Official Journal of the European Union

C 311

English edition

Information and Notices

Volume 63

18 September 2020

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European Economic and Social Committee

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RESOLUTIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

552ND EESC PLENARY SESSION (+ INTERACTIO VIDEOCONFERENCE), 10.6.2020-11.6.2020

Resolution on 'EESC proposals for post-COVID-19 crisis reconstruction and recovery: "The EU must be guided by the principle of being considered a community of common destiny."' based on the work of the Subcommittee on post-COVID-19 recovery and reconstruction

(2020/C 311/01)

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Stefano PALMIERI (Gr. II)

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At its plenary session of 10 and 11 June 2020 (meeting of 11 June), the European Economic and Social Committee adopted the following resolution by 221 votes to 0 with 6 abstentions.

1. **Introduction**

1.1. The EESC warmly welcomes and supports the proposals of the European Commission: the Next Generation EU plan and the overall EU budget for 2021-2027. In this statement we outline what the proposals for recovery and reconstruction after the coronavirus crisis should achieve in our view. The following four points are central to us:

1.2. The EESC is convinced that recovery from the effects of the coronavirus crisis will only be successful if it is accompanied by the restructuring of our society: we need to focus on reconstruction as well as on recovery. We cannot simply restore what existed in the past: we need to restructure and improve it. For the EESC, restructuring and improvement will have to be based on the principles underpinning all our work: protecting human and social rights, democratic values and the rule of law, unlock the full potential of the Single Market, achieving the Sustainable Development Goals (SDGs), creating a circular economy and achieving climate neutrality in the EU by 2050 at the latest. We must also ensure good governance and democratic accountability. It is also imperative to understand why certain social groups were left more vulnerable during the crisis, both in terms of insufficient protection against contagion and loss of livelihood, and to work to limit such vulnerability going forward.

1.3. The European Semester process will acquire an increasingly important role in monitoring and evaluating the interventions set up in the 'next generation EU' framework. and, in this context, the EESC believes that the economic and social partners and civil society organizations should be seen as having an important role in this process.

1.4. In this new recovery and reconstruction process, the EESC hopes that forthcoming Conference on the future of Europe could be an opportunity to strengthen and deepen the EU's institutional structure and for a real renewal of the EU project, capable to face the challenges of the next decades.

1.5. The investments made under the short-term economic stimulus should be either neutral towards, or should accelerate, the structural transformation of the European economy towards zero pollution, restoration of biodiversity and climate neutrality by 2050.

1.6. The participation of all citizens, through the organisations of the social partners and of civil society, will make the process of reforming the economy and society possible. The Member States and the EU must therefore ensure that in this complex process no one is left behind.

1.7. Most importantly, one of the main lessons of the coronavirus crisis is that health systems in almost every European country need to be strengthened through the creation of an 'EU Health Union'.

2. The COVID-19 crisis: an external symmetric shock for the EU with differing effects among the EU Member States

2.1. *The COVID-19 crisis and its effects on the EU*

2.1.1. While assessing the full impact of the COVID-19 pandemic would be premature at the time of drafting this resolution, it is already clear that this is the worst economic shock European economies have faced since World War II. The road to recovery will likely be long and bumpy. The IMF and European Commission forecast confirm that this crisis has affected all EU Member States with differing degrees of intensity [1], a crisis that is challenging not only our behavioural patterns but also our production, consumption and employment patterns.

2.1.2. It is a serious crisis because it has caught the EU at a time of great economic and political weakness. In some countries the negative effects of the previous economic and financial crisis (2008-2010) have not yet eased and their economies are still quite sensitive, fragile and vulnerable to shocks. Likewise, some social groups, even in the wealthier Member States, have yet to bounce back from the impact of the last economic crisis. This is the case, for example, for persons with disabilities [2]. Furthermore, the crisis has occurred at a crucial moment for the EU: in a transition phase towards a digital economy sensitive to economical, environmental and social sustainability.

2.1.3. This is a crisis that is having a disruptive impact from an economic and social point of view and the Number One priority is for the whole set of activities and policies to return our lives, our economic, social and environmental systems and our organisations to a 'new normal'.

2.1.4. The crisis will be a serious stress test for the European Union as a whole, for our economic system and social models, for our values and for our democracy.

2.2. *Economic effects*

2.2.1. Contrary to the previous crisis, this time we have been plunged into immediate total lockdown for many activities, leading to a sharp decline in output, a rapid increase in unemployment and worsening of standards of living (reduction of real income, job uncertainty, restricted mobility), a drastic reduction in foreign trade turnover both inside the EU as well as with third countries, and a sharp deterioration in public finance indicators.

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(1) Georgieva, C., 2020, *The Great Lockdown: Worst Economic Downturn Since the Great Depression*. IMF Press Release No 20/98.

(2) Figures from the EU Statistics on Income and Living Condition (EU SILC) show an increase in poverty and social exclusion for persons with disabilities between 2010 and 2018 in Estonia, Luxembourg, Germany, Sweden, Ireland, Czechia, Lithuania, Italy, the Netherlands, Malta and Spain.

2.2.2. Based on available analysis of the impact of the COVID-19 crisis on economic growth, predicting a reduction in GDP growth of around 8 per cent [3], global unemployment would increase by 24,7 million, with uncertainty affecting between 13 million and 36 million jobs [4]. For the EU, the unemployment rate is expected to increase from 6,7 % (2019) to 9,0 % (2020) [5].This crisis also seriously challenges: i) the system of small and medium-sized enterprises which represent the backbone of the European production system; ii) the competitiveness of the system of large European companies; iii) the very survival of some economic sectors such as hospitality, tourism, transport and culture.

2.2.3. The estimates for 2021 [6] are much more optimistic, with a conditional recovery that will, however, depend on the following parameters: the restrictive measures will have already been lifted; the pandemic will remain under control; and the unprecedented monetary, fiscal and regulatory measures adopted by the Member States and the EU will prove to be efficient in terms of softening the immediate economic and social impact of the crisis and mitigating long-lasting damage to economic and social relations and global value chains.

2.2.4. From the EU's perspective, the Single Market has been virtually paralysed. Further, Member States crisis packages have resulted in a risk of an unlevelled playing field which must be addressed urgently. Uncertainty regarding future investments shot up and leading indicators such as PMI, or business and consumer confidence, reached historic lows.

2.2.5. The deepest economic and social impact will therefore most probably be recorded during the second quarter of this year, depending on the degree of intensity experienced by the various sectors. In the second half of 2020 we can expect to see some economic recovery, though the type of recovery could differ from country to country.

2.2.6. But even more seriously, the shock has totally interrupted and changed our usual lifestyle models and schemes. As a part of the recovery and restarting process, it is necessary to focus not only on bringing economic performance back, but perhaps more urgently and importantly on giving hope and the chance to adapt our lives to the 'new normal', including full compliance with the sustainable development principles.

2.3. *Social effects*

2.3.1. COVID-19 will have far-reaching impacts on labour market outcomes. Beyond the urgent concerns about the health of workers and their families, the virus and subsequent economic shocks will impact the world of work in three key ways: 1) the quantity of jobs (both unemployment and underemployment); 2) the quality of work; and 3) effects on specific groups that are more vulnerable to adverse labour market outcomes. Some categories of workers are more affected because they are without social safety nets: young people in precarious jobs, older workers, workers with disabilities, women because they are over-represented in the more severely affected sectors or because they stay at home to care for family members, the self-employed or platform workers, low-paid workers, migrant workers and people referred to as 'invisible' workers, i.e. those in undeclared work. In-work poverty is also likely to increase significantly [7].

2.3.2. Safeguarding employment and income for all workers is a priority and we need to shape today's policies with a long-term perspective in mind. The EU needs a strong European social recovery and reconstruction strategy at EU and national levels with the active involvement of the social partners to reinvigorate the economy, safeguard workers' rights and ensure well-being for all. Deeper institutional and policy reforms are required to strengthen the recovery and build resilience through robust and universal social protection systems that can act as automatic economic and social stabilisers in the face of crises. This will also help to rebuild trust in institutions and governments.

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(3) European Commission DG ECFIN.

(4) International Labour Organization, March 2020, *COVID-19 and the world of work: Impact and policy responses*.

(5) European Commission, Spring 2020, *European Economic Forecast*. Institutional Paper 125. May 2020.

(6) European Commission DG ECFIN.

(7) Eurofound living working and COVID-19 first finding — April 2020: 'The survey results reveal that due to the economic implications of the COVID-19 pandemic crisis, more households are under financial strain than before the crisis began. Close to half of all respondents (47 %) indicate that their household has difficulties making ends meet. (…) Of the respondents who have lost their job permanently during the crisis, 90 % reported that their household's financial situation worsened, 44 % have no savings and 35 % have just enough savings to maintain their current standard of living for three months'.

2.3.3. Bi-partite and tripartite social dialogue between governments, workers' and employers' organisations is a key tool for developing and implementing sustainable solutions, from the community level to the global level. This requires strong, independent and democratic social partner organisations.

2.3.4. Particular attention must be paid to ensure that there is no two-speed recovery from this crisis, as we saw for the last crisis. Support must be given to all to groups to be able to rebound in unison, without more vulnerable social groups having to wait patiently to see the same improvements in employment and living standards as the rest of the population. This is the case particularly for young people, persons with disabilities, persons from ethnic minorities, as well as migrants and refugees.

2.3.5. Special attention and action is also needed to groups outside the labour markets already experiencing poverty, as well as new groups of poverty, which are anticipated to rise. These groups risk further marginalisation accompanied by many social and health issues.

2.3.6. Civil society organisations (CSOs) themselves are among the victims of inequalities and weaknesses in the system. Their current and future ability to respond to needs is threatened by often scarce and fluctuating resources. This needs to be addressed by ensuring funding mechanisms for CSOs.

3. **An evaluation of the EU response to the COVID-19 crisis**

3.1. *The emergency measures*

3.1.1. Currently in Europe (and comparably in the whole world), the coronavirus pandemic is determining all the parameters of our lives, including economic activity, organisation and systems. The economy and economic policy *instrumentarium* are fully subordinated to successfully solving the crisis and making a substantial contribution to bringing it to an end. However, even in this critical period, it is suitable to guarantee:

— that the financial sources mobilised are utilised effectively and are properly targeted depending on the needs;

— that all eligible subjects (physical persons, firms and businesses, non-profit organisations, public service providers etc.) affected by the pandemic receive fair compensation;

— that the economy will be prepared to restart when the pandemic is over, whilst having learned lessons from the current pandemic on social issues that need to be urgently addressed.

3.1.2. Although the market and economy cannot play the role of diagnostician and evaluator of an unknown medical problem, at the same time it would be virtually impossible to solve the pandemic problem without due regard to the economic and financial costs and consequences incurred.

3.1.3. So far, the Member States as well as the respective EU institutions have adopted a set of emergency, preventive, stabilisation and compensation measures to react to the crisis. We can divide those measures into several categories according typology, such as: monetary and stabilising, fiscal, guarantee- and credit-based, and regulatory and procedural. The measures are focused on the whole area of living, though mainly on the economy and business, and social issues (see Annex I).

3.1.4. The measures represent a comprehensive economic policy mix, including a monetary policy reaction, mainly through a new wave of quantitative easing, complemented by the new securities purchasing scheme to support financial market liquidity under the ECB's responsibility, a macroeconomic stabilisation function by the ESM, a set of fiscal measures, starting with the temporary adoption of flexible fiscal and state-aid rules, through huge fiscal injections in support of businesses and individuals affected by the pandemic, the postponement of repayment obligations, and the massive reallocation of EU budgetary flows. Also very important is the package of regulatory and procedural measures of different kinds.

3.1.5. The extent of financial sources connected with the measures to support European society is estimated to be almost EUR 3 000 billion (16 % of EU GDP in 2019). So far, it has been an economic policy mix of measures being implemented at EU and, mostly, Member State levels. Under the initial EU Coronavirus Economic Response Plan, only EUR 165 billion is related directly to common EU funding sources in the form of subsidies and financial instruments; the other EU-initiated steps include measures to support liquidity, to implement more flexible rules, or to initiate guarantee-based financial instruments; all the other direct, fiscally-based measures have consisted of steps made or being implemented by the Member States. The share of the steps prepared by the EU subsequently increased.

3.1.6. Most recently, the European Commission's package on future EU financing, including a proposal for a temporary Emergency European Recovery Instrument (called Next Generation EU) and a substantial adjustment of the original 2021–2027 EU Multiannual Financial Framework (MFF) proposal, in fact represent a revolution in this area.

3.1.7. Finally, the comprehensive package announced at the very end of May represents a substantial contribution on the part of the European Commission to solve the current situation. It is connected with a robust and relevantly targeted new instrument focused exclusively on the post-COVID-19 exit, restart and recovery. It tries to focus on real needs in order to keep the Single Market homogeneous and operational. The financing model seems to be quite reasonable, representing an innovation as well as solidarity towards the Member States. The functioning of the future Next Generation EU instrument has to be complementary with the new MFF, where other EU priorities, not necessarily connected with the pandemic, also have to be sufficiently reflected (for example the EU Green Deal, the improvement of the Single Market and conditions for the EU competitiveness, the European Pillar of Social Rights and the gradual adjustment to the sustainable development principles, as well as all international treaties and conventions signed and ratified by the EU and its Member States).

3.2. *Analysis and conclusion regarding the adequacy/(in)sufficiency of the measures*

3.2.1. As mentioned before, the issue is so comprehensive that the right solution is only possible with a well-coordinated policy mix and clear competences on the part of the particular actors, with relevant targeting and timescale for action. Within the set of adopted measures, we can find several new innovative approaches also usable for the following period.

3.2.2. This is the first time since the last crisis and its consequences that the newly established ESM has the opportunity to stabilise the macroeconomic environment of the euro zone. Monetary policy reaction has also been highly relevant to allow the financial sector to stay functional and efficient, with adequate liquidity. Also very important are the measures introducing more flexible rules for State aid as well as fiscal discipline, making it possible to keep financial resources in circulation when the risk of reduced aggregate demand accelerates. It has been vital to compensate as swiftly as possible all the entities affected by the crisis — individuals, businesses as well as non-profit organisation — in terms of postponing their obligations and providing compensation for damage incurred during the period of lockdown.

3.2.3. The emergency measures have also been highly appropriate. Reality on the ground revealed that in a period of fatal risks, the Member States still prefer to manage on their own; some coordinated measures connected with delivery of essential medical goods and equipment would have been necessary not only for practical reasons, but also in order to give meaning to the values of the EU Single Market. It also serves as an inspiration for introducing exit strategy measures and lifting restrictions, which need to be carefully coordinated. This emergency situation also opens up a huge space for guarantee- and credit-based instruments, this time led mostly by the EIB *instrumentarium*. It reflects the need to engage more private capital under the allocation rules regarding the public interest. When the real need so massively exceeds the limited resources of public finance, this is the only solution that can be further developed at a time of 'new normal'.

3.2.4. As with the crisis 10 years ago, the present period has also shown serious limits in the EU Budget in terms of how it reacts to unexpected shocks, especially when the shocks occur at the end of the current financial framework. EU Budget flexibility repeatedly exposes one of the major weaknesses of the EU's financial architecture. In the event of the need to mobilise really huge amounts of financial resources, a new vehicle (such as Next Generation EU) will have to be created, or else the Member States will have to be relied on to do it. This situation clearly shows the need to further improve the EU's financial system, especially in the case of unexpected shocks; the current model offers an insufficient common EU financial base to support the macroeconomic stability of the EU and euro zone.

3.3. *Evaluation of the competences of the EU institutions to provide such measures*

3.3.1. Following the description and analysis above, we very much appreciate the relevant and timely reaction made by the ECB and Eurogroup to activate the ESM. Also, the reaction by the European Commission, especially concerning the adoption of more flexible rules and emergency measures to support delivery chains of goods and equipment crucial for reacting to the start and spread of the pandemic, were extremely relevant. After some time, the Commission began to take on a leadership role, introducing and implementing the comprehensive package in May, including the adjusted new MFF proposal and the New Generation EU vehicle. Now, it is important to receive support from the Member States to reach a consensus on the package and implement it as soon as possible in practice. The biggest lesson to be learned is still the fact that the EU as a whole remains quite vulnerable in the case of large-scale exogenous shocks and despite the continuous improvement, in some ways it is ill-equipped to address them. The most illustrative example in this respects the very limited flexibility and preparedness of the EU Budget in reacting.

3.3.2. Additionally, only after some time, the EU institutions and Member States started to adopt measures to safeguard the integrity, homogeneity and efficiency of the Single Market, the most important economic achievement of the process of EU integration.

3.4. *Scenarios and challenges for the future*

3.4.1. The most probable scenario for the future consists of reaching the bottom of the economic cycle during the second quarter of 2020, with gradual signs of recovery in the second half. If there is no second wave of the pandemic and the exit and if recovery strategies are appropriate and efficient, the upswing is expected to continue during 2021, reaching pre-COVID-19 levels in 2022 in terms of economic output and in 2023 in terms of investment activity. This scenario could be considered as realistic, though slightly optimistic. However, as uncertainty remains very high, the EU should also be prepared for less positive developments, perhaps also including the reintroduction of restrictive measures, more emergency steps, a greater engagement in softening the consequences and more targeted compensation of businesses and individuals in need.

3.4.2. The present situation is not only a phase of cyclical economic development, but also an important and decisive moment in terms of structural and reform changes to European economic and social systems and organisation. The aim of the current period is not only to restart the economy in practice (bringing the cycle back to pre-COVID-19 levels), but perhaps even more importantly to design and implement major quantitative and qualitative changes. The aim is to provide an overall evaluation of our socioeconomical-environmental model and to identify its pros and cons. The radical reconstruction has to be reflected not only in new or adjusted policies, but also in new competences involving all actors (in relations between the Member States and the EU institutions, and internally among the EU institutions themselves) according the principle of subsidiarity. It is also a time to take stock of why our current social and economic structures leave so many people at risk from such shocks. The current pandemic exposed particular vulnerabilities for those whose precarious employment status denied them social protection and the possibility to be furloughed in a time of need, as well as those who were isolated from their communities and the support networks existing within them.

3.4.3. The main areas of the process of recovery and reconstruction include:

— unlock the full potential of the Single Market aiming to keep it integrated, functional, efficient, to restore competitiveness;

— complement the Single Market with an ambitious social agenda, especially the full implementation of the European Pillar of Social Rights in order to ensure social upward convergence;

— continuing to pursue the necessary structural changes and connected investment activities, mainly as regards digital, smart and social innovations and the green transition;

— continuously improving the EU's competitiveness;

— creating the conditions to strengthen EU self-sufficiency and resilience in addressing global impacts;

— creating the conditions to retain control over strategic EU assets and industries;

— supporting access to the labour market for all in order to build an inclusive and resilient workforce;

— investing in the inclusion of marginalised certain communities to ensure full social and economic participation;

— substantially improving EU delivery chains in the event of risks and emergencies.

4. **Post-COVID-19 crisis: an opportunity and a need for change in the European Union**

4.1. *The 'black swan'*

4.1.1. Many observers associate the COVID-19 crisis with the definition of the 'black swan', coined by the Lebanese mathematician Nassim Nicholas Taleb: 'a rare and unpredictable event, because it does not fall within the field of normal human expectations but is so disruptive because it is capable of upsetting lives, changing perceptions and changing forever the communities that are hit by the phenomenon' ([8]). But in tackling the COVID-19 emergency, are we really facing a black swan? Is this such an unexpected event? Or have we weakened our health systems, strategic production and social structures through a series of wrong choices? Business as usual can no longer be a political option to address the effects of the crisis. Europe has the possibility and the opportunity to build another world, and the EU must play a major role in doing that.

4.1.2. A different mix and timing of policy responses is therefore needed to recover from this crisis. If handled well, we can get through this together, save lives and societal well-being, transform our socioeconomic models to ones even more focused on people and the natural world and boost global partnership for sustainable development.

4.1.3. Therefore, we now need to focus on the essentials for everyone: support businesses to overcome the crisis in order to put them in the position to offer decent work, good living and working conditions, equal access to health care, clean food, water, air and consumer articles, a thriving natural world, a safe climate for the next generation, a society that is increasingly inclusive and accessible to all, and strong and functioning democracies that will continue to protect us in times of need. To achieve this, we need to be ambitious and we need to make the right decisions at the right time: an 'EU reconstruction and recovery plan'.

4.1.4. The European Commission has to take concrete action to stop governments embracing a 'state of alarm' that erodes human rights and the rule of law. Governments should not abuse the coronavirus crisis and launch measures that go beyond what is absolutely needed to respond to the crisis — e.g. measures that infringe on privacy, due process for legislation, judiciary powers and roles, or citizen and civil society rights. Any measure taken needs to be proportionate and aimed to ensure public safety. In particular, freedom of expression must be safeguarded for those who highlight challenges brought about by the current situation.

4.2. *The guidelines for an EU recovery and reconstruction plan*

4.2.1. The EESC is convinced that recovery from the effects of the coronavirus crisis will only be successful if it is accompanied by the restructuring of our society: we need to focus on reconstruction as well as on recovery. We cannot simply restore what existed in the past; we need to restructure and improve it. For the EESC, restructuring and improvement will have to be based on the principles underpinning all our work: making the internal market fully functioning, protecting human rights, democratic values and the rule of law, achieving the SDGs, creating a circular economy and achieving climate neutrality in the EU by 2050 at the latest. We must also ensure good governance and democratic accountability.

4.2.2. However good and extensive the measures to be taken, they are only effective and they can only count on support if they land on the ground and reach the people for whom they are intended. It is therefore vital to work hard to ensure effective implementation, both by the EU institutions and by the Member States.

([8]) Nassim Nicholas Taleb (2007), *The Black Swan: the impact of the highly improbable.*

4.2.3. Crucially, we need to learn from a social failing that has been the setting for a disproportionate number of deaths during this pandemic. Here we refer to residential institutions for persons with disabilities and older people. These settings became hotbeds of infection and fatalities during the crisis. This needs to be a wake-up call that no EU money can ever be invested in such settings that not only deny people their right to freedom of choice in how they live their lives, but are also structurally ill-suited to protect people during situations of force majeure.

4.2.4. The coronavirus crisis has unfortunately also made it clear that it is essential to deepen intense pedagogical work across the EU on a citizen's culture of human rights and democratic coexistence on the basis of the principles and values of Article 2 TFEU. We reiterate our deep and constant attachment to the fundamental values of human rights, democracy and the rule of law, as expressed in the EU founding treaties.

4.2.5. Solidarity is the key word in tackling the crisis. Solidarity with care providers in hospitals and nursing homes. Solidarity with workers who go without wages and of employers who also renounce wages and bonuses to save their businesses. Solidarity on the part of governments with economic, but also cultural and other sectors of society that cannot do without aid. And above all, solidarity between countries, especially within the EU, because the countries within the EU are so closely linked economically that only a joint and supportive approach to the impact of the crisis will be effective.

4.2.6. A very large-scale green investment plan will deliver the necessary economic stimulus and build resilience to future shocks. Delivering on such an ambitious and transformative mandate can only happen under some specific conditions, which need to be explicitly acknowledged. Therefore, the economic and environmental ambitions of the EU's coronavirus crisis recovery plan should go hand in hand, resulting in a win-win situation. This requires rigorous selection of investment programmes, targeting sectors with a high potential for economic stimulation, job creation and environmental transformation (the green stimulus).

4.2.7. To this end, a European green stimulus should be tailored to deliver on two overarching objectives. First, stimulate the economy and create jobs while securing those threatened, and second, support the transformation of the European economy towards a clean and resilient future. Or, as vice president Frans Timmermans tweeted: 'The recovery we propose will deliver the society that this and next generations need: clean, prosperous, resilient. Where nobody is left behind.'

4.2.8. Make reciprocity a requirement. When public resources are used to offer the private sector a future perspective, delivering value to society is a legitimate expectation on the part of society. Think of agreements about paying taxes, being good social employers, withholding dividends and bonuses, and an obligation to make efforts to reduce CO_2, complying with environmental laws and making corporate mobility policies more sustainable.

