POLICY KIT

with regard
to the Estonian Presidency of
the Council of the EU
1 July 2017 – 31 December 2017

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CEEP, the European Centre of Employers and Enterprises providing Public Services and Services of General Interest, represents employers and enterprises providing services of general interest since 1961. Our members are organisations active in fields such as:

- Central & local administrations,
- Healthcare,
- Education,
- Housing,
- Waste management,
- Energy,
- Transport,
- Water,
- Environment,
- Communications.

Modern public services and services of general interest (SGIs) support the fundamental goals of the EU, enabling business location, cohesion, economic and social solidarity and a better quality of life for citizens.

This Policy Kit, prepared considering the priorities of the Estonian presidency of the European Union, aims at presenting CEEP positions on the main files to be discussed at EU level for the next 6 months.

CEEP'S POSITION ON THE FUTURE OF EUROPE

- **"Doing much more together":** concerning certain policy fields, there has already been since 2014 various attempts by the European Commission to do more at the EU level. We believe more policy fields should be included. **Major challenges**, such as migration, a long-lasting monetary union or environmental pollution, **can only be addressed through cross-border cooperation**. Such an option must also be applied to fields such as the integration of refugees, fiscal policies, a limited set of social policies, cohesion policy and the EU budget.
- The main criticism of the European Commission to the "Doing much more together" scenario is the lack of EU legitimacy. CEEP recalls the **key role of the principle of subsidiarity**, as defined in Article 5 of the Treaty on the EU and aimed at **ensuring that decisions are taken as closely as possible to the citizen.**
- Whilst the legitimacy aspect needs to be improved in the EU, this scenario seems to be the only one whose disadvantages – the lack of legitimacy – can be counteracted together to ensure Europe's future. The ideal scenario would be "**Doing much more together more efficiently**".
- **SGIs** also have a key role to play in improving economic performances, and they **should be better equipped to cope with the consequences of economic and financial crises and the challenges of the changing socio-economic models**. It is necessary to modernise the delivery of public services by adapting to the digitalisation and adopting new technologies, promoting innovative economic models and contributing to modernising education systems in line with new labour market challenges.
- Five actions should be taken to enable SGIs providers to face the challenges:
  - **Bring the Acquis Communautaire for Services of General Interest to life,**
  - **Put SGIs at the heart of sustainable growth,**
  - **Foster social and territorial cohesion,**
  - **Support SGI providers in innovation,**
  - **Unleash investments.**

More: CEEP Opinion of the Commission's White Paper on the Future of Europe

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AN OPEN AND INNOVATIVE EUROPEAN ECONOMY

A SUPPORTIVE AND ATTRACTIVE BUSINESS ENVIRONMENT

- **Better regulation** needs to be a collective effort to be effective and legitimate. The process overall strengthens the equal footing of co-legislators and strikes the **right balance between democratic and evidence-based, transparent and inclusive decision-making**.
- Impact assessments are a tool to help reach well-informed decisions and should not substitute political and democratic decision-making or lead to undue delay and must "assess economic, environmental and social impacts in an integrated and balanced way". Whenever possible, it should also **look at the cost of 'non-EU' and the impact on competitiveness and administrative burdens.**
- On its reply to the public consultation on the **Transparency Register**, CEEP has brought forward three key elements:
  - **A mandatory Transparency Register, for all institutions**;
  - **Correcting the current shortcomings first**: clear guidance, control on the quality of the information, reinforcement of the Transparency Register Secretariat and proper enforcement;
  - An **inclusive Transparency Register**, bringing together EU institutions, citizens and grass-roots organisation outside of Brussels.

More:

- On Better Regulation: CEEP Comments on Draft Interinstitutional Agreement on Better Regulation
- On the Transparency Register: CEEP Reply to the Public Consultation and Annex

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ADVOCATING FOR FREE TRADE

- CEEP supports a **coherent implementation of the EU trade strategy** and sees **free trade agreements as an opportunity to set worldwide well-designed standards to support sustainable development**, including safeguarding subsidiarity and the essential role played by services of general interest (SGIs) and the economy.
- More legal certainty is needed with regard to the **safeguard of the provision of SGIs** in international trade agreements. Standard clauses are needed to preserve the **discretionary power of national, regional and local authorities to decide how to provide, organise, finance and commission SGIs**, and notably services of general economic interest (SGEIs) subject to trade agreements.
- CEEP calls for efforts to be continued towards a more **evidenced-based, inclusive and transparent trade policy.** Furthermore, in a democratic system, competent authorities should not fear challenges by corporate claims if they enact standards.
- Trade agreements need to be **fit for the digital age**. **Cross-border data flows**, if addressed, **shall follow data protection and security rules** in force in the country of residence of the data subject.
- New services should not be automatically included in EU market access commitments without re-negotiation. In addition, the "digital dimension" of products and services shall be negotiated in the context of their respective original classifications.

