often they are not adapted to older people's needs. Appliances may be modelled on the 'design for all' principle and should be readily adaptable to various user groups. It is vital, therefore, that future users should be involved in their development in order to boost the quality of products and services. In this case, the Committee would recommend the consultation and active involvement of the most representative European older people's organisations – and of older people themselves – so that there is constant interaction ('social audit') about what older people actually need.

- What do producers and designers need to know about the 'Design for All' approach and methodology and about the skills, limitations, needs and attitudes of older people so that technical appliances are properly adapted and can be accepted and better used by older people?
- What changes occur as people grow older and what changes might occur in new generations of older people?

- How can older people's changing skills and needs be more effectively factored into the design of mainstream technologies than has been the case up to now? What appropriate policies can be put in place to ensure the closer involvement of trade and industry in achieving the 'Design for All' objective?
- What can be done to involve users effectively in the development of technical appliances?

More detailed research is also required to establish which technical aids are really needed and the conditions that must be in place so that such aids can help improve older people's quality of life.

- How can such aids help older people meet everyday requirements? How can they give support to formal and informal carers and service providers in cases where older people are care-dependent or suffer from dementia-related illnesses?
- What ethical aspects must be borne in mind (e.g. where older people become confused) so that privacy is not infringed, for instance, by technical monitoring devices?
- What innovations do new technologies offer and what is the long-term impact of their use? What social back-up measures are needed so that such technologies help improve quality of life and keep older people involved in society, rather than making them socially isolated and disadvantaged?

4.4.5 Physical, social and cultural activities are known to promote healthy and happy ageing. Often, however, obstacles in the natural and/or built environment – or a lack of transport – block access to the requisite facilities. The problems are broadly known<sup>(1)</sup> but implementation is often lacking.

- What can and should be done with particular urgency in the fields of social, urban and transport planning so that residential areas, road infrastructure, transport, service facilities etc. meet the needs of the increasing numbers of older people and are conducive to helping them stay independent?
- How in particular can the quality of the living environment help integrate older people into society – for instance by providing meeting places and appropriate transport facilities?
- Which countries have already gained good experience on this front, and in which specific fields, and how can that be transferred to other countries and other fields?

<sup>(1)</sup> European Conference of Ministers of Transport (ECMT). (2002). Transport and ageing of the population. Paris Cedex: OECD Publications.

4.4.6 Frequently, lack of social and financial resources and/or physical or sensory impairments prevent people from accessing and becoming involved in activities outside their homes. Involvement in social and cultural activities, however, would be particularly important for such people – often older women living alone – to prevent them becoming isolated.

- What social policy and/or organisational and technical innovations might help needy older people to become involved in community life?

#### 4.5 Research needs with regard to lifelong learning

4.5.1 In a society of rapid social, cultural and technical change, lifelong learning is becoming ever more important. This applies in particular to older workers whose skills acquired in the past no longer meet modern employment requirements. The aim of making a European area of lifelong learning a reality has already been highlighted in a joint communication from DG Education and Culture and DG Employment and Social Affairs, and in a Council Resolution of 27 June 2002<sup>(2)</sup>. On this front too, there is still an urgent need for research:

- What kind of further training is most effective for older workers in terms of both content and approach?
- What can be done so that all workers benefit equally from appropriate measures regardless of age or sex?

4.5.2 However, the need for lifelong learning also affects people no longer in employment. They too need to have the opportunity for further development both for their own sake and that of society:

- How is knowledge generated and disseminated in the knowledge society?
- What can be done to better promote lifelong learning among older people regardless of whether they are employed or not? What arrangements are already in place in the Member States today for involvement in education and information programmes on job-related issues or cultural themes and what experience has been gained, for instance, with third-age universities or symposia on various issues?

<sup>(2)</sup> COM(2001) 678 final; Council Resolution of 27 June 2002 (2002/C 163/01), OJ C 163, 9.7.2002

- Is there a link between a person's occupation earlier in life and later further education? Can conclusions be drawn from training undertaken during active working life as to how older people's desire for learning, education and culture can be maintained?
- What can be done to make learning opportunities more accessible, also for groups that have so far been underrepresented, and to secure cultural diversity?
- What role can be played by public service media, new technologies and e-learning in keeping people involved in society, disseminating knowledge and information and promoting further education for older people?
- What basic skills are particularly important in old age? (cf. also point 4.6.1)
- Conversely, what basic knowledge should people and organisations dealing with older people have about old age and ageing? What kinds of education initiatives help younger people better understand older people? (cf. also point 4.3.7)
- How can implementation of previously adopted measures be monitored and positive experience passed on?
- What else can be done to preserve physical, sensory, cognitive and social skills?
- There is a particular need for research into the epidemiology and aetiology of age-related illnesses in order to improve preventive measures (e.g. with regard madness, especially to Alzheimer's disease, or to prevent falls that may result in hip fractures).
- There is an urgent need for research into preventive measures and health maintenance at the workplace (see also point 4.2.1).
- Research is also needed into treatment options for older people, both in terms of general illnesses with age-specific characteristics and of specifically age-related diseases. The therapeutic base for this is often lacking as clinical trials and pharmaceutical tests are largely carried out on younger adults only. Older people's state of health is not comparable as, often, they do not suffer from one specific illness, but may have functional impairments of varying severity in a number of different areas at the same time.

#### 4.6 *Research needs with regard to maintaining a healthy life and care requirements*

4.6.1 One particularly serious consequence of demographic change is the additional costs charged to social security and health systems as a result of the rapid growth in the numbers of very old people. Over the next fifteen years, the number of 80-year-olds is expected to increase by 50 % across Europe to over 20 million. <sup>(1)</sup> Numbers of centenarians are rising exponentially. <sup>(2)</sup> Research is thus of key importance, particularly in the area of prevention, and with regard to maintaining and restoring elderly people's mobility and independence.

- What is the long-term impact of certain lifestyles on health in general and specific illnesses in particular? How can sound habits be promoted?
- How are older people to be encouraged to maintain healthy lifestyles (e.g. by engaging in sports and artistic/aesthetic pursuits, or eating healthily)?

<sup>(1)</sup> Eurostat (2002), *The Social Situation in the European Union 2002*, Luxembourg: Office for Official Publications of the European Communities

<sup>(2)</sup> Cf. J.M Robine and J. Vaupel (2001): Emergence of supercentenarians in low mortality countries. *The Gerontologist*, 41 (special issue II), 212

— Cf. also point 4.6.3.

4.6.2 Care requirements are set to rocket in the next few years as the numbers of very old people rise, and the strain on the public and private purse increases. A number of areas here also require research.

- What can and must be done to improve the skills and working conditions of care staff so that caring remains an attractive profession in the long term?
- What must be done in the wider context and in staffing terms to ensure that the relationship between carer and the person being cared for develops to the satisfaction of all concerned?
- How can care provision be better adapted to the needs and requirements of care-dependent older people and what can be done to give more support than hitherto to care in the home?