4.2.9. The current economic model has its measure (totem) of reference in the GDP, a measure that has never been able to calculate what really counts for human beings. Rethinking today along the lines of a new model of economic and social development for the EU means, in the EESC's view, integrating this major economic indicator with an equally important one: that of the well-being of a community.

4.2.10. The EESC believes that a reconstruction and recovery plan must put people and the future of our planet at its core. Maintaining as much net employment as possible in the short term is crucial in this respect. But it is also crucial to keep in mind the dot on the horizon. This is a future-proof economy that meets the needs of society, does not contribute to climate change, uses resources smartly and fills European earning capacity with a healthy living environment and good employment. We need to head for this spot, for a sustainable future. A future-proof economy is also reliant on being as accessible as possible to all kinds of workers, and allowing everyone to contribute to their communities and society as a whole. We must learn lessons from the new-found flexibility employers have adopted during the crisis to accommodate the needs of those furthest away from the labour market (persons with disabilities, long-term unemployed, older workers) to facilitate their involvement in a new, greener economy. Let's head for this spot, a sustainable future.

4.2.11. The EU and its Member States should ensure that new clean economy companies, notably start-ups and SMEs, have access to the capital they need to continue to develop the solutions of tomorrow.

4.2.12. The social partners must be involved in developing and enhancing support measures to compensate for the lack of economic activity in many sectors and in order to protect all types of workers and small businesses. Adequate and sustainable unemployment benefits and other forms of assistance are necessary, including European minimum standards regarding the net replacement rate, the duration of unemployment benefit entitlement and the coverage. In sectors where it is feasible, short-time work schemes (STW) can be introduced, in consultation with the social partners. In some Member States, quarantined workers can be covered by sick pay. Simplifying access to teleworking, in consultation with the social partners, is another possibility to ease the situation of companies, workers and self-employed. Furthermore, governments could provide financial assistance and technical support to SMEs to help them quickly develop teleworking capacities.

4.2.13. The participation of all citizens, through the organisations of the social partners and of civil society, will make the process of reforming the economy and society possible. The Member States and the EU must therefore ensure that in this complex process no one is left behind, in particular: the most precarious workers, people of pre-retirement age, persons with disabilities, women working in low-valued positions and young people, especially those belonging to visible minorities and those with a migrant background and, particularly, those belonging to more than one of these groups.

5. **The recovery plan**

The EESC calls for a **green recovery and a strong social recovery as well as a strong economic recovery**, arguing that such an ambitious and transformative agenda can come about if it based on six principles: solidarity, competiveness, sustainability, safeguarding employment, safeguarding income and participation. The stronger the recovery measures are and the more they are tailored to the situation of the Member States and their populations, the more credible Europe will be and the more capable it will prove in rising to the unprecedented challenges we face in this crisis.

5.1. *The Single Market*

5.1.1. The Single Market Strategy is at the heart of the European project, enabling people, services, goods and capital to move more freely, offering opportunities for European businesses, consumers and workers. Measures are needed to fully unlock its full potential removing barriers. Further, in the aftermath of the crisis and other aspects of a changing environment, such as digitalisation, the Single Market needs to fully adapt to new ideas and business models. The aim is therefore to restore, revitalise and reconstruct the Single Market as an instrument in recovery. Short-term actions include an immediate opening of borders. In addition, we need short-term actions in two streams:

Addressing tensions. Here the 'unlevel' playing field now emerging is a serious concern. Members States stimulus packages are extremely varied and have (with the good intention of absorbing some of the demand shock) resulted in an unlevel playing field between Member States. Further, State aid support must be addressed and analysed from a sectoral viewpoint, looking at how in the short- and long-term terms these actions will distort competition and a level playing field.

Kick-start the economy and productivity. We need productivity in the real economy (this means jobs, purchasing power and basic products and services). This productivity may take a different form and be provided by diverse business models, but we need action in this area if we are to avoid further widening inequality gaps. This kick-start means support packages and a favourable environment for SMEs and industry. SMEs as we know are the backbone of the European economy and need specific support, but without extra burdens or red tape. Recovery will only be possible for SMEs if EU and national financial support is made available. Here subsidies, loans, ensuring liquidity, tax incentives, favourable conditions to retain and employ staff, a review of the bankruptcy legislation and other support will be crucial. On bankruptcy laws the EU should take legislative action to enable that small businesses that went bankrupt due to COVID-19 are in a position to start up quickly again. These actions should be time-limited.

5.2. *Industrial strategy*

5.2.1. Well-coordinated European industrial policy taking into account both the current challenges of the COVID-19 and post-COVID-19 situations and the digitalisation and sustainability aspects. This must be supported by massive investment in sustainable economic and company structures and the creation of high-quality regular permanent contracts.

Realising the innovation potential of small and medium-size enterprises and moving towards an inclusive circular and climate-neutral economy could ensure both long-term resource security but also short-term supplies important for future challenges.

5.2.2. Key industries and sectors must be identified and supported, from human resources to research, resulting in a European industrial policy that protects these strategic sectors from the market and ensures security of supply of key elements, such as respirators, masks and other products in a pandemic situation. This must mean supporting corporations which relocate production capacity to Europe, allowing the EU to regain control over production and ensuring autonomy on the world market, always in line with a just environmental transition. These corporations and companies must be sustainable, with a strong workers' involvement, and take part in the Green Deal as a framework for recovery and reconstruction plans.

5.2.3. The vision of enterprise as a service means cultivating enterprises which contribute most to shared prosperity, such as health, social care, education, renovation, culture, craft and creativity, and which profits from and contributes to a fair competitive and sustainable business environment. Social and ecological urgency go hand in hand of course, but more than ever the environmental imperative will have to permeate all our actions and policies in responding to the destruction of our (eco-) system. In this respect, for example, the financial support granted to companies in polluting sectors must be determined on a real transition towards a social and environmentally friendly mode of production.

5.2.4. Europe must finance activities that meet two criteria: the reshoring of strategical productions to make Europe independent, particularly as regards health protection and response, and which provide quality jobs, as well as placing the focus on sustainable investments that are socially responsible and environment-friendly. Small and medium-size enterprises (SMEs), just like large enterprises and social enterprises, could play a crucial role in restructuring the European production system.

5.3. *The Green Deal*

5.3.1. In fostering the transition towards a more sustainable and resilient European economy, the green stimulus must ensure an inclusive recovery leaving no European behind.

5.3.2. In accordance with the 'do no harm' principle, investments made under the short-term economic stimulus should be either neutral towards, or should accelerate, the structural transformation of the European economy towards zero pollution, restoration of biodiversity and climate neutrality by 2050. To this end, the green stimulus should particularly target measures positively affecting the increase in resource efficiency, respect for our natural capital and the medium- and long-term reduction of greenhouse gas (GHG) emissions in accordance with climate neutrality.

5.3.3. Crucially, the green stimulus should be targeted, providing economic support and incentives to sectors with maximum positive effect on aggregate demand. Aiming for maximum economic output, the green stimulus should target sectors which provide significant potential for job creation, under the condition that adequate skills are available. In this way, the asymmetrical impact of the coronavirus crisis, disproportionately affecting the economies of southern EU Member States, must be taken into account.

5.3.4. With the European Green Deal, the European Union has started a transition to a sustainable economy. It therefore makes sense for economic support measures to be combined with further stimulation of that transition. Public funds must be used with a positive social and environmental effect. For employment, this does not necessarily mean that the same jobs or the same economic activities need to be preserved or saved. If a company or sector does not have reasonable prospects in a sustainable economy, the aid package can be put to good use for change within sectors or a shift between sectors.

5.3.5. The Green Deal requires resilient future business forces that are committed to being successful. European corporations, which operate across borders, are relevant and important social players. The political concept of 'just transition' should guide them in their businesses. A 'sustainable company' with a strong 'workers' voice' is a key political actor in which mandatory information and consultation rights are guaranteed and board level participation, integrating macroeconomic policy with collective agreements. Enabling employees, trade unions and works councils to engage in active involvement in implementing the plan on company policy driven by the concept of the 'sustainable company for just transition' provides perspectives for decent workplaces, decent working conditions in healthy environments and regions worth living in.

5.3.6. Make staged support packages, because no one can predict how the economy will develop after the coronavirus crisis. This is why we advocate that support measures be implemented in phases, so that adjustments can be made based on the progress and evaluation of a sector, partly based on the degree of positive climate and nature impact.

5.3.7. The Green Deal will have to preserve the European agricultural model based on quality and sustainability. The recovery plan will have to promote:

— more sustainable food systems, both at the production and consumption levels, in line with the Commission's intentions relating to the 'From Farm to Fork' strategy for sustainable food;

— the EU's food sovereignty in a spirit of solidarity between the various forms of European agriculture and the integration of economic, social and environmental aspects;

— the ambitious proposal from the new EU biodiversity strategy: the biodiversity strategy must be a key component of all reconstruction efforts. An ambitious strategy would send a strong and coherent signal for environment, climate, public health and social action. It would benefit both the CAP and the European food system, and could thus continue to make them more sustainable.

5.4. *The investment priorities*

5.4.1. Sustainable investment in communities, in accessible public spaces, in health care, in inclusive education, in social services, in zero carbon housing and infrastructure and in the protection and restoration of biodiversity, decentralising energy production, will be essential to delivering a 'well-being' economy. One such area, which should be prioritised, is energy renovation of buildings. This renovation wave should also be an opportunity to simultaneously future-proof building stock by increasing their accessibility for an ageing population and for a growing number of persons with disabilities.

5.4.2. The construction sector is important: the renovation of millions of houses to make them energy-efficient and sustainable will get this sector going again and bring us a step closer to achieving climate neutrality. Construction is labour-intensive, and energy consumption in buildings (lighting, heating) accounts for a third of CO_2 emissions in Europe. This is a huge job, because 75 % of residential and commercial buildings were built before there were EU rules in place on energy consumption. Renovating the homes of energy-poor people in the EU would lead to a significant decrease in public health spending, with previous studies suggesting that, on average, the cost of energy poverty in a modern healthcare system is likely to be three times higher than the cost of housing rehabilitation measures ([9]).

5.4.3. Given the aging of the housing, architectural and infrastructural heritage, the EESC draws attention to the importance of activating an adequate volume of investments aimed at securing (in earthquake areas) and restructuring the housing, artistic heritage (metropolitan areas, cities, villages) and transport infrastructure assets (ports, bridges, highways, etc.).

5.4.4. The expansion of renewable and low-carbon energies not only requires the installation of the appropriate facilities, but also the modernisation of the entire European electricity grid and storage options.

5.4.5. The recovery plan is an opportunity to invest in much-needed public transport and to ensure a true modal shift, reducing air pollution and contributing to climate action. It means more trams, more regular and zero-emission buses and true intermodality in our cities; an EU action plan and large-scale financial support for the upgrading, extension and maintenance of railways, investments in trains, night trains, cross-border rail connections and other rail transport related innovation. There should be EU coordination to ensure that short-haul flights are replaced by sustainable alternatives. In moving traffic away from our roads, more freight must move by rail, inland waterway and sea (e.g. sustainable short sea shipping).

5.4.6. Building the foundations of a European zero-emissions mobility industry, which is able to meet the increasing demand for alternatives to combustion engines and charging infrastructure both for cars, vans, buses and trucks, but also boost supply for the rail sector. This also includes an extensive network of electric charging stations throughout Europe and

([9]) Host S., Grange D., Mettetal L, Dubois U. 2014. *Précarité énergétique et santé: état des connaissances et situation en Île-de-France*, Regional Health Observatory Île-de-France, Paris, p. 14.

the development of sustainable and more efficient batteries. This will be accompanied by reskilling programmes, providing new career opportunities for workers leaving the fossil fuel-based transport sector.

5.4.7. As already seen in several cities, the lockdown phase challenges the traditional use of urban space and mobility, and encourages experimentation. The recovery period can further benefit from the development of cycling as it can support physical distancing, reduce crowds in public transport and provide more space and easier access to local stores. Investments to improve cycling infrastructure can quickly deliver impact in cities and between cities and stimulate the cycling ecosystem.

5.4.8. Transforming the economy into a circular economy is essential to the success of the Green Deal. This is why, for example, the steel and cement industries (major energy consumers) and the chemical sector must be organised differently.

5.4.9. With the transition towards a circular economy at its heart, the recovery package can significantly accelerate necessary infrastructure developments and promote the innovation of alternative materials and new technologies. First, to avoid waste, the EU should support initiatives to establish start-ups and social economy enterprises in repair and reuse, and support relevant (re)training for those losing jobs in the economic downturn. This could be focused particularly on 'just transition areas', enabling the transformation from mining to 'urban mining' regions.

5.4.10. Second, separate collection of municipal waste is a key condition for viably extracting value from waste through recycling. The EU should therefore support local authorities in bridging the investment gap for municipal waste collection, separation and recycling infrastructures over the next five years.

5.4.11. The coronavirus crisis shows that the digital revolution is an important part of increasing our societies' crisis resilience. Investing in digitalisation of essential services and increasing the ability of governments, legislators and public institutions to deliver their services during a crisis is paramount. At the same time, we have to realise that digital technologies are a tool not an end goal. We need to take public ownership of the frame surrounding digital technologies and steer it towards high sustainability standards, including strong democratic and technological safeguards, accompanied by cost and knowledge support measures that leave no one behind. This entails, in line with the EU Accessibility Act, a need to ensure that the digital revolution ensures accessibility for the EU's more than 100 million persons with disabilities.

5.4.12. The Farm to Fork strategy should provide a clear direction for the EU's food system after the current health crisis, and encourage measures to build more sustainable, resilient and fairer food supply chains. Short-term measures are needed to address seasonal labour shortages and prevent supply chain disruptions. In the longer term, the Farm to Fork Strategy and Common Agricultural Policy must increase the resilience and sustainability of our food system by re-building more diversified farming models, promoting localised food distribution hubs and shorter supply chains, and improving market access for small-scale farmers, low-impact fishers and aquaculture producers.

5.4.13. Invest in retraining programs for sectors that are unlikely to be future-proof (for example, because they rely heavily on fossil fuels). This means that they have to look for options for reducing fossil fuels and becoming greener. We advocate a targeted investment policy that smoothly guides lost jobs to sectors facing a shortage of workers, namely the social and green sectors.

5.4.14. Member States need to invest more in public services because as the crisis has demonstrated, public services have a crucial role in saving peoples' lives and in tackling the pandemic. Therefore, European leaders should consider the so-called 'Golden Rule' when applying the EU's fiscal rules, exempting public investment from deficit calculations and taking into account the sustainability of existing debt level. The EU should deeply evaluate liberalisation of strategic public services based on competition rules. Access to public services should also be improved.

5.5. *The social measures*

5.5.1. Implementing the European Pillar of Social Rights (EPSR) at European level and in all Member States is an important step to embarking proactively on a process of social convergence. The EPSR is the tool to establish a new and upgraded social scoreboard.

5.5.2. We need to put jobs at the core of the EU strategy, enhancing the importance of know-how and its continuous implementation through the system of education, training and life-long learning, which allows the European workforce to adapt to the change in the production system following the digital and green transition.

5.5.3. Reframing work is of crucial importance in the recovery phase of the COVID-19 crisis. In both the private and public health and care sectors, pursuing productivity growth ran counter to quality of service and undermined the working experience, which had dramatic consequences during the health crisis in most of the EU countries. The shift towards service-based activities would lead to a more labour-intensive economy, counter-balancing the precarious nature of jobs in these sectors, supporting higher levels of employment and bringing jobs back into the real economy. Policies to support quality work in labour-intensive sectors that deliver high quality services are therefore essential.

5.5.4. The EESC welcomes the updated 2020 work programme of the European Commission ([10]) as a compromise to keep the social dimension in the recovery strategy. There are several legislative and non-legislative initiatives which cannot be delayed or postponed, as they are the pillars of the Social Agenda. These include: the transposition of adopted directives according to the timing already agreed (Work-life Balance Directive, Posting of Workers Directive, Transparent and Predictable Working Conditions Directive). The Commission has also confirmed all initiatives which would boost a fair and socially sustainable recovery, including those on pay transparency, minimum wages, fair taxation, youth employment, the European Unemployment Reinsurance Scheme, skills agenda and digital education, platform work, and EU economic governance rules. Missing from the work programme is the updating of occupational health and safety through effective preventive measures in workplaces.

5.5.5. Strong social recovery means also better access to trade unions and better protection. We need to support collective bargaining and workplace democracy. The EU and Member States need to support the social partners in increasing the collective bargaining coverage significantly.

5.5.6. The role of gender should be addressed. The economic downturn caused by the current COVID-19 outbreak has substantial implications for gender equality, both during the downturn and the subsequent recovery. Compared to ‘regular’ recessions, which affect men’s employment more severely than women’s, the employment drop related to social distancing measures has a substantial impact on sectors with a high share of female employment. In addition, closures of schools and day care centres have massively increased childcare needs, which has a particularly significant impact on working mothers. The effects of the crisis on working mothers are likely to be persistent, given the value of their experience in the labour market.

5.6. *Health systems*

5.6.1. Most importantly, one of the main lessons of the coronavirus crisis is that health systems in almost every European country need to be strengthened, first and foremost by focusing on prevention. The impact of the coronavirus is putting health systems across Europe under enormous strain; some countries are more impacted than others, where they are differently equipped in terms of staff (physicians and nurses), highly qualified professionals, medical devices and hospital capacity. While the responsibility for health care is a national responsibility, the spread of the virus is not bound by borders. It is affecting the whole of Europe both within and beyond our borders with sanitary, social and economic consequences which urge common responses at European level.

5.6.2. The coronavirus crisis has revealed the dependence of the EU on imports of medical products from non-EU countries. Investments in health protection, care, and long-term care services, in preventive healthcare and occupational health and safety policies — in a life-cycle approach — are needed and have to be supported by EU institutions.

5.6.3. The coronavirus crisis makes it clear that pharmaceutical multinationals have a great amount of power. In order to increase the independence of the pharmaceutical industry, a large European research fund for the development of new medicines and vaccines must also be created. The EU institutions should have the necessary authority to coordinate supply, distribution and prices of essential medical and protective equipment within the Single Market.

([10]) https://ec.europa.eu/info/publications/2020-commission-work-programme-key-documents_en

5.7. *International relations*

5.7.1. The European Union is based on common European values which are non-negotiable under any circumstances [11]: respect for human dignity and human rights, freedom, democracy, equality and the rule of law. These values cannot be forgotten when the EU and its Member States face an emergency and its fallout in terms of economic and social challenges. While the response to the current crisis needs to be swift and warrants certain exceptional and time-limited measures, these cannot go against the rule of law and cannot endanger democracy, the separation of powers and the fundamental rights of European citizens. The EESC insists that all policy measures in this respect must be fully in line with our common values as laid down in Article 2 TEU.

5.7.2. The coronavirus crisis has shown that international free trade offers no guarantees as regards security of supply even with existing food, health products and industrial stocks. To this, we must add the lack of transparency and traceability.

5.7.3. Some European corporations that have developed industrial capacity on the soil of third countries should be encouraged to relocate this capacity to the EU. The relocation of activities, in industry, agriculture and services, should make it possible to establish greater autonomy vis-à-vis international markets, to regain control over production methods and to initiate an environmental and social transition of activities. In these situations, they could receive financial support from the governments of the Member States, without applying State aid regulations.

5.7.4. The crisis has also made it clear that there are major risks associated with the EU's dependence on China for much of production, especially in the medical field (for example protective equipment). To strengthen health systems in almost every European country it is very important to reduce this dependence regarding key products. This can be done by expanding production in the EU (EU production/delivery chain) and developing production capacity in cooperation with other countries, for example in Africa (EU-Africa production/delivery chain). This has the added value that the least developed countries would also be able to develop new economic activities and strengthen their health care.

5.7.5. The post-pandemic world should create a new system of international relations, global economy and solidarity with the commitment to sharing the world's wealth and saving lives, as well as protecting health, scientific, intellectual and industrial achievements. The EU should play a leading role in this new system of international relations based on solidarity and development cooperation. Further, the EU should maintain and possibly increase levels of development cooperation commitments.

5.7.6. Ensuring a level playing field for the global economy can put an end to the exploitation of workers on the one hand and undue, exorbitant corporate benefits on the other. Incorporating ILO and sustainable development standards in the rules of the WTO and other UN related agencies could substantially contribute to the construction of a new, fair economic order and just and smart globalisation. The rules should be adapted accordingly and used more consistently in the future to channel all the resources and available personnel to provide help where it is most sorely needed.

5.7.7. Any encroachment on fundamental rights has to be objectively justified and 'sunset clauses' have to be included. It is essential to ensure that normality is restored with all the basic democratic principles in the shortest possible time, the world over. Curtailing human rights, such as the right of assembly, freedom of the press, privacy and others must never become the 'new normal'.

5.7.8. It is necessary to relaunch the EU's geopolitical strategic role in promoting global peace processes, so as to relaunch opportunities for economic development in the EU neighbourhood: Western Balkans, Euromed and Eastern Partners, and in other conflict-ridden areas.

5.7.8.1. In this respect, the Euromed region and the Western Balkans must return to being an area of development opportunities as it was in the past when it lay at the centre of exchanges of people, goods and ideas. For this reason, Euromed and the Western Balkans must be at the centre of a European strategic policy of integration and interconnection in transport and commercial and cultural exchanges with a specific and dedicated macro-regional strategy. To foster this context, a new impetus must be given to macro-regional strategies in the Mediterranean and to European urban strategy.

(11) EESC opinion SC/052 on *The Future of the EU: Benefits to citizens and respect for European values.*

5.8. *Migration and the post-COVID-19 era*

5.8.1. With the arrival of the COVID-19 pandemic, the consequent immense tragedy for national health systems and the collapse of the economy in all countries, the issue of migration seemed to disappear from the scenario and recede into the background, with a certain indifference on the part of the public opinion. Asylum seekers cannot be abandoned due to the current crisis. Basic protective rights are the core of European values and cannot be thrown overboard when they are inconvenient. The following measures are needed to be re-established:

— Resuming procedures for obtaining residence permits and for recognising the right to asylum in almost all European countries.

— Solving the health situation of overcrowding in migrant reception centres.

— Tackling job insecurity (which has already resulted in a reduction if not a total suspension of 'remittances', often the only source of sustenance for the families of migrants who remained in the countries of origin).

— Regularising migrants who work in the field of personal care or in the agricultural sector.

— Developing a common European asylum system (CEAS) which is mandatory, safe and effective for all EU countries to share common responsibilities promptly.

— Designing and developing realistic, legal, safe and feasible paths for labour migration to the EU.

— Establishing a permanent and effective dialogue with migrants' countries of origin to develop structures and communication frameworks.

— Increasing economic and technical support for the Frontex Agency.

— Guaranteeing in the short term commitment to also evaluating the relocation of all resources within the EU multiannual budgetary framework 2021-2027.

6. **The reconstruction plan**

6.1. All the measures outlined above will entail the need to formulate a new economic governance system, with strategic industrial, competitiveness, social, environmental and trade policies

6.2. Promote reform of the European Union Economic Governance, revising the Stability and Growth Pact for the purpose of simultaneously ensuring stability and growth.

6.3. Based on the Next Generation EU recovery instrument it will be necessary to ensure a progressive increase in EU own resources through the introduction of relevant and appropriate revenues to choose among, for example: EU Emission Trading Schemes, a common consolidated corporate tax base (CCCTB), digital tax, a financial transactions tax, a CO_2 levy or the seigniorage.

6.4. The EU must urgently activate a coordination mechanism capable of neutralising aggressive tax planning and combating the phenomenon of tax evasion in the 27 Member States, a phenomenon that generated an average annual loss in tax revenues of EUR 46 billion in the period 2001-2016 for the EU MS (0,46 % of GDP) ([12]). At the same time, the EU must activate a powerful strategy for clamping down on money laundering, something that risks poisoning the EU's production system and causing distortion in the Single Market by distorting the level playing field.

([12]) European Commission, 2019, *Estimating International Tax Evasion by Individuals*. Working Paper No 76 — 2019.

6.5. It is important to preserve the European model of rights, standards and consumer policies. This is what makes the EU unique. For instance, in the area of digitalisation the EU ethical code on AI separates the EU view of 'human-in-command' from that of other regions. This approach, based on fundamental rights and freedoms, is part of the EU model and should be preserved despite the tougher competitive climate emerging right now.

