

OPINIONS
OF THE ECONOMIC,
SOCIAL AND
ENVIRONMENTAL
COUNCIL

The European Union at the crossroads

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May 2014

RÉPUBLIQUE FRANÇAISE
LIBERTÉ - ÉGALITÉ - FRATERNITÉ



CONSEIL ÉCONOMIQUE
SOCIAL ET ENVIRONNEMENTAL

Les éditions des
JOURNAUX OFFICIELS

2014-12
NOR : CESL1100012X
Friday 23 May 2014

OFFICIAL JOURNAL OF THE FRENCH REPUBLIC

2010-2015 Mandate – Session of 13 May 2014

THE EUROPEAN UNION AT THE CROSSROADS

Opinion of the Economic, Social and Environmental Council
presented by

Mr Christophe Quarez, rapporteur

on behalf of the

Section for European and International Affairs

Petition brought before the Economic, Social and Environmental Council through a decision by its bureau on 28 January 2014 pursuant to Article 3 of Order N° 58-1360 dated 29 December 1958 as amended, concerning the Organic Law on the Economic, Social and Environmental Council. The bureau entrusted to the Section of European and International Affairs the preparation of an opinion entitled: The European Union at the Crossroads The Section for European and International Affairs, presided over by Mr Yves Veyrier, appointed Mr Christophe Quarez as rapporteur.

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THE EUROPEAN UNION AT THE CROSSROADS

Summary of draft opinion¹

The European Union (EU) must be reinvented, with citizens placed at the centre of a re-founded political project. To reach out to citizens, to move towards a Europe that is more open, possesses greater solidarity, and is more powerful on the international stage - these are the goals to pursue. In this respect, 2014 marks an important step for the EU as the European Parliament and Commission will be granted new five-year mandates after the elections, the results of which will be scrutinised and analysed with the utmost attention.

This succession of events, which will place Europe in the limelight for several months, will provide an opportunity to present it in a new light. In this regard, the European Union has much in its favour. The unique and contemporary nature of the European architecture offers an unprecedented way of organising interdependencies between States. Moreover, it is a major economic world power that accounts for 19% of total global wealth production, is home to 500 million consumers and holds the world's second reserve currency.

Nevertheless, there is no denying the fact that the crisis, globalisation and changing political and financial balances of power on the world stage have shaken the trust of EU citizens in its ability to deal with the challenges it now faces. It has also increased their doubts about its continued existence.

With this opinion, the Economic, Social and Environmental Council (ESEC) wishes to set out its views regarding the approaches and means available to cast the EU in a new light that is both dynamic and ambitious.

ESEC's proposals

Affirm the political will

Europe has been built progressively, alternating between phases of deepening and expansion. But the time has come for clarification and there is an urgent need to equip Europe with a better-defined political project.

Pursue an ambitious political project founded on:

- adding value, within the EU, to its model, which is based on humanist values and the goal of smart, inclusive and sustainable growth;
- defence, on the international stage, of its commitment to compliance with international law, human rights and democracy and the adoption of a strong position on the major political and strategic issues of the 21st century, one of which is climate change;
- promotion of a European defence policy;

¹ The draft opinion was adopted in its entirety by public vote with 153 votes and 26 abstentions (see annexed voting results).

- further development and promotion of closer cooperation through:
 - a necessary pause in expansion so as to allow the emergence of a genuine sense of belonging to a politically and geographically delineated whole;
 - the provision of greater incentives, for States who wish to do so, to take further steps towards integration on issues that are concrete and tangible for citizens;
- the strengthening of the democratic control of the Eurozone through:
 - the creation of a “Eurozone Assembly” made up of European elected representatives from the Eurozone and members of the finance committees of the national parliaments of countries within the Eurozone or those called to join it;
 - greater involvement of the national parliaments.

Bring Europe closer to its citizens by:

- fully recognising the role of civil society organisations and the granting of European status to foundations and associations;
- ensuring that the European election period serves as the high-point for debate on the future of the EU framed around policy programmes focusing on European issues, accompanied by a return, in France, to a single constituency system;
- improving understanding of how the European Union operates through an assertive communications policy led by policymakers themselves and guided by the imperative of explaining how the EU works and by a requirement that the day-to-day concerns of citizens are addressed;
- development, as a civil society participatory instrument, of the European Citizen’s Initiative (ECI) introduced by the Treaty of Lisbon;
- development of mobility mechanisms within the framework of formal and non-formal education and strengthening of the European Voluntary Service, and even the creation of a “European Civic Service”.

Focus on re-starting activity and sustainable development

The European Union faces challenges on two fronts: strengthening the foundations of EMU to enable it to deal with any new crises; and alongside this, beyond the Eurozone, developing a genuine strategy for EU-wide growth.

Step-up integration of the Eurozone through:

- a commitment by public authorities to involve the social partners and civil society actors in the agenda, and in defining and evaluating economic and budgetary reforms to be implemented;
- the adaptation of reform objectives to the specific characteristics and constraints of each State;
- an examination of a fiscal capacity within the EMU, as a precursor to fiscal union.

Invest in mobilising strategies through:

- completion of the internal market in order to work towards optimal functioning;
- the launch of a long-term investment policy in support of: an offensive industrial strategy, the development of high technology industries, the supporting of research and development, and adding value to the social economy and to energy transition;
- to this end, mobilising all possible sources of public and private financing and joint-financing.

Promote the social dimension of the EU

The ESEC takes the view that it is vital for the concept of solidarity to assume its fullest meaning once more, so that it is not just a slogan but rather plays a role in restoring the legitimacy of the European project in the eyes of the public who, in this period of economic difficulty, feel that the European model based on economic growth and the improvement of living and working conditions is falling apart.

Strengthen the place of European social dialogue through:

- the implementation of sector-specific collective agreements as a component of social dialogue;
- the genuine taking into account of consultations undertaken with the social partners namely within the framework of the annual tripartite social summit and macro-economic dialogue.

Combat distortions of competition and act to promote employment through:

- fiscal and social convergence, potentially in the form of a “fiscal and social snake in the tunnel” within the Eurozone drawing upon the former European monetary “snake in the tunnel” concept;
- inclusion on the EU social agenda of the possibility of ultimately establishing a minimum wage;
- the stepping up, within the framework of the most recent Directive, of inspection measures pertaining to the posting of workers through closer cooperation between the inspectorates of the various Member States, or ultimately through the creation of a European labour inspectorate.

Implement the social indicators dashboard recently adopted in furtherance of a more qualitative approach to convergence targets for employment and social policy.

Opinion

Having been built on the restoration of peace and liberty, the EU must be reinvented, placing its citizens at the centre of a re-founded political project. To reach out to citizens, to hear what they have to say, to foster debate and spirited exchanges regarding ideas and views about how we can move towards a Europe that is more open, possesses greater solidarity and is more powerful on the international stage - these are the goals to pursue. In this respect, 2014 marks an important step for the EU as the European Parliament and Commission will be granted new five-year mandates after the elections, the results of which will be scrutinised and analysed with the utmost attention.

This succession of events, which will place Europe in the limelight for several months, will provide an opportunity to present it in a new light. In this regard, the European Union has much in its favour. The unique and contemporary nature of the European architecture offers unprecedented ways of organising interdependencies between States. Furthermore, the sharing of humanist values, foremost among which is the respect for human rights and social rights, equality between women and men, a culture of compromise, striking a balance between a market economy and solidarity, and a certain way of thinking about nature and the environment all contribute to making Europe a model that is regarded with interest worldwide.

Finally, despite the economic and social difficulties facing it, it is a major economic world power that accounts for 19% of total global wealth production, is home to 500 million consumers and holds the world's second reserve currency.

There is certainly no denying the fact that the crisis, globalisation and changing political and financial balances of power on the world stage have shaken the trust of EU citizens in its ability to deal with the challenges it now faces. It has also increased their doubts about its continued existence. This increased questioning and even euroscepticism demonstrates the ambivalence of their feelings about the EU.

Drawing upon the strengths of the EU, the vitality of its economic actors and the expectations of civil society, the Economic, Social and Environmental Council (ESEC) seeks, with this opinion, to set out its views regarding the approaches and means available to cast the EU in a new light that is both dynamic and ambitious.

