

# SENATE OF THE REPUBLIC

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## **RESOLUTION OF THE FOURTEENTH STANDING COMMITTEE**

**(European Union Policies)**

*on the initiative of Senator COCIANCICH*

**approved on 30 April 2014**

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*under Article 50(2) of the rules of procedure, upon conclusion of examination of the allocated dossier 'Commission Work Programme 2014 and Government Programme Report on Italy's participation in the European Union (2014) and their implications for Italy's European policy'*

The Committee,

having regard, in particular, to the informal consultation hearings of the Chair of the European Parliament's Committee on Agriculture and Rural Development (17 December 2013), the main trade union organisations (21 January 2014), the main trade associations of the agri-food sector (11 February 2014), the Coordinator of the Conference of the Presidents of the Regional Assemblies (4 March 2014), experts on patents (1 April 2014) and *RETE Imprese Italia* [Italian Enterprise Network] (8 April 2014);

having regard to the opinions on the European Commission Work Programme of the Senate's Constitutional Affairs Committee (3 December 2013) and Foreign Affairs Committee (12 February 2014), and to the opinions on the Government Programme Report of the Senate's Education Committee (4 March 2014), Agriculture Committee (19 March 2014), Foreign Affairs Committee (16 April 2014) and Defence Committee (16 April 2014);

having regard to the close substantive correlation between the programme documents and allocated dossier No 270 on the Italian Presidency of the Council of the European Union in the second half of 2014,

considers that the European Commission's programme lacks force in relation to the major changes of orientation expected in European governance; such changes are needed to identify the key measures to be adopted to promote growth and reduce unemployment, particularly youth unemployment, while fostering investment to support economic revival, in terms of both internal demand and supply; this may involve major legislative simplification in all the potential spheres of action;

appreciates the approach taken in the Government's Programme Report, which focuses above all on recovery and employment, also taking account of the new European Parliament that will start work following the elections of 25 May 2014 and which, in view of the objectives set by the 'Europe 2020 Strategy', will certainly have to assert itself as a 'Parliament for growth'; it will in particular have to launch effective initiatives as regards industrial policies and the financing of SMEs;

as regards fundamental rights, considers that the European Union must move swiftly towards full adherence to the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), thereby completing and further reinforcing the (already advanced) protection of fundamental rights guaranteed to European citizens by national constitutions, the Charter of Nice and the ECHR itself;

as regards justice, calls on the Government to follow attentively the European Council procedures for the approval in June 2014 of the 'post-Stockholm' strategic guidelines, since this will be the first application of Article 68 of the Treaty on the Functioning of the European Union (TFEU), and to take due account of the need to involve the national parliaments as fully as possible, noting that Article 69 TFEU entrusts them with the role of ensuring compliance with the principle of subsidiarity;

against this background, believes that work must continue on a common system of rules on criminal law and procedure in order to achieve consistent implementation of the new legal bases in Articles 82 and 83 TFEU;

also believes that further progress should be made on implementing provisions on the protection of personal data in the context of computerised processing, to ensure the security of citizens, but also to achieve quantifiable economic benefits amounting, according to the European Commission, to more than EUR 2 billion annually;

considers that, in order to combat Community fraud more effectively, Italy should support the legislative proposal for a European Public Prosecutor; although 14 national houses of parliament sent the Commission reasoned opinions raising concerns about the proposal's compliance with the principle of subsidiarity, the Commission rebutted their arguments in its Communication COM(2013) 851 of 27 November 2013, reaffirming the proposal's compliance with that principle, enshrined in Article 5(3) TFEU. This Standing Committee therefore calls on the Government to spare no efforts to achieve an agreement and, if the unanimity required under Article 86 TFEU for approval of the proposal cannot be achieved, to consider using the enhanced cooperation procedure provided for in the same Article;

in the context of EU enlargement, draws attention to the Western Balkan countries and the Euro-Mediterranean perspective, which is an essential one for the European Union, vital for consolidating development prospects in the region and ensuring that all the Member States share responsibility, in a spirit of European solidarity, for addressing the migratory pressure on the Mediterranean countries, which are too often left to face the waves of landings and associated emergencies alone;

