**The State of the European Union 2016**

Ahead of the State of the Union debate on 14 September, the ALDE Group in the European Committee of the Regions (CoR), which gathers liberal democrat politicians from the sub-state level of government, outlines how it sees the current state of the EU. The main purpose of this analysis is to contribute to the work of ALDE MEPs in their preparations for the debate, and therefore it is broken down by remit of the different EP committees, in alphabetical order according to their acronym. Not all EP Committees are covered. For convenience, each point[[1]](#footnote-1) in the document is identified by a sub-heading. Below is a table of contents with hyperlinks to each section.

For further information please contact [alde@cor.europa.eu](mailto:alde@cor.europa.eu).

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**AFCO**

**The EU's purpose in the 21st century**

In the 20th century, the EU provided solutions to a number of challenges of existential nature that its Member States faced in varying degrees and combinations, according to their individual history:

* the need for prosperity,
* protection from invasion,
* democratic stability,
* leverage vis-à-vis regional powers.

The 21st century presents new challenges, for which nation-states in Europe are ill-equipped to address on their own, and for which – in addition to the ones already mentioned - the Union is well placed to provide a solution:

* adaptation to climate change,
* shaping and responding to the trends in global finances and trade,
* adapting to global inequalities and population imbalances,
* contributing to global stability.

In addition, the Union must continue to empower its citizens by creating opportunities for personal development at a continental level.

**Delivering results**

There is nothing more damaging for the credibility of a government vis-à-vis its citizens than the lack of results, be it at local, regional, national or European level. From our perspective and our experience at the level of cities and regions, the delivery of results requires:

* clarity as to who governs,
* effective mobilisation of all the relevant actors

Considering the challenges faced in this century, if the EU is to thrive it urgently needs to:

1. Clarify who is politically responsible to the European electorate for decisions taken at EU level;
2. Develop a strong and effective partnership with the local and regional levels of government, without which the 21st century challenges cannot be faced effectively.

**AFET**

**Ukraine**

Decentralisation is key to securing stability in Ukraine, and the Ukrainian authorities have asked for assistance in designing and implementing their decentralisation plans effectively, because in the words of one Ukrainian member of parliament, local and regional authorities will receive responsibilities they have never before had in Ukrainian history. In particular they will be needing assistance with fiscal decentralisation and administrative reform, capacity-building, cross-border cooperation, human rights, corruption and the involvement of civil society. The European Commission and European Parliament should continue to work with the CoR to help the country achieve its decentralisation plans successfully.

**Libya**

The foothold that the Islamic State has gained in Libya is not only destabilising the country, it is also undermining democratically elected mayors. Following a meeting between Vice-President Federica Mogherini and a delegation of Libyan mayors in 2015, the latter issued a direct plea to the European Committee of the Regions, requesting support from EU cities to help with providing stability in the country, by way in particular of helping them deliver basic public services. The CoR is facilitating contacts with experts on solid waste management, water treatment, hospital emergency kits, development of fisheries, local security, combatting radicalisation, and development of public administration capacity.

Whatever efforts are made to stabilise and democratise Libya, they must include a concerted effort to strengthen public administration at the local level. Without competent, reliable, and trust-worthy public services stability in the country cannot be found, and democratic legitimacy cannot be built.

**Turkey**

The situation in Turkey is of great concern. The CoR's Turkey Working Group had after many attempts managed to welcome a delegation of mayors to Brussels on 1 June 2016, which saw a lively and positive discussion on the management of the refugee crisis, and preparations are underway for continued contacts. It is essential that Turkey gives autonomy to its mayors and regions, as well as the necessary capacity, to deliver results for its citizens.

**Migration and refugees**

While the refugee crisis may last several years, the general migration flows are a much more long term phenomenon, given the population trends in Europe and beyond. "Migration and integration partnerships" between cities and regions in the countries of origin and destination, should be set up in order to enhance cooperation and mutual trust. These partnerships would include preparatory measures (such as language lessons and cultural and civic training), individual immigration projects (including workers' training programmes) and setting up programmes for circular migration, voluntary return and the reintegration of migrants. In this respect, the CoR's Euro-Mediterranean Regional and Local Assembly (ARLEM) and the Conference of Regional and Local Authorities of the Eastern Partnership (CORLEAP) can play a role in encouraging good governance, stability and peace and to help engage in a dialogue with third countries.

