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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

99TH PLENARY SESSION, 31 JANUARY-1 FEBRUARY 2013

Resolution of the Committee of the Regions on 'Legislative package on Cohesion Policy post-2013'

(2013/C 62/01)

THE COMMITTEE OF THE REGIONS

- strongly advocates, in view of the current negotiations on the Multi-Annual Financial Framework, that Cohesion Policy needs both an effective spending and a vigorous budget; therefore calls on the Member States to reconsider the budgetary restrictions and maintain at least the current level of funding;
- strongly supports the REGI Committee's negotiating team in the triilogue process; in particular, recalls some key positions shared with the EP such as "transition regions", the balance between Europe 2020 Strategy and the Treaty objectives, the effective involvement of local and regional authorities (LRAs), as well as the rejection of macroeconomic conditionality and performance reserve; it therefore hopes they could be kept in the final package;
- advocates the full application of the multilevel governance principle and a stronger involvement of LRAs in the setting of future Partnership Agreements and operational programmes; supports the European Commission's proposal to elaborate a European Code of Conduct on Partnership (ECCP); therefore deeply regrets that the Council rejects such a tool and asks reluctant Member States to reconsider their positions, as it gives a negative signal regarding their willingness to cooperate with legitimate partners;
- supports a stronger democratic accountability and considers that the Council should discuss several financial issues - *such as the allocation method of Funds at national and regional levels, capping rate, safety net, etc.* - within the framework of the negotiations on the legislative package on Cohesion Policy rather than of the MFF, so that the European Parliament could be properly involved in these discussions and the CoR be consulted;
- regrets once more that GDP/GNI (and the number of unemployed people to a lesser extent) are the only criteria used to determine the level of allocation of the Structural Funds in a region and stresses that supplementary indicators should be used in order to better assess social and environmental needs and challenges.

Rapporteur Marek WOŹNIAK (PL/EPP), Marshal of the Wielkopolska region

Resolution of the Committee of the Regions – Legislative package on Cohesion Policy post-2013

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Introduction

1. adopts a political resolution on the current interinstitutional negotiations on the legislative package on Cohesion Policy post-2013, taking into account its first positions adopted between February and July 2012 and responding to the recent discussions and positions taken by the European Parliament and the Council;

2. strongly advocates, in view of the ongoing negotiations on the Multi-Annual Financial Framework (MFF), that Cohesion Policy is an investment policy that needs both effective spending and a vigorous budget that cannot be cut down if we want to stimulate growth and jobs, increase competitiveness and fight against territorial disparities within and between the EU regions, especially in times of crisis. Due to its crucial importance in tackling the economic crisis and the challenges of the Europe 2020 strategy, spending on Cohesion Policy should not be cut by EUR 19 billion (*in comparison with the European Commission's proposal*) while spending on other European Union policies is being maintained or even increased, as it is proposed by the draft Council conclusions of 22 November 2012;

3. expresses its utmost satisfaction with the mandates adopted by the REGI Committee of the European Parliament on 11-12 July 2012, which largely echo the demands of local and regional authorities, as expressed and adopted in the Committee of the Regions' opinions; regrets, however, that key issues concerning the draft regulation on the ESF were not taken on board by the draft report adopted by the EMPL Committee on 5 July 2012;

4. appreciates the positive developments towards simplification as proposed by the EC draft legislative package and welcomes provisions of the recently-adopted financial rules applicable to the general EU budget, such as on the use of flat rates, lump sums and shorter payment deadlines; insists on having an even more ambitious agenda at Member State level to simplify access to EU funds procedures, EU and national public procurement rules and reporting and control mechanisms;

5. strongly supports the REGI Committee's negotiating team in the dialogue process; in particular, recalls some key positions

shared with the EP on the following issues, and hopes they could be kept in the final package:

- support for a cohesion policy that includes all regions and focuses equally on the EU's less developed regions;
- support for a new category of "transition regions" and the safety net of two-thirds of the current allocation for regions no longer eligible for convergence support;
- the need to balance the priorities between the Europe 2020 Strategy and the Treaty objectives as well as the need for more flexibility in the application of thematic concentration;
- the effective involvement of local and regional authorities in the design of partnership contracts and operational programmes respecting the multilevel governance principle;
- the strong support for the inclusion of a European Code of Conduct on partnership within Article 5 of the Common Provisions Regulation;
- the strong rejection of macroeconomic conditionality;
- the need for ex ante conditionalities to be directly related to the implementation of Cohesion Policy;
- the rejection of a performance reserve;
- the transfer of the Cohesion Fund allocation to the new Connecting Europe Facility, with the strict application of the CF rules and respect of national quotas;
- support for the integrated approach to territorial development advocated by the European Commission, as well as the introduction of new tools and forms of governance such as Integrated Territorial Investment (ITI) and local development carried out by local actors for urban matters;
- rejection of the urban development platform but call for URBACT to be established on a permanent footing.

6. underlines the need to adopt the legislative package as soon as possible after the adoption of the Multiannual Financial Framework (MFF); recalls the gravity of the economic and social crisis facing the EU, which makes it especially urgent for the implementation of Partnership Contracts and Operational Programmes' to begin in 2014, as this is the only way of delivering European funds that are vital for investment and structural reforms in the Member States, regions and cities;

7. recalls that the discussion on the draft regulation on EGTC should be distinguished from the overall legislative package on Cohesion Policy and stresses the importance of immediately adopting this specific regulation, which has no particular implications for the EU budget, without waiting for adoption of the package. This would enable the regulation to enter into force as soon as possible, providing fresh impetus for the development of new EGTC projects in a secure legal framework;

In favour of an ambitious budget for Cohesion Policy after 2013

8. recalls that local and regional authorities are fully aware of the need to improve the outcome of Cohesion Policy, through better programming and spending of Structural Funds, in particular in the current context of economic crisis and financial constraints;

9. considers a Multiannual Financial Framework (MFF) with a smaller budget than that proposed by the European Commission to be unacceptable, since it would weaken economy and competitiveness of the European Union and of the single market as a whole just when it most needs to be strengthened. Therefore, as stated in the Resolution of the Committee of the Regions on the on-going negotiations on the MFF ⁽¹⁾, reiterates its call for a credible multi-annual EU budget as an investment tool for the benefit of all EU Member States and regions of at least the same level in terms of commitment appropriations as a percentage of GNI as the one agreed for the current programming period 2007-2013;

10. however considers as unacceptable the proposal by the Cyprus Presidency on 29 October 2012 to reduce the budget allocated to Cohesion Policy after 2013. Therefore calls on the Member States to reconsider the budgetary restrictions and maintain at least the current level of funding;

11. reaffirms the need to maintain a strong and ambitious Cohesion Policy at EU level, in order to respect the Treaty objectives of economic, social and territorial cohesion, as well as the collective commitment to deliver the Europe 2020 targets; a reduction of more than EUR 10 billion – as is

proposed by the Council Presidency – would widen the gap between less developed and more developed regions and territories, as well as the revenue gap between citizens;

12. insists on the fact that cuts in Cohesion Policy funding would negatively affect the development of the Single Market and the investment capacity of local and regional authorities in crucial fields for the future of Europe, such as research, innovation, education, support to SMEs, green economy and infrastructure, which are key components of job creation for the future; considers during this current period of economic and social crisis that budgetary cuts would jeopardise long term investments and Europe's future sustainable growth and role in the world;

A stronger democratic accountability: the respect of the co-decision procedure

13. recalls that for the first time the legal texts governing Cohesion Policy will all be adopted under the co-decision legislative procedure, in accordance with the provisions of the Lisbon Treaty, thereby placing Member States and the European Parliament on an equal footing;

14. therefore considers that the Council should discuss several financial issues - *such as the allocation method of Funds at national and regional levels, capping rate, safety net, etc.* - within the framework of the negotiations on the legislative package on Cohesion Policy rather than of the MFF; as already said in its opinion on the "new MFF post-2013" ⁽²⁾, condemns the fact that the abovementioned issues are included in the Council's negotiating box and considers that, as areas for co-decision, they should be discussed within the General Affairs Council. Furthermore, the European Parliament should be properly involved in these discussions alongside the Council and the CoR should be consulted, in order to ensure effective democratic accountability; recalls that the CoR reserves the right to appear before the Court of Justice of the European Union if the European Commission does not introduce a legislative proposal on which the CoR has an opportunity to give an opinion;

Concerning the allocation method of the Structural Funds

15. regrets once more that GDP/GNI (and the number of unemployed people to a lesser extent) are the only criteria used to determine the level of allocation of the Structural Funds in a region; therefore, welcomes the proposal to increase the impact of the number of unemployed people in less developed and transition regions as indicated in the European Council's draft conclusions (version of 22 November 2012), in order to counter balance the weight of the GDP within the allocation method and to better take into account the social dimension of cohesion. At the same time, suggests that other demographic indicators such as the age dependency ratio be taken into account when determining the allocation of structural funding at the level of Member States;

⁽¹⁾ Cf. CdR 2263/2012 fin

⁽²⁾ Cf. CdR 1777/2012 fin (rapporteur: Mercedes Bresso (IT/PES)).

16. as stated before ⁽³⁾, stresses that supplementary indicators should be used in order to better assess social and environmental needs and challenges (such as public services accessibility, health, per capita income, mobility and a clean environment). The distribution of these indicators at sub-regional level (GINI indicator) could be integrated within the method of allocating Funds, in order to better assess territorial cohesion challenges;

17. considers that, in order to take into account the trends in regional development, the evolution of GDP per inhabitant during the reference period (on the basis of the available Union figures for the latest three year period) should be built into the future method of allocation of Funds. A more flexible approach would enable support to be given also to those regions facing economic downturns;

18. requests that "serious and permanent natural or demographic disadvantages" be added to the list of criteria used for allocating resources by Member States; recalls in particular that demographic criteria, such as population dispersal, depopulation in certain parts of regions, or demographic ageing, have a serious impact on economic development and the cost of public services; commends the European Parliament for its support on this matter and asks the Council to align itself to the Parliament's position;

19. independently of the method chosen, reaffirms the following principles:

— Structural and Cohesion Funds should concentrate on less developed regions, while respecting the repartition between types of regions as proposed by the European Commission;

— "transition regions" should be treated on a fair basis, avoiding the creation of too many differences between regions no longer eligible for the convergence objective and the other type of transition regions;

— more developed regions should also be supported, as most of them are facing significant social problems, pockets of poverty in most urban areas and environmental and economic competitiveness challenges;

20. considers the principle of additionality to be fundamental to the effectiveness of Cohesion Policy, without which all of the efforts made under European regional policy could be rendered useless;

21. is particularly concerned about the Council Presidency's use of the three-year period 2007-2009 as the analysis period for its proposals on the regions. During the current crisis, calculating regions' relative wealth on the basis of measurements from that period distorts reality, since they are based on years of economic growth, which is particularly harmful for the regions on which the crisis is having the greatest impact. The Committee therefore welcomes the introduction of the clause regarding a review in 2016, though it also recommends special support, in addition to the safety net, to compensate those regions whose reduction in relative wealth resulting from the crisis has placed them at a disadvantage compared to the other regions in their category;

Concerning the capping rate

22. supports the capping rate proposed in the 18 September 2012 negotiating box on the MFF (2.5 %) which takes into account the catching up of the EU-12 Member States and the absorption difficulties faced by some Member States during the current programming period; therefore rejects the reduction proposed in the draft European Council conclusions of 22 November 2012 (2.35 %); however, envisages, for the Member States which acceded to the Union before 2013 and whose average real GDP growth in 2008 - 2010 was lower than -1 %, to secure a level of capping which allows a similar level of commitments as for the current 2007-2013 period;

Concerning the safety net

23. supports the Commission's proposal concerning a "safety net" equal to at least two thirds of the current allocation for regions that will no longer come under the convergence objective; therefore regrets the latest proposals from the Presidency of the European Council reducing the "safety net" to below this level;

Concerning the urban premium

24. welcomes the recent deletion of an "urban premium" in the Council Presidency's documents concerning the negotiating box on the MFF, which was allocating EUR 4 per inhabitant living in cities of 250 000 inhabitants or more. This premium would have given a financial advantage to more urbanised regions, whereas the development gap between rural and urban areas is still very high;

Concerning territorial cooperation budget

25. strongly supports the Commission's proposal to increase the allocation to European territorial cooperation (ETC) to EUR 11.8 billion, instead of 8.7 billion under the current programming period; recalls the added value of ETC towards European integration and territorial cohesion, thanks to the minimisation of the negative effects of borders, the improvement in policy efficiency, the improvement of quality of life, the reinforcement of capacity building as well as the

⁽³⁾ Cf. Opinion on "Measuring progress – GDP and beyond", CdR 163/2010 fin (rapporteur: Vicente Álvarez Areces (ES/PES)).

promotion of trust and mutual understanding; therefore regrets the 3 billion cut proposed in the draft European Council conclusions of 22 November, as well as the reintroduction of the 150 km requirement for cross-border cooperation, in the case of maritime borders; however, welcomes the fact that the Council draft conclusions align with the CoR's call and EP position on the need to increase the co-financing rate to 85 % for ETC programmes;

Rejection of macroeconomic conditionality and financial sanctions/awards

26. reaffirms its strong opposition to macroeconomic conditionality, in particular to any suspension or cancellation of CSF funds linked to the Stability and Growth Pact sanctions, as it risks heavily penalising regional and local authorities that are not responsible for their Member States' failure to comply with these requirements;

27. welcomes the support of the European Parliament on this matter and hopes that the negotiating team will succeed – within the trilogue – in convincing Member States to withdraw all measures linked to macroeconomic conditionality within the Common Provisions Regulation;

28. reaffirms its support for partially linking CSF Funds and the new EU economic governance, by opening the possibility to amend Partnership Contracts and Operational Programmes on the basis of country specific recommendations within the European Semester, but rejects strongly the hypothesis of partial or total suspension of payments;

29. reiterates its rejection of the "performance reserve" awards to the most successful regions, since this mechanism could incentivise policymakers to set very modest and easily achievable objectives, with a view to tapping into additional resources, and could encourage the development of unambitious projects and discourage innovation; therefore supports the position of the European Parliament and hopes that the Council will modify its opinion on this matter; recalls its proposal for a "flexibility reserve" made up of automatic decommitment resources and used to fund experimental initiatives, which could become a compromise between the two co-legislators;

30. fully agrees with the approach required for the new results-based management framework and, consequently, with the importance attached to measuring performance. However, it considers that flexible rules are needed, enabling the results to be seen in the context of the particular economic situation of each region; furthermore, reaffirms its opposition to any financial sanctions linked to the performance framework;

For an effective partnership with local and regional authorities

31. advocates the full application of the multilevel governance principle and a stronger involvement of local and regional authorities in the preparation, negotiation and implementation of Cohesion Policy during the next programming period;

32. welcomes the European Parliament's proposal to put local and regional authorities on the same footing as national governments in the elaboration of "Partnership Contracts" and "Operational Programmes", with due respect of the subsidiarity principle;

33. expects that local and regional authorities will be fully involved in the design of "Partnership Contracts" in order to respond to the needs of a bottom-up and integrated approach to regional development strategies; calls on the Member States to start work on the strategic planning of Cohesion Policy in order to be ready to begin programming CSF Funds by 1 January 2014; in that respect, requests the European Commission to closely monitor the elaboration of those contracts by avoiding a top-down and sectoral approach to programming;

34. therefore supports the European Commission's proposal to elaborate, for the first time, a European Code of Conduct on Partnership; deeply regrets that the Council rejects such a tool, which aims to improve the quality of partnerships in all Member States and asks reluctant Member States to reconsider their positions on the ECPP, as it gives a negative signal regarding their willingness to cooperate with legitimate partners;

An architecture taking into account territorial disparities

35. reaffirms its clear support for the new category of "transition regions" and supports the European Parliament in the current interinstitutional negotiations; calls on the Council Presidency to maintain its position on this matter until the end of the negotiations, as this new category partially answers the objective of territorial cohesion by offering more equitable support to all regions;

36. welcomes the European Parliament's proposal to create another safety net of four-fifths of the 2007-2013 allocation to "single island States eligible to the Cohesion Fund in 2013" and for "outermost regions" that will no longer belong to the less developed regions category after 2013;

37. recalls the needs and challenges of outermost and sparsely populated regions and requests that sufficient and proportionate budget resources are allocated for them in order to achieve the objective of economic, social and territorial cohesion, as well as their better integration in the Single Market; therefore welcomes the increased aid intensity for outermost regions (from EUR 20 to 30 per inhabitant) as proposed by the draft European Council conclusions of 22 November 2012;

38. insists on the fact that the Lisbon Treaty has added territorial cohesion to the economic and social cohesion policy objective and questions the lack of reference to this territorial dimension, as well as to regions undergoing industrial change, and island, sparsely populated, mountainous or outermost regions in the EMPL committee report on the draft ESF regulation;

Thematic concentration: towards more flexibility

39. welcomes the more flexible approach on thematic concentration in the Europe 2020 strategy, as adopted by the European Parliament and the Council compromises; recalls the main political objectives of the Treaty (economic, social and territorial cohesion) and the need to take more account of national and regional disparities and challenges that have been supported by both legislators;

40. welcomes the extension of the thematic objectives and investment priorities as stated in the European Parliament's texts for mandate concerning the ERDF and ETC draft regulations, as well as in the compromises adopted by the Council Presidency on the "thematic concentration" bloc; would underline, nevertheless, the importance of continuing to give special attention to themes relating to developing cultural heritage and tourism; regrets, however, that the EMPL committee report on the ESF does not propose any reduction in the concentration percentages proposed by the European Commission, contrary to the suggestion of the CoR;

41. particularly welcomes the European Parliament's position concerning the extension of the field of ICT for all regions to include basic infrastructure, but regrets the Council's silence on this issue; therefore asks the Member States to reconsider their position on this matter, as high speed ICT networks are still missing in many remote rural areas, even in more developed regions;

42. welcomes the fact that the Council has removed the thematic concentration imposed by the European Commission in the specific allocations for the outermost regions in the ERDF regulation, and hopes that the European Parliament will amend its negotiating mandate on this point, in keeping with the Council's stance, with a view to the present interinstitutional negotiations;

European Social Fund

43. reiterates that local and regional authorities are, and must continue to be, key actors in planning and implementing ESF operational programmes and therefore rejects the consideration included in the EMPL committee report according to which Member States should remain the "principal intermediaries" for all ESF policies given the importance of national employment policies;

44. reiterates its request for a reference in the ESF regulation to areas with natural and demographic handicaps similar to that foreseen in Article 10 of the draft regulation on the ERDF, as well as to the outermost regions; highlights the need to extend territorial cooperation under the ESF to cross-border and inter-regional cooperation alongside transnational cooperation;

45. regrets the budget cut proposed in the 22-23 November European Council conclusions to the food aid programme for the most deprived persons (EUR 2.1 instead of EUR 2.5 billion); calls for a clear separation of the programme from the ESF and insists on an allocation of adequate resources transferred from heading 2 of the MFF (CAP);

Towards a formal "Council for Cohesion Policy"

46. welcomes and supports the Cyprus Presidency's proposal to create a formal "Council for Cohesion Policy", which would "be composed of the Ministers with responsibility for Cohesion policy"; the CoR has advocated for such a formal meeting for a long time, as it would give more visibility and would ensure a continuous political debate on Cohesion Policy; wishes to participate actively in the political discussions of a formal Council, as it will affect the interests of local and regional authorities of the EU, which are directly concerned and involved in the implementation of Cohesion policy on the ground;

47. regrets that the investment pre-financing effort is still imposed on national or regional authorities that have managing authority status. This entails a financial effort that is difficult to make in the current situation of constraints in the financial markets. If the investment pre-financing principle is imposed, the European Union will waste a unique opportunity to inject financial resources directly into boosting the economy and structural change, providing larger amounts in advance so that funding can be provided at the right time to allow repayments to start;

Financial Management of the Operational Programmes

48. regarding the rules on management and control, disagrees with the way value added tax is dealt with, since its eligibility as an operational cost is limited to very specific cases which, in most regions, will rule it out as an eligible expenditure. In practice, this means a real cut in the rate of co-financing by the funds of up to 23 %;

49. is in favour of retaining the n+3 rule for the 2014-2020 programming period;
50. upholds the eligibility of VAT for all categories of expenditure, where this tax cannot be recovered by the beneficiaries.

Brussels, 1 February 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Resolution of the Committee of the Regions on 'Sustainable future for the economic and monetary union (EMU)'

(2013/C 62/02)

THE COMMITTEE OF THE REGIONS (CoR)

- having regard to the final conclusions of the European Council of 13-14 December 2012;
- having regard to the report "Towards a Genuine Economic and Monetary Union" prepared by the President of the European Council Herman Van Rompuy together with the Presidents of the European Commission, the European Central Bank and the Eurogroup (5 December 2012);
- having regard to the European Commission Communication "A Blueprint for a deep and genuine economic and monetary union (COM(2012) 777/2 - 28 November 2012)";
- having regard to the European Parliament resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup "Towards a genuine Economic and Monetary Union";
- having regard to the European Parliament resolution of 16 January 2013 on Public Finances in EMU - 2011 and 2012;

1. highlights that the strengthening of the Economic and Monetary Union (EMU) in the Member States is essential to ensure sustainable growth, social progress and further political integration within the EU;

2. regrets that a number of budgetary and economic policy issues highlighted in the European Commission Blueprint for a deep and genuine EMU and the report prepared by the President of the European Council together with the Presidents of the European Commission, the European Central Bank and the Eurogroup were not taken on board in the final European Council conclusions and were postponed to the June 2013 European Council;

3. calls for regional and local authorities to be involved in the European semester process at Member State level and for the CoR to be involved at the level of the EU institutions, because fiscal governance also means economic governance at local and regional level. For fiscal governance to work effectively, the division of responsibility between the EU, Member States and the local and regional level should be clear and unambiguous;

4. underlines that European decisions related to the EMU have a considerable impact not only on national, but also on sub-national finances. Stresses, in this context, that the fiscal autonomy at sub-national level is guaranteed *inter alia* by Article 4 of the Treaty on the European Union; therefore calls for greater synergies between EU, Member State and sub-State budgets;

5. recalls, in this context, the request by the European Parliament to the Commission⁽¹⁾ to "fully address", in its

next Annual Growth Survey, "the role of the EU budget in the European Semester process by providing factual and concrete data on its triggering, catalytic, synergetic and complementary effects on overall public expenditure at local, regional and national levels";

6. reiterates its support to the call made by the European Parliament on Member States to consider signing to a "Social Investment Pact" based on the model of the "Euro Plus Pact". It would set targets for social investments to be taken by Member States in order to meet the employment, social and education objectives of the Europe 2020 strategy;

7. stresses that efforts to tackle the economic crisis should now focus on developing the new mechanisms that have already been agreed and making sure they work well, and on taking the local and regional level into account in the European semester;

8. welcomes that the European Council conclusions⁽²⁾ stress that "the possibilities offered by the EU's existing fiscal framework to balance productive public investment needs with fiscal discipline objectives" should be further "exploited" in the preventive arm of the Stability and Growth Pact. This objective becomes even more topical against the backdrop of the recent International Monetary Fund's findings that so-called fiscal multipliers, which gauge the negative impact of budget consolidation on growth, were "substantially higher" than anticipated by analysts during the debt crisis. Expects therefore the Commission to address further the issue within the announced communication on the quality of public spending which should consider, *inter alia*, the issue of

⁽¹⁾ European Parliament resolution: "European Semester for economic policy coordination: implementation of 2012 priorities".

⁽²⁾ European Council conclusions, 13-14 December 2012, I. Economic Policy Pt. 2.

separating *current spending* and *investment* in the budget deficit calculations so as to avoid public investments with long-term net benefits being impeded;

Integrated financial framework

9. underlines that the weakness of the banking sector in several Member States and the Union as a whole, threatens public finances with a particular impact at regional and local level and regrets that the cost of managing the banking crisis has mainly fallen on taxpayers and is damaging the growth of the real economy;

10. highlights, that any measure taken in the context of a Banking Union should be accompanied by an improvement of transparency and accountability as the measures may have profound effects on public finances, both on Member State level and on local and regional level, as well as on banks, and citizens;

11. welcomes the agreement on a Single Supervisory Mechanism by the Council and the European Parliament as a regulatory framework for banks in the European Union and highlights, in this context, the role of regional banks in providing capital for SMEs as well as for public investment projects geared towards territorial development;

12. supports the proposals for a Recovery and Resolution Directive and for a Deposit Guarantee Scheme Directive and agrees that they must be adopted as a matter of priority; underlines however that it is necessary that the rules introduced by this legislation, and in particular the monitoring and control system, are proportional;

13. considers that the long-term goal of the single European deposit framework necessitates uniform, common, stringent requirements, which take sufficient account of specific national circumstances in the financial sector;

14. requests the European Commission to rapidly present a legislative follow-up to the Liikanen⁽³⁾ report on the legal separation of certain particularly risky financial activities from deposit-taking banks within a banking group;

15. asks the Commission why it has postponed its commitment to present a report on the establishment of an independent European rating agency to the end of 2016;

Integrated budgetary framework

16. agrees that EMU needs to be accompanied by proper budgetary policy rules and supports in this respect the rapid adoption of the "two-pack" in order to complement the "six-pack" and the Treaty on Stability, Coordination and Governance (TSCG, "Fiscal Compact"), which entered into force in early 2013;

17. supports the European Parliament's invitation to the Member States "to clarify the responsibility, role, fiscal transfers and revenue source of different levels of government

(national, regional and local) in ensuring a sound and sustainable public finance framework, in particular by taking into account the impact on local and regional fiscal autonomy of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union"; therefore recommends that local and regional authorities be involved in an appropriate manner both in the further development of these rules and in their implementation, in accordance with the spirit of multilevel governance;

18. regrets that the European Council conclusions do not mention the need for a fiscal capacity aimed at supporting national economic reforms and absorbing asymmetric shocks. The CoR is convinced that such a fiscal capacity is necessary to achieve a deep and genuine EMU;

19. considers that, if fiscal capacity is introduced, it should be subject to joint decision-making and implementation at the level of EMU, but that it should also be open on a voluntary basis to Member States outside the Euro area;

20. endorses the call by the European Parliament on the Commission to present as soon as possible a roadmap towards a common issuance of public debt instruments;

21. assumes that, if fiscal capacity is introduced, it should be treated separately from the MFF in the short term and as a separate EMU-specific budgetary procedure in the longer term but only under the condition that the Treaty procedures are followed thereby safeguarding transparency and democratic supervision;

Integrated economic policy framework

22. considers that the Europe 2020 strategy is key to a strengthening of the economic arm of the EMU while the emphasis was mainly laying in the last years on its monetary side;

23. stresses the importance of the growth potential from implementing the single market provisions, provided that it functions in an appropriate manner and focuses on key areas where there is space for innovation and creation of quality jobs;

24. welcomes the setting up of a mechanism for stronger coordination, convergence and enforcement of structural policies based on arrangements of a contractual nature between Member States and EU institutions on the condition that democratic accountability is not bypassed. Agrees that these arrangements should be concluded on a case-by-case basis and welcomes that they should be supported with temporary, targeted and flexible financial support. Underlines, in this context, the specific role of local and regional financing of investments and therefore requests that local and regional authorities are involved when contractual agreements are developed, with due respect of national legislations;

⁽³⁾ http://ec.europa.eu/internal_market/bank/docs/high-level_expert_group/report_en.pdf.