6.6. It is necessary to take full advantage of the new, more sustainable business models emerging (circular, sharing, social economy etc.). These are also a feature of the EU societal model and deliver dual value creation — economic and social value, as well as being instruments to deliver the European Green Deal and the SDGs. These business models offer an opportunity to help the economy recover and address societal issues at the same time. Here the EU circular action plan will be crucial, as will the promised EU action plan for the social economy (Spring 2021). Inspiring examples should be shared such as European Cluster Alliance.

6.7. Digitalisation is both an opportunity and a risk for recovery. It is the field of innovation that can put the EU in the forefront, such as in the area of blockchain, where the EU is in a leading position. Blockchain as a technology (not bitcoin) carries democratic values, offering transparency and improved governance structures. However, the risks inherent in digitalisation must be managed, such as: further unemployment, digital marginalisation and social exclusion. And ways must be found to take advantage of the opportunities and balancing the risks at the same time. This in a landscape where the EU seeks to remain globally competitive.

6.8. There is an opportunity in promoting social innovation as a model for recovery through co-creation, co-design and co-production. In a complex social landscape with massive societal challenges, the only way is to mobilise all resources in society, working in a cross-sectoral and multi-disciplinary manner in order to identify solutions. Organised civil society is a catalyst for social innovation, a movement which has contributed to design welfare systems resulting in new policies, structures, products, services and working methods. The participation of civil society is needed now more than ever — but true social innovation only happens with when organised civil society is involved.

6.9. The emergence of a new societal model? Recovery will only come about with productivity, fiscal stimulus and distribution of wealth. Maybe it is time once again to revitalise the concept of the 'social investment package', to work proactively and preventively to reduce future societal costs. In this way the EU should boost investment in social infrastructure: i) education and life-long learning; ii) health, long-term care, and social care; iii) affordable housing ([13]). All this goes together with the implementation of the European Pillar of Social Rights at all levels, a system of European Semester tracking based on the SDGs, the European Green Deal and a fair digital transition based on EU value that could combine to form the basis of a new EU societal model.

Brussels, 11 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([13]) Report of the High-Level Task Force on Investing in Social Infrastructure in Europe — *Boosting Investment in Social Infrastructure in Europe*. European Economy Discussion Paper 074, January 2018.

ANNEX I

The following is a structured survey of the EU measures that have been adopted in the last three months to address the COVID-19 pandemic.

Type of the measure			
Monetary and stabilising	Fiscal	Guarantee- and credit-based	Regulatory and procedural
European Stability Mechanism (ESM): Pandemic Crisis Support: EUR 240 billion; macroeconomic stability loan for euro-zone countries to solve their macroeconomic imbalances; equal to 2 % of euro zone GDP	Investment Initiative; Investment Initiative Plus: primarily EUR 37 billion; reallocation of Cohesion Policy sources focused on solution of consequences of the spread of the virus spreading; complemented EUR 28 billion so far not allocated under the ESIF framework	SURE (Support to Mitigate Unemployment Risks in an Emergency): EUR 100 billion; advantaged credits in support of workers and the self-employed; the first part of Support Package	State aid Rules: a possibility to adapt measures related to all firms and corporations (wage fund subsidies, postponement of corporate taxes and VAT payments and contribution to social security); direct financial support to customers (compensation for expenditure for cancelled services, events); possibility of direct fiscal steps with firms facing bankruptcy risk due to the pandemic, compensation for damage proven to be caused by the pandemic (notification by the European Commission is needed here); possibility of other compensation from public sources to countries particularly affected; possibility of direct support of up to EUR 800 000 per firm
ECB: Pandemic Emergency Purchase Programme: EUR 750 billion; expansionary monetary programme to purchase securities to support the financial system liquidity	European Solidarity Fund: EUR 800 million	Pan-European Guarantee Fund: EUR 200 billion; advantaged EIB credits primarily for SMEs; second part of the Support Package	Public Finance Criteria Flexibility: more flexible explanation of public finance discipline criteria under the Stability and Growth Pact criteria and the European Semester
	European Globalisation Adjustment Fund: EUR 179 million	Financial instrument to support the most severely affected SMEs: EUR 8 billion generated on the basis of the EU Budget guarantee to the EIF from EFSI	Temporary cancellation of tariffs and VAT for imports of medical instruments and equipment from third countries

Type of the measure			
Monetary and stabilising	Fiscal	Guarantee- and credit-based	Regulatory and procedural
	Increased flexibility allowing mobilisation of all ESIF support not yet utilised; it allows transfers to be made among the ERDF, ESF and Cohesion Fund; 100 % of coverage of project costs come from EU resources; flexibility in thematic concentration explanation etc.		Screening and protection of critical European assets and technologies

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

552ND EESC PLENARY SESSION (+ INTERACTIO VIDEOCONFERENCE), 10.6.2020-11.6.2020

Opinion of the European Economic and Social Committee on 'A Single Market for All'

(Exploratory opinion)

(2020/C 311/02)

Rapporteur-general: **Antonio LONGO**

Referral	Letter from the Croatian presidency of the Council, 10.9.2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Bureau decision	24.9.2019
Adopted in plenary	10.6.2020
Plenary session No	552
Outcome of vote (for/against/abstentions)	224/1/2

1. **Conclusions and recommendations** [1]

1.1. For the European Economic and Social Committee (EESC), the European single market (SM) in all its dimensions — economic, social and environmental — is one of the cornerstones of the social market economy. It represents the key element in a harmonious and balanced European integration with a view to restoring public trust in the EU, creating new jobs, bringing about a more competitive economy and increasing Europe's influence in the world.

1.2. The EESC considers that achieving the European Green Deal's (EGD) objectives could make a crucial contribution to developing the future SM.

1.3. The EESC is convinced that the future single market can only be based on marrying a sound economic basis with a strong social dimension. It emphasises the need for upward convergence and a more effective social policy at both EU and Member State level.

1.4. The EESC believes that a new, integrated and forward-looking approach to the SM in all relevant policies and to removing the remaining unjustifiable obstacles — without creating new ones — must necessarily focus on citizens, consumers, workers and enterprises, as key players in framing, verifying and monitoring the entire process.

[1] The Commission published the Communications on 'Long-term action plan for better implementation and enforcement of single market rules' and 'Identifying and addressing barriers to the single market' on 10 March 2020.

1.5. The EESC considers that major efforts need to be made to raise the level of digital literacy and increase understanding of the risks and opportunities of data management, enabling citizens to take part in forward-looking decision-making processes, understanding the potential and the limits involved.

1.6. Goldplating should be avoided and the lack of transposition and implementation of EU directives in key areas of business regulation should be addressed, as they prevent small and micro-enterprises, in particular, from fully reaping the benefits of the SM, particularly in the light of the Small Business Act.

1.7. The EESC considers that SM governance infrastructures must be reinforced with the proactive inclusion of organised bodies representing citizens, consumers and enterprises — with a particular focus on citizens who are vulnerable or at risk of discrimination, the social economy and micro and small enterprises — with a view to developing streamlined, user-friendly approaches and timely, transparent and efficient implementation and applications.

1.8. In the EESC's view, the international dimension of the SM needs to be strengthened in the context of the EGD. Market surveillance needs to be stepped up, to prevent entry onto the European market of products that are illegal or counterfeit, or do not meet environmental, social and safety standards, coming from third countries via increasing e-commerce, in order to curb unfair competition.

1.9. The EESC strongly urges that the European technical standardisation system be strengthened, as this is essential for the single market and particularly for technical, social, environmental and safety standards, providing citizens, consumers and enterprises, especially small and micro enterprises, with a clear view of the rules and procedures and guaranteeing them balanced and effective participation in the standardisation process.

1.10. The EESC calls for consumers' interests to be upheld in the REFIT process, in the digital world and in the safety of goods and services, and for measures to reduce energy poverty and consumption poverty to be stepped up, ensuring access to food products, medicines and essential services for everyone in Europe. The new paradigms of the SDGs must be backed by incentives — at European, national and local level.

1.11. The EESC underlines the importance of launching a robust, grassroots European campaign of publication and interactive information, with a network of high-profile dissemination hubs.

1.12. The EESC considers that fair conditions must be put in place for workers to exercise real freedom to move, establish themselves and work throughout the SM, especially in border regions. It is necessary to better implement the Directive on recognition of professional qualifications ([2]) and make a major joint effort in terms of financial and structural resources at European level for lifelong learning and training of human resources in new skills and qualifications.

2. Background to the present opinion

2.1. **The SM in all its dimensions (economic, social and environmental) lies at the heart of European integration** and is one of the cornerstones of Europe's social market economy and of the new sustainable growth strategy under the new EGD ([3]).

2.2. **Constant efforts** are therefore required **to ensure the further reinforcement of the SM**. Only if it is fully completed will it be capable of restoring people's trust in the European venture, and create new jobs, bring about a more competitive economy and maintain and secure a more significant role for Europe in the world.

([2]) Directive 2005/36/EC of the European Parliament and of the Council (OJ L 255, 30.9.2005, p. 22).
([3]) COM(2019) 640 final.

2.3. The process of completing the SM requires an integrated approach that can manage a process that connects all relevant policies and dimensions within a coherent long-term vision to address the current and emerging global, technological, security and sustainability challenges ([4]). To this end, the European Green Deal Investment Plan will be decisive ([5]).

2.4. **Enterprises (small and micro-enterprises in particular) and citizens must be at the core of this process**, actively involved in building a **future-proof SM**, with a more user-focused approach largely based on an in-depth analysis of the situation and of needs. For some essential goods and supplies of medicines there is currently a reliance on third countries that has to be overcome.

3. **Obstacles to completion of the SM**

3.1. The overt problems still facing the process of achieving the SM pose the following pre-requisites and barriers.

3.2. *Pre-requisites*

The following **pre-requisites** must be met to ensure that the SM is accessible and usable under equal conditions for all:

a) full and timely transposition of SM legislation and elimination of transposition backlogs, and uniform and consistent application of EU rules together with easy, transparent and user-friendly access to them for all, without goldplating;

b) effective implementation of the gas, electricity, digital infrastructure and transport SMs;

c) full SM accessibility for all, providing accessible services and goods to all vulnerable or disadvantaged citizens, such as people with disabilities and at risk of poverty;

d) harmonised market surveillance mechanisms (e.g. for the safety of chemical products, energy efficiency and product environmental performances); full operation of mutual recognition mechanisms;

e) a smoothly functioning and harmonised market for secondary raw materials and circular products, facilitating the movement of end-of-life products;

f) a fully implemented framework of high technical and regulatory standards, especially for environmental and social standards. Training is needed for public purchasers and the companies concerned on the application of the new rules under the SM Programme and awareness-raising work is needed on buying locally ('zero kilometres') in order to stabilise regional economies and reduce the environmental impact;

g) common standards for public procurement with consistent purchasing criteria throughout the EU for green and socially inclusive procurement;

h) an integrated EU-level digital ecosystem with new business, distribution and consumption models and new e-government relations;

i) integrated and developed capital markets with financial services readily accessible to all;

j) a fair data economy capable of ensuring the availability, accessibility and mobility of data within the SM, at the same time safeguarding the security and privacy of citizens, consumers and enterprises;

k) a European science cloud, harnessing data from public and private research centres receiving support from European funds;

l) a fully-integrated services market, including logistics and network services;

([4]) 9743/19 COMPET 437 MI 487.
([5]) EESC-2020-00463 ECO/505 (rapporteur: Mr Trias Pintó). See page 63 of this Official Journal.

m) effective safeguards against social and fiscal dumping;

n) the need for the EU institutions to carefully consider and examine the impact of business regulations together with those directly concerned before amending existing or proposing new ones;

o) promotion of all types of entrepreneurship by EU policy and legislation in order to boost the Member States' economies, including protection for small and micro-enterprises and social economy enterprises.

3.3. *Barriers* ([6])

3.3.1. **Significant obstacles** to the operation of the current SM, as seen by citizens, consumers and enterprises, have been highlighted in terms of:

a) **complex administrative procedures**: SM legislation often includes rules and procedures that are difficult for end-users to understand or follow;

b) **differing national technical standards**: there is a growing body of national technical regulations, as shown by the growing number of regulatory notifications — some 700 each year concerning goods;

c) **difficulty in accessing information on standards and requirements**: the Single Digital Gateway is a step in the right direction in helping enterprises, especially micro and small and medium-sized enterprises, to access the right information, but there are multiple contact points. A **one-stop-shop in each Member State** could provide better guidance on the rules, procedures and documents required, and on the authorities to be contacted;

d) **lack of coordination between levels of market surveillance**: since surveillance is the responsibility of the Member States and of the regions, this may produce different levels of surveillance, with possible distortions between products on the SM and those entering the market;

e) **goldplating and lack of transposition and implementation of EU directives in key areas of business regulation**, creating a complex regulatory patchwork in the SM, preventing principally micro and SMEs from fully reaping the benefits of the entire SM;

f) **lack of training and cooperation mechanisms** to ensure sound and consistent knowledge of the standards that are (potentially) applicable, by the relevant public authorities, individuals, consumers and the companies concerned;

g) **failures in ensuring market unity** in key sectors, e.g. gas and electricity, and in digital infrastructure and transport.

4. **The SM as a key item on the EU's new strategic agenda**

4.1. The EESC is convinced that an SM that serves all is a key element in European integration with a view to restoring public trust in the EU, creating jobs, bringing about a competitive economy and maintaining Europe's influence in the world.

4.2. The EESC considers that achieving the EGD's objectives, including e.g. the new Circular Economy Action Plan ([7]) and the zero pollution strategy, could make a crucial contribution to developing the future SM.

([6]) The Commission published a key Communication on *Identifying and addressing barriers to the Single Market* (COM (2020) 93 final) on 10 March 2020.

([7]) COM(2020) 98 final, published on 11 March 2020.

4.3. The EESC welcomes the fact that this process is **one of the four main priorities of the 2019-2024 strategic agenda** ([8]) and has been 'integrated into the Semester cycle for the first time' ([9]).

4.4. The EESC considers not only that a new, integrated and forward-looking approach to the SM in all relevant policies must necessarily **focus on citizens, consumers, workers and enterprises** as beneficiaries of the objectives, but also that they must be key players in the framing, verification and monitoring of the process. This process must in turn be based on the real needs that these players have voiced, be streamlined, easily accessible and easy to use.

4.5. The EESC points to the need for **radical administrative simplification** and highlights the problem of proportionality. SMEs and micro-enterprises in particular have high costs without the guarantee that they are acting in compliance with the legislation. The Small Business Act and the Think Small First principle should be a priority and be put — through the Strategy for SMEs and micro enterprises — on the policy agenda in the short term. Examining the combined impact of several regulations on enterprises should become a reality in the law-making process.

4.6. A process of support for digitalisation and intensive capacity-building for all stakeholders should be launched, and the SM in services should also be opened up in a fair and transparent way.

4.7. If an SM that looks to the future is to be achieved, major efforts are essential to raise the level of digital literacy and increase understanding of data and its management, enabling citizens and small enterprises to take part in these processes. The uncertainty and complexity of the context must be recognised and the necessary individual and social resilience built up to tackle these challenges and to better understand the potential and the limits of digital platforms and their underlying business models and governance, in order to guard against manipulation.

4.8. **There is also a need for SM governance infrastructure that, while being based on existing EU governance tools (e.g. SOLVIT, IMI, Your Europe Advice, SM Scoreboard)**, is reinforced at EU and national level with the proactive inclusion of organised bodies representing citizens, consumers and enterprises, to develop streamlined, user-friendly approaches. Timely, transparent and efficient implementation and application of single market standards is needed for a successful transition to a digitally-based, efficient, coherent, balanced and sustainable Europe.

4.9. In order to stop unfair competition and to avoid safety and health risks for consumers, **market surveillance needs to be strengthened** to prevent illegal and counterfeit products entering the European market from third countries via e-commerce. Awareness-raising among consumers should be urgently addressed.

5. **The SM and citizens**

5.1. **Citizens must be at the heart of the entire process of creating the future SM** not only as the main beneficiaries of its achievements, but also as proactive players in the process, based on their needs and expectations.

5.2. In a previous opinion ([10]), the EESC emphasised the need for '**a major plan for digital education and training**, providing everyone with the cognitive tools they need to cope with the transition'.

5.3. The involvement of all EU citizens should be ensured at every stage, particularly for vulnerable citizens or those at risk of discrimination. People with disabilities or at risk of poverty must be guaranteed access to services and goods, in accordance with Directive (EU) 2019/882 ([11]) and other legal obligations, e.g. the UN Convention on the Rights of Persons with Disabilities.

5.4. The EESC underlines the importance of launching a robust European campaign of publication and interactive information with a network of high-profile dissemination hubs located in central and outlying SM intermodal hubs to foster proactive public involvement taking on board prompts, difficulties and solutions, with the active support of organised civil society.

([8]) https://www.consilium.europa.eu/en/press/press-releases/2019/06/20/a-new-strategic-agenda-2019-2024/.
([9]) IP/19/6770, 17 December 2019.
([10]) OJ C 81, 2.3.2018, p. 102.
([11]) OJ L 151, 7.6.2019, p. 70.

6. **The SM and workers**

6.1. The EESC is convinced that the SM of the future can only be based on marrying a **sound economic basis with a strong social dimension** (12), and 'has consistently advocated upward convergence and a more effective social policy at both EU and Member State levels' (13), with 'a clear and coordinated roadmap setting priorities for the implementation of the Pillar and the enforcement of existing social rights and standards'.

6.2. The EESC once again underlines that 'a new European Semester process should achieve social objectives in the framework of a social imbalance monitoring and **new, measurable indicators** should be introduced, together with targeted social Council Specific Recommendations' (14), and that excessive differences should be avoided: although they reflect specific national situations, they can trigger social dumping and distort the level playing field for the entire European SM.

6.3. The EESC considers that fair conditions must be put in place for workers to exercise real freedom to move throughout the SM, especially in border regions. It is necessary to better implement the Directive on recognition of professional qualifications (15) and make a major joint effort in terms of financial and structural resources at European level for lifelong learning and training of human resources in new skills and qualifications.

6.4. The EESC once again underlines that '[t]he changes to productive processes and to the economy in general brought about by the new technologies, artificial intelligence and big data will also radically change the labour market', and that it is important that 'these changes take place in the context of constructive **social dialogue** and with due respect for **workers' rights and quality of life**' (16), avoiding traps causing poverty and precariousness.

6.5. The EESC considers that sustainable development requires a major **joint effort in terms of financial and structural resources at European, national and local level for lifelong learning and training of human resources in new green and digital skills and qualifications that match** the changing labour markets under the new EGD.

7. **The SM and consumers**

7.1. **Consumer policy is an essential component in the process of completing an SM** focused on the interests of the public and capable of shaping people's commitment to the process of EU integration. For the EESC, more needs to be done to ensure effective protection of consumers when operators do not comply with rules, and where the current fragmented application and persistent differences between MS are not reduced.

7.2. The EESC calls for consumers' interests to be upheld in the **REFIT** process, in the digital world and in the safety of goods and services, and for measures to reduce energy poverty and consumption poverty to be stepped up, improving access to food and pharmaceutical products and essential services for everyone in Europe.

7.3. The problem of **differing treatment** of consumers between countries in direct purchasing or e-commerce in terms of prices and sales and delivery terms must be tackled. Geoblocking is still a particularly significant problem.

7.4. The EESC welcomes the information provided on consumer protection results through the **online dispute resolution platform** (17), but would like to see 'out-of-court — especially cross-border — resolution tools made stronger'.

7.5. The EESC is convinced that the **transparency and comparability of information** is of vital importance in enabling consumers to make smart choices, not least in terms of environmental impact and sustainability.

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(12) OJ C 353,18.10.2019, p. 23.
(13) OJ C 13, 15.1.2016, p. 40; OJ C 81, 2.3.2018, p. 145 and OJ C 440, 6.12.2018, p. 135.
(14) OJ C 14, 15.1.2020, p. 1.
(15) See footnote 2.
(16) OJ C 353,18.10.2019, p. 6.
(17) According to the Commissioner, Ms Jourová, more than 24 000 disputes were resolved in the first year.

8. **The SM and enterprises**

8.1. The EESC considers the following to be necessary in order to meet the needs of enterprises with regard to the full implementation of the SM:

8.1.1. achieving further **opening and integration of the goods and services markets**, including logistics and network services, in order to unleash the EU's full economic potential and lay down a solid base for long-term global competition. Diversity and pluralism in the retail sector need to be safeguarded and promoted ([18]);

8.1.2. giving greater impetus to digitalisation as a key factor for European competitiveness, meaning a framework facilitating the introduction of digital technologies. Programmes aimed at SMEs and micro-enterprises need to respect their culture and involve the local representative organisations;

8.1.3. deploying more actions providing small and micro-enterprises with basic and intermediate digital skills, as well as a variety of technological solutions, and framing fair rules on access to data, the free flow of data and responsibilities by means of a comprehensive policy approach;

8.1.4. creating **a regulatory and financial framework conducive to investment** in infrastructure, so that physical and digital infrastructures are significantly improved and made interoperable — innovation and flexibility for enterprises to bring them into line with a rapidly-changing world, fostering new business models; and technological neutrality by means of SM legislation that facilitates market entry by lowering obstacles;

8.1.5. prioritising the principles of **better regulation** and practical implementation so that the SM is the best place to do business and to work.

8.2. Special attention must be given to the **differences between national tax systems**. For the EESC, social and tax dumping in the SM must be tackled, as it distorts competition and triggers otherwise unjustified relocations.

8.3. It is similarly essential to **bridge the infrastructure and regulatory gaps** in the interconnection of local markets in the SM, particularly in key sectors such as gas, electricity and transport, which present obstacles to fair and transparent competition.

8.4. The EESC points out that the European standardisation system must be strengthened, and particularly for technical, social, environmental and safety standards, providing enterprises, especially small and micro-enterprises, with a clear view of the rules and procedures to be followed and guaranteeing all relevant stakeholders balanced and effective participation in the standardisation process.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([18]) OJ C 110, 22.3.2019, p. 41.

Opinion of the European Economic and Social Committee on 'The effects of campaigns on participation in political decision-making'

(exploratory opinion requested by the Croatian presidency)

(2020/C 311/03)

Rapporteur: **Marina ŠKRABALO**

Co-rapporteur: **Cinzia DEL RIO**

Consultation	Letter, 10.9.2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	3.3.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote (for/against/abstentions)	209/2/3

1. **Conclusions and recommendations**

1.1. The EESC welcomes the Croatian presidency's initiative to request an opinion on the effects of campaigns on participation in political decision-making, which will hopefully contribute to the timely policy debate in the relevant Council formations and preparatory bodies on key areas of improvement in the EU's electoral process, based on the Commission's forthcoming post-electoral report. The policy debate will enable a timely contribution by the Member States to the agenda for the Commission's Democracy Action Plan and the Conference on the Future of Europe, which will be launched during the Croatian presidency. The time is right for a new, coordinated effort to protect and enhance European democracy throughout the new political cycle of the EU institutions. In this respect, the EESC would encourage the Croatian presidency to act as a catalyst to foster close cooperation between all the EU institutions, including, primarily, the European Parliament and the Commission, but also the EESC, the Committee of Regions, the EU Ombudsman and the Fundamental Rights Agency.

1.2. EU public involvement in the EU's political decision-making, primarily by means of electoral participation, but also through political debates and policy consultation, is vital for reinvigorating European democracy and ensuring the legitimacy of EU institutions and instruments. The EESC calls on the EU institutions to build on the lessons learned from the 2019 elections with timely political action and a coordinated institutional effort to improve the current state of the EU's electoral process and maximise a satisfactory voter turnout in the 2024 European elections and beyond.

1.3. While the historical trend of declining voter participation in the European elections is still ongoing, as the relatively high turnout in 2019 is still lower than the turnout between 1979 and 1994 ([1]), there are lessons that need to be learned from the most recent elections in order to boost informed public participation in the next European election cycle and in the long term. It is important to acknowledge that the substantially lower participation in European elections compared to participation in national elections is a long-standing trend ([2]), and to consider a higher participation of young and educated voters in the 2019 European elections as potential for a new, positive trend.

