

**FOLLOW-UP PROVIDED BY THE COMMISSION TO THE  
OPINIONS OF THE**

**COMMITTEE OF THE REGIONS**

**PLENARY SESSION OF OCTOBER 2016**

**71<sup>st</sup> REPORT**

N°	TITLE	REFERENCES
<b>ENV</b>		
1.	<p><b>An EU action plan for the Circular Economy</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Babette WINTER(DE/PES)</p>	<p>COM(2015) 614 – final</p> <p>COR-2016-01415-00-00-PAC-TRA</p> <p>ENVE-VI/011</p>
<b>REGIO</b>		
2.	<p><b>Simplification of ESIF from the perspective of Local and Regional Authorities</b></p> <p>Rapporteur: Petr OSVALD (CZ/PES)</p>	<p>COR-2016-00008-00-01-PAC-TRA</p> <p>COTER-VI/012</p> <p>Own-initiative opinion</p>
<b>NEAR</b>		
3.	<p><b>Review of the European Neighbourhood Policy</b></p> <p>Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Anne QUART (DE/PES)</p>	<p>JOIN(2015) 50 – final</p> <p>COR-2016-00982-00-01-PAC-TRA</p> <p>CIVEX-VI/011</p> <p>Own-initiative opinion</p>
<b>COMP</b>		
4.	<p><b>State Aid and Services of General Economic Interest</b></p> <p>Rapporteur: Markus TÖNS (DE/PES)</p>	<p>COR-2016-2016-01460-00-00-PAC-TRA</p> <p>ECON-VI/013</p> <p>Own-initiative opinion</p>

<b>CNECT</b>		
<b>5.</b>	<p><b>EU eGovernment Action Plan 2016-2020</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Martin ANDREASSON (SE/EPP)</p>	<p>COM(2016) 179 final</p> <p>COR-2016-02882-00-03-PAC-TRA</p> <p>SEDEC-VI/013</p>
<b>6.</b>	<p><b>Digitising European Industry</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Kieran McCARTHY (IE/EA)</p>	<p>COM(2016) 180 final</p> <p>COR-2016-02884-00-01-PAC-TRA</p> <p>SEDEC-VI/014</p>
<b>7.</b>	<p><b>European Cloud Initiative and ICT Standardisation Priorities for the Digital Single Market</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions -</p> <p>Rapporteur: Anne KARJALAINEN (City councillor of Kerava, FI/PES)</p>	<p>COM(2016) 176 final</p> <p>COM(2016) 178 final</p> <p>COR-2016-02880-00-00-PAC-TRA</p> <p>SEDEC-VI/012</p>
<b>DG GROW, DG RTD co-lead</b>		
<b>DG EMPL</b>		
<b>8.</b>	<p><b>The European Pillar of Social Rights</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Heinz-Joachim HOFER (DE/PES)</p>	<p>COM(2016) 127 final</p> <p>COR-2016-02868-00-00-PAC-TRA</p> <p>SEDEC-VI/010</p>

<b>DG MOVE</b>		
<b>9.</b>	<p><b>Aviation Strategy</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Ulrika CARLEFALL LANDERGREN (SE/ALDE)</p>	<p>COM(2015) 613 final</p> <p>COM(2015) 598 final</p> <p>SWD(2015) 261 final</p> <p>COR-2016-00007-00-00-PAC-TRA</p> <p>COTER-VI/011</p>
<b>10.</b>	<p><b>An EU Roadmap for Cycling</b></p> <p>Rapporteur: Kevin PEEL (GB/PES)</p>	<p>COR-2016-01813-00-00-PAC-TRA</p> <p>COTER-VI/013</p>
<b>DG FISMA</b>		
<b>11.</b>	<p><b>The European Deposit Insurance Scheme (EDIS)</b></p> <p>Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 806/2014</p> <p>Rapporteur: Hans-Jörg DUPPRÉ (DE/EPP)</p>	<p>COM(2015) 586 final</p> <p>COR-2016-01602-00-00-PAC-TRA</p> <p>ECON-VI/012</p>
<b>DG TAXUD</b>		
<b>12.</b>	<p><b>Action plan on VAT: Towards a single EU VAT area</b></p> <p>Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee</p> <p>Rapporteur: Dainis TURLAIS (LV/ALDE)</p>	<p>COM(2016) 148 final</p> <p>COR-2016-02419-00-02-PAC-TRA</p> <p>ECON-VI/017</p>

<b>DG CLIMA</b>		
<b>13.</b>	<p><b>Delivering the global climate agreement – a territorial approach to COP22 in Marrakesh</b></p> <p>Rapporteur: Francesco PIGLIARU (IT/PES)</p>	<p>COR-2016-01412-00-00-PAC-TRA</p> <p>ENVE-VI/013</p> <p>Own-initiative opinion</p>
<b>DG ENER</b>		
<b>14.</b>	<p><b>An EU Strategy for Heating and Cooling</b></p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions</p> <p>Rapporteur: Daiva MATONIENE (LT/ECR)</p>	<p>COM(2016) 51 final</p> <p>COR-2016-01411-00-01-PAC-TRA</p> <p>ENVE-VI/012</p>

<p><b>N°1 Closing the Loop – An EU Action Plan for the Circular Economy</b>  <b>COM(2015) 614 final – CoR 2016/1415 – ENVE-VI/011</b>  <b>119th Plenary Session – October 2016</b>  <b>Rapporteur: Ms Babette WINTER (DE/PES)</b>  <b>DG ENV – Commissioner VELLA</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>The Committee of the Regions:</p> <ul style="list-style-type: none"> <li>– calls for ambitious legislative provisions, which should be accompanied by supporting measures and innovative approaches, for example Top-Runner, in order to promote the circular economy;</li> </ul>	<p>The Commission thanks the CoR for its substantial opinion to the Circular Economy Package.</p> <p>The proposals on waste are set to deliver greater and faster changes on the ground through measures creating positive synergies in the whole value-chain, linking product design, waste management and secondary materials markets.</p> <p>The recycling targets remain ambitious, while taking better into account the starting points of the Member States. For instance, the Commission proposes a 60% interim recycling target for 2025, which is important for re-focusing investments in the medium-term and for building a solid basis to reach higher recycling rates in the future. For 2030, next to a 65% recycling target, the proposal foresees a binding 10% reduction target and a review clause to increase the recycling target. The benefits from the proposed targets are significant as they are based on a new definition of municipal waste and on a stricter calculation method.</p> <p>The EU Action Plan for the Circular Economy also foresees a series of supportive measures and innovative approaches. Examples of the former: EUR 650 million is made available by</p>

	<p>Horizon 2020 to support transition by industry; for the latter, the Commission proposes to launch Innovation Deals, a new tool to address perceived legislative barriers to innovation.</p>
<p>– regrets that education and awareness-raising unfortunately do not feature in the action plan and calls on the European Commission to develop those aspects with the Member States, local and regional authorities and other partners;</p>	<p>The Commission agrees in principle with the Committee and considers that, under the subsidiarity principle it is the responsibility of Member States to further explore education aspects of circular economy.</p> <p>As far as awareness-raising is concerned, since the adoption of the package, the Commission has engaged in a targeted communication effort on circular economy and has focused many of its events in the past year on circular economy (Green Week, Eco-innovation Forum, EU Open Doors, etc.). Continued activity on social media has also contributed to raise awareness on the policy (chat with First Vice-President Timmermans and Commissioner Vella). Commission officials from a great variety of DGs and at all levels have also presented the package in countless conferences and bilateral meetings in the past year.</p> <p>It should also be noted that according to the Commission proposal for general requirements for extended producer responsibility schemes under the Waste Framework Directive, Member States shall take the necessary measures to ensure that the waste holders targeted by the extended producer responsibility schemes are informed about the available waste collection systems and the prevention of littering.</p>
<p>– stresses that a thorough revision of the ecodesign provisions is necessary and</p>	<p>The Commission does not plan a formal revision of the Ecodesign</p>

<p>that the setting of product- and sector-specific ecodesign requirements should be examined;</p>	<p>Directive at this stage but the more systematic integration of circular economy aspects, in particular durability, reparability and recyclability, in the preparation of implementing measures under the Ecodesign Directive. The scope of the Directive, which covers energy-related products, has an important potential to contribute to energy and resource savings through better product design. The Commission will also examine options and actions for a more coherent policy framework of the different strands of work of its product policy in their contribution to the circular economy.</p> <p>The Commission has decided that political ownership of ecodesign and energy labelling policy and its implementation needs to be reinforced throughout the preparatory process.</p> <p>To proceed with the implementation of Ecodesign measures included in the Circular Economy Action Plan, the Ecodesign Working Plan for 2016-2019 was adopted in November 2016.</p> <p>The Ecodesign Working Plan for 2016-2019 includes the following new products:</p> <ul style="list-style-type: none"> <li>- Building Automation and Control Systems;</li> <li>- electric kettles</li> <li>- hand dryers</li> <li>- lifts</li> <li>- solar panels and inverters</li> <li>- refrigerated containers</li> <li>- high pressure cleaners (energy labelling only).</li> </ul>
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<p>– calls on the European Commission and the Member States to tax the use of primary raw materials at a higher rate than the use of secondary raw materials, substances and components. The VAT Directive may need to be revised so as not to prevent differentiation in VAT rates to this end;</p>	<p>Primary raw materials will continue to play an important role in production processes, in the circular economy. The Action Plan encourages Member States to provide incentives and use economic instruments, such as taxation, to ensure that prices better reflect environmental costs of production and of accessing primary raw materials and to ensure coherence with the EU waste hierarchy. Whenever new economic instruments are foreseen, their application should be preceded by an assessment of their impacts on competitiveness and social welfare. A recent report by the European Environment Agency on "Environmental Taxation and EU Environmental Policies"<sup>1</sup> provides evidences on how Member States are doing this.</p> <p>Member States may make use of subsidies for recycled products as long as these do not violate the Community State aid rules or the rules of the single market.</p> <p>On 7 April 2016 the Commission adopted an Action Plan on VAT<sup>2</sup> where it outlines steps to achieve efficient and effective VAT system. A proposal for reforming the VAT rates regime will be presented in the 3<sup>rd</sup> quarter of 2017.</p>
<p>– calls with a view to future changes to the EU legal framework that entered into force in 2016 for the mandatory consideration of GPP in public procurement procedures if they are above the threshold for an EU-wide call for</p>	<p>Green Public Procurement (GPP) is mainly a voluntary policy at EU level. The reformed public procurement framework, which had to be transposed into national law by April 2016, leaves it up to the individual public authority</p>

<sup>1</sup> <http://www.eea.europa.eu/publications/environmental-taxation-and-eu-environmental-policies>.

<sup>2</sup> COM(2016) 148 final.

<p>tender, and for projects which are financed with public funds; GPP should be implemented as part of every EU funding programme and Directive 2014/24/EU be revised, so that sustainable, resource-efficient products and solutions are given preference, with mandatory justification if they are rejected.</p>	<p>to decide if they want to buy according to the lowest price or to take other elements into account. There are no plans at the moment to revise this new legislation.</p> <p>The Commission is supporting public authorities to include more environmental requirements in their tenders. To increase the uptake of GPP, the Commission has developed, amongst other activities, common GPP criteria for more than 20 products and services categories. For each product group, the Commission recommends core (“light green”) and comprehensive (“dark green”) criteria; the latter are defined to select the best environmental products available on the market.</p> <p>The Commission is also supporting capacity building of NGOs in order to reinforce their implication in GPP, and is looking into specific training materials in order to increase the uptake of GPP. Moreover, as mentioned in the CoR opinion, the Commission has recently published the 3rd edition of the Buying Green Handbook, which provides information on how to do GPP under the new public procurement rules (translated in all official languages).</p>
<p>– stresses that littering and plastic leaching must be given consideration in the strategy on plastics in the circular economy announced for 2017, including setting clear targets; and believes that a comprehensive assessment of the construction industry is essential, because of the scale of this sector's waste and its increasingly complex composition, and the lack of common objectives, indicators and data.</p>	<p>The Commission is preparing a Plastics Strategy for the end of 2017 and is making available a Roadmap for this deliverable that will allow the gathering of inputs from interested parties. The opinion of the CoR in this respect is taken into due consideration. The Plastic strategy would have three main policy objectives: (1) improving the economics, quality and uptake of plastic recycling and reuse; (2)</p>

	<p>reducing plastic leakage in the environment and (3). decoupling plastics production from fossil feedstock and reducing its life-cycle Greenhouse Gas (GHG) impacts</p>
<p>23. The CoR therefore recommends integrating EMAS much more firmly into other legislation and related enforcement than has been the case to date, as a voluntary tool for the reliable verification of supporting documents and data.</p>	<p>The Eco-Management and Audit Scheme (EMAS) is undergoing a REFIT exercise, the results of which will be published in 2017. The Commission welcomes the CoR support to EMAS as a reliable audit tool and takes note of its suggestion to enforce the scheme.</p>
<p>27. The CoR considers that the product environmental footprint (PEF) is a suitable approach to that end, but points out that considerable efforts are still needed to develop its methodology and also that the PEF can only effectively counteract the multitude of labels and the subsequent lack of transparency when it is universally binding. To that end, it must be easily manageable for producers without this compromising its informative value or verifiability and must also take into account their competitiveness and the principle of proportionality. The creation of a European mark to build up a clear and positive reputation, opening doors to the circular economy, would help in this regard. A strategy for the mark and how to communicate it is needed, together with a plan to put the strategy into practice including, for example, improvement programmes and Europe-wide advertising campaigns.</p>	<p>The Commission will assess the pilot phase of PEF in 2017 and based on the results will put forward options for the future of the methodology. As part of the Action Plan's deliverables, in 2018 the Commission will examine options and actions for a more coherent policy framework for the different strands of work on EU product policy in their contribution to the circular economy.</p>
<p>37. The CoR points out that, given the differences that exist between the EU's regions and Member States in achievement</p>	<p>The Commission facilitates exchange of best practices among Member States through a number of technical</p>

<p>of the targets laid down in current EU waste management legislation, it is very important to encourage cooperation and the dissemination of best practices in this area, so that the least performing Member States and regions can be helped to meet the ultimate goals; this applies especially to regions of low population density, island regions and the outermost regions, facing great population pressure and substantial distances to treatment facilities, given that in such areas, it is almost impossible to achieve the target of zero waste.</p>	<p>platforms and studies, e.g. on separate collection<sup>3</sup> and extended producer responsibility<sup>4</sup>. By means of targeted compliance promotion initiatives, the Commission, in cooperation with the Member States, has developed detailed country-specific analysis and recommendations<sup>5</sup>, including on the use of economic instruments and other incentives to improve waste management. In order to ensure better, timelier and more uniform implementation of EU waste legislation, the legislative proposals establish an early warning system to detect shortcomings and allow taking action ahead of the deadlines for meeting the targets.</p>
<p>43. The CoR takes the general view that quality standards must, when necessary, be established by the industries which use the raw materials, since only the manufacturers of products know what qualities the raw materials and substances they need for production must have. However, the CoR emphasises in this connection that the quality of the products, not their origin, must be the determining factor.</p>	<p>The Commission encourages industry to cooperate in the definition of voluntary instruments. In the context of the Action Plan, a voluntary industry-wide recycling protocol for Construction and Demolition (C&amp;D) waste was published in October 2016. Dissemination and communication actions on the protocol are being implemented from end of 2016 onwards in order to assist Member States, regional, local authorities and private practitioners in adopting it in their construction market.</p> <p>Where needed, quality standards for secondary raw materials, developed by</p>

<sup>3</sup> [http://ec.europa.eu/environment/waste/studies/pdf/Separate%20collection\\_Final%20Report.pdf](http://ec.europa.eu/environment/waste/studies/pdf/Separate%20collection_Final%20Report.pdf).

<sup>4</sup> [http://ec.europa.eu/environment/archives/waste/eu\\_guidance/pdf/Guidance%20on%20EPR%20-%20Final%20Report.pdf](http://ec.europa.eu/environment/archives/waste/eu_guidance/pdf/Guidance%20on%20EPR%20-%20Final%20Report.pdf).

<sup>5</sup> For compliance promotion on municipal waste see the following links: [http://ec.europa.eu/environment/waste/framework/support\\_implementation\\_1st\\_phase.htm](http://ec.europa.eu/environment/waste/framework/support_implementation_1st_phase.htm) and [http://ec.europa.eu/environment/waste/framework/support\\_implementation.htm](http://ec.europa.eu/environment/waste/framework/support_implementation.htm).

	<p>the European Standardisation Organisations, should take into account the circumstances of both users and producers of secondary raw materials with a view to enhancing the market for materials.</p>
<p>45. The CoR welcomes the Commission's aim to outline the points of intersection between chemical, product and waste legislation and takes the view that this should take place as swiftly as possible. The CoR stresses, in this regard, that replacing dangerous and toxic substances with safe alternatives which are available or still being developed, and the traceability of dangerous chemicals in the value chain and in material cycles, are essential for the circular economy to function smoothly.</p>	<p>For reasons of consistency with EU legislation on chemicals (REACH Article 55 in particular), the Commission suggests referring to 'hazardous substances of (very high) concern' which have been identified as a priority for substitution when referring to the issue of chemicals safety in Circular Economy.</p>
<p>51. The CoR takes the view that measures to prevent food waste along the value chain are not solely the concern of the Member States, LRAs and businesses, but that the European Commission and other EU institutions play a decisive role, as this subject is linked to other policy areas (e.g. hygiene regulations/consumer protection, trade standards, agricultural subsidies).</p>	<p>In August 2016 the Commission set up an EU Platform on Food Loss and Food Waste<sup>6</sup>, bringing together both public and private actors, in order to help all players define measures needed to achieve the food waste Sustainable Development Goal (SDG), facilitate inter-sector cooperation, and share best practice and results achieved.</p> <p>The Commission has already committed to set up a monitoring system for food waste along the food supply chain in close cooperation with Member States and stakeholders. The development of a methodology to measure food waste is one of the key deliverables on food waste envisaged in the Action Plan. The first outline of the methodology was discussed with the EU Platform on Food Loss and Food Waste at its first meeting</p>

<sup>6</sup> [http://ec.europa.eu/food/safety/food\\_waste/eu\\_actions/eu-platform\\_en](http://ec.europa.eu/food/safety/food_waste/eu_actions/eu-platform_en).

on 29 November 2016, and work will progress in 2017. The methodology will be utilised by Member States to fulfil reporting obligations related to food waste laid down in the Commission's legislative proposal to revise the Waste Framework Directive.

The Commission has also committed to clarify the interpretation of EU legislation related to waste, food and feed to facilitate the use of former foodstuffs and by-products from the food chain for feed production, without compromising food and feed safety, and to facilitate food donation. The Commission aims to adopt, by end of 2017, EU guidelines on food donation as well as a Commission recommendation providing guidance for the safe use of former foodstuffs as feed. The Commission will also implement a pilot project of the European Parliament on food redistribution which will support the use and outreach of the EU food donation guidelines, once adopted, and provide a basis for further developments in this area. The Commission will also examine ways to improve the understanding and use of date marking by all actors. In order to help inform its work, the Commission launched, in 2016, a new study to map date marking practices by food business operators and control authorities, with results expected by end of 2017.

The Common Agricultural Policy (CAP) support does not contribute to food waste. The majority of direct payments (about 90%) is decoupled from production and is not related to any particular production.