**AGRI**

**Crisis management instruments for farmers**

In a time when food is used as a political weapon, farmers play a vital role in guaranteeing food security for Europe. In addition, they are key to helping maintain the countryside and biodiversity, and contributing to the development of a low-carbon economy. We therefore welcome the efforts of the EU in trying to tackle the agricultural crisis in Europe and the 500 million EUR aid package announced in July 2016 to tackle the crisis in the EU’s dairy market. The fact is that the consequences of the Russian embargo and the slowdown in Chinese demand are still severely affecting farmers, in particular small farmers, small and medium size businesses in the agricultural sector, and their local communities. Improved crisis management instruments are needed to help farmers anticipate future crises, cope with them when they arrive unexpectedly, and innovate for changed circumstances.

**BUDG**

**Own resources and financial instruments**

Budgetary resources are increasingly scarce. Better spending can be a temporary solution, but in the longer-term the European resources need to be directed increasingly to areas with high European added value.

The procedure in which the Multi-Annual Financial Framework (MFF) and subsequently the annual budgets are negotiated is too focused on national returns rather than the European interest. An introduction of own resources, and a lower dependence of the EU budget on direct national contributions should be envisaged, without a major beyond-inflation increase in the overall volume of the European budget.

To increase the effectiveness of the European budget in times of scarce resources, financial instruments need to be used more extensively, following the example of the European Fund for Strategic Investments. In particular also in the area of cohesion policy, this could make receiving regions more responsible for the use of European funds and increase the efficiency of spending. In any case, European Structural and Investment Funds must remain accessible to poorer regions.

**CULT**

**The communication capacity of the EU**

With nearly one hundred thousand sub-state authorities in the EU, there is a large network of actors who can help citizens to engage directly with the EU, to complement what they learn through the mainstream media. Therefore, 20% of the EU's communication budget should be decentralised to national and local level, e.g. to the Europe Direct and Europe House information centres, with a view to these bodies establishing practical cooperation arrangements with local or regional partners and reaching a wider audience; strategic partnerships between the Commission representations and local and regional authorities should be established as well as partnership agreements with local print and social media, television and radio stations to organise debates and give a voice to citizens.

**DEVE**

**Migration – countries of origin**

In order to cope better with migration flows, assistance needs to be provided to local and regional authorities in countries of origin and the surrounding regions, including in "transit" areas. Without EU support, sub-state authorities will struggle to provide decent living conditions, which form the basis for economic development. To this end, and in view of agreements with third countries which are aimed at effective border control, reducing migration flows, cooperation on return, and combating human trafficking, a responsible review of the MFF should provide for greater financial and operational support, including through new and innovative funding sources.

**International development**

Sub-state authorities are playing an increasingly active role in the area of international development. In order to maximise the results of EU development targets, greater synergies should be found between EU projects and the decentralised development projects of Europe's cities and regions.

**EMPL**

**Low Carbon economy**

Just as the development of the internet spawned whole new areas of the economy never previously imagined, so too the transition to a low carbon, or even carbon-free economy, will bring on an industrial revolution creating new areas of economic activity we have still not imagined. With traditional sectors struggling to create jobs, even in times of economic growth, the transition away from fossil fuels presents one of the best opportunities for Europe to reduce unemployment, not least via the process of fitting out all our buildings for improved energy efficiency and for an age of smart buildings, as part of the so-called "internet of things". In turn, this process of transition will spawn new businesses and a new area of economic activity.

There is a need to the train workers adequately so that they can acquire the skills needed to work in the green economy.

Tax incentives are a good way to encourage the transition to the green economy.