More: CEEP Opinion on EU Trade Agreements

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EXTENDING THE MANDATE OF EFSI

- CEEP welcomed the **proposed renewal and empowerment of the European Fund for Strategic Investments** (EFSI). **However**, it will **not be enough** to attract investments into what has proved to be problematic in the first phase of the plan: **investments in social infrastructures**.
- **There is no natural appetite for private investors** to go there. It requests a stronger political and public intervention, and for Members States to think outside of the box. **Social impact bonds**, where private investors provide capital to support the provision of social services with public value, are very good examples of such an innovative approach.
- **Boosting public investment has many positive long-term effects**, as it can contribute to the economy's potential output by increasing the stock of public capital. To that end **EU fiscal rules need to be adapted.**
- CEEP has been calling for a simplification of the EU fiscal rules for a long time. The reflection paper on the Future of the EMU should trigger an **honest and non-dogmatic review of the SGP**, including its interpretative communication of 2015. We believe that such a process **can lead to simplifying the rules and supporting investment to relaunch the economic engine**.

More: "Innovative Public Investment to Boost Economic Growth", said CEEP at MEDPOL

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DEEPENING AND STRENGTHENING THE EMU

- The economic and financial crisis has caused an **alarming divergence amongst Member States**. These divergences jeopardise the economic, financial and political stability of the EU. Disparities between Member States require a **specific EU commitment to upward convergence**. **Structural imbalances in competitiveness** are worrisome as they constitute the **basis for further worsening** the gap between Member States.
- The reflection on the future of the EMU should lead us to **consider the Eurozone as a whole**. Any future strengthening needs to **ensure a proper balance between financial and economic objectives on the one hand and social and employment objectives** on the other hand, particularly within the structure of the European Semester.
- CEEP always advocated that **quality public investment in key physical and social infrastructures is the main lever to foster growth** for the benefit of citizens and enterprises in Europe.
- We consider that Member States should use to its **full extent the existing flexibility built within the SGP**. We also assess that some expenses favourable to long-term growth should remain separate from current expenditure: **investment with positive effects on future generations** (education and healthcare) **could be financed with debt and deficits, unlike consumption expenditures**.
- CEEP members support strengthening **the European Semester**. The crisis provided more opportunities for soft coordination between Member States reforms. Through the European Semester, they developed peer-learning activities while identifying common challenges. Member States need to remain conscious of how their policies affect others in an integrated EU.
- CEEP advocates the establishment of a **self-standing structural reform support programme** under the future Multiannual Financial Framework (MFF). Furthermore, CEEP welcomes the clear establishment in recent years of a **precise set of Euro area specific recommendations aligned with the publication of the Annual Growth Survey**. The EU should increasingly be empowered to be able to play a real counter cyclical role.

- CEEP could be in favour of defining standards and benchmarks on common objectives that Member States would aim for, but only if it does not imply a 'one size fits all' measure for every single Member State.

More: CEEP Opinion on the Reflection Paper on Deepening the EMU

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ESTABLISHING A CROSS-BORDER VAT SYSTEM

- The VAT Directive foresees a specific and balanced regime for public bodies and activities in the public interest which reflects their key role in the social market economy as recognised by the Treaty and respects the diversity of their forms of organisation across Member States. **Existing possibilities to exempt and apply reduced VAT rates are crucial to guarantee the quality and affordability of public services, even more in times of fiscal consolidation.**
- CEEP **welcomes** the gradual and pragmatic approach proposed by the European Commission on **reduced VAT rates** in the VAT Action Plan **and welcomes the status quo regarding existing reduced rates**. However, a one-size-fits-all approach, i.e. a single European list, does not seem appropriate considering the diversity of tax policies across Member States.
- CEEP has been following discussions on the VAT Action Plan, notably concerning **VAT exemptions some SGEI providers are granted** under existing EU VAT rules. CEEP believes that the **current regime is balanced and should be maintained** as it benefits citizens as end-users and achieves social policy goals.
- In addition, there is **room for clarifying at EU level the non-taxation of goods and services provided through public-public cooperation** to avoid uncertainty arising from divergent national interpretations. In this regard, **VAT rules should be more clearly aligned with EU public procurement** rules which exempt certain forms of public-public cooperation.
- Regarding the upcoming SME VAT package, CEEP emphasises the **need to define SMEs according to the fiscal rationale** instead of implementing the current competition-based EU definition under recommendation 2003/361. The use of this definition would exclude SMEs with a public ownership of above 25% from benefiting from simplification measures, and thus many local public services enterprises.

