

Association of Finnish Local and Regional Authorities: Key targets and lobbying priorities in the EU



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Association of Finnish Local and Regional Authorities: Key targets and lobbying priorities in the EU

The future of the European Union is shaped by many recent developments and decisions in Europe as elsewhere in the world. While some of the EU's challenges stem from the political situations of Member States, great many are a result of the world political situation. The EU has to prepare for negotiating Britain's withdrawal from the Union; a fair burden-sharing arrangement is sought to resolve the refugee crisis; the foreign and security policy requires a growing number of measures; and common views and action is needed for strengthening the competitiveness of the European economy.

Overshadowed by these major challenges, the EU's future development builds on the Juncker Commission's strategic priorities, which are to be implemented through various initiatives. The Commission's Work Programme 2017 is titled "A Europe that protects, empowers and defends". With this programme, the EU aims to focus on the big issues where it can deliver concrete results. The Commission's priorities include jobs, growth and investment, the Digital Single Market, the Energy Union and climate change policy, a deeper and fairer Economy and Monetary Union, social rights and a new policy on migration.

The EU's credibility rests on transparency and its capacity for making decisions. The Commission has already in previous years taken steps towards better regulation, and this work is being carried forward. Ineffective regulations will be abolished, and proposals that have made little progress will be withdrawn. Moreover, the number of new initiatives have been reduced and the aim is to improve legislative quality.

Many of the Commission's initiatives have substantial impacts on the work of Finnish local and regional authorities. According to a report issued by the Association of Finnish Local and Regional Authorities in 2014, about 60 per cent of the municipalities' functions or decisions are influenced by the EU.

The Association of Finnish Local and Regional Authorities maintains an overview of European Union activities pertaining to local and regional governments, informs the

Finnish municipalities of EU matters important for their work and influences EU decision-making. Through its lobbying in the EU, the Association seeks to ensure that the directives, regulations and other EU legislation support the functions of local and regional governments and do not impose any additional burden on them.

The Association of Finnish Local and Regional Authorities furthers its EU policy objectives both domestically and in Brussels. An important part of our work in Finland is to influence the preparation of Finland's positions by participating in sub-committees to the Government's Committee for EU Affairs and in ministerial working groups, and by expressing the Association's views in parliamentary committees. Together with other Nordic local government associations, its umbrella organisation CEMR (The Council of European Municipalities and Regions) and other stakeholders, the Association influences the views of the European Commission, the Council, the Parliament and the Committee of the Regions on EU legislative processes. The importance of Nordic cooperation is highlighted when dealing with matters related to the core principles of our welfare system.

The strategic priorities of the Association of Finnish Local and Regional Authorities are: staying one step ahead, cooperation across borders and culture of renewal. Anticipating and managing change, cooperation and a new operating culture are key success factors for lobbying in the EU as well.

The Association's EU policy objectives

- EU decisions take into account local and regional perspectives and the special features of the municipality-based Nordic welfare model.
- A prior assessment is made of the administrative and economic impacts of EU legislation on local and regional authorities.
- EU legislation is reduced and simplified.
- Competitiveness objectives are set in a way that promotes social justice and well-being.
- The role of the Committee of the Regions as a channel of influence for local authorities and regions is strengthened.
- Local authorities are given more opportunities to influence the preparation of EU issues at the national level.

The Association's EU lobbying priorities

Future of regional policy after 2020
Integrated EU policy for the Arctic
A strong Union built on a strong EMU
European Pillar of Social Rights
New Opportunities for Adults
Youth initiative
Implementation of the Circular Economy Action Plan

Implementation of the Energy Union Strategy: EU Energy Winter Package “Clean Energy for All Europeans”
Implementation of the Energy Union Strategy: low-emission travel and mobility
Urban Agenda
European Agenda on Migration
Equality and non-discrimination
Implementation of Digital Single Market Strategy
Fairer taxation of companies
Implementation of the Capital Markets Union Action Plan

Future of regional policy after 2020

One of the key EU priorities is the future of regional policy beyond the current programming period 2014–2020. Since the signing of the Maastricht Treaty in 1992, one of the European Union’s fundamental principles of operation has been economic, social and territorial cohesion. On the eve of the Treaty’s 25th anniversary, Europe needs cohesion policy more than ever. Climate change, refugee flows, problems of a global economy, ageing populations and growing inequality are challenges that must be addressed together. At the local level, cohesion policy has been the best means of realising the common European goals, but there is a growing pressure for cohesion policy reform.