**Digital Single Market**

The development of the digital single market is also a major source of growth and jobs. Its full development depends on a number of factors, some of which fall within the competences of many regional and local authorities:

* Digital literacy and skills for citizens, workers and jobseekers for the comprehensive implementation of digitalisation in the economy and society. Local and regional authorities, which in many cases are responsible for schools and educational institutions, have a key long-term role to play in the development of digital skills.
* More generally, the modernisation of education, which means promoting the development of innovative, digital methods within education systems and institutions, supporting teachers and encouraging experiments and exchanges among peers, in order to have a systemic impact on education authorities.
* Digitalisation that maintains the attractiveness of town centres and helps specialist shops to stay in business can be achieved by encouraging physical shops to incorporate "smart services" with novel applications and multi-channel marketing. Existing SMEs and new start-ups focusing on local markets need to be kept in mind with the development of digitalisation, as they will be creating jobs which are vital to town centres.
* New links between the online and offline environments, such as additive manufacturing (e.g. 3D printing), can be of particular value for rural and peri-urban areas, enabling stronger economic connections with urban areas. And with an ageing European population, the development of digitalisation is key to support health and wellbeing services.

**Child poverty**

All Member States should recognise that child poverty and social exclusion are key barriers to overcome if they are to achieve their Europe 2020 targets in relation to employment rate, investment in research, development, energy and sustainable development. Child poverty is a multi-dimensional phenomenon that requires a multi-dimensional response. Employment is one important factor, but does not always guarantee a route out of poverty for the family of the children concerned. Preventive public policies are essential, such as investing in sensible child welfare policies supporting the upbringing of empowered individuals, capable of integrating in society and into the labour market, rather than focusing on the consequences of their social exclusion and poverty. All children must have access to good quality services at a crucial stage in their development. Health, education, parenting and family support, housing and protection are key services which are most often delivered by local and regional authorities.

Where possible and relevant, the allocation of Structural Funds should take cognisance of the importance of projects and services which fight child poverty and promote the well-being of children and their families, particularly where minors or young people are subject to physical or mental disorders, exploitation, substance misuse, immigration, crime and other factors which increase their vulnerability.

**ECON**

**Tax fraud and taxation**

Corporate tax evasion and avoidance, especially by multinational companies, continues to be a problem in the Union, creating a sense of injustice amongst citizens and SMEs. This must be reduced and we welcome the European Commission's announcement in this respect at the end of August. A reduction of fraud and avoidance will not only lead to more tax justice, but also higher tax revenues will give public authorities the possibility to lower taxes for SMEs and citizens.

Negotiations on the common corporate tax base should be continued and concluded quickly. Consolidation of the common corporate tax base must then be the next step. This will lead to a major simplification for companies. At the same time, the reform and simplification of the VAT system, which has been on the table for a long time, needs to advance.

**Investment**

There is a serious lack of public and private investment in the Union. Rules that impede investment unnecessarily, such as the ESA2010 accounting rules, need to be modified in order to facilitate investment by local and regional authorities. However, this needs to be within the strict limits of the Stability and Growth pact on public debt.

Whilst the European Fund for Strategic Investments seems to be successful, there are persisting doubts about the real additionality of the investments supported by EFSI, and the uneven geographic spread of EFSI projects. This needs to be improved.

**European Semester**

The Europe 2020 strategy is not fully on track to achieve its ambitious objectives. It could be improved by including a regional dimension in the European semester, i.e. by including territory-related issues in Country Reports and Country-Specific Recommendations for each Member State.The European Commission should include a chapter on sub-national authorities in its annual report on public finances in the EMU; the question of better coordination between the EU, national and sub-national budgets needs to be addressed in the National Reform Programmes.

**ENVI**

**Climate change**

Local and regional authorities are involved in the fight against climate change, however their contribution has not reached its full potential. Local instruments have enabled local authorities to prove how valuable their contribution is on adaptation and mitigation. We believe that EU funding should be used to provide appropriate financial support for such networks.

**Covenant of Mayors**

The Covenant of Mayors has been successful in helping to reduce CO2 emissions and contributing to the implementation of sustainable energy policy, the Commission should provide incentives for more local authorities to join the Covenant.