The European ideal has run out of steam

Not much appetite for Europe

It's a harsh observation to make, but the surveys and analyses that follow make no mistake about this: European citizens feel less and less positive about the European architecture and the image vacuum of EU institutions grows ever greater. The continuing decline in voters in the European elections, from 62% in 1979 to 43% in 2009, is just one of a number of indications of euroscepticism that surveys have confirmed year after year. According to Eurobaromètre surveys from November 2013, less than one-third of Europeans have a positive opinion about the EU - which amounts to a decrease of 20% in six years. The

percentage of respondents who “trust” the EU is barely any better, at 33%, whilst 45% of respondents stated that they are “pessimistic about its future”. Only the Euro fared better, with 63% (one percent higher than in 2012) of Eurozone citizens in favour of it, whereas this number had been gradually falling since 2007. Nevertheless: the erosion of trust in the EU has been confirmed, and it applies to all sections of society, including those who are supposedly most in favour of European integration, such as young professionals, management-level staff and the most highly qualified individuals. Ultimately, this can only lead to concern, as was expressed by the Schuman Foundation, about a European Union that “no longer seems to enjoy the opinion multipliers who would be likely to defend and promote it within public opinion”.

The social partners have been let down by a decision-making process that does not sufficiently involve them and by European institutions that are not attentive enough to their concerns. Businesses, which are actors in the European architecture, are increasingly turning their attentions outward to the world and the growth markets of emerging countries whilst criticism is increasing regarding the Euro being too strong, and its damaging effect on exports, and the weaknesses of the single market. Europe’s union bodies - the European Trade Union Confederation (ETUC) and the European Confederation of Managers (CEC European Managers) -, object strongly to the consequences of budgetary tightening, are highly critical of the lack of coordination and doubt the ability of the union to uphold economic, social and environmental progress.

Although indisputable, this lack of relish for Europe must nonetheless be viewed within the context of a disillusionment with politics, which no centre of power has escaped, the risks of which were set out in the ESEC’s study “Thinking together about the democracy of the future” (*Réfléchir ensemble à la démocratie de demain*). From this standpoint, the EU is no different from other national and international institutions. Actually, it fares somewhat better: according to the Eurobaromètre surveys, the “disenchantment” felt by Europeans about the EU is not without a measure of ambivalence which, despite it all, leads them to view it as the “best place to act effectively against the financial and economic crisis”, ahead of governments, the G20 and the International Monetary Fund (IMF).

Also, a closer examination of the sources of disaffection highlights a number of specific national factors and shows that it is impossible not to connect such disaffection with the general deterioration in the economic climate. The crisis of confidence that the EU now suffers set more quickly in the Southern countries of the EU, and nowhere more so than in Greece, Spain and Portugal, where the combination of the Commission and the European Central Bank (ECB) with the IMF as the “troika” has had catastrophic effects on the EU’s image.

Nevertheless, the EU cannot do everything and in this regard, the issue of the responsibility of political decision-makers must be broached with total frankness. All too often, what is presented to public opinion is a distorted view of the true nature of EU powers. Certainly, the manner in which it has been built and its means of functioning do not make it any easier to understand. But who is currently articulating a clear message about the EU and its institutions? Who speaks of the undeniable successes of 57 years spent building the European project? Clearly a double-discourse is in play which must be condemned: all too frequently, there is a tendency to hush over the fact that the decisions taken by the EU are adopted by the governments within the Council, or to blame “Brussels” for all of the difficulties encountered by national economies.

By monopolising the debate, and concentrating discussion on saving the Eurozone and implementing complex fiscal and technocratic mechanisms, the economic crisis has left the European concept in the twilight zone and bolstered the sentiment that the EU lies beyond the reach of democratic control. It is this notion that must be overcome in order to “make Europe attractive again”. This entails restoring meaning to the European project and to EU actions, within what is a unique forum for dialogue and cooperation.

Progress made by the European Union

The EU’s shortcomings and the reservations and frustrations felt by its citizens cannot conceal the progress made over time in many fields.

The European project first came into being, following the creation of the European Coal and Steel Community (ECSC), through the establishment of the European Economic Community (EEC) based on a large common market. Major sector-specific policies were launched alongside this such as the Common Agricultural Policy (CAP) and the economic, social and territorial cohesion policy. The European project was then taken further with the establishment of Economic and Monetary Union. It was the Maastricht Treaty (1992) that officially created the European Union.

To facilitate the free movement of goods and persons, in the 1980s, the EU also developed trans-European networks in the transport, telecoms and energy infrastructure sectors. Finally, it has also supported the need to promote research and innovation policies.

The building of Europe couldn’t merely be reduced to the setting up of a single market for goods, services and capital and its promoters therefore sought to build a Europe that was closer to its citizens. Accordingly, the Schengen Agreement (1985), by abolishing internal borders, granted the possibility to

400 million Europeans of travelling without their passport. The European Citizen Initiative (ECI), which allows one million EU citizens from at least a quarter of the Member States to participate directly in the elaboration of European policies, inviting the European Commission to present draft legislation, is a further illustration of the desire for Europeans to play a role in the life of the EU. The ECI: “Water and sanitation are a human right! Water is a public good, not a commodity!” received 1.6 million signatures.

Actions carried out in the fields of culture, education and youth have also played a role in making the reality of the European project more tangible in the eyes of citizens. Accordingly, the programme “European Capitals of Culture”, awarded to two cities annually has become a highly visible event in terms of EU cultural action considering its genuine and enduring impact on local life. The better-known Erasmus higher education exchange programme, launched in 1987, has been a resounding success, enabling over 200,000 students each year to study and to undertake internships abroad. Over 3 million students have participated in this programme since its introduction. Over the 2014- 2020 period, the “Erasmus for everyone” programme will enable 4 million people to study, undertake training, teach or volunteer abroad between now and 2020.

The EU possesses specific competences at the environmental level and over the years has created one of the best integrated European policies. So much so that the vast majority of French environmental law stipulations have emerged from European legislation. Protection of biodiversity, combating climate change, the sustainable management of

natural resources, access to environmental information, participation by the public in the decision-making process, access to justice by European Citizens in the environmental sphere and protection against health risks are the bedrock of the European architecture.

At the social level, progress has been slower. The Single Act (1986), by entrusting to the Commission the task of promoting European social dialogue, has enabled progress to be made in a number of fields: health and safety in the workplace (1989), the principle of a maximum number of weekly working hours set at 48 hours (1993), parental leave, equality between women and men, and the setting up of a European Enterprise Committee for workers in the employ of transnational European companies (1994)². But from the last decade onwards, social Europe “hit the skids” and no major progress has subsequently been made.

The economic and social repercussions of the 2008 crisis nevertheless led to the Commission, at the behest of the Council, taking a number of initiatives. In

2007, the European Globalisation Adjustment Fund (EGF) was created. In 2012, the Commission presented an employment package, which proposed a programme to boost job creation and labour market functioning. At the end of 2012, a “youth employment package” was added to this, in response to the unprecedented deterioration in the outlook for young people affected by the crisis. Member States were invited to introduce a “Youth Guarantee” to ensure that no European young person under the age of 25 would have to spend more than four months without a job, apprenticeship, traineeship or continuing education place. At the beginning of 2013, the Commission also adopted a third raft of measures pertaining to “social investment”, the goal of which is to increase the effectiveness and efficiency of national social security systems and to step up active inclusion policies, and the fight against poverty and social exclusion². There is nevertheless a need to thoroughly examine the tangible effects of what are primarily incentives.

Finally, in order to correct the increasing asymmetry between the state of progress of Economic Europe and that of Social Europe, the European Council (2013) has approved the European Commission Communication seeking to “strengthen the social dimension of the Economic and Monetary Union” which this opinion will return to later on.

Casting the European Union in a new light

Affirming the political will

Europe has been built progressively, with alternating periods of deepening and expansion. Termed a “federation of nation states” by Jacques Delors, it is, as currently configured, the outcome of a unique building process, and the product of many compromises between ideas that were by turns conflicting and complementary. Over time, decision-making processes became more sophisticated, derogations increased, statutes were diversified... In short: “the workings of European institutions” came more

² On 11.02.2014, the ESEC presented a study on “social investment strategy”.

complicated. These changes certainly enabled continuing progress to be made, but this has not been undertaken in the right way, and, to a certain extent, it has been at the expense of transparency and legitimacy. In the view of our assembly, the time has come for clarification and there is an urgent need to provide Europe with a more clearly-defined political project.