The Commission has started preparations for the next programming period to be launched in 2021. A preliminary draft on Cohesion policy structure will be published in spring 2017, and an extensive public consultation will follow. The Commission will detail its ideas about the future in a Cohesion Forum to be organised at the end of June. The Cohesion Report is expected to be published in late 2017. The report sets to outline progress in achieving economic and social cohesion in the EU and to present the directions of and procedures for the next Cohesion policy programming period. The Commission must give its proposal for the EU’s next Multiannual Financial Framework at the start of 2018. The proposals for a regulation governing the next programming period are likewise to be issued during 2018.

The implementation of cohesion policy through sources such as Structural Funds has stimulated growth and increased employment and social cohesion both locally and regionally. To ensure favorable financing from the Cohesion Fund to Finnish local and regional authorities also in the future, Finnish local, regional and national actors need to cooperate broadly and exert influence at an early stage. The work towards this end was started already in 2016 and a crucial time for influence is in early 2017. The ongoing regional government reform will also influence the preparation of the new programming period at national level.

The Association of Finnish Local and Regional Authorities is of the opinion that cohesion policy should continue to play an active role in developing the EU’s competitiveness in the programming period beginning in 2021. Cohesion policy should be applied across Europe, and

local and regional levels have a pivotal role in implementing the policy. The geographical themes central to Finnish local and regional authorities are the special circumstances of sparsely populated areas of the North, the Arctic region's potential, cooperation in the Baltic Sea Region and cross-border cooperation with Russia.

The objectives for the new programming period should be simplification and flexibility of programme administration and structures. Particularly the Member States with a low volume of financing for regional economy should have their administrative burden reduced. The cohesion policy objectives should be taken as a starting point for linking the policy to the European Semester to see whether cohesion policy can influence structural reforms. The work to coordinate the provisions on the European Structural and Investment Funds, both across the funds and with the provisions on the European Agricultural Fund for Rural Development, should be continued.

The central theme of the current programming period 2014–2020, smart specialisation, should provide a basis for future development. In the future, the implementation of cohesion policy will need to be more sensitive to local and regional circumstances and needs. Effectiveness should be high on the policy development agenda and programming work needs flexibility.

Integrated EU policy for the Arctic

In April 2016, the Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted the third communication on Integrated EU policy for the Arctic region. The two previous communications were issued in 2008 and in 2012. This latest communication follows the previous guidelines on climate and the environment, sustainable development and regional cooperation. In its communication, the Commission proposes a future integrated EU Arctic policy in three priority areas: Climate Change and Safeguarding the Arctic Environment; Sustainable Development in and around the Arctic; and International Cooperation on Arctic Issues.

The Communication provides a comprehensive picture of the EU's action in the Arctic. Although sustainable development continues to be at the centre of EU Arctic Dimension policy, there is increasingly more talk about adaptation. Account must be taken of both the traditional livelihoods of those living in the region and the impact of economic development on the Arctic's fragile environment. For coordination of the goals and resources for the Arctic, it is important to promote broad-based cooperation involving local and regional levels. The key themes are objectives and measures for: mitigating and adapting to climate change, a sustainable use of natural resources and the use of specialised know-how in the Arctic.

The Association of Finnish Local and Regional Authorities welcomes the Commission's strong emphasis on a need for enhanced coordination of matters related to the Arctic. We find it important that the Commission recognises the need to closely involve local and regional authorities in the work of the proposed European Arctic stakeholder forum. Local and regional authorities should be involved in the key programmes and projects supporting regional cooperation, transport connections and sustainable economic development in the Arctic.

The role of the Arctic cities in the development should not be overlooked. Investments into city infrastructures and energy efficiency on the one hand, and solutions required for the population's services especially in the sparsely populated areas on the other hand, give rise to new entrepreneurial activities.

The topics of interest for municipalities and regions in Finland and elsewhere in Europe include sustainable use of natural resources, well-functioning communications and transport connections, promotion of innovation and productisation and the opportunities offered by digitalisation for the maintenance and development of local livelihoods, skills and culture. It is similarly important to use the expertise of the Arctic's indigenous peoples, participate in their decision-making and reconcile the views of different parties at both national and regional level.

The Association of Finnish Local and Regional Authorities stresses that the future delivery of cohesion policy should continue to offer a variety of funding instruments for the development of the Arctic region.

Finland holds the Arctic Council chairmanship between 2017 and 2019. During the chairmanship, it will be important to put forward local and regional views on the Arctic region's opportunities and development needs.

A strong Union built on a strong EMU

The initiative's main content is the White Paper on the Future of Europe, issued in spring 2017, with focuses on the future of the European Monetary Union (EMU). With the Brexit and a changing political climate in Europe, it seems that the White Paper's content has been expanded to offer a broader reflection on the European future.