We welcome the merger between the Compact of Mayors and the Covenant of Mayors during the COP 21 in Paris last year. This initiative will enable cities all over the world to contribute to reduce greenhouse gas emissions and promote ambitious climate action and support efforts to implement the Paris Agreement and achieve the Sustainable Development Goals in developing countries. The EU and partner organisations should provide appropriate funding to achieve the objectives that have been set.

**COP22 Marrakech**

More than ever, the multi-level governance approach is required to address climate change. A greater mobilisation of local authorities from the EU and third countries is vital and COP 22 in Morocco should be an opportunity to ensure a better implication of these local actors and put a stronger focus on adaptation which is the "poor relation" of climate funding because for many communities the question is no longer about stopping climate change, but adapting to it.

**IMCO**

**Shared economy**

Online platforms, especially in the area of the collaborative economy, are a European phenomenon but are subject to locally diverging rules and regulations. Local authorities often feel powerless vis-a-vis global platforms. A careful balance needs to be found between a European regulation that makes it easy for platforms to operate and ensures free competition, whilst respecting the subsidiarity principle and local authorities' regulation competences.

**ITRE**

**Micro-production and distribution of energy**

In the same way that the invention of the internet empowered citizens to produce and distribute content, leading to new areas of economic activity, the transition to a low-carbon or even carbon-free economy will be achieved by empowering citizens to produce and distribute energy. Local and regional government can help to develop an integrated European energy policy, but need the EU policy-makers to create a "level playing field" for smaller energy producers to develop decentralised energy solutions and reduce fossil fuel dependency.

Equally there needs to be improved access to EIB loans in order to enable investment by small and medium-sized businesses and local and regional authorities in the areas of energy efficiency and renewable energy sources.

**JURI**

**Gold plating**

The EU has been historically vulnerable to being blamed for regulations it has not imposed. Some of this is due to so called *gold-plating*, which stifles economic activity, adds burden to often over stretched local authorities, and often creates confusion. We believe that an EU-wide standard definition of *gold-plating* is needed. In this way, national governments would have legal certainty in the implementation and application of EU law. The standard definition would also allow for comparative analyses between Member States and for a means to judge the claims of those who assert that have not done it. *Gold-plating* should be defined as:

* adding requirements to those already in the EU law or making the law more complex;
* extending the scope of the law beyond what the EU intended;
* not taking advantage of opportunities to opt-out of certain clauses of the European law;
* keeping national requirements which go beyond what is required by the EU law;
* introducing national regulatory requirements, which fall outside of the aim of the EU law;
* deciding an earlier entry into force of the law than that agreed at European level;
* stricter sanctions than stipulated by the EU;

Of course, *gold-plating* is not – and should not be – prohibited by EU law. In some cases it may be justified that national or subnational legislation provides for a higher level of protection, such as for environmental protection; the protection of workers; the quality and safety standards related to human organs, blood and blood derivatives; and consumer protection. But such additional measures should be specifically justified, and must avoid increasing the complexity and cost of new laws on local and regional authorities, business and the general public.

**LIBE**

**Migration and integration**

A successful European migration policy will only be achievable if there is a clear understanding of and long-term commitment to effective integration policies. The European Commission should therefore organise an annual Structured Dialogue on Integration together with the European Committee of the Regions with a view to drawing up, reviewing, and updating guidelines for local and regional authorities across the continent in order to ensure smooth integration;

Solidarity is a cardinal principle of the European Union, implying solidarity towards migrants, between Member States as well as between local authorities, who are faced with the task of receiving and integrating migrants on a daily basis. Local and regional authorities should participate in the process of improving standards in reception conditions and asylum procedures as well as in the development and completion of the Common European Asylum system.

Resources must be made available to local and regional authorities to allow them to fulfil their obligations where migration and integration are concerned, ensuring they have access to national and EU funds.

**Radicalisation and violent extremism**

The European Commission should seek swift agreement on a common definition of the phenomenon of violent radicalisation, as a starting point for a more coordinated approach between Member States with the contribution of local and regional authorities.