with regard to EU enlargement, again stresses the importance of Turkey in this process, in both economic and strategic terms, and most particularly as a stabilising factor for the geopolitical equilibrium of the Mediterranean countries and the Middle East; it calls on the Government to encourage negotiations on the maximum number of chapters in 2014 and to take an active part in efforts to resume work on the chapters blocked by some Member States, partly in connection with the need to resolve the issue of the occupied part of Cyprus;

with regard to EU enlargement strategy, wishes to express both appreciation and concerns about the measures to enhance economic governance, on the basis of which the countries concerned are being asked to present economic reform strategies that combine the existing macroeconomic and fiscal programmes with a new programme for structural and competition reforms. This may be a useful exercise in the transformation of those countries into working market economies, which is a key criterion for accession. However, the fact that the governance enhancement process has to take the form of specific recommendations for each country, along the lines set out within the European Semester, risks causing an awkward clash with the traditional way of conducting the negotiations (which already include a number of chapters on economic stability and structural reform); this could be seen as an unwarranted intrusion and lend new momentum to the anti-European movements that already exist, to a greater or lesser extent, in all the countries concerned;

stresses the need for European defence policy to aim decisively for a clear strategy for integrating and coordinating policies and investment and improving the complementarity and interoperability of European armed forces; this should be achieved primarily through implementing and developing joint or European programmes, including EU-funded programmes; there should be a particular focus on dual-use technologies and fostering stronger functional links between industrial R&D and security and defence operating capacity; this should involve support for SMEs, partly through the development of instruments for partnerships and clusters, and will create the conditions for strengthening Europe's core technological sector and Community supply chains, as advocated by the European Council of 19 and 20 December 2013;

still on the subject of defence, holds that we should aim to strengthen the strategic partnership with NATO, increase rapid response capacities for crises (with particular reference to EU Battlegroups) and develop a common maritime security strategy in terms of interoperability and collective response capacity, with particular reference to search and rescue for migrants, border surveillance and the fight against human trafficking; an action plan should be drawn up for this purpose and completed before the end of Italy's six month presidency of the European Union;

with reference to the general economic situation of the European Union, considers that all the instruments provided for by Community law should be activated to promote a European 'New Deal' which, while duly complying with all fiscal requirements, provide a response to the symptoms of recession in many Member States, made more acute by the austerity policies and fiscal rigour launched at the same time in the Mediterranean States; it should also take account of the recommendations in the European Parliament resolution of 13 March 2014 on employment and social aspects of the role and operations of the Troika (ECB, Commission and IMF) with regard to euro area programme countries (P7\_TA(2014)0240), and particularly those on maintaining standards of social protection and education, combating poverty and social exclusion, supporting jobs for young people, flexicurity and supporting the real economy;

considers it essential that management of the European funds moves decisively towards greater effectiveness, to be achieved by a higher level of strategic coordination and more concentration on synergistic projects with structural impact, as well as by upgrading the programming phase and verification of expected results;

would point out in this connection that following recent examination of the draft partnership agreement for the use of European Structural Funds and Investment Funds in the 2014-2020 programming period (Government Act No 86), a number of serious problems were found with our country's administrative capacity to manage Structural Funds, which have been a source of weakness in the Italian system in the past. A more tightly drafted agreement complying with European rules would give Italy greater bargaining power in requesting the application of the flexibility clause on productive public investment, also, as mentioned, in relation to the funds for the 2014-2020 programming period. With this in mind, calls on the Government to consider proposing an organic law to facilitate the administrative treatment referred to above,

and governing the entire internal procedure, as well as the persons involved and the respective responsibilities of the stakeholders for the use of Structural Funds and other EU Funds. A single text would be much easier to understand for all those involved in various capacities in the management of European funds;

calls on the Government to make every effort to ensure that the Stability and Growth Pact conditions of flexibility, explained by the Commissioner in charge of economic and monetary affairs in his letter of 3 July 2013 and designed to revive productive public investment, are reviewed to ensure that the use of resources for national co-financing is not taken into account in the calculation of divergence from the medium-term objective. Local authorities have made similar recommendations through acts of their institutions, including, for example, Resolution No 3988 of 3 June 2013 of the Emilia-Romagna regional legislative assembly;

with reference to the need to facilitate business access to EU structural funds, calls on the Government to consider any measures that might serve to increase the rate of European co-financing, partly to mitigate the impact of the conditions of the Internal Stability Pact, to promote a raising of the ceiling on *de minimis* aid - only for the regions covered by the 'convergence' objective - and to eliminate the requirement, not provided for in European law, for a bank guarantee as a pre-condition for advance payment of co-financing;