25. fully agrees that economic policies must be geared towards promoting strong, sustainable and inclusive economic growth, enhancing competitiveness and boosting employment in order for Europe to remain a highly attractive social market economy and to preserve the European social model. Underlines that the main vehicles to achieve this objective are the Europe 2020 strategy and the Annual Growth Survey;

26. welcomes the suggestion that all major economic policy reforms that Member States plan to undertake should be discussed ex-ante and, where appropriate, coordinated among the Member States. Underlines that on the European level such discussion should involve the institutions and consultative bodies of the EU and that on Member States' level it should involve local and regional authorities as well as other stakeholders;

27. welcomes that the European Commission's 2012 report on public finances in the EMU dedicates a chapter to local and regional public finances and requests that the Commission maintains its analysis capacity of fiscal decentralisation in future reports;

28. welcomes the Annual Growth Survey's proposal to maintain the five priorities established in March 2012 and supports the following elements to be introduced:

— the addition of a regional dimension in the Annual Growth Survey that underlines the local and regional dimension of the Europe 2020 strategy and the respect of the subsidiarity principle and the division of powers within each Member State for both the country-specific recommendations and the preparation of national reform programmes;

— the involvement of representatives of local and regional authorities in the continuous dialogue between the European Commission and the Member States, particularly on matters directly linked to local and regional competences;

Enhanced governance: democratic legitimacy and accountability

29. underlines that democracy and legitimacy need to be ensured when developing the EMU. The CoR therefore welcomes the key role foreseen for the European Parliament, the involvement of the national parliaments and calls for the participation of the local and regional levels in this process, in particular of the regions with legislative powers and their parliaments;

30. wishes to see an increase level of democratic accountability of the Troika through audits of its members by the European Parliament;

31. notes that the discussion on EMU is strongly linked to the overall debate on the future of the EU, to which the CoR wishes to actively contribute in order to represent the views of the local and regional authorities of the EU;

32. instructs the President of the Committee of the Regions to submit the resolution to the President of the European Parliament, the President of the European Council, the President of the European Commission, the Irish Presidency of the Council of the EU and the forthcoming Lithuanian Presidency.

Brussels, 1 February 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISO

Resolution of the Committee of the Regions on 'A Youth Guarantee'

(2013/C 62/03)

THE COMMITTEE OF THE REGIONS

- having regard to the European Commission proposal of 5 December 2012 for a Council Recommendation on Establishing a Youth Guarantee (COM(2012) 729),
- having regard to the European Parliament Resolution on a Youth Guarantee of 16 January 2013 (2012/2901(RSP)),
- having regard to the Commission Communication "Youth on the Move" (COM(2010) 477),
- having regard to the respective opinion of the Committee of the Regions (CdR 292/2010 fin),

Whereas:

- the economic crisis has brought youth unemployment rates in the EU to unacceptably high levels, with 5.7 million young people being unemployed,
- young people neither in employment, education or training (NEETs), currently reaching 7.5 million, represent costs equivalent to 1.2 % of the EU's GDP ⁽¹⁾,
- a Youth Guarantee would contribute towards reaching three of the five headline targets of the Europe 2020 strategy by helping reduce the rates of early school leavers and of people at risk of poverty and social exclusion, and increase the number of people having completed third level education,
- implementing a Youth Guarantee across the Eurozone would not exceed 21 billion euros, which represents around 0.45 % of Eurozone government spending ⁽²⁾,
- many Member States have failed to follow up on calls by the European Commission and the European Council to introduce a Youth Guarantee with a view to increasing youth employment,
- the Youth Guarantee is a key component of the European Commission's Youth Employment package,

1. welcomes the European Commission's resolve to give a new impetus to tackling youth unemployment, a multi-faceted problem that urgently requires a coordinated and comprehensive political effort; to this effect, supports the European Commission's proposal for a Council Recommendation on a Youth Guarantee, which would be a key instrument in the fight against youth unemployment;

2. recalls that it has strongly supported in its respective opinion ⁽³⁾ the target of providing all young people with an offer of a job, vocational training or further education in a

university or college, within four months of leaving school, as set out in Europe 2020 strategy's Youth on the Move flagship initiative;

3. suggests that Youth Guarantee schemes, and more particularly their employment, apprenticeship or traineeship components, be extended to recent graduates up to the age of 30;

4. highlights the important role of regional and local authorities in the fields of employment, training and education policies as confirmed during the conference held by the CoR on the Europe 2020 flagship initiative "Youth on the Move" on 13 December 2012;

5. welcomes the Commission's emphasis on partnership-based approaches for the introduction and implementation of Youth Guarantee schemes. Insists, however, that these partnerships be developed from the very beginning of policy development and involve all relevant stakeholders, in particular local and regional authorities. The latter have so far largely been left

⁽¹⁾ See Eurofound report "NEETs- Young people not in employment, education or training: Characteristics, costs and policy responses in Europe": <http://www.eurofound.europa.eu/pubdocs/2012/54/en/1/EF1254EN.pdf>.

⁽²⁾ Study by ILO/International Institute for Labour Studies on "EuroZone job crisis: trends and policy responses", 2012 http://www.ilo.org/global/research/publications/WCMS_184965/lang-en/index.htm.

⁽³⁾ CdR 292/2010 fin.

out of the process related to the Europe 2020 strategy and the European Semester, at a significant cost to democratic legitimacy as well as the effectiveness of the measures adopted;

6. agrees with the European Commission on the necessity for early intervention and activation when it comes to youth employment and shares the view that the principle of mutual obligation should be applied from the outset;

7. insists that supportive measures for labour market integration designed in the context of a Youth Guarantee should imperatively include language skills, as well as practical work experience, which improve employability and boost labour mobility within the EU;

8. stresses the importance of linking the Youth Guarantee schemes with youth mobility between Member States and an enhanced role for the Youth on the Move flagship initiative and regional and local authorities in this respect. The latter often implement mobility schemes at local level and EU support for better inter-regional cooperation could lead to better results;

9. welcomes in this respect the proposal of the European Commission to introduce a European Professional Card, aimed at simplifying procedures for the recognition of professional qualifications; insists in this respect that traineeships which form part of the training for a regulated profession, regardless of whether they are remunerated, should be recognised throughout the EU and subject to a contract; this is important for young Europeans, who are affected to a worrying degree by unemployment, and for whom professional mobility constitutes a realistic way of entering or re-entering the labour market;

10. stresses the importance of raising the awareness of young people of the possibilities to spend time studying, in training or in employment in other Member States; these experiences can play a fundamental role in boosting an individuals' spirit of independence and self-responsibility, while contributing to developing new and innovative ideas;

11. points out that the EU should ensure that mobility programmes are accessible under equal conditions to all young people, and thus recommends offering support to regions with specific geographical features, such as rural and sparsely populated areas, and in particular outermost regions and islands;

12. notes, however, that the fundamental way to increase youth employment is to encourage the creation of new jobs at all levels of qualification, not simply in sectors that require high-level qualifications;

13. emphasises that an important tool is the creation and support of dual education systems, under which relationships are established between students and their future employers from the start of their studies;

14. highlights the need to focus measures that boost skills and competences on addressing mismatches between labour market needs and skills offer; to this effect, continued education, apprenticeships and traineeships must be firmly anchored in the employment goal; furthermore, the role played by employers under Youth Guarantee schemes in providing the necessary career development opportunities is important;

15. recalls, in the context of enhancing skills within the framework of Youth Guarantee schemes, that the Committee of the Regions established the European Entrepreneurial Region (EER) award label. One of its main goals is to promote entrepreneurial spirit and the implementation of business-friendly policies that lead to job creation. EER regions have given a particular focus to encouraging young people to become entrepreneurs;

16. welcomes the European Commission's emphasis on quality employment recommending that Member States ensure that their Youth Guarantee schemes include a good-quality offer of employment. Moreover, the economic crisis should not be used as an excuse for relaxing occupational health and safety requirements. Underlines that there should be a social protection floor for employees, but that it is at national level that the social partners reach agreement on questions of labour law. Social partners should be fully involved in the elaboration of a quality framework for employment offered under Youth Guarantee schemes. Highlights the significantly higher exposure of young people to poverty as confirmed in the European Commission's Employment and Social Developments Review 2012 ⁽⁴⁾;

17. urges Member States to closely involve employers also from the private sector in the implementation of the Youth Guarantee in order to offer as many opportunities for young people as possible;

18. stresses that youth unemployment is particularly high in the Member States which are currently under severe budgetary constraints. Endorses therefore continued focused support for these Member States, with additional financial measures if necessary, to cope with the challenge of introducing and implementing Youth Guarantee schemes at national level as foreseen e.g. in the June 2012 Growth Pact;

⁽⁴⁾ http://europa.eu/rapid/press-release_IP-13-5_en.htm?locale=en.

19. agrees that, in the absence of specific funding foreseen by the European Commission for Youth Guarantee schemes, the initiative should be co-financed with the use of Cohesion Policy funding instruments, in particular the European Social Fund (ESF); cautions therefore against cuts in the Cohesion Policy budget in the context of the Multiannual Financial Framework 2014-2020;

20. calls on the European Commission and Member States to ensure that future Partnership Agreements on cohesion policy adequately address youth unemployment in particular and also facilitate Youth Guarantee schemes, by making use of the European Social Fund allocations to implement good practices and innovative approaches already in place in some countries;

21. calls on the Member States and the local and regional authorities to establish the necessary coordination between employment service and educational administrators in order to ensure that young people leaving school early and finding themselves unemployed can benefit from European funding for training and youth measures, especially with a view to improving their skills and providing second chance educational opportunities;

22. calls on the Member States to submit in 2013 National Job Plans in which progress towards the introduction and implementation of Youth Guarantees is also included;

23. urges for the introduction and implementation of Youth Guarantee schemes as of January 2014 at the latest;

24. acknowledges that guaranteeing quality employment to young people cannot be achieved without an improvement in

the overall economic situation. Therefore, calls on Member States to adopt policies aimed at boosting growth and job creation in general, and enabling young unemployed people who have left school without qualifications to acquire skills, alongside the measures related to the Youth Guarantee; In this context, welcomes the integration of this initiative into the European Semester exercise;

25. calls on Member States to heed the Commission's recommendation to ensure the widest possible awareness of the new services and support measures available under the Youth Guarantee schemes, an area where the involvement of regional and local authorities is crucial because of their active role in implementing such schemes;

26. calls on the European Commission to create an effective mechanism to assist the Member States in the implementation of the Youth Guarantee, including the exchange of best practice and know-how, and asks for the involvement of the CoR in this process;

27. suggests that the European Commission make the proposal of a Youth Guarantee one of its communication priorities in 2013 and that social media is widely used to this effect;

28. instructs the President of the Committee of the Regions to submit this resolution to the President of the European Parliament, the President of the European Council, the President of the European Commission, the Irish Presidency of the EU and the forthcoming Lithuanian Presidency of the Council.

Brussels, 1 February 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

OPINIONS

COMMITTEE OF THE REGIONS

99TH PLENARY SESSION, 31 JANUARY-1 FEBRUARY 2013

Opinion of the Committee of the Regions on ‘European research area’

(2013/C 62/04)

THE COMMITTEE OF THE REGIONS

- welcomes the European Commission’s initiative, in response to the Council’s request, to provide a framework to boost efforts towards the completion of the European Research Area by 2014;
- shares the view that knowledge is the currency of the new economy. It therefore agrees that a world-class research and innovation capacity, relying on a strong public science base, is crucial to achieve lasting economic recovery and to secure Europe’s position as a global player;
- stresses that the completion of the ERA is needed in order to overcome the fragmentation of research in Europe along with national and institutional barriers. Undoubtedly, this fragmentation prevents Europe from fulfilling its research and innovation potential, at a huge cost to Europeans as taxpayers, consumers, and citizens. In this regard, there is now a need for more and targeted actions;
- calls on the Commission to promote inter-regional cooperation within Horizon 2020 by developing effective tools and incentives. Within this context, local governments and regional authorities could play a supporting and coordinating role (setting up research and innovation networks, providing technical and administrative support and incentives for funding from the private sector), with a view to promoting research and making use of the results of knowledge and innovation.

Rapporteur	Grigorios ZAFEIROPOULOS (EL/EPP), Councillor of the Region of Attica
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A Reinforced European Research Area Partnership for Excellence and Growth COM(2012) 392 final

Opinion of the Committee of the Regions – European Research Area

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

A. Key messages

1. welcomes the European Commission's initiative, in response to the Council's request, to provide a framework to boost efforts towards the completion of the European Research Area by 2014;
2. agrees with the European Council's conclusions of February 2011 and March 2012 to the effect that there is a pressing need for completing the ERA by 2014;
3. appreciates that legislation to complete the ERA might be considered useful for partial areas (e.g. coordination of national and EU policies under Article 181 TFEU and promoting actions to disseminate research results under Article 180, in conjunction with Article 182.5 TFEU);
4. considers that, in the context of the current economic crisis, the completion of a European Research Area focussing on research and research-based innovation is fundamental to supporting economic growth, jobs, scientific excellence and cohesion amongst regions and countries;
5. shares the view that knowledge is the currency of the new economy. It therefore agrees that a world-class research and innovation capacity, relying on a strong public science base, is crucial to achieve lasting economic recovery and to secure Europe's position as a global player;
6. underlines that both the implementation of Horizon 2020 and the ERA need to give more focus and impact on real-life practices ⁽¹⁾, i.e. the local and regional levels need to engage themselves and be fully involved to reach the Europe 2020 strategy targets;
7. stresses that the ERA will improve our lives by making Europe a place in which scientific research, technological development and innovation thrive and address the major challenges of our times, and believes that cooperation between academia, business and public authorities should be stepped up to promote knowledge-based value creation;
8. agrees that all regions' potential for excellence needs to be harnessed and that new approaches are necessary in order to help underperforming regions and Member States to achieve excellence and smart regional specialisation;
9. stresses that the completion of the ERA is needed in order to overcome the fragmentation of research in Europe along with national and institutional barriers. Undoubtedly, this fragmentation prevents Europe from fulfilling its research and innovation potential, at a huge cost to Europeans as taxpayers, consumers, and citizens. In this regard, there is now a need for more and targeted actions;
10. agrees that measures should be aimed at increasing competition amongst researchers and research organisations and exploiting cross-border synergies between national and regional research systems, facilitating researcher careers as well as mobility and the free circulation of knowledge;
11. believes strongly that one of the ERA's key aims should be to reduce brain drain, particularly from regions lagging behind in research, as well as the wide regional disparities in research and innovation performance, aiming at excellence throughout Europe that takes innovation potential into account. It is important here that the European research and innovation agenda should dovetail with national and regional innovation strategies;
12. welcomes the European Council's objective of improving the conditions for research and development and bringing combined public and private R&D investment to 3 % of EU GDP. It must be recognised, though, that Europe still lags behind in the marketing of excellence compared with other parts of the world, and the role of SMEs in driving innovation cannot therefore be overstated;
13. believes that cohesion instruments could strengthen the development of excellence and capacity-building by boosting research and innovation policies at regional level. This will allow a stairway to excellence to be developed, enabling these regions to participate fully in the ERA and benefit from the funding sources of the Common Strategic Framework;

⁽¹⁾ CdR 402/2011 fin.

14. calls on the Commission, together with the Council and Parliament, to ensure the effective and efficient implementation of Horizon 2020 by providing rules and procedures which are as simple as possible for beneficiaries;

15. acknowledges that the ERA priorities set out in the Communication are well defined and their full implementation would improve Europe's research performance and effectiveness by 2014. However, there should be full and energetic involvement in the reinforced partnership by the Member States, research stakeholders and their European organisations, as well as the Commission, in order to ensure that the completion of the ERA will bring Europe's excellence to the fore by fostering efficiency, quality and new opportunities based on the Union's needs;

16. calls on the European Commission to ensure synergies and complementarities between Horizon 2020 and the Structural Funds and to build stairways to excellence for the less well-performing Member States and regions that are more vulnerable from economic and social points of view, on the basis of their strengths, with a view to increasing substantially their research and innovation capacity and closing Europe's innovation divide;

17. calls on the Commission to promote inter-regional cooperation within Horizon 2020 by developing effective tools and incentives. Within this context, local governments and regional authorities could play a supporting and coordinating role (setting up research and innovation networks, providing technical and administrative support and incentives for funding from the private sector), with a view to promoting research and making use of the results of knowledge and innovation;

18. stresses that regions themselves need to increase their preparedness to benefit from research. The developed competences, practices and tools should then be used to leverage the research results to the European-wide use. This can only be accomplished by intensifying synergies in using all European funding instruments, such as Horizon 2020, cohesion policy as well as national, regional and local resources⁽²⁾. The joint usage of resources is, however, not sufficient, but in addition requires changes in the operating culture and administrative practices;

19. urges local and regional authorities to boost cooperation between European and/or regional and national organisations to promote research and innovation, and to introduce improvements facilitating convergence between policies, the efficiency and effectiveness of management, and harmonisation of procedures strengthening common management systems that facilitate public access to policies and increase their socio-economic impact;

20. believes that local and regional authorities can and should play an important role in the development of innovative products and services, through the promotion of public-private partnerships. This will aim at creating more jobs and growth at a local and/or regional level and at the same time will improve the operational capacity and efficiency of the public and private sector;

21. welcomes the initiatives of DG-R&I and DG-REGIO facilitating the setting-up of regional research and innovation networks which could be supported by universities, institutions, public authorities and the private sector;

22. notes that, since 2000, the Commission and the Member States have progressed together towards an ERA, but stresses that this progress has been uneven across the different ERA dimensions and Member States;

23. encourages the involvement of regional and research stakeholder organisations within the ERA, where appropriate;

24. highlights the important role of the public sector in general, and in particular the role played by local and regional authorities in bringing businesses, university/research institutes and public institutions together (in accordance with the triple helix method), with a view to developing and implementing the ERA and notes that insufficient consideration has been given to the role of the public sector in the Commission's communication;

25. calls on the Commission, the Member States and research stakeholders to set and implement the appropriate conditions for improving the effectiveness of Europe's research systems, addressing key issues such as transnational cooperation and competition, the labour market for researchers, gender equality and the transfer of scientific knowledge. The 'conditions' set by the Commission appear sufficient to meet the targets;

B. More effective national research systems

26. acknowledges that the insufficient competition within national research systems does not create the right conditions for improving scientific quality. In this regard, limited competition amongst research institutions and universities leads to insufficient specialisation;

27. believes that improving Europe's fundamental, curiosity-driven research performance is imperative for the innovations and breakthroughs needed to address the grand challenges. Europe must make well-focussed and strategic investments in basic research, with scientific excellence as the leading criterion for decisions, which will create the conditions for the establishment and sustainable development of local and regional skills and knowledge potential;

⁽²⁾ CdR 402/2011 fin.

28. agrees that Member States and regions should support competitive funding through calls for proposals and institutional peer review as one of the main methods for allocating national and regional funds for research and innovation; in some cases, however, peer review is not necessary when it comes to the distribution of funds to regional bodies for research, development and innovation;

29. welcomes the objective put forward in the Green Paper (published by the Commission on 2011) of finding an appropriate balance between institutional and competitive funding. In line with the views it has expressed previously, the Committee of the Regions calls for the debate on the appropriate balance between institutional and competitive funding to continue. How this balance is struck is very important to the dynamics of the system and the viability of the different research institutions;

30. believes that boosting the share of core funding and smart specialisation allow funding to also reach small, viable research communities. Alongside large units and top-down major technology programmes providing critical mass, a small teaching and research community focused on a single discipline can also generate considerable competitiveness and innovation when it cooperates and networks effectively as part of a campus and a multidisciplinary chain of universities and research institutes in its hometown and internationally;

31. maintains that core funding for research institutes must be stepped up. For this reason, the Committee encourages the Commission and the Member States to take this on board and frame a research infrastructure funding model that also takes into account the complementarity of the Structural Funds. For research communities, stronger core funding represents an opportunity to launch bottom-up research projects based on their own strategic needs while interacting in a dynamic way with the region and city where they are based;

32. stresses that scientific excellence as the leading selection criterion and the international peer review core principles should be applied in the allocation of funds for research and innovation activities;

33. recognises that research and innovation models that are successful in one region cannot simply be copied and transferred to other regions. However, if proper account is taken of the respective structural, social and cultural circumstances, they can serve as examples for the development of appropriate models in other regions, including less well-performing regions;

34. reaffirms its support for the coordination of regional, national and EU research programmes and priorities, emphasises the responsibility of Member States and regional

and local authorities for research and innovation and continues to reject centralised research agendas and priorities at European level;

35. invites the Commission to promote mutual learning and exchange of good practice and experiences between Member States and stakeholder organisations on the removal of national legal and/or other barriers to the ERA for the priorities set out in the Communication. Common guidelines on science policy for the entire EU should also be promoted, so as to foster and facilitate common actions;

36. calls on the Commission to support Member States and regions in using Structural Funds to develop research capacity, as well as tailored innovation strategies that are based on regional competences and smart specialisation strategies, including support for joint research programmes, in line with cohesion policy objectives;

37. recognises, in this regard, the importance of identifying the most promising fields of comparative advantage as a basis for defining smart regional specialisation strategies⁽³⁾. The EU should encourage regions to become innovative pioneers in their chosen fields and to network and cooperate with other regions. Cautions against any attempt to use smart specialisation as a way of prioritising already leading regions or local authorities while leaving other areas not or under-supported. A European map showing regions according to their level of innovation and field of specialisation is thus needed. This mapping can then be used to encourage cooperation between regions and to establish specific support instruments for the lagging regions through the provision of ad hoc funds to help them catch up with the most innovative regions;

38. agrees on the need for a more precise system of indicators and objectives that measures not only the percentage that businesses invest in R&D, but also aspects related to increasing competitiveness and productivity. In other words, a comprehensive system that measures the effectiveness of R&D systems and the productivity of innovation⁽⁴⁾;

C. *Optimal transnational cooperation and competition*

39. stresses that the EU needs to act urgently and coherently in order to achieve the scale of effort and impact needed to address the grand challenges with the limited public research funds available;

⁽³⁾ CdR 373/2010 fin.

⁽⁴⁾ CdR 374/2010 fin.

40. reaffirms its belief that better coordination and cooperation between Member States and regions, and also amongst themselves, may create synergies and thus added value for the ERA. European Groupings of Territorial Cooperation (EGTCs) are a valuable instrument for successfully implementing territorial cooperation, including in the field of research and innovation. This will strengthen Europe's competitiveness on the worldwide knowledge market;

41. underlines that attention to the production, dissemination and use of knowledge should be effectively channelled by taking into account strategic interests of public and private stakeholders and involving them in the drawing up of strategic agendas. This requires the support of international networking so that the best researchers can engage with one another in developing responses to the grand challenges;

42. stresses the need for better coordination and synergy between local, regional, national and European cross-border research and innovation strategies, respecting the specific characteristics of the different contexts and increasing the possibilities for complementarities and cooperation between them;

43. reaffirms the view that greater coordination between research and industry is required so that the regions can make progress in smart specialisation in the field of key enabling technologies (such as nanotechnology, micro and nanoelectronics, industrial biotechnology, photonics, advanced materials and advanced manufacturing technologies) and so that trans-national networks can be promoted and cooperation strengthened at regional, national and European level⁽⁵⁾, which would also facilitate the creation of stable and highly skilled jobs;

44. agrees that Member States and regions should promote and implement joint research agendas addressing grand challenges, exchanging information and good practices in agreed priority areas, and should ensure that adequate national and regional funding is committed and strategically aligned in these areas;

45. believes that legal and bureaucratic barriers to the cross-border interoperability of national and international programmes should be removed, in order to allow joint financing of research projects and research infrastructures at national or regional level or international level;

46. invites the Commission to provide Member States, regions and research funding organisations with efficient and effective support in implementing joint international peer review evaluations and setting common funding standards;

47. highlights that excellent research is based on world-class facilities and research infrastructures (RIs), including e-infrastructures. Such RIs are very important for Europe, because they can attract talent and stimulate innovation and business opportunities while contributing to job creation;

48. appreciates the key role of RIs in knowledge-based innovation systems; welcomes in this respect the new concept of Regional Partner Facilities (RPFs) and partnership between research infrastructures, and acknowledges their potential to contribute to a more balanced development of the European Research Area by engaging smaller or less experienced countries and regions in competitive research and innovation performance⁽⁶⁾;

49. believes that effective measures should be taken to steer Horizon 2020 towards the reforms Europe needs. Of key importance here is the Societal Challenges pillar, where the emphasis should be on combining the best European expertise with large-scale co-creation projects, allowing Europe to implement broad system-level structural reforms across traditional boundaries. Discipline-centred research alone will not create the knowledge needed to solve major societal challenges. The focus should be directly on multidisciplinary RDI activities that yield concepts and components needed in those system-level structural reforms. At the core of research lie experimentation and piloting. A good example is the extensive Smart City operating field. An essential part of all this is scalability of results in the different conditions of Europe's regions⁽⁷⁾;

50. supports the Innovation Union commitment that Member States together with the European Commission should have completed or launched by 2015 the construction of 60 % of the priority European infrastructures currently identified by the Roadmap of the European Strategy Forum for Research Infrastructures (ESFRI);

51. recommends that Member States should secure financial commitments for the construction and operation of ESFRI RIs and promote the development of RPFs, particularly in the development of national roadmaps and the Operational Programmes for the next programming period;

52. invites the Commission to provide effective support, through Horizon 2020, for access to RIs, as well as the ongoing overall integration of pan-European interest RIs, and not just those awarded European Research Infrastructure Consortium (ERIC) status;

53. suggests that the Commission should possibly support the operational costs of RIs through funding sources, such as Structural Funds;

⁽⁵⁾ CdR 374/2010 fin.

⁽⁶⁾ CdR 373/2010 fin.

⁽⁷⁾ CdR 402/2011 fin.

54. calls for national and regional authorities to link RI roadmaps to the ESFRI roadmap and smart specialisation strategies in research and innovation programmes co-financed by Structural Funds, reinforcing the capacity of less-favoured regions to host and participate in RIs of pan-European and international interest;

55. considers that the European Commission should work together with ESFRI to set priorities for implementing the Roadmap and to provide advice and guidance to Member States on overcoming legal, financial or technical obstacles to implementation;

D. An open labour market for researchers

56. acknowledges that barriers among the different national labour markets for researchers are mainly caused by different approaches to recruitment, institutional autonomy, diverging approaches to the design of human resource strategies and in to the promotion of research mobility, and by unattractive working conditions for young and non-EU researchers;

57. recalls that thousands of workers in the Member States have already lost their jobs over the course of the ongoing economic crisis⁽⁸⁾, even highly-skilled researchers mainly from R&D departments in the industrial sector; the emergence of new markets and the relocation of businesses to countries where manufacturing costs are lower will further exacerbate this problem. It is absolutely vital for all jobs skills to be upgraded and matched to labour market requirements⁽⁹⁾;

58. believes that it is crucial to remove legal and other barriers to the application of open, transparent and merit-based recruitment of researchers and to cross-border access to and portability of national grants;

59. agrees that research organisations should advertise all vacancies using the common profiles established in the European Framework for Research Careers and fill research posts according to open and transparent procedures, including non-EU nationals. They should also advertise posts via the EurAxess portal (<http://ec.europa.eu/euraxess/index.cfm/lobs/index>);

60. underlines that there should be specific focus on the mobility of researchers in Europe and calls for the application of concrete measures to remove the barriers to mobility (such as pension rights portability and a guarantee of social protection, mutual recognition of professional qualifications and measures to reconcile family and work life) that will facilitate the mobility of European researchers and make the prospect of a research career in the EU more attractive;

61. welcomes the Commission's initiatives to address social security barriers for researchers in the EU and further facilitate the entry of third-country researchers;

62. reaffirms the need to attract excellent researchers from outside Europe and therefore emphasises the importance of EU mobility programmes such as the Marie Curie programme and measures taken or to be launched in some regions to support returning researchers and scientists;

63. encourages local and regional authorities to take measures that can contribute to improving mobility in all areas, in particular between academia and industry. Close pan-European cooperation among academia, business and research organisations, involving key political players and administrations at local, regional and national level in the form of the triple helix model, is very important;

64. stresses the need to encourage young people to seek a professional career in research and innovation activities, support young entrepreneurs who contribute to research, development and innovation activities and make use of their results in their local or regional communities;

65. underlines the urgent need to ensure that there are well-trained people with the skills required to work in the knowledge industry, and that the industry is an attractive place to work, given the difficulties in filling posts in strategic areas for the future, such as research and science, engineering, health, and mathematics⁽¹⁰⁾. The skills and knowledge of workers should be updated on an ongoing basis, and training should focus on the needs of new sectors and new technologies, not just in the interests of the industry, but also to help workers who lose their jobs to adapt quickly to new sectors and technologies;

66. stresses the need to ensure not just the promotion of excellence and high achievement, but also good education and training for people in every region, as the foundation for individual and collective prosperity and for the ability of regions to innovate⁽¹¹⁾;

67. recommends that the European Commission set up an online portal for the exchange of best practice examples at local and regional level on integrating young people into the labour market⁽¹²⁾, including in the research and innovation sectors;

E. Gender equality and gender mainstreaming in research

68. acknowledges the limited progress on gender equality so far, and notes that only a number of Member States and research organisations implement policies to benefit from the talent of female scientists and from the inclusion of a gender dimension in research content. The integration of a gender dimension into the design, evaluation and implementation of research still appears to be limited;

⁽⁸⁾ CdR 85/2009 fin and CdR 373/2010 fin.