([1]) https://op.europa.eu/en/publication-detail/-/publication/1f2a7ac7-d8f7-11e9-9c4e-01aa75ed71a1/language-en/format-PDF/source-search. It should be noted that the European citizens' voter turnout in elections has declined since the early 1990s, as evidenced by 20 % decline in the so-called new Member States and 10 % decline in so-called older Member States.

([2]) Voter turnout was 45 % in the 2004 European Parliament elections, 43 % in 2009, 42,6 % in 2014 and then increased in 2019 to 50,66 %, which was the first time since 1979 that the number of voters rose in respect to past elections. Source: https://blogs.eurac.edu/eureka/david-vs-goliath-of-voter-turnout-why-is-the-participation-in-eu-elections-so-low/

1.4. The EESC believes that for the EU institutions to adopt a more effective approach to the European public there needs to be a change in their mind-set, and they need to engage with the public, civil society and social partners in all communications, especially in campaigns, and seek their involvement by means of an emotional as well as a rational appeal. In this respect, the EESC welcomes the European Parliament's new voter-oriented approach to public information campaigns and strongly supports its comprehensive plan to build upon the success of its most recent election campaign. The EESC calls for adequate budgetary and staffing allocations for the Parliament's work on campaigns, in order to deepen and broaden its rich network of civil society affiliates, volunteers and opinion-makers, deliver a series of thematic campaigns over the next five years and prepare an agile 2024 election campaign.

1.5. The EESC calls for still closer cooperation between the Parliament, Commission and Member States, as well as with the EESC and the Committee of Regions and all relevant stakeholders, on a well thought-out design and on both decentralised and centralised delivery of future information campaigns on EU affairs and the next European elections, making them more effective in reaching, informing and engaging with a great majority of Europeans.

1.6. In the EESC's view, disinformation poses a direct threat not only to the ability of people to take informed political decisions, but also to the European integration project and therefore to the European Union's unity, prosperity and global influence. Weakening the EU's democratic decision-making capabilities is in the interest of a range of foreign powers, as well as extremist groups that oppose European cooperation and stronger cohesion ([3]). The EESC would express its firm support for the EU's current efforts to counter disinformation ([4])– external and domestic — and urges the Commission to ensure full compliance and follow-up regulatory action in respect of the Code of Practice on Disinformation, further development of the recently established 'rapid alert system' and STRATCOM's intelligence units, and the expansion of the European External Action Service's action against disinformation, paralleled by considerable expansion of EU action against domestic disinformation.

1.7. The EESC calls for further action from the European Commission and Parliament on enabling adequate budgetary resources for action to increase societal resilience to disinformation, to expand the scope of monitoring to a wider range of external and domestic players that pose a threat, and to intensify information exchange across the institutions and Member States, and internationally.

1.8. The EESC strongly supports the European Commission's proposal to develop a 'European Democracy Action Plan' which should be comprehensive and continuous, with the capacity to effect change, assured by financial support and inter-institutional coordination. The European Democracy Action Plan and related future initiatives should strive to do much more to achieve a free and plural media and quality independent journalism, effective regulation of social media, particularly to combat disinformation and including regulation of online political advertising and content responsibility, a modernised electoral process, the inclusion of disenfranchised groups, primarily persons with disabilities, and widespread civic education about the European Union and its democratic process in all Member States. The EESC recalls its proposal for an ambitious EU communication, education and public awareness strategy on fundamental rights and the rule of law and democracy ([5]).

1.9. The EESC calls on the EU institutions and the Croatian presidency to pay continuing attention to the EU's budget-related negotiations on allocations for education on EU values, institutional affairs and citizenship, as a core vehicle for European democracy. Proper funding for the full spectrum of EU education efforts should be earmarked, as should measures proposed by the European Democracy Action Plan, and better coherence between the different budgetary components should be ensured. An increased share of funding for the successful Erasmus programme should be maintained, with a larger share of other EU programmes and the European Social Fund dedicated to this purpose.

([3]) https://medium.com/we-are-the-european-journalism-centre/more-than-meets-the-eye-tips-to-find-eu-funding-for-journalism-92f3f1143042

([4]) EU Action Plan on Disinformation, https://eeas.europa.eu/sites/eeas/files/action_plan_against_disinformation.pdf

([5]) OJ C 282, 20.8.2019, p. 39, Communication from the Commission to the European Parliament, the European Council and the Council on Further strengthening the Rule of Law within the Union — State of play and possible next steps, 3 April 2019.

1.10. To foster further political support for enhancing EU civic education, the EESC calls on the EU institutions (and the Croatian presidency) to support the EESC's proposal for the establishment of a High-Level Expert Group on 'Teaching Europe' at European level, with Member State representatives and leading education experts. This group could provide policy proposals and recommendations for discussion by education ministers, which could lead to Council conclusions. The group could also initiate operational improvements, such as a central online platform with an inventory of existing teaching materials generated through EU-funded projects and national curricula, as suggested by the EESC.

1.11. The EESC calls on the Council and the Commission to pay special attention to the burning issue of the inclusion of persons with disabilities, ethnic minorities, migrants, rural poor and other disadvantaged social groups who have been chronically underrepresented in the European elections across the EU Member States. The EESC proposes that, within the scope of the European Democracy Action Plan, the Commission develop (1) a legal proposal on minimum standards for the accessibility of the EU electoral process to persons with disabilities; and (2) an 'EU Roadmap for a more inclusive electoral process', accompanied by a funding proposal to support Member States in their electoral modernisation and social inclusion efforts.

1.12. The new Commission should pursue further modernisation of the EU's campaigning rules and the electoral process as soon as possible, building on the steps taken by the previous Commission ([6]). In this respect, the EESC strongly supports: (1) continuous, active work by election coordination networks with national focal points, which should act as a catalyst for rapid improvements; (2) enhanced regulatory oversight of European political parties in respect of transparency in campaigning and party finances, compliance with data protection rules and adherence to EU values; (3) additional incentives for European political parties to enhance their political consistency and public involvement across and beyond national member parties, (4) measures to allow full participation in the democratic process of all marginalised and disenfranchised social groups. The Commission should also enhance the enforcement of the rules mandating shared responsibility for developing media literacy not only between the EU and national institutions and civil society, but also among social media and digital platform companies, as well as political players.

2. **Opportunities to enhance Europeans' informed participation in elections**

2.1. *More effective public information campaigns*

2.1.1. The EU's engagement with the public through information and communication campaigns has improved considerably in recent years, with noticeable efforts to relate EU policies to specific areas of impact on everyday life, to use the views of 'ordinary' people to show the impact of EU initiatives, and to mobilise new technology to disseminate information. The EU institutions have extensive means for providing public information — through their liaison offices in Member States, through their websites and social media, through their press and media work, through EU agencies and many networks of experts and interested parties, and through their visitor services.

2.1.2. EU institutions and national governments should work further and harder, coordinate better, and cooperate more with civil society, social partners and EU institution offices in Member States to spread accurate information about EU legislation, policies and initiatives and to enable people and organisations to find out about, take an interest in and participate in EU matters. The EU institutions and the Member States should invest more in the capacity-building and empowerment of representative civil society organisations and social partners that promote the European idea in their own bottom-up campaigns for European values, and should use them as partners and catalysts in dialogue with the public.

2.1.3. The EU institutions have extensive budgets for public information, including campaigns, although these budgets are indisputably small compared to Member State government budgets for public information and campaigns (and also Member State local and regional government budgets for such activities). In addition, several Commission DGs support the efforts of civil society and the social partners to inform and engage Europeans in debates on specific EU policy areas

([6]) https://ec.europa.eu/commission/presscorner/detail/en/IP_18_5681 through a variety of means. The positive role to be played by the EU institutions, as well as by European and national civil society, the social partners and independent media, should be expanded and duly reflected in the new EU budget.

2.1.4. The European Parliament has been particularly active in promoting interest and participation in the European elections. For its 2019 election campaign it sought to engage voters by means of emotionally charged messages tailored to their specific concerns, involve civil society and trade unions much more actively, and run a decentralised, much less institutional campaign with much greater multiplier effects. The 'This time I'm voting' campaign gave civil society organisations the opportunity (and funding) to carry out their own measures and communication to involve the public in the elections and to set out their own ideas and vision for the future of Europe. It has also inspired a wide range of social players, including the business community, to engage in get-out-the-vote campaigning. Based on evidence from the EP post-election survey ([7]), this broad and interactive campaign may have contributed to the increased voter turnout.

2.1.5. For future action aimed at enhancing Europeans' political participation, it is important to bear in mind that there is a rising trend of positive identification with the EU, as evidenced by an 11 % increase in voters who said they voted in the European elections as they saw it as their civic duty, an 11 % increase in voters who voted because they were in favour of the EU and a 6 % increase in those who felt they could change things by voting. The key factors most likely to increase respondents' inclination to vote in the next European Parliament elections were reported as: being better informed about the EU and its impact on daily life (43 %); having more young people stand as candidates (31 %); and having more women candidates (20 %). In addition, Europeans clearly expressed the need for more informed political participation, more inclusive election processes, more accountable political leadership and more effective institutional protection against abuse of the election process through political corruption, disinformation and cyber-attacks ([8]).

2.1.6. In future public information campaigns, the EU institutions should prioritise topics of special concern to voters, and these campaigns should take place throughout the political cycle, building a shared base of knowledge and affiliation with EU affairs prior to the next European elections. Special attention should be devoted to the penetration of information campaigns in all geographical areas and all layers of society, especially those on the margin of political participation and socioeconomic development who may be particularly vulnerable to malevolent disinformation campaigns due to their overall social exclusion ([9]). Proactive information outreach by EU institutions requires deeper dialogue with local communities across the EU, through closer collaboration with local media, local civil society groups, local authorities and civic education programmes.

2.2. *Investing in media freedom and plurality and in journalism*

2.2.1. A free and plural media that provides Europeans with accurate, unbiased information is vital for informed debate about elections and political decision-making and is an essential weapon against disinformation. A free and plural media must be accountable for its content and transparent on ownership and its economic interests.

2.2.2. Despite the decline of 'traditional' (print and broadcast) media as a result of mass access to digital and social media, the websites and social media accounts of broadcasters, newspapers and journalists are heavily used, shared and commented upon by people online.

2.2.3. While European countries dominate the top spots of 'good' press freedom in the 2019 World Press Freedom Index ([10]) (9 EU Member States are among the 15 countries with 'good press freedom'), and none fall into the worst 'very serious situation' category, 12 EU Member States are classified only as 'fairly good', while 6 are described as 'problematic', and one EU Member State is classified as 'difficult'. Increasing violence and intimidation directed at journalists in EU Member States is a worrying trend for European democracy, as is any political interference in the media.

([7]) https://www.europarl.europa.eu/at-your-service/files/be-heard/eurobarometer/2019/election2019/EB915_SP_EUROBAROMETER_-POSTEE19_FIRSTRESULTS_EN.pdf
([8]) These are the findings from the same source as above — EU Post-Election Survey from June 2019 — which encompassed 22 464 respondents.
([9]) OJ C 97, 24.3.2020, p. 53.
([10]) https://rsf.org/en/world-press-freedom-index

2.2.4. According to the 2017 results of the Media Pluralism Monitor ([11]), 'market concentration is a source of medium or high risk for media pluralism in all of the EU countries, without exception. The economic difficulties of different traditional media outlets […] suggest that media concentration is a phenomenon that is unlikely to recede in the future […] a possible decline in market plurality remains a ubiquitous element of risk'. The EU must take antitrust measures to diversify media ownership and combat concentration and monopolies of media ownership.

2.2.5. Independent journalism is a public good, and the failure to achieve a diverse and plural media represents a clear market failure. Quality and diversity in journalism requires strengthening political and economic independence, and the quality of public service media and its long-term independent funding, which require new economic/business models. The EU should do more to support public service media, including initiatives to find new and sustainable funding models. In this respect, the EESC supports proposals for the 2021-2027 budget period to introduce a EUR 61 million sub-strand for Creative Europe, dedicated to quality journalism, including media pluralism and media literacy ([12]). However, it calls for much larger and more strategic public investment in professional journalism and media.

2.2.6. The EU should also do more to support independent media and investigative journalism, including transnational collaborative platforms. It should also support initiatives to find new ways to fund quality journalism, including non-profit models and new socially sustainable and inclusive economic models.

2.2.7. In addition, national and EU legislation against media monopolies and dominant market positions should be strengthened, monitored and enforced systematically. EU initiatives on monitoring media independence and ownership in Europe, such as the Media Pluralism Monitor, should be further supported.

2.2.8. The EU should continue to promote self-regulatory measures and bodies such as ethical codes and press councils to reinforce high standards of journalism, including in digital and social media. The EU must promote equal access to information for all media and oppose the arbitrary exclusion of journalists from press conferences and other governmental publications for political reasons.

3. **Responding to opportunities and challenges posed by digital and social media**

3.1. Digital and social media open up access for most people to a greater range of information and views, which are also more rapidly available, and enables them to participate much more easily in the democratic debate enabled by social networks. It should also enable individuals to make their own decisions about filtering the information they wish to access. As many as 86 % of EU27 citizens used the internet in 2019 ([13]) and 90 % of EU27 households have internet access, although there are inequalities, with national household access ranging from 98 % in the Netherlands to 75 % in Bulgaria, which still enables considerable outreach ([14]).

3.2. Nonetheless, although digital and social media offers more people more opportunities to participate, there is an even greater concentration of ownership among social media platforms than among the traditional print and broadcast media, and complicated, commercially-driven secret algorithms serve to significantly filter the information available on

([11]) https://cmpf.eui.eu/media-pluralism-monitor/mpm-2017-2/
([12]) https://medium.com/we-are-the-european-journalism-centre/more-than-meets-the-eye-tips-to-find-eu-funding-for-journalism-92f3f1143042
([13]) https://ec.europa.eu/eurostat/databrowser/view/tin00028/default/table?lang=en
([14]) https://ec.europa.eu/eurostat/databrowser/view/tin00134/default/table?lang=en

people's accounts. As a result, the breadth of information to which people are exposed may actually be narrower than via traditional print and broadcast media. The advent of social media has led to a proliferation of disinformation — made-up stories posted for various reasons, including to influence political debate and election results. Behind much of this disinformation are fake accounts. Researchers claim that in the 2016 US presidential election, disinformation had a significant impact on voter behaviour.

3.3. As part of the Commission's initiatives to curtail disinformation and ensure transparent, fair and trustworthy online campaign activities ahead of recent European elections, in September 2018 online platforms, social networks and the advertising industry (including Facebook and Twitter) signed up to a self-regulatory Code of Practice ([15]) to tackle the spread of online disinformation and fake news. It sets a wide range of commitments, from transparency in political advertising to the closure of fake accounts and demonetisation of purveyors of disinformation ([16]). The Code is deemed to be an important pillar of the Commission's Action Plan against Disinformation and has included an appendix with best practice from signatories ([17]).

3.4. All platforms took action in advance of the European elections by labelling political ads and making them publicly available via searchable ads libraries ([18]). Under the self-regulatory policy introduced by Facebook, political ads could be published only in a country for which the parties concerned had a warrant. As it became clear that the rule negatively affected European parties' capacities to campaign across the EU, an ad hoc decision was made that European parties would be exempt from the rule ([19]).

3.5. However, the first annual self-assessment reports drawn up by the signatories to the code in October 2019 ([20]) and the June 2019 report by the European Regulators Group for Audiovisual Media Services (ERGA) ([21]) indicate that not all of the political ads in the platforms' political advertising archives were correctly labelled as political advertising and that the archives still did not disclose sufficient data on audience micro-targeting to prevent voter manipulation and ensure greater transparency of political campaigning and advertising, including its financing sources and linkages to special interest groups. Furthermore, no common standards have been adopted by the signatories of the code to allow researchers and journalists to access personal data while respecting users' right to privacy and consent.

3.6. In light of the shortcomings detected in self-regulation and the current assessment of the Code of Practice undertaken by the Commission, the EESC calls on the Commission to take legislative measures if the voluntary code proves to be insufficient on its own to achieve substantial progress towards the Commission's aims. Self-regulation in the field of online disinformation needs to be greatly improved. In parallel, a comprehensive approach needs to be adopted regarding its regulation. The time is right to develop and propose the regulation of social media and digital platforms, with a focus on the transparency of all aspects of political advertising (financing, labelling and disclosure rules) and disinformation, in the new Commission's electoral package and the European Democracy Action Plan.

3.7. Fostering online accountability should not only focus on transparency measures, exposing sources of information, but also consider the accountability of players in the ecosystem who profit from spreading misleading and sensationalist content. Disinformation is a symptom of concentrated, unaccountable digital markets, constant tracking and unlawful handling of personal data. Dominant social media companies make profits by generating profiling data through the spread

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([15]) https://ec.europa.eu/commission/news/code-practice-against-disinformation-2019-jan-29_en
([16]) https://ec.europa.eu/digital-single-market/en/news/code-practice-disinformation
([17]) A progress report published in June 2019 claimed, inter alia, that 'Facebook disabled 2,2 billion fake accounts in the first quarter of 2019 and acted specifically against 1 574 non-EU-based and 168 EU-based pages, groups and accounts engaged in inauthentic behaviour targeting EU Member States' while 'Twitter reported on rejecting more than 6 000 ads targeted at the EU for violation of its unacceptable business practices ads policy as well as about 10 000 EU-targeted ads for violations of its quality ads policy.'
([18]) https://ec.europa.eu/digital-single-market/en/news/action-plan-against-disinformation-report-progress
([19]) https://twitter.com/alemannoEU/status/1119270730280132610
([20]) https://ec.europa.eu/digital-single-market/en/news/annual-self-assessment-reports-signatories-code-practice-disinformation-2019
([21]) http://erga-online.eu/wp-content/uploads/2019/06/ERGA-2019-06_Report-intermediate-monitoring-Code-of-Practice-on-disinformation.pdf

of attention-grabbing content, regardless of its veracity. This type of data manipulation demands full and proper enforcement of the General Data Protection Regulation as a means of changing the balance of incentives for companies away from a model that relies on sensationalism and shock. If the fundamental business model of the platforms itself facilitates or propagates the problem, it is not sufficient to encourage platforms to adopt mechanisms of removal or verification. In addition, national and EU legislation need to address the dominant market positions of digital and social media companies and consider mandatory interoperability, putting in place common protocols in order to allow communication to flow across platforms.

3.8. It is necessary to ensure greater and broader involvement of EU institutions, civil society, the social partners, independent media, social media, online platforms and the public in order to counter disinformation ([22]). The Committee welcomes the European Commission's initiative, undertaken by DG CONNECT, to create the European Digital Media Observatory — 'a hub for fact-checkers, academics and researchers to collaborate with each other and actively link with media organisations and media literacy experts, and provide support to policy makers' ([23]) — and advocates investing further funds in strengthening and developing it.

4. **Preventing malevolent internet-driven interference in European elections**

4.1. Another threat enabled by the internet is easier interference in elections via fake accounts, social media trolls and state-run outlets. Although much focus has been placed on foreign interference, the reality is much more complex: domestic disinformation is at least as big a problem, and local proxies, new technologies and other developments (such as the use of closed groups) blur the distinction between foreign and domestic disinformation. Russia, for example, has been accused of influencing the US presidential elections in 2016, the UK Brexit referendum and several recent elections in the EU ([24]), as well as the European Parliament elections in May 2019 ([25]), but interference from other domestic and external players poses an equally worrying risk.

4.2. The European Commission's Action Plan against Disinformation states that 'according to reports, more than 30 countries are using disinformation and influencing activities' ([26]). The European External Action Service has set up a service (East Stratcom Task Force) to monitor and expose 'pro-Kremlin' disinformation via its dedicated website ([27]) as well as 'Western Balkans' and 'South' strategic communication task forces.

4.3. The EEAS initiative to set up a 'rapid alert system' — in effect a network of Member State government officials working on disinformation — is welcome, and deserves to be strengthened and expanded, with Member States encouraged to ensure close information exchange between the rapid alert system and the recently established national election networks, which should in principle also involve specialised civil society organisations and fact-checkers. In the future, regular exchange of information should also be provided for between the rapid alert system and the Digital Media Observatory structures in each country and across the EU.

4.4. Considering the importance of interference prevention mechanisms for European democracy, the work of the European External Action Service's initiatives against disinformation should be expanded and reinforced, including to monitor and counter disinformation from other countries and regions and to intensify information exchange with other similar prevention mechanisms, such as those set up by Canada and Australia. At the same time, EU action against domestic disinformation needs to be stepped up quite considerably, in a comprehensive way that enables timely monitoring, enhances professional journalism and fosters media literacy.

4.5. The EESC points out that with the COVID-19 crisis, which broke out after this opinion was prepared, it is even more urgent that further action be taken by the Commission to fight disinformation linked to the causes, spread and treatment of the infection, which can be detrimental for public health. The content of social media information related to

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([22]) https://ec.europa.eu/commission/sites/beta-political/files/eu-communication-disinformation-euco-05122018_en.pdf
([23]) https://ec.europa.eu/digital-single-market/en/news/commission-launches-call-create-european-digital-media-observatory
([24]) https://carnegieendowment.org/files/CP_333_BrattbergMaurer_Russia_Elections_Interference_FINAL.pdf
([25]) https://www.politicalcapital.hu/pc-admin/source/documents/pc_russian_meddling_ep2019_eng_web_20190520.pdf
([26]) https://ec.europa.eu/commission/sites/beta-political/files/eu-communication-disinformation-euco-05122018_en.pdf
([27]) https://euvsdisinfo.eu/

the pandemic, if not duly monitored and channelled, might lead to harmful forms of behaviour and spread panic, putting at risk the health of the community. The EESC asks the European Commission to be vigilant and work with the Member States and social stakeholders to address the serious impact of such disinformation, coming both from domestic and foreign sources ([28]).

5. **Improving Europeans' media literacy and civic education**

5.1. The systematic promotion of media literacy and active citizenship among Europeans is vital for building up the EU's resilience to anti-democratic tendencies and threats. As set out in its recent opinions ([29]), the EESC is calling for new momentum in activities to educate people about the EU, in the new political cycle of the EU institutions. The EESC interprets the Paris Declaration of 2015 ([30]) and the 2018 Council Recommendation ([31]) as a clear mandate from the Member States, supported by the 2016 EP resolution ([32]), to put teaching and learning about the European Union firmly on the policy agenda.

5.2. The EESC emphasises the need to implement the first principle of the European Pillar of Social Rights (EPSR) to make quality and inclusive education, training and life-long learning a right for all in Europe ([33]) and recommends incorporating education about the EU and EU identity-building into the EU2030 Strategy and the ET2030 Strategic Framework, and into the European Semester process (among the relevant country-specific recommendations), provided that accurate, systematic data are available ([34]).

5.3. To foster further political support for enhancing education about the EU, the EESC calls for the establishment of a High-Level Expert Group on 'Teaching Europe' at European level, with Member State representatives and leading education experts. This group could provide policy proposals and recommendations for discussion by education ministers, which could lead to Council conclusions. The group could also initiate operational improvements, such as a central online platform with an inventory of existing teaching materials generated through EU-funded projects and national curricula, as suggested by the EESC.

5.4. As a starting point for more comprehensive policy action, the EESC deems it necessary to undertake new, critical research, based on the 2013 Learning Europe at School study ([35]), into the current situation in the Member States regarding EU education in schools, teacher training and continuing professional development, as well as EU education programmes developed by civil society and the social partners ([36]). In addition, there is a need for a comprehensive review of educational capacities and funding sources to develop active citizenship skills among adults in the EU, in line with the revised EU Key Competences Framework for Lifelong Learning ([37]).

5.5. European civil society and the social partners have strongly advocated adequate funding for civic education on EU affairs, culture and citizenship, complementing national resources. The EU should support the Member States to ensure that school leaders, teachers and other educational staff are better equipped to promote critical thinking, democratic values and human rights, civic engagement and the responsible use of new technologies. Programmes that provide mobility support for exchanges of teachers, academics and students to help them experience EU values such as democracy, freedom and tolerance in other learning environments and in other EU Member States should be strengthened and expanded ([38]).