A vision for the future of Europe

□ Pursue an ambitious political project

The EU possesses considerable advantages: through its overseas territories it is present on a number of continents, it is a key player in global trade, possesses genuine attractiveness and has unique experience in power-sharing and standards creation. However, the crisis has not spared its economy, its population is ageing and its reliance on energy is increasing. In this context, it has no choice but to create a more clearly-defined political project, which it must be more resolute in supporting, both within its own borders and internationally.

EU Member States share many values and a certain economic approach. At a time when globalisation is giving rise to increasingly acute uncertainty on the part of citizens, it is by defending and promoting the EU model that it will be able to re-establish its legitimacy in the eyes of its citizens. The UE 2020 Strategy must, in the opinion of our assembly, form the basis for this project. On this basis, the three key areas set out in the Strategy must be given priority: development of knowledge and innovation; more efficient use of resources and the promotion of a greener and more competitive economy; job creation and social and territorial cohesion. In other words, the pace of economic, social and environmental transition must be stepped up by changing, even transforming, modes of production and consumption.

The EU must bring this project and the values underpinning it to the international stage and adopt a position on the major political and strategic issues of the 21st century. Our assembly takes the view, firstly, that the strong commitments that it has thus far made as regards the protection of the environment make it a natural choice to play the lead role in combative efforts in this field and make its mark at the major international conferences. In this regard, it wishes to highlight the proposals that it has put forward on a number of occasions in support of global governance structured around sustainable development goals. The ESEC thinks, in particular, that the European Union must continue to forcefully advocate the proposed establishment of a global environmental organisation (GEO). The same level of determination is also required for COP 20 Lima - the final stage of climate negotiations before the Paris Conference in 2015. As stated in the opinion it adopted prior to Durban, the ESEC takes the view that it is by playing a major role on its own territory that the EU can consolidate its presence in international negotiations.

Trade issues are at the centre of EU competences. Although the EU is the world's largest exporter and the primary recipient of foreign investment, it has seen its market share steadily decline and its policy in this area has demonstrated its limitations. In the opinion of the ESEC, the EU must, within the framework of the

World Trade Organisation (WTO), execute an offensive policy, without naivety, combining, on the one hand, openness and fair competition, and on the other hand, strenuous protection of its interests through the effective defence of trade and the promotion of universally recognised social and environmental standards. Here, the ESEC is very happy about the review of EU trade defence instruments and the reaffirmation of

the reciprocity principle in access to public procurement markets, as it recommended in its opinion of 29 February 2012 entitled Winning over export markets with SMEs. In this regard, it is concerned about the conducting of negotiations between the EU and the US on the implementation of a Transatlantic Trade and Investment Partnership (TTIP). Taking into account the divergent positions between the two parties on a number of points (pertaining to tariffs, access to public procurement markets, regulatory issues, mechanisms for the settlement of differences, geographical indications and financial services, for example), our assembly deems it essential to scale up dialogue with civil society organisations without delay for this project.

The credibility of the EU's actions at the international level derives in large measure from its relationships with its neighbours to the South and East. In its opinion of 13 May 2009, the ESEC articulated a number of recommendations for increasing the visibility and coherence of the European Neighbourhood Policy (ENP). Although in 2011 the EU expressed the intent to further develop its partnerships with neighbouring countries and societies in its communication entitled A new response to a changing neighbourhood, the Vilnius Summit held in November 2013 revealed the difficulty of "bringing into being" cooperation between the EU and the countries within the Eastern Partnership. In view of the nature and complexity of geostrategic developments, as attested to by the situation in Ukraine, the EU must speak with a single voice to strengthen its positions. To both the East and the South, it must make no concessions in affirming its commitment to compliance with international law and international conventions and treaties, human rights and democracy. Moreover, what ought to be promoted are more concrete and more visible policies, founded upon dialogue that is more inclusive of civil society. To this end, it would be expedient to re-start the Euro-Mediterranean social dialogue forum.

Lastly, the ESEC advocates a European defence policy, which will enable the EU to make a more active contribution to international peace and security, within the framework of the United Nations Charter. Although it has over one million soldiers and possesses the second largest defence budget in the world when the 28 national defence budgets are added together, the EU is not truly a military power that is capable of conducting actions autonomously. Recent interventions in Africa, conducted principally by France, serve to demonstrate this. Also, it must be acknowledged that the EU and the Member States do not have a common defence policy. The ESEC takes the view that the ultimately modest conclusions of the European Council for 19 and 20 December on the Common Security and Defence Policy (CSDP) attest, in this field also, to a lack of political ambition and strategic orientation that the EU suffers from in its foreign policy. Specifically, questions surrounding the ultimate goal of the CSDP - is it to break free from NATO or simply to provide greater military means? - have not been answered. Equally, the European defence industry and defence research remain fragmented despite achievements by the European Defence Agency. The ESEC takes the view that, at a time when constraints are high, the EU could, in the short term, generate added value through the stepping up of budgetary efforts in the area of defence, or at the very least, through greater pooling of forces and resources.

□ To move beyond the status quo: prioritise further development and encourage closer cooperation

European citizens will only be able to support a common project if its content and the limits of its scope are clearly defined. In other words, the EU needs borders in order to create a sense of belonging to a tangible political area. The policy of successive expansion pursued

in recent years has caused confusion over the geographical boundaries of EU territory. The time has come for policymakers to assume their responsibilities and to decide on a pause in expansion in favour of the further development of the European project.

In this regard, those States wishing to do so should be allowed to pursue further integration. One point must be made: the EU already operates in a differentiated way and the idea that it has always moved forward in unison is illusory. The Euro, which was implemented on the basis of the Maastricht Treaty, illustrates this perfectly, even if not all of the necessary lessons have been learned from it. The Schengen Area, created in 1985 outside EU treaty law, initially arose from cooperation between governments. Its incorporation, by means of the 1997 Treaty of Amsterdam, into Community Law (with certain derogations for the United Kingdom and Ireland) demonstrates that the initiative undertaken initially by five countries (Germany, Belgium, France, Luxembourg and the Netherlands) provided the stimulus, or trigger, for progress towards what is, it must be said, one of the most concrete achievements of the EU for European citizens. Other examples of differentiation have punctuated the development of Europe. In the industrial field, Airbus- EADS, Arianespace and the European Space Agency, legally defined as inter-governmental partnerships established outside of the EU, are examples of this differentiation. Their extension to an ever-increasing number of participants proves the value of this approach. We might also cite the “opt outs” accorded to the United Kingdom on the Social Chapter of the Maastricht Treaty between 1992 and 1997, to the United Kingdom, Denmark and Sweden on monetary union and to the United Kingdom, Ireland and Denmark on the stipulations of the Treaty of Amsterdam concerning visas, asylum and immigration.

The ESEC accepts that it is difficult to commit to some of these and to agree to be more closely bound than other Member States. Furthermore, it is revealing to note that the possibility of participating, within the framework of the EU and its institutions, in “reinforced cooperation” (and, since the Treaty of Lisbon, in “permanent structured cooperation”), has existed for a number of years, and yet until now, has been far too little used. The complex nature of the stipulations underpinning them is not unique in this regard. The adoption in 2010 of the Directive on applicable law governing divorce, the creation, after many difficulties, in 2013, after 30 years of negotiations, of a European patent among 25 participating States, and the tax on financial transactions soon to be implemented by 11 States, are notable exceptions in this regard. However, in the opinion of the ESEC, the real reason for this standstill is a lack of political will and there will be no pick-up in pace in this direction until decision-makers are united in their desire for it, and are prepared to field the consequences in terms of public opinion. Conceived from the outset with a view to a progressively increasing level of participation – and reserved, obviously, to those domains not falling within the exclusive competence of the EU – this option does not stigmatise countries that do not initially subscribe to it and it does not run counter to European unity in any way. Quite to the contrary, it can in the long-term have the effect of winning over States that were not initially participants. Lastly, it gives priority to implementation at the most appropriate level. In this regard, it complies with the principle of subsidiarity, a principle to which, we wish to reaffirm, our assembly is committed.