⁽⁹⁾ CdR 85/2009 fin and CdR 373/2010 fin.

⁽¹⁰⁾ CdR 374/2010 fin.

⁽¹¹⁾ CdR 83/2007 fin.

⁽¹²⁾ CdR 292/2010 fin.

69. stresses the need to remove the barriers to the recruitment, retention and career progression of female researchers, to address gender imbalances and to promote the gender dimension in research programmes;

70. agrees that, within Horizon 2020, the gender dimension should be integrated into all programmes and projects from their inception;

71. welcomes the Commission's initiative to propose a 'Recommendation to Member States' in 2013, with common guidelines on institutional change to promote gender equality in universities and research institutions;

72. suggests that the Commission set up a cross-cutting committee to monitor and advise on the representation of female researchers in ERA and Horizon 2020 activities;

F. Optimal circulation, access to and transfer of scientific knowledge

73. notes that Member States show differing degrees of advancement in terms of supporting open access policies that could help to reduce information asymmetries. Furthermore, knowledge transfer between public research institutions and the private sector is still insufficient and this has an impact on scientific quality and R&D-derived economic outcomes;

74. stresses that access to and transfer of knowledge across and between research institutes, universities and industry play a pivotal role in fundamental research and innovation, and should be strongly encouraged;

75. underlines that the open access approach to the results and data from publicly funded research is an essential building block in the construction of the European Research Area, with a view to ensuring that researchers can build on existing knowledge, assess new findings and avoid duplicating research efforts;

76. emphasises the importance of coordinating and harmonising policies on access to and preservation of scientific information, while ensuring that public research fosters knowledge transfer between public and private sectors through national strategies;

77. highlights the need for optimal interaction, links and strategic partnering between academia and industry and for the drawing up of joint collaborative research agendas in order to maximise the use of research results and their impact in terms of innovation and addressing the grand challenges;

78. agrees that open access to scientific publications should be established as a general principle for all EU-funded projects under Horizon 2020 and that the Commission should continue to fund projects related to open access; it must be ensured, however, that full account is taken of the views of scientists and businesses regarding intellectual property and user rights;

79. proposes the launch of activities to raise stakeholder awareness regarding open access and e-Science. The Commission, in close cooperation with stakeholders, should work to develop model consortium agreements in order to enhance knowledge transfer;

G. Steps to success and the completion of ERA

80. underlines that Member States and regions must carry out the necessary national and regional reforms and put in place the conditions needed to complete the ERA. They must also support the implementation of these reforms by facilitating actions which are the responsibility of organisations funding and performing research;

81. suggests the development of networks of triple helix partnerships within regions that can work together to coordinate actions and underlines the importance of exchange of best practices, including on smart specialisation strategies, through the introduction of ERA Chairs into regional research and innovation systems and support for international networks linked to identified regional competences;

82. stresses the need to monitor and evaluate progress in the implementation of the ERA actions identified in the Communication, by Member States, the Commission and research stakeholders. Welcomes, in this regard, the development by the Commission of the announced ERA monitoring mechanisms; calls on the Commission to ensure that the process of developing the announced ERA monitoring mechanism and selecting the indicators is transparent, involving the Member States. The choice and number of indicators should be kept to the necessary minimum for assessing progress on the completion of the ERA. Established procedures for cooperation with Eurostat, the national statistical agencies and local authorities (e.g. ministries) should be used for data selection from research organisations and academia;

83. welcomes efforts at simplifying procedures, as well as the publication of the 'Practical Guide' to EU funding opportunities⁽¹³⁾; particularly appreciates ongoing efforts towards allowing different programmes to finance different phases of projects in an ongoing perspective; would welcome the development of this Practical Guide into a comprehensive yet accessible digital gateway to information and resources on relevant research and innovation programmes⁽¹⁴⁾;

84. calls on the Commission to ensure that Horizon 2020 will help to consolidate the completion and functioning of the ERA, supporting actions related to researcher careers and mobility, research infrastructures, gender, cross-border cooperation, open access and knowledge transfer;

⁽¹³⁾ CdR 67/2011 fin; CdR 373/2010 fin; CdR 230/2010 fin.

⁽¹⁴⁾ CdR 373/2010 fin.

85. welcomes the Commission's intention that, from 2014, a full assessment of progress should be transmitted to the Council and the European Parliament on annual basis;

86. requests that the European Commission to transmit the ERA Progress Report to the Committee of the Regions.

Brussels, 31 January 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on ‘The EU Strategy towards the Eradication of Trafficking in Human Beings 2012-16’

(2013/C 62/05)

THE COMMITTEE OF THE REGIONS

- agrees that the implementation of the strategy will require a coherent and multidisciplinary approach with the involvement of a very diverse group of actors, including authorities at different levels, law-enforcement, public service workers, civil society and volunteer groups. The proximity of certain cities and regions to the points of entry of trafficked individuals and/or to the places where exploitation takes place gives a greater opportunity to identify and support victims of trafficking, and also to engage in awareness-raising initiatives in close collaboration with civil society and for the direct benefit of trafficked persons and citizens in general;
- points out that the Commission should in future more clearly prioritise and extend the various measures that exist to counter demand and urges the Commission to make a clearer distinction between demand relating to 1) labour exploitation, 2) sexual services and 3) the sexual exploitation of children;
- is convinced that local and regional authorities are in a better position than central/national ones to recognise the signs that someone is a victim of human trafficking. The Committee of the Regions could therefore usefully contribute to efforts to develop guidelines on victim identification and on child protection systems;
- underlines that the effectiveness of the multi-disciplinary and multi-sectoral approach that the European Commission envisages for the implementation of its strategy is to a large extent dependant on the active engagement of actors at the local and regional level;
- would like to participate, as the representative of local and regional authorities, in the civil society platform and private sector and employers’ platform;
- welcomes the proposal to develop knowledge relating to the gender dimension of trafficking and vulnerable groups, but at the same time urges the Commission not to focus on the gender dimension only in terms of victims but also to bear in mind that there are clear differences between the sexes in terms of demand.

Rapporteur	Jelena DRENJANIN (SE/EPP), Member of the Municipal Assembly of Huddinge
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The EU Strategy towards the Eradication of Trafficking in Human Beings 2012-2016 COM(2012) 286 final

Opinion of the Committee of the Regions – The EU strategy towards the eradication of trafficking in human beings 2012-2016

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General comments

1. welcomes the Commission's communication and the efforts made by the recently appointed EU anti-trafficking coordinator;

2. is pleased that its earlier calls for the Commission to draw up specific action plans for combating human trafficking and to integrate this campaign into relations with third countries have been heeded in the strategy;

3. acknowledges that key steps in improving international cooperation on this issue have been taken via implementation of Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims, the UN's Palermo protocol on trafficking in persons and the Council of Europe Convention on action against trafficking in human beings. The Committee therefore urges the Commission to continue to encourage Member States to transpose and ratify these important international agreements in good time;

4. agrees that the implementation of the strategy will require a coherent and multidisciplinary approach with the involvement of a very diverse group of actors, including authorities at different levels, law-enforcement, public service workers, civil society and volunteer groups. However, local and regional authorities do not have a prominent place in the communication, despite the significant role they already play and the additional contributions they could make to preventing and combating trafficking in human beings and in supporting and protecting its victims. Local and regional authorities are best placed to react to their citizens' and residents' concerns and can delimit and define the solutions and tailor-made policies that fit the specific circumstances in their localities. Regarding the identification of victims, signalling of abuse and awareness-raising, the potential input of LRAs could highly increase the effectiveness of the envisaged actions. The proximity of certain cities and regions to the points of entry of trafficked individuals and/or

to the places where exploitation takes place gives a greater opportunity to identify and support victims of trafficking, and also to engage in awareness-raising initiatives in close collaboration with civil society and for the direct benefit of trafficked persons and citizens in general;

5. is concerned that several parts of the strategy make **no distinction between different forms of human trafficking**. It is true that the driving forces in the countries of origin (poverty, exclusion, lack of education, etc.), and the need for action to counter those forces, are in many cases similar, but when it comes to action to reduce demand in destination countries, a distinction often needs to be made between trafficking for labour, trafficking for sexual purposes and trafficking for the sexual exploitation of children. Human trafficking for sexual purposes (the most prevalent form of human trafficking, according to the Commission) has a gender dimension resulting basically from gender inequality. The increase in human trafficking for labour should also be taken into account. The Committee of the Regions urges the Commission to **clarify these distinctions and adapt the proposed countermeasures** accordingly (see point 13 below);

The Committee of the Regions' comments based on the five priorities in the communication

a. Identifying, protecting and assisting victims of trafficking

6. acknowledges that local and regional authorities are often involved in the referral of victims of human trafficking where it takes place within a Member State (to varying extents depending on the division of competences within the Member States). This should be more clearly reflected in the strategy, by noting in the text that mechanisms should be developed **in consultation with the responsible local and regional authorities in the relevant Member State**. The current statement that "[referral] mechanisms should include all relevant public authorities and civil society" is much too vague;

7. where local and regional authorities are given responsibility for referral, encourages Member States to **provide the local level with the requisite financial parameters** for that purpose;

8. welcomes the Commission's intention to develop a model for an EU transnational referral mechanism. **The Committee could make a useful contribution to discussions regarding this mechanism** by encouraging the exchange of best practices and building, where appropriate, on existing networks of cooperation;

9. is convinced that local and regional authorities are in a better position than central/national ones to recognise the signs that someone is a victim of human trafficking. **The Committee of the Regions could therefore usefully contribute to efforts to develop guidelines on victim identification and on child protection systems.** The role of the healthcare sector here should be highlighted, as in some cases such institutions may be the first to come into contact with victims;

10. believes that local and regional authorities can be quite active and effective in the provision of information on the rights of victims. A number of successful projects have been carried out in cities and regions in the EU and have shown that dissemination of information at local level can be very effective, with the distribution of brochures, leaflets etc., and also with the organisation of information campaigns. **The Committee of the Regions encourages the Commission to take due account of this, and would like the local perspective to be highlighted in the strategy,** for example in point A 4;

b. Stepping up the prevention of trafficking in human beings

11. points out that directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims includes a provision that Member States should work to reduce the demand that fosters all forms of exploitation related to trafficking in human beings. To this end, consideration should be given to penalising the use of a person's services in the knowledge that he or she is a victim of human trafficking. **Against this background, the Commission should in future more clearly prioritise and extend the various measures that exist to counter demand.** Such measures might include research, education or information programmes to make people aware of the factors that risk encouraging different types of human trafficking. An example would be the IOM's "Buy responsibly" campaign in relation to labour exploitation. Another measure that some Member States have implemented or are considering is a ban on the purchase of sexual services, partly in order to address the effect of prostitution as a driver for people involved in human trafficking;

12. feels that the reference in action B 1 of the strategy on "understanding and reducing demand" to the IOM's "Buy Responsibly" campaign is unfortunate and could be misinterpreted as implying that women and children are commodities that can be bought responsibly. This is presumably not intentional, and the text should therefore be reworded;

13. urges the Commission to make a clearer distinction between demand relating to 1) labour exploitation, 2) sexual services and 3) the sexual exploitation of children, perhaps by dividing action B 1 into several parts, with appropriately targeted action to reduce demand;

14. urges local and regional authorities to further develop their capacity to identify and help victims of human trafficking so that they can play a more prominent role in work to support victims;

15. suggests that LRAs make local communities more aware of issues surrounding trafficking in human beings, by helping to raise awareness of the issue locally, with informative material, events, training sessions for the local population and local social services etc; local community and civil society groups could work together with the (local) police, local authorities and other stakeholders to identify trafficking patterns in the area and to develop local action plans for the prevention and the eradication of trafficking. **The Commission should clearly call on the Member States to promote such cooperation in ongoing work on the strategy;**

16. stresses that local and regional initiatives fostering growth and employment in countries of origin can be instrumental in tackling trafficking in human beings. This is another reason for highlighting local and regional authorities as a significant stakeholder in ongoing work on this;

17. requests to participate in the evaluation of existing prevention initiatives and in the drafting of EU-wide guidelines for future preventive measures and information campaigns with a gender perspective;

18. In its efforts to promote EU-wide information campaigns, encourages the European Commission to **take account of the knowledge that many local authorities and voluntary organisations have on the subject** and cooperate with them in this work;

c. Increased prosecution of traffickers

19. underlines that local police forces have a detailed knowledge of their local community, and can therefore greatly facilitate detection of human trafficking and its origins, etc. With due respect for the subsidiarity principle, the CoR calls on the Member States to consider the possibility of giving local law-enforcement units access to databases, training them in detecting this type of crime and granting them necessary powers;

20. would urge the Member States not to give national specialised units all the responsibility and power. **All police officers and other representatives of the public authorities, right down to the last link in the chain** – i.e. those who actually meet the victims – **should be well informed about crimes involving human trafficking and how to recognise the signs of trafficking**, in accordance with Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims. This does not, of course, prevent national multidisciplinary law-enforcement units being set up in parallel;

21. suggests that the European Commission's proposed action on the establishment of National Multidisciplinary Law Enforcement Units (C 1) should encourage Member States to allow staff of **local and regional authorities to participate in the national multidisciplinary law-enforcement units** established in line with the strategy. It also calls to enhance cooperation between partners on the local level and between regional police forces in different EU Member States, in the training of local police officers, especially in those regions where it often occurs, in signalling and combating cases of human trafficking. It would be useful for LRAs or their representative associations at the national (or regional) level to be actively involved in the consultations leading up to the formal establishment of such outfits, not least so as to develop contacts between local, regional and national levels;

22. In order to avoid duplication of effort, draws attention to the work undertaken within the Standing Committee on Internal Security (COSI). Trafficking in human beings is one of the eight priorities to be tackled jointly by the EU Member States under a special methodology with clear goals, practical measures and follow-up requirements⁽¹⁾. This work is briefly mentioned in action C 1, but with no further details on how the Commission's strategy relates to the work being done within COSI;

d. *Enhanced coordination and cooperation among key actors and policy coherence*

23. underlines that the effectiveness of the multi-disciplinary and multi-sectoral approach that the European Commission envisages for the implementation of its strategy is to a large extent dependant on the active engagement of actors at the local and regional level;

24. wishes to contribute to the effort to mainstream the fight against human trafficking in the EU's external policy activities. Trafficking is a matter of concern in the context of the EU's enlargement and neighbourhood policies, and **the Committee could therefore endeavour to consider related issues within the framework of the Joint Consultative Committees** and Working Groups with the enlargement countries or ARLEM and CORLEAP respectively;

25. would like to participate, as the representative of local and regional authorities, in the **civil society platform** and **private sector and employers' platform**, which are envisaged by the strategy;

e. *Increased knowledge of and effective response to emerging concerns related to all forms of trafficking in human beings*

26. **welcomes the proposal to develop knowledge relating to the gender dimension** of trafficking and vulnerable groups. This knowledge would be very useful to local and regional authorities and their staff, who are often on the front line when it comes to tackling human trafficking and its victims;

27. urges the Commission **not to focus on the gender dimension only in terms of victims but also to bear in mind that there are clear differences between the sexes in terms of demand**. Demand for sexual services – a decisive driver for people involved in human trafficking for sexual purposes – comes primarily from men, and this gender disparity should be highlighted in efforts to develop knowledge relating to the gender dimension of trafficking in human beings.

Brussels, 31 January 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISO

⁽¹⁾ EU Policy Cycle Against Organised and Serious Crime.

Opinion of the Committee of the Regions on ‘Strengthening EU citizenship: promotion of EU citizens’ electoral rights’

(2013/C 62/06)

THE COMMITTEE OF THE REGIONS

- emphasises how important it is for EU citizens to participate in the democratic life of the European Union, not least in their country of residence. European citizenship, by involving citizens in the process of European integration and in the political process of their country of residence, helps to build European democracy;
- points out that a sense of belonging plays a key role in making the European Union comprehensible for citizens; it is therefore vital to strengthen their allegiance to Europe and their awareness of citizenship. Bringing citizens closer to the European Union using the available tools and measures is an ongoing task;
- emphasises that local and regional authorities play a key role in constantly promoting and raising awareness of EU citizenship and the rights associated with it. These bodies are closest to European Union citizens, and can make the biggest contribution to strengthening participatory democracy and raising awareness of the benefits offered by European integration;
- with regard to the 2014 European elections, emphasises the need to make EU citizens aware of their rights, and of their electoral rights in their countries of residence, and to facilitate the exercise of those rights;
- keeping the subsidiarity principle in mind, the Committee of the Regions encourages Member States to ensure that EU citizens can exercise their electoral rights by enabling them to vote not only in local elections but also in regional ones;
- with due respect to the principle of subsidiarity, suggests that Member States could explore measures which would make it possible to synchronise local and regional elections with European elections; believes that this could help to raise awareness of the impact of European, regional and local elections on the everyday lives of EU citizens.

Rapporteur György GÉMESI (HU/EPP), Mayor of Gödöllő

Reference document

Opinion of the Committee of the Regions – Strengthening EU Citizenship: Promotion of EU Citizens' Electoral Rights

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

EU citizenship and electoral rights

1. is committed to promoting the area of freedom, security and justice, and EU citizenship;

2. welcomes the 2013 European Year of Citizens, which will focus on EU citizenship; among other things, this will be a real opportunity to step up efforts to raise voter turnout in different level elections, with the involvement of the local and regional authorities and national bodies concerned, and of the main stakeholders shaping the political life of Member States and their citizens;

3. agrees that the 20th anniversary of EU citizenship introduced by the Maastricht Treaty and the 2013 European Year of Citizens represent a timely opportunity to raise public awareness of the rights and duties associated with EU citizenship, and to ensure that citizens' rights - particularly electoral rights - are fully exercised or even strengthened;

4. sees it as important to help support European citizenship and European rights, to promote and fully apply citizens' rights to vote and stand in elections as enshrined in the Lisbon Treaty, and at the same time to encourage electoral participation by guaranteeing the rights associated with EU citizenship and the exercise of those rights;

5. recalls that the instrument of the European Citizens' Initiative (ECI), introduced by the Treaty of Lisbon, creates a new right of democratic participation at EU level which should play an important role in filling EU citizenship with life; therefore, calls on the European Commission to take all necessary action to promote this instrument;

6. emphasises how important it is for EU citizens to participate in the democratic life of the European Union, not least in their country of residence. European citizenship, by involving citizens in the process of European integration and in the political process of their country of residence, helps to build European democracy ⁽¹⁾;

7. points out that a sense of belonging plays a key role in making the European Union comprehensible for citizens; it is therefore vital to strengthen their allegiance to Europe and their awareness of citizenship. Bringing citizens closer to the European Union using the available tools and measures is an ongoing task;

8. stresses the importance of cooperation with the European Commission, the European Parliament, and local and regional authorities from all Member States in order to promote EU citizenship;

9. reiterates that establishing a genuine area of freedom, security and justice serving the citizen is highly important in an increasingly mobile world ⁽²⁾ and that the right to freedom of movement within this area is a key aspect of European citizenship;

10. stresses that EU citizens have the right to vote and to stand as candidates in municipal and European elections in the Member State in which they reside, under the same conditions as nationals of that State ⁽³⁾;

11. points out that there are still some obstacles to the full exercise of electoral rights in everyday life, even though the Member States have already aligned their electoral legislation with EU directives ⁽⁴⁾. These obstacles were mentioned by the European Commission in its reports on implementation of Directives 94/80/EC and 93/109/EC ⁽⁵⁾;

12. welcomes European Commission initiatives to dismantle obstacles to the exercise of rights associated with EU citizenship; regrets in this context that some EU citizens cannot exercise their full rights as citizens, due to legislation in particular Member States which denies electoral rights to citizens that live or have lived outside the country of their nationality; calls on the Commission to encourage EU Member States to ensure that this fundamental democratic right is guaranteed for all EU citizens;

⁽²⁾ CdR 201/2009.

⁽³⁾ Articles 39 and 40 of the Charter of Fundamental Rights of the European Union (2010/C 83/02) and Article 20(2)(b) and 22 of the Treaty on the Functioning of the European Union (TFEU).

⁽⁴⁾ Directives 94/80/EC and 93/109/EC.

⁽⁵⁾ COM(2012) 99 final; COM(2010) 605 final.

⁽¹⁾ CdR 355/2010.

13. supports the European Commission's 2013 report marking the European Year of Citizens; offers to work together with the Commission on this report, which will describe progress since the 2010 report on EU citizenship, and recommend further measures;

14. emphasises that local and regional authorities play a key role in constantly promoting and raising awareness of EU citizenship and the rights associated with it. These bodies are closest to European Union citizens, and can make the biggest contribution to strengthening participatory democracy and raising awareness of the benefits offered by European integration. This should go hand in hand with specific activities geared towards information and education;

15. points out that local and regional authorities must provide a sound basis for developing a strong and sustainable democratic culture at different levels. It is therefore of great importance that numerous citizens vote in local and regional elections and exercise their electoral rights; it is also crucial that democratic and civic education are promoted by local and regional authorities within the remit of their competencies, and that such education is based on everyday, real life experience of citizens of democratic processes and a culture of democratic governance;

16. encourages EU citizens to participate in local and political life and to exercise their electoral rights; at the same time, respects their freedom to choose whether they want to take part in local and European elections in their country of residence. To enable EU citizens to take informed decisions in cross-border situations, it is important for them to be aware of their rights in the EU Member State where they live;

17. is pleased that the Stockholm Programme⁽⁶⁾ also prioritises the fundamental right to free movement, partly by promoting and strengthening electoral rights, and increasing electoral turnout; also points out that it is not enough to establish rights - it is also important to ensure that they can be easily exercised. According to its political priorities for 2012, the Committee the Regions also "remains committed to contributing to the full delivery of the objectives of the Stockholm Programme and Action Plan"⁽⁷⁾;

18. welcomes the European Commission's intention to establish an informal forum with the Committee of the Regions as well as local and regional authorities and their associations, enabling direct dialogue on the exercise of electoral rights. The purpose of such discussion would be to facilitate and encourage debate and dialogue on EU citizenship, to identify themes and challenges, and to support the exchange of experience and best practices;

19. points out that the Committee of the Regions is planning numerous activities for the 2013 Year to help raise awareness of EU citizens' electoral rights and encourage the exercise of those rights⁽⁸⁾;

20. recalls that, in the 2013 Year of Citizens, the Committee of the Regions will organise a number of activities in close cooperation with the other EU institutions, particularly the European Commission. Activities will include: the dissemination of information, - presentations and visits to schools and universities by CoR members; workshops, public debates, meetings in town halls and media events involving local journalists, on the right to free movement, electoral rights, and the role of local and regional authorities; the provision of information on these activities online, together with documentation on the CoR EU passport in all official languages; and the presentation of best practices in decentralised communication on the EU at the annual EuroPCom conference;

Local and European elections

21. points out that, according to a report⁽⁹⁾ by the European Commission, voter turnout for EU citizens living in countries other than their own is on average higher for local elections than for European elections⁽¹⁰⁾; this is an important finding and would merit closer scientific investigation - in any case it shows that local issues do matter and motivate some citizens to engage. It is important to build on this momentum and try and explore which factors could also motivate people to engage in EU political matters and the European elections;

22. points out that getting more EU citizens with electoral rights to vote in local elections and fully exercise their rights remains a challenge;

23. feels that projects could be targeted at different age groups to raise awareness of the importance of voting in municipal and European elections, to foster a sense of belonging to a community, and to explain the resulting benefits. Such projects could involve electoral role playing, the exchange of experiences, the use of a variety of information channels, and underlining the relevance of decisions taken at local and EU level for the everyday lives of citizens in a given city or area, thus going a long way towards answering the question "what do I get out of voting?";

24. emphasises that further action is needed at all governance levels to increase voter turnout and the number of registered voters; it is also important to help overcome insufficient awareness of electoral rights and procedures, obstacles to voter registration and linguistic barriers;

⁽⁶⁾ Council document 17024/09, adopted by the European Council on 10/11 December 2009.

⁽⁷⁾ Cdr 361/2011 fin.

⁽⁸⁾ R/CdR 1030/2012 item 7.

⁽⁹⁾ COM(2012) 99 final.

⁽¹⁰⁾ Although some capital cities - Athens, Budapest, Copenhagen and Riga - were exceptions in recent elections.

25. recommends simplifying administrative procedures and calls on Member States to introduce appropriate e-services enabling EU citizens to exercise their electoral rights, particularly with regard to registration on electoral rolls; supports the exchange of best practices in this field;

26. agrees with the European Commission's idea that declaration of residence could automatically lead to automatic voter registration, and supports the Commission's efforts to that end. Simplified administrative procedures with regard to registration in electoral rolls could effectively contribute to integration as well as encouraging citizens to exercise their electoral rights;

27. encourages Member States to cooperate with local and regional authorities in drawing up reports and analyses evaluating how effectively EU legislation is transposed and applied, thus helping to share and disseminate experiences; these should be made publicly available by means of information and publicity systems;

28. based on the principle of multilevel governance, feels that it is important to ensure effective cooperation between different governance levels in order to find legal solutions to problems potentially arising from the application of national rules on conditions for exercising electoral rights, based on experience and taking expert recommendations into account;

29. encourages Member States to remove barriers to the exercise of voting rights and to enable EU citizens from other countries to stand as candidates and become politically active in their country of residence;

30. recommends that Member States set up contact points to help gather and regularly assess data on participation by EU citizens from other countries standing as candidates and being elected in their country of residence; this could also make it easier for Member States and EU institutions to share their experiences;

31. with regard to elections to the European Parliament, realises that the mechanism established by the EU directive to prevent EU citizens from voting or standing as candidates in two countries is still not sufficient; therefore supports the European Commission's efforts to draw up a new proposal in order to deal with this problem more effectively while making sure that the resulting legislation does not create new administrative hurdles for the exercise of the EU citizens' right to stand for EP elections in the country of residence;

32. with regard to the 2014 European elections, emphasises the need to make EU citizens aware of their rights, and of their

electoral rights in their countries of residence, and to facilitate the exercise of those rights;

33. feels that European political parties are key elements in raising awareness of European policies and in expressing the political will of the EU citizens, and have to act as a bridge between national and EU political life; they represent citizens' views and enable public debate on European issues, while supporting interaction between all levels of the European Union's system of multilevel governance; encourages therefore the European political parties to intensify their activity and develop new means to create political awareness, for example by presenting leading candidates for top European office in European elections or by running trans-national lists in elections to the European Parliament;

EU financial programmes in support of EU citizenship

34. feels that it is important to raise EU citizens' awareness of their legal status and the rights and responsibilities associated with EU citizenship⁽¹⁾, and to support the potential of European projects and EU financial instruments to disseminate information, through conferences, seminars, training courses, the exchange of best practices, and cooperation activities, with a particular focus on the "Fundamental Rights and Citizenship" and "Europe for Citizens" programmes; encourages local and regional authorities to become actively involved in cross-border and town-twinning projects;

35. feels that the EU programmes which support EU citizenship are those whose overall aim is to support activities in the Member States to raise awareness of EU law and policies and support their implementation in the Member States, to promote cross-border cooperation, and to strengthen knowledge in different fields;

36. once again, draws attention to the relevance of support for various forms of territorial cooperation, thus enabling projects and initiatives to make EU citizenship more understandable and to reduce administrative burdens and barriers;

37. emphasises the need for a simpler and more efficient approach to financing EU citizenship related programmes, with better defined priorities, tying in with political priorities; calls for a focus on disseminating the results of projects to ensure greater visibility. Support is needed for training and awareness raising, while consolidating networks and facilitating cross-border cooperation, thus enabling general and specific political objectives to be achieved; at the same time, programmes to support EU citizenship must be made more attractive through more effective publicity and presentations in the Member States;

⁽¹⁾ CdR 355/2010.