More: CEEP Opinion on the EU VAT Action Plan

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MOVING FORWARD TOWARDS THE ENERGY UNION

- CEEP **welcomes the European Commissions' proposal for a "Clean Energy for all Europeans"** Package and its overall direction. It puts consumers and CO2 emissions' reduction at the heart of the energy system and contributes in a substantial way to the functioning of the internal energy market which is the basis for the **achievement of the EU's climate and energy objectives in the short and long term**.
- CEEP supports the Commission's ambition to give the Energy Union a **reliable governance system**, aiming at higher regulatory stability and predictability than in the past through coherent and transparent European coordination. In principle, CEEP agrees that the objectives of climate action, competition and security of supply can be better achieved at European level. However, following the principle of subsidiarity, **Member States should keep sufficient leeway for ambitious national climate and energy policies.**

- CEEP would like to recall that, in addition to the market integration of power from mature renewable energy sources, a **well-functioning market for CO2** is an essential tool to drive investments in low carbon energy infrastructure at the lowest cost for consumers and tax payers and to implement the European climate ambitions. **Therefore, the "Clean Energy for all Europeans" Package cannot be isolated from the ETS reform.**
- CEEP deems crucial to ensure that the **interplay between CO2 reduction, renewable energy and energy efficiency targets** is fully considered. They **must not counteract the efforts to strengthen the ETS**, supposed to be the EU's leading tool to achieve its climate and energy objectives.
- CEEP pleads for the ongoing review of the energy market design to recognise that **system adequacy is vital** to the functioning of the European electricity system and that **capacity mechanisms are a tool to guarantee that enough capacity will always be available**, especially at peak periods, to supply demand.
- CEEP in principle welcomes the creation of an **EU DSO entity**. In this context, it is crucial that the representation of all DSOs is ensured and that EU legislation for DSOs is limited to issues of EU-wide impact and of reasonable importance for the EU internal market development.
- CEEP supports the explicit recognition of **new participants in the energy market**, such as aggregators, active consumers and local energy communities. However, when shaping the exact roles of different market actors, it is crucial to **ensure a level-playing field and non-discriminatory treatment that does not privilege certain actors.**

More: CEEP Opinion on Clean Energy Package

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EU BUDGET

- CEEP agrees with the high-level group on own resources chaired by Mario Monti and proposing the introduction of **alternative revenue sources**, which are not perceived as national contributions but as resources directly linked to EU policies. **It also recommends focusing on the EU's added value.**
- **Cohesion policy should be based on shorter regulations and fewer guidelines**. Operational programming documents should be concise and strategic. To prevent new rules from piling up, every new requirement should be balanced by abolishing another one.
- CEEP also recommends:
    - To expand the available calls of EU programmes aiming at more societal development and to secure sustainable national and EU funds dedicated to improving the social life and job prospects of all;
    - To facilitate EU and national social partners' process of application for EU-level funds and ease their administrative conditions when applying to and reporting on projects granted;
    - To ensure that social investment for all is prioritised in the review of the Multiannual Financial Framework 2017-20 and in the new programming period for 2020-2026;
    - To contribute to sustainable support for the education and labour market integration of migrants and refugees, in line with the political priorities of the EU.