The ESEC takes the view that France must once again take the initiative and propose to some countries that concrete progress be made on issues such as corporate taxation, family and marriage issues, labour law, energy and defence. This could make Europe more tangible and invest it with greater potential in the eyes of European citizens.

Strengthen democratic control of the Eurozone

The ESEC notes that the adoption of the single currency was not accompanied with the degree of institutional change that would have been commensurate with the project. The “Eurozone Summits” (now presided over by a President) and meetings, within the Eurogroup, of Eurozone economy and finance ministers, launched informally in 1997 prior to being enshrined by the Treaty of Lisbon, appear more like the tweaking of procedure rather than a genuine institutional response. The Central European Bank (ECB) has played a central role and the intervention of a “third party” (the IMF) in the troika, in the case of countries in the greatest financial distress, was a complicating factor in determining who was responsible for decisions taken at the EU level. EMU governance, which was developed in an emergency context, appears confused, piece-meal, lacking in transparency and far too technocratic.

The setting in place of the Inter-parliamentary Conference on Economic and Financial Governance (“Fiscal Conference”), which convened for the first time in Vilnius on 16-17 October 2013, constituted progress towards greater control. However, in the opinion of our Assembly, the situation remains unsatisfactory. The Eurozone must be provided with the means for its own governance, and in addition to this, the chance to act more effectively and with greater legitimacy.

Joining the many voices that have already expressed view, the ESEC would be in favour of the creation of a “Eurozone Assembly” which would be involved in the setting of all orientations and the making of all decisions pertaining to the Eurozone, with the European Executive and the ECB being required to report to it. The ESEC takes the view that the ECB’s mission cannot be limited solely to price stability, but rather that it should play a broader role in the attainment of the measurable targets of the EU 2020 Strategy through its monetary policy.

Questions will arise as to the composition of this Assembly. Because it wishes all lessons to be learned by Eurozone countries from the introduction of the Euro, the ESEC supports the most frequently espoused option. It suggests that the Assembly should comprise MEPs from the Eurozone and members of the finance commissions of the national parliaments of Eurozone countries and those countries expected to join it.

A Europe that is closer to its citizens.

In the opinion of the ESEC, it is vital that strong links be forged between the EU and the citizens of Europe. Reviving Europe means, first and foremost, placing citizens at the centre of the project and not thinking of them as individual consumers but rather as entirely separate actors. We must welcome the investments of organisations like the European Civic Forum, the European Youth Parliament and France’s CIDEM (Citizenship and Democracy) Association, which have played a role in assuming greater ownership of the debate surrounding the future of Europe. Moreover, our Assembly notes that the expectations of Europeans in terms of participation and dialogue are extremely high. This reveals that not only do they need to be better informed, they would also like to be listened to more attentively by institutions and decision-makers and, ultimately, to be more involved.

The view taken by our Assembly is that this rapprochement between the EU and its citizens also involves recognising the role of civil society organisations. It is especially important that these be supported to ensure both their viability and their independence. The ESEC reiterates its desire to see plans for European statutes becoming a reality, on the

one hand for foundations and on the other for associations, as these will improve their visibility and legitimacy and facilitate their involvement in transnational activities. For its part, it intends to organise and convey the message of civil society to national and European institutions in synergy with the European Economic and Social Committee and as a network with the ESCs and similar institutions of other Member States.

Also with a view to making European citizenship a more tangible reality, the ESEC advocates the development, on a massive scale, of mobility mechanisms, within the framework of both formal education (notably through Erasmus) and non-formal education, through increasing the number of exchanges, scaling up the European Volunteer Service and even through the creation of a “European Civic Service”.

In the second instance, efforts must be made regarding the transparent functioning of the European Union. Over time, a number of changes have been made that have complicated the institutional architecture of the EU, such as the institutionalisation of the European Council (which now has its own Presidency) and the creation of ad hoc structures such as the Eurogroup and the High Representative for Foreign Affairs and Security Policy. This trend, illustrated by the juxtaposition of the six presidencies (European Council, the European Commission, the European Parliament, the Eurogroup, and the ECB, without counting the six-month presidency of the EU), adds to the perception that Europe lacks transparency, and that it is difficult to work out how responsibilities are shared. Our Assembly insists on the need for individual roles to be made clearer and will back any developments that help do away with this image of an EU that is “depoliticised” and dominated by a technocracy. It welcomed changes such as extension of the scope of codecision, which, over time, have given greater weight to the European Parliament. It also viewed as positive the possibilities created by the stipulations of the Treaty of Lisbon which required the European Council to take into account the results of the European elections in proposing to Parliament a candidate for the Commission presidency. Finally, it welcomed the decision by the European parties within the context of the 2014 elections to each promote a candidate for that post. As Mr Bertoincini put it in his address to the Section, this provides an opportunity to

“put faces to factions” and in so doing to energise the debate on Europe, something that the ESEC sincerely wishes to see.

For the same reason, in light of the increasing role of the Parliament, the ESEC promotes all initiatives that cause debate on the future of the EU to culminate during the European elections. Debate during the election campaign should be structured around European policy programmes. Accordingly, it would be desirable for national political parties to put forward the proposals and viewpoints of the political group that their candidates will be expected to support upon being elected to the European Parliament. The option open to European citizens, by virtue of the Maastricht Treaty, to vote and to stand for election in a country other than the country of which they are citizens will help strengthen the European dimension of the elections and the public should be made more aware of this. Finally, regarding the balloting method, as far as France is concerned, the ESEC favours returning to a single constituency system. This option seems to be more in line with the objective of “Europeanising” the election campaign than the current system of regional constituencies. With its increased legitimacy, the European Parliament, would consider the possibility of granting itself a right of initiative. This would need to go further than the current article 225 of the Treaty on the Functioning of the EU, which enables Parliament to submit a petition to the Commission; rather it would authorise it to directly formulate legislative proposals just

like the Commission. The ESEC does not underestimate the assessments of those who think that this option will make the European Commission even more fragile. At the same time, it takes the view that such a reform would make the EU decision-making process more akin to that of any other parliamentary democracy, where the right of initiative is shared between the executive and the legislative powers. Furthermore, the European Citizens' Initiative (ECI), introduced by the Treaty of Lisbon, has already encroached upon the Commission's monopoly, even though its implementation is tightly circumscribed.

In any event, the ECI merits being more widely known about by citizens and facilitated. It is an instrument through which civil society participates in democracy, which the ESEC naturally could not fail to endorse. The procedures for its implementation would nevertheless benefit from being simplified so as to make the mechanism more accessible to all citizens and civil society organisations. Like the European Economic and Social Committee, which lists ECIs on its website, the ESEC notes that these are a highly accurate representation of the concerns of Europeans and valuable indicators on the reforms that ought to be given consideration.

Our Assembly feels that it is also in the interests of citizens and, furthermore, European democracy, to strengthen the role of the national parliaments. The importance of inter-parliamentary cooperation is recognised by the Treaty of Lisbon and mechanisms such as COSAC (Conference of Community and European Affairs Committees), provide a structure for cooperation between the national and European parliaments. Decisions pertaining to fiscal coordination and economic governance, taken within the context of the crisis, have been a game-changer by virtue of the important role they have played in the transfer of competences. Nonetheless, the necessary progress in this regard is also needed at the national level: it is each State's constitution that stipulates the process for treaty ratification, and by the same token, it is at Member State level that conditions are set down concerning any oversight of the executive in the exercise of its mandate at the European Council and the EU Council.

In conclusion, the ESEC takes the view that it is the responsibility of policymakers to speak more about Europe, and of the European institutions to meet the genuine demand for democratic debate on the Union. All this will only be possible with a communications policy that focusses on European issues and is implemented by policymakers themselves, rather than by administrations or by their spokespersons, as is still all too often the case. In our Assembly's view, what needs to be hammered home is firstly how imperative it is to explain how the EU functions and also how the EU impacts upon the day-to-day concerns of its citizens.