([28]) https://www.disinfo.eu/coronavirus/
([29]) OJ C 353, 18.10.2019, p. 52; OJ C 228, 5.7.2019, p. 68.
([30]) Paris Declaration, 17.3.2015.
([31]) Council Recommendation of 22 May 2018 on promoting common values, inclusive education, and the European dimension of teaching (OJ C 195, 7.6.2018, p. 1).
([32]) European Parliament resolution of 12 April 2016 on Learning EU at school (2015/2138(INI)) (OJ C 58, 15.2.2018, p. 57).
([33]) OJ C 228, 5.7.2019, p. 68.
([34]) OJ C 228, 5.7.2019, p. 68.
([35]) https://op.europa.eu/en/publication-detail/-/publication/83be95a3-b77f-4195-bd08-ad92c24c3a3c
([36]) OJ C 353, 18.10.2019, p. 52.
([37]) Council Recommendation of 22 May 2018 on key competences for lifelong learning (OJ C 189, 4.6.2018, p. 1).
([38]) https://www.csee-etuce.org/images/attachments/ST_Citizenship_2018.pdf

5.6. Media literacy for all generations in society, as well as training by and for journalists should be strongly promoted and financially supported by the EU across the EU Member States, in a systematic manner and in close cooperation with national education institutions and independent national agencies responsible for media regulation. The objective is to make a quick and broad leap towards higher media literacy amongst Europeans, in light of the growing threats posed by widespread and often malevolent disinformation.

5.7. The EU should provide timely support to Member States in their efforts to meet their new media obligation to promote and take measures for the development of media literacy skills, including new education programmes and effective oversight of video-sharing platforms, as defined in the recently revised Audio-visual Media Services Directive (AVMSD). In this respect, the EESC is expecting clear guidelines from the Media Literacy Expert Group, which will meet in Zagreb, Croatia, on 30 March 2020, during the second Media Literacy Week — a new EU-wide awareness-raising initiative launched last year.

6. **Making European elections more inclusive**

6.1. Different social groups may be at risk of electoral exclusion across the EU — persons with disabilities, ethnic minorities (especially Roma), trans-European migrant workers and immigrants, as well as the poor, unemployed, uneducated and rural sections of society. Considering the fact that still half of Europeans do not take part in European elections, structural inequalities influencing electoral behaviour need to be addressed in the upcoming policy initiatives to strengthen European democracy and ensure equal treatment of all Europeans in the next European elections.

6.2. As analysed in the EESC's detailed information report of March 2019 ([39]), many people across all the 27 EU countries are not able to take part in the European elections due to legal and organisational barriers which deprive persons with disabilities of their political rights. About 800 000 Europeans from 16 Member States are, on account of national rules, deprived of the right to participate in EP elections because of their disability or mental health problems, while additional millions of Europeans do not have the possibility to vote because of organisational arrangements (technical barriers) which do not take into account the needs resulting from their disability.

6.3. The EESC proposes that the new electoral reform package and the European Democracy Action Plan envisage an 'EU Roadmap for an inclusive electoral process' with an accompanying funding proposal to support Member States in the necessary modernisation of election administration, entailing technological adjustments and support services for disadvantaged social groups who tend to be excluded from the electoral process and manifest lower levels of political participation in a given national context. The Roadmap should be based on an in-depth mapping of barriers faced by different social groups at risk of electoral exclusion, undertaken in collaboration with national election authorities, ombudsmen institutions and respective national civil society organisations and their European networks.

6.4. Current EU legislation already addresses a number of issues concerning EP elections. Thus, there are no formal obstacles to this legislation also including guarantees on voting options for persons with disabilities. According to the EESC, if best practice from across all countries were implemented, an ideal system would emerge in which every European with disabilities would not only have the full possibility to vote but also be able to choose for themselves the most convenient way in which to vote.

6.5. Hence, in the context of the upcoming political debate on European electoral reform and the new European Democracy Action Plan, the EESC proposes that, in addition to more comprehensive measures set out in the proposed 'EU Roadmap for an inclusive electoral process', a legal initiative be considered that would set minimum voting standards for persons with disabilities. The proposal should be developed through a policy dialogue with national election authorities, experts on social inclusion and elections, and civil society organisations representing persons with disabilities.

([39]) EESC information report on the 'Real rights of persons with disabilities to vote in European Parliament elections', 20 March 2019.

7. **Encouraging European political parties to be citizen-oriented and accountable**

7.1. As defined in the 1992 Maastricht Treaty, 'political parties at European level are important as a factor for integration within the Union. They contribute to forming a European awareness and to expressing the political will of the citizens of the Union.' The relatively recent and gradual development of European political parties as supranational political players with integrated governance structures that can deliver coherent political agendas and mobilise voters across the EU represents a structural challenge for Europeans' political participation. Specifically, the regulatory framework for the governance and funding of European parties has evolved only since the Nice Treaty in 2003 and remains rather limited in terms of organisational and programmatic coherence, which should be conducive to European parties' ability to shape and enhance the EU's political integration, based on common values and public involvement.

7.2. Further regulation should strive to stimulate European political parties' active promotion of the EU's values, their transnational political coherence and organisational capacities to engage with people across and beyond their highly diverse national party members in many different parts of the EU.

7.3. In this regard, the EESC welcomes the Commission's proposal to better enforce the European parties' legal obligation to observe the EU's founding values as expressed in TEU Article 2, which also applies to their national members. This relates to the values espoused in their political programmes and campaigns, and to their internal practices of gender equality and anti-discrimination, as well as their respect for the rule of law and anti-corruption. If deemed necessary, the Commission could ask the Authority for European Political Parties and European Political Foundations to verify compliance with the conditions set out in the Regulation ([40]).

7.4. Further regulatory action should take into account the current policy debate and policy proposals, including a range of policy ideas on developing European parties so that they are closer and more accountable to the European public, for example through declarations by national parties of their intended European party affiliation, transnational party lists, transparent fundraising and campaigning, individual membership, grassroots outreach to civil society and the social partners, and accountability for political content that blatantly undermines EU common values ([41]). These issues should also be put on the agenda of the Conference on the Future of Europe, which will hopefully provide a substantive opportunity for the broad and informed participation of civil society, social partners and European public in the EU's democratic reform.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([40]) https://eur-lex.europa.eu/legal-content/EN/TXT/DOC/?uri=CELEX:52019DC0343&from=EN

([41]) https://www.idea.int/sites/default/files/publications/reconnecting-european-political-parties-with-european-union-citizens.pdf; https://carnegieeurope.eu/2019/11/06/six-ideas-for-rejuvenating-european-democracy-pub-80279; https://euroflections.se/globalassets/ovrigt/euroflections/euroflections_v3.pdf

Opinion of the European Economic and Social Committee on 'Financing the Transition to a Low-Carbon Economy and the Challenges in Financing Climate Change Adaptation'

(exploratory opinion)

(2020/C 311/04)

Rapporteur: **Toni VIDAN (HR/III)**

Co-rapporteur: **Dimitris DIMITRIADIS (EL/I)**

Referral	Croatian EU Presidency, 10/09/2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Section for Agriculture, Rural Development and the Environment
Adopted in section	27.5.2020
Adopted at plenary	11.6.2020
Plenary session No	552
Outcome of vote (for/against/abstentions)	227/0/2

1. **Conclusions and recommendations**

1.1. The EESC strongly welcomes and supports the recent European Council conclusions and the announced European Green Deal (EGD) [1], with the joint objective of securing the transition to a low-carbon economy by 'achieving a climate-neutral EU by 2050'.

1.2. In light of the COVID-19 crisis the Committee has already called [2] for unprecedented solidarity amongst Member States and for a **comprehensive European economic recovery plan** which would allow the EU Member States, its citizens, companies and workers to best face the consequences of the COVID-19 pandemic and build a more sustainable and resilient European economy. The Next Generation EU of EUR 750 billion as well as targeted reinforcements to the long-term EU budget for 2021-2027, will bring the total financial firepower of the EU budget to EUR 1,85 trillion. In addition to supporting recovery it is focused on the European Green Deal and digitalisation to boost jobs and growth, the resilience of our societies and the health of our environment.

1.3. The EESC supports the resolution by the European Parliament adopted on 17 April 2020 by an overwhelming majority to place the European Green Deal at the heart of the upcoming EU recovery and reconstruction package 'in order to kick-start the economy, improve its resilience and create jobs while at the same time assist in the ecological transition, foster sustainable economic and social development' [3].

1.4. The EESC supports the European Green Deal Investment Plan (EGDIP) as the first of the key financial pillars of the transition to a low-carbon economy, along with the Just Transition Mechanism [4]. The EESC sees these initiatives as a first step in the right direction, and urges the EU institutions to establish transparent and participatory processes for the preparation of further steps, effectively including all relevant stakeholders and aligned with recovery and a just transition to a well-being economy [5].

(1) https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf.
(2) https://www.eesc.europa.eu/en/news-media/presentations/eus-response-covid-19-outbreak-and-need-unprecedented-solidarity-amongst-member-states.
(3) https://www.europarl.europa.eu/doceo/document/TA-9-2020-0054_EN.pdf.
(4) 'The European Green Deal Investment Plan and Just Transition Mechanism Explained', Brussels, 14 January 2020.
(5) https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/sustainable-economy-we-need-own-initiative-opinion.

1.5. Due to the unprecedented crisis we are facing, the EESC calls for an ambitious reconstruction plan in compliance with the Paris Agreement. A crucial part of this should be a **climate action budget** at least equal to the previously identified investment gap of around EUR 300 billion a year, and with a strong priority to support decentralised decarbonisation projects co-designed and co-owned by citizens, SMEs, energy communities and local and regional public entities.

1.6. The EESC feels strongly that the transition and post-COVID reconstruction must be just and lead to a more just and sustainable EU or it will fail, with grave consequences for the European project as a whole. We believe that a crucial component of a just transition is the political, social and economic inclusion of citizens, workers, communities and SMEs, especially in underdeveloped, rural regions in the EU, without discriminating against Member States that are not currently members of the eurozone. A set of criteria ensuring that the transition is just is paramount, and stakeholders at all levels must be included. The EESC has already contributed to this debate ([6]).

1.7. The EESC underlines that a just transition and post-COVID-19 reconstruction must ensure that consumers and communities become active 'prosumers' (producers and consumers) for sustainable products and services in the energy and transport sectors.

1.8. The EESC calls for the urgent removal of barriers preventing the reallocation of public and private funds, primarily those of existing direct and indirect subsidies to the fossil fuel sector, as well as fiscal and taxation barriers.

1.9. The EESC supports a strong mandate for the European Commission to develop a new EU adaptation strategy, and calls for equal emphasis to be placed on financing mitigation and adaptation. The EESC considers that an inclusive policy debate on the development of innovative financial mechanisms for adaptation actions and dedicated **Just Adaptation Funds** should start as soon as possible.

1.10. The EESC calls for a significant increase in available funds, the launch of a '**European Climate Action Solidarity Corps'** targeted youth programme, and funds for cooperation between local governments and organised civil society in developing community-based and community-owned low-carbon energy and transport projects.

1.11. The EESC believes that the EGD should safeguard the security and international competitiveness of the EU and especially of SMEs, which are facing increased competition from emerging economies, and supports proposals for a carbon border adjustment mechanism.

2. **Introduction and general comments**

2.1. The EESC is developing this opinion in response to the request by the Republic of Croatia's Presidency of the Council of the EU, and is pleased that the Presidency intends to stimulate an EU-level debate on improving the financial arrangements with respect to meeting increasing needs of transition to a low-carbon economy and to responding to climate change adaptation. Late in the process of developing this opinion, the world and the EU have been shaken by the COVID-19 pandemic, and the opinion tries to incorporate some initial reactions to this new reality.

2.2. We are experiencing an unfolding human catastrophe, of lives lost, widespread sickness, social hardships, jobs disappearing, on an unprecedented scale. If handled badly, we risk facing consequences as severe as those of the Great Depression of 1929. If handled well, the EU can get through this together, save lives and societal wellbeing, transform our socioeconomic models to ones focused on people and the natural world and boost global partnership for sustainable development.

([6]) https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/leaving-no-one-behind-when-implementing-2030-sustainable-development-agenda-own-initiative-opinion.

2.3. The EESC strongly welcomes and supports the recent European Council conclusions and the announced European Green Deal (EGD) [7], with the joint objective of securing the transition to a low-carbon economy by 'achieving a climate-neutral EU by 2050'. It also supports the European Green Deal Investment Plan (EGDIP) as the first of the key financial pillars, along with the Just Transition Mechanism, which aim to support workers and citizens in the regions most impacted by the transition [8].

2.4. Evidence is indisputable that we are facing a climate emergency, existential loss of biodiversity, socially unacceptable risks to health from chemicals and air pollution, and unfathomable levels of plastic pollution in our oceans. Scientific research [9] suggests that the emergence of new human diseases is closely linked to those drivers of environmental crisis, which are meant to be addressed by prioritising environmental action through the EGD.

2.5. Next to existential environmental crises, we are faced with high and increasing levels of inequalities, demographic crises, political radicalism as well as decreasing levels of trust in governments, governance and policy-making. The COVID-19 crisis has underlined a number of flaws with our economic and governance systems, including the limits of the market economy, and highlighted the importance of effective state institutions and strong public healthcare systems. It has also allowed people to revisit their sense of what is important. There is an urgent need to review the impact of production and consumption levels and to look at fair wages for essential work (e.g. public services such as the health sector), tax and pay policies, and new tools like universal basic income, as called for in previous EESC opinions [10].

2.6. The EU business community is increasingly viewing the low-carbon transition and post-COVID-19 recovery as a development opportunity and a way to bring back productive jobs to Europe. Seven 'leading European Energy companies call the EU to increase its greenhouse gas reduction target for 2030 to at least 55 % reduction on 1990 levels to align with a cost-effective trajectory to 2050' in their recent letter to EU Environment and Climate Ministers [11]. The Energy Transitions Commission calls on governments of the world 'to spend economic stimulus spending wisely and invest in the economy of the future' [12].

3. **Increasing climate ambition, new financial resources for a just transition, reconstruction and transition to a low-carbon economy and implementation of the 2030 SDGs**

3.1. In order to ensure adequate mobilisation of new financial resources for urgent climate action and improve the use of current ones, an ambitious political agenda with strengthened targets for 2030 and 2050 is absolutely necessary. The EESC thus supports the call for the European Union to commit to achieving carbon neutrality by 2050, and accordingly adjust its greenhouse gas reduction target for 2030 to at least a 55 % reduction on 1990 levels.

3.2. The EESC feels strongly that the transition and post-COVID-19 reconstruction must be just and lead to a more just EU or it will fail, with grave consequences for the European project as a whole. We believe that a crucial component of a just transition is the political, social and economic inclusion of citizens, workers, communities and SMEs, especially in underdeveloped, rural regions of the EU, and without discrimination against Member States that are not currently members of the eurozone. Just distribution of financial resources from the future climate action budget is essential for achieving this inclusion, and we must pro-actively prevent trends whereby the bulk of resources are channelled towards strong stakeholders with the resources and capacity to develop bankable projects.

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(7) https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf.
(8) 'The European Green Deal Investment Plan and Just Transition Mechanism Explained', Brussels, 14 January 2020.
(9) https://www.nature.com/articles/s41893-019-0293-3#ref-CR101.
(10) https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/european-framework-directive-minimum-income-own-initiative-opinion.
(11) https://www.statkraft.com/media/news/2019/energy-companies-call-for-more-ambitious-EU-2030-climate-target/.
(12) http://www.energy-transitions.org/sites/default/files/COVID-Recovery-CoverLetter.pdf.

3.3. The EESC urges the European Commission to ensure the active involvement of all stakeholders — local communities, civil society, social partners, industry, knowledge institutes, etc. — in the future development and implementation of the EGD and post-COVID recovery and reconstruction plan.

3.4. After the first steps of the EGD and the EGDIP, and due to the unprecedented crisis we are facing, EESC welcomes a recovery fund of a sufficient magnitude, and calls for an ambitious reconstruction plan in compliance with the Paris Agreement. A crucial part of this should be a **climate action budget** at least equal to the previously identified investment gap of around EUR 300 billion a year, and with a strong priority to support decentralised decarbonisation projects co-owned by citizens, SMEs, energy communities and local and regional public entities. The EESC has already drawn up proposals for this financial mobilisation in its call for the Finance-Climate Pact ([13]), and in this opinion we will be adding some additional ones.

3.5. In parallel to this, and in order to develop an optimal mixture of mechanisms for mobilising future climate finance, the EESC considers that a sound and transparent assessment of the financial resources needed to implement the 2030 SDGs is required. An inclusive policy debate on sustainability and the just transition within a demographical, technological and fiscal/public policy framework should also be enabled, with major input from the coming EEA report ([14]).

3.6. The EESC has already called for **The European Finance-Climate pact**, which would 'redirect the money that could bring about a new financial bubble towards the fight against climate change and the real economy. It must also receive new financing, especially for SMEs'. The various sources of proposed financing include:

— redirecting funding towards sustainable investments through 'green earmarking' and promoting 'green labelled' loans from the European Investment Bank (EIB);

— using quantitative easing by the European Central Bank (ECB) as a source of financing;

— defining criteria for sustainable investment.

For instance, the Climate Finance Pact is an opportunity to address the climate crisis, the lack of quality jobs and doubts about the European project at the same time. It includes two tools: The European Bank for Climate and Biodiversity, and the European Fund for Climate and Biodiversity. Taken together, this could become the European Climate Bank.

3.7. The EESC welcomes and supports the EIB's announcement that it intends to support one trillion euro of investment in climate action and environmental sustainability in the period 2021 to 2030. However, according to its current rules, the EIB can have a larger annual portfolio of loans. If the EU or the ECB provide more budget guarantees for the EIB, the annual portfolio could be increased even more.

3.8. The EESC calls for the Member States and the EU institutions to reform the rules of the Stability and Growth Pact so that the Golden Rule allows room for more climate action investment at national level that would be excluded from the calculation of budget deficits as part of the EU climate action budget, with appropriate safeguards against misuse ([15]). Initial possibilities have already been mentioned in the European Fiscal Board's Annual Report 2019 ([16]) and these should now be elaborated upon and made operational. During the suspension of the Stability and Growth Pact in light of the COVID-19 crisis, the EESC invites the EU Member States to use the available budgetary means to boost climate action investment to the maximum extent.

(13) https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/european-finance-climate-pact-own-initiative-opinion.

(14) EEA report on 'The sustainability transition in Europe in an age of demographic and technological change'.

(15) https://www.bruegel.org/2019/12/the-european-green-deal-needs-a-reformed-fiscal-framework/.

(16) https://ec.europa.eu/info/sites/info/files/2019-efb-annual-report_en.pdf.

3.9. The EESC calls on the ECB to play an important role in financing climate action directly and indirectly. In addition to the impact of its asset purchase programme (APP) and pandemic emergency purchase programme (PEPP), the ECB, by adopting the relevant regulation and exercising its regulatory powers, and by coordination with the central banks outside the eurozone under the European System of Central Banks, can encourage the central banks to follow its lead and thereby positively influence the financing of climate action. Capital ratios could also be used more proactively by applying favourable regimes to loans and investments which are regarded as green under the EU taxonomy. The ECB 'should be able to provide […] liquidity through further unconventional monetary policy measures' ([17]) and that providing whatever amount of liquidity is required should have a positive impact on climate action.

3.10. One way to increase financing of climate action is through green bonds issued by the public and private sectors and based on a strong regulatory framework, based on the EU taxonomy for sustainable investment. Schemes to encourage this are urgently needed. The EIB can play an even larger role in two ways: by granting loans to projects contributing to climate action through outright commitments and by stepping up the issuing of green bonds. These bonds could then be bought by the European Central Bank through its APP to a far greater extent than has been the case before.

3.11. As ultimately the vast majority of investments will be undertaken by citizens and the private sector, the EESC stresses the importance of environmental fiscal measures and all aspects of carbon pricing, as a key tool for making sustainable investments profitable. We would also like to emphasise that the 'combination of carbon pricing and green bonds improves environmental effectiveness, capital accumulation and debt sustainability (…), and exhibits greater intergenerational fairness' ([18]).

3.12. Another potential source of financing could be securitisations backed by a collateral portfolio consisting of loan assets — the collateral pool — which could include green and possible brown assets. The securitisation will be green if the proceeds serve to finance green projects.

3.13. The EESC considers that one of the main challenges in putting the EGDIP into practice is the development of a pipeline of investment projects that will respond to the strategic objectives of the EU. The availability of such investment projects does not yet match the demand. Technical assistance and advisory support at all levels of public administration will help to identify and prepare sustainable projects and provide capacity-building to project promoters. The EU-wide classification system for sustainable investments (taxonomy) ([19]) should be used as a basis for identifying and developing such projects.

3.14. Financing a just transition to a low-carbon economy must ensure that the development opportunity of new technologies and new companies is actively supported in a way which enables the greatest possible ownership of new production capacity by consumers and communities, especially those now excluded from the relevant production processes, transforming them into active 'prosumers' (producers and consumers) of sustainable products and services in the energy and transport sectors.

3.15. As utilisation of renewable energy resources is actually 'privatisation' of a valuable natural resource, projects supported by public finances should recognise local community ownership of them and include appropriate participation in the benefits or ownership of the projects by local communities.

3.16. The EESC would like to stress the urgent need to provide significant financial assistance to institutions which could actively facilitate the development and bundling of small, decentralised individual projects by citizens, communities or SMEs into larger and more bankable projects. As civil society is clearly coming up with many such initiatives, the EESC is keen to contribute to the development of an institutional framework and guidelines for EU-level assistance and active cooperation on those initiatives.

([17]) https://www.eesc.europa.eu/en/news-media/presentations/eus-response-covid-19-outbreak-and-need-unprecedented-solidarity-amongst-member-states.
([18]) http://documents.worldbank.org/curated/en/808771566321852359/pdf/Financing-Low-Carbon-Transitions-through-Carbon-Pricing-and-Green-Bonds.pdf.
([19]) https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en.

4. **Existing financial mechanisms, investment barriers for public and private finances and state aid**

4.1. The Paris Agreement requires financial flows to be made consistent with the necessary emissions reductions and climate-resilient development. In light of this and the goals of the EGD, the EESC calls for all existing EU financial mechanisms to be in line with the Paris Agreement or climate-proofed, as well as in line with the EGD goals and the Agenda 2030.

4.2. Considering existing financial mechanisms, the EESC has already adopted ([20]) the following recommendations:

— increasing to 40 % the share of the European Fund for Strategic Investments dedicated to combating climate change;

— the EU must show a level of ambition consistent with the challenge of combating climate change;

— an average of 40 % of its global budget (MFF 2021-2027) must be allocated to this objective, increasing the corresponding share of the European Cohesion Fund over and above the current 20 %.

4.3. There are several major barriers to appropriate levels of public and private financing of climate action at EU and Member State level, resulting in a rather low and inadequate level of funding for both mitigation and adaptation ([21]). We would like to stress three of them.

4.4. First, there are still large fossil fuel subsidies, both direct and indirect ones, recently estimated for the EU by the IMF ([22]) at USD 289 billion in 2015. The latter exist at national and EU level, causing massive environmental, social and economic (opportunity) costs that cancel out progress made in climate action. As these also lower the carbon price, the EESC believes that they need to be phased out as a matter of urgency, and the Member States' national and climate plans must present a clear timetable for that.

4.5. Second, with the fiscal policies of the EU's Member States typically being constrained by the Stability and Growth Pact and state aid rules preventing the state from playing a more important role in transformative policies, climate action financing remains limited. Current use of the general escape clause for the former ([23]) and a temporary framework for state aid rules ([24]) are exceptions that the Committee hopes will be used towards financing climate action to the maximum extent possible.

4.6. Third, there are obstacles to private sector financing, in particular for small and medium-sized enterprises and investment for research and innovation. The EESC believes that, in parallel to the EGD, the banking union and capital markets union should be finalised, with a particular focus on universal and simple access by SMEs to more diverse and substantial funding for the transition to climate-neutral technologies.