The role of education and youth in active European citizenship

38. stresses that, with the help of increased information activities and EU projects, there must be more of a focus on young people, with the involvement of schools and higher educational institutions. The role of education in promoting active citizenship among young people is emphasised in a Committee of the Regions own-initiative opinion ⁽¹²⁾;

39. points out that education policy plays a key role in informing EU citizens and young people in particular of the idea of EU citizenship and associated rights, and should do much more to encourage multilingualism together with student and teacher mobility;

40. believes that young people must have a broad enough insight to act as informed citizens and voters. The issues at stake and the purpose of elections must be better explained to them;

41. points out that the Council of Europe has considerable experience in promoting educational networks and recommends cooperating and exchanging experiences, based on its work in this area;

42. believes that information campaigns can raise EU citizens' awareness of their rights and encourage them to vote. Partnership-based cooperation between schools, tertiary and other educational institutions plays a key role here; points out that there are many exchange students from other EU countries at colleges and universities, and such initiatives can encourage them to exercise their electoral rights;

Recommendations to increase voter turnout

43. points out that, based on experience, holding general elections at the same time as local or regional elections can boost voter turnout ⁽¹³⁾;

44. recalls that its opinion on the Stockholm Action Plan ⁽¹⁴⁾ urges all actors to consider how it could be made easier for EU citizens to take part in elections in their Member State of residence;

45. notes that, with regard to participating in local and European elections, the EU legislation in force does not envisage the full harmonisation of national electoral systems. Keeping the subsidiarity principle in mind, the Committee of the Regions encourages Member States to ensure that EU

citizens can exercise their electoral rights by enabling them to vote not only in local elections but also in regional ones;

46. expresses its intention to actively support the development of the "Let me vote" European citizens' initiative;

47. with due respect to the principle of subsidiarity, suggests that Member States could explore measures which would make it possible to synchronise local and regional elections with European elections; believes that this could help to raise awareness of the impact of European, regional and local elections on the everyday lives of EU citizens;

48. acknowledges that there is considerable diversity in local and regional authority structures and in the legal and administrative traditions of the different Member States;

49. agrees with the European Parliament that European elections should be moved from June to May and believes that this can have a positive influence on voter turnout;

50. feels it is important to make EU citizens better informed, and more interested and motivated to vote; keeping in mind the subsidiarity principle and in order to increase voter turnout, recommends that the Member States consider in the long term if and how they could make electoral procedures more accessible, for example by enabling advance voting, electronic voting or mobile polling stations; due account should also be taken of the provisions of the UN Convention on the Rights of Persons with Disabilities, which expressly require complete and unhindered access for elections too;

51. notes that despite specific measures to raise EU citizens' awareness of their electoral rights voter turnout varies considerably; therefore recommends encouraging and stepping up sharing of best practices on the part of local and regional authorities in order to foster the exercise of electoral rights;

52. emphasises that tying in the idea of EU citizenship with local and regional perspectives and reminding citizens of the role played by local and regional authorities in EU decision-making can encourage them to vote;

53. feels, as noted in its opinion on the EU Citizenship Report 2010, that it is important also to strengthen the political rights of third-country nationals. In several EU Member States, third-country nationals are entitled to vote and stand in local and regional elections; this is likely to increase interest in the elections among all foreign nationals, which will also increase demand for information materials in various languages;

⁽¹²⁾ CdR 173/2007.

⁽¹³⁾ E.g. in Berlin, where municipal elections were held concurrently with regional elections; Rome, 2008; also, Koblenz 2009, United Kingdom 2010.

⁽¹⁴⁾ CdR 170/2010.

54. recommends working towards broad cooperation between EU institutions, their representatives, Europe Direct centres, local and regional authorities, civil society organisations, and economic and social partners to ensure that all EU citizens of voting age are responsibly aware of their rights and how to exercise them;

55. feels that awareness-raising, information and education campaigns developed jointly by local and regional authorities, government agencies, civil society organisations and the media under the auspices of the European Year of Citizens should use

simple, citizen-friendly language. The relevant publications and publicity materials should be available in all official EU languages;

56. emphasises the importance of EU institutions, Member States, and local and regional authorities working more closely with the press. The Committee of the Regions could launch a competition for the best and most accessible articles and reports on the subject of elections, citizens' rights and the different stages of electoral procedures.

Brussels, 31 January 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on ‘Creating greater synergies between EU, national and subnational budgets’

(2013/C 62/07)

THE COMMITTEE OF THE REGIONS

- underlines that local and regional authorities are responsible for a substantial share of public expenditure in Europe, that subnational public investments tend to be concentrated in a number of key priority sectors that are critical for the success of the Europe 2020 strategy and subsequently calls for a stronger political priority to be given to creating synergies between EU, Member State and sub-State (local and regional authority) budgets;
- notes that despite its relatively small scale, the EU Budget and the European Investment Bank (EIB) have a key leverage role to play in stimulating investments across the EU territory;
- welcomes the ongoing debates at European level on how to complement the existing Economic and Monetary Union (EMU) through the introduction of an integrated budgetary framework for the EU and considers that the high level of dependence and spillover between Euro area economies and budgetary policies makes it essential to develop a fiscal capacity which can facilitate adjustments to economic shocks;
- expresses however concern that there is a drive towards greater centralisation of powers and decision making without effective engagement of sub-State authorities in this discussion and notes that there cannot be any genuine fiscal union without a definition of the rights and responsibilities of the different levels of government (fiscal federalism), a more explicit link between policy alignment and budgetary decision-making, and an ambitious vision on how to enhance vertical synergies between EU, national and local/regional budgets through proper coordination mechanisms;
- welcomes the inclusion in the European Commission’s 2012 Report on Public Finances in the EMU of a dedicated chapter on Fiscal Decentralisation in the EU for the first time, and calls on the European Commission to include such a chapter on the state of sub-State public finances in further annual releases of this report;
- calls on the European Commission to consider the merits and practicalities (as well as potential administrative challenges/costs) of moving towards greater harmonisation of budgetary cycles within the EU, and promoting and encouraging use of medium-term budgetary frameworks (MTBF) at sub-State level;
- calls on the European Commission to publish a Green Paper addressing these issues.

Rapporteur

Rhodri Glyn THOMAS (UK/EA), member of the National Assembly for Wales

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Introduction

1. underlines that local and regional authorities are responsible for a substantial share of public expenditure in Europe: in 2011 subnational public sector expenditure accounted for 16.7 % of GDP and 34 % of all public spending in Europe (11.9 % (EUR 272,2 billion) and 24.3 %, respectively, for the local public sector alone), whilst also accounting for around two thirds of direct investments during 2011 in Europe ⁽¹⁾;

2. notes that subnational public investments tend to be concentrated in a number of key priority sectors that are critical for the success of the Europe 2020 strategy such as economic affairs, education, environment, housing and community amenities, meaning the impact of austerity measures (26 % in the UK, over 30 % in Spain will have knock-on effects to delivering Europe 2020 goals (for example the capital investment budget has been cut by 42 % in Wales);

3. subsequently calls for a stronger political priority to be given to creating synergies between EU, Member State and sub-State (local and regional authority) budgets focused on delivering agreed EU priorities, in particular the Europe 2020 strategy, reiterating the findings of the 2010 European Parliament study into which found that "... the overall synergy between strategic EU policy objectives and budgetary policies is weak ... national budgets seldom refer to their contribution to achieving the objectives of the Lisbon [Europe 2020] or other EU strategies ..." ⁽²⁾;

4. underlines that, in the context of the ongoing crisis, the prevalence of austerity cuts at Member State and sub-State level and enormous pressure these places on public expenditure, makes improving "effectiveness and efficiency" an important political objective;

5. welcomes that the European Council conclusions stress that "the possibilities offered by the EU's existing fiscal framework to balance productive public investment needs with fiscal discipline objectives" should be further "exploited" in the preventive arm of the Stability and Growth Pact. This

objective becomes even more topical against the backdrop of the recent International Monetary Fund's findings that so-called fiscal multipliers, which gauge the impact of budget consolidation on growth, were "substantially higher" than anticipated by analysts during the debt crisis. Expects therefore the Commission to address further the issue within the announced communication on the quality of public spending which should consider, *inter alia*, the issue of separating *current spending* and *investment* in the budget deficit calculations so as to avoid public investments with long-term net benefits being calculated as a negative;

6. stresses that the "synergies" discussions should in no way be used as a "trojan horse" justification for cutting the proposed Multiannual Financial Framework (MFF) for, nor should it be used as an excuse to "renationalise" the financing of elements of the EU budget (for example, the Structural Funds in so-called "richer" Member States) or to legitimate macro-economic conditionality;

Synergies between the EU budget and local/regional budgets

7. reiterates that the EU budget represents a small share (around 2 %) of the overall public expenditure within the EU and in itself is not enough to deliver the EUR 1 800 billion of future-oriented direct investments required by the flagships under Europe 2020 (as identified in the European Parliament's report on the MFF proposals); this means that achieving the overarching objectives of the Europe 2020 strategy requires effective mobilisation of public and private finances at Member State and sub-state level, including through loan finance and promoting public-private partnerships;

8. notes that despite its relatively small scale, the EU Budget and the European Investment Bank (EIB) have a key leverage role to play in stimulating investments across the EU territory, in particular (though not exclusively) through the "Common Strategic Framework" (CSF) Funds that are delivered and implemented at the territorial level (in many cases by local and regional authorities), and which generate an important "multiplier" effect on the economy;

9. highlights that during the economic crisis EU funding, in particular from the CSF Funds, has provided stable and secure finance to local and regional authorities, and in many cases has been "the only money in town" to support public investments and key initiatives, where local, regional and national budgets have been slashed, and in the case of EIB funding helped to fill a large gap in loan-based finance as a result of the impact of the financial crisis; and stresses the potential negative impact of the proposed macro-economic conditionalities on the perceived stability of CSF funding;

⁽¹⁾ Dexia Crédit local and CEMR (2012), Subnational public finance in the European Union, July 2012.

⁽²⁾ European Parliament (2010): Creating greater synergy between European and national budgets (Prepared by Deloitte Consulting at the request of the Committee on Budgets). Quote taken from page 4, Executive Summary.

10. underlines the leverage and multiplier-effect that such investments have in terms of direct and indirect benefits to the local and wider economy;

— European Commission estimates that for 2000-2006 programming period EU Structural Funds had an average leverage-effect of EUR 2,1 for every EUR 1 of EU money contributed;

— for 2014-2020 the European Commission has set a target of EUR 4,2 per EUR 1 invested through the Cohesion Policy;

— DG Regional Policy estimates the "multiplier" effect through GDP gains for 2007-2013 will be 1 % in Spain, 3 % in Poland, Slovakia and Romania, and over 5 % in the Baltic States;

— other estimates put the GDP gain at around 8,5 % for Ireland and 19,6 % for Spain for the period 1999-2010, although the impact of the crisis will bring these figures down. It should also be noted that there are methodological difficulties in calculating multiplier effects;

11. reiterates that the leverage effects of the CSF Funds are not just financial, but are also seen through a "policy" leverage, through alignment of local and regional strategic priorities around EU level priorities, and other benefits such as strengthening partnership and engaging in trans-national cooperation activities, with a plethora of examples of good practice across Europe; and emphasises the value of EIB support, through the various financial loan instruments, in building capacity at the local and regional level to manage and implement new and innovative schemes;

12. recognises, however, that the low absorption rates in some parts of Europe are evidence of "bottlenecks" in the implementation of the Cohesion and Structural Funds on the ground. Notes in particular the weaknesses identified by a recent OECD study⁽³⁾ in terms of administrative arrangements, capacity and regulatory frameworks in some Member States and sub-State authorities, and the need for interventions to address these;

13. welcomes the efforts being taken by the European Commission to streamline and simplify the rules for managing, implementing and reporting on projects supported by the CSF funds, which should have some help on absorption rates. Recognises the need to strike a balance between effective controls and sufficient flexibility to remove unnecessary regulatory burdens, and welcomes, therefore, moves towards more risk-based approach to audit;

14. regrets that the investment pre-financing effort is still imposed on national or regional authorities that have managing authority status for European programmes. This entails a financial effort that is difficult to make in the current situation of constraints in the financial markets. If the investment pre-financing principle is imposed, the European Union will waste a unique opportunity to inject financial resources directly into boosting the economy and structural change, providing larger amounts in advance so that funding can be provided at the right time to allow repayments to start;

15. considers a Multiannual Financial Framework with a smaller budget of CSF funds than that proposed by the European Commission for the period 2014-2020 to be unacceptable, since it would weaken the European Union just when it most needs to be strengthened;

16. calls for greater transparency in local and regional budgetary processes to recognise explicitly the contribution that CSF funds make to the investment strategies of the region, and demonstrate in draft annual budgets how EU funding is planned into the budgetary cycle. Calls for local and regional authorities to submit examples of good practice of this sort of approach in budgetary planning;

17. highlights concerns from local authorities across the EU about the role Member State (and regional) governments can have, in preventing full use to be made of legal instruments within the Structural Funds regulations that allow for sub-delegation of parts of programme delivery and implementation; calls for this to be redressed in the 2014-2020 programmes, to optimise use of the new instruments (such as Integrated Territorial Investments, Integrated Operations, Joint Action Plans, and Community-Led Local Development) foreseen in the CSF Funds' draft Common Provisions Regulation;

18. welcomes in this respect the own-initiative report by the European Parliament adopted on 15 January 2013, on synergies within the EU budget, which focuses in particular on the CSF Funds. Notes with interest the examples of initiatives on the ground that aim to simplify the implementation of funding programmes to beneficiaries;

19. strongly supports the call made by the European Parliament on the Commission in its resolution on "European Semester for economic policy coordination: implementation of 2012 priorities" to "fully address", in its next Annual Growth Survey, "the role of the EU budget in the European Semester process by providing factual and concrete data on its triggering, catalytic, synergetic and complementary effects on overall public expenditure at local, regional and national levels";

⁽³⁾ *Regulatory Capacities at Sub-National Level for the Implementation of Public Investment Strategies related to the Absorption of EU Structural Funds* by Allio-Rodrigo Consulting for the OECD, June 2012.

20. welcomes further discussion about the scope within the EU legislative framework to streamline and simplify implementation of programmes on the ground, focusing energies on supporting projects and initiatives that deliver "transformational change". This could include looking at scope for creation of "single territorial investment fund" (bringing together the various EU, Member State and sub-State funds) or creating a "one stop shop" for accessing funds with harmonised rules, comprehensive and clear guidance, and more emphasis placed on achieving sustainable outcomes leading to funds reaching the end user sooner and more strategic delivery on the ground. Such joined-up programming and delivery across all the funds will lead to improved coordination and reduced duplication;

21. argues that a discussion on synergies between EU, Member State and sub-State budgets, must also cover synergies within the EU budget, including thematic programmes such as Horizon 2020, Erasmus for All, the Programme for Social Change and Innovation (PSCI), the Connecting Europe Facility (CEF), COSME etc., which have direct relevance and impact at the "territorial level" and have clear read across to priorities such as R&D and innovation, education and training, and SME competitiveness within the CSF Funds;

22. welcomes, therefore, the efforts undertaken to improve the legislative framework for 2014-2020 to encourage synergies, for example, including Article 55.8 of the CSF Funds Regulation, and calls for wide publicity of projects/initiatives that are developed making use of these new provisions, in order to promote awareness of how such synergies can be achieved in practice;

23. urges the Commission to explain in detail how regulating EU economic policy governance and other issues of public finance will affect the ability of local and regional authorities to decide on the content of their budgets;

24. regrets that the current debate around strengthening economic, monetary and political union in the Economic and Monetary Union (EMU) and wider EU, is limited to the main EU institutions and Member State governments, with little or no consideration given to the sub-State level, despite the impact stronger centralisation of controls at EU level could have on the budgetary rights and responsibilities at sub-State level and fiscal decentralisation;

25. regrets also the continuing failure, as evidenced in the Committee of the Regions 3rd Monitoring Report on Europe 2020 published in October, to effectively engage local and regional authorities across the EU in a meaningful way in the European Semester, and reiterates that synergies between budgetary processes cannot be achieved without synergies within the policy-making and monitoring process;

Towards a fiscal union: a changing economic and political governance

26. welcomes the ongoing debates at European level on how to complement the existing Economic and Monetary Union (EMU) through the introduction of an integrated budgetary framework for the EU, to ensure sustainable budgetary policies in the Member States;

27. notes that this is an evolving discussion, and could have significant implications on how questions of synergies between EU, Member State and sub-State budgets are addressed in the future;

28. expresses concern that there is a drive towards greater centralisation of powers and decision-making without effective engagement of sub-State authorities in this discussion, and notes that the European Commission's 2012 Report on Public Finances in EMU highlights the soundness of a fiscal federalist model that devolves revenue-raising as well as expenditure responsibilities to sub-State authorities;

29. observes that the changes to the EU's economic governance (introduced through the European Semester, the Six-Pack, the Treaty on Stability, Coordination and Governance, and the Two-Pack proposals) have resulted in the development of stricter rules to oversee local and regional public finances at Member State level (through transposition of the so-called "golden rule" from the Member State level to the sub-State level in several Member States);

30. raises concerns that the transposition of rules included in intergovernmental initiatives such as the Treaty on Stability, Coordination and Governance (or Fiscal Compact) into national constitutions or law were done without any proper prior consultation of the Committee of the Regions on the regional and local dimension of the issues at stake, and underlines the importance to stick to the community method in further steps towards a Fiscal Union;

31. calls for, as a matter of some urgency, a more transparent and effective engagement of sub-State authorities with budgetary powers in the ongoing discussions on these issues, as well as for a formal involvement of the Committee of the Regions in the possible subsequent Treaty changes;

32. notes a complete difference of approach between the history of US fiscal federalism and the first steps towards an EU fiscal union. The USA indeed chose a path whereby the federal government neither mandates nor enforces balanced budget rules for the States (as well as State authorities vis-à-vis municipalities): these rules were adopted autonomously by them and implemented independently from the federal government following a clear "no bail out" rule spelled out

by the latter. The result is a complete ownership by the level of government concerned given the endogenous aspect of the process. On the contrary, in the EU debt brakes are mandated centrally and enforced by the Court of Justice, whilst the scenario of a Member State (or even municipality within a Member State) going bankrupt seems a priori excluded;

33. considers therefore that the high level of dependence and spillover between Euro area economies and budgetary policies makes it essential to develop a fiscal capacity which can facilitate adjustments to economic shocks, within the context of an integrated budgetary framework for the EU;

34. supports, as one approach to developing a fiscal capacity in the context of an integrated budgetary framework for the EU, exploring further the idea of a "flexibility reserve" within the EU budget. Such a mechanism, whilst respecting the budgetary principles of annuality and transparency, could enable "underspends" under budget headings to be transferred to support other actions rather than automatically being returned to Member States, which is in line with the resolutions adopted by the European Parliament on the MFF in 13 June and 23 October 2012;

35. notes however that there cannot be any genuine fiscal union without a definition of the rights and responsibilities of the different levels of government (fiscal federalism), a more explicit link between policy alignment and budgetary decision-making, and an ambitious vision on how to enhance vertical synergies between EU, national and local/regional budgets through proper coordination mechanisms;

36. calls on the European Commission to publish a Green Paper during the first half of 2013 addressing these issues and the further points raised below;

Outlining some basic principles to be respected in working towards greater synergies

37. calls for a basic set of principles to be established and respected in working towards greater budgetary synergies, including:

— **fiscal autonomy**: being clear about the roles and responsibilities of the different budgetary authorities at EU, Member State and sub-State level, including being clear about the role and rationale for EU policy and funding intervention, respecting subsidiarity and the budgetary rights of local and regional authorities (their role in decision making and scrutiny), i.e. their democratic accountability to the communities that elect them, and ensuring the autonomy of each level of governance in determining priorities and spending;

— **transparency**: ensuring transparency in budgetary processes at all levels of governance (including identifying sources of EU funding explicitly within national and sub-State budgets), as well as ensuring availability of data at EU level on spending profiles of EU funding programmes at regional level (where this is possible);

— **streamlining of processes**: clarifying how priorities and funding are aligned at EU, Member State and sub-State level towards agreed EU level priorities, making a commitment to work towards overcoming "bottlenecks" (administrative, regulatory, and political streamlining) to achieving greater synergies in budgets/policies, and avoiding the creation of additional administrative burdens;

— **partnership**: making a commitment to a "partnership based" approach, starting from the premise of equal partnership between different levels of governance (EU, Member State, sub-State), and supported by formal and informal mechanisms that encourage cooperation, including for example extension of the existing dialogue between the European Parliament and Member State Parliaments to include representatives from sub-State legislatures;

38. understands the role of the EU Budget (at present) as being primarily: (i) to finance the core common EU policies, such as agriculture and fisheries (ii) to help support other agreed EU policy objectives and goals under shared competences with Member States including cohesion policy, through investments focused on the medium-long term. Such interventions are furthermore underpinned on the basis of established notions of (a) added value of EU intervention, (b) additionality in the actions supported, (c) and the leverage and multiplier effects from EU intervention;

39. welcomes further discussions and clarification, within the context of developments in the debates on strengthening economic, monetary and fiscal union, of the potential implications such developments may have on the role and rationale for EU interventions, and their relationship with Member State and sub-State budgetary processes;

40. believes that a greater vertical coordination of budgetary policies would lead to greater synergies, where it respects and strengthens subsidiarity, additionality, European value added and the advantages of economies of scale⁽⁴⁾. As such it is therefore totally compatible with the subsidiarity principle enshrined in the EU treaties;

⁽⁴⁾ European Parliament study (2010): Creating greater synergy between European and national budgets.

Bottlenecks to achieving greater vertical synergies

41. underlines the importance of having accurate and reliable data and analysis available at the EU level on public finances and budgetary processes down to the sub-Member State level;

42. notes the complexity of the challenge in generating synergies due to the "heterogeneity" of sub-State structures across the EU;

43. welcomes the inclusion in the European Commission's 2012 Report on Public Finances in the EMU of a dedicated chapter on Fiscal Decentralisation in the EU for the first time, and calls on the European Commission to include such a chapter on the state of sub-State public finances in further annual releases of this report;

44. welcomes other research studies looking at public finances and public investment capacity, and the impact of the social, economic and fiscal crisis at sub-State level, in particular the DEXIA Crédit Local (DCL)/CEMR report and the studies by the OECD;

45. notes, however, the relative paucity of information on local and regional public finances across the EU, and more generally the paucity of information on synergies between EU, Member State and sub-State finances;

46. calls on the European Commission to undertake further work to address this shortfall and suggests the creation of a European research network of universities, to develop a specialist expertise in this important area of work; moreover, it asks from the European Commission to support the project-based experience exchanges between the different local and regional authorities encouraging the promotion of best practices that refer to synergies created between subnational and national levels in the Member States within the European Union;

47. recognises that there are a number of other bottlenecks with regard to the budgetary procedures and cycles within the EU, which are exacerbated by the "heterogeneity" of sub-State budgetary processes. Budgetary cycles with Member States and sub-State are not harmonised with the EU budgetary cycle (which operates on calendar years), and local and regional budgeting is furthermore based predominantly on annual cycles rather than multiannual planning (which characterises the EU budgetary framework);

48. calls on the European Commission to consider the merits and practicalities (as well as potential administrative challenges/costs) of moving towards greater harmonisation of budgetary cycles within the EU, and promoting and encouraging use of medium-term budgetary frameworks (MTBF) at sub-State level (in line with measures introduced in the "six pack"), including clarification on how this could work within the annual European Semester cycles;

49. notes the ongoing negotiations on the proposals for a European system of national and regional accounts in the EU (COM(2010) 774 final) and regrets the lack of comparability (in terms of the structures, readability and content) of local and regional budgets across the EU as well as the lack of harmonisation at EU level, which makes it difficult to undertake meaningful comparisons and analysis;

50. notes that Article 3 of Directive 2011/85/EU (part of the "six pack") mandates MS to implement the ESA 95 standard to their national systems of public accounting and "ensure timely and regular public availability of fiscal data for all sub-sectors of general government"; regrets that a large majority of Member States opposed the Eurostat proposal to add as new items several indicators on public investment at the regional level NUTS 2;

51. welcomes the fact that Eurostat is currently assessing the suitability of using harmonised public accounting standards across the EU, for the different levels of government as a way to improve synergies between EU, national and sub-national budgets;

52. highlights the need for possible improvements of the ESA 95 standard for local and regional authorities regarding the issue of borrowing costs. The ESA 95 accounting method indeed treats financial operations (and thus borrowing) differently and penalises local and regional authorities that wish to carry out investments in their efforts to balance their budgets. Under the ESA 95 framework, only the operations of the financial year in question are considered, which does not allow local and regional authorities to offset a temporary deficit linked to investment by using reserves or surplus brought forward. In order to achieve equivalent results within their accounting framework, these local and regional authorities would have to finance their investments in full using their own funds;

53. notes that Member States which have formally integrated local and regional authorities into the budgetary process (internal stability pact, e.g. in Belgium, Spain or Austria) have generally provided for mechanisms which make the ESA 95 standards more flexible so that they still have scope for investment. These can take the form, for example, of a multi-annual adjustment of budgetary objectives or systems for partial exemptions from the investment expenditure objective in order to take account of the investment cycle;

54. calls therefore for this issue to be resolved at EU level by harmonisation of rules to make the ESA 95 standards more flexible to enable local and regional authorities to undertake investments in this way, whilst respecting the requirements of the Stability and Growth Pact for sound management of public finances;

55. calls for greater use to be made of new innovative financing mechanisms, such as loans and other "revolving funds", and notes also the opportunities presented by public private partnerships, and the EIB to stimulate creative and innovative investments at the territorial level, and welcomes measures within the 2014-2020 programming period, including the CSF Funds, that promote these activities further;

56. notes that access to financial markets varies widely across the EU and is not very well developed in certain parts of Europe for local and regional authorities, therefore this needs to be addressed at EU level;

57. looks forward to further discussions about the potential for other innovative instruments at EU level to stimulate investment and support solidarity to help move Europe out of crisis, including EU Project Bonds and Eurobonds.

Brussels, 31 January 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on 'Better governance for the single market'

(2013/C 62/08)

THE COMMITTEE OF THE REGIONS

- Under the subsidiarity principle, the single market should be guided by EU legislation only to the extent that it is actually necessary. Failure to take the subsidiarity principle into consideration may lead to problems at the implementation phase, at which point there is no longer any room for manoeuvre at national level, and therefore put economic development at risk.
- When preparing legislation, it is important to bear in mind the significant role of local and regional authorities. The "think small first" principle, in particular, stresses the importance of local activity and the conditions created at local level for business. While the framework is created at European level, economic prosperity and activity always begin at local level. It is important to take this into account when single market legislation is being developed, because it is the only way of reconciling the concept of "local" with a pan-European economy.
- Local and regional authorities implement a very large proportion of single market legislation. To prevent problems appearing when those rules are put into practice, it is important for the CoR and local and regional government to play a role in the development of EU legislation.
- When identifying key areas, priority must be given to those areas which are well placed to innovate and create quality jobs. The performance of the digital single market and of services as a whole are key and urgent priorities.

Rapporteur	Markku MARKKULA (FI/EPP), Member of the Espoo City Council
Reference document	Communication from the Commission on Better Governance for the Single Market
	COM(2012) 259

Opinion of the Committee of the Regions – Better Governance for the Single Market

I. GENERAL COMMENTS

1. The single market is a key driver of European economic growth. For two decades, the free movement of goods, services, capital and workers has been the driving force behind European prosperity and Europe's economy. However, these freedoms as well as development of how they are governed provide an opportunity to further speed up the recovery from the economic crisis and to create the conditions for cohesively achieving a social market economy in the European Union. In addition, cohesion policy plays a complementary role in achieving the single market across all regions of the European Union, in particular by boosting the competitiveness of the SMEs, greening the economy, as well as emphasising know-how and innovation especially in regions with structural disadvantages.

2. The CoR points out that, at the same time, Member States must have the possibility to choose themselves which tools they use to stimulate their economies, allowing for the practical requirements and interests of their economies.

COMMUNICATION FROM THE COMMISSION

3. The communication sets out the Commission's plan for developing the single market and meeting the objectives of the Europe 2020 strategy.

4. According to the communication, the average transposition deficit was 1.2 % in February this year and implementation of single market legislation is taking longer and longer. Furthermore, rules do not necessarily work well in practice, even if they have been transposed at national level.