- How can technical solutions help relieve the strain on carers – both family members and professionals – without impinging on the integrity and dignity of the person being cared for?
- What economic support and social recognition are needed to relieve the strain on carers – both family members and professionals? What in particular can be done to support family carers by, for instance, making sure they have their own pension cover?
- What can be done in terms of general care, pain therapy and palliative care so that life ends with dignity?

4.6.3 Europe has no harmonised definitions of care concepts (such as 'dependent' or 'domestic carer'), no uniform structures within the various services involved and no directives on the skills required of staff.

- What action can be taken to harmonise the terms used in this area and thus make the care field more transparent?
- What programmatic, technical, geriatric and socio-psychological knowledge and skills are desirable for the qualifications of medical and care staff across Europe?

#### 4.7 Research needs and new technologies

4.7.1 The acknowledged rapid and ongoing spread of technology, and especially the use of new information and communication technologies (ICTs), impacts on all the areas mentioned in points 4.1 to 4.6 above. On the jobs front, for instance, these technologies often serve as a reason for excluding older workers. Yet studies have shown that adapting to such new conditions may even make older workers more productive. This factor must therefore be incorporated into all fields of research. Consideration must be given in particular to ethical aspects and to the question of integrating older people who cannot or will not take technical innovations on board.

#### 4.8 Processing, collating and adding to existing knowledge

4.8.1 Research supported at national and European level has already produced a wide-ranging body of knowledge. However, this knowledge relates mainly to individual aspects and individual disciplines. It is widely dispersed and often available only

in the national language concerned. Because of different sampling techniques and tools used, the research results are often incompatible with the findings of other studies.

- An advantage would be gained by processing these bodies of knowledge in such a way that they could be readily merged, systematically compared and assessed, and, ultimately, made available across the board.
- The next steps would be to undertake secondary analyses of material processed in this way and to coordinate study methods and tools for further joint interdisciplinary research. The new tools provided under the sixth Framework Programme for Research – i.e. 'Centres of Excellence', 'Networks of Excellence' and 'Thematic Coordination Actions' – are good ways to help generate, integrate and further develop knowledge of this kind. (1)
- It would also be desirable to adopt a uniform approach to – and classification of – indicators of older people's quality of life in European countries and to monitor and document these indicators in the long term in a European database. It is vital to differentiate between men and women and between age groups, income brackets and regions, as indicators used to date to determine older people's living conditions are inadequate. Additional indicators are needed, including health and impairment data, and information on care systems and requirements specific to a particular country. Consideration should be given to working together with EUROSTAT.
- It is essential to bring together and collate the statistics and other relevant information often currently available at national and European level. Research findings from the various areas of the fifth and sixth Framework Programmes for Research also need to be looked at in their entirety in order to be able to draw practical policy conclusions. It is vital to disseminate information collated and processed in this way at the earliest possible stage.
- In order to undertake research and make policies not only for, but also with older people, senior citizen organisations should be more involved in future projects than they have been to date.

### 5. Aims and recommendations

5.1 This own-initiative opinion makes the case for including, in the seventh Framework Programme for Research, a key action on *Demographic change – quality of life of elderly persons and technological requirements*.

(1) Cf. Opinion of the European Economic and Social Committee on the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions - Towards a European research area, OJ C 204, 18.7.2000

5.2 The goal is to promote multi- and inter-disciplinary and socially participatory research into a wide range of ageing issues needed.

- a) to establish the knowledge base required for political planning and action to deal with the impact of Europe's changing age structure in an innovative, socially just and cost-effective way; and
- b) to provide the bases and tools required to achieve a more appropriate understanding and appreciation of older people in society.

5.3 As the research fields outlined above – and the examples of related questions – have hopefully shown, there are close links between the biological, psychological, social, cultural, technological, economic and structural aspects of old age and ageing. People always age within a specific spatial and social environment. In geographical, cultural and socio-structural terms, this environment varies widely both between and within individual European countries. Both these factors – the fact that the ageing process has many different dimensions and involves many different disciplines – make a multi- and interdisciplinary approach to gerontological research essential. Such research must also take the long-term view in order to identify changes and incorporate them accordingly. <sup>(1)</sup>

5.4 Given the changes in the population age structure, this broad and long-term research is the only way to provide the sound basis for planning and decision-making needed in the many different areas of society involved and at all tiers of decision-making. Ageing is not only a biological, medical, technical and economic issue, but a social and cultural task as well.

5.5 In addition to the research activities outlined above, the Committee also calls for the following flanking measures:

- to stage a hearing at the EESC on demographic change and older people's quality of life, in order, among other things, to propose a feasibility study for an appropriate agency and for any other initiative that might prove necessary;

- to set up a joint, pro-active and forward-looking Agency on Ageing (European observatory) to bring together indicators on older people's quality of life in European countries and to monitor and document these indicators in the long term in a European database; to draw up empirically-based forecasts of this kind; to collate and disseminate knowledge; and to draw practical policy conclusions;
- to stage workshops and conferences to increase knowledge of demographic change; highlight the urgent need for preventive and flanking measures; raise awareness of the positive potential of ageing; combat age-discrimination; spread information about research findings as widely as possible; and foster exchanges between the old and the new Member States;
- to press ahead in this area via the open method of coordination; given the complexity and the importance of population ageing and the differing opportunities and challenges involved, the Committee feels this method is a good way to launch exchanges of experiences, make inter-European comparisons and foster mutual learning;
  - to promote dialogue between representatives of organised civil society and the appropriate Commission DGs; <sup>(2)</sup>
  - to lay down joint goals;
  - to monitor implementation of the second International Plan of Action on Ageing (adopted in Madrid in April 2002) and the UNECE implementing strategy (adopted at the ministerial conference in Berlin in September 2002), and
  - to establish an area of common values in relation to the ageing society.

5.6 The ultimate aim is to MAKE LIFE IN EUROPE WORTH LIVING — NOT LEAST FOR OLDER PEOPLE. This includes not only those who are elderly or very old today, but also future generations, both young and old.

Brussels, 15 September 2004.

*The President*  
of the European Economic and Social Committee  
Roger BRIESCH

<sup>(1)</sup> Cf. again EESC opinions OJ C 95, 23.4.2003 (COM(2002) 565 final.

<sup>(2)</sup> Communication from the Commission COM(2002) 277 final



**Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive amending Directives 66/401/EEC, 66/402/EEC, 2002/54/EC and 2002/57/EC as regards examinations carried out under official supervision and equivalence of seed produced in third countries'**

COM(2004) 263 final - 2004/0086 CNS

(2005/C 74/10)

On 29 April 2004, the Council decided to consult the European Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 July 2004. The rapporteur working without a study group was **Mr Bros**.

At its 411th plenary session of 15 and 16 September 2004 (meeting of 15 September), the European Economic and Social Committee adopted the following opinion by 85 votes to one, with three abstentions.

## 1. Introduction

1.1 In the period 1998-2003 the Commission authorised the Member States to carry out a temporary experiment on seed sampling and seed testing carried out on the basis of the Community legislation on the marketing of seed. Analysis of the results showed that:

- under specified conditions there could be a simplification of the procedures for official seed certification without any significant decline in the quality of the seed compared with that achieved under the system for official seed sampling and seed testing;
- field inspections under official supervision could be extended to all the crops for the production of certified seed;
- the proportion of the areas to be checked and inspected by official inspectors could be reduced.