Especially in Finland, local government finances form a substantial part of the system of public financing and are therefore closely linked to economic growth, sustainable public finances, EU financial regulation and the guidelines for the development of the Economic and Monetary Union.

The sustainability of public finances must be ensured to safeguard the provision of basic public services to municipal residents in all circumstances and with a reasonable tax burden. Balanced public finances are a necessary condition for sustainable economic growth and a socially sustainable Europe. Economic growth needs to be supported together by the EU and the central and local governments. Local authorities have numerous investments that improve municipal services while also employing local people and greening the economy. In times of economic hardship, local authorities need to maintain sufficient investment. EU and central government measures should be in line with each other.

A well-functioning and stable euro area is highly important for local government finances, and the Association of Finnish Local and Regional Authorities welcomes all actions that contribute to making it a reality. The Association has proposed together with its umbrella organisation CEMR (The Council of European Municipalities and Regions) that the White Paper published in spring 2017 should include a section on local and regional government finances. Especially the mechanical criteria of the Stability and Growth Pact are among the factors that limit local and regional investments in Europe, because according to the criteria, investments are not written off as expenses over their economic lifetime.

The European Pillar of Social Rights

The Pillar of Social Rights is part of the work undertaken by the Commission for a deeper and fairer Economic and Monetary Union (EMU). The Commission will pursue two complementary work strands to establish the pillar: firstly, modernising existing social policy legislation to take account of today's work environment; and secondly, identifying social benchmarks built on best practices in the Member States with a view to upwards convergence, in particular in the euro area, as regards the functioning of the labour market, skills and social protection.

On 8 March 2016, the European Commission put forward a first outline of what should become the European Pillar of Social Rights. It defines a number of main principles for supporting well-functioning and fair labour markets and welfare systems within the euro area. During 2016, the Commission gathered views on the content of the Pillar through a public consultation. A final proposal for the Pillar is scheduled for spring 2017.

In a best-case scenario, the European Pillar of Social Rights will allow dissemination of information and best practices not only between Member States, but also between regional and local governments. The Pillar of Social Rights should not be legally binding, nor should it limit the right of Member States to define the fundamental principles of their own social security systems. Many of the objectives set for Pillar can

only be achieved in areas that fall within national competence. The Member States are structurally very different, and the measures required to promote social rights differ from one country to the next. In the establishment of the European Pillar of Social Rights, care should be taken that various steering mechanisms or other measures do not lead to overstepping the boundaries of EU competence.

Economic policy has undergone notable changes over a relatively short period of time, and it is too early to assess whether these changes have removed imbalances in public finances or promoted economic growth. It is therefore of primary importance to appraise the impacts of action so far taken and take corrective measures, where needed, before making new decisions on deepening economic integration.

The Association of Finnish Local and Regional Authorities has set the objective that the EU's economic competitiveness, the well-being of its citizens and social justice will be developed on an equal basis. The Association considers it highly important that the European Pillar of Social Rights should apply to all Member States equally, not only to the euro area countries. It is somewhat artificial to link the Pillar of Social Rights to the Economic and Monetary Union; instead, the two could be considered as separate instruments for further developing the Union. In the present situation, after Britain's referendum, the EU must stay unified. The divide between euro and non-euro countries must not be widened.

Immigration and asylum issues pose a considerable social challenge for today's Europe. Yet, the Pillar of Social Rights does not cover these issues. A failure in the integration process would be a loss to both the host society and the immigrants, and its social and financial consequences could be severe.

New Opportunities for Adults

Formerly known as Skills Guarantee, the Commission's initiative "Council Recommendation on Upskilling Pathways: New Opportunities for Adults" was eventually adopted under the name "New Opportunities for Adults". The initiative is a necessary opening to develop competencies and skills and promote employment. Through the initiative, the EU strongly supports Member States in shaping a forward-looking, future oriented education and employment policy. The EU countries need to intensify their cooperation to tackle unemployment and build a broader competence base.

The starting point for European cooperation in education and training is to set common ambitious educational policy goals and to support and monitor them while also respecting the diversity of national education systems. The EU should continue to

develop cooperation without creating new administrative obligations or structures that would increase administrative burdens.

The Commission will adopt initiatives relating to the Skills Agenda over the next two years.

The Association of Finnish Local and Regional Authorities stresses that the initiatives should cover all levels of education, including early childhood education and care. It is desirable that European cooperation in education and training should involve qualitative monitoring of employment, the attractiveness of vocational education and training, and the updating of the reference framework for key competences. Further, account should be taken of the importance of language and global skills in the future world of work and the broader cultural and social dimension of education. Special attention should be paid to job-to-job transition and the skills it requires.