Focus on re-starting activity and sustainable development

Despite fragile signs of recovery, the economic and social consequences of the crisis are still being keenly felt. The 2013 Employment and Social Developments in Europe Review published by the Commission on 21 January speaks volumes in this regard. Unemployment is stabilising but at high levels, indeed higher than one year ago, at 12.1% within the Eurozone and

10.9% in the non-euro area. And although forecasts assume growth in the order of 1% within the Eurozone, a quarter of people living in poverty or exclusion are in danger of remaining in this situation. And in this context, social budgets, which ought undeniably to function as economic shock-absorbers and stabilisers, are subject to extreme constraints.

The EU faces a dual challenge: to consolidate the foundations of EMU so as to equip it to deal with any further crises; and outside the Eurozone but alongside it, to set out a genuine growth strategy for the whole of Europe. Although the EU budget should act as a catalyst for sustainable development and social cohesion, it is deeply regrettable that for the 2014-2020 period, it will be restricted to less than 1% of EU GDP.

Consolidate Eurozone integration

What we are proposing here is not to chart the history of the introduction of economic and monetary union (EMU) but rather to note the changes that have occurred in recent years that marked a major turning point.

Readers will first of all remember the first emergency measures taken to prevent the break-up of the Eurozone, under the “economic and fiscal governance” pillar. Since then, other measures, both economic and fiscal, have been taken, notably to consolidate fiscal controls and economic policies. These rules, among which some of the more rigorous were accompanied by alert, corrective and penalty mechanisms, designed for Eurozone countries, have not been unanimously accepted and have even given rise to spirited debate on whether they are suitable for kick-starting growth and speeding up economic, social and environmental transition. The ESEC is aware of the difficulty of the exercise but Eurozone consolidation and the vigorous support of economic activity are really the same process, just applied with different intensities.

Regarding the second pillar of EMU, the ESEC is pleased to note that the Banking Union, the goal of which is to restore confidence in the European banking system, is solidly taking shape with the introduction of the “Single Supervisory Mechanism” and a “Single Resolution Mechanism”.

In any event, our Assembly takes the view that it is essential for public authorities to commit to involving the social partners and civil society actors in the agenda-setting, definition and evaluation of reforms to be implemented. The creation, in the context of the European Semester, of the National Reform Programme (NRP) must become emblematic of a genuine desire to make consultation an interactive exercise with a genuine return on observations and recommendations formulated by national authorities. By also stressing the importance of securing from the Council and the Commission, in respect of NRPs, genuine monitoring in response to written contributions put forward by civil society in each country, the European Economic and Social Committee (EESC) makes the same point in its opinion from the Europe 2020 Steering Committee on the Communication from the Commission entitled “Annual Growth Survey 2014” presented by Ms Evelyne Pichenot. In the same vein, it is also important, as the EESC recommends, to ensure that the European Council is sent the annual joint report from the national SECs and similar institutions in order to petition it and spur it into action regarding the concerns of civil society.

In the immediate term, EMU remains fragile and making it more robust firstly requires fiscal consolidation through programmes of reforms with major economic and social impacts. For certain States, these have taken the form of very significant cuts in social security and education spending, cuts in nominal wages and redundancies on a massive

scale. The IMF has also noted that it had not sufficiently appreciated the impact in Greece, Ireland and Portugal, of budgetary tightening policies and the OECD (Organisation for Economic Co-operation and Development) also underestimated the perverse side-effects of recommendations that were intended to restore growth. For this reason, the ESEC advocates the tailoring of reform objectives to the specific situations and constraints of each State, using methods that remain to be determined.

In light of the changes currently underway, the question arises of whether it is appropriate to create a fiscal capacity within the EMU, as a precursor to fiscal union. The ESEC notes that EMU is currently at a half-way stage: it has integrated monetary policy led by the ECB, but not having its own fiscal policy holds up convergence between the economies of the Eurozone. In an environment in which the problems of sovereign debt, competitiveness and the banking crisis are far from being solved, fiscal integration would be helpful in rebalancing the monetary pillar and would add to, not to say bolster, the credibility of the banking union detailed previously. The ESEC makes no mistake about the long road that lies ahead or the difficulties to be overcome, particularly regarding the volume and level of contribution to this capacity, and whether or not it is necessary to amend the current treaties.

Invest in mobilising strategies

Launched in 2010, the Europe 2020 Strategy took over the reins from the Lisbon Strategy, the results of which had up until then been viewed as mixed at best. One year on from its mid-term review, it must be stated that the Europe 2020 Strategy has not lived up to expectations and that the attainment of its objectives appears to be an ever-receding prospect.

Complete the internal market

Currently, there are too many obstacles compromising its efficiency and jeopardising its further development. Accordingly, the services sector, which represents 65% of GDP, suffers, despite the introduction, notably, of points of single contact intended to make administrative and customs formalities more simple, from a lack of progress in the area of convergence of fiscal and social regulations. The fragmentation of banking activity penalises SMEs in their access to credit under conditions favourable to their development. It should be remembered that the EU has more than 20 million SMEs: these SMEs provide two-thirds of jobs in the private sector and generate more than half of the total added-value created by businesses active within the EU. Public procurement procedures are still cumbersome and costly. Essentially, industrial strategies are national-level strategies, which is not favourable to the unbundling of public procurement in, for example, the energy, transportation, and digital technologies sectors. This list is not exhaustive and these few significant examples are merely intended to demonstrate the urgent need to move forward to remove persistent obstacles.

Specifically, the Commission, within the framework of the EU 2020 Strategy, has focussed on a series of measures likely to remove obstacles and move towards optimal functioning of the internal market in order to create a climate suitable for the activity of European businesses, for a majority of whom canvassing is limited to the single market. More generally, the goal is to provide a business-friendly environment that attracts foreign direct investment. Within this context, the mid-term review will constitute an important

milestone which should be used to evaluate progress made and identify persistent obstacles. Specifically, this evaluation should address the following areas: simplification of administrative procedures, the ironing out of legislative and regulatory disparities that exist in very many sectors, making it easier for businesses and consumers to conclude contracts. Also, at Member State level, it would be a good idea to identify the negative economic, social and environmental impacts of certain stipulations.

Pursue a policy of long-term investment

In April 2011 and then in October 2012, the European Commission successively adopted the Single Market Act I and II, the purpose of which is to kick-start the European Economy through higher growth, and greater competitiveness and social progress. The ESEC takes the view that restoring EU competitiveness is a priority objective. To this end, all of the energy and will of decision-makers must firstly be brought to bear on re-industrialising the European area. The figures in this regard speak for themselves. It is true that industry accounts for over 80% of exports and investments in research and development and for 25% of private sector employment. However, its contribution to EU GDP fell 0.5 % to stand at 15.1% in the summer of 2013. Investments, for their part, dropped from 21% of GDP in 2007 to 18% in 2012 and competitiveness differentials are increasing between Member States.

Defining an offensive industrial strategy is therefore a vital priority if the EU wishes to be one of the major blocs that matter in the “third” industrial revolution founded on innovation, research and sustainable development. After the bursting of the financial bubble with all of its ensuing consequences, it is the real economy that must now take centre stage. The ESEC is pleased to note that a genuine awareness exists regarding the need to take action in this direction. The Communication of the Commission of 22 January 2014 for a European Industrial Renaissance, the European Parliament’s own-initiative report and the debate organised by BusinessEurope on this subject serve to illustrate this. But beyond a formal consensus that any and all may share regarding the proposals formulated to revitalise the industrial fabric, our Assembly wishes to focus its recommendations on the targeting of the sources of growth and employment to be developed and on the means of financing the investment plans to be set in place in order to create the opportunities and jobs of the future.

Europe possesses the capacities of inventiveness and innovation in high-technology industries, and this has already been amply demonstrated. In view of the strengths and qualitative advantages that it possesses, the ESEC’s view is that the bulk of the EU’s efforts ought to focus on these sectors with more emphasis on research and development, clusters and innovative SMEs in the key sectors of the future: biotechnologies, nanotechnologies, new materials, green chemistry, digital technologies, etc. It should be highlighted that employment in high technologies rose by 20% between

2000 and 2011, that this accounts for 10% of total employment and that unemployment rates in this sector stand at 4%. Also, each job generates four further related jobs. Furthermore, the ESEC unreservedly supports the new “Horizon 2020” research programme launched by the EU, which provides incentives to Member States to step up their investment in this field to 3% of their GDP which will ultimately result in the creation of 3.7 million jobs.