Furthermore, products bought into

	<p>public intervention or stored with the benefit of a storage aid must be stored in such a way that their quality is maintained. Without such measures, the products would not be harvested when prices are below costs of harvesting and therefore "wasted".</p> <p>In addition, the Rural Development policy provides already a set of measures which can be used for preventing and reducing food waste and food losses.</p>
<p>52. The CoR takes the view that a comprehensive assessment of the construction industry is essential because of the scale of this sector's waste and its increasingly complex composition. Ecodesign for building products in particular must take the whole life-cycle into account, and therefore must be used more for this category of products; although the interest in enhancing efficiency in the use of resources in the EU construction sector is unarguable, the differing national approaches, both public and private, increase the complexity of the working environment for all stakeholders. The lack of common objectives, indicators and data, together with the lack of mutual recognition of the different approaches could rapidly wipe out the progress achieved so far, and generate distortions on the internal market in the areas of planning, design, construction and manufacturing.</p>	<p>The Commission welcomes the attention given to C&amp;D waste. In the implementation of the Action Plan's deliverables linked to the construction and demolition sector, the Commission acknowledges the role played by Local and Regional Authorities (LRAs).</p> <p>To guide the industry and authorities at all levels, the Commission has prepared a voluntary industry-wide recycling protocol for C&amp;D waste. This Protocol fits within the Construction 2020 strategy, as well as the Communication on Resource Efficiency Opportunities in the Building Sector<sup>7</sup>. The Protocol includes best practices from across the EU to inspire both policy makers and practitioners. It includes definitions and a checklist for practitioners:</p> <ul style="list-style-type: none"> <li>a) improved waste identification, source separation and collection;</li> <li>b) improved waste logistics;</li> <li>c) improved waste processing;</li> <li>d) quality management;</li> </ul>

<sup>7</sup> COM(2014) 445 final.

	e) appropriate policy and framework conditions.
58. The CoR notes that the topics of pharmaceuticals and nanomaterials as waste or discharges into the environment are not in the Action Plan and must be addressed swiftly as further priorities by means of corresponding strategies.	With the Circular Economy Package, the Commission has committed to deliver a list of actions implementable during its mandate (until 2019). Although five key sectors have been identified, the majority of measures in the Action Plan are not sector specific. As such they can be taken up by businesses from all industrial sectors. Furthermore, the Commission does not prevent Member States and other institutions where relevant to develop further sectors and actions to support the transition to a circular economy.
61. The CoR notes that the European Structural and Investment Funds' operational programmes were already fixed before the action plan and that the investment measures necessary for the circular economy could not therefore be planned in such a way that they also make possible smaller projects to reduce waste; to set up networks for reuse, repair, and the shared economy; to test new processes to sort and treat waste; to build the capacities of SMEs; and to raise public awareness.	European Structural and Investments Funds are available along 11 Thematic Objectives. Several of these have a direct link to circular economy, including through investments in innovation, SMEs, energy efficiency, waste management and resource efficiency. For the period 2014-2020, up to EUR 150 billion could be invested from Cohesion Policy funds alone to circular economy themes, including for projects to reduce waste; to set up networks for reuse, repair, and the shared economy; to test new processes to sort and treat waste; to build the capacities of SMEs; and to raise public awareness, in accordance with adopted programmes.
64. The CoR invites the European Commission to provide regular progress reports on the state of implementation of the Action Plan to the Committee of the Regions, to regularly discuss with the Committee of the Regions the progress achieved and to explore the possibility of	For its first year of implementation, the Commission published a report on 26 January 2017.  To provide a regular progress report on the implementation of the Action Plan and to facilitate the exchange of views and of best practices among



<p>Outlook Opinion requests to the Committee of the Regions to enable it to contribute already to the policy preparation phase.</p>	<p>stakeholders, the Commission is setting up a Circular Economy Stakeholders Platform in 2017. The platform will include an annual event for state of play reporting and policy dialogue.</p>
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<p><b>N°2 Simplification of ESIF from the perspective of Local and Regional Authorities (own-initiative opinion)</b>  <b>CoR 2016/0008 - COTER-VI/012</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Petr OSVALD (CZ/PES)</b>  <b>DG REGIO – Commissioner CREȚU</b></p>	
Points of the CoR opinion considered essential	Commission position
<p>2. The CoR warns that the procedure for using ESIF is getting more complicated not just with every programming period, but virtually every year. The CoR therefore very much welcomes the initiative of the current Regional Development Commissioner, which underpinned the European Commission's efforts to seriously address simplification by not only setting up a high level group, but also inviting other partners to debate the issue. The CoR also points out that not only ESIF, but all financial programmes and EU policies, should be examined with a view to simplification.</p>	<p>The European Structural and Investment Funds (ESIF) Regulations for 2014-2020 introduced many simplification measures, such as more options for simplified costs, flat rates for net revenue generating projects, shorter period for retention of documents and proportional control arrangements limiting the number of controls. The "Omnibus" proposal<sup>8</sup>, which was adopted together with the Multiannual Financial Framework review, extends some of the options further, especially for the simplified costs options. The "Omnibus" proposal is based to a large extent on the recommendations of the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment (ESI) Funds (High Level Group (HLG)). It also takes into account other input from stakeholders. The opinions related to ESI Funds are also forwarded to the HLG, which then takes them into account in its recommendations.</p>
<p>4. The CoR notes that part of the simplification process has to be to focus on</p>	<p>The Commission recalls the importance of the multi-level governance as</p>

<sup>8</sup> Proposal for a regulation of the European Parliament and of the Council (2016/0282 (COD)).

making the fundamental idea and spirit of cohesion policy a reality – and this is regional policy. It observes that cohesion policy in its current form is gradually moving away from regional policy and increasingly dealing with issues at national level. This is apparent, for example, from the fact that individual partnership agreements are based on the National Reform Programmes. Moreover, Cohesion Policy is subject to a large number of conditionalities at national level, which cannot be influenced by local and regional authorities and other beneficiaries. Cohesion Policy is becoming increasingly complex and complicated, mostly due to the lack of trust among different political and administrative levels. This complexity, in turn, contributes to growing disparities in regions' development.

stipulated in Regulation (EU) 1303/2013 Article 5. The Partnership principle, as implemented for example in stakeholder consultations, monitoring committees and other ways of involving partners is considered key to creating commitment at local and regional level. Furthermore, as the regional or local authorities are responsible for specific cohesion policy areas, it is crucial that all those levels of governance are involved in the elaboration of the National Reform Programmes. This dialogue between national, regional and local government is essential to set priorities and achieve targets in order to make it a success.

While ex-ante conditionalities might require additional administrative efforts in the beginning of the programming period, they also ensure better conditions for project implementation. They have as their objective increasing the effectiveness of spending and therefore contribute to the focus on results. This should prevent problems, remove risks, increase project quality and facilitate their approval. When good project implementation is dependent on national conditions for which local and regional authorities, or other beneficiaries, are not directly responsible (e.g. proper implementation of environmental acquis or Public Procurement Directive), the commitment from Member States, accompanied by an action plan, should be considered as particularly useful to ensure timely implementation of the required actions.

8. The CoR recommends that simplification should be approached systematically, and therefore feels that it

The Commission agrees that far-reaching legislative changes should be avoided at this stage. Nevertheless, the

<p>would make sense to come up with a methodology for it, along with indicators to measure implementation and success. A distinction needs to be made, therefore, between two kinds of results: those where the insights and proposed solutions can be implemented immediately, and those that will be used in the next programming period. For the current programming period, given the ongoing implementation of operational programmes, far-reaching legislative changes are not realistic in the interest of legal certainty. Nevertheless, immediate actions should be envisaged through changes in implementation practices and non-legal requirements, better cooperation and more effective guidance as well as minor adjustments to the legislative framework of cohesion policy and related legislation. The simplification process should also be structured – according to fields (transport, environment, etc.), funds and the target areas within them (ERDF, ESF, etc.), level (national, regional, urban, local and borough), and the stakeholders involved (public, private, NGOs, etc.). As part of this process, it is necessary to identify the links and impacts both within this structure and outside it and to focus on the simplification of interinstitutional relations between the different levels involved in implementation;</p>	<p>"Omnibus" proposals include a wide range of simplification measures which can be effectively used already in the current period. They largely build on existing provisions and have the aim of extending, enhancing or clarifying those provisions. The Commission services have also responded to the non-legislative recommendations from the HLG and take them into account, as well as other proposals coming from the REFIT process or via different channels, providing clarification on the issues raised by authorities in the context of the ESIF expert group, as well as promoting best practices during monitoring committees, annual review meetings and in other fora.</p>
<p>16. The CoR suggests that some already existing institution or body could be entrusted with the authority and role of an ombudsman for ESIF, which beneficiaries could turn to as a last resort; due to the complex nature of the system, many beneficiaries, despite making an effort to deliver projects so they have the greatest possible impact, find themselves, paradoxically, in difficult situations that</p>	<p>The Commission considers that at this stage, introducing another layer at EU or national level could be counterproductive and further complicate the system. This issue has been extensively discussed by the HLG in the context of audit and based on this discussion, it is clear that the situation depends on the way management and control systems</p>

<p>are not only devastating for them in economical and non-material terms, but also do much to foster the dim view the public has of ESIF and of the EU as such. This institution should not be geared solely to communications with DG REGIO, but particularly on addressing ESIF matters across the whole of the European Commission and other EU bodies. Such an institution is missing at EU level, although a raft of other DGs and other bodies get involved in the ESIF issue. It would also make sense for similar institutions to be established in Member States which do not already have them.</p>	<p>function in a given Member State or region. Moreover, the European Ombudsman already has competence for examining cases relating to ESIF and there are a number of examples where she has indeed investigated complaints. It would therefore be a duplication to create an additional ombudsman just for ESIF.</p> <p>Based on best practices, the Commission considers that current rules can be used effectively to prevent the problem described. Good-quality management checks, preventive involvement of audit authorities and then structured dialogue, with a properly applied contradictory procedure within the audit context, are some of the factors which prove to be effective in addressing the inevitable concerns of some beneficiaries. The Commission will encourage closer cooperation of managing and audit authorities and more effective functioning of the national systems based on best practices. At EU level, the regular Structured Dialogue and the ESIF Expert Group already provide a place for raising issues which are of a more horizontal nature.</p>
<p>17. The CoR stresses once more that it is essential to avoid retroactive findings. Current rulings and changes to procedures or guidelines should not be applied retroactively to other projects, even incomplete projects that are at an advanced stage of implementation. The prevention of retroactivity is a measure that can be</p>	<p>There is no intention to apply any provisions retroactively, except for situations where the new rules are to the benefit of the beneficiary. The concern seems to stem from the CoR's interpretation of provisions included in Article 27(2) of Delegated Regulation 480/2014<sup>9</sup>. In fact, the only aim of this</p>

<sup>9</sup> Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the

<p>applied quickly and that will reinforce legal security for beneficiaries.</p>	<p>provision is to protect beneficiaries from being audited on long-term objectives which come to fruition at a later stage, underlining that the checks on the functionality, use and objectives of a given project are not conducted if the project has not yet been completed.</p>
<p>20. The CoR proposes that examples of good practice be transferred from countries and programmes that in the past had negligible or low error rates. At the same time, care needs to be taken that the conditions are the same for all countries (even though national legislations differ). At present, different territorial units often have diametrically opposing approaches. Situations arise, in fact, where what is considered a correct and routine approach in one country is seen in another as seriously flawed. This does not change the fact, of course, that administrative burdens should take into account the size of projects, the amount of aid and the quality of the implementation system.</p>	<p>Member States are already required to specify simplification measures in their operational programmes. The implementation of these measures is now being monitored by the monitoring committees. The Commission will follow up and identify the most successful measures, share them with other authorities and take them into account in the context of the preparation for the next financial perspective.</p>
<p>23. As was demonstrated in the workshop on simplification, even though procurement works without any problems in some Member States, representatives of a number of countries currently consider procurement to be one of the most fundamental problems of implementation. The CoR therefore considers that there should be clear EU-wide rules for public procurement under ESIF which would take precedence over national legislation in this area. These are mostly EU and not national resources and therefore calls for tender should be governed by EU-wide and not national rules. In addition to this, the</p>	<p>The directives on public procurement, as all directives, cannot be applied directly in Member States and need to be transposed into national legislation. It would therefore not be possible for calls for tender in the framework of ESIF to be governed by EU-wide and not national rules. Moreover, the main objective of the new directives was precisely to provide for more simple and flexible procedures, allowing Member States to choose the options that are a better fit to their national specificities, for instance :</p> <ul style="list-style-type: none"> <li>- broadening of the existing negotiation</li> </ul>

<p>procedures for public tenders should help to deliver the most effective end product and, to achieve this, provide the various types of tender with an element of flexibility, instead of hamstringing the contracting authority and the applicant in a purely formal way in various binding, standardised procedures and processes. Among other things, the value threshold for publication on the public procurement portal and in the Official Journal of the EU should be raised.</p>	<p>possibilities;</p> <ul style="list-style-type: none"> <li>- the extension and generalisation of electronic communication in public procurement;</li> <li>- clearer scope: abolition of distinction between A/B with residual category “other services”, rules on public-public;</li> <li>- a new simplified regime is put in place for social and some other services (specific higher threshold of EUR 750 000 and only ex-ante and ex-post publicity obligations);</li> <li>- shortened deadlines;</li> <li>- reduction of red tape through the introduction of the European Single Procurement Document (ESPD) and e-Certis.</li> </ul>
<p>24. As was demonstrated in the workshop on simplification, even though procurement works without any problems in some Member States, representatives of a number of countries warn that the current system is so complicated and risky that smaller contracting authorities are not in a position to draft public tenders themselves and have to use the services of external specialist companies, though this does not exonerate them from responsibility for possible errors. This has created a whole new industry. The paradox is that in some instances selecting a company to draft the call for tenders itself requires a call for tender.</p>	<p>The Commission is aware of the challenges described, especially for smaller contracting authorities. The Commission pays therefore specific attention to ensure that the administrative capacity of contracting authorities is strengthened in this area. Several Member States have found different solutions for these challenges, like for example the establishment of central purchasing bodies who procure on behalf of a larger group of contracting authorities and where know-how and expertise on public procurement is concentrated. The Commission sees it as its role to develop further the exchange of best practices applied within the European Union.</p>
<p>25. As was demonstrated in the workshop on simplification, even though procurement works without any problems</p>	<p>The Commission has been working in recent years to address the source of the main errors on public procurement</p>

in some Member States, representatives of a number of countries warn that most errors in public procurement are genuine mistakes resulting from complex rules. As a result, project promoters are frustrated by ex-post audits, which often arrive at a late stage in proceedings, when fixing mistakes is no longer possible and when they do not even have the possibility to ask for a provisional binding ruling. The CoR therefore suggests that audit opinions and other control procedures for public procurement should be performed primarily ex-ante in order to anticipate errors, which are very frequent in this area in particular, and thus reduce the number of financial corrections.

through an Action Plan, with participation of the most concerned services under the lead of DG REGIO. The idea is to help national authorities and in particular the practitioners on the different phases of the tendering to avoid the most common errors. A good example is the practical guide developed by the Commission for practitioners managing the ESIF funds on how to avoid the most common errors in public procurement, which is in high demand and translated in all EU languages. The Member States are recommended to put in place strong ex-ante control mechanisms to detect the problems at an early stage of the process. The audit activity should be primarily carried out ex-post to confirm the legality and regularity of the expenditure. However, auditors (at EU and national level) also take part in capacity building activities to reduce the risk of later audit findings. Public procurement continues to be an area of concern but the latest information from the Court of Auditors' annual report (DAS 2015) indicates a good trend in reduction of errors on public procurement.

26. It should also be noted that legislation for the process of assigning contracts focuses on the contracting authority, which is also sanctioned and persecuted for the slightest error, whereas much of the harmful interference in the results of public procurement takes place on the basis of agreements between tenderers. In areas and segments in which the market is overwhelmingly monopolised, the current public procurement system often does not fulfil its purpose and can even be counterproductive. This is why it would be

It is not clear how a complete reassessment of the philosophy of the entire EU public procurement legislation would allow the prevention effectively of the occurrence of monopolies.

The new EU directives on public procurement and concessions introduced explicit provisions on the exclusions of economic operators from public procurement procedures in case they are involved in collusive practices.



<p>wise to reflect on the system as a whole and consider completely reassessing the philosophy of the entire system. This is especially the case in smaller countries where the monopolisation of the market is much more pronounced.</p>	<p>The new directives should have been transposed in April 2016; however, only 12 Member States have fully transposed them. Furthermore, the Commission services are currently exploring the possibility of designing a policy to increase awareness and preventive mechanisms to fight collusion in public procurement.</p> <p>It should also be emphasised that the EU legislation on public procurement has just been revised in 2014. It would not be in line with the Better Regulation requirements, to which all European Institutions signed up, to engage in a further revision until a thorough evaluation of the implementation of the current new directives is completed.</p>
<p>27. It is important that the recently released Guidance for Procurement for ESIF (Guide on public procurement) is urgently reviewed as it refers to the old directives and not to the new Procurement Directives that were approved in 2014 and which entered into force earlier in 2016. In that respect it is essential that input into the new Guidelines is subject to a proper Territorial Impact Assessment that enables direct input from local and regional experts.</p>	<p>The Commission has already started working on the update of the Guidance. It recognises the need to update the Guidance for practitioners in order to avoid the most common errors in public procurement regarding projects funded by the ESI Funds in view of the new public procurement directives.</p> <p>However, as the released version of the Guidance has derived from extensive knowledge on the most common mistakes made in practical application of the previous public procurement directives, it will be more challenging to update the document with experiences from the ground, as experiences with the application of the new public procurement directives are still limited.</p>
<p>28. The question of State aid has become much more complicated over the years and, despite a partial improvement in some</p>	<p>The State aid modernisation package provided for significant simplification and clarification of State aid rules. The</p>

<p>programmes recently, the situation remains very complicated for beneficiaries and managing authorities. As we speak, there is no clear, comprehensible interpretation of State aid, with judgements everywhere being based solely on applications and findings. The national authorities tasked with interpretation often have diametrically opposed views and are usually unwilling to issue clear-cut and binding opinions. In a number of countries these authorities are not part of the ESIF implementation system, and no clear accountability attaches to their opinions. It would therefore be advisable to incorporate national authorities into implementation structures (in cases where they are not yet incorporated) and oblige them to issue unambiguous statements. Moreover, in some cases, paradoxically, operators in the private sector tend to be in a better position than those in the public sector, with a number of guidelines, regulations and measures they are not required to follow. Although it is much rarer for public bodies to act as competitive economic players and their activities are not carried out with the aim of making a profit, they must undergo the same processes as private bodies.</p>	<p>scope of the General Block Exemption Regulation (GBER) was extended very significantly in 2014. As a result the GBER now covers the vast majority of State aid measures co-financed by ESIF (up to 90%). The implication is that these measures do no longer need to be notified to and approved by the Commission. A further extension of the GBER is in preparation and will likely be adopted in the first half of 2017. In addition, the Commission adopted since 2014 new guidelines clarifying State aid rules in almost all policy areas relevant for ESIF programmes (regional aid, research, development and innovation (RDI), environment, energy, broadband, airports, etc.). Furthermore, in 2016, the Commission adopted the Communication on the Notion of Aid<sup>10</sup>, clarifying in a transparent manner the scope of State aid rules, especially in the area of infrastructure development. Finally, the European Commission has adopted a pro-active and preventive approach by setting up the common DG REGIO – DG COMP action plan. Its aim is to strengthen the administrations of Member States dealing with ESI Funds in order to comply upstream with the new rules. This action plan is part of a concerted effort of the Commission services to improve the administrative capacity of ESIF public procurement in the field of State aid.</p>
<p>29. There is also another important inconsistency in the application of State aid rules. While programmes managed centrally by the European Commission</p>	<p>According to State aid rules, ESI Funds are considered a State resource, given that their use is at the discretion of national authorities. In case the</p>

<sup>10</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016XC0719\(05\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016XC0719(05)).