Youth initiative

The initiative includes a proposal for the creation of a European Solidarity Corps and priority measures to implement the youth aspects of the Skills Agenda, including a quality framework for apprenticeships and a proposal on increased mobility for apprentices; modernising school and higher education; as well as a proposal for improved tracking of outcomes for graduates but also young people who have followed vocational education and training.

The EU launched the European Solidarity Corps in December 2016, creating opportunities for under-30s to contribute actively to society in a spirit of solidarity, and acquire new skills and experience, including language skills, in the process.

The Association of Finnish Local and Regional Authorities states that it is important to increase young people's participation in society and its different functions and decision-making, thus making young people active agents in their own lives. This will prevent social exclusion and offer new ways of exerting influence and operating at local and regional levels. The third sector and volunteer organisations can significantly contribute to the achievement of these goals. At best, youth work could help release social tension in society (nationalism, populism, immigration, the growing gap between rich and poor).

Implementation of the Circular Economy Action Plan

The aim of the Circular Economy Package is to address economic and environmental concerns by maximizing efficiency in the use of resources, covering the whole value

chain (including sustainable consumption, production, waste management) and through innovation, thereby enabling the development of new markets and business models. The package will consist of a broad action plan, including actions on monitoring effective progress, and a waste proposal with long-term targets. The amending of the directives on waste was among few concrete legislative actions published by the Commission in December 2015 together with the Action Plan.

In 2017, the EU will continue the promotion of the Circular Economy Action Plan with consideration of amendments to waste directives. As part of the Circular Economy Action Plan's measures on water, the Commission will draft a proposal for a Regulation on minimum quality requirements for reused water and revise the Drinking Water Directive. As part of delivering on the Action Plan, the Commission will present a strategy on plastics use, reuse and recycling; an initiative to address legal, technical or practical bottlenecks at the interface of chemical, product and waste legislation; and a monitoring framework on circular economy.

The Association of Finnish Local and Regional Authorities welcomes in principle the implementation of actions promoting circular economy and the move away from a linear economy. It is very important to take into account all parts of the economic cycle and the management of the overall impact. Municipal action, such as climate strategies and green public procurement, must be supported, and local authorities should be encouraged to take green action on a voluntary basis. The domestic and EU legislation should be compatible with these actions and their implementation must not be limited or impeded by regulation.

The Association of Finnish Local and Regional Authorities welcomes the goals set out in the Commission's roadmap and work programme to broaden the focus of actions beyond waste management to include the Integrated Product Policy and a market for the re-use of materials. We also welcome the Commission's plan to address problems with attaining the targets that have been previously set. The Association of Finnish Local and Regional Authorities supports solutions that are more sensitive than before to the differences between Member States, their challenges and opportunities for reaching the goals of circular economy and waste management. Measures should be taken to alleviate the administrative burden, for example by way of simplifying the reporting and permitting procedures. The Association further supports the idea of promoting circular economy through innovation.

In the Association's view, for creation of a circular economy model that will work well for European society, it is important that the European Parliament and the Council take account of local authority views in formulating their positions on the future work on the Circular Economy Package. In the context of amending the directives on waste, it should be kept in mind that the purpose of public waste management is to

ensure equal and cost-effective management of waste and to prevent any danger and damage to health and the environment from waste and waste management. A growth in recycling should thus be driven by market demand and promote an economic model that is genuinely accomplishing these goals. Actions taken should not lead to a recycling system that is of low quality and expensive for local residents.

The Association has reservations concerning the proposals on water re-use and their legally binding nature. The Commission is planning a legislative proposal on minimum requirements for reused water, for example for irrigation and groundwater recharge. The Association understands the need for such action, but considers that binding requirements should mainly apply to regions affected by major water shortages. At the very least, these measures should not unduly increase the risk to health or the environment, nor should they increase administrative burden.

Implementation of the Energy Union Strategy: EU Energy Winter Package "Clean Energy for All Europeans"

The EU Commission will continue to deliver on the Energy Union Strategy. On 30 November 2016, it published a comprehensive package of communications and directive proposals aimed at managing the modernisation of the economy by placing energy efficiency first, pursuing the ambition to become world number one in renewable energies and providing a fair deal to consumers. The directive proposals and communications relate to the revision of the Renewable Energy Directive and sustainability standards for bioenergy; reviews of the Energy Efficiency and Energy Performance of Buildings directives; the package on the design of the electricity market and the governance rules for the Energy Union. The EU Energy Winter Package is set to reduce European greenhouse gas emissions by 40 per cent by 2030. The Commission, moreover, proposes a 30 per cent binding energy efficiency target for 2030. Finland will be required to reduce by 39 per cent greenhouse gas emissions produced by sectors not covered by the EU's emissions trading system.