4.7. In addition, participation in the governance of key EU programmes is often limited and so it is impossible to reap the full benefits of genuine stakeholder participation: democratic participation and oversight, as well as directing public funds towards the most socially desirable uses. Broader participation of stakeholders from governments as well as civil society organisations, social partners, the academic sector and businesses, is therefore needed.

([20]) https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/european-finance-climate-pact-own-initiative-opinion.
([21]) EESC opinion on *Facilitating access to climate finance for non-state actors*, OJ C 110, 22.3.2019, p. 14.
([22]) https://www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509.
([23]) https://www.consilium.europa.eu/en/press/press-releases/2020/03/23/statement-of-eu-ministers-of-finance-on-the-stability-and-growth-pact-in-light-of-the-covid-19-crisis/.
([24]) https://ec.europa.eu/commission/presscorner/detail/en/IP_20_496.

4.8. EU carbon market prices are plummeting as a result of the economic shutdown caused by the COVID-19 crisis, underlining the need to strengthen the scheme to better resist similar shocks. Just before the crisis, the EU ETS price was EUR 25 per tonne, helping drive the coal phase-out. Due to the current price drop, the profitability of lignite plants has unfortunately already improved. The price drop also means reduced revenues to Member States from the auctioning of emission allowances. A lower carbon price means less exposure to the carbon price signal to incentivise emission reductions. This is especially important for large polluting industrial sectors (steel, chemicals, cement) and the aviation sector. The **EU ETS Market Stability Reserve (MSR)** has been absorbing excess allowances from the market since the beginning of 2019, which is the main reason for the EUR 25 price. It will continue to take out the surplus and cancel those permits later. However, the MSR was designed to handle past oversupply accumulated over the years. It is not fit for purpose to deal with current or future surpluses. The MSR will need to be strengthened ([25]) in the context of EU Climate Law implementation and the upcoming review of the EU carbon market rules.

4.9. The EESC supports a Commission proposal whereby the new EU budget that will apply from 2021-2027 should offer high cost-of-capital countries in Europe the option of developing renewable energy projects with the financial backing of an EU budget guarantee mechanism. Reducing the capital costs would lower the levelised costs of electricity for onshore wind parks in Greece ([26]) by 20 % in relation to a scenario without de-risking measures (from EUR 5,7 cents/kWh to EUR 4,6 cents/kWh).

4.10. The EESC believes that more comprehensible and transparent **state aid rules** would contribute to clarity for both state and non-state actors alike in terms of which policies and sectors should be financed, and how. Furthermore, the EESC calls for stricter evaluation of national state aid schemes when it comes to the balance between financing polluters and contributing to the transition to a low-carbon economy.

4.11. The EESC points out that, in order to exploit their full potential to shape the energy transition, the revised GBER and EEAG must ([27]) be drafted clearly, with examples of projects or operators (e.g. renewable energy communities) that Member States could choose to cover, and that civil society organisations active in the protection of the environment must be recognised as having the status of 'interested parties' under Article 1(h) of the Procedural Regulation ([28]), ([29]).

5. **Challenges of financing climate change adaptation**

5.1. The Paris Agreement on climate change calls for action on both the causes and consequences of climate change. The causes of climate change are to be addressed through a drastic reduction in greenhouse gas emissions (i.e. mitigation) and its consequences through an equal emphasis on investment in climate resilience (i.e. adaptation).

5.2. A recent study has indicated that the cost-benefit ratios of adaptation programmes such as early warning systems, making infrastructure resilient, improving dryland agriculture, or managing water resources, range from 5:1 to 10:1 ([30]). The same study suggests that adaptation could generate a triple dividend which consists of avoided losses due to climate change, economic benefits from the investment programmes and social and environmental benefits.

([25]) https://carbonmarketwatch.org/publications/avoiding-a-carbon-crash-how-to-phase-out-coal-and-strengthen-the-eu-ets/.
([26]) https://www.agora-energiewende.de/fileadmin2/Projekte/2019/De-risking_SEE/161_Unlocking_SEE_EN_WEB.pdf.
([27]) See also ClientEarth's contribution to the public consultation on the fitness check of the EEAG, July 2019 at https://www.documents.clientearth.org/library/download-info/clientearths-response-to-the-targeted-consultation-for-the-evaluation-of-the-guidelines-on-state-aid-for-environmental-protection-and-energy-2014-2020/.
([28]) Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (OJ L 248, 24.9.2015, p. 9).
([29]) See EESC opinion on 'A more constructive role for civil society in implementing environmental law' (OJ C 47, 11.2.2020, p. 50), point 2.1.13; and EESC opinion on 'EU actions to improve environmental compliance and governance' (OJ C 283, 10.8.2018, p. 83), points 3.5.8 and 3.5.9.
([30]) Global Commission on Adaptation, World Resources Institute, September 2019.

5.3. The EESC supports a strong mandate to develop a new EU adaptation strategy, and stresses the urgent need to develop a competent and credible decision-making process at EU and Member State levels in order to translate ‘equal emphasis’ of financing mitigation and adaptation into optimal distribution of available and future funds between those two priorities. Equally importantly, a debate on the development of innovative mobilisation of financial resources for adaptation is needed.

5.4. The EESC believes that adaptation action could significantly contribute to ensuring that transition and post-COVID-19 reconstruction are implemented in a more just manner. Communities and regions which are more than averagely affected by adverse climate change impacts should be assisted in responding to those impacts and perceived risks. This is especially true for communities and regions which have below average present and historical GHG emissions.

5.5. In order to ensure fair access to the financial resources mobilised for adaptation action, the EESC calls for technical and organisational assistance for affected regions to be provided, and for a dedicated **Just Adaptation Fund**, possibly at EU, Member State and regional levels, to be initiated.

5.6. While mitigation targets are clear (e.g. keep global average temperature increases below 1,5 °C, or reduce emissions by a certain amount relative to a base year), adaptation targets are tricky to set. However, they are necessary in order to achieve an efficient adaptation process. The EESC supports the establishment of vulnerability indexes (VIs) which will guide the adaptation strategy and set adaptation targets. VIs should be developed in three dimensions: geographical or regional vulnerability; sectoral or economic vulnerability; and social vulnerability.

6. **New finances for non-state actors in climate action**

6.1. Civil society organisations (CSOs), national, regional and local governments do not just need access to financial instruments: they also have to be active participants in the design and implementation of projects, initiatives and activities that contribute to reducing emissions and climate-proofing communities ([31]).

6.2. The EESC supports the European Solidarity Corps programme which ‘brings together young people to build a more inclusive society, supporting vulnerable people and responding to societal challenges’ ([32]). In the light of the climate emergency and the clear motivation of young people around the EU, the EESC proposes a significant increase in available funds, and the launch of a **European Climate Action Solidarity Corps** targeted sub-programme, which would enable all interested young people and hosting organisations to assist community initiatives throughout the EU for urgent climate action.

6.3. The EESC calls for a significant increase in available EU and Member State funding, especially for cooperation between local governments and organised civil society in developing community-based and community-owned low carbon energy and transport projects. The EESC notes that climate finance may be even more challenging during the COVID-19 recovery as availability of public and private sources is likely to decrease while demands for funding continue to increase.

6.4. The EESC overall view is that the EU must start investing in what makes our socioeconomic system resilient to crisis, by laying the foundation for a green, circular economy that is anchored in nature-based solutions and geared toward public well-being. Now is the time to usher in systemic economic change and the good news is that we have our blueprint: the combination of UN Agenda 2030 (17 SDGs) and the European Commission’s European Green Deal.

([31]) EESC opinion on ‘Facilitating access to climate finance for non-state actors’ (OJ C 110, 22.3.2019, p. 14) and study on the Toolbox for multi-stakeholder climate partnerships. A policy framework to stimulate bottom-up climate actions.

([32]) https://europa.eu/youth/solidarity_en.

7. **Global and geopolitical aspect**

7.1. The COVID-19 crisis reminds us of electricity's indispensable role in our lives and highlights the critical value of electricity infrastructure and know-how. The crisis provides insights into how this role is set to expand and evolve in the future. How can Clean Energy Transitions help kick-start economies? They can set an ambitious agenda for job creation and climate change goals: for example, modernising energy systems can contribute to job creation and economic growth while also protecting the climate. Governments directly or indirectly drive more than 70 % of global energy investments. At this time of crisis, their actions matter more than ever. Policy settings can actively steer energy-related investments onto a more sustainable path. Stimulus programmes in energy industries should be prioritised to support existing workforces, create new jobs and drive reductions in emissions.

7.2. Global Oil Markets are facing an unprecedented situation; could there be a rush — or delay — to renewables? Generally low (negative) oil prices make green energy less competitive, but for oil exporters the bargain-basement price means there is a greater economic incentive to invest in renewables, while investors could then interpret this move as a sign that oil margins will be low, and so put more of their capital into green resources.

7.3. The EESC believes that the EGD should safeguard the international competitiveness of the EU and especially of SMEs which are facing increased competition from emerging economies, against the transition risks associated with policies geared towards the desired objective of carbon neutrality, but which may have undesirable side effects in terms of international competitiveness.

7.4. Clearly, the implementation of the EGD will jeopardise the interests of fossil fuel importers to the EU, at both company and state level. The EESC believes that the EU must urgently develop resilience to possible escalation of all non-EU, interest-based efforts to slow down the implementation of the EGD, and develop stronger mechanisms to identify and respond to existing ones.

7.5. The EESC calls for the Paris Agreement to be made an essential clause in all future EU trade agreements, and for active EU climate diplomacy that seeks to tackle climate change and its consequences globally and adapt to it, in cooperation with the EU Member States. The EU should address issues related to increasing insurance costs due to the increasing physical risks of climate change, the implementation of Article 6 of the Paris Agreement and the attainment of a world carbon price through linked carbon markets at global level.

7.6. The EESC supports the proposals for a carbon border adjustment mechanism and calls for measures eliminating barriers to energy-efficient and low GHG emission products and promoting investments in renewable energy in trade agreements.

Brussels, 11 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

552ND EESC PLENARY SESSION (+ INTERACTIO VIDEOCONFERENCE), 10.6.2020-11.6.2020

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — The annual Union work programme for European standardisation for 2020’

(COM(2019) 486 final)

(2020/C 311/05)

Rapporteur: **Gerardo LARGHI**

Co-rapporteur: **Elżbieta SZADZIŃSKA**

Consultation	European Commission, 19.12.2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	2.3.2020
Adopted at plenary	10/.6.2020
Plenary session No	552
Outcome of vote	206/0/7
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. The Committee agrees with the Commission that standardisation is crucial to the strategy for the single market and that it should be constantly updated.

1.2. The EESC considers that there is an urgent need to modernise the European standardisation system to meet global challenges with an innovative process of cooperation, with a view to the timely development of standards in a fast-changing technological climate.

1.3. In the EESC’s view, the new modular approach based on cross-cutting demands (such as respect for the environment, the Green Deal or the circular economy) requires a cross-sectoral approach.

1.4. The EESC notes that the annual work programme for 2020 sets out new objectives beyond developing and taking on board previously identified priorities.

1.5. According to the EESC, the standardisation process must begin from the research and development stage, with the support of industry, representatives of SMEs and the social economy, consumers, the social partners, environmentalists and civil society stakeholders.

1.6. For the EESC, it is important to put together a multiannual financial framework in order to implement the planned actions, providing financial and organisational support for the inclusive participation of organisations and representative bodies that are weaker and less well-equipped.

1.7. The Committee agrees on the importance of AI for the single market, and considers that the current rules on safety and security should be updated. More specifically, standardisation in the field of technological safety should incorporate the 2019 *Ethics Guidelines for Trustworthy AI* in favour of human-centric AI.

1.8. The Committee calls for minimum environmental criteria to be made mandatory in public procurement, and for the use of secondary raw materials to be included among the criteria to be encouraged.

1.9. The EESC welcomes the possibility of a new standardisation request on the internet of things, and rules on cybersecurity, security, privacy and connectivity.

1.10. The Committee hopes that the 'European Electronic Health Record exchange format' will ensure the security of the relevant IT systems and networks by developing leading-edge standards.

1.11. The EESC notes that potential vehicle system malfunctions, data security, cyberattacks, communication and ethical issues require specific standards to be drafted.

1.12. The EESC welcomes the Commission's request to develop or revise harmonised standards in key sectors such as environmental protection, social inclusion and the single market for goods. It supports the proposal to prepare standards for the recycling and reuse of plastic fishing gear, the safety of pyrotechnic articles, the migration limits of restricted chemical substances used in consumer articles, the energy performance of electric motors and domestic appliances, fertilisers and construction. The decision to invest resources in harmonising technologies in the field of steel production is of particular importance.

1.13. The Committee advocates an inclusive approach to standardisation that includes objectives on employability, social rights, and respect for biodiversity and the environment. The EESC believes that this would facilitate the transition from compliance to compatibility and make a positive contribution to the competitiveness of the European system.

1.14. The EESC considers that the old practice of planned product obsolescence should be eliminated by legislation and standardisation.

1.15. The Committee supports the preparation of standards enabling people with disabilities and the digitally illiterate to have better access to products and services in the single market.

1.16. The Committee wishes to voice its support for the political dialogue with the international standardisation bodies and for the bilateral negotiations with non-EU countries.

1.17. The Committee welcomes the measures taken by the Commission to support stakeholder involvement in standardisation work.

1.18. The EESC calls on all of the relevant stakeholders to set up an ad hoc forum on the inclusiveness of the European standardisation system, tasked with holding an annual public hearing to assess progress in this area.

1.19. The Committee agrees with the Commission on devising an action plan for standardisation in the defence and space sectors, and on developing standards in the circular economy and in the social economy sector.

1.20. The EESC calls for European standards to be drawn up in language that is readily understandable by final users, such as SMEs and consumers.

2. **European Commission proposals**

2.1. In line with Regulation (EU) No 1025/2012, the Commission has published a communication setting out the annual European Union work programme for European standardisation for 2020, which outlines the actions that the Commission intends to initiate during 2020 to improve the governance, inclusiveness and international impact of the European standardisation system (ESS).

2.2. Strategic priorities for European standardisation in support of EU legislation and policies:

— action in support of recycling and reuse of plastic fishing gear [1];

— action in support of eco-design requirements to support the implementing legal acts [2] related to the specific product categories;

— action in support of pyrotechnic articles and the latest developments in the sector's technology [3];

— action in support of the design, manufacturing, the installation, use and performance verification of radionuclide calibrators [4];

— action in support of equipment and protective systems intended for use in potentially explosive atmospheres in order to reflect the technological updates [5];

— action in support of fertilisers [6];

— action in support of the development of migration limits of the restricted substances (polycyclic aromatic hydrocarbons) in rubber and plastic material used in consumer articles [7];

— action in support of the technical language of construction products [8];

— action in support of accreditation and conformity assessment [9];

— action in support of compliance with the accessibility requirements for products and services [10];

— action in support of artificial intelligence [11], internet of things (IoT), and cybersecurity [12];

— action in support of the exchange of European electronic health records;

— action in support of interoperability of cooperative systems spanning all vehicle classes;

— action in support of digitisation, automation and cybersecurity that is crucial for the rail sector [13];

— Action in support of the defence industrial development programme (EDIDP) [14].

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(1) See actions and measures related to fishing gear in the European Strategy for Plastics in a Circular Economy (COM(2018) 28 final) and action 13 in the annex to this Communication.
(2) See details in actions 1 to 3 in the annex to this Communication.
(3) See action 7 in the annex to this Communication.
(4) See action 8 in the annex to this Communication.
(5) See action 6 in the annex to this Communication.
(6) See action 5 in the annex to this Communication.
(7) See action 4 in the annex to this Communication.
(8) See action 9 in the annex to this Communication.
(9) See action 11 in the annex to this Communication.
(10) See action 12 in the annex to this Communication.
(11) COM(2018) 237 final.
(12) COM(2017) 477 final.
(13) See action 10 in the annex to this Communication.
(14) Regulation (EU) 2018/1092.

2.2.1. In addition, the Commission will:

— continue to work with international standardisation bodies;

— cooperate on standards as a priority in trade agreements (with China, Singapore, Australia, New Zealand, Indonesia and Mercosur etc.) to increase trade and to boost European competitiveness, jobs, and growth;

— continue to support the governance process through all relevant means available to it, namely through the Committee on Standards (CoS), the Multi-Stakeholder Platform (MSP) on ICT standardisation and the structural dialogues with the European standardisation organisations;

— continue to support the involvement of stakeholders representing SMEs, consumers, environmental interests and trade unions in the standardisation process (referred to as the Annex III ([15]) organisations ([16]));

— assess the impact of the 'Single Market Programme' ([17]) through mid-term and final evaluations and through continuous monitoring of a set of high-level key performance indicators;

— launch a study in 2019 on the functions and effects of European standards and standardisation in the EU.

3. **General comments**

3.1. The Committee agrees with the Commission that standardisation is crucial to the strategy for the single market.

3.2. The EESC considers that technical rules on safety and security and the relevant legislation should be constantly updated, in particular in the light of the risks that leading-edge technologies may pose.

3.3. The EESC considers that, together with the compliance request that includes the concept of compliance with standards and performance (efficiency, durability, etc.), the focus should be on a modular approach based on cross-cutting demands (such as respect for the environment, the Green Deal or the circular economy). The Commission has therefore rightly updated its approach, as can be seen in the Green Deal and in its overall work programme for 2020.

3.4. The EESC agrees — once again ([18]) — that there is an urgent need to effectively and efficiently modernise the European standardisation system. It considers a new common vision and practical actions, though still on a voluntary basis, as indispensable if we are to meet the global challenges of standardisation with an innovative process of cooperation, based on consensus on the timely development of standards in a fast changing technological climate.

3.5. The EESC notes that the annual work programme for 2020 sets out new objectives beyond developing and taking on board previously identified priorities, the purpose being to bring the European standardisation system into line with a constantly-changing international scene and with the challenges of the global market.

3.6. According to the EESC, the standardisation process must begin from the research and development stage, by means of co-standardisation and pre-standardisation measures and by strengthening the mechanisms for transferring European standards to the international level, but only with the support of industry, representatives of SMEs and the social economy, consumers, the social partners, environmentalists and civil society stakeholders.

([15]) Annex III of the European Standardisation Regulation (EU) No 1025/2012.
([16]) Small Business Standards (SBS), the European consumer voice in standardisation (ANEC), the European Trade Union Confederation (ETUC) and the European Environmental Citizens' Organisation for Standardisation (ECOS).
([17]) COM(2018) 441 final.
([18]) OJ C 376, 22.12.2011, p. 69.

3.7. The EESC calls on all of the partners to set about swiftly and effectively coordinating the different European planning, drafting and monitoring systems.

3.8. It is important to put together a suitable multiannual financial framework in order to implement the planned actions [19], providing financial and organisational support for the inclusive participation of organisations and representative bodies that are weaker and less equipped through initiatives in the areas of developing technical and regulatory standards, 'awareness, education and understanding', 'European' inclusiveness and 'the international dimension'.

3.9. The Committee supports the development of standards in the circular economy, with a view to making a decisive contribution to sustainable production and, consequently, to the conservation of natural resources [20] and the full preservation of biodiversity.

3.10. The Committee also calls for the development of standards in the social economy sector, with the aim of disseminating best practice and consolidating the social and economic potential of such a significant sector of our economy.

3.11. The Committee calls for minimum environmental criteria to be made mandatory in public procurement, and for the use of secondary raw materials to be included among the criteria to be encouraged.

3.12. The EESC agrees with the importance of AI for the single market and considers that the current rules and legislation on safety and security should be updated in response to the new risks posed by AI, incorporating the 2019 *Ethics Guidelines for Trustworthy AI* in favour of human-centric AI.

3.13. The EESC welcomes the possibility of a new standardisation request on the internet of things and cybersecurity in order to protect security, privacy and connectivity.

3.14. The Committee hopes that the 'European Electronic Health Record exchange format' will ensure the security of the relevant IT systems and networks by developing leading-edge standards.

3.15. Self-driving vehicles also figure among high-risk products and require specific standards to be drawn up.

3.16. The EESC welcomes the Commission's request, in line with the choice to back a New Green Deal, to develop or revise harmonised standards in key sectors such as the single market, steel production technologies, the defence and space technology sectors, environmental protection and social inclusion. The Committee supports the proposal to prepare standards for the recycling and reuse of plastic fishing gear; the safety of pyrotechnic articles; the migration limits of restricted chemical substances used in consumer articles; the energy performance of electric motors and domestic appliances, fertilisers and construction.

3.17. The EESC points out that planned product obsolescence costs consumers some EUR 100 billion every year; this practice should be prohibited by law and in any case eliminated by standardisation.

3.18. The Committee supports the preparation of standards enabling people with disabilities to have better access to products and services in the single market. The Committee emphasises that specific standardisation for people with disabilities should also extend to standards concerning employment and social inclusion.

3.19. The Committee wishes to voice its support for the political dialogue with the international standardisation bodies and for the bilateral negotiations with non-EU countries.

([19]) See Annex 1 to the JIS under the Single Market Strategy, 13.6.2016, Amsterdam, available at https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3211-EN-F1-1-ANNEX-1.PDF

([20]) OJ C 264, 20.7.2016, p. 98; OJ C 367, 10.10.2018, p. 97; OJ C 283, 10.8.2018, p. 61 and OJ C 62, 15.2.2019, p. 207..

3.20. The Committee reiterates its call to monitor the efforts of key standardisation players, which are aimed at involving the broadest possible range of stakeholders in the European standardisation system. More specifically, the EESC proposes that all measures to disseminate, coordinate and increase knowledge of the issue of standards be encouraged. This could include setting up an ad hoc forum on the inclusiveness of the European standardisation system, in which progress in this area could be assessed annually.

3.21. The Committee would draw the Commission's attention to the impacts that choices regarding standardisation may have on social life, on issues such as mobility, as made clear during discussions between the Commission and stakeholders. It therefore calls for dialogue on this sensitive aspect to be maintained, and for joint work with all the European bodies and stakeholders to continue.

3.22. The Committee calls for awareness of the potential impact of the accessibility of standards on segments of the population who are less open to novelties, such as some elderly people and the digitally illiterate, as well as of the economic implications of this state of affairs for SMEs.

4. **Specific comments**

4.1. With regard to 'Eco-design' ([21]), it is important to develop appropriate recommendations rapidly defining technical requirements and providing initial voluntary guidelines on new matters, not yet consolidated by technical standards.

4.2. The Commission has issued a series of regulations ([22]) in relation to the 2016-2019 Work Plan ([23]) on ecodesign and energy labelling ([24]). More than 40 standardisation mandate procedures are under way for all these products.

4.3. The Commission has issued a recommendation ([25]) laying down guidelines for industry in seeking voluntary agreements as an alternative to or in support of regulation and providing review clauses. In the course of review, it is important to ensure that aspects concerning the circular economy, resource efficiency, repairability, recyclability and durability are included.

4.4. **Inclusiveness.** The EESC once again stresses the importance of 'facilitating access to the standardisation process for SMEs and societal stakeholders …' and 'close monitoring of the efforts of the key standardisation players, in order to increase the inclusiveness of the ESS' [European standardisation system] ([26]). The EESC considers that the event held at the Committee's premises on 5 November 2019 on the Inclusiveness of the European Standardisation System could be seen as an example of cooperation and constructive dialogue between the European institutions and stakeholders.

4.5. **Global support for European standards.** Greater impact, representation capacity, competence and coherence are needed, particularly in the ISO/IEC/ITU and especially for small businesses, consumers and the environment, and in multilateral frameworks and free trade agreements.

4.5.1. In keeping with the Committee's approach to the circular economy, the EESC considers that opting for the harmonisation of mobility policies is a major step towards sustainable mobility for Europe ([27]).

4.6. The EESC considers that the question of the speed of response to the standardisation needs of the European production system is crucial. It is important in this regard to continue efforts to make up for the structural delay that has built up concerning new working methods.