The Commission needs to support local and regional authorities in developing local and national prevention strategies to counter violent radicalisation, for example by providing expertise from the RAN Centre of Excellence, and moreover by investing in an inclusive society with a strong social network, where racism and discrimination are treated with a zero tolerance policy.

RAN should also make an extra effort to reach smaller cities and communities, enabling small entities to equally access the RAN.

European and national authorities should be encouraged to share intelligence as much as possible with local authorities, without endangering security.

Each Member State should set up the necessary structures to detect radicalization and be responsible for strategic communication and counter-narratives adapted to the reality of each country and its people, provide guidance and individual mentoring to persons who are at risk of becoming radicalised and provide a contact point for reporting possible radicalisation and receive guidance on how to react to it, for families, friends, teachers and other contact-persons. Such structures should be developed in close coordination between European, national, as well as local and regional levels.

**REGI**

**Urban Agenda**

The Pact of Amsterdam on the Urban Agenda was adopted by the EU ministers in charge of urban matters on 30 May 2016 in Amsterdam. There is now a need for a follow-up action plan monitoring the implementation of the Pact on the Urban Agenda for the EU.

Referring to the conclusions of the General Affairs Council on 24 June, it is key

* to strengthen the urban dimension of EU policies;
* to further strengthen its coordination and streamlining of policies directly or indirectly impacting on urban areas;
* to set up a one-stop-shop for matters regarding the Urban Agenda and the urban dimension of EU policies and
* to continue to explore improved assessments of urban impacts.

In 2017, a mid-term review of the EU Urban Agenda should be carried out, taking stock of the experience accumulated so far. The results should feed into the preparation of the future European Structural and Investment Funds programming period from 2021 and the post-Europe 2020 strategy.

**Financial instruments**

Financial instruments can be important tools for territorial development. Repayable financing can ensure greater leverage from invested capital in certain areas where private financing can complement public financing and where returns are attractive enough.

Instruments need to be simple and easy to use with the right amount of checks and balances.

There is a need to better promote financial instruments amongst potential users in order to increase knowledge of their specific added value and best use.

**Erasmus for local councillors**

We strongly regret that despite repeated calls by the European Parliament and the European Committee of the Regions, the Erasmus for local councillors, which was proposed back in 2008, has not got passed the pilot project, which was very successful. In the same way as the Erasmus for students has been one of the motors of European integration, the Erasmus programme for local councillors, which aims to facilitate the exchange of best practice regarding the good use of cohesion funds, would complement that motor of integration, create new European partnerships, and improve the implementation of the EU's flagship cohesion policy. With hundreds of thousands of local councillors in the EU, the programme would help to strengthen the attachment to the Union. We urge the European Commission to proceed to the next phase without delay.

**TRAN**

Whilst there is general agreement that transport is an area of high European added value due to the cross-border nature of transport of goods and persons, actual progress in this area is very slow.

**Single European Railway area**

The 4th Railway Package, which is supposed to complete the single European railway area to foster European competitiveness and growth is still not finally adopted and the opening of national railway markets risks to be delayed, preventing regional authorities from reaching cost savings and/or better offers through competitive tendering of rail services.

**Missing cross-border links**

European transport policy tends to focus on large-scale projects, neglecting small cross-border infrastructure, which is also important for citizens in their daily life as well as for the development of local authorities. Providing adequate funding is only one problem; lack of coordination and diverging technical norms are just as important barriers.

**Single European Sky**

Little progress has been made on developing the full potential of European aviation. The Single European sky remains blocked because of conflicts in the Council. Protectionism is delaying the negotiation of air transport agreements with third countries, which have the potential of increasing competition and improving connectivity for regions.

1. Some of these points enjoy a broad support across CoR political groups, and indeed can be found in CoR opinions approved in plenary and drafted by rapporteurs from other political groups. However, the selection, the emphasis, and in a number of cases the analyses and proposals are specific to ALDE, in line with our [political priorities](http://alde-cor.eu/political-priorities/) for the CoR mandate 2015-2020. [↑](#footnote-ref-1)