1.2 The changes to the rules applicable to seed moving in international trade (OECD system) were adopted. The scope of the Community seed equivalence in respect of seed harvested in third countries could therefore be extended to all the various kinds of seeds meeting the characteristics and the examination requirements laid down in the various Community directives on the marketing of seeds.

1.3 The Committee wishes to examine the Commission proposal in the light of the development of the rules proposed but also with a view to maintaining high quality requirements for seed and with regard to plant-health issues.

## 2. The Commission proposal

2.1 The Commission proposes to extend to 31 March 2005 the experiment on inspections under official supervision (Decision 98/320/EC) in order to keep the Community conditions concerning the marketing of seed produced pursuant to that

decision, pending the application of the new provisions (implementation of directives).

2.2 At the same time Directives 66/401/EEC (marketing of fodder plant seed), 66/402/EEC (marketing of cereal seed), 2002/54/EC (marketing of beet seed) and 2002/57/EC (marketing of seed of oil and fibre plants) must be adapted to the conclusions of the experiment and the following changes incorporated:

- the introduction of an examination under official supervision for the various categories of seed;
- the definition of the examination under official supervision (inspections in the field or in a seed testing laboratory authorised by the national body responsible for seed certification);
- sampling for the purposes of certification can be done officially or under official supervision. The arrangements for seed sampling under official supervision are set out (qualifications, checks on sampling practices and sanctions);
- the equivalence regime may be extended to seed harvested in third countries and complying with Community characteristics and requirements (inspection and certification system).

## 3. General comments

3.1 The main objective of the Commission proposal is to simplify supervisory procedures in the seed sector. The delegation of supervision is already practised in many Member States. The Committee therefore supports the Commission's initiative. However, it would point out that the Commission should have submitted a new directive containing all the constituent parts of the four directives concerned, which would have made the changes easier to understand and would have ensured that the measures in question were coherently harmonised.

3.2 The Commission's decision concerning an experiment in inspections under official supervision expires on 31 July 2004. There will therefore be a legal void during the co-decision procedure on the Commission's legislative proposal. The Committee therefore calls on the Commission to change its Decision 98/320/EC in order to prevent such a legal void occurring.

3.3 The Commission also proposes that the experimental phase be extended to 31 March 2005 in order to allow the changes to the directives concerned to be implemented. The Committee would like to point out that this deadline is too short, given the time required for implementation, approximately ten months. The Committee therefore proposes that the deadline be extended to 31 July 2005.

3.4 The Committee is not in a position to express a view on the appropriateness of the technical data concerning conditions for field inspections (e.g. the change in the sampling rate) or on the number of laboratory samples required. The Committee would stress, however, that a common denominator is needed for all the Member States. The data expressed in the form of a range should therefore, rather, be expressed as a minimum sampling percentage.

3.5 The delegation of official supervision to authorised persons will make for more effective procedures. The Commission must ensure that the systems for supervising certification remain effective. Currently, the Commission is carrying out Community-wide comparative tests and exchanges of practice. The amount earmarked for these activities (between € 500,000 and € 600,000) is insufficient in the light of the objective. The Committee calls on the Commission to allocate additional financial resources to these measures aimed at harmonisation of supervisory systems.

3.6 The Committee would point out that, during the accession negotiations with the new Member States, transitional periods were agreed for varieties not included in the catalogue, as they do not meet Community criteria. The Committee draws

the Commission's attention to these varieties which may be marketed only in the countries concerned (Cyprus, Latvia, Malta and Slovenia). This derogation period should be backed by additional guarantees, e.g. regarding sample sizes and the presence of wild oats (*Avena fatua*).

3.7 The Committee draws the Commission's attention to disputes concerning the marketing of batches of poor-quality seed in the Member States. The completion of the single market will also require traceability of batches of seed for producers and effective coordination between the certification agencies and the seed producers.

3.8 With regard to extending the scope of equivalence to third countries, thus complying with OECD rules, the Committee points out that the Commission will have to negotiate reciprocal equivalence with the third countries. Equivalence must be based on identical standards. Similarly, equivalence of supervisory systems for maintenance must be required in order to ensure an identical level of quality.

#### 4. Conclusions

4.1 The Committee endorses the Commission's proposal, which is conducive to simplification of supervisory procedures, while not reducing the required level of quality for seed production. However, the Committee stresses that the Commission must continue to analyse the performance of supervisory systems.

4.2 From a legislative point of view, the Committee stresses that the Commission should have taken the opportunity to present a legislative proposal bringing together all the directives dealing with the marketing of cereal seed, fodder plant seed, beet seed and seed of oil plants.

4.3 The Committee considers that the extension requested to 31 March 2005 will allow insufficient time for the implementation of the directives in national law. It is therefore proposed that the extension be to 31 July 2005.

Brussels, 15 September 2004.

*The President*  
of the European Economic and Social Committee  
Roger BRIESCH

**Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee on the Integration of Environmental Aspects into European Standardisation'**

COM(2004) 130 final

(2005/C 74/11)

On 25 February 2004, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned communication.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 July 2004. The rapporteur was **Mr Pezzini**.

At its 411<sup>th</sup> plenary session of 15 September 2004, the European Economic and Social Committee unanimously adopted the following opinion:

## 1. Introduction

1.1 The integration of environmental aspects into the European standardisation process is one of the priorities set out in the European Strategy for Sustainable Development, adopted by the Commission in 2001 <sup>(1)</sup>, on which the Committee issued an opinion in November 2001, as well as a more recent opinion assessing sustainable development in April 2004 <sup>(2)</sup>. The strategy aims to strike a balance between economic, social and environmental considerations, and to strengthen the principle established by the EC Treaty <sup>(3)</sup> that environmental considerations should be integrated into other Community policies. The Sixth Community Environment Action Programme <sup>(4)</sup>, specifies that technical standardisation programmes should take into account the need to protect the environment.

1.2 The technical standardisation process is able to provide substantial support to the establishment of a fully integrated European internal market that respects the environment. It reconciles the commitment to becoming the most competitive economy in the world by 2010, capable of sustainable economic growth with more and better jobs in an enlarged Europe with greater economic and social cohesion, as specified in strategy adopted by the Heads of State and Government of the European Union in Lisbon in 2000.

1.3 Furthermore, technical standardisation, which is founded on the consensus of all interested parties, is an essential aspect of the implementation procedures of Community policies, and in particular, of integrated product policies, an area that has already been the subject of a number of EESC opinions <sup>(5)</sup>, considering the standardisation process itself to have the potential to limit the environmental impact of products and services.

<sup>(1)</sup> COM(2001) 264 final.

<sup>(2)</sup> Opinion CESE 1494/2001 of 29 November 2001 and CESE 661/2004 of 29 April 2004

<sup>(3)</sup> EC Treaty Articles 2 and 6 (consolidated version)

<sup>(4)</sup> Decision 1600/2002/EC of 22 July 2002

<sup>(5)</sup> EESC Opinion on the Green Paper on Integrated Product Policies (OJ C 260, 17.9.2001 and Opinion CESE 1598/2003 of 10.12.2003 on the Communication from the Commission on Integrated Product Policy - Building on Environmental Life-Cycle Thinking.