<p>(such as Horizon 2020, CEF and the European Fund for Strategic Investment) are exempt from State aid procedures, funding under the EU's Cohesion Policy is not exempt. In terms of State aid, then, projects are not in practice judged on their merits but according to whether it is the Commission or the Member State that grants the funds and the source of their funding.</p>	<p>measures co-financed by ESIF resources also meet the other conditions set out in Article 107(1) TFEU (selectivity, advantage, effect on competition and trade between Member States), their use falls within the scope of State aid rules.</p>
<p>30. In this context, the CoR wishes to point out that the basic purpose of Cohesion Policy is to ensure equal conditions for less developed regions – by providing more funding and a higher rate of co-financing from the EU. It is therefore possible to view Cohesion Policy as deliberate market distortion. This is why the CoR believes that the procedures that apply to State aid should not in any way apply to ESIF.</p>	<p>As mentioned above, ESIF resources are regarded as State resources. As a result, they fall within the scope of State aid rules, provided the other conditions of Article 107(1) are met. This point has been confirmed by the European Court of Justice, a point also taken up in the Communication on the Notion of Aid adopted in 2016.</p> <p>The fact that Member States decide on the allocation of ESIF resources to individual aid measures also means that there is at least a potential threat to competition in the internal market and even to economic and social cohesion. In this context, it is important to keep in mind that the Commission receives a significant number of complaints from individual companies and business associations about unfair competition from companies in other Member States that receive State aid co-financed by the ESIF.</p> <p>The objective of State aid rules is to safeguard the integrity of the internal market and to ensure that aid granted in the EU (whether from ESIF moneys or national moneys) does not distort competition to an extent that is incompatible with the common market. Moreover, the Commission's State aid framework has been set up with due</p>

	<p>regard to the economic and social cohesion objective. The most obvious example is the framework for regional aid which is restrictive towards aid in the most developed regions, but accepts more generous levels of aid in the less developed regions. Similar cohesion bonuses are available in other State aid areas.</p> <p>The Commission is of the view that its State aid framework provides an important contribution to the objective of economic and social cohesion in that it restrains subsidy races between Member States and regions, races in which the weaker regions are most likely to lose out as their public finance situation is often more precarious than that of the more wealthy Member States.</p>
<p>31. Particular attention should be paid to the application of State aid under European Territorial Cooperation programmes. Generally speaking, the effort needed to comply with State aid rules is disproportionate to the risk of distortion of competition. Moreover, State aid is often subject to different interpretations in different Member States and it is therefore not possible to apply these rules with adequate legal certainty, which often makes it quite impossible to carry out high-quality projects. One measure that could be implemented quickly in order to simplify ESIF would be to remove European Territorial Cooperation from the area of application of State aid rules, as is the case for the Horizon 2020 programme, for example.</p>	<p>The Commission has inserted special provisions in for example the GBER and the Regional aid Guidelines to facilitate the granting of aid under European Territorial Cooperation programmes. Most projects do not require an ex-State aid notification to the Commission but can be implemented immediately.</p> <p>In addition, it has provided a very flexible interpretation to the application of the De Minimis rules to European Territorial Cooperation (ETC) projects (if three different Member States are involved in an ETC project, a company can receive De Minimis aid from each of the three participating Member States).</p>
<p>32. There is also an issue of clarity and proportionality. Given the small scale of</p>	<p>As highlighted under paragraph 28, the Commission services adopted a</p>

<p>some projects, particularly at local level, it is important that the framework of exemptions from State aid rules is made clearer. At the moment there is often confusion over when and how the De Minimis, Service of General Interest, General Block Exemption and Regional State aid Guidelines operate. The CoR calls for a better, user-friendly consolidated guidance to be developed already during this programming period and calls for the forthcoming revision of the State aid rules to improve and simplify the existing framework.</p>	<p>common action plan in order to help ESIF authorities and beneficiaries to improve their understanding of applicable State aid rules. Consequently, a number of targeted actions such as country State aid seminars, thematic State aid seminars, and training sessions for ESIF practitioners or peer to peer exchanges are a part of this concerted effort of the Commission services<sup>11</sup>.</p>
<p>34. Lack of consistency in audit methodologies at national and European level is perhaps the biggest challenge for the ESIF implementation process. Managing authorities and different European and national audit authorities frequently arrive at different interpretations of the same rules, while at the same time they are not in any way liable for the audits that are carried out. ESIF projects should be subject to a single audit system (a one-stop shop) at Member State and EU level that will issue a binding opinion - including on public procurement - and be accountable for it. The final beneficiary themselves should also have the right to request audits so that they can be sure that implementation has been carried out properly and no danger looms in the future – or so that he can make corrections. This also requires a more flexible approach to data sharing and integrated IT solutions such as electronic forms and databases as a precondition to developing a one-stop shop that reduces the form filling burden for</p>	<p><i>Reply to §34, 35 and 38</i></p> <p>The audit authorities use random statistical samples in order to be able to draw up general conclusions on the basis of a very limited ex-post audit work. As an example, in 2015, the audit authorities audited around 7 500 European Regional Development Fund (ERDF) operations representing less than the 3% of operations, with expenditure certified in 2016 to the Commission. Therefore, a beneficiary cannot know whether an audit will take place on his project and when it will take place. The requested assurance for him should be provided by the managing authority through their management verifications. Regulation 2014-2020 foresees already proportional control arrangement to reduce the administrative burden for the beneficiary. It is still too early to assess the implementation of this provision and its contribution to the</p>

<sup>11</sup>More information about these activities can be found at: [http://ec.europa.eu/regional\\_policy/en/policy/how/improving-investment/state-aid/](http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/state-aid/).

beneficiaries and managing authorities. Making a "user-friendly" electronic system standard practice will minimise the documents to be scanned and downloaded. Priority should therefore be given to IT applications that enable the beneficiary's administrative records to be retrieved directly from the source (such as employees, turnover, fulfilment of tax and social obligations). However, this requires a prior risk assessment on what and which data can be shared and also requires the involvement of the Commission, national and regional audit bodies as well as the European Court of Auditors from the outset, perhaps developing a common Audit Vademecum, to avoid audit issues further down the line. As things stand, auditing is seen as a punitive enforcement measure. As a rule, audits only address the administration of the project and compliance with the procedures laid down and any deviation is severely punished, even if carried out to improve the effectiveness of the project, due to unforeseeable circumstances, or to save money. The CoR therefore proposes that auditors focus on the real cost efficiency and take into consideration the financial seriousness of the mistake and the particular situation (more proportionality in audits). Proportionality should be added to the inspections and compliance rules by enabling higher tolerance levels to minor infractions. We should move towards a more proportionate (with less on-the-spot checks for better performing programmes or delivery bodies) and an outcome-based approach to inspections (so that more than one type of inspection can be carried out on a single visit, something which is particularly important for multi-fund programmes and operations), as well as a

simplification purposes, but the Commission believes it will be positive for beneficiaries.

More generally, the Commission believes that significant improvements have been achieved in recent years. The Commission provided the audit authorities with specific guidance and audit methodology. In particular in the case of risky areas like public procurement and State aid, the Commission shared with the audit authorities their checklists to ensure consistency. These exchanges give reasonable assurance on the consistency across the different programmes and Member States. Still, the auditors need to use their professional judgement to draw up their audit conclusions. Therefore, the request to develop an Audit Vademecum should be considered as already implemented. In the programming period 2014-2020, there is a clear focus on results and the audits will also contribute by providing assurance on the reliability of the data provided to support performance. However, it is still very important to confirm the legality and regularity of the expenditure to be supported by EU budget.

The Commission agrees that the audit work should follow the principle of proportionality. Already now the Commission audits are selected through a risk assessment, a differentiated approach and in accordance with the single audit principle. The main audit activity of the Commission audit services is to confirm the reliability of the audit authorities.

more proportionate audit focusing less on penalties and more on improvement and in ensuring the broader outcomes of Cohesion Policy. The auditor should be looked upon as a partner in solving problems and searching for the most effective way to identify and rectify mistakes. This requires a very different attitude from auditors.

35. Administrative and audit authorities should work hand in hand from the programming phase until the conclusion of programmes, as this is the only way to prevent different interpretations of the same rules. A common control system or a common understanding of the control system we should be aiming at should prevent the same operation being audited several times, since different audit authorities should, as a rule, build on and complement each other's opinions. In this context, the CoR proposes extending the scope of the proportional control mechanism described in Article 148 of Regulation (EU) No 1303/2013, by applying it not only to the audit authority and the Commission, but also to all types of audit, including those carried out by the managing and certification authorities and the European Court of Auditors. More generally, greater emphasis should be placed on subsidiarity in the audit. The Community audit should be confined to compliance with ESIF rules. The Member State and its managing authorities should assume responsibility for checking compliance with national legislation (including laws derived from European legislation). This subsidiarity in audit activities should be conditional upon the establishment of a contract of confidence between the Commission and each

At Member State level, there should be a clear procedure for appeals and all audits should be subject to an adequate contradictory procedure with the auditees, to make sure that all arguments are taken into account when issuing the final audit report. The Commission expects to receive a final opinion from the audit authority after going through the contradictory procedure where all arguments should be heard and analysed.

Member State.	
<p>38. Although there are some states in which appeal systems work without serious problems, in certain other states these systems, even though they were established on the basis of Article 74(3) of Regulation (EU) No 1303/2013, differ widely and do not always fulfil their role from the point of view of the beneficiary. A single, understandable and rapid appeal system should thus be put in place both at Member State level (where this does not exist) and at EU level. This system should apply not only to audit findings, but to decisions at all levels and in all areas (such as State aid).</p>	
<p>46. The CoR sees the use of financial instruments as an important element to increase the leverage effect of ESIF programmes and to combine ESIF and EFSI funding. There is however an urgent need for simplifying the set-up, the reporting requirements and the audit rules for financial instruments under ESIF as it was recently stated at the joint workshop with the Slovak Presidency of the Council<sup>12</sup> on the matter.</p>	<p>Once the European Fund for Strategic Investments (EFSI) came into force, it was important to ensure proper synergies between ESI Funds and EFSI. Direct combination of ESI Funds and EFSI is already possible and can take place at project level or at the level of an investment platform, whether national, regional or sectorial as explained in the brochure on complementarities between ESI Funds and EFSI published in February 2016 by the Commission.</p> <p>The combination of ESIF and EFSI support can add value for both: EFSI support may bring increased volume for ESIF support and ESIF support may allow EFSI to take higher risks and thus to attract more private investors. This is particularly relevant in certain countries or sectors (e.g.</p>

<sup>12</sup> Following the conclusions of the General Affairs Council of 18 November 2015, the CoR organised with the Dutch and Slovak Council Presidencies three workshops on simplifying Cohesion Policy Further information can be found here: <http://cor.europa.eu/en/takepart/Pages/simplification-documents.aspx>.



	<p>Research &amp; Innovation, Digital Economy, Energy Union, Transport or Ecosystem Services) where the associated risks would make it unlikely that EFSI support could go ahead on its own.</p> <p>In order to facilitate this combination, the Commission proposed, in the recently published Omnibus Regulation, provisions to facilitate further the combination of ESIF and EFSI as well as the implementation of the ESIF financial instruments more generally, such as:</p> <ul style="list-style-type: none"> <li>- possibility for direct award of contracts for Financial Instruments (FI) implementation to publicly owned banks or institutions meeting certain criteria;</li> <li>- possibility for the ex-ante assessment to take into account the ex-ante evaluation for EU-level instruments carried out under the FR;</li> <li>- clarifying the concept and rules applicable to differentiated treatment of investors;</li> <li>- financing negative interest from reflows if such occurs despite active treasury management;</li> <li>- workable procedure for audit of the European Investment Bank (EIB) and international financial institutions when they manage financial instruments at EU level or on behalf of managing authorities.</li> </ul>
<p>47. The CoR recommends that the European Commission examines why the off-the-shelf instruments for financial instruments so far are not being used in most Member States.</p>	<p>Based on the questions received and the fi-compass seminars held in the Member States, the Commission's understanding is that off-the-shelf instruments were used as an inspiration</p>

	<p>for the set-up of their financial instruments, but that some conditions were changed by Managing authorities in order to align the instruments with the programmes. As regards the off-the-shelf instrument for equity, the standard form and conditions are used by some Member States.</p>
<p>49. The CoR takes note of the recently published Omnibus Regulation<sup>13</sup> which also includes changes to the ESIF regulations particularly with regard to simplifying the use of financial instruments and simplified cost options in ESIF programmes. The CoR:</p> <ul style="list-style-type: none"> <li>– points out that this opinion cannot provide a full assessment of the changes proposed in the Omnibus Regulation and the positive impacts they might have on beneficiaries and the local and regional authorities implementing the ESIF funds;</li> <li>– underlines the need to analyse such effects and to ensure that the final beneficiaries and public authorities implementing the funds at local and regional level will benefit from real simplification and not suffer from further complications of the current situation;</li> <li>– states that the Omnibus Regulation cannot be considered in isolation, but must be analysed and assessed in relation to its effects with other EU policies and national laws, which can have an important influence on the success of the actual effect of its implantation on the ground; the CoR pleads for a speedy adoption process of</li> </ul>	<p>The Commission highlights that Member States in Council have received the changes proposed in the Omnibus Regulation, and discussions are advancing well. The discussions in the European Parliament are also starting.</p> <p>The proposals were based on stakeholders' feedback and implementation experience to date as communicated to the Commission through various channels, including fi-compass seminars, discussions with managing authorities and financial intermediaries directly involved in the management of financial instruments, and events such as the workshop on simplification co-organised by the Committee of the Regions and the Slovak Presidency on 20 September 2016.</p> <p>The Commission agrees that the changes proposed are well awaited by all the stakeholders and with the importance of ensuring speedy adoption, underlining in this context its continued availability and determination to support the co-legislators in making these changes effective on the ground as soon as possible.</p>

<sup>13</sup> Regulation of the European Parliament and of the Council, COM(2016) 605 final 2016/0282 (COD).

<p>the changes proposed in the Omnibus Regulation to ensure an immediate effect in the current funding period for a better implementation of the ESIF programmes.</p>	
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<p><b>N°3    Review of the European Neighbourhood Policy</b>  <b>JOIN(2015) 50 final – CoR 2016/0982 – CIVEX-VI/011</b>  <b>119<sup>th</sup> Plenary Session – October 2016</b>  <b>Rapporteur: Ms Anne QUART (DE/PES)</b>  <b>DG NEAR – High Representative/Vice-President MOGHERINI</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>The CoR calls for the involvement of LRAs and their associations in every phase of the implementing of the ENP – from programming to democratic control – considering that they should take part in the work of the Association Committees and Association Councils and be given permanent observer status.</p>	<p>The Joint Communication on the Review of the European Neighbourhood Policy<sup>14</sup> states clearly that the EU should take measures towards "strengthening democratic and independent institutions; developing local and regional authorities; depoliticising the civil service; developing eGovernment and increasing institutional transparency and accountability". The EU strongly supports the increased involvement of the CoR and Local and Regional Authorities (LRAs) in this. However, on the specific point on involving LRAs in Association Committees and Association Councils, there is no provision for observers at such meetings. To have observers would require changing the individual procedures of each Council and Committee with the agreement of all parties concerned.</p>
<p>The CoR favours a significant expansion of the Technical Assistance and Information Exchange (TAIEX) instrument, as well as of the Twinning Programme, asking the Commission to provide not only political but also financially adequate support for activities led by the CoR and developed through ARLEM, CORLEAP and the Ukraine Task Force.</p>	<p>TAIEX and Twinning remain key tools for assistance in the neighbourhood region and are being recast to focus more on the strategic needs of partner countries. These tools will continue to focus on capacity building in: central public administrations; judiciary and law enforcement agencies; parliaments and legislative councils and amongst</p>

<sup>14</sup> JOIN(2015) 50 final.

	<p>social partners, trade unions and employers' associations.</p> <p>The Commission remains committed to support local authorities, and stands ready to support awareness-raising, exchanging experience and best practice among local and regional administrations and with Member States via individual tailor-made expert missions and/or workshops in European Neighbourhood Policy (ENP) countries. It is open to civil servants and public institutions.</p> <p>Such support should be channelled through central authorities. The relevant departments should therefore contact and work with their central line ministry to submit a joint request for TAIEX assistance in cases where the necessary technical expertise is not available within the national, regional or other local government.</p>
<p>The CoR calls on the Commission to consider the possibility of bringing back the Local Administration Facility (LAF) used by the accession countries and broadening the scope of its use to the ENP countries with stricter reimbursement rules requiring more specific and more sustainable projects.</p>	<p>The LAF was operational from 2011 to 2015. A total of EUR 2 million was allocated to the Programme through the Instrument for Pre-Accession Assistance (IPA I) during this period, and these funds were expended by the middle of 2015. The decision to discontinue LAF was taken after a review of the support provided via this facility. The possibility to tackle specific issues via TAIEX standards remains available.</p> <p>The EU strongly supports the work of LRAs in the neighbourhood and enables them to apply for project work through the Development Cooperation Instrument (DCI) Thematic Programme for 'Civil Society Organisations and Local Authorities'. Recent Partnership Priorities for Jordan and Lebanon reemphasise the essential role for LRAs</p>

	<p>in EU/partner country relations. LRAs are also key actors in the cross-border cooperation programmes under the European Neighbourhood Instrument (ENI).</p>
<p>The CoR calls for LRAs in both the EU and the ENP countries to be given support as a matter of priority in providing refugees with adequate basic services instead of externalising refugees to third countries, and in the longer term in efforts involving those people to achieve sustainable social and economic development for their municipalities and regions of origin; the CoR points out that refugees coming from the neighbourhood countries to Europe could in future be a bridge between the EU and its neighbours.</p>	<p>The Commission is strongly committed to providing support to neighbourhood countries affected by refugee movements. The recent Compacts with Lebanon and Jordan are aimed at enabling the governments and societies of those countries to help provide education and employment for refugees and displaced persons from Syria, with a firm emphasis on the key role that LRAs and municipalities play in this regard.</p>

<p><b>N°4 State Aid and Services of General Economic Interest (own-initiative opinion)</b>  <b>CoR 2016/1460 – ECON-VI/013</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Markus TÖNS (DE/PES)</b>  <b>DG COMP – Commissioner VESTAGER</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>2. EU State aid rules should not be limited (...) to competition principles, but must be fully consistent with the broad discretion granted by the Treaties to the Member States in determining what represents an SGEI, as well as the principles of local and regional self-government, economic, social and territorial cohesion, and neutrality as regards ownership in the Member States.</p>	<p>The Commission recalls that Member States can organise their public systems as they see fit, be it as economic or as non-economic activities. EU State aid rules only apply if the delivery of public services is organised as an economic activity. In that case, EU State aid rules create a level playing field between economic providers of public services. The rules are no goal in themselves, but a means to secure this level playing field.</p> <p>Member States also have discretion to define their Services of General Economic Interest (SGEIs). SGEIs can reflect national or local specificities, as long as they are set up in the "general" interest, and thus the interest of society. The Commission checks for "manifest errors" in the definition of SGEIs.</p> <p>Even if Member States organise their public systems as an economic activity, State aid may not be present. For instance, there may be no advantage or a lack of an effect on trade between Member States.</p> <p>Finally, even if State aid is present, the 2012 SGEI Package has safeguards for a balanced and proportionate approach to SGEIs:</p> <p>(1) financing under EUR 500 000 over three years may fall under the <i>de minimis</i> Regulation (meaning that the measure is not subject to the disciplines under State aid rules);</p> <p>(2) aid entailing a limited distortion of competition and trade is exempted from the</p>