More: CEEP Opinion on the Reflection Paper on the Future of EU Finances

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A Safe and Secure Europe

ADDRESSING THE MIGRATORY CHALLENGES

- As “first responder” on the one hand and as employer able to ensure a smooth integration into the labour market on the other hand, public services face numerous challenges:
  - **Housing,** with serious shortages of affordable housing and accommodation for refugees, especially in cities and municipalities with overstretched housing markets.
  - **Language**, with the need to provide language immersion courses and supporting voluntary language activities.
  - **Information and training**, with the need to train staff in local authorities and social services to deal with refugees, and inform about the asylum process.
  - **Specialist services for refugees and unaccompanied children,** as many municipalities struggle to provide adequate services for asylum-seeking children and specialist services such as trauma and post-traumatic stress disorder (PTSD) treatment services.
- Public services have already been severely affected by the economic crisis, leading to **weakened infrastructure for service provision and uneven financial resources for integration programmes.**
- **In terms of integration into the labour market, our members** are first and foremost impacted by demographic ageing. Many unfilled vacancies co-exist with high unemployment throughout Europe. We believe that the arrival of refugees has the potential to help recruit for public services’ sectors which are struggling the most.
- We believe that the solutions are the following:
  - **Promoting multi-stakeholder operational frameworks and structures** to assist asylum-seekers and refugees for a faster transition into the labour market and in the workplace.
  - **Setting the conditions for a more effective skills assessment and skills matching** and upgrading skills to facilitate their integration in the EU labour market (particularly through language training, VET and entrepreneurial education).
  - **Exploring innovative measures to help employment**, such as the Swedish “fast-track” set up by SALAR or advertising economic sectors with workforce shortages.

More: CEEP at the EU Dialogue on Skills and Migration

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Digital Europe and the Free Movement of Data, Essential for a Digital Society

- Legitimating reasons for **data localisation restrictions can be justified on certain grounds**. Certified national and European cloud services could be a way forward to address these restrictions in the future. In any case, a **high level of safety and security everywhere must be guaranteed**. About personal data, CEEP recalls that under the GDPR (General Data Protection Regulation), an enterprise needs to be able to audit its subcontractor. The minimum requirement could be for some data to be in the country where the headquarter of the enterprise is based.
- **Many CEEP members already have an ambitious open data policy**. Their activities are further and gradually growing in length and in depth, and this could require new debates while remaining vigilant regarding this trend. Customers should have the right to reliable, accurate, up-to-date and

traceable information. **The goal should be to encourage innovation through a constructive dialogue with users.**

- In scenarios without sufficient regulatory protection for non-personal data, this could lead to a lack of **reliability for investors**. Our members are investing in IT systems to collect, process, use and re-use data. These investments need to be considered and therefore **open data policy should not automatically mean free access to all kinds of data**.
- **Business secrets and commercial freedom need to be protected** as the Trade Secret Directive (Directive EU 2016/943 of 8 June 2016) foresees. This does not prevent from having ambitious and open innovation policies. **It even protects companies doing business in competitive markets**.
- **Licenses are a good way to prevent any misuse of data**. But the choice to use them or not shall remain open. **Data misappropriation also needs to be prosecuted**.

More: CEEP Response to Data Economy Consultation

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HIGH-CONNECTIVITY FOR ALL

- **All citizens and enterprises need to enjoy access to reliable and fast broadband connections.**
- Secondly, broadband connections need to provide citizens with **easy and affordable access** to content. Internet connection is essential in order to attract citizens, enterprises and economic activities.
- A specific challenge in this regard are rural areas. **Public services provide broadband infrastructure** and contribute to its rapid deployment. They also require high speed broadband infrastructure **to deliver the services users expect** (e.g. connectivity on the whole railway network).

More: CEEP Opinion "Harnessing the Digital Transformation of Public Services"

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TRUST AND SECURITY

- **Increasing transparency, trust and security in the digital economy is a core concern for public services providers** which have a strong expertise in dealing with sensitive data and securing essential infrastructure.
- The **elaboration of clear and effective guidance** following the approval of the GDPR requires the inclusion of all stakeholders in the discussions. Furthermore, public services' providers are committed to contributing to the discussions on data ownership and liability.

More: CEEP Opinion "Harnessing the Digital Transformation of Public Services"

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INCLUSIVE AND SUSTAINABLE EUROPE

FOR AN INCLUSIVE EU OFFERING EQUAL OPPORTUNITIES FOR ALL

- CEEP opinion on an EU Pillar of Social rights (2016) recalled CEEP's belief that **"promoting a sustainable and inclusive society and fostering convergence between Member States will require establishing a proper balance between economic and social priorities in European policies**".

- The **EU Semester should include employment and social inclusion benchmarks** within the same surveillance framework as the governing economic policy coordination and structural reforms.
- **Quantifiable European employment and social targets should be integrated with the stability and growth pact rules governing debt and deficit targets**. Consequent adjustment mechanisms should be applied to reduce both macroeconomic and social imbalances, with the objective to promote smart and sustainable growth, quality jobs, access to high-quality affordable services of general interest and the reduction of social inequalities throughout the EU.
- Short-term economic efficiency should not happen at the expense of longer-term investment in social infrastructures. Fiscal consolidation should be evaluated with regard to its effects on growth, employment and social inclusion. The **recognition that strengthened public services helps achieve effective, efficient and sustainable social budgets needs to be established**. To ensure a proper social investment strategy, CEEP supports the empowerment of structural funds (particularly the ESF) to assist active inclusion and social innovation of public services.
- To ensure that a genuine EMU is supported by the EU citizens, **national reform programmes need to be secured with proper, free and autonomous social dialogue**. EU social dialogue should continue to play an essential role in developing a new economic governance.
- **EU-wide societal benchmarks and good practice guidelines on access to child-care, active ageing and enabling services** should also be integrated within the social dimension of the European Semester.