1.4 The Council Conclusions on standardisation of 1 March 2002 reaffirmed the adequacy of standards applied in sectors currently included in the new approach. The Council stressed that it was important that all stakeholders play an active role in the standardisation process and welcomed the Commission's intention to develop a paper on standardisation and the protection of the environment.

1.5 Following this Council, the Commission identified a series of key areas in a working document entitled the Role of standardisation in the framework of European legislation and policies, which set out the following objectives:

1.5.1 to make more extensive use of European standardisation in EU policies and legislation to foster, in line with the needs of both society and enterprises, the expansion of standardisation into new areas such as services, ICT, transport, consumer and environment protection;

1.5.2 to continue to raise awareness of business leaders and other stakeholders of the benefits of standardisation for business through measures that facilitate their participation in the standardisation process, and to involve SMEs in particular;

1.5.3 to review and to amend the current legislative framework dealing with standardisation so that it can respond to the latest developments and challenges in European standardisation, and to simplify legislation and develop a 'better regulation package' to align European legislation <sup>(6)</sup> with the needs of an enlarged Europe <sup>(7)</sup>, and with the internal market strategy priorities for 2003-2006 <sup>(8)</sup>;

<sup>(6)</sup> Communication from the Commission COM(2002) 278

<sup>(7)</sup> Communication from the Commission : Industrial Policy in an Enlarged Europe COM (2002) 714

<sup>(8)</sup> Communication: Internal Market Strategy – Priorities 2003-2006 COM(2003) 238 final

1.5.4 to put financial support for European standardisation on a solid legal basis thereby ensuring that Member States and the Commission co-finance standardisation procedures, European infrastructure and the intensified synergy between CEN, Cenelec and ETSI;

1.5.5 to support the efforts of European standards organisations in their drive to increase the efficiency of the standardisation process by promoting the development and implementation of international standards in order to facilitate access to markets and international trade, and to avoid creating unnecessary obstacles to trade and to ensure the international dimension of standardisation.

1.6 The establishment of a European technical standardisation culture is vital for an efficient and balanced internal market in the EU-25. It is therefore important, particularly in the environmental sector, to take steps to train experts and to create and use databases that integrate environmental data in to the European standardisation system, with the full participation of the new Member States through their standardisation institutions. Given the structure and size of enterprises in those countries, the Committee believes that in order to participate fully in the standardisation process and to apply existing European technical standards, small and medium-sized enterprises in all the new Member States will require support.

1.7 The European technical standardisation system, which is based on consensus between all parties involved in drafting new standards and on their willingness to apply them, has proved to be extremely workable, and sufficiently efficient and flexible to permit extensive standardisation. In 2003, the total number of standards was around 13,500. This had a positive impact on the economy by reducing the transaction costs, facilitating trade, increasing competition and encouraging innovation. Another important aspect of standardisation is the reduction of obstacles to trade in the internal market, as well as the world market.

1.8 The Committee believes that these successes must be consolidated and further developed as underlined in the Council Conclusions on standardisation of March 2002. Nevertheless, however desirable it may be to take economic, social and environmental issues into consideration, this must not, in the Committee's view, vitiate the fundamental nature of the standardisation process, which must remain free, voluntary and consensual. These are after all the characteristics that have made the process successful in the internal and international markets.

## 2. Summary of the Communication

2.1 The objectives of the Communication from the Commission may be summarised as follows:

- to raise awareness of the need to systematically integrate environmental issues into the European standardisation process, in a voluntary way, substantially driven by the stakeholders;
- to establish permanent dialogue between standardisation players in order to draw up a specific action plan on 1) training and awareness-raising activities; 2) the organisation and support of stakeholder participation in the standardisation process; 3) systematic use of all available tools in order to take environmental issues into account in standards; 4) redefinition by the Commission of the framework for the standardisation mandates and the specific mandates for environmental policy and the environmental aspects of products;
- to continually assess and monitor the integration of environmental aspects into European standardisation, in the light of the results obtained in the four areas mentioned above.

2.2 In order to achieve these objectives, the Commission intends, to proceed as follows:

- **at stakeholder level:** put forward proposals to promote awareness-raising activities; share best practice and experience in training and awareness-raising; initiate broad-based stakeholder consultation on the formulation of standardisation mandates; set priorities for the integration of environmental concerns into European standards; identify indicators to assess the level of integration of environmental requirements into standards; identify and coordinate the environmental aspects dealt with by European standardisation institutions; provide Community support to European stakeholder groups that are active in the sector; report regularly on the ways in which the various tools used to integrate environmental concerns into the standardisation process are being used;
- **in the Member States, particularly the new ones:** take steps to promote training and awareness-raising activities; ensure the gathering and dissemination of information by standardisation bodies; help and assist all stakeholders, particularly those representing civil society groups and public institutions active in the environmental sphere, to ensure that they participate fully in the standardisation process; report on the support measures applied in order to promote the exchange of experience and best practice;

— **at Community level:** earmark Community funds to support awareness-raising and training programmes promoted by European standardisation institutions; continually monitor ongoing training and awareness-raising programmes; include, with consultation of stakeholders wherever necessary, environmental issues into the formulation of standardisation mandates; support stakeholders on a European scale in the identification and coordination of the environmental aspects of standardisation; organise meetings to facilitate the exchange of experience and best practice and the adoption of indicators to assess the progress of European standards that are relevant to the environment; develop a permanent assessment system to monitor progress in the sectors indicated, with consultation of stakeholders at least once a year.

### 3. General comments

3.1 The Committee welcomes the Commission's initiative **involving in-depth consideration of the possibilities, opportunities and means** whereby concerns relating not only to environmental protection but also to the sustainable use of natural resources and raw materials required in the production, packaging, distribution, maintenance, and end-of-life treatment of products can be included in the standardisation process.

3.2 In this regard, the Committee underlines that developing its own authentic **European culture of technical standardisation** is vital for the efficient and balanced functioning of the European internal market and to ensure that steps are taken to train experts and to create suitable databases for the environment in particular. This will facilitate the assessment of the possibilities and opportunities for integrating environmental aspects into the European standardisation system, including the new Member States in the process.

3.3 The Committee believes that it is essential that the voluntary, consensual, open and transparent nature of a standardisation process, which is freely applied by and for stakeholders, and **which has made European technical standardisation so successful**, is not marred but strengthened by the inclusion of socio-economic and environmental considerations.

3.3.1 The Committee draws attention to the fact that there are already a substantial number of **technical standards that concern the environment directly** or that take it into account. These include standards concerning the essential aspects of the life-cycle of products, standardised methods for measures and tests, technical standards on environmental technologies and environmental management such as EMAS eco-management, which is based on EN/ISO 14001.