	<p>notification obligation, with no thresholds for important social services (2012 SGEI Decision);</p> <p>(3) only aid with a significant impact on competition and trade has to be notified (2012 SGEI Framework).</p>
<p>4. (and 2). SGEIs must also be seen from the perspective of the EU investment agenda (...).The CoR therefore calls for more consideration as to how to support SGEIs using EU aid (...), for instance looking at whether the application of the State aid rules should be further simplified, perhaps through the introduction of a presumption – linked to simple criteria such as consistency with adopted operational programmes – that ESIF funding is compatible with State aid. The unequal treatment of directly managed EU funds such as EFSI, Horizon 2020 and the ESIF in the field of State aid is unjustified, increases administration and impedes synergies between the funds, which the European Commission itself is also pursuing.</p>	<p>The Commission recognises that the European Structural and Investment Funds (ESIF) is an important tool for improving cohesion in the EU.</p> <p>In many situations, cohesion policy goals can be pursued without State aid to firms. If State aid to firms is given, the purpose of the State aid rules is to ensure a level playing field in the internal market.</p> <p>Starting from the 2014 State Aid Modernisation package, the Commission took several measures to simplify the State aid assessment of ESIF funding:</p> <p>(1) The Commission clarified that in many situations ESI Funds fall entirely outside the scope of State aid rules as they do not constitute State aid in the meaning of the Treaty. The Commission clarified this in the Notice on the Notion of State Aid that it adopted in 2016.</p> <p>(2) Insofar as the ESI Funds constitute State aid, the General Block Exemption Regulation (the "GBER") of 2014 expanded the categories of State aid which does not have to be notified to the Commission. The GBER now covers nearly 90% of all State aid.</p> <p>(3) An ongoing targeted revision of the GBER will consider exempting further categories of State aid for infrastructure (airports and ports) from notification. The revised GBER will consider including simplified rules on costs that are eligible for State aid, aligning them closely with</p>



	<p>existing ESI Fund rules.</p> <p>(4) To ease the burden for Member State authorities in those limited situations where State aid for cohesion must still be notified, DG REGIO and DG COMP aligned State aid control and cohesion policy procedures. State aid considerations are now fully integrated into the ESI Funds approval process. Projects can often be supported without separate State aid clearance.</p>
<p>6. The CoR observes that EU law governing State aid in relation to SGEIs has become too detailed and too abstruse because of its complex content, competing definitions of concepts, and adjustments over many years.</p>	<p>The Commission continuously assesses the adequacy of the 2012 SGEI Package against the experience gained in implementing the rules, questions from stakeholders and the two first bi-annual reports from Member States (2014 and 2016). There was no specific feedback that would point at major difficulties or flaws in the package.</p> <p>The Commission welcomes further specific feedback from the Committee, substantiated with concrete examples.</p> <p>The Commission welcomes the Committee's support for the Commission's Guide with Frequently Asked Questions that assist public authorities in applying the rules. The Commission organises regular training and information sessions in the Member States to further improve cooperation and understanding of the rules.</p>
<p>7. The CoR fundamentally opposes the European Commission's inclusion of additional quality and efficiency considerations in the compatibility test for financing of SGEIs.</p>	<p>The Commission recalls that the SGEI Decision does not include quality and efficiency requirements.</p> <p>Efficiency incentives are required only for cases assessed under the SGEI Framework applicable to aid with a significant impact on competition and trade. Even in this situation, Member States have the possibility to justify that efficiency incentives are not feasible or appropriate.</p>
<p>13 The CoR takes note of the Commission's</p>	<p>The Commission clarified the existence of</p>

<p>position that public investment for building or modernising infrastructure does not constitute State aid if the infrastructure is not in direct competition with other infrastructure of the same type, while disagreeing with the Commission's simplistic view that this is generally the case for road and rail infrastructure, inland waterways and water supply and sewage networks, but not in areas such as energy, broadband, airports or ports.</p>	<p>aid for infrastructure in the Notice on the Notion of State Aid that it adopted in 2016, which fully reflects the jurisprudence of the Union Courts. The Commission provided further guidance on this important question in its analytical grids. These grids have been communicated to Member States to ease their task in implementing the rules. .</p>
<p>20. and 22. The CoR notes that in the case of ports, there is no prior legal basis for compatibility criteria for investment aid with could have enabled the Commission to draw up a list on the grounds of greater legal certainty. (...) The CoR calls for the GBER to include an exemption for State aid to ports (and airports).</p>	<p>The legal basis for the Commission's proposals is Council Regulation (EC) No 1588/2015 of 13 July 2015 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal State aid<sup>15</sup>.</p> <p>The Commission assures the Committee that its proposals to review the GBER will duly reflect the two public consultations and the feedback from the two advisory committee meetings with Member States. This allows interested parties to give relevant and concrete information on the specific situations that may exist.</p>
<p>23. The CoR is concerned that once port infrastructure is incorporated into the GBER, any public aid (...) which cannot be exempted becomes subject to an extremely complex assessment with an uncertain outcome (...) and urges the Commission to propose (...) specific guidelines for aid (...) above the notification threshold.</p>	<p>The Commission assures the Committee that it has developed a constant case practice for the assessment of State aid for port infrastructure. That case practice will be reflected in the GBER. This will reduce significantly the administrative burden for Member States as an <i>ex ante</i> approval by the Commission will no longer be required. For cases above the threshold, <i>ex ante</i> notification will be required, but the Commission assures the Committee that the same assessment principles will be applied.</p>
<p>24 – 33. The CoR explicitly supports the</p>	<p>The Commission takes careful note of the</p>

<sup>15</sup> OJ L 248, 24.9.2015.

<p>Commission's approach to investment aid for regional airports (...) and culture.</p> <p>Paragraphs 24-33 contain more detailed suggestions from the CoR.</p>	<p>Committee's opinion. It will consider it together with other reactions that it receives during its extensive consultation process on the revision of the GBER.</p>
<p>34. The CoR advocates actively widening the concept of SGEI: new social services, such as social services in connection with the initial reception and integration of refugees and migrants etc.</p>	<p>The Commission recalls that Member States are already free to define SGEIs, depending on their own specificities. The SGEI concept relies on a few (general) parameters such as the existence of a market failure and a general interest, and is not prescriptive. It does not contain a list of SGEIs and is flexible.</p>
<p>35. The CoR refers to paragraph 48 of the SGEI Communication on the existence of market failure, and takes issue with the reference to "normal market conditions". (...) It may conflict with the principles of local and regional self-government and appears as a condition that is almost impossible for public authorities to prove they are compliant with in practice.</p>	<p>The assessment of the existence of a "market failure" (point 48 of the SGEI Communication) and the assessment on whether a public service is or can be provided satisfactorily by companies under normal market conditions reflects the case-law of the Union Courts (Case C-205/99 <i>Analir</i> and Case T-79/10, <i>Colt Télécommunications France</i>), and is key to the identification of the SGEI. The Commission clarifies that this assessment can be done at a local level with a geographic market analysis. As for the question of whether a service can be provided by the market, the Commission assessment is limited to checking whether the Member State has made a manifest error.</p>
<p>36. The CoR points out that the fourth criterion set out in the <i>Altmark</i> judgment only created an incentive for the Member States to use the provisions to put services out to tender rather than encouraging them to adopt an SGEI-based approach.</p>	<p>The fourth <i>Altmark</i> criterion was set by the Union Courts. It includes two possibilities to conclude that the financing of an SGEI does not involve an advantage, namely tendering and benchmarking. Many Commission Decisions give concrete and detailed guidance on the application of this part of the <i>Altmark</i> test.</p>
<p>37. The CoR considers it essential for the definition of reasonable profit to be revised (...) to reflect (...) that such profit is often</p>	<p>As the SGEI Package foresees, the reasonable profit is determined by reference to objective elements, such as the rate of</p>

<p>reinvested in SGEIs.</p>	<p>return on capital and the level of risk in the sector concerned. The "reasonable profit" is determined beforehand as a parameter to calculate the compensation for the SGEI.</p>
<p>38. – 39. The CoR calls for an increase of the <i>de minimis</i> thresholds for State aid for SGEIs and an increase of the threshold for exemption from the notification obligation of State aid in the form of a public service compensation for companies entrusted with delivering SGEIs.</p>	<p>There is no indication, in the Commission's view, that the thresholds led to practical difficulties.</p> <p>The 2012 SGEI Decision provides for exemptions from notification <i>without any thresholds</i> for SGEIs meeting social needs such as health and long term care, childcare, care and social inclusion of vulnerable groups, and access to and reintegration into the labour market.</p> <p>For sectors where the notification threshold is at EUR 15 million, the 2012 SGEI Decision removed the requirement of a capped average annual turnover. This widened the application of the Decision.</p>
<p>40. The CoR is in favour of an extension of the normal duration of entrustment acts to more than ten years (...) to better allow for the cost of entrustment and recouping of investment by entities (...) entrusted with SGEI provision.</p>	<p>The Commission agrees that durations longer than ten years can be justified for entrustments in particular cases. They are for instance recognized by the SGEI Decision for social housing, where significant investments are necessary. Such exceptions require careful justification.</p>
<p>41. The CoR advocates widening the definition of social housing (...) to give the Member States more discretion in planning, delivering, financing and organising the construction of social housing and guarantee the democratic right to choose. The restriction of social housing to "disadvantaged citizens or socially less advantaged groups" should be removed.</p>	<p>The SGEI Decision is flexible in this regard and provides for exemptions for provision of SGEIs <i>meeting social needs</i> as regards <i>social housing</i>.</p> <p>Member States are thus free to define "social housing", while taking into account and reflecting the <i>social</i> aspect required under the SGEI Decision. The Commission checks whether Member States have made manifest errors.</p>
<p>44. - 45. The CoR calls for legal certainty (...) for local and regional authorities by setting a limitation period of five years for appeals from</p>	<p>The prescription period or the status of interested parties is defined in the Council Regulation (EU) 2015/1589 of 13 July 2015</p>

<p>the start of the compensation payment or investment (...).</p> <p>The CoR considers (...) that appeals may only be lodged by parties who may be directly financially affected. The range of interested parties to date (...) is still too broad.</p>	<p>laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union<sup>16</sup>.</p> <p>State aid implies a distortion of competition, which affects competing undertakings and trade associations that represent such competing undertakings. The Commission maintains that the Council Regulation strikes the right balance between the interests of interested parties, beneficiaries and aid granting authorities.</p>
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<sup>16</sup> OJ L 248, 24.9.2015, p. 9.

<p><b>N°5 EU eGovernment Action Plan 2016-2020</b>  <b>COM(2016) 179 final – CoR 2016/2882 – SEDEC-VI/013</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Martin ANDREASSON (SE/EPP)</b>  <b>DG CNECT – Vice-President ANSIP</b></p>	
<b>Points of the CoR opinion considered essential</b>	<b>Commission position</b>
Policy recommendations	
<p>6. The CoR suggests that it should be included in the e-Government Action Plan Steering Board in order to ensure that the discussions reflect the local and regional dimension, given that a significant proportion of welfare services are provided by local and regional operators.</p>	<p>At its inaugural meeting on 28 September 2016, the Commission informed the eGovernment Steering Board that the CoR will be granted the status of observer in future Steering Board meetings. The administrative process has been completed by exchange of letters. The CoR nominated Mr Martin Andreasson, member of the SEDEC commission of the CoR, as observer to the Steering Board.<sup>17</sup></p>
Vision and underlying principles	
<p>19. The CoR considers that it is worth exploring innovative eGovernment concepts such as e-residency, which provides access to certain services for citizens and companies without requiring a physical residence. This reduces bothersome paperwork and makes it more attractive for foreign companies to invest.</p>	<p>While the Commission is endeavouring to address innovative eGovernment ideas impacting cross-border service delivery such as the once only principle, the Commission has not explored ideas such as e-residency as it is, by its nature, subject to subsidiarity – although undoubtedly having a number of advantages for citizens and businesses from other Member States.</p>
Political priorities	
<p>37. The CoR calls on the Commission to</p>	<p>The Commission supports in many</p>

<sup>17</sup><http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3438&NewSearch=1&NewSearch=1>.

<p>work more closely with local and regional authorities in its attempt to support full e-procurement by 2019, especially as it will be at the local and regional enforcement level that challenges may emerge; it will be crucial to work with local and regional government as well as the private sector so as to achieve the full potential of the savings that can be generated from the public procurement market estimated to be more than EUR 2 trillion.</p>	<p>ways the transition to electronic procurement provided by the Directive. <i>Inter alia</i>, the Commission has set up the Multi-stakeholders Forum on Electronic Procurement (EXEP) which discusses and provides assistance to participants on the transition to electronic procurement. EXEP gathers – beyond Member States – participants from stakeholders associations, including those representing local and regional authorities, such as the Council of European Municipalities and Regions and Eurocities. The private sector is also represented in EXEP by associations like Business Europe, and the European Construction Industry Federation.</p> <p>Moreover, workshops are organised in each Member State to facilitate the implementation of the European Single Procurement Document (ESPD) and e-procurement in general. Stakeholders and regional authorities are taking part in these workshops in several Member States.</p> <p>The deadline for the transition to e-procurement is October 2018.</p>
<p>41. The CoR calls on the Commission to look closely at the consequences and limitations of the possible implementation of the "no legacy" principle.</p>	<p>The Commission does not have a 'no legacy' policy in place to review IT systems and technologies. The Commission shares the CoR view that it is important not to overlook the consequences and limitations of the implementation of a "no-legacy" principle. In this context, action 6 of the eGovernment Action Plan 2016-2020 constitutes a starting point for an analysis of what concerns a possible application internally, and taking as examples current existing implementations in national</p>

	administrations.
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<p><b>N°6 Digitising European Industry</b>  <b>COM(2016) 180 final – COR 2016/2884 – SEDEC-VI/013</b>  <b>119<sup>th</sup> Plenary Session – October 2016</b>  <b>Rapporteur: Mr Kieran McCARTHY (IE/EA)</b>  <b>DG CNECT – Vice-President ANSIP</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>1. The CoR welcomes the Communication on "Digitising European Industry".</p>	<p>The Commission appreciates the CoR's support and acknowledges the importance of regions in the successful implementation of the initiative.</p>
<p>23. The CoR acknowledges and welcomes the European Commission's plans to focus EUR 500 million investment from Horizon 2020 on the widespread roll-out of digital innovation hubs, although it must be ensured that the hubs are financed from resources under the second pillar of Horizon 2020 ("Industrial Leadership") and are not taken from the budget for other parts of the Horizon 2020 programme; it emphasises that local and regional authorities (LRAs) are well placed to contribute to this form of competence centre and technological one-stop-shop on behalf of industrial end-users; it points out that scientific excellence is still an important criterion when selecting candidates for support and that the key role of universities in knowledge transfer and the innovation process must be adequately considered so that the impact of planned investment under Horizon 2020 can be further optimised. In this context the desired impact of activities relating to digital innovation hubs should be specified and if necessary reviewed.</p>	<p>The Commission plans indeed to support the hubs up to EUR 500 million from the second pillar of Horizon 2020.</p> <p>The Commission strongly encourages regions to invest in the creation and expansion of local and regional competence centres as outlined in the Communication. Excellence will continue to be used as one of the criteria to invest Horizon 2020 funds into the networking of Digital Innovation Hubs and cross-border experiments which will be specified in the future Work Programmes for 2018-2020.</p>
<p>24. The CoR reiterates its call that the</p>	<p>The amount of European Structural and</p>

<p>necessary resources for digital investments should continue to be guaranteed as a core component of a forward-looking EU Cohesion Policy, preferably with a significantly higher investment than the EUR 14 billion share of ESIF spending on this topic between 2007 and 2013.</p>	<p>Investment Funds (ESIF) programmed for Digital Single Market-related investments has in fact increased to around EUR 21 billion in the current programming period. The Commission further notes that Digital investments under ESIF spending are eligible, in addition to the digital theme, under several thematic objectives, such as strengthening research, technological development and innovation or enhancing the competitiveness of small and medium-sized enterprises (SMEs).</p>
<p>26. The CoR asks the European Commission to support such LRAs in their financing activities, firstly by continuing to authorise priority deployment of the ESIF towards digital infrastructure in all European regions, and secondly by recognising technological barriers to digital development projects in rural and sparsely-populated areas, and regions facing other demographic challenges, which should be seen as services of general economic interest.</p>	<p>The Commission is committed to incentivise the deployment of digital infrastructure, as illustrated by the adoption of its “connectivity package” on 14 September 2016, which proposes <i>inter alia</i> more ambitious connectivity objectives, measures to incentivise investment in very high-capacity networks in the proposed European Electronic Communications Code, a Regulation to support local communities in providing free public Wi-Fi to their citizens (the “WiFi4EU initiative”), and an Action Plan for the deployment of 5G networks.</p>
<p>27. The CoR continues to share the concerns of the European Parliament about the ramifications of the February 2013 decision of the European Council to reduce the budget for digital infrastructure and services under the Connecting Europe Facility, from EUR 9.2 billion to only EUR 1 billion, thereby causing the European Commission to fundamentally reorient it plans.</p>	<p>As far as funding is concerned, the Commission announced in its Communication “Connectivity for a Competitive Digital Single Market – Towards a European Gigabit Society” adopted on 14 September 2016<sup>18</sup> that “in the context of the financial programming post-2020, the Commission will weigh up the need for adequate budgetary resources for efficient broadband financing in underserved areas under the Connecting Europe Facility (CEF), and</p>

<sup>18</sup> COM(2016) 587 final.

	<p>the need to dedicate ESI funds support, possibly with an indicative share, to the digital transformation of European economy and society”.</p> <p>The Commission would welcome strong support from the CoR for the initiatives mentioned above and possible future proposals to improve the European digital infrastructure and services landscape.</p>
<p>30. The CoR urges that new investment tools should also be supported to accelerate the roll-out of infrastructure capable of achieving the broadband speed targets of the Digital Agenda for the Europe element of the Europe 2020 strategy, and to accelerate the full deployment of 4G (in advance of newer technologies, such as 5G), while maintaining technology neutrality, as well as allowing effective competition between operators.</p>	<p>The recently adopted connectivity package on telecoms review<sup>19</sup> includes proposals that encourage investment in very high-capacity networks and accelerate the roll-out of 5G wireless technology and free Wi-Fi access points in public spaces.</p>
<p>33. The CoR calls for prioritisation of the impediments to e-commerce arising from issues such as geo-blocking and the absence of a secure online credit card payment system. These issues present unnecessary costs, complications and risks of exposure to fraud for potential online retailers, particularly those who are engaged in cross-border selling.</p>	<p>To that effect, the Commission adopted on 25 May 2016 a Proposal (2016/152 (COD)) for a Regulation of the European Parliament and of the Council on addressing geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market.</p> <p>In the context of the new Payment Service Directive, the European Banking Authority (EBA) is defining Regulatory Technical Standards on strong customer authentication and common and secure communication channels. EBA has been tasked in this respect with the development of the "requirements for common and secure open standards for</p>

<sup>19</sup> COM (2016) 587 final.