An initiative to Accelerate Clean Energy Innovation will support the research and market uptake of technological innovation needed for energy efficiency and renewables to meet the decarbonisation goals set by the Paris Agreement and EU 2030 targets. All the Energy Union related legislative proposals presented by the Commission in 2015 and 2016 need to be addressed as a priority by the Parliament and Council. These include the above-mentioned energy package, the security of gas supply package, the EU emissions trading system and related rules on effort-sharing and landuse and forestry.

The Association of Finnish Local and Regional Authorities will closely follow the implementation of the Energy Winter Package in the EU,

bringing the perspectives of local authorities to the consideration of the proposed directives and initiatives. Our main focus is on the reviews of both energy efficiency directives and on the treatment of renewable energy.

Energy issues are important for local authorities, because they and their energy companies are major energy producers. Moreover, local authorities are big energy consumers. Energy solutions are part of local authorities' long-term urban and transport planning, and they are related to public procurement in a number of ways.

Implementation of the Energy Union Strategy: low-emission travel and mobility

The strategy for low-emission mobility should make an important contribution to modernising the EU economy, helping to reduce emissions from the transport sector and meeting the EU's commitments under the Paris Agreement. It is also intended to reduce emissions that are harmful to health. The Strategy focuses on three themes: (1) higher efficiency of the transport system, (2) low-emission alternative energy for transport, and (3) low- and zero emission vehicles. Action will focus on road transport, which is responsible for over 70 per cent of transport greenhouse gas emissions.

Digital technologies can make transport safer, more efficient and inclusive. The strategy states that across the EU, charging should move towards distance-based road charging systems based on actual kilometres driven, to reflect better the polluter-pays and user-pays principles. An important role is also assigned to measures to support multimodal integration. For example, urban land use planning should take account of the current rail network and opportunities for its development. The transition to alternative low-carbon energy will be accelerated. Most alternative fuels (electricity included) require a new distribution infrastructure to be established across the EU. A new test procedure for passenger cars and light commercial vehicles will be implemented to deliver more accurate carbon dioxide and fuel consumption values. The setting of post-2020 standards will be based on this new test procedure. The creation of markets for low- and zero-emission vehicles is encouraged by better consumer information and by public procurement rules.

Finland is already developing a distribution network required by new propulsion systems. The development builds upon the EU directive on alternative fuel distribution infrastructure. The network is to be built under market conditions, and local authorities are not expected to construct or finance the alternative propulsion distribution infrastructure themselves. Their role is to participate in the planning of the infrastructure, where necessary, and to ensure that it links at the local level with the rest of the transport network. An exception to this can be distribution network solutions for public transport services put out to tender by local authorities/public transport authorities.

The Association of Finnish Local and Regional Authorities notes that the low-emission travel and mobility strategy is well-founded and timely. The strategy's goals are generally consistent with the goals pursued by local authorities. Local authorities have a pivotal role in developing transport systems and reducing emissions from mobility. Legislative projects based on the initiative should support local authorities in improving the safety, functionality, carbon-neutrality and efficiency of transport networks, means of transport and mobility services. It is important for local authorities to experiment with and introduce new mobility services and solutions that take advantage of the digital technology.

In the reduction of transport emissions, account should be taken of the costs of these measures and their impacts on people's everyday lives and transport costs, and consequently, the regional and local vitality. Legislation should seek to achieve low- and zero emission mobility in a cost-efficient and technology-neutral manner. Population density and regional circumstances should be considered in target setting. Legislative projects delivering the strategy should be cost-neutral for local government. Local authorities should be left to decide on concrete action and assume financial responsibility for the effects of their choices.

The road charging solutions at EU level should support the implementation of road charging systems for individual urban regions. In national systems, kilometre-based charges should not increase excessively the costs of long-distance transport or mobility and transport in remote areas.

Urban Agenda

The objective of the Urban Agenda is to promote urban policy in the European Union, to give cities opportunities to participate in EU policy shaping and to make their voices heard. The Agenda will involve cities more closely in the overall development of the Union and make them the drivers of delivering EU 2020 goals. This is not the first time that the EU is offering cities an opportunity for peer learning in different networks. The URBACT programme is one such example, but it has not adequately explored the best practices of national urban politicians or effective strategy-level practices. The EU Urban Agenda is important because it is a step towards a systematic exchange of policy experiences and the development of policy practices for the chosen themes.