stresses again the need to take decisive steps during the Italian Presidency of the European Union towards the completion of banking union and the regulation of the banking and financial sector, in the interests of long-term financial stability, and in particular to ensure that the Single Bank Resolution Fund be approved before the end of 2014;

considers that, in parallel to banking union, the Government should continue work towards fiscal integration, with reinforced measures to combat tax evasion and issuance of project bonds to finance infrastructure projects such as trans-European energy, transport and telecommunications networks;

with regard to a future autonomous eurozone fiscal capacity, calls on the Government to continue to support moves towards mutualisation of public debt at European level through a 'debt redemption fund', which was the subject of the final report of the expert group submitted on 31 March 2014, as well the possible joint issuance of European bonds or 'eurobills' to finance European policies. The implications of these proposals should be properly addressed at national level with the full participation of Parliament;

with reference to the German Constitutional Court's action before the European Court of Justice on the lawfulness of the outright monetary transactions (OMT) plan, so far never put into effect, which would allow the ECB to acquire on secondary markets sovereign bonds of countries in difficulty in return for those countries adopting economic reform programmes, calls on the Government to consider whether Italy should submit an opinion arguing for the lawfulness of the plan;

welcomes the priorities set out by the Government for implementation of the national research and innovation strategy, and its ambition to enhance the European research system through

financing synergies between the ‘Horizon 2020’ framework programme for research and innovation, the national research plan and the European Structural Funds;

in the context of research and innovation, considers it essential also to improve synergies between basic research and industrial innovation so that inventions are transformed into commercial, globally competitive products. Innovation initiatives should also be incorporated in the practical implementation of the Digital Agenda; this applies to the modernisation of public administration and forms of associated data exchange in interactions with citizens and business, to the widespread use of smart technologies to support public services and social activities, and to the application of new technologies to environmental protection and maintenance measures. The Digital Agenda will thus become one of the pillars of the green economy (with an eye also to the European year of the green economy) as a source of economic development and competitiveness. The Committee also considers that initiatives should be launched to create digital skills closely linked to the development of the Agenda and the creation of new skilled jobs;

in terms of industrial policy, calls for coordination of EU interventions with the Treaties' specific provisions on competition. These should be interpreted in the light of the global dimension of the reference markets, which is entirely different from what it was in the early phases of the European project. Considering only the European part of reference markets creates the serious risk of causing European industries to lose competitiveness in relation to those operating on global markets, particularly where European industries have assumed dimensions considered to impede the full expression of the principle of free competition in the Community context, and so have had to engage in re-sizing operations at the request of the EU institutions;

with reference to the internationalisation of EU firms, calls on the Government to continue to promote free trade agreements within the World Trade Organisation and also bilateral agreements, such as the Transatlantic trade investment partnership (TTIP) with the USA; in this context it should seek access to the negotiating proposals and study them carefully to ensure a level playing field on third markets, legal protection of European and national interests and the promotion of fair competition through measures to combat counterfeiting;

with reference to the legislative framework and business environment, calls for consideration of any appropriate initiatives to verify the adequacy and effectiveness of provisions before they are adopted, with an impact assessment of legislative proposals, including ‘competitiveness proofing’ and ‘cumulative cost assessment’, as a mandatory part of the legislative process, without which it may not proceed. The Committee also calls for the inclusion in the decision-making process of the ‘SME test’ to ensure that impacts on SMEs are thoroughly analysed and taken into account in all relevant legislative proposals, with a clear indication of quantified effects on SMEs, whenever possible and proportionate;

as regards the single European patent, refers to the opinion given by the Senate in Resolution No 6-00020 of 8 July 2013 on the Programme Report on Italy's participation in the European Union for 2013 (Doc.LXXXVII-*bis* No 1), in which the Government undertook to support competitiveness by taking any measures necessary for Italy to sign up to the full

unitary European patent system, in the light of the ECJ ruling of 16 April 2013 in cases C--274/11 and C-295/11, which rejected the action brought by Italy and Spain concerning the procedures for exercising enhanced cooperation;

taking account of the system's benefits for Italian firms in terms of reduced costs in obtaining registration of a patent valid in all the participating countries, would stress that the unified litigation system established by the Agreement on a Unified Patent Court of 19 February 2013 has highly problematic features which would place Italian SMEs needing to register rights on their inventions at a major disadvantage vis-à-vis firms in countries with a strong propensity for registering patents;