	<p>communication for the purpose of identification, authentication, notification and information, as well as for the implementation of security measures, between account servicing payment service providers (in 95% of cases, banks), Payment Initiation Service Providers (PISPs), Account Information Service Providers (AISPs), payers, payees and other payment service providers".</p>
<p>37. The CoR underlines that the interoperability of e-government requires not only system compatibility but also the capacity of public administration to work in close cooperation with information systems, as well as public awareness of the possibilities that such systems offer. The CoR therefore suggests adding human capacity-building, both in terms of digital and language skills, and awareness-raising components to the ISA<sup>2</sup> programme for interoperability solutions to support the modernisation of public administration.</p>	<p>The interoperability solutions for European public administrations, businesses and citizens (ISA<sup>2</sup>) programme recognises the importance of human capacity building in terms of digital skills and awareness raising for interoperability solutions as demonstrated by a number of accompanying measures identified in Article 2 of the decision. For example, the Joinup platform is one of the instruments in place to raise awareness and disseminate available solutions and supporting collaboration and exchange of best practices; workshops and conferences increase the capacity of public administrations, and dissemination and promotion through Internet platforms contribute to increased awareness with regards to the ISA<sup>2</sup> programme and its benefits. Human capacity-building in language skills is outside the scope of the programme.</p>
<p>42. The CoR urges the further development of the European Commission's Grand Coalition for Digital Jobs as a cross European, multi-stakeholder initiative to reconcile the imbalance of these skills shortages and</p>	<p>On 1 December 2016, the Commission launched the Digital Skills and Jobs Coalition<sup>20</sup>, to develop a large digital talent pool and ensure that individuals and the labour force in Europe are equipped with adequate digital</p>

<sup>20</sup> <https://ec.europa.eu/digital-single-market/en//digital-skills-jobs-coalition>

<p>ICT-related job vacancies by means of offering appropriate training, apprenticeships, placements, actions to facilitate mobility and/or carrying out awareness raising activities to encourage young people to study and pursue careers in the sector.</p>	<p>skills. This initiative was announced in the New Skills Agenda for Europe<sup>21</sup>.</p> <p>Building on the positive results of the Grand Coalition for Digital Jobs 2013-2016<sup>22</sup> and in coordination with the work under Education and Training 2020, the Commission will bring together Member States and stakeholders, including social partners, to pledge action and to identify and share best practices, so that they can be more easily replicated and scaled up.</p>
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<sup>21</sup> COM(2016) 381 final.

<sup>22</sup> The Grand Coalition brought together more than 80 stakeholders, representing large and smaller companies, education providers and NGOs making pledges, i.e. concrete commitments to act to reduce digital skills gaps. More than 2 million trainings were generated through the Coalition. National Coalitions for Digital Jobs aimed at facilitating high-impact actions at local level have been launched in 12 countries.

<p><b>N°7 European Cloud Initiative – Building a competitive data and knowledge economy in Europe and ICT Standardisation Priorities for the Digital Single Market</b></p> <p><b>COM(2016) 176 final, COM(2016) 178 final –</b></p> <p><b>Rapporteur: Ms Anne KARJALAINEN (FI/PES)</b></p> <p><b>DG CNECT – Vice-President ANSIP</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>Preliminary remarks</p>	<p>The Commission welcomes the opinion of the CoR, as it supports the Commission's strategic choice of an open and trusted cloud-based data environment geared to the scientific community, as well as the strategic prioritisation of Information and Communications Technology (ICT) Standardisation showing a good understanding of the challenges in this area, and flags a number of concrete issues for implementation, further development and improvement.</p> <p>The Commission welcomes also the commitment by local and regional authorities to develop knowledge-sharing and notify the ICT standards required to enhance public service development.</p> <p>The Commission will consider the CoR's remarks in the implementation of the initiatives, and aims to keep the CoR involved on issues of their competence, including involvement of local authorities and impact on citizens and on small and medium-sized enterprises (SMEs). The Commission flags in this reply some questions where more discussion and collaboration may be needed in the short to medium term.</p>
<p>6. The CoR notes that notwithstanding ICT standardisation, companies and the public sector must also be given scope to develop, acquire and apply innovative solutions that</p>	<p>The Commission reiterates that standards are made by industry and for industry and their use is voluntary. This is also true for public procurers which may also benefit from the</p>

<p>deviate from those standards.</p>	<p>use of other innovative solutions. The Commission underlines that public procurers may benefit from the use of open standards to avoid vendor lock-in.</p>
<p>7. The CoR observes that the development and/or application of common standards is still seriously wanting in the case of many areas crucial to the digital single market, for example electronic identification, and is still very concerned that geographical differences in high-speed broadband accessibility are hindering completion of the digital single market<sup>23</sup>. Island status is a negative geographical factor due to the need for higher-cost undersea cables.</p> <p>8. The CoR reiterates in this context its call for projects for the development of broadband to be recognised as services of general economic interest<sup>24</sup>.</p>	<p>The Commission notes with interest the proposed recommendations and is committed to incentivise the deployment of digital infrastructure, as illustrated by the adoption of its “connectivity package” on 14 September 2016, which proposes inter alia more ambitious connectivity objectives, measures to incentivise investment in very high-capacity networks in the proposed European Electronic Communications Code, a Regulation to support local communities in providing free public Wi-Fi to their citizens (the “WiFi4EU initiative”)<sup>25</sup>, and an Action Plan for the deployment of 5G networks. As far as funding is concerned, the Commission announced in its Communication “Connectivity for a Competitive Digital Single Market – Towards a European Gigabit Society” adopted on 14 September 2016<sup>26</sup> that “in the context of the financial programming post 2020, the Commission will weigh up the need for adequate budgetary resources for efficient broadband financing in underserved areas under the Connecting Europe Facility (CEF), and the need to dedicate European Structural and Investment (ESI) funds support, possibly with an indicative share, to the digital transformation of European economy and society”.</p>
<p>9. The CoR affirms that European local and regional authorities are keen to develop knowledge-sharing, and also to notify the ICT</p>	<p>The Commission is committed to inclusiveness in the European standardisation system and, in line with</p>

23 See CdR 104/2010, CdR 65/2011, CdR 3597/2013, CdR 2646/2015 and CdR 4165/2014.

24 CdR 2646/2015.

25 COM(2016) 589 final.

26 COM(2016) 587 final.

<p>standards that are required to meet their needs in respect of public service development<sup>27</sup>.</p>	<p>Regulation (EU) N° 1025/2012 on European standardisation<sup>28</sup>, promotes the gathering of user's requirements for ICT standardisation from all relevant stakeholders, including public authorities at national, local and regional level.</p>
<p>10. The CoR urges the Commission to ensure that relevant national players in all the Member States embark on adequate measures to promote open science cloud services as well as knowledge-sharing more generally, as otherwise there is a substantial risk that differences between the Member States will increase rapidly, a situation that would very soon become apparent in the activity of local and regional authorities.</p>	<p>The Commission believes that involvement of all EU Member States is crucial to the success of the European Cloud initiative. Over the years, the Commission has been liaising with Member States to foster a step change in open science and research data sharing (e.g. the Recommendation on scientific information of 2012).</p> <p>Member States have strongly supported open science and scientific data infrastructures in Competitiveness Council Conclusions of May 2015 and of May 2016. The Commission is already following-up on the Conclusions for what it concerns it directly. Additionally, the Commission has been charting national developments via the National Points of Reference, via a Task Force Report of the ERAC Committee; and via dedicated workshops on the open science cloud in November 2015, March 2016 and June 2016.</p> <p>On the grounds of these inputs and of continued dialogue, the Commission is drafting a Roadmap for governance and financing of the European Open Science Cloud, to be presented to, and discussed with Member States in 2017. The Roadmap, drafted in collaboration with key scientific stakeholders in Member States, will offer options for practical implementation of the initiative, including concrete measures that key national players such as research</p>

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<sup>27</sup> CdR 626/2012.

<sup>28</sup> OJ L 316 of 14.11.2016, p. 12.



	infrastructures, data libraries and universities can adopt.
<p>11. The CoR agrees with the Commission that every organisation – big or small, public or private – is expected to appropriately manage cybersecurity risks and, where necessary, be in a position to show that it does so successfully, and urges that measures be devised to help develop cybersecurity know-how at every level necessary<sup>29</sup>.</p>	<p>The Commission is supporting standardisation organisations and other stakeholders in the development of guidelines on cybersecurity. The Cooperation Group set up by the recently adopted Directive on Security of Network and Information Systems (NIS Directive)<sup>30</sup>, composed of representatives of the Member States, the Commission and ENISA, is taking stock of existing standards and approaches taken to address cybersecurity risk across critical infrastructure.</p> <p>The Commission also shares the opinion that there is the need to further invest in the necessary awareness of cybersecurity risk and develop the right ICT tools but also skills needed to support the deployment of the Digital Single Market.</p>
<p>12. The CoR underlines overall that, in order to reap the multiple benefits of the Digital Single Market, a skilled labour force is needed to implement it; welcomes therefore the Commission's proposals, within the framework of its recently adopted New Skills Agenda for Europe, to put the emphasis on investment in digital education and training in order to ensure that citizens are equipped with the necessary skills for the digital transition.</p>	<p>The Commission shares this opinion, and has launched the Digital Skills and Jobs Coalition, a multi-stakeholder partnership to develop a large digital talent pool. The Coalition will help to ensure that citizens and workers in Europe are equipped with the digital skills they need to keep up with our changing economy and society. In addition, a Blueprint for sector cooperation on skills has been launched and will be implemented in six pilot sectors in 2017: automotive, defence, space, textile and tourism.</p> <p>Within this framework, the European Cloud Initiative provides for a progressively extended user base from scientists towards the industry, citizens and governments. The actions foreseen in the European Open</p>

29 CdR 1646/2013.

30 OJ L 194, 19.7.2016.

	Science Cloud (EOSC) Roadmap and in the FAIR <sup>31</sup> Action Plan on open research data will facilitate the development of data-related skills and a wider culture of research data sharing in both science and innovation (e.g. SMEs) Europe.
15. The CoR recommends that, in addition to the minimum standards and simple meta-data mentioned in the Communication, the possibility also be considered of defining the European master data required in cross-border services.	The Commission embraces this recommendation; it plans to set up a catalogue of European public research data as part of the European Open Science Cloud, so that scientist from across borders can benefit practically from open data.
18. The CoR agrees with the Commission that priorities should be subject to regular review, because standardisation needs can actually change very quickly, owing to the constant advent of new innovations in welfare services for instance.	The Commission would like to recall that the Communication foresees to set up an interinstitutional dialogue, including informing regularly the European Parliament and Council, and this, involving industry representatives, other relevant stakeholders and the European Standardisation Organisations in the process of monitoring the progress on the different actions for each priority domain.
19. The CoR believes it is important in European standardisation for broad use to be made of the innovations that are part of company patents, and supports the Commission's efforts to clarify core elements of an equitable, effective and enforceable licensing methodology around FRAND principles.	The Commission agrees with this statement, and will work in collaboration with stakeholders to identify possible measures to ensure transparency and quality of standard essential patent declarations, clarify the core elements of an equitable, effective and enforceable licensing methodology around Fair, Reasonable and Non-Discriminatory (FRAND) principles, and to facilitate an efficient and balanced settlement of disputes.
20. The CoR notes that much open-source licensed software is already being used in European local and regional government. This is regarded as a positive development, which the Commission should further in particular by clarifying the relationship between open	The Commission supports, as part of the priority actions, making more use of open source elements by better integrating open source communities into standard development organisations standards setting processes, in particular in the area of cloud.

<sup>31</sup> FAIR – Findable, Accessible, Interoperable and Reusable.

source and FRAND licensing terms;	
21. The CoR points out that alongside the development of EU and international official standardisation, measures are needed to underpin the ICT technical specifications developed by other standard developing organisations and widely accepted good practices which are more often used.	The Commission acknowledges that many technical specifications in the ICT field are developed by international Standards Developing Organisations (SDOs), other than the formal ones. The Commission recalls that Regulation (EU) N° 1025/2012 on European standardisation already sets up a procedure to identify ICT technical specifications from SDOs that are compliant to WTO principles so that they can be used in public procurement.
22. The CoR considers it essential to develop procedures to ensure that the needs of the end-users of standards – both businesses and the public sector – are known when standardisation plans are drawn up;	The Commission shares this opinion: integration of user needs as requirement for ICT standardisation is a key component of the priorities for the ICT standardisation.
<p>25. The CoR notes that cloud services are expanding rapidly in Europe. According to a Commission study, this could mean Europe's cloud services market growing from EUR 9.5 billion in 2013 to EUR 44.8 billion by 2020, representing a fivefold increase<sup>32</sup>. According to Eurostat data from the end of 2014<sup>33</sup>:</p> <p>a) 19% of EU businesses were using cloud services in 2014, mainly to host email systems and for electronic file storage;</p> <p>b) 46% of those businesses were using advanced cloud services relating to financial and accounting software applications, customer relations management and use of computing power to run business applications;</p> <p>c) four out of ten (39%) of the businesses using cloud services reported the risk of data security breaches as the main factor limiting their use of cloud services;</p>	<p>The Commission agrees with the analysis of the state of play and recommendations expressed in the section 'European cloud services', paragraphs 25 to 30. It strongly agrees that political commitment is key for the realisation of the vision proposed in the Communication.</p> <p>It also strongly agrees and that trust and respect for the rights to privacy and personal data as well as intellectual property rights lie at the heart of any workable agreements for research data sharing on the cloud.</p>

32 <https://ec.europa.eu/digital-single-market/en/news/final-report-study-smart-20130043-uptake-cloud-europe>.

33 Cloud computing - statistics on the use by enterprises (EUROSTAT, November 2014): [http://ec.europa.eu/eurostat/statistics-explained/index.php/Cloud\\_computing\\_-\\_statistics\\_on\\_the\\_use\\_by\\_enterprises](http://ec.europa.eu/eurostat/statistics-explained/index.php/Cloud_computing_-_statistics_on_the_use_by_enterprises).

<p>d) a similar proportion of businesses (42%) not using cloud services said that the main factor preventing them from using cloud services was lack of knowledge of cloud computing.</p> <p>26. The CoR underlines, in view of the above, the need for a clear political commitment to fund cloud research infrastructure in order to harness the huge potential of cloud computing.</p> <p>27. The CoR notes that cloud services are based on trust and that to win and keep trust considerable attention must be paid to data security and privacy.</p> <p>28. The CoR hopes that account will be taken of the potential for open science cloud services to be used in education.</p> <p>29. The CoR draws attention to the role of public-private partnerships in developing open science cloud services and reiterates its previously stated opinion that existing clouds or clouds under development at national, regional and possibly local level should be made interconnectable and interoperable with European solutions<sup>34</sup>.</p> <p>30. The CoR notes that broad use of the data and other material provided through cloud services is conditional on resolving issues relating to copyright<sup>35</sup>.</p>	
<p>26. The CoR underlines, in view of the above, the need for a clear political commitment to fund cloud research infrastructure in order to harness the huge potential of cloud computing;</p>	<p>In its Communication on the European Cloud Initiative<sup>36</sup>, the Commission acknowledged the need for a process whereby the Commission will engage with the Member States and with all relevant stakeholders to ensure the European Cloud Initiative can achieve its objectives. This is why the</p>

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34 CdR 1673/2012.

35 CdR 2646/2015.

<sup>36</sup> COM(2016) 178 final.

	<p>Commission is now collecting High-Level Group expert advice on sustainable funding and novel implementation instruments; as well as discussing with stakeholders such as Research Infrastructures, funders, Member States and other IT infrastructures in order to prepare an implementation roadmap for appropriate governance and financing mechanisms of the different initiatives, as stated in the Communication. In line with Council conclusions on the transition towards an Open Science system (27 May 2016), the Commission will organise an 'EOSC Summit' on 12 June 2017, opening the possibility to stakeholders, funders and Member States to explore appropriate governance and financing mechanisms.</p> <p>In the context of the European High-Performance Computing (HPC) strategy for the upgrade of the computing and data infrastructure for science and innovation, the Commission and the Member States are discussing an implementation strategy for the period 2017-2023. Horizon 2020 and CEF will contribute to the implementation of the European Cloud Initiative.</p>
<p>27.–30. On cloud policy in general– data security and privacy, user uptake in education and the role of PPPs, copyright issues</p>	<p>The take up of cloud computing services by businesses, consumers, public administrations and the scientific sector requires seamless user-friendly access, but also trust and confidence, in particular regarding cloud provider's compliance with appropriate levels of data protection, security and service levels. The Communication on the European Cloud Initiative highlights the need for the use of existing relevant certification and standards as well as, where appropriate, the creation of European-level certification and labelling. In order to analyse the technical and economic implications of such initiatives, the Commission services will launch two studies</p>

	<p>in early 2017:</p> <ul style="list-style-type: none"> <li>- SMART 2016/0029: Study on Certification Schemes for Cloud Computing;</li> <li>- SMART 2016/0032: Study on Switching of Cloud Service Providers.</li> </ul>
27.-30. On data security and, more specifically copyright issues.	In its Communication of 19 April 2016 <sup>37</sup> , the Commission acknowledged the need to ensure high standards of quality, reliability and confidentiality to ensure protection of personal data and intellectual property, and security in the development of the European Cloud initiative. The Commission confirms its commitment to ensure the respect of intellectual property and data protection rules in the implementation of this initiative.
31.-39. On data sharing and free flow of data issues	As indicated in the Digitising European Industry Communication <sup>38</sup> , the European Commission is examining the free flow of data within the EU in order to address unjustified barriers to data localisation within the EU. It will assess in greater detail the emerging issues of data ownership, data access and data re-use rules.
<p>34. The CoR shares the Commission's understanding of the biases currently hindering data sharing and urges it to be more active in communicating the benefits of data sharing for the party doing the sharing<sup>39</sup>.</p> <p>37. The CoR notes that to benefit from the European Open Science Cloud, public authorities and SMEs in particular need not just the actual data but also tools for analysing it, especially in the case of Big Data.</p>	<p>The Commission's policy on data sharing, including on Open Data, complements the set of measures aimed at reinforcing Europe's capacities to benefit from the 'data revolution'. More specifically:</p> <ul style="list-style-type: none"> <li>- the Commission adopted a Communication on "Building a European Data Economy"<sup>40</sup> (previously: "Free Flow of Data Initiative") that examines location restrictions and emerging issues relating to data. The purpose of the Communication and the accompanying Staff Working</li> </ul>