([21]) Points 1-3 of the annex to COM(2009) 486 final, as set out in Directive 2005/32/EC.
([22]) Commission Delegated Regulations (EU) 2019/2013, (EU) 2019/2014, (EU) 2019/2015, (EU) 2019/2016, (EU) 2019/2017, (EU) 2019/2018, (EU) 2019/2019, (EU) 2019/2020, (EU) 2019/2021, (EU) 2019/2022, (EU) 2019/2023 and (EU) 2019/2024 (OJ L 315, 5.12.2019).
([23]) COM(2016) 773 final.
([24]) In application of Directive 2009/125/EC.
([25]) C(2016) 7770.
([26]) OJ C 303, 19.8.2016, p. 81.
([27]) OJ C 62, 15.2.2019, p. 254.

4.7. The Committee agrees with the strategic areas identified by the Commission: artificial intelligence; the internet of things; blockchains; cybersecurity, particularly for critical infrastructure such as communication and transport networks; accessibility; and helping to build secure digital exchange systems in the health sector at European level (e-Health).

4.8. The EESC emphasises, as it has previously done on several occasions, the urgent need for ongoing negotiations with international competitors. The conclusion of the trade agreement with Japan and the planned continuation of discussions with the USA and China, and the Free Trade Agreements with Australia, New Zealand, Indonesia and the Mercosur countries must be key aspects of the Commission's work in 2020 and in the coming years.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'Proposal for a Directive of the European Parliament and of the Council on control of the acquisition and possession of weapons (codification)'

(COM(2020) 48 final — 2020/0029 (COD))

(2020/C 311/06)

Referral	European Parliament, 9.3.2020
	Council, 27.2.2020
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	210/0/4
(for/against/abstentions)	

Since the Committee endorses the content of the proposal and has already set out its views on the subject in its earlier opinions CES 1166/1987 [1], CESE 1157/2006 [2] and CESE 6789/2015 [3], it decided, at its 552nd plenary session of 10 and 11 June 2020 (meeting of 10 June), by 210 votes with 4 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the above-mentioned documents.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

(1) OJ C 35, 8.2.1988, p. 5.
(2) OJ C 318, 23.12.2006, p. 83.
(3) OJ C 264, 20.7.2016, p. 77.

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1628 as regards its transitional provisions in order to address the impact of the COVID-19 crisis'

(COM(2020) 233 final — 2020/0113 (COD))

(2020/C 311/07)

Rapporteur: **Gerardo LARGHI**

Consultation	Council of the European Union, 8.6.2020
	European Parliament, 17.6.2020
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Bureau decision	9.6.2020
Adopted at plenary	11.6.2020
Plenary session No	552
Outcome of vote	226/0/2
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. The EESC welcomes the proposal for a regulation, which it deems to be an appropriate and proportionate reaction to the consequences of the COVID-19 crisis.

1.2. The proposal fulfils the dual objective of ensuring the proper functioning of the internal market while providing for a high level of public safety and environmental protection.

2. **Gist of the Commission proposal**

2.1. Regulation (EU) 2016/1628 of the European Parliament and of the Council [1] sets out new emissions limits ('Stage V'), which are designed to reduce the emissions of air pollutants from engines for non-road mobile machinery (NRMM), and provides some lead time to make this transition.

2.2. The COVID-19 pandemic has been causing major disruption of the supply chain, with an impact on the ability of NRMM manufacturers to meet some of the deadlines imposed by the regulation.

2.3. The proposal aims to postpone by 12 months the dates for producing and marketing NRMM and tractors fitted with transition engines, thereby helping manufacturers to face a disruption that could not have been foreseen.

3. **General comments**

3.1. The EESC reiterates its belief that reducing harmful emissions of carbon monoxide, nitrogen oxides, hydrocarbons and particulates from engines intended for agricultural and forestry tractors is a vital step towards achieving the EU's air quality targets.

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(1) Regulation (EU) 2016/1628 of the European Parliament and of the Council of 14 September 2016 on requirements relating to gaseous and particulate pollutant emission limits and type-approval for internal combustion engines for non-road mobile machinery, amending Regulations (EU) No 1024/2012 and (EU) No 167/2013, and amending and repealing Directive 97/68/EC (OJ L 252, 16.9.2016, p. 53); EESC Opinion (OJ C 251, 31.7.2015, p. 31).

3.2. In its opinion [2] on Regulation (EU) 2016/1628, the EESC recommended rapid approval of the new regulation in view of the strong public health concerns about nanoparticles resulting from combustion processes and the high level of protection that can be achieved by implementing the proposed Stage V for NRMM engines.

3.3. The EESC is nevertheless well aware that the COVID-19 crisis has created extraordinary circumstances which have an impact on various areas. The crisis has caused complete interruptions in the supply of parts and components, leaving manufacturers with stocks of engines and unfinished products.

3.4. As a consequence, many engine and machinery manufacturers will not be able to meet the deadlines set out by the regulation without suffering serious economic damage.

3.5. In addition, the EESC is fully aware that the crisis was not, and could not have been, foreseen.

3.6. The EESC therefore supports the extension of one year provided by the proposal, which in its view is a reasonable and proportionate measure aimed at guaranteeing the smooth functioning of the internal market as well as a high level of public safety and environmental protection.

Brussels, 11 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

(2) OJ C 251, 31.7.2015, p. 31.

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund'

(COM(2020) 22 final — 2020/0006 (COD))

and on 'Amended proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument'

(COM(2020) 23 final — 2018/0196 (COD))

(2020/C 311/08)

Rapporteur: **Ester VITALE**

Co-rapporteur: **Petr ZAHRADNÍK**

Consultation	Council of the European Union, 23.1.2020
	European Parliament, 29.1.2020
Legal basis	Articles 175(3) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	13.5.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of the vote (for/against/abstentions)	210/1/5

1. **Conclusions and recommendations**

1.1. The EESC is deeply convinced that the Just Transition Fund (JTF) represents the first tangible instrument to contribute to the very ambitious target of carbon neutrality by 2050, and is compatible with the European Green Deal.

1.2. The EESC is concerned that the investment envisaged for the just transition does not live up to the European Commission's ambitious Green Deal, and believes that additional resources should be found by increasing the Multiannual Financial Framework, either by introducing new own resources or by increasing the contribution from the Member States. The EU must show a level of ambition that will match the challenge of the fight against climate change; an average 40 % of its global budget (MFF 2021-2027) must be allocated to this objective.

1.3. The EESC recommends more precisely specifying the JTF financial framework, as only EUR 30 billion is guaranteed, according to the proposal, and the rest is based on a voluntary decision made by the Member States. The EESC is not convinced that the financial framework is based on a conservative approach and preconditions.

1.4. The EESC is aware that the success of the JTF (and the whole Sustainable Europe Investment Plan) is dependent on a new partnership between the private and public sectors in terms of funding as well as shared responsibilities. A new pact is needed between the public and private sectors including all the actors in the economic, social and environmental fields, defining the funding and the shared responsibilities. As the financial need of the European Green Deal is enormous and the common EU budgetary sources quite limited, the role of the private sector will be substantial. NGOs should be instrumental in guiding the use of the JTF in a way that fully includes all groups in society, and that goes hand in hand with improving accessibility for persons with disabilities and older people.

1.5. The EESC shares the holistic approach that takes into account the economic, social, industrial and technological dimension of the transformation process towards a neutral economy, with the involvement of local actors, social partners and NGOs. The social partners should be involved in developing and implementing policies and strategies for a just transition. Trade unions should be present at all stages of the just transition process in order to protect the interests of workers at different levels.

1.6. The EESC hopes that the dialogue between the European Commission and the Member States related to the European semester will see the active and real involvement of the social partners and NGOs.

1.7. The EESC welcomes the fact that the territorial plans and any dedicated programmes are to be followed up by monitoring committees with the same rules as those set out in the Regulation laying down common provisions on the European Structural and Investment Funds.

1.8. The EESC recommends that the territorial plans and any dedicated JTF programmes see the full and real involvement of the social partners and NGOs.

1.9. The EESC warmly welcomes the flexibility in the State aid rules and expected implied consequences, which should also reflect the importance of the Green Deal particularly in the coal- and carbon-intensive Member States and regions. State aid, especially green State aids, should assist the transition towards a greener and more inclusive economy, with continued and more ambitious allowance made for the use of State aid to promote employment among those often cut off from the open labour market, such as persons with disabilities.

1.10. As sustainable development and climate action have a positive impact on public expenditure and eliminate a number of negative externalities (health, clean-up, reconstruction, etc.) public investment in environmental protection and climate change must be excluded from the constraints of the Stability Pact. It is now more important than ever in view of this unprecedented crisis. COVID-19 can have a major impact on EU citizens, their health and the economy in general.

1.11. At the present time, the COVID-19 pandemic represents the first priority; it is eroding our social and economic life, and also influencing current and future EU fiscal policy. In parallel, it is creating an unprecedented uncertainty that could consequently lead to a robust change in the orientation and allocation of the EU budget. The most recent Commission documents propose and recommend allocating the remaining part of the 2014-2020 available EU budgetary resources predominantly to mitigating the consequences of the pandemic. The EESC will respect any necessary reasonable change in the next MFF negotiations that could help to resolve the fatal situation.

1.12. ‘The EESC supports the EC proposal ‘Next Generation EU’ to strengthen the transition mechanism in response to the crisis and its new proposal for the next long-term EU budget.

1.13. The EESC welcomes the possibility for Member States to put in place a dedicated JTF programme. The EESC respects and supports the important role of the regions in the process of programming, governance and implementation of the JTF according to the subsidiarity principle. Additionally, the EESC recommends taking into account the different levels of preparedness in Member States and regions for the transition to carbon neutrality, and also the different potential for the production of clean energy within the EU. The different attitudes of citizens in Member States and regions towards actively contributing to climate protection also have to be taken into account.

1.14. The EESC would very much appreciate publication of a list of sustainable projects, with a view to sharing best practices. The support provided by particular managing authorities should also be made public, so as to contribute to investment-friendly conditions. This will increase transparency and avoid the risk of uneven information.

1.15. The EESC points to the need to ensure complementarity between the measures financed by the JTF and those co-financed by InvestEU under Pillar 2 and by the public sector loan facility under Pillar 3 of the Just Transition Mechanism.

1.16. The EESC warns that the right balance needs to be struck between economic restructuring measures and measures ensuring the protection and retraining of workers affected by the transition processes.

1.17. The education and training system is the key to supporting transition processes. The EESC recommends increasing resources for cohesion policy to strengthen and relaunch the secondary and university education system through targeted and current-needs-oriented technological and scientific guidelines.

1.18. The EESC would like to see a substantial portion of the JTF resources devoted to generating the investments needed to support the workers' transition from one occupation to another. A balance should however be ensured between investing in retraining workers moving to new forms of greener employment, and preparing those in the affected communities who are newly entering the labour market with the skills required for the emerging forms of work. Particular emphasis should be placed on supporting the employment of those furthest away from the labour market such as young people and persons with disabilities.

2. **Background**

2.1. The European Commission has presented its long-term strategic vision for delivering a prosperous, modern, competitive and climate-neutral economy by 2050. As indicated in the communication on the European Green Deal, the Commission proposes a mechanism for a fair transition in order to integrate the legislative and budgetary proposals already submitted for 2021-2027. A EUR 100 billion package for the whole Just Transition Mechanism is to be distributed between 2021 and 2027 to support and facilitate the conversion of activities that cause harmful emissions, the reduction in consumption of fossil coal, the promotion of energy efficiency and the transition to least polluting technologies in all production sectors. The Fund will initially be provided with EUR 7,5 billion, which, thanks to national co-financing, the financial arm InvestEU and the European Investment Bank, will bring the expected total to EUR 100 billion.

2.2. The mechanism for a just transition includes three pillars:

— a Just Transition Fund (JTF) implemented under cohesion policy. The Fund is established by a specific regulation, which defines its specific objective, its geographical coverage, the methodology for allocating financial resources and the content of the territorial plans for a just transition required to support programming. The Fund will mainly grant subsidies to regions to support workers — helping them, for example, to acquire skills and competences that can be used in the labour market of the future — SMEs, start-ups and incubators working to create new economic opportunities in these regions. It will also support investment in the transition to clean energy, including in energy efficiency,

— a specific scheme under InvestEU covering energy and transport infrastructure projects including gas infrastructure and district heating and decarbonisation projects,

— a public sector lending tool, implemented by the EIB to provide financial resources to local authorities for the regions concerned. The EU budget could be supplemented by an interest allowance or an investment subsidy combined with loans granted by the EIB.

2.3. Additional public and private resources will be released and sectoral State aid rules are envisaged to facilitate the use of national funds for projects consistent with the objectives of the fair transition.

2.4. Advice and technical assistance to the regions will be an integral part of the mechanism for the just transition.

2.5. The JTF will be subject to a shared management regime and will be available to all Member States. The allocations will take into account the challenges of the transition faced by the regions with the highest carbon emissions and the social challenges caused by potential job losses.

2.6. The Member States will integrate the allocation of the JTF allocated to them with the resources that come from the ERDF and the ESF+. These transfers will be at least one and a half times and a maximum of three times the JTF allocation. However, each Member State should use no more than 20 % of the initial allocations under ERDF and ESF and is required to give justification for these additional resources. Member States will also contribute their own resources.

2.7. The planning process and the identification of territories will be agreed between the Commission and each Member State and will be guided by the European semester process. Member States are invited to submit their territorial plans by defining the transition process until 2030. In this, they will take care to define, for each territory, the social and environmental economic challenges, the needs in terms of professional retraining and environmental rehabilitation. The Fund will tend to focus support on territories corresponding to NUTS 3 level regions.

2.8. The approval of the territorial plans will enable support under JTF and will set in motion the mechanisms for the use of InvestEU and the EIB. The programmes thus supported will be subject to an interim review in the same way as for all cohesion policy programmes.

2.9. The JTF will complement the cohesion policy funds. So the proposal for a regulation containing the common provisions applicable to the ERDF, to the ESF+, to the Cohesion Fund, to the European Maritime and Fisheries Fund, to the Asylum and Migration Fund, to the Internal Security Fund and to the Border Management and Visa Instrument needs to be changed in order to integrate the JTF as a new cohesion policy fund.

3. **General comments**

3.1. The EESC endorses the EU's long-term greenhouse gas emission reduction strategy and its aim of making the European Union a climate-neutral economy by 2050. The EESC agrees that the green target represents one of the key priorities of the future cohesion policy, with an allocation for this purpose of at least 30 % of the European Regional Development Fund and 37 % of the Cohesion Fund. However, the EESC expresses concern that the investment planned for the just transition does not correspond to the European Commission's ambitious Green Deal. The funding proposed for 10 years is what would be needed each year to achieve climate neutrality by 2050 fairly. The EESC believes that the MFF's estimated expenditure should be increased. If the ambitious goals set out in the Green Deal are indeed to be met, the EU's budget needs to be increased, either by introducing new own resources or by increasing the contribution from the Member States.

3.2. The EESC appreciates the effort to adjust the EU's MFF 2021-2027 to climate needs and challenges by means of the JTF and, more broadly, through the whole Sustainable Europe Investment Plan, of which the JTF is the most substantial part. While the JTF is the first tangible step to tackle the issue from the financial and investment points of view, the EESC is aware of and underlines the need to also implement in practice the other tasks in the European Green Deal agreement. Without that, the efficiency of the JTF would be limited.

3.3. As already highlighted in previous opinions ([1]), the EESC agrees that targeted funding, through the Just Transition Mechanism (JTM), should be provided in the context of cohesion policy. However, funding should come from suitable ad hoc appropriations, avoiding further reductions in the availability of cohesion policy funds.

3.4. Also, in the case of ESF+, an obligatory transfer could cause unintended conflicts of interest. For example, questions such as supporting persons at risk of poverty or industrial workers, who are threatened with losing their jobs, could arise. Such conflicts of interest could have a negative impact on the acceptance of climate policy as a whole. In any case, the widening of the scope of the ESF+ has to go hand in hand with an increase in resources.

3.5. As sustainable development and climate action have a positive impact on public expenditure and eliminate a number of negative externalities (health, clean-up, reconstruction, etc.) public investment in environmental protection and climate change must be excluded from the constraints of the Stability Pact. It is now more important than ever in view of this unprecedented crisis. COVID-19 may have a major impact on EU citizens, their health and the economy in general.

([1]) See EESC opinion on the *Common Provisions Regulation 2021-2027* (OJ C 62, 15.2.2019, p. 83).

3.6. The EESC is convinced that there are many common interests and targets between the set of solutions to the pandemic crisis and the Green Deal challenges. However, it seems appropriate to redefine the delivery of some Green Deal targets especially regarding their timing. Some kind of flexibility (comparable with that for the fiscal and State aid rules) is highly recommended.

3.7. Major investments in the fight against climate change and the ecological transition cannot be envisaged if the deficit constraints remain. Obviously, this does not imply abandoning the usual requirement to stabilise public finances, but it does mean choosing between two alternatives: either we really want to reverse the process of global warming and then we have to find huge sums to invest, or we just want to introduce some corrective measures to keep consciences and public finances in good order.

3.8. The EESC believes that, in order to make the transition economically more robust and politically more credible, action should be taken as soon as possible to scrap the system of direct and indirect subsidies to the fossil fuel sector, which is responsible for enormous environmental, social and economic costs that could wipe out progress made in climate action.

3.9. By phasing out the subsidising of fossil energy and boosting an emerging sector like renewables and by creating a level playing field, renewables benefit consumers in terms of affordability, economic prosperity, and climate sustainability.

3.10. The JTM represents a balanced symbiosis between subsidies and financial instruments, a shared and centrally managed approach. A new pact is needed between the public and private sectors including all the actors in the economic, social and environmental fields, defining the funding and the shared responsibilities. It will however require new management and governance abilities for its successful utilisation. The EESC welcomes the fact that the European Commission will assist public authorities and promoters of sustainable projects during all stages of such projects, from planning to implementation.

3.11. For this concept to be successful, it is fundamentally important to motivate private capital to enter the system. It will be necessary to build a new partnership between the private and public sectors on a win-win principle.

3.12. The EESC shares the holistic approach that takes into account the economic, social, industrial and technological dimension of the transformation process towards a neutral economy, with the involvement of local actors, social partners and NGOs. Sustainable development should be addressed in all policy areas in a consistent way, aiming at a shared model across the Member States. The EESC recommends ensuring that all stakeholders do indeed participate at all levels, and that the repercussions on employment brought about by the change in the economic model are tackled and managed by means of social dialogue linking the national and European levels.

3.13. The EESC believes that the transformation process towards a carbon-neutral economy is also dependent on investment in accessible and sustainable public transport systems and built environments. Jointly with the ERDF, the JTF should be used to promote carbon neutrality through investment in these areas in a way that ensures they can be used by all members of society, and are accessible to persons with disabilities and older people.

3.14. The EESC believes that a socially just transition is essential to win the support and confidence of workers, businesses and civil society and to bring about the major economic changes needed to save the planet from climate change. The end of the fossil fuels era in Europe must be accompanied by the necessary investments to ensure the protection of its workers, the creation of new jobs and support for local development. Transition processes must be negotiated with the social partners and civil society organisations and related to transparency and effective communication policies.

3.15. The EESC warns that the right balance needs to be struck between economic restructuring measures and measures ensuring the protection and retraining of workers affected by the transition processes. A balance should also be ensured between investing in retraining workers moving to new forms of greener employment, and preparing those in the affected communities who are newly entering the labour market with the skills required for the emerging forms of work. Particular emphasis should be placed on supporting the employment of those furthest away from the labour market such as young people and persons with disabilities.

3.16. The EESC appreciates the fact that the JTF is targeting solutions to the consequences connected with the rundown of the coal-mining industry and to the need to support heavy manufacturing sectors to enable them to maintain their activities in a sustainable way, as well as to the need to deal with the relevant social impacts, but notes that it must not limit itself to financing the decarbonisation processes. The EESC would like to see a portion of the JTF resources devoted to generating the investments that the workers and communities affected by the value chain of decarbonisation processes need in order to support the transition from one occupation to another.

3.17. The education and training system is the key to supporting transition processes. The EESC recommends increasing resources to strengthen and relaunch the secondary and university education system through targeted and current-needs-oriented technological and scientific guidelines, deploying all available resources under the cohesion policy.

3.18. The EESC supports the decision to promote and support innovative and sustainable patents and start-ups. Support for companies that are engaged in responsible and sustainable business and that develop ecological solutions for the well-being of the community must be rewarded.

3.19. The programming of the JTF resources will be closely linked to the framework of the European semester, as already laid down in the rules for the cohesion policy funds for 2021-2027. The EESC is confident that, in addition to the monitoring envisaged under the rules of cohesion policy, the EU's economic governance framework will be used to monitor the implementation of the JTF in the Member States through the annual structured dialogue between the Member States and the European Commission. To this end, the EESC hopes that this dialogue between the European Commission and the Member States will see the active and real involvement of the social partners and NGOs.

3.20. The EESC welcomes the fact that the JTF is to be programmed by means of one or more territorial just transition plans, providing an outline of the transition process until 2030, consistent with the National Energy and Climate Plans and the transition to a climate-neutral economy. The EESC supports the possibility for Member States to put in place a dedicated JTF programme.

3.21. The EESC recommends that the territorial plans and any dedicated JTF programmes see the full and real involvement of the social partners and NGOs.

3.22. The EESC welcomes the fact that the territorial plans and any dedicated programmes are to be followed up by monitoring committees with the same rules as those set out in the Regulation laying down common provisions on the European Structural and Investment Funds.

4. **Specific comments**

4.1. The EESC is convinced that it would be appropriate to more precisely elaborate the financial framework not only for the JTF itself, but for the whole Just Transition Mechanism and a Sustainable Europe Investment Plan. The EESC adds that the mobilisation of resources over and above EUR 30 billion is not guaranteed (i.e. transfers exceeding 1,5 times the JTF allocation are not mandatory). There are also a lot of outstanding questions regarding the special regime within the InvestEU programme and the EIB loan instrument for the public sector.

4.2. The EESC is concerned that deciding to allocate around EUR 1 000 billion over 10 years to the ecological transition, including by harnessing public and private investment through the use of InvestEU, could take resources away from other sectors that were benefiting from this fund. The EESC points to the need to ensure complementarity between the measures financed by the JTF and those financed by InvestEU under Pillar 2 and by the public sector loan facility under Pillar°3 of the Just Transition Mechanism.

4.3. The Green Deal objectives will also be backed up by resources from the Common Agricultural Policy, which will allocate 40 % of its total budget to climate objectives. It will be important here to shore up the commitment of the national governments and EU institutions to investing in cohesion as in the past.

4.4. The EESC very much appreciates the proposed procedures connected with the more flexible understanding of State aid rules and continuous simplification proposed by the Commission as part of the wider policy framework set out in the communication on the Sustainable Europe Investment Plan. Different rules are needed to accommodate investments that should lead to new growth.

4.5. The EESC understands the set of well-quantified criteria on eligibility for JTF financing and agrees with them.

4.6. Green State aid:

— apply green conditions to State aid for companies in sectors with high carbon and/or material footprints,

— apply similar green conditions to new and extended bank loans (with or without public guarantees) to these sectors,

— refuse State aid for companies and sectors that are not able or willing to adopt low-carbon and circular technologies, and retrain their workers for new employment,

— speed up planning procedures for renewable energy, public transit and circular building projects and infrastructures. Companies are struggling for survival and need to receive the State aid quickly.

To reduce the upfront administrative burden, governments can choose to apply a light green test when granting the State aid, combined with a tougher green test *ex post*. If a company breaches the agreed green conditions, the State aid would have to be partly or fully repaid, depending on the severity of the breach. What is also proposed is to target key sectors that are carbon- and material-intensive to keep bureaucracy to a minimum ([2]).

4.7. The EESC also supports the areas where the JTF can be allocated as well as the spheres where its funding is not possible. The allocation method will help to ensure that the funds are sufficiently concentrated on the Member States dealing with the most demanding challenges, while also providing significant support to all Member States. Specifically, Member States with per capita GNI lower than 90 % of the EU average would receive about two thirds of the JTF funding.

4.8. Due to the circumstances, the EESC recommends opening up more space to entities other than SMEs, as the main mining and heavy industry corporations affected by climate action tend to be large companies. Moreover, these companies, in particular, often provide a large number of decent jobs and are crucial for the economic well-being of the regions. Preventing unemployment should become a key objective of the territorial plans. This should include not only assisting current workers in the transition towards new forms of employment, but also supporting young people and people cut off from the open labour market, such as persons with disabilities, in finding work in these developing sectors.