The Urban Agenda's operational framework and priority themes were established in Amsterdam (the so-called Pact of Amsterdam) in spring 2016. It was agreed that for each of the 12 themes open partnerships would be set up to work on best policy practices. So far, Finnish cities have participated in at least networks dealing with digitalisation and urban air quality. The Association of Finnish Local and Regional

Authorities promoted the housing network, which seeks to bring the issue of affordable public housing back to the debate. The memberships of the theme networks were open until 30 December 2016.

The theme networks are:

- climate adaptation,
- energy transition,
- sustainable use of land and Nature-Based solutions,
- innovative and responsible public procurement.

The Association of Finnish Local and Regional Authorities takes the view that in identifying best practices for a national urban policy, it must be ensured that the main responsibility for urban policy remains with the Member States. The EU complements Member State actions and efforts. At the core of the Urban Agenda is a shared process increasing the understanding of the best policy solutions for the urban environment. The Association welcomes this target, which also means that a pursuit of national urban policies enables learning and knowledge transfer between Member States and cities. This understanding can then be used to influence politicians at EU and national level.

European Agenda on Migration

In May 2015, the European Commission launched the European Agenda on Migration to improve migration management across Europe. The Agenda's key actions are: strengthening EU presence at the Mediterranean to save lives, targeting criminal smuggling networks, relocation of asylum seekers within the EU, reception of quota refugees (resettlement), close cooperation between the EU and third countries to tackle illegal migration, and EU action to help frontline Member States. As a follow-up to the Agenda on Migration, on 7 June 2016, the Commission released a communication on a new partnership framework for reinforced cooperation with third countries.

In July 2016, the Commission presented proposals to complete the reform of the Common European Asylum System in order to move towards a fully efficient, fair and humane asylum policy, one which can function effectively both in times of normal and in times of high migratory pressure. To this end, it will create an EU-wide common and harmonised set of rules for the asylum system.

In addition to the European Agenda on Migration, the Commission issued a Communication on a European Agenda for the Integration of Third-Country Nationals in June 2016. Although the competence on integration lies primarily with the Member States, in its action plan the Commission proposes a common policy framework to assist Member States in integrating third-country nationals. Moreover, the Commission intends to strengthen EU financial support to Member States under the Asylum,

Migration and Integration Fund so they can improve their integration measures in areas such as education, access to labour market, availability of basic public services and promotion of inclusion. The Commission will monitor the implementation of measures outlined in the action plan and propose additional measures where necessary.

In 2017, the Commission's goal is a Europe that protects the Union's borders and delivers on a responsible migration policy. Managing migration flows whilst ensuring that those who seek refuge always find safe haven in Europe continues to be a current challenge. The Commission will continue the efforts initiated in previous years to bring direct support to refugees and promote their integration in host communities in Europe and in third countries.

In 2017, a mid-term review of the European Agenda on Migration will be conducted, consolidating and taking horizontal stock across different measures that have been taken to implement the Agenda. The review will also consider the renewed partnership with third countries.

The Association of Finnish Local and Regional Authorities emphasises that Finland should provide high-quality international protection for those who need it. In Finland, the state has the main responsibility for immigration policy, including the policy on refugees, but local authorities also share the humanitarian responsibility. It is important that the municipalities can use EU funding for integration measures.

The Association of Finnish Local and Regional Authorities supports EU measures to promote labour migration. Integration and permit procedures related to recruiting third country nationals are matters that should remain within national competence also in the future.

Equality and non-discrimination

According to its Work Programme, the Commission will issue a proposal on a European Pillar of Social Rights in early 2017. It is a comprehensive proposal including both legislative and non-legislative initiatives. The key issues in terms of gender equality and non-discrimination are work and family life balance and social protection. The promotion of work and family life balance with men assuming more caring responsibilities impacts positively on the workings of local government and is a step towards a more equal society. One subject covered by the proposal for the Pillar is social protection. The proposal does not, however, address violence and interpersonal violence targeted at women, which both are serious social problems in all Member States. Not only does violence cause human suffering and violate human rights, it also causes significant costs to society.

A shortcoming is that the Work Programme does not propose a Commission-wide gender equality strategy or promotion of equality in policies such as the European Semester. Actions to promote employment should be targeted to increase women's employment and to reduce occupational segregation.

The Communication on the Work Programme mentions that the work towards the EU's accession to the European Convention on Human Rights continues.

The Association of Finnish Local and Regional Authorities welcomes the objective of focusing on social well-being as well as on economy, while also promoting gender equality with new actions to balance work and family life. The promotion of citizen's well-being and prevention of poverty and social exclusion have a financial impact in that they reduce long-term costs both nationally and locally. The Union should increase its efforts to prevent violence against women, and support the promotion of gender equality and non-discrimination at local level while also encouraging the adoption and implementation of the European Charter for Equality of Women and Men in Local Life.