37 COM (2016) 178 final.

38 COM(2016) 180 final.

39 CdR 4165/2014.

40 COM (2017) 9 final.

	<p>Document is to describe the issues and provide more background information for the stakeholder consultation, which was launched in parallel on 10 January 2017. With this initiative the Commission aims to make more data available and reusable for innovative products and services to be developed by the greatest number of players;</p> <ul style="list-style-type: none"> <li>- a pan-European Open Data digital infrastructure under the CEF Programme ("European Data Portal") ensures multilingual access to currently around 650 000 datasets from public institutions of all EU Member States, and its entire software is available for anyone to re-use as open source;</li> <li>- both initiatives above contribute to facilitate access and make evident the benefits of a broader sharing and re-use of data;</li> <li>- support to the re-use of data across sectors will be provided via H2020 innovation actions for data integration starting early 2017;</li> <li>- future developments of the Data policy depend on the scope of measures to be undertaken following the Communication on the Building a European Data Economy as well as the policy decisions taken in the context of the review of the Public Sector Information Directive, scheduled for mid-2018;</li> <li>- the major areas for action in the coming years should aim at rebalancing the policy focus from the supply to the demand side: whereas EU policy has largely contributed to the provision of quality government data, increased data sharing on the business side needs to be stronger in order to maximise the economic impact of data.</li> </ul>
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<p>40. - 45. On IoT potential awareness by local authorities, and more specifically on emphasising it into Commission programmes for public administration digitisation.</p>	<p>The Commission is aware of the need to promote wider understanding among local and regional authorities of opportunities arising from Internet of Things (IoT), Digital and Data-enabled applications in smart-city and smart-living related domains such as energy, mobility, building and healthcare. To that end, the Commission welcomes a wider participation and greater representation of local and regional authorities in the activities of the European Innovation Partnership Smart-Cities and Communities.</p> <p>Additionally, as part of the priorities proposed on ICT standardisation, the Commission intends to promote the uptake of IoT standards in public procurement to avoid lock-in, notably in the area of smart city services, transport and utilities.</p>
<p>44. The CoR points out, however, that IoT is a nascent sector and that not just standards are needed, but also innovative experimentation, whose financing should be a priority for the Union.</p>	<p>The Commission funds annually R&amp;I and pilot projects within the H2020 Framework Programme in the IoT area, and will continue funding them in the years to come.</p>
<p>46. The CoR emphasises that all five of the priority domains identified by the Commission for standardisation are interconnected, but that there is a particularly close interdependence between IoT and future 5G networks. Unless full geographical coverage is achieved for 5G networks, it will be impossible for the internet of things to be used in the same way in all European regions.</p>	<p>The Commission proposed an ambitious overhaul of EU telecoms rules with new initiatives to meet Europeans' growing connectivity needs and boost Europe's competitiveness. The Commission strategy for the Digital Single Market (DSM strategy) and the Communication "Connectivity for a Competitive Digital Single Market: Towards a European Gigabit Society" underlines the importance of very high capacity networks like 5G as a key asset for Europe to compete in the global market. For achieving this ambition, Europe needs to deploy 5G infrastructure on time to launch 5G commercial services by 2020.</p> <p>One of the strategic connectivity objectives for 2025 is that all urban areas as well as major roads and railways should have</p>



	<p>uninterrupted 5G coverage. As an interim target, 5G should be commercially available in at least one major city in each EU Member State by 2020. In addition to the Code, the Commission also presented an action plan to deploy 5G across the EU as from 2018, which foresees a common EU calendar for a coordinated 5G commercial launch in 2020, as well as joint work with Member States and industry stakeholders to identify and allocate spectrum bands for 5G, organise pan-European 5G trials as of 2018, promote common global 5G standards and encourage the adoption of national 5G deployment roadmaps across all EU Member States.</p>
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<p><b>N°8 European Pillar of Social Rights</b>  <b>COM(2016) 127 final – CoR 2016/2868 – SEDEC-VI/010</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Heinz-Joachim HÖFER (DE/PES)</b>  <b>DG EMPL – Commissioner THYSSEN</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>2. The CoR expects the European Commission to comply with the principle of subsidiarity when proposing the European Pillar of Social Rights and to respect the broad competences of national and sub-national authorities in social policy; it must also be ensured that the content of the Pillar is compatible with the general principles of the Better Regulation agenda.</p>	<p>The Commission's proposal for the European Pillar of Social Rights will fully respect the principle of subsidiarity and proportionality, the distribution of competences at EU and national level and the autonomy of social partners, as well as the principles of the Better Regulation agenda.</p>
<p>5. The CoR reiterates its call for better coordination of economic and social policies between the European and national levels of government under the European Semester, and calls for local and regional authorities to be more closely involved in this coordination.</p>	<p>Ensuring ownership and common understanding on the Country-Specific Recommendations (CSRs) addressed to the Member States is a key endeavour of the European Commission, also in the context of the streamlining of the European Semester. Local and regional authorities play a key role in that respect, including as regards the identification and discussion of the key challenges faced by Member States as reported in the analytical documents (Country Reports) underpinning the CSRs and, where relevant, the implementation of reforms. Local and regional authorities are already involved in the process leading to the National Reform Programmes, in full respect of national practices and institutional settings. Economic, social and territorial cohesion are key and interlinked components of the growth</p>

	<p>strategy of the EU, embedded in the most recent Annual Growth Surveys, and that the European Pillar of Social Rights also aims to further reinforce.</p>
<p>6. The CoR insists that the European Pillar of Social Rights must be developed on the basis of demonstrable local, regional and national added-value and should be horizontal in nature, to ensure that better account is taken of the social dimension of the Economic and Monetary Union's (EMU) economic governance, which is crucial for the functioning and viability of the EMU and for the legitimacy of the European integration process</p>	<p>The Commission attaches great importance to the social dimension of the EMU in the current economic governance framework. Important steps have already been taken in this respect, including the addition of key social indicators to the scoreboard supporting the Alert Mechanism Report (AMR) in the framework of the Macro-economic Imbalances Procedure (MIP), the reinforcement of the Employment and Social Scoreboard attached to the Joint Employment Report as a tool to monitor performance and detect underlying challenges, and the strengthening of the analysis of social issues in the Country Reports and CSRs. Benchmarking of key policy levers and related outcomes in the social field has also started with the Council formations concerned. The Pillar, notably by further boosting the necessary employment and social reforms at national level, will act as a catalyst for renewed upward socio-economic convergence in the EMU, and will contribute to the debate on the social dimension of EMU deepening.</p>
<p>8. The CoR reiterates its call that, in order to improve the social dimension of the EMU, it is crucial to tackle regional disparities by modernising, where appropriate, existing legislation and/or envisaging new measures to support greater convergence; it suggests, therefore, that regional disparity indicators be added to the EMU social indicators scoreboard.</p>	<p>The Commission is aware of the risks associated with persistent socio-economic divergences both between and within countries, and endeavours to ensure that socio-economic indicators which monitor social progress and convergence can be broken down to the relevant regional level.</p> <p>As President Juncker announced when</p>

	<p>launching the concept of the European Pillar of Social Rights in his 2015 State of the Union address, and confirmed at the recent conference on the Pillar, the Commission's proposal is primarily intended for euro area countries, aiming to support convergence and enhanced resilience within the Monetary Union. However, these challenges are often also shared by countries not in the eurozone, so the Pillar will be open to all Member States wishing to join.</p>
<p>9. The CoR expects that the European Commission proposal for a European Pillar of Social Rights will help to further strengthen the social rights – both individual and collective - listed in the Charter of Fundamental Rights of the EU.</p>	<p>The Pillar will build on and complement the EU acquis in order to guide policies in a number of fields essential to well-functioning and fair labour markets and welfare systems.</p> <p>Thus it will contribute to further strengthening the social rights enshrined in the EU Charter of Fundamental Rights, while fully respecting the division of competences between the EU and the Member States and the autonomy of the social partners.</p>
<p>10. (...) The European Commission should also explain whether the proposed measures are sufficient to reduce discrimination against women or whether, in addition, further mainstreaming of gender issues is needed</p>	<p>The Strategic engagement for gender equality published in December 2015 outlines the work that the Commission will take to promote gender equality in 2016-2019. It identifies key actions that will be implemented over the coming years, accompanied by clear timelines, responsibilities, indicators and targets for monitoring. The Strategic engagement 2016-2019 also outlines indicative funding for gender equality and explains how gender equality is mainstreamed in EU policies as well as into EU funding programmes. Moreover, the</p>

	<p>Commission's report on Equality between Women and Men regularly monitors gender equality across Member States, including incidences of gender discrimination.</p>
<p>13. The CoR asks that greater emphasis be placed on the financing of social policy, which is a particular challenge for local and regional authorities. Such challenges arise not only because spending on welfare systems vary widely across Europe, but also because overall investment at subnational level is going down.</p>	<p>EU funds can support Member States and complement national financing in implementing social policies. ESF financing of EUR 10 billion a year is funding tens of thousands of local, regional and national employment-related and social projects throughout Europe: from small projects run by neighbourhood charities to help local disabled people find suitable work, to nationwide projects that promote vocational training among the whole population.</p> <p>At the same time, the Commission is aware that reinforcing the cost-effectiveness of social policies - and therefore a proper design, including the right division of competences between different governance levels - is a key condition for ensuring both their adequacy and fiscal sustainability. This also allows for a better contribution of social policies to growth, competitiveness and social and intergenerational fairness.</p>
<p>14. The CoR underlines the importance of a strong European social agenda, in which competitiveness and social justice complement each other, with fair wages - an area in which the EU has only coordinating powers and which is determined by each Member State either by law or through collective bargaining, and in any case in full respect of its traditions and practices - being a key component; such an agenda must fully uphold the principle of</p>	<p>The Commission agrees that upward social and economic convergence go hand in hand and that policies supporting growth and competitiveness on the one side and social policies on the other can be mutually supportive and complement each other. The consultation on the Pillar highlighted the concern that wages should offer decent living conditions, while fully respecting the division of competences</p>

<p>non-discrimination, in accordance with Article 21 of the Charter of Fundamental Rights.</p>	<p>between the EU and Member States and the autonomy of the social partners, according to national practices. A successful policy of coordination and support of national employment policies needs to respect the prerogatives of the social partners and national collective bargaining practice, and relies on effective social dialogue at all levels. The engagement of social partners at EU and national level is crucial when designing and implementing economic and social policies.</p> <p>Speaking at the conference on a European Pillar of Social Rights on 23 January 2017, President Juncker underlined the Commission's support for both a minimum wage and a minimum income in all EU Member States, starting with the euro area. The President also stressed that a minimum salary and income, introduced in national legislation, cannot and should not be the same in all Member States.</p>
<p>15. The CoR stresses that, in view of rising youth unemployment and the growing number of people in or at risk of poverty in recent years, the Pillar must also take account of the urgent need to reduce poverty, foster social inclusion and tackle youth unemployment.</p>	<p>While the risk of poverty or social exclusion in the EU is decreasing and has now returned to its 2008 level of 23.7%, poverty in its different facets, still affects the lives of 119 million people in the European Union.</p> <p>Adequate and sustainable social protection is one of the three major headings of the preliminary outline of the European Pillar of Social Rights, basis of the consultation launched on 8 March 2016. Minimum income schemes, as part of social protection systems, were identified among the 20 policy domains.</p> <p>Furthermore, to ensure a full and sustainable implementation of the</p>

	<p>Youth Guarantee and to roll it out in the regions which need it most, the Commission recently proposed to add an extra EUR 2 billion to the Youth Guarantee across Europe and support an additional 1 million young people by 2020.</p>
<p>16. The CoR highlights the need for closer cooperation between the different levels of government, sectors and stakeholders, including a stronger role for social partners and the introduction of an efficient instrument for civil dialogue, which would strengthen the democratic legitimacy of the Union.</p>	<p>The Commission carried out a broad consultation on the Pillar during 2016 involving all relevant stakeholders at EU and national levels. Dedicated hearings took place with EU social partners, as well as with the national administrations, national social partners and other civil society actors in events organised at national level.</p>
<p>18. The CoR expresses its regret that the Commission's proposal does not put further emphasis on tackling the challenges accompanying the changing world of work, including increased digitalisation, which should be addressed by focusing in particular on the development of digital skills in the labour force. The CoR therefore calls on the Commission to properly define flexibility in working conditions, so as to strike a balance between flexibility and security.</p>	<p>The preliminary proposal of the Pillar already considered the impact of digitalisation and new forms of work on working conditions, work-life balance, conditions of employment and on the involvement of workers. The balance between flexibility and security is an important aspect in the future development of the Pillar.</p> <p>The New Skills Agenda for Europe, adopted by the Commission in June 2016<sup>41</sup> includes a specific key action, the Digital Skills and Jobs Coalition, to develop a large digital talent pool and ensure that the labour force is equipped with adequate digital skills.</p> <p>The Pillar proposal will be accompanied by a social partner consultation on a possible revision of the Written Statement Directive, with a view to ensuring that – in the fast-changing world of work - all workers and employers have clarity on their</p>

<sup>41</sup> COM(2016) 381 final.

	contractual relationship.
<p>22. The CoR urges that the European Pillar of Social Rights ensures that local and regional authorities are supported in their endeavours to implement appropriate employment and social policies, including support and capacity building to develop Work Life Balance policies, in line with the recent European Commission proposal.</p>	<p>Following the public consultation in 2016 on a New Start to work-life balance, the Commission is preparing a comprehensive package of legislative and non-legislative measures to better enable parents and people with caring responsibilities to participate in the labour market. National authorities, local and regional authorities, as well as social partners will all have a role to play in implementing the relevant provisions of the package, which will accompany the Commission's proposal for a European Pillar of Social Rights.</p>
<p>23. The CoR notes that Europe is facing huge social challenges, with striking economic and demographic divergences across European regions, with many young people facing numerous challenges such as an education system mismatched with the needs of the market, difficulties in finding employment, mobility obstacles especially for young people who live in small communities, located in peripheral, outermost, island and rural areas, forced mobility, or social isolation. At the same time, in light of the persistently high rate of youth unemployment, the CoR reiterates the importance of extending the benefits of the Youth Guarantee to cover young people up to the age of 30 (rather than 25).</p>	<p>Improving the anticipation of skills needs to adapt the offer of education and training courses as well as to guide students' choices, are among the main goals of the New Skills Agenda for Europe<sup>42</sup>. Better matching of skills with labour demand also requires stepping up efforts to survey the needs of employers in terms of skill characteristics that can be provided by education and training systems.</p> <p>The current Youth Guarantee Recommendation offers Member States the flexibility to step up the ambition level and extend the Youth Guarantee beyond the age of 25. Already 12 Member States have chosen to do so.</p>
<p>24. The CoR insists that the European Pillar of Social Rights should consider a priority the need for universal access to quality welfare systems and public services, while also respecting Member States' competences in this area.</p>	<p>The draft outline of the Pillar features several principles to ensure broad access to social protection benefits and quality services such as health, long-term care and childcare. The Pillar proposal will be accompanied by a consultation of social partners on a</p>

<sup>42</sup> See footnote 40.



	<p>possible initiative on access to social protection, with a view to ensuring that as many people as possible can contribute to, and benefit from, social security cover.</p>
<p>26. The CoR suggests that the Commission consider the possibility of introducing incentive measures for EMU countries that implement reforms to achieve the social objectives of the Europe 2020 strategy and to combat social imbalances.</p>	<p>As announced in the White Paper on the Future of Europe<sup>43</sup>, the Commission will put forward a number of reflection notes, including on developing the social dimension of Europe and one on developing the EMU. These notes will offer different ideas, proposals, options or scenarios for Europe in 2025 to open a further debate.</p> <p>The Commission is already actively supporting Member States in their efforts to fight poverty and social exclusion in line with the Europe 2020 objectives.</p> <p>To this end, in order to foster better use of EU funds to support social inclusion, in the current programming period, a minimum of 20% of the European Social Fund<sup>44</sup> has been earmarked for fighting poverty and social exclusion.</p>
<p>27. The CoR urges the Commission to support Member States in their efforts to modernise social protection systems within the framework of the European Semester; it further expects the Commission to propose a fiscal capacity for the Eurozone, open to all Member States, which could also allow for a European coordination of anti-cyclical policies.</p>	<p>The Commission supports Member States' efforts to modernise social protection systems in the framework of the European Semester. In the context of the streamlining of the European Semester, an increasing number of Country-Specific Recommendations are addressed to Member States in this policy field. Technical support is offered by the Commission to a number of countries, through its Structural Reform Support Service. A dedicated Structural Reform Support Programme</p>

<sup>43</sup> [https://ec.europa.eu/commission/sites/beta-political/files/white\\_paper\\_on\\_the\\_future\\_of\\_europe\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/white_paper_on_the_future_of_europe_en.pdf).

<sup>44</sup> <http://ec.europa.eu/esf/home.jsp?langId=en>.

	<p>will be available as of 2017.</p> <p>At EMU level, a prospective stabilisation function would require to consider prior convergence in the design of key policy parameters, as a precondition for any common stabilisation mechanism.</p>
<p>34.-45. Specific recommendations on amending the annex.</p>	<p>The Commission will take into consideration the specific recommendations on amending the annex when drafting the final proposal of the Pillar following the public consultations that ended on 31 December 2016.</p>

<p><b>N°9 Aviation Strategy</b>  <b>COM(2015) 613 final, COM(2015) 598 final, SWD(2015) 261 final – CoR 2016/0007 – COTER-VI/011</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Ms Ulrika CARLEFALL LANDERGREN (SE/ALDE)</b>  <b>DG MOVE - Commissioner BULC</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>4. The CoR draws attention to the fact that the local and regional authorities have a crucial role to play in the development of airports and of aviation, by virtue of their responsibility for the population's quality of life, environmental conditions, and the spatial and physical planning involved.</p> <p>5. The CoR finds it very regrettable that the local and regional levels and their authorities are not mentioned at all when describing the need for joint effort and collaboration. The territorial and spatial perspectives are also missing, as well as awareness of the local and regional environmental impact, which is a prerequisite for long-term aviation development.</p> <p>10. The CoR welcomes the fact that the Commission will continue to work with the Airport Observatory to monitor trends in both intra-EU and extra-EU connectivity in Europe. (..) A coordinated, ongoing analysis of the regions' connectivity in relation to estimated demand, showing which regions are under-served together with information about existing airport capacity, should be a valuable basis for planning the exploitation and development of airport capacity.</p>	<p>In its Aviation Strategy, the Commission has emphasized the importance of air connectivity throughout Europe. It has underlined that airport connectivity in Europe varies significantly between major hubs and small airports, and that this may result in a significant competitive disadvantage for less-connected cities, regions or countries. For this reason, it has expressed its intention to monitor trends of both intra-EU and extra-EU connectivity in Europe.</p> <p>This work has started in cooperation with Eurocontrol for completion by mid-2017, the objective being to develop an indicator of connectivity that meets the needs of a broad range of stakeholders. As the EU's assembly of local and regional authorities, the Committee of the Regions will be associated to this work.</p>
<p>9. The CoR supports the proposal to develop strategic planning for the</p>	<p>The Commission has always been supportive of optimal use of existing</p>

management of airport capacity at EU level in a situation where there are shortages at a number of large airports, while at the same time a large number of airports are underused; because there is over-capacity on the whole, it makes sense to ensure effective use of infrastructure that is already in place.

airport capacity (see under point 11) while in general, new infrastructure is welcomed if based on market demand.

As pointed out in the Staff Working Document accompanying the Aviation Strategy, the situation in Europe from an airport capacity perspective is a mixed one: at certain locations there is overcapacity, whilst at others there is lack of capacity. Capacity shortages at major airports impact not only those airports and the traffic between them, but also the connectivity and resilience of airports of all sizes throughout the network. At the same time, while it is well recognized that small and regional airports deliver positive economic and other benefits for the communities they serve, it is also the case that spare capacity at these airports has been and continues to represent a market opportunity and therefore a possible means of tackling capacity imbalances in the network overall.