5. The Commission communication calls for a renewed commitment to making the single market effectively deliver for growth. The proposal is made up of two separate components:

- a. a course of action to make swift progress in key areas with the greatest growth potential;
- b. practical measures to further improve the way single market rules are designed, implemented, applied and enforced.

VIEWS OF THE COMMITTEE OF THE REGIONS

6. The Commission's concern for the development of the single market is justified. However, while the communication

puts forward general measures, it is only in specific areas or in certain Member States that implementation of rules can prove particularly problematic.

7. The Commission seeks to improve the functioning of the single market on the basis of the measures set out in the communication. The Commission's proposals are geared towards two key objectives. On the one hand, the single market must make swift progress in areas with the greatest growth potential and, on the other hand, steps should be taken to make the single market "governance cycle" more effective. The Commission plans to use the European semester process to monitor progress. The Committee of the Regions believes this is the right course of action.

8. The communication focuses in particular on improving national implementation and strengthening the commitment of Member States.

9. To some extent, the slow pace of implementation can be explained by the weakness of Member States' political commitment to implementing individual rules. The only answer to this problem is to ensure that there is willingness and commitment at political level. The difference between legislative and administrative cultures must be taken into account right from the start of preparatory work on single market legislation.

10. The Committee of the Regions agrees with the Commission that "goldplating" is a serious problem that created new unnecessary burdens on businesses and citizens.

11. The Commission's proposals are in some respects "ex post" and the communication does not draw sufficient attention to the reasons for the slow pace of implementation.

II. FOCUSING ON AREAS WITH MOST GROWTH POTENTIAL

COMMUNICATION FROM THE COMMISSION

12. According to the communication, the areas with most growth potential are the services sector (including retail and wholesale trade, business and construction services), financial services, transport, the digital economy and the energy sector.

13. To ensure that the EU's single market rules are implemented effectively, it is proposed that Member States make a stronger commitment to implementing them and to cooperating with the Commission in the implementation phase.

— Member States should commit to "zero tolerance" when it comes to transposition of directives, i.e. the transposition deficit and conformity deficit must be 0 %;

— Member States should informally submit to the Commission specific aspects of measures to be taken, so that the Commission can provide effective assistance during the transposition period.

14. The Commission's priorities focus on transposition of EU rules and their effective implementation. The Commission would prepare an annual report on the integration of the single market to monitor how the single market functions in practice and to identify further action needed at EU and national level. The Commission would take steps to help ensure timely, correct and efficient implementation of EU rules in key areas.

VIEWES OF THE COMMITTEE OF THE REGIONS

15. The main objective of the Commission communication is to make the single market work better. Selecting key areas is the right course of action. In order to develop the European single market, it is essential to identify which measures would be most effective.

16. In the current economic climate, the status of financial services as one of the areas with the most growth potential is important but at the same time problematic.

17. When identifying key areas, priority must be given to those areas which are well placed to innovate and create quality jobs. The choice of key areas has been positive for local government. The performance of the digital single market and of services as a whole are key and urgent priorities.

18. Member States still have a lot to do to facilitate the activities of the digital market. Local authorities can play a role here, for example through public procurement. Carrying out public procurement electronically and fully using electronic invoicing would make a significant contribution to developing the digital market. The obstacles and challenges involved in implementing electronic commerce in the public sector go beyond technical functionality. Support from higher management, organisational adjustment and staff training are all factors critical to the success of the digital market at local and regional level and the public e-procurement associated with it.

19. Carrying out public procurement electronically will require a number of measures at national and local level. At

European level, however, measures must be taken to facilitate the switch to the electronic environment. Good practices must be disseminated more effectively at European level too.

20. Responsibility for preparing national legislation lies with national authorities, which are required to implement EU legislation correctly and appropriately from a national point of view.

21. Welcomes that the Late Payment Directive is included in the list of key legislative acts of which implementation will be closely monitored. Late payment by public authorities is a major problem for small and medium-sized companies that needs to be addressed urgently.

22. Proposals to monitor implementation in Member States are to be welcomed. The publication of an annual report will give Member States the opportunity to compare their own situation with that of other Member States. On the basis of the annual report and analysis, the Commission will identify the main policy challenges and steps to be taken over the coming year at both EU and national level. The annual report will put forward country-specific recommendations based on a more in-depth analysis of performance in each Member State, in the context of the European semester process.

III. DESIGN, IMPLEMENTATION, APPLICATION AND ENFORCEMENT OF SINGLE MARKET RULES

COMMUNICATION FROM THE COMMISSION

23. The Commission communication stresses that, when preparing single market regulation, the EU should ensure that:

- the regulation is easy to understand, unambiguous and clear;
- the administrative burden on businesses, citizens and government is not unnecessarily large;
- necessary administrative procedures (authorisations, etc.) can be carried out electronically;
- information is available and businesses and citizens have access to effective judicial redress.

24. To ensure compliance with these principles, stakeholders should be consulted before the drafting of proposed legislation.

25. The Commission proposes that, where appropriate, regulations rather than directives should be the instrument used, notably where there is no need for further discretion when implementing the proposed EU rules.

VIEWS OF THE COMMITTEE OF THE REGIONS

26. The Committee fully agrees with the qualitative objectives for legislation. The clarity and intelligibility of legislation is an important objective at EU level and for national legislators.

27. Considers that the Internal Market Information system is an essential tool and that regional and local authorities require full access to the system, but also that training for staff of LRAs needs to be available to enable them to use the system efficiently

28. Under the subsidiarity principle, the single market should be guided by EU legislation only to the extent that it is actually necessary. Failure to take the subsidiarity principle into consideration may lead to problems at the implementation phase, at which point there is no longer any room for manoeuvre at national level, and therefore put economic development at risk.

29. Highlights the usefulness of the SOLVIT centres for citizens and small businesses, especially in border regions, and calls on the Commission to further promote their work and on all Member States to provide them with adequate staffing and resources

30. Notes that the European Small Claims Procedure is not sufficiently known by the competent courts and still rarely used; a particular problem for citizens making use of this procedure is the subsequent enforcement of the judgment in another Member State

31. The poor quality of some regulation is eroding the EU's actual legitimacy in the eyes of the public and businesses. For example, public procurement legislation has in practice limited the scope of Member States and local government to decide how they organise their own activities. Single market rules and a fear of breaking them are steering the organisation of services in a direction which is not always appropriate from an operational point of view.

COMMUNICATION FROM THE COMMISSION

32. The Commission states that smarter use should be made of IT to inform businesses and citizens. The Commission stresses that Member States should step up efforts to provide user-friendly information on single market activities.

33. It should be possible to carry out administrative measures electronically, especially when actions are carried out in another Member State. Cooperation between authorities should be facilitated through the Internal Market Information System.

34. With a view to solving the problems encountered by businesses and citizens, the communication proposes that

there should be one, easily accessible primary help service at the national level that they can turn to.

35. Member States should commit to guaranteeing fast and effective judicial redress.

36. According to the communication, there should be one body in charge of overseeing and monitoring the single market at the national level. The Commission recommends that "single market centres" be introduced in the Member States and intends to establish a European network of single market centres.

VIEWS OF THE COMMITTEE OF THE REGIONS

37. It goes without saying that the identification and dissemination of best practice is to be welcomed. This should always form part of the Commission's normal development activities.

38. The development of cooperation between authorities along the lines proposed by the Commission is also to be welcomed. For example, the establishment of single market centres can be justified on the grounds that it would facilitate the exchange of information between Member State authorities and the Commission. The tasks of the single market centres must be compatible with other aspects of Member States' administration.

39. When preparing legislation, it is important to bear in mind the significant role of local and regional authorities. The "think small first" principle, in particular, stresses the importance of local activity and the conditions created at local level for business. While the framework is created at European level, economic prosperity and activity always begin at local level. It is important to take this into account when single market legislation is being developed, because it is the only way of reconciling the concept of "local" with a pan-European economy.

40. Local and regional authorities implement a very large proportion of single market legislation. To prevent problems appearing when those rules are put into practice, it is important for the CoR and local and regional government to play a role in the development of EU legislation.

41. Innovations are born at the local level. Local and regional authorities can play a key role in supporting and piloting innovations. In order to develop the European single market, a model should be developed in which both local and European players have their own, natural roles to play. For example, the Commission could promote an approach in which the joint efforts of the various directorates-general are geared towards developing areas with the greatest growth potential, while the local level experiments with best practices.

42. However, not even best practices can be disseminated without a European network. The Commission is best placed to set up such networks. In policy areas and regions with the greatest innovation potential, pioneering EU-funded projects should be launched in which research provides effective support for innovation as well as teaching and learning. With the support of the Commission, all local players should have access to practices developed on this basis.

IV. OTHER FOLLOW-UP MEASURES REQUIRED

43. The European Commission has completed its communication on the Single Market Act II (COM(2012) 573 final). According to this communication, the joint involvement of the European Parliament, the EU Council, the European Economic and Social Committee, the Committee of the Regions and many stakeholders led to a widely shared political vision for the further development of the single market and made it possible to focus political attention. The CoR agrees with the Commission that, in light of the challenges posed by the economic crisis, follow-up measures must be stepped up.

44. The drivers for new growth put forward in this communication are:

1. Developing fully integrated networks in the single market
2. Fostering mobility of citizens and businesses across borders
3. Supporting the digital economy across Europe
4. Strengthening social entrepreneurship, cohesion and consumer confidence.

45. Networks are the backbone of economic modernisation. An important aim is to achieve a single market where citizens and businesses can benefit from one single transport and energy market. The digital sector is without question a key driver for both productivity and creativity. Social entrepreneurship means

taking active steps to involve the public and the third sector as well as a rapid increase in various partnership activities. The CoR expects practical measures so that the expectations associated with those objectives can be met without delay.

46. In addition to the abovementioned points, there are a number of issues and questions relating to the functioning of the single market which should be discussed at political level. In light of the experiences of the financial crisis, these issues must be resolved. Although many of them have already been identified in the Europe 2020 strategy and the flagship initiatives, solutions have yet to be found. The measures required have also been discussed in a number of CoR opinions, and the CoR wishes to stress the measures set out below in particular.

47. The CoR proposes (CdR 330/2010) that "territorial pacts be established where, through a flexible regional approach, local and regional authorities would focus their activities and funding on implementing the EU 2020 strategy and the flagship initiatives. There needs to be particular emphasis on projects which promote societal innovations in the region concerned and which have the maximum possible societal impact." Of particular importance are the measures for the key areas specified in the Commission's communication, such as making full use of digital possibilities in the modernisation of service processes and structures.

48. The CoR recommends that (CdR 330/2010) "the Commission implement – in the context of the Single Market Act – all the advances of the Lisbon Treaty that could help restore EU citizens' confidence in the single market, particularly Article 3 TEU, which establishes new social objectives for the EU in terms of combating social exclusion and discrimination, promoting social justice and protection, gender equality, solidarity between generations and protection of the rights of the child." Here, too, the issue is how to create fresh societal innovations so that Europe can develop pioneering projects, with innovations in a few areas and cooperation between areas providing critical solutions of universal use.

Brussels, 31 January 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISÓ

Opinion of the Committee of the Regions on 'Marine knowledge 2020'

(2013/C 62/09)

THE COMMITTEE OF THE REGIONS

- considers that marine knowledge is crucial especially in order to achieve sustainable growth and healthy and productive oceans, and to improve understanding of marine ecosystems and the consequences of human activities on them;
- believes that it is important to have centralised data about maritime activities in order to achieve a better understanding and prediction of potential interactions;
- points out that, in addition to their own budgets for data collection, Member States should also be able to use European funds for data collection and research;
- considers that although some progress has been made, particularly the completion of the first phase of EMODnet, a number of challenges have yet to be overcome in order for the Commission to meet the objectives set in 2010;
- believes that there is a need to develop streamlined and effective planning application and evaluation procedures in order to process applications efficiently;
- emphasises the importance of pursuing the work already conducted, particularly on EMODnet, and of publicising the latter widely once it becomes operational (in 2014), so that it attracts the contributions it needs and is brought to the attention of its intended target audiences (the public and private sectors and the general public).

Rapporteur:	Councillor Arnold HATCH (UK/Nl), Craigavon Council (Northern Ireland)
Reference document	Green Paper – Marine Knowledge 2020 – from seabed mapping to ocean forecasting
	COM(2012) 473 final

Opinion of the Committee of the Regions – Marine knowledge 2020

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Introduction

1. Considers that marine knowledge is crucial especially in order to achieve sustainable growth and healthy and productive oceans, and to improve understanding of marine ecosystems and the consequences of human activities on them. Notes that the data that is currently available is fragmented and held in separate databases by the public authorities, research centres and the private sector, and the data that is collected transcends national borders. Believes that it is important to have centralised data about maritime activities in order to achieve a better understanding and prediction of potential interactions: for example, deep sea exploration (mining, oil and gas exploitation) is a particularly high-risk activity that is currently managed completed separately from fisheries activities.

2. Believing that the fragmented nature of the data is a brake on the economic and sustainable development of the maritime domain, considers that the objective should be to improve access to data, reduce costs to users, stimulate innovation and reduce the uncertainty about the nature of our seas. Databases should be user-friendly with a local contact point to assist users, and linked to an open website that could be designed to encourage the public to participate in large-scale online surveys.

3. Recalls that it has already expressed its views on the issue of marine knowledge in its opinion of January 2011 ⁽¹⁾, which covered both the Communication on marine knowledge ⁽²⁾ and a Proposal for a Regulation on an integrated maritime policy ⁽³⁾. The Green Paper follows on from this earlier communication, and a number of the key points made in the 2011 opinion, remain valid.

4. Recalls that the 2010 communication on marine knowledge was itself a follow-up to the call for a more coordinated approach to the collection and compilation of marine

⁽¹⁾ CdR 339/2010 fin *The development of an integrated maritime policy and marine knowledge 2020*.

⁽²⁾ COM(2010)461 final *Communication from the Commission to the European Parliament and the Council – Marine Knowledge 2020 marine data and observation for smart and sustainable growth*.

⁽³⁾ COM(2010)494 final *Proposal for a Regulation of the European Parliament and of the Council establishing a Programme to support the further development of an Integrated Maritime Policy*.

data included in the Council conclusions on the integrated maritime policy of 16 November 2009 ⁽⁴⁾. The challenges identified in the Commission documents include: the sustainability of the EU's key initiatives in this area, especially EMODnet and the European Earth Monitoring Programme (GMES), beyond 2014; the financial crisis and judicious use of Member States' budgets in this area and access to fisheries data.

5. Considers that although some progress has been made, particularly the completion of the first phase of EMODnet, a number of challenges have yet to be overcome in order for the Commission to meet the objectives set in 2010.

6. Welcomes therefore the Green Paper from the European Commission.

Comments on the Green Paper

7. Draws attention to the fact that knowledge of the marine environment and its ecosystems is an absolute prerequisite for developing the full potential of the "blue economy", which represents the maritime dimension of the Europe 2020 strategy.

8. Stresses that the blue economy needs to be sustainable and must generate jobs in the marine, maritime and fisheries sectors by improving the competitiveness and efficiency of industry, the public authorities and the research community. According to the estimates provided by the European Commission, the benefits of creating an integrated network to replace the current fragmented system of marine observation could amount to 300 million Euros per annum.

9. Reiterates its support for the concept of a European Marine Observation and Data Network (EMODnet) and its contribution towards creating a more integrated Europe-wide network for marine knowledge.

10. Emphasises the importance of pursuing the work already conducted, particularly on EMODnet, and of publicising the latter widely once it becomes operational (in 2014), so that it attracts the contributions it needs and is brought to the attention of its intended target audiences (the public and private sectors and the general public). Accordingly, the Committee supports the introduction of a continuous, integrated process after 2014.

⁽⁴⁾ Council conclusions on integrated maritime policy, 2 973rd meeting of the General Affairs Council, Brussels, 16.11.2009.

11. Draws attention to the importance of more precise information and data on marine biodiversity, on how various marine ecosystems function and on how they interact with human activity; furthermore, believes that there is a need to develop streamlined and effective planning application and evaluation procedures in order to process applications efficiently.

12. Stresses that knowledge about the state of fish stocks is crucial in order to design an ambitious, realistic reform of the common fisheries policy, and reiterates its call for adequate funding to be set aside for data collection in the European Maritime and Fisheries Fund (EMFF) that is currently under discussion.

13. Points out that, in addition to their own budgets for data collection, Member States should also be able to use European funds for data collection and research, particularly in the EMFF and Horizon 2020.

14. Calls for a more structured approach to marine observations in order to deliver more accurate indicators of local changes in climatic parameters such as sea-level rise and ocean acidification to the CLIMATE-ADAPT platform and therefore help the process of adapting to climate change.

Subsidiarity

15. Recalls that, for reasons of subsidiarity, responsibility for data collection falls mainly to the Member States. Given the need to ensure consistency between the Member States and the different communities of users, the EU could provide added value in the data compilation phase. National data do not tell us all we need to know about the seas as a global system connected by shifting winds, seasonal currents and migrating species. Moreover, these variables transcend national borders and the information collected therefore needs to be coordinated and linked in order to achieve the desired results.

16. Believes therefore that analysis at European level is therefore essential and EU action is fully justified with regard to the principle of subsidiarity.

17. Draws attention however, to the need to comply with the principles of subsidiarity and proportionality when future measures are designed following this consultation, and to consider the potential administrative or financial burdens that could arise for local and regional governments.

Brussels, 31 January 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on 'Blue growth: opportunities for marine and maritime sustainable growth'

(2013/C 62/10)

THE COMMITTEE OF THE REGIONS

- draws attention to the fact that the maritime economy in the broad sense is not limited to regions and entities with direct access to seas and oceans. To a large extent, the maritime economy is also relevant to regions situated far from coasts and ports on account of the fact that, among other things, they manufacture marine equipment and are engaged in activities in the transport and logistics and research and development sectors;
- urges that in developing the blue economy the regional features of Europe's sea-basins be used and taken into account for the purpose of implementation;
- notes the need to support aquaculture financially using EU funds whilst rejecting proposals for genetically modified aquatic organisms which are aimed at creating new species more resistant to diseases or environmental pollution;
- draws attention to military material leftover from the world wars and the cold war and radioactive waste dumped at sea in the past and believe it essential to draw up a methodology at European level and provide funds to make these dangerous materials safe;
- calls for the Committee of the Regions, as the representative of local and regional authorities, to be asked systematically to take part in any further work on the concept of Blue Growth including on the development and establishment of the Sea Basin Strategies, which it considers to be an important tool to implement key aspects of Blue Growth.

Rapporteur	Mr Adam BANASZAK (PL/EA), member of the Kujawsko-Pomorskie regional assembly
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Blue Growth – opportunities for marine and maritime sustainable growth COM(2012) 494 final

Opinion of the Committee of the Regions – Blue Growth Opportunities for marine and maritime sustainable growth

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. stresses that the concept of blue growth is based on the assumption that seas, coasts and oceans can play a key role in overcoming many current challenges and should be underpinned by the principles of sustainable development and "smart specialisation";

2. draws attention to the fact that the maritime economy in the broad sense is not limited to regions and entities with direct access to seas and oceans. To a large extent, the maritime economy is also relevant to regions situated far from coasts and ports on account of the fact that, among other things, they manufacture marine equipment and are engaged in activities in the transport and logistics and research and development sectors;

3. stresses the importance of growth in the blue economy, which can help make the EU more competitive in the international arena;

4. believes that blue growth must be based on protecting biodiversity and the marine environment and its ecosystems, which will strengthen the natural roles that healthy and resilient marine and coastal ecosystems play;

5. welcomes the EU's current initiatives and those planned for the 2014-2020 period, aimed at supporting the activities of Member States and local and regional authorities and geared towards growth in the blue economy;

6. supports efforts to establish an agreed system for Maritime Spatial Planning (MSP) across the European Union, which will be an important tool to balance the interests of different sectors of the blue economy and help ensure an efficient and sustainable use of precious marine resources;

7. believes that Europe does not have a unified maritime policy. The Committee also notes that the communication does not take account of several areas of the maritime economy, such as maritime transport and the shipbuilding industry;

Blue energy

8. agrees that the marine renewable energy industry in the broad sense is a strong economic sector providing access to electricity, which has a marginal impact on the environment and can drive the development of a given region;

9. stresses that EU funds are an important instrument which act as a driving force behind this branch of the economy. The funds are used to finance investments in this area, research and development work and human resources training;

10. points out that special attention should be given to the environmental impact of structures associated with the generation of renewable energy;

11. draws attention to the fact that development of the marine renewable energy industry may provide a positive impetus for the development of smaller maritime ports, which will be able to meet the logistical needs of that branch of the maritime economy;

12. believes that representatives of maritime administrations, port authorities and local and regional authorities should be invited to engage in further discussions on the future of the marine renewable energy industry;

13. notes the special role which the public sector will have to play in supporting future initiatives in this area;

Aquaculture and fisheries

14. notes that development of aquaculture, together with growth in production based on respect for the environment, ecological balance and biodiversity, will have a positive impact on the growth in consumption of fish and other aquatic organisms. It will help improve public health, support economic operators associated with aquaculture, reduce the proportion of fish protein substitutes and boost employment in that part of the blue economy;

15. notes the need to support aquaculture financially using EU funds. This will strengthen the importance of the fishing sector and fishing activities for coastal regions;

16. rejects proposals for genetically modified aquatic organisms which are aimed at creating new species more resistant to diseases or environmental pollution;

17. supports the replacement of fishing vessel engines and the market introduction of new energy-efficient fishing vessels to carry out selective fishing and to improve vessel security and comfort;

18. reiterates its own position put forward in the opinion on Reform of the Common Fisheries Policy, which recognised the need to set up an advisory council for aquaculture, bringing together representatives from the production sector;

19. underlines the role of the Scientific, Technical and Economic Committee for Fisheries (STECF) as a scientific body supporting the European Commission's work to ensure sustainable management of fisheries;

Maritime, coastal and cruise tourism

20. notes that for many people living in the EU, a seaside holiday in an EU country is becoming increasingly attractive. Moreover, what makes such a holiday more attractive is the increasing quality of services provided in that sector of the economy;

21. supports the strategic approach to the infrastructure associated with maritime ports, berthing capacity and transport in the wider sense and stresses the role played by financial support for those investment activities through funds from the Cohesion Fund, the European Regional Development Fund and the European Maritime and Fisheries Fund;

22. believes that initiatives which bring together activities linked to coastal protection and ecofriendly tourism should be supported and promoted in the new financial perspective for the 2014-2020 period;

23. highlights the role played by Marine Protected Areas in the conservation and protection of marine ecosystems and in the development of sustainable diving-based tourism, as a strategic tool for acquiring knowledge of the marine environment and for raising public awareness about it;

24. supports the current involvement of local and regional authorities in supporting, promoting and publicising environmental protection, initiatives to develop tourism infrastructure as well as in the training of highly skilled workers in this sector of the economy;

25. notes the importance of maritime universities and academic training centres which provide skilled workers with

both higher education degrees and good job-specific qualifications for the maritime economy. It is also essential to support the activities of the platform for cooperation of universities for maritime workers;

Marine mineral resources

26. agrees that the growing need for raw materials may lead to greater interest in acquiring them from the sea and ocean floor, and that this can have a substantial impact on the balance of marine ecosystems, some of which we know very little about, seriously disturbing the region and the natural and manmade environment (subsidence, erosion, sea water ingress, etc.) when seabed excavations are close to the coast; therefore, as the Committee has pointed out in its opinions on sustainable development, priority should be given to re-using and recycling these raw materials in order to reduce this economic pressure;

27. believes that resources supporting research and development work, the financing of academic centres, studies, scientific programmes and scholarships can drive the development of this area of the economy;

28. stresses the importance of supporting the specialist ship-building sector and manufacture of equipment for ships and other sea vessels (including mining vessels), which contribute to the exploitation of offshore deposits while respecting high environmental standards;

29. draws attention to an issue which may be of particular importance for each of the proposals to develop the blue economy, namely military material leftover from the world wars and the cold war and radioactive waste dumped at sea in the past. For this reason, it is essential to draw up a methodology at European level and provide funds to make these dangerous materials safe;

Blue biotechnology

30. agrees that at present the entire area of biotechnology based on aquatic resources is poorly developed. The examples of good practice provided in the communication, namely medicines developed on the basis of aquatic organisms, provide hope that research carried out in this area may turn out to be very forward-looking;

31. believes that monitoring scientific research may contribute to the introduction of new innovative technologies which, when implemented on an industrial scale, could provide a significant boost to the economy;

Conclusions

32. stresses that development of the blue economy must be based on respect for the environment and the principles of sustainable development. However, it is also very important to ensure that environmental protection issues are taken into account in such development;

33. believes that development of key infrastructure, especially maritime ports, berthing capacity and transport networks, plays a very important role in matters relating to blue growth. Therefore, each form of support and particularly research and development programmes should be emphasised and treated strategically;

34. urges that in developing the blue economy the regional features of Europe's sea-basins be used and taken into account for the purpose of implementation;

35. calls for the Committee of the Regions, as the representative of local and regional authorities, to be asked systematically to take part in any further work on the concept of Blue Growth including on the development and establishment of the Sea Basin Strategies, which it considers to be an important tool to implement key aspects of Blue Growth.

Brussels, 31 January 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on 'Renewable energy: a major player in the European energy market'

(2013/C 62/11)

THE COMMITTEE OF THE REGIONS

- notes that the uncoordinated and faster-than-expected development of RES in many countries has led to a number of political, regulatory and technical problems in the operation of energy systems. Serious debate is necessary at the EU level about appropriate mechanisms and instruments to promote RES in a coordinated way;
- points out that a simple and effective support scheme for RES should be developed, based on a common European strategy. A common strategy is needed to develop both market-based and regulatory mechanisms in order to ensure an effective and socially viable transition to higher RES production;
- considers that the future subsidy mechanisms could be based on verified cohesion policy procedures in order to support the production and distribution of renewable energy as well as promote a wider implementation of new RES technologies;
- is convinced that, in order to stabilise the current situation and create long-term incentives for investors, there is a need for more consistency between the decisions of individual Member States. One instrument to promote this could be a pan-European support scheme for renewable energy sources;
- considers that it would be possible to combine different renewable technologies in the regions with new methods of managing power generation and transmission capacity through the application of smart grid technologies, and thus to balance local electricity needs with production, thereby significantly increasing the energy security of the regions and reducing dependence on long-distance energy imports.