3.3.2 Moreover, the Committee notes with satisfaction that the European standardisation institutions already possess a **set of tools that are suitable for the optimal integration of environmental considerations into the standardisation process**. For instance, the IEC 109 <sup>(1)</sup>, successfully introduced as early as 1995 and updated recently, on technical standards for electrotechnical and electronic products; ISO/TR 14062 <sup>(2)</sup>, ratified in 2002, on the design and development of products; the 100 and more ETSI/Cenelec Emissions and immunity quality standards; and finally the ISO/64 code of conduct promoted by the CEN Environment Help Desk.

3.4 The Committee reaffirms its conviction that, as demonstrated above, the effective integration of environmental concerns into the technical standardisation process will more easily be achieved, especially in the case of small and medium-sized firms, through **codes of conduct, technical reports and more flexible tools**, or through training workshops and handbooks that facilitate the transfer of knowledge and raise awareness of this issue, from the planning stage of new products, manufacturing processes and services. In this context, the simplified procedures adopted for EMAS and for health and safety standards in small and medium-sized enterprises could be used, as repeatedly stressed in the relevant EESC opinion <sup>(3)</sup>.

3.5 The Committee strongly emphasises that the ongoing process must not **weigh down or slacken the pace of standardisation. The very act of increasing the cost and red tape involved in the process** would, in itself, contradict the EU principle of simplifying standardisation. The Committee is therefore in full agreement with the **Council Conclusions on standardisation** of 1 March 2002, according to which 'the viability of the overall standardisation system in Europe remains far from secure in the light of rapidly changing European and international sources of income' <sup>(4)</sup>. The Committee believes that standardisation must be made increasingly attractive and useful to enterprises and their experts, who have the technical skill to integrate environmental considerations into their product innovations at a sustainable cost.

3.6 In order to optimise the overall performance of enterprises, mechanisms for the **improvement of the environmental expertise of all stakeholders** should be developed to ensure that the interested parties **play an active role** in the development of standards from the very outset. Technical, economic and social issues must be considered alongside health, safety and customer satisfaction. In recent years, it has become apparent that we need to pay close attention to reducing and rationalising the consumption of natural resources and energy, to reducing waste and emissions, and above all to enhancing **the quality** of the process of voluntary technical standardisation itself so that new standards can be applied easily at an international level.

<sup>(1)</sup> IEC/109 on Environmental aspects – Inclusion in electro-technical product standards

<sup>(2)</sup> ISO/TR 14062 on Environmental management – integrating environmental aspects into product design and development

<sup>(3)</sup> Opinion CESE 560/1999 of 29 May 1999 (OJ C 209, 22.7.1999)

<sup>(4)</sup> OJ C 66, 15.3.2002

3.7 The Committee considers that, in the light of the ongoing democratic process, which is predominantly based on national structures, it would be appropriate to avoid a top-down approach by entrusting **stakeholders, with appropriate recourse to expertise and advice, with the responsibility of identifying the methods for the integration of environmental considerations** into the standardisation process.

3.8 The Committee considers that the pace of standardisation cannot exceed the pace of **cultural change** that will enable various sectors to **understand the role they play in sustainable development. The Commission's role takes on particular importance in the awareness-raising process and the cultural 'foresight' that must be implemented through the dissemination of know-how and best practice.**

3.9 The high-quality of voluntary technical standards is an essential aspect of their **added value at European level** and, in the Committee's opinion, can only be ensured through the **active participation** of all stakeholders in the standardisation process, i.e. experts and representatives from the various sectors of industry, including small and medium-sized enterprises, employees, consumers and NGOs. The diversity of the stakeholders involved constitutes a **fair balance of economic, social and environmental considerations, without neglecting health and safety priorities.**

3.10 In compliance with the principle of subsidiarity, stakeholder participation must, first and foremost, be applied at **national level**, particularly in the case of new Member States. It is essential to support **NGOs**, to ensure their active and competent participation, but also and **above all, SMEs, whose structure and size** make their improved access to the standardisation process particularly important. It is therefore worth remembering that **European institutions specifically created for SMEs, such as NORMAPME**, should be strengthened and used to the best effect.

3.11 The Committee emphasises the need for urgent Community support measures for **capacity-building** activities promoted by the standardisation institutions and NGOs **of the new Member States, including projects** for training experts. The Committee recommends the establishment of a **network of databases that is fully interoperable, decentralised and easily accessible by the end user.** In practice, this means permanent and improved access to information and the knowledgeable participation of all enterprises in the standardisation process.

3.12 With regard to setting **priorities** for the standardisation process, the Committee considers that a **consensual and voluntary process that involves the free participation of all stakeholders** should continue to be used to identify priorities. Priorities that are entirely politically motivated and that fail to take into account the specific characteristics of products and the enterprises that produce them are to be avoided.

3.13 With regard to the Commission using compulsory mandates in the context of the new approach, the Committee believes that **promoting the use of environmental technical standards** should not be subject to top-down decisions but **should be effected through widespread acceptance of eco-compatible products** in order to **respond as effectively as possible to the needs and interests of citizens and consumers.**

3.14 The Committee believes that clearly-defined mandates based on the new approach have contributed to the success of the internal European market and that this should not be jeopardised by using mandates to transfer difficult political decisions within standardisation institutions.

3.15 The Committee considers that **transposing international standards into European standards** is essential to ensure that our products are fully present and competitive on the international market. At present, due to the Dresden and Vienna Agreements, over 83 % of Cenelec standards and approximately 40 % of CEN standards are based on international ISO, IEC and ITU standards. The Committee believes that it is necessary to **prevent environmental standards from becoming barriers to trade under the terms of the World Trade Organisation's TBT Agreement.** Nor should standards make European enterprises uncompetitive on the world market. It is therefore necessary to assume a proactive stance within the context of the trans-Atlantic dialogue (TABD), the Japanese (EJBD) dialogue and the Mercusor Forum (MEBF) in order to prevent the gap between European and international standards from widening.

#### 4. Specific observations

4.1 Participation: It is important to ensure that broader participation does not slow down the process of approving and revising standards, which already takes an average of three to five years. **The principle of subsidiarity must be fully applied. At national level**, the participation of all stakeholders, particularly employers and workers, must be ensured, whereas **at European level**, the representatives of national standardisation institutions must present the consensual national positions achieved. The Community-level representatives of small and medium-sized enterprises and NGOs concerned should also participate, bringing the consensual positions achieved by their institutions to the debate.

4.2 Cooperation: The Committee considers the **organised exchange of technical know-how and the development of voluntary codes of conduct and of best practice** to be particularly important. However, the latter should be implemented through existing tools (cf. 3.3.2.), which need to be strengthened and developed, particularly where the new Member States are concerned.

4.3 Culture: The **development of a European technical standardisation culture** that takes economic, social and environmental issues into account is essential for enterprises and organisations thereof, and, in particular, for SMEs', employees' and stakeholders' organisations. Consumer and environmental protection groups should have sufficient access to financial support at both national and Community level in order to reinforce their training in technical standardisation and ensure their qualified and competent participation.

4.4 Funding: There is a **need for both national and Community multiannual budget resources** to develop training and awareness-raising activities. These funds should be allocated, in particular, to national and European standardisation bodies, to the social partners and to organisations representing the various civil society bodies.