The Commission has welcomed the recommendations made on airport congestion by the Airport Observatory, in particular the one the Committee of the Regions refers to on strategic planning, including the adoption of master plans for key airports in accordance with common best practice, so as to improve the quality of such plans and therefore their acceptance. The Commission is well aware that where there has been an extensive and effective engagement between all relevant parties including representatives of neighbouring communities, it is possible to secure acceptance for airport expansion plans which balance the need for growth with realistic environmental protections and

	proper consideration for human health and wellbeing.
<p>11. The CoR considers that regional connectivity should be given a clearer priority than was the case when the Slot proposal was published, and also considers that the proposal to revise the Slot Regulation should be re-written so that it addresses the prioritisation of regional connectivity more effectively.</p>	<p>In its Aviation Strategy, the Commission has urged the Council and the European Parliament to swiftly adopt the amendments contained in the Commission's proposal<sup>45</sup> regarding the slot Regulation (No 95/93) in order to enable optimal use of the EU's largest airports and provide clear benefits to our economy.</p> <p>The Commission considers that there is no inconsistency between the analysis supporting its proposal and the spirit and content of the Aviation Strategy, which attaches a lot of importance to an adequate level of air connectivity throughout Europe. The elements proposed remain appropriate, having regard to their objective that consists in solving the capacity issues at EU airports. Even if the market has changed since the time the proposal was adopted (i.e. 2011), no element can be identified which requires the withdrawal of the current proposal or fundamental changes thereto.</p> <p>The Commission will pay attention to the text eventually agreed on local rules. Its initial proposal was cautious regarding the adoption of local rules by airports since the risk of fragmentation would be high if individual airports were to reserve capacity to choose the traffic they want to attract. The Council preferred a more flexible option.</p> <p>Besides, in certain cases and under certain conditions laid down in Regulation (EC) 1008/2008, regional</p>

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<sup>45</sup> COM(2011)927 final.

	<p>connectivity can be ensured in the context of the public service obligations. On this issue, the Commission will adopt interpretative Guidelines in early 2017 in order to bring more clarity as to the application by the Member States of the current rules.</p>
<p>15. The CoR would also like a call for coordinated use of the option of linking airport charges to the environment with regard to noise and air quality. The broad, coordinated application of environment-linked airport charges should have a considerable steering effect and it could be one of a number of incentives that, coupled with economic instruments to reduce fuel consumption and the impact on the climate, could contribute to faster renewal of the aircraft fleet, which is important for climate and environmental reasons.</p>	<p>Modulation of airport charges to reflect environmental considerations is allowed under European legislation (Directive 2009/12/EC on airport charges) and is applied at a number of EU airports. However, modulation of this kind is not legally required at EU airports.</p>
<p>16. The Cor regrets the fact that the Commission has not highlighted the role of regional airports and their importance for aviation development in the strategy. The balanced approach which the Commission intends to adopt under the Guidelines on State aid to airports and airlines (OJ C 99, 4.4.2014, p. 3) should take account of the need for regional development and connectivity for all Europe's regions, especially sparsely populated, peripheral and outermost regions, where there is an obvious risk of regional needs not being met by the market. (..) The CoR reaffirms the view it has previously expressed that the Commission should focus on large airports and that State aid measures for small airports with average traffic not exceeding 300 000 passengers per annum should not fall within the scope of State aid given that these airports can have no notable impact on trade between Member</p>	<p>The Commission's Guidelines include a number of provisions which take into account the situation of smaller regional airports (e.g. with respect to the applicable regime for operating aid). Moreover, the Guidelines also allow for higher maximum permissible aid intensities for smaller airports than for larger ones. Finally, the Guidelines also contain specific more favourable provisions for airports situated in remote regions.</p> <p>At the same time, the Guidelines also aim to limit distortions of competition that undermine the level playing field in the internal market. Such distortions can, for example, result in the creation of unused extra airport capacity or can unnecessarily duplicate existing under-utilised airport infrastructure. In such cases, aid is very distortive and makes</p>

<p>States, that they are unable for structural reasons to cover their capital and operating costs<sup>46</sup> and that public support is intended for the development of a safe and economically viable air traffic infrastructure in regions with poor transport connections<sup>47</sup>. This should, of course, go hand in hand with a significant increase in the exemption threshold for aid to airports providing SGEIs (currently set at 200 000 passengers per annum), restoring the threshold of 1 million passengers per annum which was in place before the adoption of the Almunia package on SGEIs. The prerequisite for such action must nevertheless be that a reasonable level of connectivity cannot be achieved by any other means.</p>	<p>no contribution to the mobility of citizens or the accessibility of regions.</p> <p>While previously regional airports were mostly managed as public infrastructures to ensure accessibility and territorial cohesion, in recent years regional airports have begun to pursue commercial objectives and are competing with each other to attract air traffic for purposes of the development of tourism or other economic activities. In this new competitive environment, public funding of regional airports may distort competition between regional airports. State aid rules are therefore necessary to ensure a level-playing field between regional airports, even smaller ones (such as those not exceeding 300 000 passengers) and clarify under which conditions public funding would be justified.</p>
<p>18. In relation to the revision of the General Block Exemption Regulation (GBER)<sup>48</sup> which aims at exempting State aid for airport infrastructure from the notification requirement, the CoR explicitly supports the European Commission's approach to investment aid for regional airports, whereby: "it is not appropriate to establish a notification threshold in terms of the amount of aid since the competitive impact of an aid measure depends mainly on the size of the airport and not on the size of the investment." The CoR also trusts that the European Commission will ensure alignment with existing EU law in relation to the "Definitions for aid for regional airports".</p>	<p>On 13 October 2016, the Commission launched the second public consultation on the targeted review of the General Block Exemption Regulation to extend it to ports and airports. This consultation closed on 8 December 2016 and the text is currently being finalized on this basis.</p>

46 CoR opinion on EU guidelines on State aid to airports and airlines, 28 November 2013, COTER-V-043.

47 See European Commission decision on Angoulême airport, 23.7.2014: [http://europa.eu/rapid/press-release\\_MEMO-14-498\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-498_en.htm).

48 [http://ec.europa.eu/competition/consultations/2016\\_gber\\_review/index\\_en.html](http://ec.europa.eu/competition/consultations/2016_gber_review/index_en.html).

<p>20. The CoR sees great potential for the use of drones at local and regional level. (..) Against this background, the CoR has carried out a Territorial Impact Assessment on drones. The CoR would like to see basic risk-based, harmonised regulation of all drone use at EU level, in line with the principle of subsidiarity, and it underlines the need for dialogue between EASA, which has the task of developing such fundamental regulation, and relevant players at national, regional and local level within the Member States.</p>	<p>The Commission confirms the development of an "operation centric approach" to drone operations where the rules are proportionate to the risk of the particular type of operation. The European Aviation Safety Agency (EASA) is currently already conducting an intense consultation process with Member States and industry. In addition, the EU framework will leave adequate room for subsidiarity in view not only of safety considerations, but also for security, privacy and environmental protection purposes.</p>
<p>21. The CoR finds it strange that the issue of climate has been given such summary treatment in the strategy. (..) Working through ICAO to achieve a global mechanism for limiting the impact of the aviation sector on climate is good and it is important, but it must not prevent Europe from having a higher level of ambition than the floor set by ICAO.</p>	<p>Addressing climate change is an important priority for the Commission's overall transport policy, including aviation. As aviation is per definition global, the Commission's single most important objective over the last years was to achieve an agreement at global level in the International Civil Aviation Organization (ICAO). This is why the landmark agreement to implement market-based measures to compensate the growth of aviation's CO2 emissions after 2020, is a milestone. The European Union and its Member States significantly contributed to this achievement. As a next step, the Commission is currently assessing the impact of this agreement in the context of the EU Emissions Trading System for Aviation. The Commission will present its report accompanied by the necessary legislative proposals early in 2017.</p>
<p>25. The CoR would also like to see a more comprehensive treatment of the other effects of aviation on the environment, predominantly emissions of nitrogen oxides</p>	<p>The European Aviation Environmental Report 2016 available at <a href="http://ec.europa.eu/transport/sites/transport/files/modes/air/aviation-">http://ec.europa.eu/transport/sites/transport/files/modes/air/aviation-</a></p>



<p>and particles into the air. The strategy refers to the expected results from research and development projects such as Clean Sky and SESAR, and points out that an annual environmental report will allow the EU, Member States and industry to better track the environmental performance of the air transport sector and monitor the effectiveness of different measures. The CoR welcomes such a systematic, consistent and regular assessment of environmental performance.</p>	<p><a href="http://ec.europa.eu/strategy/documents/european-aviation-environmental-report-2016-72dpi.pdf">strategy/documents/european-aviation-environmental-report-2016-72dpi.pdf</a> reports indeed not only about nitrogen oxide (NOx) emissions but also other engine pollutants: carbon dioxide CO<sub>2</sub>, unburned hydrocarbon HC, carbon monoxide CO and particulate matter PM. The report will be regularly updated in cooperation with all parties involved.</p> <p>Through these reports, a close monitoring of the above-mentioned elements can be ensured together with the work being carried out at the ICAO Committee on Aviation Environmental Protection, through the appropriate working groups, on the most appropriate performance level for engine design/emission.</p>
<p>24. The CoR considers aviation noise to be the great challenge that must be tackled in order for European aviation to continue developing. The CoR considers it noteworthy that this issue of decisive importance for aviation has been treated so inadequately.</p> <p>27. The significance of planning at the local and regional levels and the key role of the local and regional authorities in this are not mentioned at all in the strategy, which is a major failing.</p>	<p>Directive 2002/49/EC<sup>49</sup> relating to the assessment and management of environmental noise provides the appropriate tools for national authorities to develop plans aiming at mitigating identified noise disturbances for the public.</p> <p>Additionally, Regulation (EU) 598/2014<sup>50</sup> establishes rules and procedures to be followed when introducing noise-related operating restrictions at Union airports within a Balanced Approach. It aims at maintaining or increasing the quality of life of neighbouring citizens and fostering compatibility between aviation activities and residential areas, in particular where night flights are concerned.</p>

49 OJ L 189, 18.7.2002.

50 OJ L 173, 12.6.2014.

<p><b>N°10 An EU Roadmap for Cycling</b>  <b>CoR 2019/1813 - COTER-VI/013</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Kevin PEEL (UK/PES)</b>  <b>DG MOVE – Commissioner BULC</b></p>	
<b>Points of the CoR opinion considered essential</b>	<b>Commission position</b>
<p>The CoR advises the Commission to embrace a target of doubling cycling across EU Member States over the next 10 years.</p>	<p>In principle, the Commission is positive towards this suggestion but believes it is for the local/regional level to set binding targets for urban mobility in line with the principle of subsidiarity.</p>
<p>The CoR calls for an EU Roadmap for Cycling addressing the growing demand for coordinated action at EU level to help unlock the well-documented environmental, health and economic benefits of cycling.</p>	<p>Stakeholders are preparing a blueprint of such a strategy; to be presented to the Commission at the CIVITAS Conference in September 2017. Any follow-up initiative will be considered at that stage.</p> <p>Such a roadmap/strategy should build on local and national experiences, with a bottom-up approach in the first phase.</p>
<p>The CoR calls for local and regional authorities to be more actively involved in the decision-making process and the CoR should lead the discussion on EU initiatives for the promotion of cycling.</p>	<p>Local and regional authorities, as well as the CoR, already constitute the main stakeholders in the bottom-up process of drafting the blueprint for the cycling strategy; this should continue also in the future.</p>
<p>The CoR requests that the European Commission establishes minimum cycling infrastructure quality criteria for relevant projects co-funded with EU money.</p>	<p>A relevant study is to be undertaken in 2017 to acquire more knowledge in that respect.</p>
<p>The CoR proposes to include EuroVelo, the long-distance cycle route network, in the TEN-T.</p>	<p>Further analysis by the Commission is needed. The ongoing assessment of the implementation of the Trans-European Transport Network (TEN-T) may provide an appropriate platform to</p>

	consider similar issues.
The CoR suggests developing (by the European Commission in cooperation with Member States) national guidance documents and a best practice database and knowledge exchange for the provision of cycling infrastructure.	The study mentioned above should cover this aspect. On the basis of the study's outcome, guidance documents might be developed.
The CoR supports the adoption of an EU-wide serious injury target and the exploration of possible under-reporting of serious injuries.	The work to collect data on the seriously injured according to a harmonised definition is ongoing. Data for Member States which have it available has been published recently.
As regards multi-modality, cycling and bike-sharing schemes should be fully integrated into technical standards, EU legislation and EU-funded R&D schemes, in particular as regards journey-planning, ticketing, and parking.	The Commission agrees. The Commission will adopt the Delegated Regulation under the Intelligent Transport Systems (ITS) Directive that will provide the necessary requirements to make EU-wide multimodal travel information services accurate and available across borders. It establishes the specifications necessary to ensure the accessibility, exchange and update of standardised travel and traffic data and distributed journey planning for the provision of multimodal information services in the European Union. The relevant data to be covered by the Delegated Regulation includes road infrastructure that is cycle friendly, dedicated cycling lanes, bike-sharing stations etc. H2020 and the Connecting Europe Facility (CEF) have a number of projects and pilots supporting innovative mobility services and integrating ticketing solutions.
The CoR proposes that electromobility	The main legislative act on

<p>policies at all governmental levels should always take into account e-cycling.</p>	<p>electromobility (Directive 2014/94/EU<sup>51</sup>) does not focus on e-cycling, however the Commission has mandated the European Standardisation Organisation to have a relevant plug standard for charging points in 2017, and this should include e-bike charging plugs. In addition, the Commission supports e-bikes via different funding opportunities such as Horizon 2020, the CEF (innovation and urban nodes call) or Urban Innovative Actions.</p>
<p>The CoR advises the Commission to include cycling in its revision of the EU Green Public Procurement criteria for transport.</p>	<p>The EU Green Public Procurement (GPP) criteria are currently being revised. The final version is expected for late 2017, after further stakeholder discussions and a Commission inter-service consultation. The draft criteria include cycling (cargo bikes) for the goods transport/postal services criteria.</p>
<p>The CoR advises the Commission (Eurostat) to develop a common data collection methodology and harmonised definitions for national and urban data on cycle use.</p>	<p>Eurostat's work to develop guidelines to collect Passenger Mobility Statistics is ongoing, but covering all modes and not only cycling. Further work on cycling can be envisaged in the future. In addition, a Commission study addressing the availability of active modes data in Europe (walking and cycling) with potential recommendations for the future is under finalisation.</p>
<p>The CoR welcomes the appointment of a cycling contact person within DG MOVE but points out that this position should be upgraded to a Commission-wide Cycling Focal Point.</p>	<p>For the time being the Commission does not consider appointing a cycling officer for the whole institution. It should be also noted that fit@work is the Commission's cross-cutting, multi-annual health and wellbeing Programme. It includes several initiatives in order to promote healthy</p>
<p>The CoR asks the Commission to support a clearing house, equipped with adequate</p>	

<sup>51</sup> OJ L 307, 28.10.2014.

<p>resources, to address Member States' and LRAs' need for access to best practice, case studies, reports, funding possibilities, etc. on cycling</p>	<p>mobility in general and cycling in particular. The Programme is for all Commission staff. In parallel, DG HR is working with OIB and other relevant stakeholders to promote cycling, as part of a new mobility plan under preparation.</p>
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<p><b>N°11 The European Deposit Insurance Scheme (EDIS)</b>  <b>COM(2016) 586 final - COR-2016/1602 - ECON-VI/012</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Hans-Jörg DUPPRÉ (DE/EPP)</b>  <b>DG FISMA – Vice-President DOMBROVSKIS</b></p>	
Points of the CoR opinion considered essential	Commission position
<p>DGSD needs to be transposed in all Member States before consideration is given to EDIS. In its drafting proposal, the opinion expects the Commission to prepare a report that confirms the implementation in all Member States (Amendment 2, Recital 8).</p>	<p>The Commission agrees that the Deposit Guarantee Scheme Directive (DGSD) needs to be fully transposed by Member States and is strongly committed to ensuring this through any necessary infringement procedures. In the meantime all Member States have notified to the Commission full transposition of the DGSD into national law. In its reasoning, the CoR refers to Article 19 (5) DGSD which, however, deals with a report setting out how DGSs operating in the EU may cooperate through a European scheme to prevent risk arising from cross-border activities and protect deposits from such risks. The Commission must submit this report by 3 July 2019.</p>
<p>Promotional banks should be excluded from the EDIS scope due to their "very low risk of insolvency" (Amendment 4, Article 1 (3)).</p>	<p>The scope of EDIS covers all "credit institutions affiliated to a Deposit Guarantee Scheme (DGS)". There is no reason to exclude certain groups of credit institutions due to their specific risk profile. Different risk profiles will be taken into account under the envisaged risk-based methodology for calculating contributions: a lower level of risks (and lower holdings of covered deposits) will lead to lower contributions.</p>
<p>Membership in an institutional protection scheme (IPS) should be considered as a</p>	<p>IPS membership could be taken as a risk-mitigating factor which could lead</p>

<p>risk-mitigating factor when calculating contributions under EDIS (Amendment 6, Article 74c (5)).</p>	<p>to a lower amount of (risk-based) contributions. Details will be discussed at a later stage (when developing the specific methodology for risk-based contributions).</p>
<p>The Commission should have provided an impact assessment before the EDIS proposal was published (policy recommendation paragraph 18).</p>	<p>A fully-fledged impact assessment - which is an appropriate basis for the EDIS proposal as well - has already been done for the current DGSD. Nevertheless the Commission has recently prepared a supplementary effect analysis to further support the ongoing discussion on EDIS.</p>
<p>Before the introduction of EDIS, the level of risk in the Banking Union must be reduced (policy recommendation, paragraph 24).</p>	<p>The Communication provides for a set of risk reduction measures that will be implemented in parallel with the transition to full EDIS. On 23 November 2016, the Commission adopted a legislative package of risk reduction measures (e.g. implementation of TLAC/MREL<sup>52</sup> Review, and CRR/CRD IV<sup>53</sup> amendments).</p>

<sup>52</sup> Total Loss Absorbing Capacity/ Minimum Requirement for Own Funds and Eligible Liabilities

<sup>53</sup> Capital Requirements Regulation and Directive.