Rapporteur	Witold STĘPIEŃ (PL/EPP), Marshal of Łódzkie region
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Renewable energy: a major player in the European energy market. COM(2012) 271 final

Opinion of the Committee of the Regions – Renewable energy: a major player in the European energy market

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Introduction

1. agrees with the view expressed by the European Commission that renewable energy is key in diversifying energy supply, increasing European competitiveness and creating jobs, and fulfilling the European Union's climate change commitments; also believes that post-2020 renewable energy milestones are essential to ensure that renewable energy is part of the European energy market;

2. considers that one of the main reasons behind the problems in RES development is that EU energy policy lacks long-term vision and coordination between the countries, regions and parties involved, in line with the subsidiarity principle and points to the vital role of energy efficiency measures in meeting the objectives set. It also agrees with the European Commission that Member States should make use of the existing instruments to foster cooperation between them and trade in renewable energies, and underlines the particular role that border regions can play as laboratories for cooperation in this regard;

3. points out that a simple and effective support scheme for RES should be developed, based on a common European strategy. In line with the principles of subsidiarity and proportionality, only a general framework should be specified at European level, focussing especially on cross-border effects. The future subsidy mechanisms could be based on verified cohesion policy procedures in order to support the production and distribution of renewable energy as well as promote a wider implementation of new RES technologies. Stresses the key role that local and regional authorities have to play in the development and promotion of renewable energy solutions, which need to be based on the experiences and needs of different regions; calls therefore on the European Commission and the Member States to involve representatives of the local and regional levels in the design of EU level policy instruments and their implementation;

II. EUROPEAN COMMISSION COMMUNICATION

4. agrees with the European Commission that, in order to achieve a significant increase in the share of renewable energy

sources, current support schemes will have to be improved. According to the Commission's analysis, high administrative and capital costs often raise the cost of renewable energy projects and jeopardise their competitiveness, especially in their early stages. The Communication highlights the need to ensure consistency between national support schemes which can help remove distortions in the energy market. Moving towards schemes that progressively expose producers to market price risk should increase RES technology competitiveness. In particular, a well-functioning carbon market is crucial for decreasing the need for subsidies for mature technologies in the long run. Support will, however, be necessary in the case of new, less mature technologies. The CoR therefore welcomes EC plans to prepare guidance on best practice and experience gained in these matters;

5. emphasises that infrastructure development is critical for the success of a single market and for the integration of renewable energy into power systems. The improvement of energy infrastructure can be achieved through:

- investment in distribution grids,
- upgrades to transmission infrastructure, investment in inter-connections, especially between Member States and their regions,
- development of smart grids,
- support for decentralised/small-scale power generation;

6. notes that research and development (R&D) funding is crucial for supporting technology innovation and development. Agrees with the Commission that in particular ocean technologies, energy storage and advanced materials as well as development of technologies to tap unexploited biomass resources, for renewable energy needs can play an important role in this process. The Strategic Energy Technology (SET) plan and the forthcoming Horizon 2020 research programme represent the EU's main contribution to driving developments in key energy technologies. Stresses the important role which local and regional authorities have to play in cooperation with and

support for research infrastructure and as public investors; recalls in this context also that the crucial importance of EU research funding in this domain should be reflected adequately in the ongoing debate on the EU's multi-annual financial framework;

7. takes note of the Commission's analysis of the different degrees of openness and integration of different energy markets (heating & cooling, transport, electricity etc.); agrees that integration of markets can help the entry of new players, such as RES, but also underlines that market opening in itself is no guarantee for an increase in efficiency and a decrease in prices, and that successful opening requires appropriate European level regulation and supervision, transparency and information for the consumers; looks therefore forward to the future debate on the Commission's proposals on the internal energy market;

III. DEVELOPMENT OF RENEWABLE ENERGY SOURCES

Share of RES in energy consumption

8. points out that the share of renewable energy in EU energy consumption in mid-2012 was 12.4 %, which represents a rise of 1.9 % on 2008 levels; this means that the EU is currently on track to reach its 20 % share of renewables goal by 2020, but it also means that the EU should be more ambitious and set itself a higher target or set at least a 20 % target for each Member State; moreover, further efforts are needed beyond 2020 and the EU should set itself ambitious milestones aiming at the possibility of reaching 100 % renewable energy by 2050, as soon as possible;

Subsidies for RES

9. calls for a proper structure and realistic objectives for the EU Emissions Trading Scheme (ETS) which was supposed to act as an indirect form of support for RES;

Support schemes and the energy market

10. shares the EC's opinion that the competitiveness of RES operating in energy markets needs to be improved. The subsidy systems should be constructed in a way that encourages investors to develop RES and ensures that they operate effectively in the competitive energy market. The support systems should also lead to the gradual substitution of other forms of energy, in particular those which have a negative impact on environment;

11. is concerned that some RES support systems may have unintended consequences or may be abused by some energy producers of RES leading to high costs of RES energy for consumers. A coordinated EU-level strategy for RES using the existing instruments of European and national competition policy is necessary to prevent such abuses;

12. draws attention to the fact that, similarly to the guaranteed tariffs system, the system of green certificates also eliminates market risks. Furthermore, the system of green certificates may not function properly in all respects in some countries. The rapid growth of RES energy means that the number of certificates is beginning to exceed the obligatory purchase level, leading to a collapse in their price. It is therefore necessary to review RES targets and adjust the number of certificates issued accordingly;

13. welcomes, in principle, the new system proposed, i.e. a *Guarantee of Origin* system, a type of European green certificate, which will make it possible to trade green certificates in all EU countries which implement this system. However, monitoring is required to verify if this measure is sufficient to correct the shortcomings of the existing systems;

Reactions to the uncoordinated development of RES

14. notes that the uncoordinated and faster-than-expected development of RES in many countries has led to a number of political, regulatory and technical problems in the operation of energy systems. Serious debate is necessary at the EU level about appropriate mechanisms and instruments to promote RES in a coordinated way. A common strategy is needed to develop both market-based and regulatory mechanisms in order to ensure an effective and socially viable transition to higher RES production;

15. indicates that flows of electric energy between various countries and regions need to be better coordinated. Significant growth of RES shares in the total amount of energy produced requires more coordination in the development and operation of networks, as well as effective legal regulation of interconnected power systems between different countries and regions, between the mainland and islands and between islands;

16. points out that energy production from renewable sources can be promoted with reference to local energy concepts. These energy concepts should take in measures for saving energy, increasing renewable energies and saving resources with all due regard for sustainability.

Technical conditions for the operation of RES

17. points out that RES are connected to energy grids that are not constructed for such energy sources. The wide use of renewable energy will require time and investment to upgrade energy networks, which, in their current state, limit the growth of RES. It can be overcome through the implementation of smart grids and greater grid interconnection between EU Member States, as well as between mainland and island regions and between islands. In addition, many RES such as

wind farms or photovoltaic facilities experience significant fluctuations. As a result, there is a need to maintain some spare capacity in conventional power plants, to develop appropriate energy storage, and to encourage flexibility through demand-side management;

18. notes that, while the large-scale use of energy storage facilities would significantly improve the operating conditions of electricity systems that use renewable energy sources, it is not technically possible to store electricity directly. Indirect energy storage systems, which convert electrical energy into chemical energy (e.g. electric batteries) or kinetic energy (e.g. pumped storage power stations) are currently very expensive and limited in terms of their wider implementation. The wider use of RES in electricity systems depends on new technologies, in particular new energy storage with two to three times the current energy density at significantly lower cost. Technologies that convert surplus electricity into gas ("power to gas") should be further developed, because they offer many advantages. Artificially produced gas can use existing network and storage infrastructure. The CoR believes that research to new energy storage technologies should be stepped up to facilitate the wide application of renewable energy sources for electricity generation;

19. emphasises that the lack of infrastructure to effectively use renewable energy resources on the European continent, such as large-scale wind farms in the North Sea and solar plants around the Mediterranean and in North Africa, means that substantial investment in European Electricity Highways is required. When it comes to developing European Electricity Highways, substantial environmental constraints have to be respected and the regions concerned must imperatively be involved. In addition, non-invasive supply methods should be opted for and the possibility of underground systems also explored. Moreover, it should be taken into account that the current European electricity system, managed by the European Network of Transmission System Operators for Electricity (ENTSO-E), extending from Portugal to Poland's eastern border and from Denmark to the Balkans, needs to be upgraded to handle the new demands arising from greater European energy integration; therefore supports the construction of new DC power lines which could increase the operational reliability of the European network and reduce power losses during transmission;

Making sure that renewable energy is sustainable

20. points out that expansion of renewable energy needs to be carried out in a way that is fully sustainable. When developing existing systems to ensure sustainability or creating new ones, care should be taken that they do not create new obstacles to the development of energy and fuel markets. Existing approaches and systems should be fully exploited. Efforts to ensure that bioenergy is carbon-neutral are of key importance when expanding renewable energy.

IV. NEW SUPPORT SCHEME FOR RES

21. notes that it is advisable for the European Commission to carry out the analysis leading to the design of new support

schemes for RES, which would be coordinated throughout the European Union, taking into account the experience and good practices of Member States and regions. Such an approach could identify pan-European objectives and measures for achieving them. A new scheme should cover legal, economic, technical and social aspects;

22. points out that the European support scheme for renewable energy sources should:

- establish a pan-European fund to support RES
- coordinate RES support schemes at the European level and make them compatible with each other
- increase the role of the regions in allocating RES support and raising social awareness
- optimise use of RES technologies based on availability of renewable resources in the regions
- operate at several levels: European level for large installations and regional level for small installations and micro-sources
- grant subsidies and other forms of support for investment at levels which would enable the full participation of RES in competitive energy markets
- support efforts to achieve energy independence
- support the development of electricity grids and intelligent networks allowing for wider RES implementation
- improve the operation of RES in smart electric networks through support for RES and energy storage packages
- share the costs of RES development fairly among the people of Europe, at its optimal level;

Pan-European fund to support RES development

23. notes that some Member States are introducing restrictions on support for RES, attempting to curb rapidly rising electricity prices, which they assume are in some cases partially linked to the malfunction of existing RES support schemes. Such short-term policy reactions show how the lack of stable regulation and a coordinated EU policy on renewables and the resulting, significant regulatory risks may have a very negative impact both on the environment and on the energy market;

24. is convinced that, in order to stabilise the current situation and create long-term incentives for investors, there is a need for more consistency between the decisions of individual Member States. One instrument to promote this could be a pan-European support scheme for renewable energy sources. Moreover, a reduction in national subsidies for fossil fuels and an end to other policies which hinder investment in renewables are of key importance;

25. points out that, given the substantial need for investment in order to achieve the energy revolution (estimated at 1 trillion Euros needed across the EU by 2030), and the widespread risk-aversion of investors in particular in the current climate, it is necessary to make use of all existing financial resources (such as EU cohesion funds, income from a revised ETS, innovative financial instruments at different levels, returns from installed capacity), it may also be necessary to envisage project bonds for renewable energy projects in order to provide financial resources for research and development and investment capital for RES;

26. considers therefore that subsidies for RES should be coordinated at the European Union level and between the Member States, taking into account the experience and good practices of Member States and regions, thus reducing investment risk and creating new incentives for RES development;

Increasing the role of the regions in allocating support for RES

27. underlines that some existing support schemes implemented at the level of the Member States may not always properly reflect the specificities of different regions. Often renewable energy sources are not located close to final users, requiring major development work on transmission and distribution lines. The lack of sufficiently developed transmission infrastructure is one of the main obstacles to the rapid development of renewables;

28. is strongly convinced that increasing the role of the regions would boost synergy effects and at the same time optimise the costs of developing network infrastructure. That is why it is so important to increase the involvement of the regions in promoting renewables and in channelling funds for the promotion of renewables to the regions as well as to producers of renewable energy. Support schemes for renewables should also share the knowledge of regions and encourage regions to work together;

Optimum exploitation of renewable energy technologies based on renewable energy resources in the regions

29. is convinced that the regions could identify the best mix of renewable technologies, such as combining the development of wind farms and solar energy parks with power plants using biogas and biomass as well as geothermal resources, especially technologies using geothermal heat for electricity generation; for these reasons it should be endeavoured – where technically

possible – to feed the biogas produced into existing natural gas networks, and to encourage this practice;

30. considers that it would be possible to combine different renewable technologies in the regions with new methods of managing power generation and transmission capacity through the application of smart grid technologies, and thus to balance local electricity needs with production, thereby significantly increasing the energy security of the regions and reducing dependence on long-distance energy imports;

31. stresses that the regions have a particularly important role to play in the establishment and development of renewable micro-installations and in encouraging the emergence of "prosumers", consumers of energy who also produce energy for their own use or that of their neighbours. The emergence of energy prosumers could contribute not only to limiting the total costs of obtaining and supplying energy but also to the development of new patterns of sustainable energy consumption and production. The CoR strongly supports energy production at regional level for public and private sector including households;

32. points out that the regions also have a major role to play in the development of co-generation. This technology for the combined production of heat and electricity makes it possible to extract nearly 90 % of the primary energy content of fuel. The role of the regions could be to coordinate the development of co-generation, taking account of existing district heating networks and the location of new investments in the region. The European Union should create the conditions needed to facilitate support for these highly efficient facilities so that they can cover their operating costs;

Coordinated action on different levels: an EU level support scheme enabling RES to become competitive and to develop regional renewable solutions

33. notes that current RES subsidy schemes only allow limited planning of RES development, and that in many cases the requirements for operators are non-existent;

34. therefore considers that a new system for subsidising renewable energy sources should be predictable, with the amount of the resources earmarked for subsidising renewables laid down and known years in advance in correlation with the RES targets. The system should be tailored to each technology, taking account of its viability and degree of maturity, and should have the flexibility needed to be able to respond to market signals in each country;

35. indicates that the role of the regions and local stakeholders should be increased by using existing knowledge to quantify investment costs and the support required, so that at a later stage RES producers will be able to operate on European energy markets;

36. points out that the development of support centres for RES in the regions will generate employment and promote the development of various forms of training which are essential for investors and the firms involved in construction and connection to the grid. The development of local know-how will also result in an increase in research on the regional development of renewables. This could also form part of the research carried out at European and national level;

37. points out that the development of renewables is in many cases limited by inadequate development of the distribution, transmission and interconnections grid between EU Member States, between mainland and island regions and between islands. Removing these restrictions requires a twin-track approach: the development of the existing grid and its modernisation, and modern management of the grid and of consumers and producers of electric power connected to the grid. In addition, different storage technologies should be integrated when developing the grid, because they reduce the need for further grid capacity and can also make reserve power available. Use of the gas network by developing power-to-gas facilities should also be taken into consideration as one alternative;

38. also believes that part of the funding needs to be allocated to the development of the distribution, transmission and interconnections grid between EU Member States, between mainland and islands regions and between islands. The support scheme should allow for simultaneous and co-ordinated support for the development of RES grids and installations. This will on the one hand permit more effective use of support funds, and on the other, cooperation between local network operators and producers of renewable energy, as well as prosumers. This kind of cooperation between network operators and renewable energy producers, initiated by the coordinated allocation of support funding, will eliminate one of the shortcomings of the existing system, inadequate cooperation between network operators and producers;

Limiting variations in the production of renewable energy through support for packages: RES + energy storage

39. notes that the production of energy from RES technologies depends on external factors, such as wind or solar radiation levels. This limits increases in the capacity of renewable energy installations. Improved RES operation can be achieved by establishing RES clusters using different technologies, such as: wind turbines, PV solar energy, biomass and biogas, as well as geothermal energy and power storage technology through the use of intelligent grids;

Solidarity-based support for cost of RES development by European society

40. considers that renewable energy production systems cannot be developed by individual Member States in isolation. This development is bound up with the achievement of objectives relating to climate policy, the promotion of the development of new technologies and the improvement of European energy security by making Europe independent of external energy supplies. This joint pan-European objective should be implemented jointly by all levels of government coordinating with each other; at the same time, it is important to keep the transition towards the possibility of 100 % RES in clear view and make sure that "unconventional" or other forms of energy which may appear as alternatives, but which are not renewable and therefore not sustainable and do not replace conventional fossil fuels, do not divert attention and resources from the necessary change to RES;

41. points out that uncoordinated actions can lead to unintended consequences such as a decline in security of supply and unjustified price increases, resulting in negative public attitudes and loss of support for renewables. This can be improved through public debates and transparent political decision-making processes, as well public information campaigns on the need for efficient energy use and the existence of new models for the sustainable consumption and production of energy;

Brussels, 1 February 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on ‘The Regional State aid Guidelines for 2014-20’

(2013/C 62/12)

THE COMMITTEE OF THE REGIONS

- considers that the RSA mechanism is a key instrument for achieving the goals of economic, social and territorial cohesion;
- calls on the European Commission to make its process of modernising state aid part of a more comprehensive European strategy for growth, cohesion and jobs;
- considers RSA to be a resource available to States to counter the long-term effects of the crisis by supporting the economic dynamism of regions in difficulty;
- urges the Commission to offset the effects of the crisis, by raising firstly the ceilings for aid and secondly the percentage of the population covered by this type of aid;
- believes that the new restrictions imposed on aid to large enterprises, according to the Community definition of the term, are not justified at a time of economic crisis and calls on the Commission to raise the current threshold for the definition of small and medium enterprises (SMEs);
- also demands closer coordination of state aid rules with other EU policies, especially cohesion policy, and in this regard calls for the RSA reform to be harmonised with the creation of the category of transition regions;
- suggests that in its zoning criteria, the Commission take into account the natural, geographic or demographic handicaps faced by certain regions.

Rapporteur Jean-Paul DENANOT (FR/PES), President of the Limousin Region

Reference document

Opinion of the Committee of the Regions – The regional state aid guidelines for 2014- 2020

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General comments

1. is pleased to note that the reform of regional state aid guidelines (RSAG) fits into a broader context of **recasting and simplifying EU rules on state aid**;

2. stresses the importance for the contributors, which include local and regional authorities, and also for the beneficiaries, of the rules being based on **clear, straightforward and understandable principles** and, following on from its opinion (ECOS-V-035) on the Commission Communication on **Revision of the guidelines for regional State aids** ⁽¹⁾, reiterates its encouragement to the European Commission to go further in the process of modernisation and simplification by focussing on monitoring aid that has a significant impact on the internal market;

3. considers that, given the current economic and social crisis, public investment is essential as part of an overall strategy for growth, and that regions must have sufficient flexibility within the State Aid regime to improve their competitiveness, create jobs and emerge from the current crisis;

4. also stresses the key role that the European Commission has played since 2007 in addressing the effects of the crisis, showing considerable capacity to react and to act by establishing temporary frameworks. The Committee of the Regions urges the Commission to continue its efforts by taking account of the severity of the economic situation when drafting its forthcoming RSA guidelines, and emphasises that support to enterprise, large enterprises and SMEs, is fundamental to all regions undergoing economic re-structuring including those covered by Art 107(3)(c);

5. notes that according to the provisions of the Treaty, RSA are justified when restricted to certain regions and are specifically designed to develop these regions ⁽²⁾. The purpose

of this specific aid is, in tandem with cohesion policy, to support the most vulnerable regions in their efforts to attain the level of economic wellbeing achieved by other European regions, enabling them to play their part in achieving the objective of economic, social and territorial cohesion in the European Union;

6. underlines the significance of RSA as a core factor in the establishment, location and development of enterprises, including large enterprises, in disadvantaged regions and highlights that these funds are absolutely vital, in addition to other types of aid (such as for RDI, environmental aid, etc.), in promoting investment in such regions;

7. supports the **process of relaxing the rules** already started by the European Commission through its publication of the General Block Exemption Regulation (GBER) ⁽³⁾, Article 13 of which concerns regional aid;

8. emphasises its desire to see the de minimis ceilings laid down in Regulation (EC) No 1998/2006 increase from EUR 200 000 to EUR 500 000 over a period of three fiscal years. Similarly, the de minimis ceilings in the agriculture and fisheries sectors should be revised proportionately, together with the net default rate, which is considered the worst case scenario for the EU's guarantee schemes;

9. emphasises that it would be contradictory to include state aid for services of general economic interest (SGEI) in the calculation of ceilings for the intensity of regional aid, as such aid is a priori considered compatible with the Treaty and is at the same time eligible for co-financing under the Structural Funds ⁽⁴⁾. Including state aid for SGEI might dissuade Member States from funding state aid for this purpose. Therefore calls on the Commission to consider excluding state aid for SGEI from the calculation of ceilings for the intensity of regional aid;

⁽¹⁾ COM(2012) 209 final.

⁽²⁾ Article 107(3)(a) and (c) of the Treaty on the Functioning of the European Union.

⁽³⁾ General Block Exemption Regulation of the European Commission (800/2008) of 6 August 2008.

⁽⁴⁾ In accordance with the decision of 20.12.2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

RSA designed to benefit cohesion, growth and jobs

10. believes that better targeted State aid must pursue four specific objectives, namely:

- helping to reduce imbalances between regions;
- compensating for market failures without distorting competition;
- stimulating business competitiveness in the regions;
- supporting investment in areas affected by the economic and financial crisis;

11. notes that by targeting disadvantaged and isolated regions, the RSA are actively promoting **the harmonious and balanced development** of the European Union without breaching competition rules;

12. considers that the RSA mechanism is a key instrument for achieving the goals of **economic, social and territorial cohesion**. It plays a role in the economic development of struggling regions by allowing public authorities to support companies located in these areas and thus helping to rebalance the distribution of wealth and investment among Europe's regions;

13. calls on the European Commission to make its process of modernising state aid part of a more comprehensive European strategy for **growth, cohesion and jobs**;

14. in this context also wishes to highlight that regions within the European Union often compete with third countries for Foreign Direct Investment (FDI) and thus considers that the review of the RSAG must recognise the positive benefits for the EU economy in facilitating FDI and adequately accommodate international competition for investment;

15. emphasises the importance of linking reform of the RSA guidelines with the objectives of the **Europe 2020 strategy**. In this regard, the CoR notes the value attached to business competitiveness among the thematic objectives of the Common Strategic Framework and considers that it would be paradoxical on the one hand to reduce public intervention capacities to support businesses, while on the other encouraging local and regional authorities to support projects to develop the same businesses through the use of structural funds;

16. also requires **closer coordination of state aid rules with other EU policies**, especially cohesion policy, but also policies on industry, research and innovation and even the internal market. The Committee of the Regions would point

out that, under the terms of the Treaty, the completion of the internal market and therefore, state aid regulations, must take into account the objectives for cohesion throughout the EU and help achieve them ⁽⁵⁾;

17. believes that certain spheres such as the **social and inclusive economy**, because of their contribution to economic activity and social cohesion in disadvantaged areas, should receive differentiated treatment, regardless of issues concerning regional classification, and should be covered by a specific framework building on the guide to social innovation that the European Commission is due to put forward;

The role of local and regional authorities in RSA

18. notes that, although the Treaties confer exclusive jurisdiction on the Commission for drawing up rules on the compatibility of state aid, regional state aid, as its name implies, is a **tool designed to promote regional development**. The Committee is therefore disappointed not to have been consulted by the European Commission when the first drafts were sent out to the Member States and considers it essential that the Committee be given the opportunity to state its views on topics that have such substantial implications for the regions. The Committee of the Regions urges the Commission to take into account the concerns and recommendations made in this opinion when drawing up its future guidelines;

19. further recalls that most local and regional authorities with powers in the field of economic development by means of economic policies and their role of supporting companies, are in a position to assess the impact of measures adopted at the European level, due to their knowledge of the local economic fabric and their closeness to economic and social stakeholders. Because local and regional authorities have few resources with which to challenge the European Commission's decisions on state aid, the Committee of the Regions believes that the Commission should involve them from the outset in the process of drawing up RSA rules;

20. welcomes the public consultation launched by the European Commission on 14 January 2013 to prepare for the revision of the new guidelines for 2014-2020. This public consultation should, in particular, allow for the involvement of local and regional authorities, so as to bring state aid rules more into line with the needs of Europe's regions and hence make them more transparent, which would consequently increase legal certainty for both contributors and beneficiaries, respecting the principle of multilevel governance;

21. considers that a balance must be struck between establishing the European competition rules necessary for the smooth operation of the internal market and understanding the real impact on the market of aid granted at the sub-national level;

⁽⁵⁾ Article 175 of the Treaty on the Functioning of the European Union.

22. furthermore draws the Commission's attention to the fact that many local and regional authorities have, during the crisis, put in place recovery plans or aid mechanisms which, if they are to be economically efficient, must be coordinated with the state aid authorised by the Commission and in particular with RSA, in order to remain fully relevant;

23. calls for the RSA guidelines to be implemented at an appropriate level and believes that the national level should make use of a regional partnership involving all sub-national authorities when developing and adapting zoning;

RSA zoning rules

24. considers RSA to be a resource available to States to counter the long-term effects of the crisis by supporting the economic dynamism of regions in difficulty and therefore strongly rejects any reduction from the current RSAG in the capacity of public intervention for businesses, which is an important driver of economic development and job creation in the regions;

25. urges the Commission to offset the effects of the crisis, by raising firstly **the ceilings for aid** and secondly the **percentage of the population covered** by this type of aid, in accordance with the estimates given by the Commission in the regional state aid guidelines for 2007-2013 (45.5 % based on EU-27, cf. footnote 15, 2006/C 54/08);

26. states its commitment to maintaining a **balanced RSA zoning scheme** for the 2014-2020 period, in order to avoid excessive disparities between EU regions, in particular between the areas covered by Article 107(3)(a) and those covered by Article 107(3)(c), to prevent the risk of relocation within the European Union;

27. asks the European Commission to provide for a transitional arrangement in the form of a **safety net** to ensure that regions that were able to access use this type of aid in the previous period and which will no longer meet the criteria set out in the forthcoming guidelines, are not suddenly excluded from the zoning scheme;

points out that the European Commission should make special provision in the RSA guidelines for EU Member States in serious economic and financial crisis and supported by the European Financial Stabilisation Mechanism, to ensure coherence among all the European Union's economic policies;

28. welcomes the European Commission's proposal to automatically enable regions adjacent to areas covered by Article 107(3)(a) to be taken into account in the category of areas covered by Article 107(3)(c);

29. observes that RSA zoning is linked to the distinction made under cohesion policy between convergence regions (with per capita GDP lower than 75 % of the EU average) and competitiveness regions (with per capita GDP higher than 75 % of the EU average). With regard to the Commission's new proposals for cohesion policy and in particular the creation of a new category of **transition regions** whose GDP is between 75 % and 90 % of the EU average, the Committee of the Regions calls for the RSA reform to be harmonised with the creation of this new category and proposes a simplified system, in which all transition regions would be considered to be predefined areas covered by Article 107(3)(c). The Committee regrets that in the draft presented by the Commission on 14 January 2013, only those transition regions that were previously covered by Article 107(3)(a) are considered to be predefined areas under Article 107(3)(c). It therefore urges the European Commission to amend its draft to ensure that it is consistent with the proposed general regulation for the Structural Funds and to prevent areas belonging to the same category and experiencing similar economic difficulties from being treated unequally;

30. draws the Commission's attention to the specific situation of the **outermost regions**, recognised in Article 107(3)(a), and reiterates the need for a more flexible approach tailored to reflect their specific features. The Committee of the Regions considers that these regions, due to their remoteness from the European Union's internal market and their proximity to other markets, must continue to be able to allocate operating aid to businesses, which is not progressively reduced and not temporary, and claim the same level of aid they have traditionally been allocated. As regards investment aid, the Committee believes that the bonus to the outermost regions should be kept unchanged, given that their situation, on which the bonus is based, is structural and permanent in nature;

31. suggests that the Commission also considers the list of regions with 'special provisions' that will be established within the agreed MFF to ensure greater consistency between these Cohesion Policy provisions and the RSAG;

32. questions the **relevance of the indicators** selected by the European Commission to develop RSA zoning (GDP and the unemployment rate) and recommends that consideration be given to other methods for authorising and monitoring aid. Local and regional authorities should be fully involved in these discussions. The Committee of the Regions has already proposed a number of possible approaches, in its opinion entitled "Measuring Progress – GDP and beyond";

33. suggests in particular that in its zoning criteria, the Commission take into account the **natural, geographic or demographic handicaps** faced by certain regions, including:

- rural areas;
- areas undergoing industrial transition;
- areas with serious and permanent natural demographic handicaps such as:
 - regions with very low or low population density, as defined in Article 111(4) of the amended proposal for a regulation on the Common Strategic Framework funds,
 - island regions,
 - cross-border regions,
 - mountain regions,
- regions facing demographic imbalances between young people and the elderly and between the active and inactive populations, because of the emigration of young people and the general ageing of the population, which contributes to limited development opportunities;

34. points out that the RSA zoning requirements are not appropriate for rural areas, in terms of the minimum size and extent of the zones. These areas do not benefit from the specific treatment given to low-density areas but consequently cannot meet the population requirements set out in the texts. The Committee of the Regions calls for these requirements to be relaxed in order to reflect the specific features of the EU's rural areas, either by setting more relevant population ceilings, or by applying these two criteria in different way;

35. wishes to go further, by calling for a new discussion of RSA zoning criteria, encouraging a more regional approach that would better target the specific regional characteristics;

Recommendations for drawing up future RSA guidelines against the backdrop of crisis

36. in light of the various points mentioned above and in particular the context of economic and social crisis, considers that due to its positive effects on job creation and economic activity, the RSA mechanism is now more necessary than ever; welcomes the Commission's intention to foresee a mid-term review of the regional maps in 2016;

37. notes that in its current wording, Article 107(3)(a) of the Treaty refers to the areas "where there is serious underemployment". The Committee of the Regions proposes that account also be taken of the criterion of unemployment rates when establishing the areas to be covered by this article, in addition to the criterion of GDP, given the worsening employment situation in many Member States;

38. considers that the method of deciding on category c) zones must be based on the European reference average regarding the calculation of criteria for comparing GDP and unemployment rates. This would more accurately reflect disparities in development between Member States and thus target the most vulnerable regions in countries with high rates of unemployment and lower GDP;

39. believes that the new restrictions imposed in the areas covered by Article 107(3)(c) on **aid to large enterprises, according to the Community definition of the term**, are not justified, especially at a time of economic crisis. The Committee of the Regions would emphasise that this category covers not only large enterprises with internationalised capital and global markets but also a large number of local and family businesses whose labour requirements take them over the threshold of 250 employees. This category also covers small locally-established businesses which, as a result of European rules on consolidation⁽⁶⁾, can cross the threshold to become a large enterprise. By removing any possibility of supporting them in the areas covered by Article 107(3)(c), the European Commission is threatening jobs and economic activity in the regions in greatest need, which are struggling to retain this type of company within their borders;

40. notes, moreover, the **risks of relocation**, both within and outside the European Union, which are very real for the regions as a result of the ban on aid to large enterprises. Such businesses could decide to leave the areas covered by Article 107(3)(c) for areas covered by Article 107(3)(a) or for non-EU States if aid levels and rates were to fall;

41. welcomes the safeguard clause proposed by the European Commission in its draft of 14 January 2013, which would oblige large companies to maintain the investment and the jobs created in the area where the aid was awarded for a period of 5 years, or 3 years in the case of SMEs;

42. suggests the inclusion of a clause on the full recovery of aid, modelled on Article 57 of the current General Regulation of the Structural Funds. This recovery clause would apply during the five years following the grant of the aid if the nature of the co-financed operation or the conditions for implementing it

⁽⁶⁾ Article 3 of Annex I to the European Commission General Block Exemption Regulation (800/2008) of 6 August 2008.

were affected, if the operation were to confer an undue advantage on a firm or public body, if the ownership of an item of infrastructure were to change or if a productive activity were to cease.