4.5 Priorities: Where new technical standards are to be drafted, **priorities** should be established by consensus of all the participants, since they are directly involved in the standardisation process and therefore have to bear full responsibility for it. Under no circumstance should priorities be decided through a top-down process imposed from above. Tools: The systematic use of the **tools** - as described in points 3.3.1 and 3.3.2 - necessary for the integration of environmental aspects into the standardisation process should be seen as an **opportunity offered to** those involved in the technical standardisation process, which is a voluntary undertaking, **rather than as a requirement imposed on them.**

4.6 Monitoring: **Monitoring and assessing results** achieved through training and awareness-raising activities and strengthening national and European standardisation institutions not least as regards the knowledgeable participation of NGOs and bodies representing SMEs, should provide the Commission, the Council, the European Parliament and the European Economic and Social Committee with the basis for **biannual reports and five-yearly reviews** of Community measures and policy in the field.

## 5. Conclusions

5.1 The EESC is convinced of the need to speed up the standardisation process without weighing it down, thereby ensuring development and high quality in all spheres of the internal market, including the environment. The aim must be to make the process efficient and inexpensive and to minimise red tape,

whilst building the capacity of Member States' institutions as a preparatory measure.

5.2 The EESC believes that the process of integrating environmental aspects into the European standardisation system should fully respect the principle of subsidiarity, and must involve the full participation of all stakeholders, particularly SMEs and NGOs, at national and regional levels especially, since they are closest to the interested parties.

5.3 The development of the global market and the opening-up of large markets such as China, India, and Russia to world trade, make it a priority to transpose current international standards into European standards, in accordance with the Dresden and Vienna Agreements, so as to turn standardisation to the commercial advantage of European enterprises.

5.4 The EESC considers that the objective must be to achieve maximum compatibility between environmental regulations and non-binding standards, which are based on greater awareness of environmental considerations and quality.

5.5 The EESC stresses that forums for the exchange of experience, best practice and dialogue amongst stakeholders should be strengthened through expertise from European and national standardisation institutions, industry, SMEs, employee representatives, consumers and NGOs, in order to support the development of standardisation procedures, in accordance with the Lisbon Strategy and the principle of sustainable, competitive development.

5.6 In particular, it is necessary to:

- promote a technical standardisation culture for the EU;
- take steps to train experts and develop appropriate, widely-used databases;
- increasingly integrate environmental protection into the European standardisation system;
- raise consumer awareness to increase demand for a market which favours the sustainable use of natural resources, raw materials and finished and packaged products;
- strike a balance between key health and safety concerns and global environmental issues, with due consideration for the Kyoto Protocol;
- apply the principle of subsidiarity fully by promoting the participation of all stakeholders at national and regional levels;

- develop more flexible codes of conduct that result in eco-friendly standardisation processes that primarily enable SMEs to develop technical processes that facilitate the economically-viable development of new products, processes and services;
- provide a forum for discussion between the Lisbon Strategy for developing the internal market and the European Environment and Health Action Plan 2004-2010 in order to encourage an exchange of expertise amongst all stakeholders in the standardisation process: CEN, CENELEC, ETSI, NORMAPME, ANEC (consumers), TUTB (workers' union), ECOS (environmental body), Industry, distribution and services;
- support the development of basic technical standardisation for quality products and processes in the agriculture and food sector.

Brussels, 15 September 2004

*The President*  
of the European Economic and Social Committee  
Roger BRIESCH

## Opinion of the European Economic and Social Committee on 'Agriculture in peri-urban areas'

(2005/C 74/12)

On 17 July 2003, the European Economic and Social Committee decided to draw up an opinion, under Rule 29(2) of its Rules of Procedure, on 'Agriculture in peri-urban areas'.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 July 2004. The rapporteur was **Mr Caball i Subirana**.

At its 411<sup>th</sup> plenary session of 15 and 16 September 2004 (meeting of 16 September), the European Economic and Social Committee adopted the following opinion by 132 votes in favour and three abstentions.

### 1. Introduction

#### 1.1 *A productive activity conditioned by the urban environment*

1.1.1 Peri-urban areas have been discussed at various European forums, including the European Economic and Social Committee. This is a growing phenomenon that affects many municipalities in the EU as a consequence of urban, industrial and tertiary development and the spread of communication and transport infrastructures, which are gobbling up prime farming land and generating an increasing number of marginal and uncompetitive agricultural areas.

1.1.2 Agricultural activity in peri-urban areas is conditional on the urban environment in which it is practised, in the sense that the latter has negative repercussions for the former, limiting its economic viability. Such negative repercussions are the primary cause of environmental degradation in the area and have a detrimental effect on the social relationship between city and country. Depending on how it is addressed and resolved, this disjuncture between city and country can seriously jeopardise the survival of agricultural activity itself.

1.1.3 In addition to the traditional problems facing peri-urban agricultural areas, another more recent problem has now

emerged, namely the protection of free areas near cities, but without agricultural activity. This new problem basically stems from the idea that such areas should be some sort of 'theme park', with the result that everything is artificial, decontextualised and impersonal. The aesthetic criteria underlying this idea are based mistakenly on biodiversity protection regulations or an image of the countryside that seeks to marginalise or romanticise agricultural activity.

1.1.4 The EU's Common Agriculture Policy (CAP) stresses the need for farms to diversify by exploring activities that will generate new incomes for farmers. It must be emphasised that without agriculture there is no agricultural landscape, that is, a landscape characterised by fields of crops, animals, meadows and, above all, farmers.

1.1.5 All of these factors (pressure from the urban environment, the idea of agriculture without farmers, the reform of the CAP) raise serious problems for the continuity and stability of peri-urban agriculture. (Such problems are much more pronounced here than in other similar agro climatic areas, which means there is a higher risk of agricultural activity disappearing.)



1.1.6 Besides the loss of suitable land, farming in some Member States suffers from a lack of clear legislation to regulate the land market and farm leases. With no market in farmland, it is harder for young people to enter farming and for farm sizes to be increased. Many public and private landowners are blocking the land market by refusing to rent land to professional farmers. This is a form of speculation which seriously jeopardises the future of many peri-urban agricultural areas and has to be tackled by the Member States through specific preventive legislation.

1.1.7 Agricultural areas, which are not unaffected by the changes that have taken place in rural communities in recent years, are characterised by certain values and roles, which determine the suitability or otherwise of activities carried out in them.

## 1.2 *Much more than merely an economic activity*

1.2.1 The EESC, which has a direct interest in ensuring that the economic, environmental and social development of Europe's rural areas is sustainable, wishes to point out that the environmental, social and economic role played by agricultural areas is more important in peri-urban areas than elsewhere. This is because in peri-urban areas agricultural land acts as a green 'lung' for major cities; these areas are, moreover, a key element in regional planning as they prevent the unlimited growth of cities, fashion the landscape and give the urban environment a human face. However, the economic role of such areas – essential for the protection and future prospects of agricultural land – is diminishing owing to urban pressure and the lack of importance attached to farming in the economic fabric of peri-urban areas.