It also considers it highly important to develop the social and solidarity-based economy, whose role in promoting social cohesion and the development of a sustainable and resilient economy was recently pointed out by the European Commission in January 2014 at the Strasbourg Conference on Social Entrepreneurship. Within this context, there is nevertheless

a need for European bodies to improve the legal and financial framework of these structures, and prior to this, to acknowledge the pluralistic nature of forms of social entrepreneurship in Europe. Specifically, as regards mutual societies, which provide insurance, healthcare and social services to almost 230 million European citizens, our Assembly reiterates its commitment to the creation of a Statute for a European Mutual Society.

Finally Europe must rally behind energy transition for a low-carbon, resource-efficient, green economy which we know offers genuine potential for growth and green employment in the future. The EU is well placed in the area of low carbon technologies, particularly as a result of its very large number of patents. However, it faces ever greater competition in the niche areas of innovation and efficiency by emerging powers such as China and India as well as by the United States. It must be admitted that the EU energy policy, which seeks to combine competitiveness, sustainability and security of supply, has until now been too embryonic and still too largely dominated by defence of the economic and commercial interests of the different Member States. Within this context, it is essential that the EU manages to overcome its differences in order to meet the major challenges that it faces: combating climate change; reducing energy consumption; completing the internal energy market, consolidating energy networks and inter-connections; improving energy efficiency and diversifying the energy portfolio in order to diminish both the impact of the cost of energy on the competitiveness of European businesses and its reliance on fossil fuels and on certain producing countries. In this regard, our Assembly notes that the conclusions of the European Council on 22 March on the “2030 climate-energy” package were limited to postponing, without any clear purpose, any agreement on the issue to October 2014, risking making consensus seeking even more fraught with difficulty. It notes that no reference was made to the proposal by the Commission of a binding reduction of at least 40% in greenhouse gas emissions and a target of 27% of energy from renewable sources by 2030.

Mobilising vital financing

At this stage in the process of reflection, the ESEC observes that revitalising the European economic fabric will require massive long-term investment and the central issue of how this will be financed must be addressed with candour. The Commission assesses “required investment in key European transport, energy and telecoms infrastructures to be as much as two trillion Euro between now and 2020”. Our Assembly would also add that education and training systems and beyond this required qualifications to meet the needs of employment markets and technological change will also require substantial budgetary resources. It shares the ambition set out by the Education Council on 24 February to see the scaling up of life-long learning, the assisting of transition between education, training and employment and the promotion of training actions in vocational settings. Without new resources, however, these orientations, will in part, be no more than a dead letter. Consolidating the European higher education area through greater student mobility is also highly important. Currently, only 3% of French students participate in the Erasmus programme. This needs to be taken to an entirely new level but it should not be forgotten, however, that the increased movement of students will also mean greater harmonisation of the content of university syllabuses and funding systems. Also, the goal of promoting training in a vocational setting also requires stepped up efforts to increase the mobility of apprentices within the framework of the Erasmus+ programme or European exchanges between businesses through the Erasmus+ - entrepreneurs programme - enabling young

start-up creators to be mentored by an experienced entrepreneur from another country with whom they would work for between 1 and 6 months.

With this in mind, all possible sources of public and private financing and co-financing must be mobilised with the sole objective of optimal usage. The European Trade Union Confederation has outlined a recovery plan for sustainable growth and quality jobs entitled "A New Path for Europe" based on a set annual investment objective of 2% of European GDP over a 10-year period in the sectors mentioned previously in this opinion. According to estimates, the plan could result in a 3% increase in GDP and between 9 and 11 million jobs. This proposal, the aim of which is to tip the balance in favour of recovery, could play a useful role, in the ESEC's view, in moving the debate forward on priority measures to be undertaken regarding long-term investment and the supporting of SMEs.

In line with its observations, the ESEC reiterates its commitment to ensuring that improved conditions of access by SMEs to financing that meets the needs of their circumstances is tirelessly pursued. In its view the actions undertaken by the Commission through, among other actors, the EIB (European Investment Bank), the Competitiveness and Innovation Framework Programme and its loan guarantee mechanism, which has specifically benefited businesses with 10 employees or less, are steps in the right direction. In view of the priorities, it is in favour of the use of future capital increases to significantly benefit SMEs and the extension of loan guarantees under the COSME programme to boost company and SME competitiveness. Similarly, links between the EIB and public investment banks would benefit from further consolidation. With regard to the introduction of a new online portal detailing the full range of financial instruments available to SMEs, this must facilitate and simplify procedures.

Concerning State aid, which plays a by no means negligible role in support of important projects of common European interest (IPCEI) and which often combines State and private aid, our Assembly wishes to voice its approval of the planned overhaul of the rules governing the eligibility and admissibility of applications. It considers certain of the envisaged criteria to be particularly pertinent: meeting a need for growth and employment subject to providing decent jobs; carrying out profitable strategic operations that, in the opinion of our Assembly, take into account environmental standards; pooling of financing from a number of States. At any rate, it will be closely monitoring the results of the public consultation launched on 28 January in this area.

The fact nevertheless remains, as Mr Michel Barnier recently pointed out, that 75 % of long-term European economic financing is provided by banks whereas in the United States, financing is provided by the financial markets. The Commission has announced its intention to set in place specific measures to enable institutional investors such as insurers and pension funds to be provided with an incentive to contribute alongside banks to the support of investment projects. In the current sluggish economic climate and with very considerable mistrust among savers and investors regarding long-term commitments, all avenues must be explored. Considering that the capital markets only provide 25 % of financing needs, the ESEC's view is that these ought to be directed more towards the real economy.

Promote the social dimension of the EU

Many have criticised the persistent lack of a social dimension within the EU. And as far as Europeans themselves are concerned, a recent study conducted by Observatoire IPSOS/ Crédit Agricole Assurances shows that their concerns are constantly increasing and are in very large measure dominated by job losses (56%) or exclusion (60%). It should be pointed out that unemployment levels have risen markedly: between 2008 and 2013, they rose from 7.1% to 10.9% whilst youth unemployment rose from 15.8% to 23.5%.

The enlargement of the EU to 28 members and, to an even greater extent, the establishment of an economic and monetary union between 17 of its members, provide multiple reasons for seeking a more advanced form of social cohesion. And, undeniably, national disparities in terms of wages, social security and taxation have led some to “profit” from their advantages within the context of the single market, through the use of competition practices similar to social dumping. The agri-food, transportation and construction sectors offer good examples of this.

The ESEC takes the view that it is vital for the concept of solidarity to be restored to its full meaning so that it is not just a slogan but rather plays a role in restoring the legitimacy of the European project in the eyes of the public, who, in this period of economic difficulty, feel that the European model based on economic growth and the improvement of living and working conditions is falling apart. To this end, the goal is not to introduce a “social dimension” pillar to counterbalance the economic and monetary pillars but rather to ensure that this dimension is an indwelling and guiding force in the setting of all European policy. EMU, given the specific constraints that it faces, is by far the most appropriate area for implementing this social dimension, and must be at the forefront of such efforts.

Promoting European social dialogue more extensively

The process of European integration is indissociable from the objectives of social progress, job creation and the setting of social standards for the benefit of all European Union workers. From this standpoint, the setting in place of a high-level social dialogue will prove decisive. It must be stated that it has been difficult for this dialogue to stake out its territory and make its mark, even after twenty years of existence. It is true that the social protocol which emerged from negotiations between the European social partners and was annexed to the Maastricht Treaty established the context for genuine social dialogue at the European level. Moreover, this context has enabled framework conventions on parental leave, part-time work and fixed-term employment contracts, remote working and stress in the work place to be concluded. However, in the meantime, no further binding instruments have been adopted.