The Member States and the Commission should ensure that undertakings which are or have been subject to a procedure of recovery following the transfer of a productive activity within a Member State or to another Member State do not benefit from a contribution from the Structural Funds;

43. calls on the European Commission to introduce a mechanism that takes into account ex ante any negative external effects that may result from RSA in terms of significant job losses in existing sites within the EU, not only in the comparative assessment that the Commission carries out upon notification, and now only for major investment projects (2009/C 223/02, p. 54), but also in the context of the general Block Exemption Regulation;

44. calls on the Commission to **raise the current threshold for the definition of small and medium enterprises (SMEs)** in order to keep the RSA mechanism in place for businesses playing an active role in creating growth and jobs in the regions concerned and to participate in creating a strong and structured European entrepreneurial fabric with strong local links and which cannot be relocated, the better able to meet the challenges of competitiveness, innovation and internationalisation, which are goals set by the 2020 Strategy;

45. calls on the Commission to create, as it has agreed for the agri-food industry, a **new category of mid-sized enterprise**, employing between 250 and 750 workers and with a turnover of under EUR 200 million, located between SMEs and large enterprises, in order to promote the development of our SMEs. The Committee of the Regions also calls for a discussion on taking account of **mid-cap enterprises (MCEs)** formed by SMEs that have grown and employing between 250 and 5 000 workers. It also proposes that mid-sized enterprises and MCEs receive appropriate rates of aid, which are higher than those for large enterprises and lower than those for SMEs;

46. notes that in order to take into account the key feature of a region when allocating RSA, consolidation rules⁽⁷⁾ should not apply to regions eligible for such aid. The Committee of the Regions believes that companies should be regarded as **autonomous enterprises**, distinct from linked enterprises and partner enterprises;

47. wishes to point out that the rates of aid proposed for RSA areas for 2014-2020 are similar to the rates of aid for SMEs currently provided for by the GBER⁽⁸⁾, which might negate the specific nature of RSA. The Committee of the Regions therefore urges that the level of aid provided by RSA guidelines for the period 2007-2013 at least be maintained and even considers that at a time of economic crisis, they should be increased;

48. believes that a higher rate should be provided for, in order to stimulate support for investment and jobs in the new category of transition regions, given their disparities.

49. indicates that businesses located in RSA areas can only receive aid for a proportion of the investment they make or the jobs they create, corresponding to the increase in the business's activity to boost regions' economic dynamism. The Committee of the Regions proposes that **company takeovers and the modernisation of production facilities**, the most common practices in times of crisis, are made eligible by the RSA guidelines;

50. opposes tougher rules to demonstrate the incentive effect of RSA allocated to investment projects, regardless of their scale or the size of the company that carries them out. The Committee of the Regions stresses that in the context of RSA rules the **incentive effect of aid** relates to the difficult situation now facing the assisted regions in which the investment would not otherwise be carried out without the aid;

51. supports the Commission's proposal to make aid eligible for businesses in the shipbuilding sector, as its situation no longer justifies the exclusion decided on at a time when this sector was experiencing a serious overcapacity crisis. On the other hand, the Committee of the Regions does not agree with the Commission's proposal to make regional aid for businesses in the steel and synthetic fibre sectors incompatible with the internal market. The Committee of the Regions stresses that their situation no longer justifies the exclusion decided on at a time when these sectors were experiencing a serious overcapacity crisis;

52. advocates the establishment of a **more flexible mechanism capable of adapting rapidly to economic change**, instead of the basic revision currently carried out every seven years, which does not make it possible to deal with unexpected crises, which can be devastating to a region's economic fabric. The Committee of the Regions proposes, for example, that a **zoning pool be set up at the regional level** and reallocated in line with economic developments and in consultation with the sub-regional authorities;

⁽⁷⁾ Annex I to the European Commission General Block Exemption Regulation (800/2008) of 6 August 2008.

⁽⁸⁾ Article 15 of the General Block Exemption Regulation of the European Commission (800/2008) of 6 August 2008.

53. proposes that an overall assessment of the RSA mechanism at European level be carried out during the reference period to ensure that there are no knock-on effects or relocations within the European Union. If these do occur, administrative sanctions such as repayment of the aid could be considered.

Brussels, 1 February 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

Opinion of the Committee of the Regions on ‘The outermost regions of the EU in the light of the Europe 2020 strategy’

(2013/C 62/13)

THE COMMITTEE OF THE REGIONS

- welcomes the Commission's pursuance to work in partnership with the outermost regions (OR), fully applying to them the Europe 2020 strategy for smart, sustainable and inclusive growth, while taking into account the special characteristics and constraints of ORs;
- emphasises that, in line with the principles of subsidiarity and multi-level governance, greater involvement of the regional authorities of the ORs in preparing and implementing European programmes and policies is needed, in order to ensure that the specific needs of the ORs are taken into account at all levels of the decision-making process;
- highlights employment as a high priority target and parameter of all future key-interventions for the successful implementation of the Europe 2020 Strategy in the ORs and therefore calls on the EU to take practical steps to flesh out the new social axis introduced by the 2012 communication;
- emphasises that all measures towards the smart, sustainable and inclusive growth of ORs' need to be delivered in partnership, and that Member States and regional authorities need to work closely together to maximise the ORs' growth potential;
- underlines the importance of regional cooperation for the ORs, given their unique geographical situation, and calls for better synergy between cohesion policy funds and the European Development Fund as well as for the removal of the 150 km criterion for maritime borders in cross-border cooperation between the ORs and their neighbouring countries.

Rapporteur	Malcolm MIFSUD (MT/EPP), Mayor of Pietá
Reference document	Communication from the Commission - The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth COM(2012) 287 final

Opinion of the Committee of the Regions – The outermost regions of the EU in the light of the Europe 2020 strategy

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Introduction

1. welcomes the Commission's pursuance to work in partnership with the outermost regions ⁽¹⁾ (OR), fully applying to them the Europe 2020 strategy for smart, sustainable and inclusive growth, while taking into account the special characteristics and constraints of ORs, as emphasised by the Council ⁽²⁾, but emphasises that there should be mechanisms for ORs to participate in this strategy, otherwise the ORs will be unable to implement it;

2. emphasises the need to find a balance between measures to offset the specific and permanent constraints of the ORs on one hand and those that aim to promote their advantages and opportunities on the other;

3. draws attention to the need to adopt further **specific** measures aimed at laying down the conditions of applications of the Treaties and common policies to those regions, as established by Art. 349 TFEU;

4. supports the Commission's initiative to implement policies that facilitate OR to become more self-reliant, economically more robust and better able **to create sustainable jobs**, by capitalising the unique assets that each OR possesses and the ORs' added value for the EU; but assistance must necessarily take the form of practical and imaginative measures by the European Commission that can release the full potential of Article 349 TFEU, for example by introducing *ad hoc* instruments;

5. in the light of the above, supports the Commission's aim to ensure that various Commission Departments are involved in the implementation of the 2020 Strategy to ORs and to work closely together with the Conference of Presidents of the Outermost Regions, groups of experts and the dedicated inter-service group, in order to apply specific measures while planning *ad hoc* strategies for the **development, among other things, of sustainable job opportunities** in the ORs;

6. in connection with the above, the Committee of the Regions suggests that priority should be given to **education, training and employment**, since local human resources and expertise are the greatest potential drivers of growth in the ORs;

7. endorses the Commission's policy of outlining and formally recognising the geographical and potential opportunities offered by ORs as benefit for the EU as a whole;

8. particularly stresses the importance of having the ORs as active borders for cooperation and EU ambassadors able to expand the EU's sphere of socio-economic and cultural influence and to promote increased trade and knowledge-sharing with the ORs' neighbourhoods and with third countries with which they share strong historical and cultural links;

9. predominantly shares the Commission's view on the EU benefits from close relations of the ORs with overseas countries and third countries such as key emerging nations (i.e. Brazil or South Africa);

DEVELOPMENTS IN THE EUROPEAN STRATEGY FOR THE OUTERMOST REGIONS

10. agrees and draws attention to the fact that, apart from geographical and economic constraints (remoteness, insularity, small size, etc.), that all of them have, each outermost region **is different** in terms of opportunities, as well as in terms of challenges that it faces ⁽³⁾;

11. emphasises disapproval towards an eventual approach introducing a requirement for pluralism that could distort the whole idea of partnership and hamper the dialogue needed to obtain consensus at the various stages of programme implementation;

12. supports the Commission policy to find a common denominator for the implementation of the Europe 2020 Strategy to the ORs as a whole, while also distinguishing opportunities and constraints that each OR offers individually;

⁽¹⁾ Articles 349 and 355 of the Treaty on the Functioning of the European Union (TFEU) as modified by the European Council Decision of 29.10.2010.

⁽²⁾ 3023rd FOREIGN AFFAIRS Council meeting, 14 June 2010.

⁽³⁾ A study entitled "Growth Factors in the OR", carried out by Iseri Europa in cooperation with ITD-EU, commissioned by the Commission in 2009, delivered in March 2011.

13. welcomes the fact that the Commission intends to adopt a renewed EU strategy for the ORs based on greater product differentiation and specialisation as key factors able to strengthen traditional sectors (like agriculture) and identify and develop emerging sectors based on ORs' unique and specific assets;

14. recognises and emphasises the steps taken by the ORs themselves to modernise and diversify their economies, and highlights the regions' powers to set development objectives and strategies;

15. shares the Commission's view that it is particularly important to select OR-related actions within the traditional framework based on the three **traditional axes** ⁽⁴⁾: improving accessibility; improving competitiveness; and promoting regional integration in neighbouring regions;

16. regrets that the definition of these axes has not been flanked by practical and specific measures, particularly with regard to the accessibility axis, which is a key part of a strategy for OR development and integration into the single market;

17. welcomes **also** the fact that the Commission acknowledges that the proposals for the future of the OR's growth should have a positive impact on **all five axes of the renewed strategy** (improving accessibility; increasing competitiveness; strengthening regional integration; reinforcing the social dimension; mainstreaming climate change action);

18. trusts that the new social axis, which cuts across the other axes, will be equipped with additional financial resources and the tools needed to create sustainable jobs in the ORs;

19. points out that in view of the above, and particularly with regards to competitiveness and regional integration, the Commission should also encourage specific territorial activities to **increase their European integration** to take part in the future EU strategies;

20. emphasises that, in line with the principles of subsidiarity and multi-level governance, greater involvement of the regional authorities of the ORs in preparing and implementing European programmes and policies is needed, in order to ensure that the specific needs of the ORs are taken into account at all levels of the decision-making process;

21. underlines the importance of regional cooperation for the ORs, given their unique geographical situation, and calls for better synergy between cohesion policy funds and the European Development Fund as well as for the removal of

the 150 km criterion for maritime borders in cross-border cooperation between the ORs and their neighbouring countries;

22. supports initiatives for the creation of EU/OR co-brands and logos that will incentivise the OR identification in the EU socio-economic and cultural sphere and contribute to greater integration within the immediate neighbourhood and in the Single Market under the EU flag;

MAIN PRINCIPLES OF THE RENEWED EU STRATEGY

23. acknowledges the importance which the Commission assigns to encouraging an updated and adapted framework for policy towards the ORs in light of the Europe 2020 strategy;

24. expresses, however, concern towards the fact that a number of the actions required in connection with some of the main axes (i.e. transports and implementation of new technologies for improving accessibility) can hardly be at reasonable cost for the ORs and might therefore require **support at higher level or allow private and public partnerships** for a successful achievement, without reflecting the high costs in the final services to the citizens;

25. promotes the development and optimisation of existing regional airports, through public or private partnerships, as one of the key instruments for the economic and social development of ORs in the European Union;

26. shares, nonetheless, the view that modernisation and diversification of OR economies, investment and innovation in potential high-growth sectors can strengthen OR opportunities supported by EU Institutions, public and private actors and stakeholders;

27. points out the importance and encourages the Commission to foster particularly the **modernisation of the fisheries fleets and maritime infrastructures in the ORs**, since maritime and fisheries resources are one of the greatest resources of the ORs, which contribute towards the differentiation of products and integration of the ORs in the single market and foster as well growth and competitive trade with the ORs' neighbourhoods;

28. suggests that the Commission incentivises, in the context of the renewed Europe 2020 strategy towards the ORs' growth, programmes and partnerships between EU Member States and ORs, including private actors active in the required fields, for the implementation of **activities that will simultaneously achieve multiple objectives set out in the different axes of the renewed EU strategy** and encouraging ORs to be part of future EU strategies;

⁽⁴⁾ COM(2004) 343 final, 26.5.2004; COM(2004) 543 final, 6.8.2004.

29. agrees particularly, in view of the above, with the introduction and creation in the OR of the conditions for the development of "high speed" internet and new telecommunications technologies that would also improve accessibility, modernise the tourism sector, increase economic activity, reinforce the social dimension, increase competitiveness and strengthen the connection between ORs and the continent;

PROPOSALS FOR THE FUTURE

Internal dimension

30. shares the Commission's view that Cohesion Policy is the principal EU instrument to deliver Europe 2020 objectives, **providing the greatest concentration of EU investment funds to create jobs** and growth by means of permanent instruments that will reduce disparities between the ORs and the rest of the EU, helping to bring the ORs closer into line with the Union;

31. believes that it is important to **ensure that significant funding is available to strengthen the SME sector to create and maintain sustainable jobs**; to support innovation in its widest sense; to promote modernisation and diversification of the economies and ORs' assets, taking each OR's strategic options as the starting point; to support climate change adaptation and the development of sustainable energy supplies;

32. emphasises and supports the Commission proposal to offer specific treatment to the ORs through a co-financing rate of **85 % to ORs regardless of their GDP** and in order to help them make the best use of the funds available;

33. recommends, however, in line with the European Parliament resolution of 18 April 2012 ⁽⁵⁾, an extension of the period of implementation of these funds in the ORs with a view to more effective implementation;

34. emphasises that all measures towards the smart, sustainable and inclusive growth of ORs' need to be delivered in partnership, and that Member States and regional authorities need to work closely together to maximise the ORs' growth potential;

35. endorses the Commission's call for full involvement of representatives of the ORs in the preparation and monitoring of the partnership agreements to be agreed between the Commission and each Member State for the next financial period;

⁽⁵⁾ European Parliament resolution of 18 April 2012 on the role of Cohesion Policy in the outermost regions of the European Union in the context of EU 2020 (2011/2195(INI)).

36. suggests, however, that representatives from other territories (**that however share similar constraints and characteristics**) could also assist, in the case of being required, during *ex-ante* analyses and *ex-post* evaluations the EU Commission's Regional Policy DG, constructively highlighting and comparing similar practices, policies and solutions, and generating new ideas based on best practises existing in other similar (but non-ORs) territories;

37. proposes to establish and expand networks across Europe to support high quality research of benefit to the ORs, so that innovative research can thrive and increase the participation of beneficiaries in any related scientific field: attracting, developing and retaining research professionals and RTDI (Research, Technology, Development, Innovation) actors to improve the research environment and **offer new sustainable employment opportunities** in the ORs;

38. suggests to incentivise the establishment of *ad hoc* centres and laboratories in the ORs and across the whole EU for the dissemination of OR related research results, best practices and success cases, with the aim of creating new enlarged sources of ideas and practice contributors, increasing a close cooperation between Member States and ORs on one hand and the rest of EU on the other, thus offering new sustainable employment opportunities in the ORs;

39. recommends that specific EU projects, mobility programmes and cohesion activities will be implemented in the ORs to increase ORs' involvement and to promote professional trainings of local human resources on the importance of the **participation process** between public and private actors of the ORs' civil society, underlining that only joining their strengths will achieve the Europe 2020 Strategy targets towards the ORs' sustainable and inclusive growth;

40. suggests that the outcome of the above mentioned training become subsequently and simultaneously an **opportunity of employment** in the ORs, contributing towards further dissemination and information campaigns on the renewed EU Strategy towards the ORs' smart partnership and the implementation of the related programmes;

41. recommends stepping up innovation and cluster cooperation between EU and non-EU countries as well as promoting regional cooperation with a view to boosting non-EU investments and tourism. These measures could in fact represent an effective step to achieve the Europe 2020 objectives;

42. supports the Commission proposal to maintain the agricultural support programme POSEI, as it is the equivalent of the first pillar of the CAP for these regions and is therefore a key tool for maintaining and developing farming in the outermost regions. It similarly supports maintaining "Fisheries POSEI", as this compensation scheme for additional costs is a crucial tool for enabling fisheries and aquaculture products to be marketed outside the outermost regions;

43. in this regard, emphasises that it is essential to carry out impact analyses on international agreements affecting the economies of the ORs in order to prevent damage to economies that are inherently vulnerable;

44. stresses that also an integrated maritime policy needs to be consolidated, since maritime resources are one of the main pillars for the implementation of the Europe 2020 Strategy in the ORs;

45. stresses the importance of ORs' maritime and fisheries resources and encourages the Commission to foster the modernisation of the fisheries fleets, including the reintroduction of aid for building vessels for the forthcoming 2014-2020 period, and maritime infrastructures in the ORs;

46. welcomes the Commission's encouragement of further growth in sustainable tourism in the ORs, especially of specialised emerging sectors, and the development of potential drivers of ORs' growth (including, but not limited to, marine resources, sustainable tourism, biodiversity, eco-construction) via the application of RTDI (Research, Technology, Development, Innovation) to **promote new opportunities for employment and enterprise** which would (*inter alia*) reduce the risk of brain drain, as well as contribute to energy efficiency and renewable energies;

47. points out the need to **support ORs' training and education systems**; therefore urges the Commission to ensure that existing EU education and training programmes, particularly those regarding mobility, reflect the specific nature of the ORs;

48. points out that the forthcoming revision of EU state aid frameworks must take account of the particular characteristics of the ORs, and that greater flexibility, simplification and consistency between actions for OR businesses must be called for;

49. suggests that priority should be given to support actions towards the improvement, modernisation and restructuring of ORs' health and education systems via partnerships between public and private stakeholders;

External dimension

50. agrees with the Commission that the geographical position of the ORs is of benefit for the EU as a whole and that the development of their potential and full integration into the Single Market is a key opportunity for adding OR value to EU, while continuing to ensure differentiated treatment that complies with the principles of equal opportunities and of proportionality, and a balance between this internal dimension and better integration into their own geographical environment;

51. proposes to assess the new products (on the basis of targeted markets demand and also within their own regional neighbourhood) for which the Member State concerned could incentivise the production in the related OR, in order to foster greater trade and knowledge-sharing with ORs' neighbourhood and third countries such as key emerging nations (i.e. Brazil or South Africa) and increase sustainable employment opportunities;

52. wishes to point out the opportunities that the above suggestion may provide both to the ORs and the EU: i.e. **new opportunities in terms of maritime transports, related job opportunities**, development of the sea basin transports industry, and the optimisation of transport costs and trade relations between EU and emerging international markets;

53. shares the Commission view regarding the need to transform the ORs from potential business and cooperation platforms to real strategic EU ambassadors within the Atlantic, the Caribbean and the Indian Ocean, exploiting their real potential and spreading European influence in their areas for the benefit of the EU as a whole; therefore urges the EU to adopt specific measures to promote proper connections between the ORs and neighbouring third countries;

54. emphasises the advantage of ORs' proximity to neighbouring third countries and territories in terms of opportunities offered by regional trade and cooperation to develop the external dimension of the single market;

55. encourages the Commission to boost also integration of the ORs in their respective geographical areas in terms of trade, development of the space industry and the other unique assets of the ORs, and for modernising and diversifying the economies of the ORs, while **increasing sustainable job opportunities**;

56. in the light of the above, emphasises the need to sustain in the future action plans of the renewed strategy for the ORs both approaches: improve their accessibility to the single market on one side, and to facilitate the ORs integrated regional market on the other;

57. welcomes the Commission's commitment to take into account and adapt to ORs those actions referred to in its communication "Small Business, Big World" ⁽⁶⁾ towards the development of SMEs operating internationally, for example by adopting specific measures in the field of competition law, aimed at fostering the internationalisation of OR SMEs; acknowledges the role of European Union's structural funds as an important source of funding for SMEs as such and supports easier access of SMEs to public procurement procedures;

Conclusions

58. acknowledges the ongoing successful commitment of the EU Institutions towards the sustainable and inclusive growth of the ORs and insists on the necessity to increase the partnership between the EU Institutions, the Member States, the ORs, including all other key actors and stakeholders (both public and private) that may contribute towards the ORs' sustainable development;

59. highlights **employment** as high priority target and as parameter of all future key-interventions for the successful implementation of the Europe 2020 Strategy in the ORs and therefore calls on the EU to take practical steps to flesh out the new social axis introduced by the 2012 communication, as the Commission is not doing so and simply refers to general funding programmes, but without proper modulation;

60. in this regard, supports the ORs' initiative to draw up a specific growth and employment plan for these regions, for further feasibility and implementation assessment;

61. suggests and proposes some concrete examples to boost or create **new employment opportunities** in the ORs;

62. stresses also that priority should be given to the ORs' **health system, training and education** in order to optimise local human resources and expertises as greatest potential drivers of growth in the ORs;

63. in view of the importance of modernisation and diversification of OR economies, points out the importance and

encourages the Commission to foster particularly the **modernisation of the fisheries fleets and maritime infrastructures in the ORs**, since maritime and fisheries resources are one of the greatest resources of the ORs, which contribute towards the differentiation of products and integration of the ORs in the single market and foster as well growth and competitive trade with the ORs' neighbourhoods;

64. emphasises how such key-interventions may provide new opportunities both to the ORs and the EU, **in terms of maritime transports, related job opportunities, development of the sea basin transports industry, and the optimisation of transport costs and trade** relations between EU and emerging international markets;

65. together with the European Parliament, highlights the need to establish an *ad hoc* framework for transport and ITCs, so that the ORs can effectively tackle the problem of territorial separation and the digital gap that affect them;

66. encourages the Commission to boost also integration of the ORs in their respective geographical areas in terms of trade and development of ORs' unique assets for modernising and diversifying their economies towards smart, sustainable and inclusive growth;

67. emphasises the importance of the removal of the 150km criterion for maritime borders in cross-border cooperation between the ORs and their neighbouring countries, reflecting the fact that many of the ORs are islands which are located further than 150 km from their neighbouring countries;

68. underlines the importance of regional cooperation for the ORs, which requires not only the continuation of territorial cooperation programmes under the ERDF, but also a better synergy between cohesion policy funds and the European Development Fund;

69. in the light of the above, emphasises the need to sustain in the future action plans of the renewed strategy for the ORs both approaches: improve their accessibility to the single market on one side, and to facilitate the ORs' integrated regional market on the other side.

Brussels, 1 February 2013.

The President
of the Committee of the Regions
Ramón Luis VALCÁRCEL SISO

⁽⁶⁾ COM (2011) 702 final, 9.11.2011.

Opinion of the Committee of the Regions on ‘The role of local and regional authorities in promoting growth and boosting job creation’

(2013/C 62/14)

THE COMMITTEE OF THE REGIONS

- reminds the European Commission that local and regional authorities often are largely responsible for implementing policies relating to employment, education and training. The territorial dimension of these policies is thus of vital importance. The Committee therefore regrets that the Commission’s communication does not contain a specific reference to the competences of local and regional authorities;
- welcomes the measures contained in the Compact for Growth and Jobs. The Committee of the Regions stresses the link between the Compact and the growth-generating programmes contained in the multiannual financial framework (MFF) 2014-2020, especially under heading 1 - sustainable growth;
- encourages the Member States to take account of the European Commission’s guidelines in their National Reform Programmes, with particular regard to the issue of flexicurity, which poses a challenge for the European labour market;
- considers it important to encourage forms of self-employment and individual enterprise, giving special attention to start-ups by young people. This could be a more efficient way of using resources that would otherwise be spent unproductively (costs of early retirement or unemployment benefits);
- proposes that regional and local authorities be involved more closely in framing policies to incentivise "green jobs", within national job plans
- welcomes the proposal to improve EURES, not least by introducing a Match and Map service providing a clear geographical overview of offers. On that subject, the Committee draws attention to the national and regional role of job agency schemes and suggests that these be better integrated with the Enterprise Europe Network (EEN), the regions and Chambers of Commerce;

Rapporteur	Marialuisa COPPOLA (IT/EPP), Regional Councillor, Veneto Region
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions – <i>Towards a job-rich recovery</i> COM(2012) 173 final

Opinion of the Committee of the Regions – The role of Local and Regional authorities in promoting growth and boosting job creation

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. welcomes the Commission communication *Towards a job-rich recovery* and recalls that full employment and social cohesion are objectives enshrined in the TFEU that are to be pursued in accordance with the principles of proportionality and subsidiarity (Articles 3, 4, 5, 6 and 9 of the TFEU); considers that the Commission communication is a political act which should be followed by tangible legislative initiatives by the Member States and local and regional authorities;

2. notes that the Commission stresses the need for structural reforms at national level, essentially in order to liberalise the labour and services markets, and agrees with the need for such reforms, but would have liked to see more specific proposals for measures to stimulate for employment in the green economy;

3. reiterates its call on the Commission to mainstream Article 9 TFEU on the promotion of a high level of employment, the guarantee of adequate social protection and the fight against social exclusion in all its proposals, and especially in those implementing its communication *Towards a job-rich recovery*;

4. strongly supports the Europe 2020 strategy and the associated instruments (such as National Reform Programmes) and the efforts to achieve its employment objectives, and calls on Member States to pursue the path to growth and innovation set out therein;

5. nonetheless notes with concern that, in recent years, the economic and social disparities between Member States (and between the various regions) have been getting bigger rather than smaller;

6. stresses that, to achieve the objectives set out in the European employment strategy, it is desirable to take account of the territorial dimension by giving Member States and local and regional authorities enough room for manoeuvre to set their own priorities and develop appropriate policy responses.