1.2.2 According to the first principle of the Salzburg Conference, there is no farming without a living countryside, and there is no living countryside without agriculture<sup>(1)</sup>. The EESC wishes to stress that the real protagonists of peri-urban agricultural areas are, and indeed must be, essentially professional full-time farmers, while also recognising the important role played by part-time farmers in many peri-urban areas.

## 1.3 *Constraints and opportunities: agriculture in heterogeneous and constantly-changing areas*

1.3.1 The EESC is aware that it is not easy to reach a unanimous definition of peri-urban areas as they are extremely heterogeneous and constantly changing. Such areas are essentially the interface between strictly rural areas and the urban

world; they preserve the fundamental characteristics of the former while integrating certain aspects of the latter.

1.3.2 The common characteristic of peri-urban areas is their territorial, environmental and social fragility and the fact that they are found on the peripheries of cities. It is the professional farming practised in these areas that is known as 'peri-urban agriculture'. This professional farming co-exists with other activities linked to the growing of plants for recreational, therapeutic, educational and other reasons or for the purpose of creating and maintaining landscapes (landscape gardeners, gardeners, etc.). Such activities are especially important in some regions of the Member States.

1.3.3 Peri-urban areas are rural areas that face specific and characteristic constraints that set them apart from other rural areas, and whose survival is seriously threatened.

1.3.4 At the same time, peri-urban agriculture often presents unique characteristics that must be exploited to the full, e.g. the opportunities provided by its proximity to consumer markets, growing consumer awareness of issues such as food quality and safety, and social demand for new activities (leisure, training, environmental education, ecotourism, etc.). These new complementary activities could help spread the entrepreneurial risk and boost agricultural incomes.

1.3.5 Article 20 of Council Regulation (EC) No. 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) stipulates that 'Less-favoured areas may include other areas affected by specific handicaps, in which farming should be continued, where necessary and subject to certain conditions, in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline', reinforcing the EESC's oft-repeated view that peri-urban agricultural areas constitute 'areas affected by specific handicaps'.

1.3.6 Agenda 2000 and the recent CAP mid-term review have given further impetus to these guidelines.

1.3.7 The preamble to the Conclusions of the Salzburg Conference stresses 'the need to help European farmers take up their multifunctional role as custodians of the countryside and market oriented producers in all of the EU'<sup>(2)</sup>. This was echoed in the EESC's own initiative Opinion (rapporteur: **Mr Bros**) on The CAP second pillar: outlook for change in development policy for rural areas (follow-up to the Salzburg conference).<sup>(3)</sup>

<sup>(1)</sup> Literally, 'A living countryside is essential for farming, as agricultural activity is essential for a **living countryside**.' - Conclusions of the second European conference on rural development in Salzburg, 12-14 November 2003 – MEMO/03/236.

<sup>(2)</sup> See footnote 1.

<sup>(3)</sup> CESE 961/2004 – NAT/243

## 2. Objectives for the conservation and development of peri-urban agriculture

2.1 In the EESC's view, peri-urban agriculture undoubtedly faces specific constraints stemming directly from characteristics that can be easily identified and defined. Specific measures must therefore be introduced for the conservation, planning and management of peri-urban areas with agricultural activity. To achieve this, the EESC proposes that mechanisms and instruments to conserve and develop peri-urban agricultural areas should be promoted.

2.2 *Objective 1: Social, political and administrative recognition that peri-urban areas with agricultural activity are rural areas facing specific constraints*

### 2.2.1 Bolstering an active and powerful network of 'intermediate cities'

2.2.1.1 The EESC notes that the 'metropolitanisation' of Europe is a growing phenomenon resulting in an increase in large cities and a constant and irreversible reduction in fertile land, the main constraint on peri-urban areas, as pointed out in its own-initiative Opinion (rapporteur: **Mr Van Iersel**) on European Metropolitan Areas: socio-economic implications for Europe's future. (\*)

2.2.1.2 This decline in agricultural activity has repercussions not only for the agricultural sector but also for the maintenance of natural resources, protection of the quality of life of city dwellers and balanced land management.

2.2.1.3 From the point of view of a balanced and sustainable Europe, the EESC stresses **the need to bolster an active and powerful network of 'intermediate cities'**, defined not so much by their demographic size as by their role as a mediator between rural and urban areas within their area of influence.

2.2.1.4 Such a network of cities is only possible if surrounded by agricultural and natural areas, in short peri-urban areas, that can act as buffer zones between built-up areas and as corridors between natural areas, enhancing and consolidating the personality of towns and cities, protecting biological diversity and making viable agricultural production possible.

### 2.2.2 Acknowledging the role of agriculture in the relationship between city and country

2.2.2.1 In the EESC's view, the first essential instrument must be **social, political and administrative recognition that these rural/urban (i.e. peri-urban) areas with agricultural activity face specific difficulties and play a key role in the relationship between city and country.**

2.2.2.2 Recognition of peri-urban agricultural areas and the agricultural activity practised in them is conditional on (a) a study of the problems both facing and generated by these areas and (b) **a full analysis of the different values that they encapsulate** (water, landscape, biodiversity, architecture, agricultural system, etc.) **and of the economic, environmental and social role** that they are called upon to play as a result of these values.

### 2.2.3 Raising awareness as a tool for recognition

2.2.3.1 **Society needs to understand that land is a limited natural resource** and a common heritage that is difficult to recover once it has been destroyed. For this reason, centripetal (inward) urban growth must be promoted through programmes designed to restore and reclaim degraded urban areas and obsolete industrial areas, as this will prevent the loss of even more land to construction, and through specific legislation to stop speculation in the farmland on the periphery of many European cities.

2.2.3.2 To ensure that such areas are given social, political and administrative recognition across Europe, the EESC proposes that a boost should be given to **European action on peri-urban agricultural areas** and the agricultural activity practised in them. Such action must recognise the values and roles of such areas and prepare the way for each country to draw up specific legislation on their protection and development, based on common fundamental criteria.

## 2.3 *Objective 2: Preventing peri-urban agricultural areas from becoming part of the urban process through regional planning, urban planning and municipal initiatives*

2.3.1 The EESC believes that to protect peri-urban agricultural areas it is not enough for politicians and society as a whole simply to pay lip service to the idea of preserving such areas; it is also imperative that all the Member States **have and apply instruments for managing peri-urban agricultural land** in order to prevent the speculation that results in such land being abandoned.

(\*) CESE 968/2004 – ECO/120

2.3.2 In the EESC's view, such land management instruments must be created, underpinned by six pillars:

- a) legal **regional and urban planning instruments** at European, national and regional level, and **land use instruments** at national and regional level that take particular account of peri-urban agricultural areas and agricultural policies and make it difficult to reclassify farmland for other uses;
- b) legal and transparent instruments to regulate situations in which private or public landowners **temporarily cease to use land**; professional farmers should be offered the opportunity to rent such land for the purposes of growing crops and/or raising stock, thus helping to improve farm output;
- c) avoidance of excessive taxation of land used for agriculture in these areas, which should be taxed on the same basis as urban industrial and/or residential land;
- d) **new and better initiatives at municipal level** to reinforce the subsidiarity principle (responsibility of local authorities and politicians) in municipal planning, in all cases using supra-municipal criteria based on inter-municipal cooperation and territorial cohesion;
- e) **new criteria for municipal funding, such as the concept of 'protected agricultural areas'** in which the protection of agricultural land takes precedence over urban occupation, making it possible to reduce the dependence of municipal funding from taxation on other criteria;
- f) the mandatory and binding introduction of 'agricultural impact studies' by the relevant agriculture administration whenever action is planned in a peri-urban agricultural area which could involve the loss of farmland.