with regard to legislative proposals with an impact on the single market, despite the difficulties encountered in the negotiating procedure with the EU legislative instances, calls for perseverance in promoting the definitive approval of the proposal for a Regulation on consumer product safety (COM(2013) 78), in which a provision on indications of origin for industrial products was included in Article 7, and the proposal for a Regulation on a Common European Sales Law. The two proposed Regulations would protect the Italian production system, made up primarily of SMEs, and could be implemented at zero cost;

agrees with the importance attached by the Government, in the context of the forthcoming Italian Presidency of the EU, to Expo Milano 2015, the theme of which is 'Feeding the Planet, Energy for Life', around which Italy must promote appropriate synergies at European level;

considers that, in the agri-food sphere, the Government must work hard to help SMEs in the primary sector grow in size and economically, and to promote the stabilisation of farmers' income, as well as protecting national interests in the production and marketing of olive oil and wine products, the retention of optional labelling for beef and veal (which the Commission wishes to do away with), recognition of the geographical indications of products to counter the serious problem of counterfeiting agri-food products (including the 'Italian-sounding' phenomenon), promotion of tighter rules on the import of organic products, and the introduction of clear provisions on rules of origin and labelling for food products to ensure that consumers are effectively informed;

with regard to the social dimension of the European Union, social and health protection and the protection of fundamental rights, considers that it is important to maintain and build on the 'European social model' based on a social market economy (Article 3 TEU and Article 9 TFEU), while at the same time pursuing the objective of a competitive European economy through simplification initiatives such as the Regulatory fitness and performance programme (REFIT);

as regards the poor, whose numbers have been markedly increasing, whereas the Europe 2020 objective is to reduce the number of people living in poverty by at least 20 million, considers that European inclusion policies should attack poverty, with particular regard to the working poor, i.e. people whose wages do not cover their minimum monthly expenditure, as well as the growing class divide, more effectively; there should also be an

assessment of what the conditions should be for allowing direct use of European funds to finance social safety nets in crisis conditions and act as ‘automatic stabilisers’;

regarding the severe unemployment problem, still growing in many European countries, and having regard to Article 9 TFEU, which provides that ‘in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment ...’, calls on the Government to make every effort, at both national and EU level, to ensure that the traditional approach relying on labour market flexibility be replaced by a systemic approach aimed at adapting economic processes to the requirements of a changed economic and demographic framework, both at home and internationally;

approves the priority given by the Government to young people, and would point out the need for effective action against the currently untenable level of youth unemployment through strategies focusing on human investment in education and training, on the one hand, and structural labour market reforms on the other;

considers moreover that, to meet the Europe 2020 objectives, further measures should be taken to ensure that those who lose, or risk losing, their jobs when they pass the age of forty do not become long-term unemployed. Such workers are too young to receive a pension and too old to get a new job and so end up being victims of both public policy and the market;

with regard to the ongoing debate at European level on energy and climate policy in the period up to 2030 and, in particular, with reference to the further objective of reducing CO<sub>2</sub> emissions by 40 % by 2030, set out in European Commission Communication COM(2014) 15 of 22 January 2014 and backed by the major Member States, including Italy, in a joint letter, asks that the important national interests involved be reconciled as well as possible, not least to avoid excessively ambitious objectives being set, which could have an unmanageable impact on the competitiveness of our businesses;

in particular, stresses the need to pursue the objectives set out in the above-mentioned Communication as regards the differentiation of supply sources, implementation of measures to interconnect electricity and natural gas networks, legislative simplification to reduce obstacles to the spread of renewable energy sources and, lastly, boosting investment in new energy-efficiency and energy-saving technologies, with particular support for initiatives for the effective implementation of the European Union emission trading system (EU ETS);

calls on the Government to promote all appropriate forms of institutional communication on the results of the project to build the European Union, showing the advantages achieved for private citizens and business;

considers that the Government should make every effort at the forthcoming European Council meetings to foster further deepening of European integration, with the involvement of the Parliaments in their capacity as the privileged representatives of European citizens;



as regards implementation of Law No 234 of 24 December 2012, calls on the Government to apply fully and consistently all the provisions concerning relations with the Houses of Parliament.