The view of the ESEC is that social dialogue should be a driving force for building Europe. However, it cannot become a recognised force for proposing and participating in the formulation of public policies and in more balanced governance, unless it is firstly more robustly structured through specific programmes such as PROGRESS and EURES proposed by the Commission. Currently, social dialogue operates using various formats - bipartite when limited to participation in organisations representing employers and workers and tripartite when extended to EU institutions. Furthermore, it is either inter-professional, or sector-specific: in the first case, it encompasses all sectors of the economy and of the

European labour market; in the second case, it covers a specific sector of activity throughout the EU. Currently, there are forty sector-specific European social dialogue committees. It is also important for the negotiation of sector-specific collective agreements to become a structural component of social dialogue. Indeed, it is at sector level that the social partners are able to reach agreement on European standards for vocational training, in order to anticipate transitions and for the forward planning of jobs and skills management. In this regard, the ESEC wishes to emphasise the importance of the increased involvement of youth organisations, particularly in the implementation of youth employment and guarantee measures for young people.

Faced with the overlaying and cross-over of configurations, it is vital to work towards better link-ups and greater coordination between these different forms. In our Assembly's view, the objective is clear: we must arrive at new methods of governance that combine cooperation and compromise between EU institutions and the social partners. In this regard, the ESEC welcomes the initiative of the European Parliament which recently asked the EESC to once again explore the social dimension of EMU, focussing specifically on social dialogue.

Our Assembly takes due note of the conclusions of the European Council of October 2013 on the principle of greater involvement of the social partners in decision-making processes. However, from its perspective, there is a need to go further and genuinely take into account consultations conducted with the social partners notably within the framework of the annual tripartite social summit and macroeconomic dialogue. In line with this recommendation, it is essential to accord a larger place to the European and national social partners at each stage in the European Semester process: annual examination of growth, recommendations addressed to Member States, etc.

Combat distortions of competition and promote employment

At the European level, certain States make overt use of fiscal, wage level and social security differences to encourage the relocation of businesses and worker mobility for their own benefit. Disparities within the EU remain high. In terms of purchasing power parity (PPP), wage variations can easily range from 1 to 6. There are also considerable variances in taxation rates between the highest rates recorded for 2012 in France (33%), Malta (35%) and Belgium (34%), and the Lowest in Bulgaria and Cyprus (10%) and Ireland (12.5%).

Obviously there are other factors at play in corporate location strategies such as the quality of infrastructure and public services, geographical location, etc. However, one cannot ignore currently existing distortions of competition, which if not corrected, will increase dumping practices and the tendency for a race to the bottom in all social security provisions. Respect for principles and fundamental rights protecting freedom of association and collective bargaining are also factors that play a role in combating social dumping.

Pave the way for fiscal and social harmonisation

Fiscal and social harmonisation is a priority issue because the distortions weigh so heavily on certain activity sectors and employment in France. The announcement that a minimum wage is to be introduced in Germany could prove to be a first step towards greater fiscal and social convergence, though this will also need to take into account the diversity of contexts among European partners in terms of rates, tax bases and social security financing mechanisms.

Drawing upon the former European monetary principle of the snake in the tunnel, a “fiscal and social snake in the tunnel” for the Eurozone would be introduced using upper and lower fluctuation limits. Corporate taxation, PIT (Personal Income Tax) and social contributions would be maintained within these thresholds with a view to a progressive and gradual harmonisation of median rates. Initially at least, it may be a good idea to move towards the harmonisation of tax bases. In such a delicate area, this project could only rely on the political will of those states willing to advance in this direction. : Germany and France could be the first to act. In any event, in the opinion of our Assembly, this mechanism would play an effective role in fighting distortions in competition and tax avoidance and fraud.

□ Work towards minimum wages throughout the EU

Currently, 21 Member States have national legislation providing for a legally-binding minimum wage. The other seven States (Germany, Austria, Cyprus, Denmark, Finland, Italy and Sweden) have minimum wages for each sector or provide for minimum wages set by bargaining between the social partners. In the case of Germany, the announcement in November 2013, that a minimum wage would be introduced from 1 January 2015 would be a game-changer that could spread to other countries. This diversity in national contexts is made even more marked by an extremely wide spread of remuneration levels.

The ESEC finds that these differences are detrimental to the establishment of more equitable competition rules and to the creation of decent jobs. As regards the poverty threshold as defined by the EU, namely 60% of median national income, it is in favour of writing into the EU agenda, as an objective to head towards, the principle of a minimum wage in every EU State. It could be set at 60% of the median national wage. The governments concerned would nevertheless need to have full latitude regarding the pace and approaches and methods used to move towards this objective.

□ Step up control measures for posting of workers

The only statistical information available on numbers of postings of workers is derived from data extracted from social security forms. In 2011, the countries that received the greatest number of posted workers were Germany (311,361), France (161,954) and Belgium (125,107). Regarding the origin of these workers, they came principally from Poland (227,930), Germany (226,850) and France (144,256). Furthermore, it is estimated that these numbers increased by 6% between 2009 and 2010, and by 14% between 2010 and 2011. In terms of the sectors concerned, construction was by far the largest with 43.5% of postings in Europe. Behind this was the industrial sector (27.2%), followed by the services sector (26.8%) and the agricultural sector (25%).

Although there remains some ambiguity and lack of detail, the ESEC views as a positive signal the recent implementing directive, the purpose of which is to improve the provision and monitoring of working conditions of workers temporarily posted to a country other than their own, and additionally to prevent abuses, namely those that arose through attempts to benefit and profit from shortcomings in the initial directive (Directive 96/71 of 16 December 1995) covering this area and from disparities in social and employee deductions between EU countries.

Our Assembly notes that certain of its provisions were endorsed following a compromise reached between the Council, the Commission and the Parliament, after tough negotiations: criteria to be taken into account when assessing the authenticity of a posting situation; setting in place of an open but non-binding list, as sought by Parliament, of

national control measures and administrative requirements; passing on to the Commission of additional examinations carried out as part of the inspection process; introduction, into the construction and public works sector, in which the majority of fraudulent postings arise, of the principle of mandatory joint and several liability in respect of contractors and their subcontractors.

To combat circumvention of applicable regulations, there is evidently a need for the setting down of clear and precise rules and the above-mentioned directive is a step in this direction. However, in the opinion of the ESEC, within a context of free movement of persons and workers, it also calls for closer cooperation between the supervisory bodies of each Member State and also the creation of a European labour inspectorate.

Finally, the ESEC applauds the proposed legislation on sub-contracting and social dumping adopted on 25 February by the French National Assembly which also establishes the principle of

“several liability”, although its scope of application is intended to be larger as it covers not only the construction and public works sector but all sectors.

Set in place a dashboard of social indicators

The ESEC endorses the agreement reached by Heads of State and Government concerning the setting in place of a dashboard comprising five key indicators to improve monitoring of the social and employment situation within the EMU area: unemployment levels and trends; level of young persons not in employment or education or training; real gross disposable household income; at-risk-of-poverty rate among the working-age population; inequality. In fact it is vital that shared diagnostic tools are available and their adoption at this stage would be a positive step. The ESEC nevertheless regrets that the text of the agreement, which fell short of the initial proposals by the Commission, did not include environmental indicators or more nuanced additional indicators on quality of employment, i.e. a low-wages component or a part-time and fixed-term employment component. In any event, efforts must be made to ensure that the indicators chosen contribute, within the framework of the European Semester, to a more qualitative approach to the convergence objectives for employment and social policy. An assessment of these will need to be conducted in the medium-term.

Voting

Voting on the full text of the draft opinion

No. voters	179
Voted for	153
Abstained	26

The ESEC adopted.