The Association of Finnish Local and Regional Authorities highlights the importance of assessing the social impact of political and especially of financial decisions, and how such decisions impact citizens' right of non-discrimination and gender equality. Special attention should be paid to the situation of girls and boys, women and men of disadvantaged population groups.

Fostering gender equality and non-discrimination contributes to society's rich diversity and unleashes its potential for the benefit of the economy as well.

Implementation of the Digital Single Market Strategy — Mid-term review

One of the EU's key priorities is the Digital Single Market. Its purpose is to integrate national markets into one single market. The Digital Single Market Strategy will be taken forward with a number of actions.

On 19 April 2016, the Commission launched an eGovernment Action Plan for 2016–2020, putting forward 20 measures to accelerate the digital transformation of government. The Commission's aim is that the Action Plan will serve as a catalyst to coordinate public sector modernisation efforts and resources in the field of eGovernment.

The Commission considers that the digital services of public administrations are not yet available seamlessly for the citizens and enterprises within the EU. The Action Plan's purpose is to create a long-term vision of principles in which the Member States can anchor their own strategies and actions.

With the eGovernment Action Plan, the Commission will support Member States in the development of cross-border eHealth services; accelerate the transition to full e-procurement, eSignatures and the "once-only principle" in public procurement; and set up a pilot project with administrations that will apply the once-only principle for businesses across borders.

A number of other initiatives were launched along with the Action Plan, including the European Cloud Initiative and the initiative on Digitising European Industry.

The Digital Single Market Strategy has many impacts on the environment in which local authorities operate. Areas of relevance to local authorities include open data, certified cloud services, eHealth services, e-procurement, traffic planning, smart metering in the energy sector, copyright laws, data protection and electronic archiving. However, the strategy is strongly focused on businesses and consumers, and the role of public administration as service organiser and provider is mostly dealt with in a separate section on eGovernment.

The Association of Finnish Local and Regional Authorities calls for a better use of Digital Single Market opportunities. The strategy's implementation must take explicit account of the views of local authorities, because the services that in the Commission's view will benefit most from digitalisation are at the core of municipal service provision: social services, the health sector, the education sector and culture.

Fairer taxation of companies

The initiative contains a variety of tax measures, which constitute a natural follow-up to the Commission's recent action in the field of taxation. In 2016, the Commission published the following initiatives for the development of corporate taxation:

- An extensive anti-tax avoidance package proposing a range of measures against corporate tax avoidance, published on 28 January 2016.
- A proposal to amend the Accounting Directive to require large multinationals to publish a report disclosing information about the EU country where they make their profits and where they pay their tax, published on 2 April 2016.
- An action plan to reform the EU's Value-Added-Tax system, setting out actions to improve the system, published on 7 April 2016.
- A proposal for a Council directive on a Common Corporate Tax Base (CCTB) and a Common Consolidated Corporate Tax Base (CCCTB), published on 25 October 2016.

In 2016, Finnish municipalities received an estimated EUR 1.5 billion in corporation tax revenue, which is used to finance municipalities' services for their residents. Local authorities receive about one-third of the total corporate tax revenue.

The Association of Finnish Local and Regional Authorities is, in principle, positive about the Commission's proposals on developing EU corporate taxation, combating tax avoidance, preventing harmful tax planning and implementing OECD's Base Erosion and Profit Shifting (BEPS) project for anti-tax avoidance.

The EU should continue its ambitious line on taxation, and complete and implement efficiently the existing initiatives. Especially an EU-wide common corporate tax base and country-by-country based reporting of tax and profit information are apt to safeguard Member States' corporate tax bases. If harmonised rules for the tax base for corporation tax (CCCTB) are established, Finland should submit a proposition to the Commission on revenue distribution between the Member States in a way that takes account of value added goods and services produced in different countries.

The Association of Finnish Local and Regional Authorities welcomes the initiatives of the Commission's VAT Action Plan. The Action Plan does not specifically propose any changes to the value added tax in the public sector. This can be considered positive, as Finland has solved the problems related to competitive neutrality between the private and public sector through a system of tax refunds to municipalities.

Implementation of the Capital Markets Union Action Plan

The Capital Markets Union and a well-functioning financing system are fundamental for the achievement of the European Union's investment, economic growth and employment goals.

Diversified access to finance and capital markets is also essential for local authorities, municipally-owned companies and other parties operating at local level. Finnish local authorities have major investment needs and they use the different debt-financing options almost exclusively on investments.