Proper use of cohesion policy funds could also make a significant contribution. To that end, a multi-level governance approach that complies with the subsidiarity principle, especially when drawing up the National Reform Programmes, is certainly the best way to respond to local requirements and to achieve the employment objectives as efficiently as possible;

7. considers that the current and future challenges for employment lie not only in youth unemployment but also in that of the over-55s, people with disabilities, immigrants and women, as well as the rise in long-term unemployment. It therefore asks the European Commission and the Member States to give special attention to those categories, which constitute valuable, experienced human capital;

8. reminds the European Commission that local and regional authorities often are largely responsible for implementing policies relating to employment, education and training. The territorial dimension of these policies is thus of vital importance. The Committee therefore regrets that the Commission's communication does not contain a specific reference to the competences of local and regional authorities;

9. calls on the European Commission and the Member States to implement the necessary measures to combat and eradicate the damaging practice of social dumping and illegal work, which also goes hand in hand with certain forms of exploitation of illegal immigration;

10. urges the European Commission to foster the competitiveness of European industry and services by strengthening the EU's economic governance so as to avoid a return to protectionist policies;

The European Council of 28-29 June 2012: Compact for Growth and Jobs

11. is pleased that the issues of growth and jobs were the focus of the European Council of 28-29 June 2012 and that, during the summit, the need to activate instruments and policies at every level of government in the European Union to stimulate jobs and growth was recognised;

12. stresses that the consolidation of Member States' budgets is not an end in itself. Local and regional authorities should be asked to contribute their fair share, keeping in mind the proportionality principle and without compromising their economic growth and territorial and social cohesion;

13. broadly welcomes the measures addressed to Member States and the measures at European Union level contained in the Compact for Growth and Jobs. The Committee of the Regions stresses the link between the Compact and the growth-generating programmes contained in the multiannual financial framework (MFF) 2014-2020, especially under heading 1 - sustainable growth. The Member States which have signed up to the Compact should now adopt a consistent stance in the negotiations on the MFF. In particular, with regard to the European measures agreed in the Council conclusions, the Committee of the Regions places special emphasis on the need to strengthen the single market, reduce regulatory complexity mobilise EIB and swiftly launch the Project Bond pilot phase to fund fast-acting measures to promote growth. It is vital to avoid distortions of competition during the pilot phase and that projects are not commercially viable. The instrument should not replace capital from member states, regional and local bodies or private capital. A continuation after the pilot phase should be determined only after independent evaluation made. In these evaluations, it is important to see if the selected projects have created value for the Union;

14. reiterates, on the subject of the introduction of the Project Bond scheme to finance strategic infrastructure, the opinion it already issued on the *Connecting Europe Facility* ⁽¹⁾ in which it recommended including local and regional authorities in TEN projects so as to maximise the benefits for citizens;

15. nonetheless regrets that the Council's conclusions are not being followed up by rapid action by all the Member States and were not more effective in promoting further measures to boost growth;

Supporting job creation

16. welcomes the European Commission's proposals to support job creation, particularly concerning reduction of the tax burden for businesses without budgetary impact, but instead reducing the tax wedge in favour of other forms of revenue (such as environmental taxes);

17. recalls the importance, particularly in the light of the economic crisis, of concentrating efforts not only on creating new jobs and promoting structural change but also on preserving existing ones;

18. proposes better use, coordination and interoperability of the instruments available at European, national, regional and Chamber of Commerce level (in particular calling for the use

not only of the ESF but also the ERDF) to support self-employment, social enterprises, work experience schemes and business start-ups. Greater coordination will ensure that the available instruments can be used more effectively;

19. considers that in order to create high-quality, lasting jobs, a European agenda for growth must be based on the goal of establishing a real strategy for industrial renewal in Europe, with the active involvement of public authorities at all levels, and a strong industrial policy that promotes the competitiveness of SMEs (which form the backbone and the cultural and industrial history of the European economy) and the service sector. Such an industrial renewal strategy requires the European Commission to exploit the full potential of the Lisbon Treaty where industrial policy is concerned, pursuing the option of taking "any useful initiative to promote such coordination [between Member States in the field of industrial policy], in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation" (Article 173 TFEU). This industrial renewal strategy, which should emerge at the end of the mid-term review of the flagship initiative on *An industrial policy for the globalisation era*, should focus in particular on easing access to credit, cutting red tape and creating a more business-friendly environment; on this last point, the Committee of the Regions offers its own contribution by organising, in cooperation with the European Commission, the European Enterprise Region (EER) competition; would also highlight the importance of having a functional and effective public sector, as a necessity for economic growth;

20. considers that the key to the competitiveness of Europe's businesses lies in increasing productivity through efficient, sustainable management of resources, and through long-term training, innovation and shared responsibility. For this reason, it deems it important to harness the experience of businesses working towards sustainability, which can also be recognised through the use of European certification;

21. stresses that, on the subject of promoting the quality of European products, business could also benefit from an additional EU origin label alongside labelling denoting national origin or quality, which would have positive repercussions on employment;

22. refers to the CoR opinion on the *Responsible businesses package* (relating to Commission communications COM(2011) 681-685 final) and stresses that an approach based on social and environmental sustainability can have positive effects in terms of business competitiveness, risk management, cost control, long-term customer relationships and innovation capacity;

23. endorses the measures aimed at creating jobs in activities linked with environmental sustainability, healthcare professions and ITC (as highlighted by the CoR Bureau conclusions of 22 and 23 March 2012), and considers it important, *inter alia* to

⁽¹⁾ CdR 648/2012, COTER-V-24.

recall that the European labour market is still largely made up of workers employed in manufacturing and other industries which have helped shape the history of Europe's development. The CoR asks that greater account be taken of these jobs by proposing instruments for retraining human capital;

24. points out that the transition to a sustainable, low-emission economy will require the current labour market to be restructured. This will need to be supported in every respect by appropriate promotional measures;

25. supports the proposal to extend the Progress micro-financing facility, as it makes it possible to provide small sums for socially useful, worthwhile purposes;

26. supports the Commission's proposal to keep the European Globalisation Adjustment Fund (EGF) going, given that Europe's businesses still face a situation of crisis and uncertainty; expects, however, to have greater clarity about the future of the programme, and hopes that the new procedures for using the fund will be more streamlined, faster and clearer;

Getting labour markets moving again

27. encourages the Member States to take account of the European Commission's guidelines in their National Reform Programmes, with particular regard to the issue of flexicurity, which poses a real challenge for the European labour market. A policy that takes account of the need for labour flexibility, but at the same time protects citizens, must of necessity be discussed with regional and local authorities. The Committee regrets the fact that, despite the political commitment made at the 2012 Spring European Council and the Commission's guidance in the communication, not all Member States submitted their national employment plan as part of their 2012 National Reform Programme, setting out comprehensive measures for job creation and in particular, for green jobs;

28. is concerned about the level of inactivity and unemployment among young people in the European Union and calls on the European Commission and the Member States to take all the necessary measures to ensure that young people have skilled jobs that also teach them new skills and give them economic independence and stability;

29. notes that some countries more than others have critical levels of youth unemployment, and therefore calls on the European Commission to monitor these situations especially closely, not least by providing for greater supervision of ongoing programmes, and to press ahead quickly with its aim of getting a proposal for a Council recommendation on youth guarantee schemes onto the table;

30. recognises that in some Member States, employers are abusing apprenticeship schemes, and welcomes the proposal to introduce a quality framework for apprenticeship. However, the

CoR warns against creating unduly rigid rules that would risk deterring businesses from using apprenticeship schemes at all;

31. calls on Member States to ensure that, by 2013, all apprentices have an apprenticeship contract providing appropriate protection and the necessary information on their rights and responsibilities and on those of the employer;

32. thinks that the apprenticeship opportunities offered to students at universities in the European Union should be attractive enough to help bring students closer to the world of work. It is of the utmost importance to create a bridge between academia and the world of work. This could also be done with the help of programmes such as LLP or Erasmus for young entrepreneurs. The latter in particular is proving to be an effective tool for stimulating entrepreneurship, which is important for overcoming the crisis;

33. hopes that regional authorities can play an important role as a bridge between the world of training and that of industry by promoting agreements whereby universities recognise the activities carried out directly in businesses or in public or third-sector organisations during a course of study. This could happen through agreements between local or regional education authorities, the social partners, business representatives and the university;

34. notes that, at present, apprenticeships are one of the main entry points for young people into the labour market, but points out that, in practice, young people often find themselves being bounced from one apprenticeship to another without any real prospect of getting a proper employment contract with the requisite guarantees. The CoR therefore regrets that, amongst the European Commission's proposals, there is no guidance for Member States as to how to regulate and overcome this situation by appropriate employment policies, possible tax incentives and other appropriate measures;

35. points out that young people, by virtue of their inherent ability to innovate and network, are a key resource and should be considered as such by businesses, organisations and public bodies. The added value of an apprenticeship lies in the fact that the apprentice, once trained, can become an active resource for the business, organisation or public body concerned, which therefore has an interest in continuing to work with him;

36. hopes that in the near future European countries will adapt their education systems in line with the changing realities in the global labour market. The main indicator for assessing education - the schooling rate - does not adequately fulfil its role. The Committee therefore calls for the identification of new, more effective means of assessing education policy. It is recommended that the goals of higher education be redefined and the measurement, monitoring and financing system be adapted to market needs;

37. agrees that there is a lack of skills to meet the requirements of tomorrow's labour market and therefore welcomes the proposal for an EU skills panorama. This must, as quickly as possible, lead to full recognition of qualifications and skills, which is a necessary step to ensuring a genuine single labour market in the European Union;

38. stresses that the future European Skills Passport must not constitute "downward" standardisation, but should enable the practical skills (manufacturing, crafts, etc.) in which our different regions excel to be valued and should thus, ultimately, promote meritocracy;

39. recognises the current lack of interaction between the world of education and the world of work, and therefore proposes making it easier for students to gain work experience by means of the above-mentioned apprenticeships, but also through training programmes in schools and universities carried out directly by professionals;

40. proposes that specific exchange programmes be created between public officials and businesses so as to bridge the gap between the civil service and the needs of business, facilitating mutual understanding and the learning of best practice;

41. also suggests facilitating further training (through appropriate programmes co-financed by European funds) of workers;

42. considers it important to encourage forms of self-employment and individual enterprise, giving special attention to start-ups by young people. This could be a more efficient way of using resources that would otherwise be spent unproductively (costs of early retirement or unemployment benefits);

43. agrees that it is necessary to promote measures to foster a European labour market by making it easier for EU citizens and workers to move across borders, by removing fiscal barriers, exporting unemployment benefits and making pension rights transferable;

44. believes that fulfilling obligations towards mobile workers and defending their rights should continue to be priorities for the EU so as to ensure proper mobility within the single market. With this in mind, the SOLVIT assistance service could be integrated among the services of the Enterprise Europe Network (EEN) so as to bring employers and workers closer to a one stop shop for European issues;

45. welcomes the proposal to improve EURES, not least by introducing a Match and Map service providing a clear geographical overview of offers. On that subject, the Committee draws attention to the national and regional role

of job agency schemes and suggests that these be better integrated with the Enterprise Europe Network (EEN), the regions and Chambers of Commerce (which have the advantage of strong links with the business world and of being aware of its needs and problems);

46. calls on the Commission to avoid duplication by mapping the existing studies that match demand and supply in national labour markets. Exchange and coordination of these data could be key to effective internal mobility within the EU. With this in mind, the Committee draws attention to the Excelsior study, carried out by the Italian system of chambers of commerce;

47. welcomes the launch of a consultation by the end of 2012 on economic migration and suggests that the issue of circular migration be studied with particular attention and that harmonisation of national rules be encouraged;

Enhancing EU governance

48. favours greater coordination of European governance and emphasises the key role of regional and local authorities, in accordance with the subsidiarity principle;

49. supports the proposal that a publication containing employment indicator benchmarks be produced each year: such a system should cover not only national labour markets, but also regional ones down to NUTS 2 level so that solutions can be found that better reflect the different situations;

50. hopes that the future European System of Accounts (ESA2010) will be able to collect more regional statistics at NUTS 2 level so as to provide concrete indicators with a view to improving the governance of the European Union and making different levels of government accountable;

51. agrees that it is necessary to introduce measures to track progress made in the implementation of national job plans, provided that these are not accompanied by possible sanctions with a regional or local impact;

Annex - A Set of Key Employment Actions for the Green Economy

52. considers it essential to arrive at an unambiguous definition of "green jobs", i.e. eco-friendly and sustainable jobs. To achieve this, indicators must be developed that will become the sole European method of measurement;

53. proposes that regional and local authorities be involved more closely in framing policies to incentivise "green jobs" within national job plans;

54. suggests that the case be considered for developing the concept of environmental and sustainable development meta-districts (a form of cluster which is not tied to geographical proximity of companies but which, thanks to new technologies, allows for cooperation and, at the same time, the competition that underpins the success of industrial areas) so as to provide an institutional basis and recognition for green economic activities;

55. considers that all the instruments used (at European, national and regional level) to supply the necessary information on the future green skills required by the market should be coordinated with and complement each other so as to avoid needless waste of resources and duplication;

56. is appreciative of the information and dissemination activities performed by programmes such as Intelligent Energy Europe;

57. welcomes the cooperation with the EIB and, in particular, suggests beefing up the ELENA programme so as to help regional and local authorities to mobilise the necessary financial resources for sustainable and renewable energy programmes;

58. totally agrees that the ESF and ERDF funds should be the main instruments for promoting the development of new skills and professional development;

59. nonetheless considers that innovative use of these funds should be encouraged, promoting training that also provides for international mobility so that it can be carried out where best practices in environmental sustainability are recognised;

60. considers that the proposal to promote green investment under the Progress microfinancing facility is interesting, but does not understand the need to promote a "stakeholders' forum";

61. proposes, instead, that the financial intermediaries operating within the Progress programme be incentivised to favour eco-friendly projects;

62. recognises the importance of partnerships as a means of putting the principle of multilevel governance into practice, and encourages their use;

63. considers it important to promote wide strategic coordination between employment services and to try to reduce the differences that exist between Member States. The Committee hopes that the PARES instrument will fulfil this purpose;

64. welcomes the exchange of good practices, including the issue of an appropriate manual, provided that such exchanges are followed up with concrete action;

Annex - An Action Plan for the EU Health Workforce

65. fully agrees with the proposal to improve health workforce planning and forecasting in the European Union;

66. hopes, however, that the European platform of Member States will quickly succeed in aligning courses of study, thus cutting red tape and facilitating the movement of health workers within the EU;

67. therefore asks that the drafting of guidance on the exchange of education and training capacities in health professions be brought forward to 2013, as mapping of capacities should just precede the drafting of the guidance;

68. has doubts about the proposal to create a European Skills Council on nursing and care workers and about the establishment of a pilot Sector Skills Alliance, as it does not see the added value of these proposals;

69. considers that the proposed European platform of Member States could adequately meet the need for a mechanism to map skills in the various Member States and establish the minimum requirements for the training of healthcare workers, including that of nurses and carers;

70. welcomes the intention to map best practice in recruitment and retention of staff, but considers it essential that this be done at minimum cost. For this reason, it proposes, as a first step, that a consultation on the matter be launched and that an assessment then be made (on the basis of the results of the consultation) of whether other forms of research are needed;

71. points out that when recruiting healthcare operators, undeclared work must be discouraged, especially as regards those who provide care at home;

72. considers it necessary that the WHO code of conduct be applied in a uniform manner across the European Union. However, given the non-binding nature of that code, more information is needed on what measures could be taken to ensure that it is applied;

Annex - A Set of Key Actions for ICT Employment

73. welcomes the proposal to set up stakeholder partnerships involving ICT market operators, chambers of commerce, public bodies and research bodies to organise training initiatives on the skills that the market needs;

74. considers that, in addition to supporting a campaign to raise awareness of and promote ICT careers amongst young people, it is also necessary to promote investment in this sector more widely (given that the European Commission's analysis shows that this investment boosts productivity), boosting its competitiveness through the use of appropriate methods which respect the differences between Member States (e.g. clustering);

75. suggests that measures to help start-ups be used to promote employment in the ICT sector. Such measures could include the creation of incubators in science and technology parks (where new high-tech businesses could be concentrated by means of favourable conditions, thus creating a propitious atmosphere and synergies amongst those businesses) and direct investment by regional financial institutions (which, by providing risk capital to a start-up for its first years of activity, could make its funding simpler and more secure and make up for the absence of private venture capital);

76. suggests, given that the ICT sector is young and is expanding naturally in response to market-led changes, that support activities include training for workers over 55, with particular attention to the public sector where slow turnover has significantly raised the average age of staff, thus slowing the deployment of new information and communications technology in the provision of services;

77. welcomes the development of the European e-Competences framework, and stresses the need for greater coordination with other similar schemes (such as the ECDL) to avoid duplication;

78. welcomes the willingness to fund a pilot providing a landscape of certifications, provided that this project is used as a first step towards standardising certifications;

79. accepts the view that the ESF should be the primary source of funding for the implementation of these policies, but points out that, if tangible results are to be achieved, it is better to target expenditure.

Brussels, 1 February 2013.

*The President
of the Committee of the Regions*
Ramón Luis VALCÁRCEL SISO

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

99TH PLENARY SESSION, 31 JANUARY-1 FEBRUARY 2013

Opinion of the Committee of the Regions on ‘The statute and funding of European political parties and European political foundations’

(2013/C 62/15)

THE COMMITTEE OF THE REGIONS

- is convinced that this proposal can help make it easier for debates to take place at European and transnational level, and can help European-level public opinion to emerge;
- agrees that obtaining European legal status should be subject to compliance with high standards of governance, accountability and transparency;
- supports the fact that representation at the level of regional parliaments is taken into account in the regulation alongside the European and national levels at the point when political parties and the foundations affiliated to them apply to the European Parliament for registration as European political parties or foundations;
- calls on the Council and the European Parliament to involve the CoR in this process of verifying compliance with the fundamental values of the EU;
- considers the proposed allocation of EU funding to be acceptable, but proposes that the distribution also take into account the number of representatives in the CoR;
- recommends that it should be allowed for European funds to be used for referendum campaigns or popular initiatives at European level.

Rapporteur	István SÉRTŐ-RADICS (HU/ALDE), Mayor of Úszka
Reference document	Proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations COM(2012) 499 final - 2012/0237 (COD)

Opinion of the Committee of the Regions – The statute and funding of European Political Parties and European Political Foundations

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. welcomes the proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations, published by the European Commission on 12 September 2012. The proposal repeals and replaces Regulation 2004/2003/EC, which has until now governed political parties and foundations;

2. intends – particularly since it is made up of political groups – to make its contribution towards the drafting of this legislative proposal, which has, among other merits, also the capacity to draw more attention at local and regional level to European political decisions and also to the involvement of the members of the Committee of the Regions in shaping those decisions;

3. confirms its commitment to promoting EU citizenship ⁽¹⁾ and supporting EU citizenship education ⁽²⁾, as it has recently confirmed in detail in several opinions;

4. reiterates in particular its support for developing EU citizenship and the rights attached to it, including the right to vote. The Committee of the Regions activities in the context of the 2013 European Year of Citizens, will focus on this issue ⁽³⁾;

5. emphasises the need for EU citizenship to help encourage the emergence of European democracy by involving citizens in the European integration process. It is therefore in the interests of the people of the European Union that European representative democracy can flourish. Truly transnational European political parties and foundations play a key role in ensuring that people's views are heard at European level;

6. is convinced that this proposal can help make it easier for debates to take place at European and transnational level, and can help European-level public opinion to emerge; that, furthermore, it can raise public interest in European elections and can help increase participation in those elections, as well as reinforcing the democratic legitimacy of the European Union;

7. supports the overarching objectives of the regulation, namely to increase the visibility, recognition, effectiveness, transparency and accountability of European political parties and foundations;

8. considers it absolutely essential to improve the links between European political parties and European political foundations, and agrees that it should not be possible for more than one political foundation to be formally affiliated to a given European political party;

Registration and monitoring

9. considers that the creation of a single European legal status allowing European political parties or European political foundations to register as such and obtain a legal status based on EU law, thus freeing them from the diversity of national legal forms on which they have hitherto relied for their existence, would be an important step towards the political unification of Europe; notes, however, that the ability of the present draft to fulfil this function depends on the appropriate implementation by the Member States;

10. underlines that the framework proposed by the Commission for the European statute is based on experience drawn from the operation of the parties, alliances of parties and foundations which currently exist at national level and are widely recognised but that the current proposal has certain limitations (notably with regard to the independent European legal status) which suggest that the experiences of the European political parties since 2004 have not all been fully taken into account in designing the new statute;

11. highlights the fact that creating a genuine European legal status is of crucial importance for European political parties and the European political foundations affiliated to them, in that it allows them to choose, on the same terms, to have their headquarters in any Member State, in line with their own characteristics and political identity;

12. therefore insists that the European legal statute introduced by this regulation must take account of national legislation; nevertheless recommends that the European institutions consider developing a fully-fledged European legal statute in the future;

⁽¹⁾ CdR 355/2010.

⁽²⁾ CdR 120/2005.

⁽³⁾ R/CdR 1030/2012 item 7.

13. agrees that obtaining European legal status should be subject to compliance with high standards of governance, accountability and transparency;

14. considers it to be an important step that the specific conditions and requirements governing the grant and, even more important, the retention of European legal status include observance of the values on which the EU is founded. That was already an accession criterion for candidate countries, but the regulation makes the fundamental values of the EU into a criterion that can and should be scrutinised as part of political monitoring;

15. supports the fact that representation at the level of regional parliaments is taken into account in the regulation alongside the European and national levels at the point when political parties and the foundations affiliated to them apply to the European Parliament for registration as European political parties or foundations. In view of the differences in structures among the Member States, however, it remains necessary to clarify the nature of the intermediate political level (Land, region, county, department, province);

16. supports the annual monitoring by the European Parliament of compliance by European political parties and European political foundations with the conditions and requirements set out in the regulation, and its power to verify, upon request, that a party or foundation does indeed still observe the values on which the European Union is founded;

17. calls on the Council and the European Parliament to involve the CoR in this process of verifying compliance with the fundamental values of the EU;

18. recommends that it should in any event be mandatory to involve the CoR in cases where the party being reviewed is represented in the CoR;

Financing

19. recalls that in its opinion on the new multiannual financial framework for the post-2013 period⁽⁴⁾, the CoR insisted on the need to provide adequate resources to allow the public to participate in efforts aimed at promoting fundamental rights and democracy and at building European citizenship. Truly transnational European political parties and their affiliated European political foundations have a key role to play in making people's views heard at European level, by bridging the gap between national and European politics;

20. notes that the Commission proposal distinguishes between the criteria for granting legal status and those that relate to eligibility for financing;

21. agrees that EU funding provided to European political parties and European political foundations should continue to come from the budget of the European Parliament;

22. welcomes the fact that recognition as a European political party or European political foundation - and therefore compliance with the conditions and requirements to which such recognition is subject - will be a prerequisite for eligibility for financing from the EU budget;

23. considers the proposed allocation of EU funding (15 % to be divided equally and 85 % to be divided among the parties in proportion to their number of Members of the European Parliament) to be acceptable, but proposes that the distribution also take into account the number of representatives in the CoR;

24. welcomes the fact that this proposal raises the level of donations permitted per year and per donor (be that a natural or legal person) from EUR 12 000 at present to EUR 25 000, so as to improve the capacity of political foundations and parties to generate their own resources;

25. supports the principle and practice according to which European financing is not used to fund, directly or indirectly, national, regional or local elections or other political parties, particularly national political parties or their candidates: that would indeed be contrary to the supranational spirit of the proposal;

26. does not, however, see why European political parties and European political foundations should not be able to use their own income to fund candidates who are standing on behalf of their European political families in national, regional or local elections;

27. understands why the proposal also aims to prohibit the use of European funding for national, regional or local referendum campaigns (for example those relating to a treaty amendment), but recommends that it should be allowed for European funds to be used for referendum campaigns or popular initiatives at European level;

Practical operation and local and regional perspectives

28. is convinced that European political parties will be more and more effectively able, within the scope of their operations, to express and make known the will of the people in relation to elected officials and other European-level representative functions, and that they will be able to establish a more direct link between European and local/regional levels of power;

29. emphasises the need to ensure that EU citizens within the territory of the Member States have full access to information, since that is a prerequisite for their active political participation, and calls on its members to take action to ensure that the Member States guarantee access to information⁽⁵⁾. The existence of truly transnational European political parties also has an important role to play in this respect;

⁽⁴⁾ CdR 283/2011.

⁽⁵⁾ CdR 170/2010, point 17. See also CdR 355/2010, point 37.

30. recognises that the existence of truly transnational European political parties could lead to candidates standing in local and regional elections for a European political party, rather than for their national or regional party - thus making the direct link between European and local/regional politics even clearer;

31. supports the political will to ensure that the European legal statute and the rules on financing enter into force well before the 2014 European Parliament elections, and can also apply to the funding of campaigns carried out at the local or regional level by European political parties and European political foundations in relation to European Citizens' Initiatives;

Subsidiarity, proportionality and better regulation

32. recognises that the proposal can be considered to comply with the subsidiarity principle, in that rules on the European legal statute and on the financing of European political parties and European political foundations can only be laid down at EU level;

33. notes that the multi-level structure of the emerging EU democratic system could be expressed in practice by allowing the CoR to participate in the process of verifying compliance by European political parties and European political foundations with the fundamental values of the EU;

34. recognises that, in general terms, the proposal can be considered to comply with the proportionality principle, in that it does not exceed what is necessary to achieve the objectives established at European level;

35. considers it to be contradictory that even though the proposal aims to create a new European legal form for both types of entities (parties and foundations), they would in most aspects of their practical activities continue to operate on the basis of a legal form recognised in the legal order of the Member State in which they have their seat;

36. regrets the absence of an impact assessment in relation to the proposal;

37. acknowledges that the European Commission has consulted stakeholders and has taken the results of that consultation into account in the proposal; however, the document does not make clear whether the local and regional levels were involved in those consultations;

38. also calls on the European Parliament to involve the Committee of the Regions in the process of evaluating the European legal statute and the system of financing, which the proposal provides for in the third year following the next European Parliament elections.

II. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 2(5)

Definitions

Text proposed by the Commission	CoR amendment
(5) "regional Parliament" or "regional assembly" means a body whose members either hold a regional electoral mandate or are politically accountable to an elected assembly,	(5) "regional Parliament" or "regional assembly" means a body <u>at an intermediary level between the municipality and the state</u> whose members either hold an electoral mandate or are politically accountable to an elected assembly <u>at sub-national level</u> .

Reason

Intermediate-level elected assemblies do not have the same characteristics in the various Member States. They are not always identified as "regional parliaments" or "regional assemblies". In view of this variety of structures, the nature of the intermediate political level (*Land*, region, county, department, province etc.) should be clarified. The expression "intermediary level", as proposed in the amendment, is more general and provides a concept that applies to all Member States, while at the same time being clearly distinguishable from a municipal-level electoral mandate.

Amendment 2

Article 7(2)

Verification of registration

Text proposed by the Commission	CoR amendment
(2) Whenever requested to do so by one quarter of its members, representing at least three political groups in the European Parliament, the European Parliament shall decide by a majority of its members whether the condition in Article 3(1)(c) for a European political party and in Article 3(2)(c) for a European political foundation continues to be met.	(2) Whenever requested to do so by one quarter of its members, representing at least three political groups in the European Parliament, the European Parliament shall decide by a majority of its members whether the condition in Article 3(1)(c) for a European political party and in Article 3(2)(c) for a European political foundation continues to be met.

Text proposed by the Commission	CoR amendment
<p>Before reaching its decision, the European Parliament shall hear the representatives of the European political party or European political foundation concerned and ask a committee of independent eminent persons to give an opinion on the subject within a reasonable time period.</p> <p>This committee shall consist of three members, with the European Parliament, the Council and the Commission each appointing one member within six months after the end of the first session of the European Parliament following elections to the European Parliament. The secretariat and funding of the committee shall be provided by the European Parliament.</p>	<p>Before reaching its decision, the European Parliament shall hear the representatives of the European political party or European political foundation concerned and ask a committee of independent eminent persons to give an opinion on the subject within a reasonable time period. <u>It shall involve the Committee of the Regions in this procedure, at least in those cases where the verification relates to a European political party represented in the Committee of the Regions.</u></p> <p>This committee shall consist of three members, with the European Parliament, the Council and the Commission each appointing one member within six months after the end of the first session of the European Parliament following elections to the European Parliament. The secretariat and funding of the committee shall be provided by the European Parliament.</p>

Reason

Since the regional dimension is one of the prior conditions for registration, it makes sense for the Committee of the Regions to have a role to play in the process of verifying compliance with the fundamental values of the EU, at least in those cases where the party concerned is represented in the CoR.

Amendment 3

Article 18(4)

Prohibition of funding

Text proposed by the Commission	CoR amendment
	<p><u>(4) Support from European political parties and European political foundations to campaigns relating to European citizens' initiatives shall not be affected by this prohibition on funding.</u></p>

Reason

The need for European political parties and European political foundations to be present and to communicate with EU citizens arises not only in European Parliament campaigns, but also, in the interval between electoral campaigns, in relation to the promotion of European values, for example through European citizens' initiatives.

Brussels, 31 January 2013.

The President
of the Committee of the Regions
 Ramón Luis VALCÁRCEL SISO

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