More: CEEP Opinion on the Reflection Paper on the Social Dimension of Europe
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FIGHTING CLIMATE-CHANGE

- **Public services' providers support the ambitious climate action**. They are committed to climate action through their business culture and their sectors of activity. Their approach is based on the **logics of sustainability, considering its environmental aspects, as well as its economic and social dimensions.**
- **Mitigation policies should take a comprehensive approach and be structured around resource efficiency and decarbonisation**. Several public services sectors have an important mitigation potential. To fully exploit this potential, the current orientation in Europe to put into place a European Emissions Trading Scheme (ETS) must imperatively provide a true and fair carbon price, creating a level-playing field to incentivise investments that foster the decarbonisation of the European economy.
- **Adaptation policies should be considered as complementary to mitigation policies as they provide measures needed to tackle the negative consequences due to climate change**. Adaptation measures should include the protection of infrastructure to increase their resilience. The implications of climate change on sectors such as water, energy and transport, urgently need to be considered.
- Climate change policies cannot ignore the investment challenge. **There is a strong economic case for investing in climate action as this will create the sustainable growth and jobs Europe needs**. To unleash the full potential of investments in climate-friendly solutions, **private investment needs to be underpinned by public investment**.

More: Contribution of Public Services' Providers to Climate Action for a Successful and Ambitious COP21
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A RESOURCE-EFFICIENT CIRCULAR ECONOMY

- Bearing in mind the overall ambition of making waste management one of the cornerstones of a circular economy, CEEP amongst others calls for a **coherent definition of municipal waste, sustainable Extended Producer Responsibility (EPR) schemes and a reliable commitment to move towards the end of landfilling.**
- CEEP believes that **adding a quantity criterion to the definition of "waste" (as suggested by the Commission) is inconsistent with the OECD/Eurostat definition of municipal waste**, which does not include the quantity criterion and specifically refers to commerce, trade, business and other institutions as sources of municipal waste. A quantity criterion would also have a deep impact on existing, environmentally sound and efficient public waste management systems. Waste collection systems incur mostly fixed costs for infrastructure. By allowing other sources of municipal waste to opt out from collection schemes based on quantity, these fixed costs would be distributed amongst a smaller number of remaining payers and therefore lead to higher costs for consumers and households.
- On the Extended Producer Responsibility (EPR) schemes, CEEP **supports the introduction of minimum requirements whilst it is left in the remit of the Member States to decide on the use of this instrument.** More clarification is however needed to avoid misinterpretations, particularly regarding cost recovery and the relation between organisations in charge of the implementation of EPR schemes and public waste management operators.
- Only after reaching an agreement on reliable measures to move towards the end of landfilling in Europe can a real circular economy come into existence. CEEP repeats the demand for **a quick landfill ban for biodegradable waste as well as for waste that can be recycled or thermally recovered.** Such a ban needs to be introduced in all Member States as it would be the most effective way to support waste prevention, reuse, recycling and other efficient ways of recovery, and thus the shift towards a real circular economy.
- **Recycling targets for municipal waste must be quite ambitious**, as proposed by the Commission. **Recycling measures should indeed be further boosted in the European Union**. This should be done whilst recovery of secondary raw material is still less expensive and resource intensive than primary raw material extraction. It should be borne in mind that primary and secondary raw materials need to be treated equally so that the same environmental requirements apply to both.

More: CEEP Input to Ongoing Debates on the Waste Legislation Review

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TOWARDS LOW-EMISSION MOBILITY

- CEEP supports the Presidency's ambition to work actively on the proposals of the new European Union mobility package to contribute to the functioning of an open and fair road transport market, supporting the move towards low-emission mobility for all Europeans.
- Please find below a CEEP Statement on the review of the Eurovignette Directive that brings together members gathered within CEEP, amongst others local and regional authorities, local and regional public transport operators, public motorway operators as well as local, regional and national railway companies.

More: CEEP Statement on Eurovignette Directive Review

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