<p><b>N°12 Action Plan on VAT: Towards a single EU VAT area</b>  <b>COM(2016) 148 final – CoR 2016/2419 - ECON-VI/017</b>  <b>119<sup>th</sup> Plenary Session - October 2016</b>  <b>Rapporteur: Mr Dainis TURLAIS (LV/ALDE)</b>  <b>DG TAXUD – Commissioner MOSCOVICI</b></p>	
Points of the CoR opinion considered essential	Commission position
<p>The CoR welcomes the Action Plan which is a Commission initiative setting out the path to be followed for proposing to establish a single value added tax (VAT) area in the EU by 2017.</p> <p>The CoR shares the view that the new VAT system should be based on the principle of destination.</p> <p>The CoR welcomes proposals to allow businesses engaged in cross-border trade to settle all VAT issues in their country of origin.</p>	<p>The Commission welcomes the CoR's broad support for the aims of the Action Plan on VAT.</p> <p>The Commission can assure the CoR that full consideration will be given to this point of the opinion and the requirements set out when preparing the legislative proposals to implement the definitive VAT system.</p>
<p>The CoR supports VAT reform that allows the digital and mobile economy to thrive.</p>	<p>The Commission welcomes the CoR's broad support and has tabled on 1 December 2016 legislative proposals to modernise and simplify VAT for cross-border e-commerce.</p>
<p>The CoR advocates appropriate VAT simplification measures for SMEs as fragmentation and complexity result in major compliance costs for businesses involved in cross-border trade.</p>	<p>The Commission shares the views of the Committee that the future EU VAT system should drastically reduce compliance costs of business and will take this into account when preparing the legislative proposals to implement the definitive VAT system and the 'SME VAT package' announced in the VAT Action Plan.</p> <p>Further-reaching simplification and reduction of administrative burdens are indeed among the objectives of the review of the provisions of the VAT</p>



	<p>Directive on the SME scheme. The SME package will be looking at both the exemption from VAT and possible simplification of obligations.</p>
<p>The CoR calls for territorial impact assessment of proposals to offer greater flexibility in setting VAT rates; it believes the option whereby the list of goods and services eligible for reduced rates is extended and regularly reviewed is liable to entail less risk than abolition of this list.</p>	<p>The Commission takes note of the CoR opinion, and consideration will be given to this point when preparing the legislative proposals to implement the reform of VAT rates.</p>
<p>The CoR calls for representatives of the CoR at European level to be included in consultations on any changes to the VAT system.</p>	<p>The Commission will take this opinion into account and consult the CoR when appropriate. It welcomes the report on own initiative that the CoR has transmitted and will take it into account when preparing its legislative proposals</p>

<p><b>N°13 Delivering the global climate agreement – a territorial approach to COP22 in Marrakesh (own-initiative opinion)</b>  <b>CoR 2016/1412 - ENVE-VI/013</b>  <b>119th Plenary Session - October 2016</b>  <b>Rapporteur: Mr Francesco PIGLIARU (IT/PES)</b>  <b>DG CLIMA – Commissioner ARIAS CAÑETE</b></p>	
<p><b>Points of the CoR opinion considered essential</b></p>	<p><b>Commission position</b></p>
<p>2. With regard to the EU in particular, the Committee of the Regions (CoR) maintains its past position regarding the need for a 50% reduction in greenhouse gas emissions by 2030 with the aim that global GHG emissions should reach their peak as soon as possible and should be phased out by 2050 or shortly after.</p>	<p>In March 2015, the EU Presidency and the Commission communicated the Intended Nationally Determined Contributions (INDC) to achieve an at least 40% domestic reduction in greenhouse gas emissions compared to 1990 levels by 2030 to the United Nations Framework Convention on Climate Change (UNFCCC), on behalf of the EU and its Member States. The Commission considers this target to be ambitious and fair and it is in line with a cost-efficient pathway to at least 80% domestic reductions by 2050. The target will be implemented through EU legislation. It is based on global projections that are in line with the medium term ambition of the Paris Agreement.</p>
<p>3. The CoR also calls on the European Commission and the Member States to update and specify the 2030 Framework and 2050 Roadmap in order to comply with the Agreement's obligation to formulate mid-century, long-term low greenhouse gas emission development strategies; this process should start as soon as possible, to allow a comprehensive debate, in which the representatives from national, regional and local authorities as well as civil society and the business sector should be closely</p>	<p>Implementing the 2030 energy and climate framework is a priority for the EU in follow-up to the Paris Agreement. The European Commission's proposed legislation for implementing the 2030 Framework is currently under consideration by the Parliament and Council (proposed revision of EU Emissions Trading System from 2015, and the July 2016 package containing proposals on Effort Sharing, the land sector and a strategy</p>

<p>involved.</p>	<p>on low-emission mobility, and the "Clean Energy for all Europeans" package including proposals for energy efficiency, electricity market design and renewable energy policy).</p> <p>Under the Paris Agreement, Parties are invited to communicate mid-century, long-term, low greenhouse gas emission development strategies by 2020. In its assessment of the Paris Agreement, the Commission already committed that in order to facilitate the preparation of the mid-century strategies, the Commission will prepare an in-depth analysis of the economic and social transformations in order to feed the political debate in the European Parliament, Council and with stakeholders. This has been endorsed by the Environment Council in September 2016.</p>
<p>7. Better integration of regions and cities within the UNFCCC process is also necessary and would allow for feedback from the ground to be channelled back to the UN level in a timely manner. Countries would have access to the best information, enabling them to make cost-effective decisions that can be implemented by regions and cities on the ground. It is therefore necessary to establish a permanent and direct dialogue between the different levels, starting from the local and regional level.</p>	<p>The Commission has been maintaining a regular dialogue with representatives of non-state actors, including cities and regions, throughout the negotiations process, during the UNFCCC sessions and in Brussels. At the UNFCCC session held in May 2016, the EU put forward a proposal to hold an in-session workshop on increasing the role of non-Party stakeholders in implementation of the Paris Agreement. The workshop will take place at the UNFCCC session in May 2017.</p> <p>Further, in the context of international climate action, the Commission has been a very strong supporter of the Lima-Paris Action Agenda, which became a framework to recognise and support civil society's role in climate change mitigation and adaptation. The</p>

	<p>action agenda, now referred to as the Global Climate Action Agenda, facilitates engagement between government representatives and Non-State stakeholders, and creates venues for further cooperation and exchange. The Commission also welcomes the appointment and supports the two High Level Champions, appointed by the Conference of the Parties (COP) Presidencies. The Commission would see as a key role of the champions contributing to sustaining the political momentum on the action agenda, i.e. through providing a link to the high-level dialogue, as well as through participating in relevant international fora to promote the action agenda, and by serving as a political convener for interested Parties, non-Party stakeholders or international initiatives, to help them scale-up cooperation and action, as expressed in a recent EU submission on this subject. (<a href="http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/75_253_13_1145158291059909-SK-01-08-EU%20Submission%20GCAA.pdf">http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/75_253_13_1145158291059909-SK-01-08-EU%20Submission%20GCAA.pdf</a>).</p>
<p>39. The CoR notes with satisfaction that the recent decision by the Intergovernmental Panel on Climate Change (IPCC) to draft a special report on cities and climate in 2023 will drive increased research as of now on the importance of cities in combatting climate change. It calls on the European Commission to take an active part in drawing up this report and to involve the CoR in this process, as well as to champion a multi-level territorial vision of climate action. In particular, the CoR calls on the European Commission to promote research in these areas in order to feed</p>	<p>In its May 2016 session, the IPCC decided to include a Special Report on cities in the seventh Assessment Report cycle. This cycle begins in 2023, meaning that the Special Report on cities will appear at the earliest in 2025. In the meantime, IPCC is supporting increased attention on cities and climate change, including through an international conference to be held in 2018.</p> <p>The EU's research and innovation framework programme Horizon 2020 supports cities in developing towards a</p>

<p>constructively into the special report which will be used in future UNFCCC discussions, notably the global stocktake, which will assess the state of the implementation of the Paris Agreement by 2023.</p>	<p>low-carbon urban future and to increase their resistance vis-à-vis the adverse effects of climate change. The European Commission also supports city-level climate action through initiatives such as the Covenant of Mayors for Climate &amp; Energy, which brings together thousands of local and regional authorities voluntarily committed to implementing EU climate and energy objectives on their territory.</p>
<p>45. The CoR calls for better awareness and support mechanisms for developing regionally oriented national adaptation strategies. Their development into coherent regional action plans and down to the local level should be closely monitored with clear milestones set at EU level to be reached at regular intervals.</p> <p>47. Although there are different funding opportunities within the EU, regions and cities encounter various hurdles, which prevent them from accessing the support measures available at EU level, both from the EU funds and through the European Investment Bank (EIB).</p> <p>Following numerous debates in the CoR and with different stakeholders, the CoR calls on the European Commission, the EIB and Member States to focus on developing the appropriate administrative capacity of regions and cities, in order to take full advantage of the public and private financing opportunities available at EU level, particularly for smaller territorial entities.</p>	<p>The Commission has worked to streamline and reinforce coordination among the urban initiatives it (co-) manages. In this sense, the new Covenant of Mayors for Climate and Energy, launched in 2015, now integrates climate change mitigation and adaptation dimensions, promoting synergies between the two.</p> <p>Within the Covenant of Mayors, the Commission encourages local and regional authorities, as the closest governance level to citizens, to engage and raise awareness of all relevant stakeholders and to empower their citizens. Local authorities are welcome, and receive the support from the Covenant of Mayors, to implement objectives that go beyond EU goals. Moreover, the Commission regularly consults local and regional authorities' representatives in order to know what their expectations and needs are.</p> <p>In addition, in the context of external action, the EU flagship initiative, the Global Climate Change Alliance (GCCA+), is active in 38 countries and eight regions and sub-regions. The GCCA+ initiative is continuing to help vulnerable countries, mainly Least Developed Countries (LDCs) and</p>

Small Island Developing States (SIDS), to increase their resilience to climate change, to reduce disaster risks (DRR) and to enhance mitigation co-benefits (e.g. REDD+).

The GCCA+ is further fostering policy dialogue and the exchange of experience on climate change at the global, regional and national levels – between the European Union and developing countries. Based on regional and national/country-level needs, the GCCA+ concentrates on the integration of climate change and disaster risk reduction and management into development planning processes at different levels, including budgeting and monitoring systems. Other issues addressed include sustainable land use, climate smart agriculture, ecosystem management, adaptation and mitigation synergies, sustainable urban development, empowering women and addressing gender issues in the context of climate change and climate-induced migration. The GCCA+ gives due consideration to regional and national priorities and to selected geographical aid cooperation focal areas. It works with a wide array of stakeholders from governments, non-state actors, civil society organisations, regional organisations, the scientific community and development partners.

The GCCA+ also includes a programme specifically focused on African, Caribbean and Pacific (ACP) countries, called the GCCA Intra ACP Programme funded under the European Development Fund (EDF).

**N°14 An EU Strategy for Heating and Cooling**  
**COM(2016) 51 final - CoR 2016/1411 – ENVE-VI/012**  
**119<sup>th</sup> Plenary Session - October 2016**  
**Rapporteur: Ms Daiva MATONIENĖ (LT/ECR)**  
**DG ENER – Commissioner ARIAS CAÑETE**

<b>Points of the CoR opinion considered essential</b>	<b>Commission position</b>
<p>9. The CoR calls on the European Commission to review EU policies in order to develop a sustainable and efficient heating and cooling sector.</p> <p>One example which illustrates a lack of coherence between different elements of EU legislation is delegated regulation 2012/244/EU supplementing the EPBD. The delegated regulation allows renewable thermal and electric energy to be subtracted from the energy performance of the building if produced on-site, but not if supplied through centralised energy production. This inconsistency risks undermining systems for district heating, district cooling and CHP and is counterproductive to the aim of promoting the use of renewables, waste-to-heat and reduction of CO<sub>2</sub>; the CoR is of the view that the primary focus of the energy performance of buildings should be on the energy use/demand of the building.</p>	<p>The EU Strategy for Heating and Cooling<sup>54</sup> announced that the Commission would tackle obstacles to more efficient and sustainable heating and cooling, <i>inter alia</i>, through examining specific elements in the reviews of the Energy Efficiency Directive<sup>55</sup>, the Energy Performance of Buildings Directive<sup>56</sup>, the Renewable Energy Directive<sup>57</sup> and Electricity Market Design legislation. These reviews are included in the adoption of the Clean Energy for All Europeans package adopted on 30 November 2016<sup>58</sup>. In relation to heating and cooling, the Commission is proposing, <i>inter alia</i>, to prolong the energy savings obligation schemes to 2030, to introduce similar obligation systems to increase the renewables share in heating and cooling, to require district heating and cooling operators to open up their networks to waste and renewable heat or cold, and to strengthen consumers' rights in</p>

<sup>54</sup> [https://ec.europa.eu/energy/sites/ener/files/documents/1\\_EN\\_ACT\\_part1\\_v14.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v14.pdf).

<sup>55</sup> Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC Text with EEA relevance OJ L 315, 14.11.2012.

<sup>56</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings, OJ L 153, 18.6.2010,

<sup>57</sup> Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (Text with EEA relevance), OJ L 140, 5.6.2009.

<sup>58</sup> COM(2016) 860 final.

metering and billing of heating, in particular for people living in multi-apartment buildings.

Concerning the example given, the Energy Performance of Buildings Directive applies to the building level and not the district level.

The recently published Commission Recommendation (EU) 2016/1318 of 29 July 2016 on guidelines for the promotion of nearly zero-energy buildings (NZEB) and best practices to ensure that, by 2020, all new buildings are nearly zero-energy buildings throws some light on how to consider on-site and off-site renewables in building energy performance calculations regarding NZEB.

The Recommendation clearly mentions that renewable energy and efficiency measures should work together. When placed on-building, renewable energy will reduce net delivered energy. Moreover, it also opens the possibility for Member States to define primary energy factors per energy carrier (national, regional or local). These factors should take into account the renewable energy content of the energy supplied to the building, including from nearby sources, in order to place on-site and off-site renewable energy sources on an equal footing.

Member States are required to prepare long term buildings renovation strategies, where they define the overall plans for the building stock improvements, both geographically and over time. The first version of these strategies was prepared in 2014 and Member States are required to update them and to notify them to the



	Commission in 2017.
<p>10. The CoR calls on the European Commission to advise Member States, taking into account their own potential, to develop a sustainable heating and cooling sector by deploying efficient technologies, promoting innovation and removing legal and administrative barriers.</p> <p>33. The CoR calls on the European Commission to focus more on innovation in industry and to support the use of renewable energy sources and the development of new low-carbon technologies.</p>	<p>A number of ongoing projects on heating and cooling planning at national, regional and local levels, funded by Intelligent Energy Europe (IEE) and Horizon 2020, are assisting EU Member States in the practical aspects of the implementation of Article 14 of the Energy Efficiency Directive on efficiency in heating and cooling. Examples of these projects include Stratego<sup>59</sup>, RES H/C SPREAD<sup>60</sup> and SmartReFlex.<sup>61</sup> Building on the results of the Heat Roadmap Europe studies, the IEE-funded Stratego project is supporting national authorities in the preparation of National Heating and Cooling Plans (NHCP). The project has so far quantified the impact of implementing various energy efficiency measures in the heating and cooling sectors of five EU Member States: Croatia, Czech Republic, Italy, Romania, and the United Kingdom.</p> <p>The RES H/C SPREAD project is also assisting six regions in Europe (Austria, Bulgaria, Greece, Italy, Latvia and Spain) in the development and adoption of heating and cooling strategies with a high share of renewable energy sources.</p> <p>The SmartReFlex project is working on the promotion of district heating and cooling systems (DHC), using high shares of renewable energy sources, across six regions in four countries in</p>

<sup>59</sup> <http://stratego-project.eu/>.

<sup>60</sup> [http://www.res-hc-spread.eu/en\\_GB/](http://www.res-hc-spread.eu/en_GB/).

<sup>61</sup> <http://www.smartreflex.eu/en/home/>.

	<p>Europe (Germany, Ireland, Italy and Spain). Key to the project is the development and implementation of legislative and organisational measures for promoting high-RES<sup>62</sup> DHC.</p> <p>Another IEE project, RESCUE (2012-2014) has worked with a number of cities across Europe and has developed a methodology, toolset and practical guidance for decision makers for the adoption and implementation of district cooling using locally available low carbon and renewable energy sources.</p> <p>In addition, the Horizon 2020 CoolHeating project (2016-2018) is supporting the implementation of small modular renewable heating and cooling grids for communities in South-Eastern Europe.</p> <p>The Regeocities (2012-2015) project has brought together 11 Member States with the objective of facilitating know-how and best practice exchange on the regulation and administration of shallow geothermal in cities.</p> <p>Source: <i>'Overview of support activities and projects of the European Union on energy efficiency and renewable energy in the heating and cooling,'</i></p> <p><a href="https://ec.europa.eu/energy/sites/ener/files/documents/overview_of_eu_support_activities_to_h-c_-_final.pdf">https://ec.europa.eu/energy/sites/ener/files/documents/overview_of_eu_support_activities_to_h-c_-_final.pdf</a>.</p>
<p>11. The CoR calls for a more concrete role of local and regional authorities in the heating and cooling sector.</p>	<p>The Commission recognised the pivotal role of local and regional authorities in designing district heating and other heating and cooling infrastructures, including heat production such as through Combined</p>

<sup>62</sup> RES – Renewable Energy Sources.

	<p>Heat and Power (CHP) and industrial waste heat. The Heating and Cooling Strategy (Chapter 5) recalls that "heating and cooling are produced locally in markets that are fragmented. Tackling the obstacles to more efficient and sustainable heating and cooling will require action at local, regional and national level, within a supportive European framework."</p>
<p>34. The CoR urges the Commission to develop a concrete action plan detailing recommended measures to promote cogeneration.</p>	<p>Directive 2012/27/EU on energy efficiency already contains a comprehensive mechanism for the promotion of high efficiency cogeneration. Article 14(1) requires Member States to submit comprehensive assessments of the potential for high-efficiency cogeneration and district heating to the Commission by the end of 2015<sup>63</sup> and every five years thereafter. The Commission is currently evaluating these assessments. Where the assessments identify a potential for the application of high-efficiency cogeneration whose benefits exceed the costs, Article 14(4) requires Member States to take adequate measures to accommodate the development of high-efficiency cogeneration.</p>
<p>24. The CoR suggests reviewing existing renovation models, analysing their strengths and weaknesses and evaluating Member States' experiences in developing financing models that are attractive to consumers.</p> <p>38. The CoR calls for efforts to promote the creation of attractive funding schemes in order to be able to implement more</p>	<p>The Clean Energy package includes a Smart financing for smart building initiative.<sup>64</sup> On this basis, the Commission is developing a three-fold approach to support energy efficiency investments including in heating and cooling.</p> <p>This is based on more effective use of public funds, aggregation and</p>

<sup>63</sup> Available at <http://ec.europa.eu/energy/en/topics/energy-efficiency/cogeneration-heat-and-power>.

<sup>64</sup> COM(2016) 860 final, Annex I.

effective measures for the heating and cooling sector.

39. The CoR suggests promoting the use of innovative financial instruments to finance the development of the heating and cooling sectors, encouraging investment in clean technologies and facilitating the involvement of the private sector.

40. The CoR calls for the combination of ESIF, EFSI and other measures to be applied as widely as possible in the EU Member States and for the process to be sped up and simplified.

45. The CoR considers that it would be useful for the EU to prepare guidelines on the efficient management and funding of the energy sector and to provide examples of possible models of efficient management that could be applied by local and regional authorities in the heating and cooling sector.

assistance and de-risking of the investments. As part of the Investment Plan for Europe, the European Fund for Strategic Investments (EFSI) provides a major opportunity to mobilise financing for energy efficiency, including for heating and cooling. Already now, the vast majority of energy projects approved for financing concerns energy efficiency and the renewable energy sector. The European Regional Development Fund and the Cohesion Funds will also invest about EUR 17 billion in energy efficiency in public and residential buildings and in enterprises, with a focus on SMEs.

As the need to mobilise and unlock private investment is key for a successful energy efficiency policy, the above-mentioned three-fold approach aims at:

- encouraging the more effective use of public funds including with the deployment of more financial instruments and financing platforms to boost the combination of EFSI and other public funds;
- helping project developers bring good project ideas to maturity with more project development assistance and aggregation mechanisms;
  - making energy efficiency investments more trusted and attractive for project promoters, financiers and investors.