

# Article – Future of the EU: harnessing globalisation

Globalisation offers great potential to create wealth and jobs, but it also has the capacity to disrupt. The EU has always tried to make the most of it, while mitigating its negative effects by setting rules and working together with other countries. As the European Commission publishes on 10 May a reflection paper on how the EU should deal with globalisation in the future, we take a look at what Parliament has already done recently.

## What Parliament has done recently

The EU is the [largest player in global trade](#) and it uses its economic clout to impose high standards on products being imported as well as to promote its values abroad. MEPs are always keen to make use of this by insisting on adding amendments to EU agreements. In the recent [Ceta](#) negotiations pressure from the Parliament led to the controversial investor-state-dispute settlement being replaced by the investment court system to boost transparency and ensure government control over the choice of arbitrators.

MEPs favour measures to fight unfair competition from outside the EU, such as when they called for an EU strategy following a surge in low-cost EU imports of [rail supplies](#). To protect European jobs, the Parliament is pressing for a swift agreement on the modernisation of the EU's [trade defence instruments](#). As always it is about striking the right balance, such as in the case of [China](#)

In order to prevent the [minerals trade](#) from funding conflict and human rights violations, MEPs adopted a draft EU regulation in March to oblige near all EU imports of tin, tungsten, tantalum, gold to do checks on their suppliers, while large manufacturers will also have to disclose how they plan to monitor their sources to comply with the rules. Also because of Parliament revised EU rules to prevent trade in goods and services that may contribute to [torture or execution](#) include a ban on the marketing and transit of equipment used for cruel, inhuman and degrading treatment of people outside the EU.

Parliament also often urges the Commission to prepare new legislation by adopting an own-initiative resolution. For example in April MEPs called for EU rules to [oblige textile and clothing suppliers to respect workers' rights](#). That same month MEPs also asked for a single certification scheme for palm oil entering the EU market to counter the impact of [unsustainable palm oil production](#), such as deforestation and habitat degradation.

MEPs are also mindful of how globalisation affects employment, for example supporting initiatives to [reinforce workers' rights](#). Parliament is currently

working to protect people in new forms of employment created by the [digital economy](#). Parliament also supports the European Globalisation Adjustment Fund, which helps redundant workers find new jobs. For example on 11 May the budgets committee is expected to approve €2.6 million to help 821 former Nokia in Finland

These are just a few examples of what Parliament has done regarding globalisation in recent months, but they give an idea of the different ways MEPs are engaged in making it work for Europeans.

### **Debate on the future of European integration**

The Commission is publishing five reflection papers until the end of June as a starting point for a debate on the future of European integration. Each paper is dedicated to a specific theme: Europe's social dimension, globalisation, the economic and monetary union, defence and finances. The papers contain ideas and scenarios for what Europe could be like in 2025, but no specific proposals. The initiative finishes in mid-September when Commission President Jean-Claude Juncker delivers his annual state of the union address.

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## **Article – Europe Day: lessons from history**

Europe Day, celebrated on 9 May, is all about our common journey from war to peace and cooperation. It was on 9 May 1950 that then French foreign minister Robert Schuman put in words a dream of a different Europe working together to overcome conflicts and growing stronger step by step. In 1958, this dream took shape in the Rome Treaties that set the basis for the European Union. Francesco Fresi was present in Rome at the signing and shared with us his thoughts on Europe's extraordinary journey.

"It was our great hope that Europe would grow stronger and continue to develop, both economically and politically," said Fresi, who in 1957 was part of the Italian delegation that signed the historic treaties paving the way for economic cooperation in Europe. He was a member of the cabinet of then prime minister Antonio Segni and would later join the European Commission as an official. In his interview, he gives behind-the-scene details about the signing and expresses his hopes about the future.

"Is Europe in danger? Yes, it is," he said, adding: "To move forward, we have to change, but it takes leadership... Let's not wait for solutions from others."

Europe must improve itself and determine its own future, with its own destiny, identity and values.”

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## **EU agencies celebrate EuropeDay together.**

Europe Day, held on 9 May every year, marks the anniversary of the historical ‘Schuman declaration’ and celebrates peace and unity in Europe. Every year in May, the European Union institutions and agencies in Europe as well as its offices all over the world organise a variety of activities for all ages to mark the day and raise awareness about the EU.

EU agencies celebrate EuropeDay together. Here’s to the next 60 years breaking barriers and working for a stronger EU!

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## **EU tax rules are not currently prepared for the digital economy**

**EESC debate on taxation of the digital economy and the sharing economy**

**European tax rules are not currently prepared for the digital economy. They**

need to be adapted to reality in order to offer the people of Europe a more prosperous future. This was the main message of the European Economic and Social Committee (EESC) debate on Taxation of the Digital Economy held on 5<sup>th</sup> May.

*"The digital economy is no longer just a part of the economy, but is becoming the actual economy itself",* stated the keynote speaker, **Rita de la Feria**, professor of Tax Law, University of Leeds, and renowned tax expert – "Global Tax 50" in 2015 and 2016. She outlined that consumption has changed – an increasing part of consumption is done online and a large part of this is on mobile phones.

Opening [the debate](#), the President of the EESC's ECO Section, [Joost van Iersel](#) invited the experts participating to explore how the new models of business, work, and consumption in the sharing economy can be taxed appropriately. He reminded that the EESC considers proposals for appropriate taxation of the digital economy vitally important. Within its wider work on fair taxation, the EESC is [preparing an opinion](#) on the taxation of the sharing economy. The debate hosted an exchange with taxation experts and economists, including EESC members Giuseppe Guerini and Krister Andersson, co-rapporteurs of this opinion that the EESC is preparing at the request of the upcoming Estonian Presidency of the Council of the EU.

*"Digitalization of the economy is not reversible; neither is globalization. All the technological development cannot be undone,"* Ms de la Feria stated. *"Either we continue to fit reality in our law, patch measures, or try to adapt our rules and laws especially in areas of fraud – and offer prosperity to our people."* Fraud has costs beyond revenue loss, and is thus about much more than revenue, according to her. When only focusing on revenue maximization, the applied measures that increase it do nothing to address other causes – such as distortions to competition.

"Current taxation rules risk killing the sharing economy – which is actually good for increased productivity. They are also especially tough on small companies", stated EESC member [Krister Andersson](#). "Mobility is not a problem, but a benefit which we should cherish. Instead, we need to adjust our tax rules accordingly in order to face the challenges and ensure that we realise all potential opportunities", he added.

*"We need a more united taxation system in Europe. Our economy is not united to our territory, so we should treat it with one united European approach",* said [Giuseppe Guerini](#), EESC rapporteur of Taxation of sharing economy

Ms de la Feria's presentation detailed the other costs of tax fraud, including subsidies to organised crime and perceived unfairness by taxpayers. She also discussed tax competition, declaring that until incentives are removed, the symptoms will just reappear despite any anti tax-avoidance measures.