Voted for: 153

<i>Agriculture group</i>	Mr Barrau, Mr Bastian, Ms Beliard, Mr Brichart, Mr Clergue, Mr Cochonneau, Ms Dutoit, Mr Giroud, Mr Lefebvre, Mr Pelhate, Mr Pinta, Mr Roustan, Ms Serres, Ms Sinay, Mr Vasseur.
<i>Cottage Industry group</i>	Ms Amoros, Mr Bressy, Mr Crouzet, Ms Gaultier, Mr Le Lann, Mr Martin, Ms Sassano.
<i>Associations group</i>	Mr Allier, Ms Arnoult-Brill, Mr Charhon, Mr Da Costa, Ms Jond, Mr Leclercq, Ms Prado, Mr Roirant.
<i>CFDT group</i>	Mr Blanc, Ms Boutrand, Ms Briand, Mr Duchemin, Ms Houbairi, Mr Jamme, Mr Le Clézio, Mr Legrain, Mr Malterre, Ms Nathan, Mr Nau, Ms Nicolle, Ms Prévost, Mr Quarez.
<i>CFE-CGC group</i>	Mr Artero, Ms Couturier, Ms Couvert, Mr Delage, Mr Dos Santos, Mr Lamy.
<i>CFTC group</i>	Mr Coquillion, Ms Courtoux, Mr Louis, Ms Parle, Ms Simon.
<i>Cooperation group</i>	Mr Argueyrolles, Ms de L'Estoile, Ms Roudil, Mr Verdier.
<i>Enterprises group</i>	Mr Bailly, Ms Bel, Mr Bernasconi, Ms Castera, Ms Coisne-Roquette, Ms Dubrac, Ms Duhamel, Ms Duprez, Ms Frisch, M. Gailly, Ms Ingelaere, Mr Jamet, Mr Lebrun, Mr Lejeune, Mr Mariotti, Mr Mongereau, Mr Placet, Mr Pottier, Ms Prévot-Madère, Mr Roger-Vasselin, Ms Roy, Mr Schilansky, Ms Tissot-Colle, Ms Vilain.,
<i>Environment and nature group</i>	Mr Bonduelle, Mr Bougrain Dubourg, Ms Denier-Pasquier, Ms Ducroux, Mr Genest, Mr Genty, Mr Guerin, Ms de Thiersant, Ms Mesquida, Ms Vincent-Sweet, Mr Virlouvet.
<i>Mutual insurance group</i>	Mr Andreck, Mr Beaudet, Mr Davant, Ms Vion.

<i>Student organisations and youth movements group</i>	Mr Djebara, Ms Guichet, Ms Trelou-Kane.
<i>Overseas group</i>	Mr Arnell, Mr Budoc, Mr Grignon, Mr Janky, Mr Lédée, Mr Omarjee, Mr Osénat, Ms Romouli-Zouhair.
<i>Qualified leading figures group</i>	Mr Baudin, Ms Brishoual, Ms Cayet, Mr Corne, Ms Dussaussois, Ms El Okki, Mr Etienne, Ms Flessel-Colovic, Ms Fontenoy, Mr Fremont, Mr Gall, Mr Geveaux, Ms Gibault, Ms Gard, Ms Graz, Mr Guirkinge, Ms Hezard, Mr Jouzel, Ms de Kerviler, Mr Kirsch, Mr Le Bris, Ms Levieux, Mr Martin, Ms de Menthon, Ms d'Ormesson, Ms Ricard, Ms du Roscoät, Mr de Russé, Mr Soubie, Mr Urieta.,
<i>Liberal professions group</i>	Mr Capdeville, Mr Gordon-Krief, Noël, Ms Riquier-Sauvage.
<i>UNAF group</i>	Ms Basset, Mr Farriol, Mr Feretti, Mr Fondard, Mr Joyeux, Ms Koné, Ms L'Hour, Ms Therry.
<i>UNSA group</i>	Ms Dupuis, Mr Grosset-Brauer.

Abstentions: 26

<i>CGT group</i>	Ms Cailletaude, Ms Crosemarie, Mr Delmas, Mr Durand, Ms Farache, Ms Geng, Ms Hacquemand, Mr Teskouk.
<i>CGT-FO group</i>	Ms Baltazar, Mr Bellanca, Mr Bernus, Ms Boutaric, Mr Chorin, Ms Fauvel, Mr Hotte, Ms Millan, Mr Nedzynski, Mr Peres, Mr Porte, Mr Veyrier.
<i>Environment and nature group</i>	Ms Laplante.
<i>Qualified leading figures group</i>	Mr Aschieri, Mr Hochart, Mr Khalfa, Mr Lucas, Mr Obadia.

Annex 1: composition of the section for european and international affairs

✓ **Président** : Yves VEYRIER

✓ **Vice-présidents** : Bernard GUIRKINGER and Guy VASSEUR

Agriculture group

✓ Henri BRICHART

✓ Karen SERRES

✓ Guy VASSEUR

Cottage industry group

✓ Rolande SASSANO

Associations group

✓ Francis CHARHON

CFDT group

Évelyne PICHENOT

✓ Christophe QUAREZ

CFE-CGC group

✓ Carole COUVERT

CFTC group

✓ Michel COQUILLION

CGT group

✓ Fabienne CRU-MONTBLANC

✓ Alain DELMAS

CGT-FO group

✓ Marie-Josée MILLAN

✓ Yves VEYRIER

Coopération group

✓ Marie L'ESTOILE (DE)

Entreprise group

✓ Jean-François ROUBAUD

✓ Françoise VILAIN

Environment and nature group

✓ Sébastien GENEST

✓ Céline MESQUIDA

Mutual insurance group

✓ Gérard ANDRECK (Reporting administratively to the group)

Student organisations and youth movements group

✓ Marie TRELLU-KANE

Overseas Group

✓ Rémy-Louis BUDOC

✓ Christian LÉDÉE

Qualified Leading Figures Group

✓ Janine CAYET

✓ Hugues GALL

✓ Bernard GUIRKINGER

✓ Olivier KIRSCH

✓ Régis HOCHART (Reporting administratively to the group)

Liberal Professions Group

✓ David GORDON-KRIEF

UNAF

✓ Christiane THERRY

Associates Group

✓ Philippe BROOD

✓ Thierry CORNILLET

✓ Françoise DUCROQUET

✓ Alain EVEN

✓ Murielle PÉNICAUD

Annex 2: list of persons heard

- ✓ **Mr François Asselineau,**
Inspector General of Finances
- ✓ **Mr Yves Bertoncini**
Notre Europe Director
- ✓ **Mr Jean-Dominique Giuliani,**
President of the Robert Schuman Foundation
- ✓ **Mr Philippe Herzog,**
Founding President of Confrontations Europe
- ✓ **Mr Guillaume Klossa,**
President of EuropaNova
- ✓ **Mr Pascal Lamy,**
Honorary President of Notre Europe

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European Union http://europa.eu/index_en.htm

Annex 4: table of acronyms

CAP	Common Agricultural Policy
CEC	European Confederation of Managers (CEC European Managers)
COSAC	Conference of Community and European Affairs Committees
CSDP	Common Security and Defence Policy
ECB	European Central Bank
ECI	European Citizen Initiative
ECSC	European Coal and Steel Community
EEC	European Economic Community
EGF	European Globalisation Adjustment Fund
EIB	European Investment Bank
EMU	Economic and Monetary Union
EU	European Union
ESEC	Economic, Social and Environmental Council
ETUC	European Trade Union Confederation
GDP	Gross Domestic Product
IMF	International Monetary Fund
IPCEI	Important Projects of Common European Interest
SME	Small to Medium-sized Enterprise
TTIP	Trans-Atlantic Trade and Investment Partnership
WEO	World Environment Organisation
WTO	World Trade Organisation

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Printed by the Direction de l'information légale et administrative, 26, rue desaix, Paris (15th arrondissement)
from documents provided by the Economic, Social and Environmental Council

Serial : 411140012-000514 – Legal registration: May 2014

Photo credit : shutterstock





OPINIONS
OF THE ECONOMIC,
SOCIAL AND
ENVIRONMENTAL
COUNCIL

The EU must be reinvented, placing citizens at the centre of a re-founded political project. To reach out to citizens, to move towards a Europe that is more open, possesses greater solidarity, and is more powerful on the international stage - these are the goals to pursue. In this respect, 2014 marks an important step for the EU as the European Parliament and Commission will be granted new five-year mandates. This succession of events, which will place Europe in the limelight for several months, will provide an opportunity to set a new course.

With this opinion, the Economic, Social and Environmental Council wishes to set out its views regarding the approaches and means available to cast the EU in a new light that is both dynamic and ambitious.



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N° 41114-0012 prix : 12,90 €

ISSN 0767-4538 ISBN 978-2-11-120951-0



Distributed by the Direction
de l'information légale et
administrative
Les éditions des Journaux officiels
Tel.: +33 (0)1 40 15 70 10 www.ladocumentationfrancaise.fr