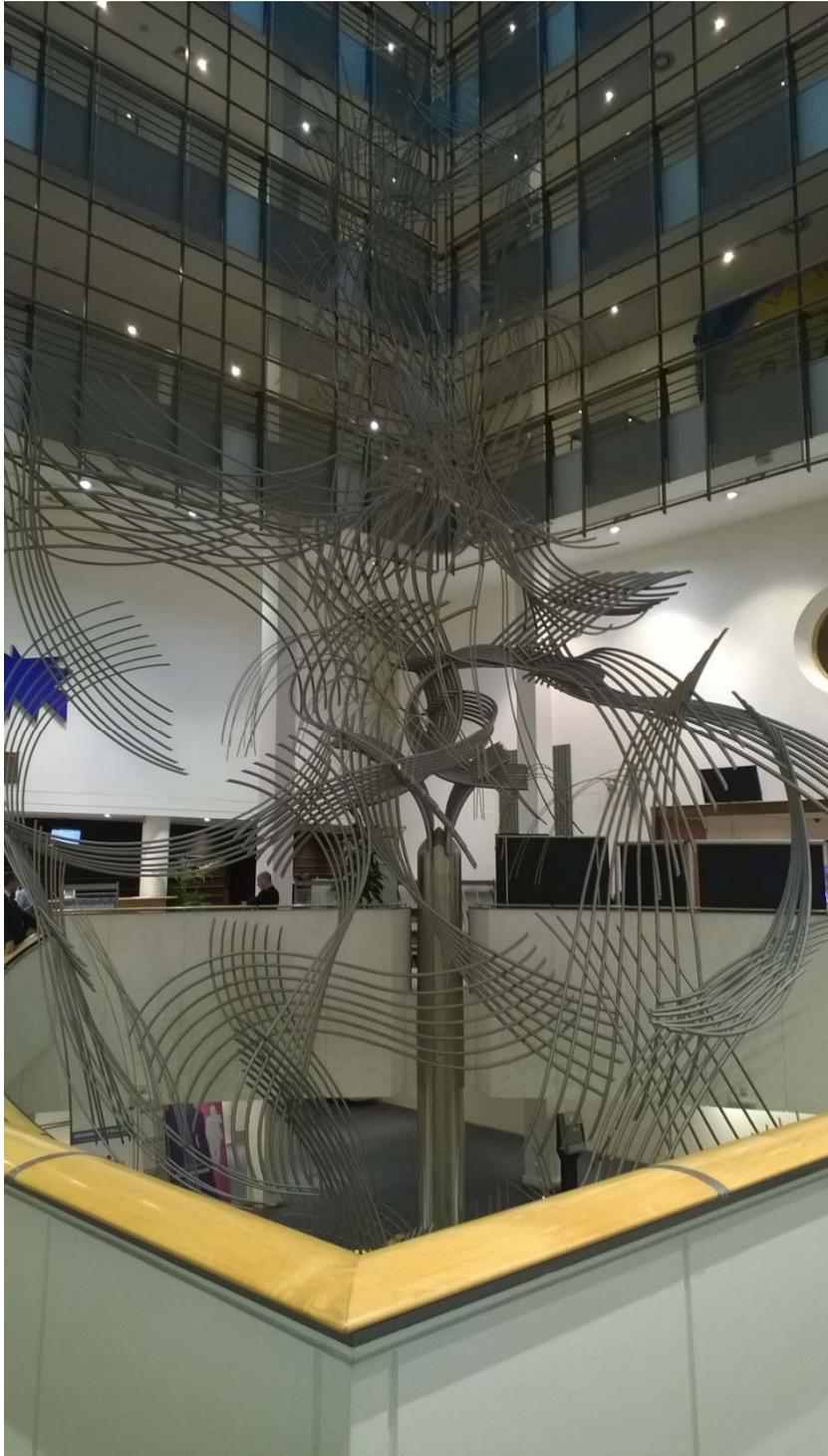
Well-performing capital markets are necessary not only for the credibility of fund-raising, but also in terms of reducing costs, a crucial factor for local government finances. Whilst deregulation and tackling barriers contribute to the objectives of Finnish local authorities, the distinctive characteristics of local authorities should also be considered, most importantly low risk.

It is important for investors to be able to choose from different risk profiles and from different types and scopes of projects. The Capital Markets Union and its rules may make it easier to assess credit risks.

The Association of Finnish Local and Regional Authorities supports all such goals and means that deliver effective funding and high-quality investments, which together contribute to positive economic development and employment.



European Committee of the Regions plenary session, Rapporteur Ossi Martikainen (2nd left) and President Markku Markkula (2nd right).



A sculpture in the grand staircase of the European Parliament's Paul Henri Spaak Building.