2.3.3 In short, the aim is to use regional planning, urban planning, land use instruments, municipal funding and agricultural impact studies to protect peri-urban agricultural areas from the city's constant demand for land (for urban growth, industrial and tertiary development, and communication and energy infrastructures) and to prevent any land degradation that could be used to discredit and justify the disappearance of peri-urban agricultural areas.

2.4 *Objective 3: Ensure the dynamic and sustainable development of peri-urban agriculture and the areas in which it is practised*

2.4.1 In the EESC's view, the dynamic and sustainable development of peri-urban agriculture and the areas in which it is

practised can only be ensured by allowing **local authorities to play a key role, incorporating elements such as inter-municipal management** as well as supra-municipal planning.

2.4.2 For this reason, peri-urban areas need to get together and set up a **body whose fundamental objective is not only to protect but also to revitalise agricultural areas and agricultural activity** by means of supra-municipal plans for the conservation, use and management of land.

2.4.3 The involvement of farmers in this body will ensure that it is a **genuine partnership**, enabling them to promote their objectives among local groups (general public and politicians) and other interested partners (universities, environmentalists, etc.) and reach agreement on how agricultural areas should be managed.

2.4.4 Managers of peri-urban areas must have a conservative approach to the values represented by peri-urban agricultural areas, but a progressive approach to proposals on how to develop the role of such areas, adopting a positive, imaginative and creative attitude. They must also strictly regulate land use in such areas. In short, they must use sustainability criteria.

2.4.5 A subsidiarity-based approach to the management of peri-urban agricultural areas is essential to ensuring that the authorities and farmers make a commitment to protecting and developing such areas, in other words a **contract for sustainable agricultural management between the public administration and farmers**.

2.4.6 **Management must be based on a 'cooperation network'** between public and private stakeholders involved in management, and headed by a **'participatory and managerial body'**. This body must bring together common aims and interests, and instigate specific actions tailored to the particular area and its natural resources (e.g. promoting its products, use of information and communication technologies, encouraging environmental education, preserving the countryside, etc.). In short, a body which establishes the general conditions, monitors their application and encourages measures to assist and nurture peri-urban areas.

2.4.7 It is a matter of following, including in areas with peri-urban agriculture, the approach proposed at the Salzburg Conference, where it was stressed that *'Future policy must mainstream EU support for rural areas through bottom-up local partnerships'* [and] *'More responsibility must be given to programme partnerships to define and deliver comprehensive strategies based on clearly defined objectives and outcomes'* (sixth and seventh principles of the Conclusions of the Salzburg Conference) <sup>(9)</sup>.

2.4.8 In addition to 'contracts for sustainable agricultural management', consideration must also be given to supra-municipal management projects which, in view of the specific characteristics of agricultural areas (rural-urban areas), must be presented as **'rur-urban' projects** between administrations and managing bodies that protect and reclaim agricultural areas and generate income by city and countryside working together. It is imperative that some of the income derived from the non-agricultural benefits generated by agricultural areas revert to the farming community.

2.4.9 Such 'rur-urban projects' must be promoted by the participatory and managerial bodies for peri-urban agricultural areas and based on **multi-sectoral criteria**, including products that respond to consumer demands, environmental elements that limit the impact of productive activity on the environment and create and maintain the landscape, and social elements that respond to urban needs, such as using agricultural areas for outdoor and educational activities.

2.4.10 Before the managerial bodies for peri-urban agricultural areas draw up rur-urban projects and contracts for agricultural management, **the parties involved in managing such areas** (i.e. the authorities, in particular local authorities, and the farming sector) must first draw up and approve an **institutional agreement** on the need for an integrated style of management.

2.4.11 This institutional commitment by local and supra-local authorities and farmers could follow a series of general principles laid down in a **'Charter on peri-urban agriculture'**.

2.4.12 To further consolidate this charter and reinforce the mutual commitment, a **'sustainable management and development plan'** could also be drawn up and adopted, setting out principles, strategic guidelines and specific measures to protect the values and develop the roles of a specific peri-urban agricultural area.

<sup>(9)</sup> See footnote 1.

### 3. Conclusions

3.1 Such rur-urban projects and the mutual commitment documents must be based on criteria laid down in a **city-countryside pact** operated by the managing bodies and with arrangements to promote participation by the general public and the farming community. These pacts require the following objectives to be met:

- a) **Objective 1: There must be a territorial conservation and development project** for areas with peri-urban agriculture. Such projects must be based on regional, urban and land use plans, and on specific legislation to regulate the market in farmland.
  - b) **Objective 2: Peri-urban land must be kept in agricultural use** by means of instruments and mechanisms which guarantee this continued use, reducing as far as possible urban pressure and land use for non-agricultural activities, and to facilitate access to farmland.
  - c) **Objective 3: An integrated form of management based on a managerial body** to promote and mobilise areas of peri-urban agriculture and raise awareness of their value. This must also ensure dynamic and sustainable development through a commitment to manage land on the basis of **rur-urban projects** and a contractual relationship between the public, authorities and farmers in the form of a **sustainable agricultural management contract**.
- 3.2 To meet these objectives, the following are essential:
- a) **Moves to encourage women and young people to participate actively** in territorial projects and agricultural management contracts, to safeguard the present and future status of these areas.
  - b) **A public perception** that farming can guarantee food safety because it follows environmentally friendly and socially responsible farming methods.

- c) **Recognition of the importance of water in consolidating peri-urban agricultural areas.** Specific legislation is needed not to restrict the use of water for agriculture, but rather to introduce a new 'culture of water' based on limiting the use of surface water and groundwater and re-using water produced by waste water treatment plants for agricultural purposes.

- d) **Bolstering these peri-urban agricultural areas** through society's recognition that they face specific difficulties.
- e) Development of instruments and **actions intended to raise agricultural incomes, increase the efficiency of infrastructures and improve the provision of services to farming.**
- f) Promotion of **production and marketing systems that meet market demands**, with special attention to the promotion of food diversity by encouraging sustainable farming which respects the environment, cultural identity and animal welfare.

- g) **Rational use of resources** (in particular land, water and landscape) and their **protection.**

3.3 In view of the precarious situation facing peri-urban agricultural areas and European peri-urban agriculture as a whole, the EESC believes it is essential to establish a **European observatory for peri-urban agriculture** that not only has a European perspective on peri-urban agricultural areas and the agricultural activity practised in them, but also acts as a reference centre for monitoring, analysing and raising awareness of the situation of peri-urban agriculture in Europe and a place where local and regional authorities and different European bodies can come together to discuss this issue, proposing initiatives for the conservation and development of these peri-urban areas and their agriculture.

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*The president*  
*of the European Economic and Social Committee*  
Roger BRIESCH

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