4.9. The EESC appreciates the additional space for local and regional authorities to directly take over their responsibility for project management and practically implement a place-based approach, as the basic units for the territorial plans for the just transition are NUTS 3 regions.

4.10. The social partners and the NGOs working in this field should be involved in developing and implementing ambitious emission-reduction policies and strategies to ensure a just transition that secures decent jobs and strikes a balance between clean energy systems and the sustainable quality of jobs. Trade unions should be present at all stages of the just transition process in order to protect the interests of workers at different levels.

([2]) The following sectors have relatively high carbon and material footprints: (1) Transportation: road, air and water transport are predominantly fossil-fuel driven; (2) Manufacturing: many manufacturers still employ energy- and material-intensive technologies; (3) Construction: many builders still use non-recyclable and energy-intensive materials, such as cement; (4) Energy: the shift from fossil fuels to renewable energy is very gradual.

4.11. In order to achieve the envisaged results, the Commission's approach to the eligibility of the territories is restrictive given that funding can only be allocated to countries that apply and present territorial just transition plans. Therefore, the EESC calls on all Member States to prepare their plans as soon as possible so that many workers across Europe in the regions identified in the plans can be supported.

4.12. The EESC welcomes the adjustment of the common regulation to create a clear and transparent legal basis for the future EU cohesion policy and its climate orientation.

4.13. Given the high level of uncertainty about the impact of the transition on employment and its possible geographical distribution, the EESC notes that it would have been preferable not to have any geographical pre-allocation of JTF funds. Another area of concern is the governance of the Fund. The task of designating the eligible areas and deciding how much of the funding to allocate to each area will be entrusted entirely to national governments. Given that there will be no regional allocations, there is a risk that this could lead to imbalances in the distribution of funding at sub-national level and that areas that are less vulnerable to the negative impacts of climate change objectives will not receive resources.

4.14. The EESC points out that the intention of relying on InvestEU and the EIB to mobilise EUR 45 billion and EUR 25-30 billion respectively will need to be closely monitored so as not to see a repeat of the problems with the EFSI investments ([3]). It is essential to ensure that these investments are fully aligned with the Paris Agreement and that the EU's objectives make Europe the first zero-impact continent.

4.15. The EESC supports the EC proposal 'Next Generation EU' to strengthen the transition mechanism in response to the crisis and its new proposal for the next long-term EU budget. The EESC hopes that the total budget of the Just Transition Fund has increased to EUR 40 billion and that the right transition regime within InvestEU is strengthened. The EESC also approves the Commission proposal for a public sector loan, which will mobilise between EUR 25 and EUR 30 billion. In this way, the right transition mechanism will be able to mobilise at least EUR 150 billion of public and private investment.

4.16. Preserving an ambitious budget for cohesion policy post-2020 must remain the main priority in the fight against climate change at regional level. In other words, the establishment of an additional fund should not be used as a pretext to justify further cuts to the cohesion policy budget during the MFF negotiations.

4.17. The EESC has some concerns regarding the programming process, as the legal text still needs to be adopted and the Common Provisions Regulation amended. The Commission expects the territorial plans to be approved in the second half of 2020 and the JTF programmes to be adopted during 2021. This could lead to delays in the implementation of some cohesion policy programmes.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([3]) Court of Auditors' Special report No 03/2019. Some EFSI aid merely replaced other EIB and EU funding; some funding went to projects that could have used other sources of public or private funding. Ultimately, estimates of additional investment attracted by the EFSI were sometimes overstated and the bulk of the investments went to a few of the larger EU-15 Member States, with well-established national promotional banks.

Opinion of the European Economic and Social Committee on 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Sustainable Europe Investment Plan — European Green Deal Investment Plan'

(COM(2020) 21 final)

(2020/C 311/09)

Rapporteur: **Carlos TRIAS PINTÓ**

Co-rapporteur: **Petr ZAHRADNÍK**

Referral	European Commission, 6.2.2020
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	13.5.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	220/1/8
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. At the present time, the coronavirus pandemic represents the number one priority for Europe, to face an uncertainty that could consequently lead to a robust change in the EU budget orientation and assignment. The EESC highly recommends the reinforcement of the next Multiannual Financial Framework (MFF) and the temporary expansion of the budget spending ceiling to 2 %, which would provide the fiscal means needed and could support the issuance of community bonds as part of a powerful recovery plan.

1.2. The Committee welcomes the recent agreement of the Eurogroup ([1]) that put forward EUR 540 billion to support workers, businesses and Member States; while accepting more flexibility in the EU rules concerning the European Fiscal Pact.

1.3. The EU Council should reach an agreement on the Recovery Fund ([2]) and the MFF before the summer break, in accordance with the European Commission proposal on 27 May, to pave the way to Europe's economic recovery as well as bolstering the green and digital transitions provided in the European Green Deal.

1.4. The Committee also pays tribute to the quick and aligned solidarity response of all the EU institutions concerned ([3]).

1.5. The coronavirus outbreak will have a deep and negative impact on the achievement of the SDGs and the objectives of the European Green Deal. For this reason, the EESC insists on the need to face this urgent threat as soon as possible and focus our recovery efforts without undue delay on the SDGs and the Green Deal.

([1]) https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic

([2]) Next Generation EU of EUR 750 billion.

([3]) In particular: the European Commission proposals to optimise the use of the current budget in a comprehensive, accessible and flexible way, namely the EU Solidarity Fund the Coronavirus Response Investment Initiative (packs I & II) and re-activating the Emergency Support Instrument (ESI), Temporary Support to mitigate Unemployment Risks in an Emergency (SURE), Fund for European Aid to the Most Deprived (FEAD); the European Central Bank Pandemic Emergency Purchase Programme (PEPP), with extended eligible assets and easing collaterals; the Supervisory authorities role in a timely treatment of regulatory financial requirements; the European Investment Bank (IEB) initiative to create a pan-European guarantee fund focusing on SMEs; the European Institute of Innovation and Technology (EIT) Crisis Response Initiative.

1.6. Beyond the temporary solidarity measures, the EESC calls for the recovery of the European Investment Stabilisation Function (EISF) as well as the immediate implementation of the Budgetary Instrument for Convergence and Competitiveness (BICC), increasing its amount in the MFF 2021-2027.

1.7. A new green and social pact is needed to bring together citizens in all their diversity, with national, regional and local authorities, social partners, organised civil society and industry working closely with the EU's institutions and consultative bodies.

1.8. The Sustainable Europe Investment Plan (SEIP) is the first comprehensive policy measure to fulfil very ambitious targets of carbon neutrality until 2050 in line with the EU Green Deal.

1.9. While saluting the Green Deal's ambitions, the EESC regrets the lack of consistency with the budgetary allocation within the next Multiannual Financial Framework that is far below the 1,3 % of Member States' GNI requested by the European Parliament and the EESC to ensure that each specific action can reach its full scope without sacrificing others.

1.10. The EESC also expresses its doubts about the effectiveness of climate mainstreaming in all EU programmes and calls on the Member States to involve civil society organisations in pushing for climate-proof EU spending. Key steps where environmental and civil rights groups can engage include the National Energy and Climate Plans (NECPs) and National Reform Programmes (NRPs).

1.11. The EESC welcomes the Just Transition Mechanism (JTM) but deplores the clear insufficiency of the JTF budgetary provisions (EUR 7,5 billion to achieve funding worth EUR 100 billion). This will have to be offset by transfers from the ERDF/ESF+ and Member States' co-financing, as well as what is hoped will be large private investment and the public sector loans facility with the EIB.

1.12. Success here is conditional upon alliances (UN SDG 17 *Partnership for the Goals*) between the private and public sectors in terms of funding and shared responsibilities, as reflected in the green bonds market boom.

1.13. The EESC endorses the holistic approach and warmly welcomes the incentives for public and private investment and financing, particularly for green public procurement and the expected support through more flexible state aid rules.

1.14. The EESC also supports the improvement of the EU fiscal governance considering sustainability risks, learning from the screening of green budgeting best practices and fiscal plans. Additionally, appropriate tax treatment for crowd funders and donors is needed to complete the stimulus policy.

1.15. Completing Europe's Economic and Monetary Union (reform of the ESM Treaty, hand in hand with the BICC as well as the European Deposit Insurance Scheme (EDIS)) is also required to develop an efficient and integrated Capital Markets Union and Banking Union, encompassing all Member States and geared to further harmonisation.

1.16. The EESC calls for the European Semester process related to the Green Deal to be improved by placing the SDGs at the heart of EU policymaking, as well as a more comprehensive EU taxonomy that incorporates the social dimension.

1.17. The EESC considers that both the public and private sectors should use the same standards, not only in terms of taxonomy but also as regards disclosure of non-financial information. The EESC welcomes the next review of the Non-Financial Reporting Directive (NFRD), with enough depth to encourage companies to face the understanding of their true impacts. This should be linked to the implementation of standardised environmental and social clauses in public procurement.

1.18. The EESC calls for deeper and better use of public statistical sources, strengthening the role of Eurostat and the public registries in order to provide sound data related to performance ‘in sustainability terms’.

1.19. The EESC underlines the importance of providing all potential users with accurate, easily accessible information so as to further facilitate tailor-made advisory and technical assistance. No one should be left behind!

1.20. The right skills for green jobs are a prerequisite for making the transition to a greener and just economy happen. The EESC advocates for clear strategies on skills foresight and vocational training with associated roadmaps to make and keep the workforce fit for the future needs in all sectors.

1.21. The EESC suggests that EU Member States enhance financial education programmes by including sustainable finance, encouraging public administrations at all levels to introduce tax incentives for companies and individuals to invest in green initiatives with social impact.

2. **Contextual framework**

2.1. The European Green Deal Investment Plan, also known as the Sustainable Europe Investment Plan (SEIP), represents the first concrete policy reaction to accommodate very ambitious carbon-neutrality targets as defined by the European Green Deal. As such, it is the investment pillar of the European Green Deal working with an expected additional investment allocation of EUR 260 billion per year by 2030, about 1,5 % of 2018 GDP in terms of additional annual investment in the energy and transport system and related infrastructure alone between 2020 and 2030.

2.2. If this concept is to be successful, it is vitally important that sources of private capital be involved in it. In fact, this concept represents a new kind of social contract between the private and public sectors to finance projects of the highest importance that are beneficial to the public interest.

2.3. The 2021-2027 Multiannual Financial Framework (MFF) set an overall target of 25 % for climate mainstreaming across all EU programmes. Momentum must not be lost in moving towards real and deep implementation of the European Green Deal, which must address this huge planetary challenge with political ambition and a high level of technical efficiency. Indeed, The European Green Deal can be understood as the backbone of the future EU economic configuration, the potential start of fundamental change and a turning point. It could be a symbol for common European added value and global EU leadership.

2.4. Financial resources and appropriate instruments must be put together and coordinated with the Member States, their regions and their cities, and extending toward the international environment. For this purpose, the Green Deal roadmap includes key actions on climate, energy, mobility, industrial strategy for a clean and circular economy, agricultural policy, biodiversity and digitalisation, mainstreaming sustainability through a European Green Deal Investment Plan and a renewed sustainable finance strategy. This is a fundamental component of the mechanism, which aims to mobilise EUR 1 trillion of private and public sustainable investments up to 2030, and also to take account of the consequent social impacts.

2.5. The Just Transition Mechanism (JTM), including a Just Transition Fund [4] (JTF) that comes on top of the Commission’s proposal for the next MFF, has the ambition to reach EUR 100 billion of investment to be mobilised over 2021-27. It should contribute to mitigating the socioeconomic, labour and environmental impact of transitioning towards Union climate neutrality at the regional level.

2.6. Also for the EU transition to climate neutrality, the Innovation and Modernisation Funds will be additionally financed through a part of the carbon allowances revenues (at least EUR 25 billion over the next decade); however the Modernisation Fund will only affect 10 EU Member States.

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(4) COM(2020) 22 final.

3. **General comments**

3.1. Europe is currently experiencing a health and economic emergency caused by the coronavirus pandemic. The response to both must be coordinated from all European institutions for the necessary duration.

3.2. The EESC welcomes the significant resources provided to deal with the health and economic crisis, helping Member States to reinforce the resources destined for investment, to guarantee the liquidity of companies ([5]), to keep jobs and to protect the unemployed. These relevant steps should be followed by the approval of the European Unemployment Reinsurance Scheme.

3.3. The 20 million companies in Europe are crucial to success in this field, but the scale of the investments mobilised needs to be proportionate to the scale of the challenges. It is of paramount importance in this respect that the Member States and EU institutions be ready to transcend their divisions.

3.4. In the meantime, EU funding should be structured so as to avoid duplication and overlap, in order to reflect the Commission proposals ([6]).

3.5. The EESC would question the real capacity of the Commission proposal on the MFF 2021-2027 to meet the demands of the European Green Deal Investment Plan. After stating that EUR 2,6 trillion 'additional investments' are needed by 2030, the EUR 1 trillion that the plan seeks is far from achieving its goal. The lack of accuracy of some of the projected mechanisms and programmes makes it difficult to know its real scope.

3.6. The EESC recommends that more details be provided on the financial framework of the SEIP. For instance, all the three main pillars of the JTM depend on very ambitious requirements, namely the JTF itself as well as the expected leverage effect of the EIB-based vehicle for the public sector.

3.7. The EESC calls for a more specific description of the special Green Deal arrangement proposed for the InvestEU Programme.

3.8. The EESC greatly appreciates the creation of additional preconditions and simplification for more robust private investments, namely for the green bonds. Empirical analysis clearly shows that in recent years, bonds are becoming genuinely green. The use of green bonds enhances the reputation of the issuer (awareness of climate issues and a commitment to sustainability). Green bonds have become popular among a wide range of investors — domestic, international as well as ESG (environmental, social, governance) investors. Additionally, major investment banks are showing an appetite for increased green bond issuance and are helping to broaden the green mindset in this way.

3.9. The EESC welcomes a flexible set of state aid rules related to investments due to their contribution to meeting the Green Deal targets, and advocates giving more scope to SMEs to allow the shift to a circular company. During the recovery following the coronavirus crisis, the EU should also consider, as a temporary tool, what could be termed a 'social and green golden rule', whereby investments directly aimed at mitigating climate change effects and at reducing social inequalities and poverty (still largely unaddressed since the Financial Crisis) are exempted from fiscal rules. This would help boost much needed investment during the post COVID-19 economic recovery and help address both climate change effects and social cohesion across the EU at the same time.

3.10. The Commission's commitment to pursuing green finance and investment whilst ensuring a just transition for sectors and regions affected should allow all types of enterprises to benefit from it, and be encouraged and used as an opportunity for local authorities to partner with community initiatives such as renewable energy cooperatives.

([5]) Adjustments in Banking Prudential Rules for maximising the capacity of credit institutions to lend and to absorb losses while still ensuring their continued resilience

([6]) EESC opinion of 19 September 2018 on the *Multiannual Financial Framework after 2020* (OJ C 440, 6.12.2018, p. 106).

3.11. The environmental ambition of the European Green Deal roadmap is to induce the EU's third parties to act by ensuring comparability of actions should take the form of a coalition of countries for the climate that, in accordance with the recommendations of the Nobel Prize winners Tirole (2017) and Nordhaus (2018), classifies countries according to the greenhouse gases they emit, in order to push the World Trade Organization (WTO) in favour of a carbon tariff. A 'carbon price floor' mechanism could be implemented either through the EU's emissions trading scheme or the energy taxation directive, which is up for review as part of the European Green Deal.

4. **Specific comments**

4.1. *Ensuring budgetary effectiveness*

4.1.1. To mitigate the COVID-19 pandemic, the EESC appreciates all the proposed measures committed to providing liquidity support for sectors and companies through the EIB guarantee-based instruments, which could also foster its transformation into the EU's climate bank.

4.1.2. As one of the main lessons learned regarding the extraordinary human and economic crisis caused by the coronavirus pandemic, there is a need for a reinforced European Investment Stabilisation Function (EISF) that is able to react with adequate public investment to each country's specific challenges. Measures are also needed that will help Member States to enhance the use of their taxation systems and public policy incentives ([7]) to revive their economies.

4.1.3. The EESC also points out that the projected reform of the European Stability Mechanism (ESM) Treaty should go hand in hand with the BICC and the European Deposit Insurance Scheme (EDIS). Considerable efforts have already been made in terms of risk-reduction in the banking sector (non-performing loans reduction, minimum requirements for own funds and eligible liabilities build-up, insolvency regime, etc.).

4.1.4. The EESC very much agrees with the role of the European Investment Bank (EIB) as the Union's climate bank, and the importance of cooperation with other financial institutions. According to the proportionality principle, it is necessary to ensure sufficient liquidity for all potential banks that could be involved in Green Deal operations.

4.2. *Optimising the performance of projected instruments and tools that refocus the European Semester process by putting the SDGs at the heart of EU policymaking and action*

4.2.1. There is a need for a sound and more ambitious taxonomy of sustainable activities, including social aspects and creating synergies and confluences with the progress by the United Nations through proper integration of the SDGs into the European Semester. Decisions on how to spend EU recovery funds should be guided by an EU-wide green finance taxonomy, which aims to reward investments in clean technologies.

4.2.2. The EESC calls for deeper and better use of public statistical sources, strengthening the role of Eurostat in providing sound data related to performance 'in sustainability terms'. The link with the UN SDG performance indicators and the EIB provisions should be enhanced.

4.2.3. Technological solutions to achieve 'granular data' of varied provenance (up to geo-spatial location) and to work on comparability between countries is needed. At the same time, a review of the NFRD directive (2014/95/EU) could contribute to the disclosure of standardised high-quality information that is more complete, relevant, and comparable thanks to a harmonised methodology ([8]), taking into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

([7]) To address positive externalities.

([8]) EESC opinion of 17 October 2018 on the Communication from the Commission *Action Plan: Financing Sustainable Growth* (OJ C 62, 15.2.2019, p. 73).

4.2.3.1. The disclosure of non-financial information should be open to SMEs, providing technical assistance to capture easily obtainable key data (to feed KPIs ([9])).

4.2.4. A dynamic taxonomy of sustainable activities: market practices that accompany strong impact indicators should be valued and integrated. The EESC stresses the importance of market tests in selecting suitable projects ([10]).

4.2.4.1. The EESC underlines that the use of more precise methodologies is imperative where these are available, with a view to the development of scoring systems based on reliable information provided by companies in order to comply with all financial product standards (labels, green bonds and the sustainability benchmarks) conceived in the Action Plan on Sustainable Finance.

4.2.4.2. Feedback on the process of reviewing impact calculations by different United Nations drafting groups is needed (in particular, related to carbon tax and carbon emissions trading, a key aspect for reliable sustainable benchmarks).

4.2.5. The EESC welcomes the impact assessed plan to increase the EU's greenhouse gas emission reduction targets for 2030 scheduled to be published by summer 2020, including an analysis of the investment needs. Moreover, the EESC also urges specification of the impact related to progress in the implementation of the UN 2030 Agenda and the European Pillar of Social Rights.

4.2.6. Audit institutions and other monitoring public bodies, such as the European Court of Auditors, should also play a complementary role in monitoring the social impacts of the above mentioned reduction targets.

4.2.7. The EESC highlights the potential of big data and artificial intelligence for aligning the preferences of investors with the destination of investments. Machine learning solutions should also be analysed to redirect investment flows to specific sectors or activities that include Environmental, Social and Governance (ESG) principles.

4.3. *Technical assistance*

4.3.1. The previous capacity building of the EC and the European Investment Advisory Hub is a good base for creating a pipeline of sustainable projects, but more robust methodologies that allow a true reorientation of financial flows towards the green economy must be applied.

4.3.2. The EESC agrees with the provision of a single point of entry to facilitate access to finance through both public and private project promoters and financial intermediaries. In the case of SMEs, the EESC supports structural collaboration with its representative organisations.

4.4. *Financial education (hand in hand with technical assistance)*

4.4.1. For citizens, beginning at the pre-school stage: European citizens are increasingly interested in their savings and investments being related to social and environmental objectives. Financial literacy (a deeper understanding of how finance works) can be helpful to empower citizens and properly connect them with sustainable finance issues, including defining the appropriate role of finance in society.

4.4.2. This is relevant for all technical bodies involved in the Green Deal process and the relevant civil society organisations.

([9]) Key performance indicators.

([10]) EESC opinion of 17 October 2018 on the *Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme* (OJ C 62, 15.2.2019, p. 131).

4.5. *Sustainability of skills for business*

4.5.1. The EESC underlines that adoption and dissemination of clean technologies require skills in technology application, adaptation and maintenance. Skills are also crucial for economies and businesses, workers and entrepreneurs, in order to adapt rapidly to changes brought about by environmental policies or climate change. The right skills for green jobs are a prerequisite for making the transition to a greener economy happen.

4.5.2. The EESC points out that a key objective for adapting to changing jobs and job requirements is that workers should be kept up-to-date with the new skills needed in the green economy. There should be a clear strategy on skills foresight and a skills roadmap to make and keep the workforce fit for future industrial needs, and investing in education and training as well as strengthening the culture of lifelong learning should thus be a foundation of regional just transition.

4.6. *Socially responsible public procurement*

4.6.1. Socially responsible public procurement is the basis for the ecological transition by administrations and the fight against corruption, including the promotion of responsible practice via service providers.

4.6.2. The EESC supports minimum mandatory green criteria or targets for public procurement in sectoral initiatives, EU funding or product-specific legislation using environmental indicators in the light of the EU taxonomy progress. In this regard, more holistic, transparent and streamlined Environmental Labelling Information Schemes (ELIS) are needed, showing compliance with strict sustainable goals.

4.7. *The Just Transition Mechanism*

4.7.1. The EESC welcomes the JTM, which has great potential to facilitate the green transition in specific sectors and regions. It notes that it must not limit itself to financing decarbonisation processes and should be implemented in parallel with the *ad hoc* stabilisation mechanisms, benefiting other sectors and regions that are experiencing adverse economic situations and need structural reforms.

4.7.2. The JTM represents a balanced combination of subsidies and financial instruments, between programmes that are managed on a central or a shared basis, between different types of financial sources as well as competences and responsibilities at several levels (Union, national, regional as well as municipal). This original mix will therefore require a new level of governance and management.

4.7.3. The JTM should create new quality jobs in affected regions. The EESC points out that skills gaps are already recognised by the ILO as a major bottleneck in a number of sectors, such as renewable energy, energy and resource efficiency, energy renovation of buildings, zero-energy construction, environmental services, and manufacturing.

4.7.4. The EESC calls for strong coherence between the projected Action Plan for the Social Economy in 2021 and the European Green Deal Investment Plan to involve social economy investments in the implementation of the Just Transition Mechanism.

4.7.5. The JTM must also consider the previous decarbonisation efforts made since 1990 by each country and its regions ([11]), so that they can also have access to funds and not be penalised for having done this work earlier. To this end, Eurostat should improve the publication of its regional convergence and divergence indicators (including population loss and ageing) so these territories can also benefit.

([11]) Provinces affected by the closure of their mining operations under Council Decision 2010/787/EU.

4.8. *A global effort through international cooperation*

4.8.1. The EESC welcomes the recent creation of the International Platform on Sustainable Finance ([12]), which is scaling up private capital towards environmentally sustainable finance at global level. This forum should also be used to spur on the international adoption of the Emissions Trading System.

4.8.2. The EESC also notes that environmental and climate investments to support actions outside the EU are needed, especially within the framework of the Africa strategy.

4.8.3. In the framework of the Coronavirus Global Response, the EESC strongly supports the worldwide pledging marathon, a global effort to collect funds for diagnostics, treatments and vaccines related to coronavirus.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([12]) The International Platform on Sustainable Finance was launched on 18 October 2019 by public authorities from Argentina, Canada, Chile, China, India, Kenya, Morocco and the European Union, representing almost half of the world's greenhouse gas emissions.

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic'

(COM(2020) 310 final — 2020/0066 (COD))

(2020/C 311/10)

Rapporteur-general: **Giuseppe GUERINI**

Referral	Council of the European Union, 6.5.2020
	European Parliament, 13.5.2020
Legal basis	Articles 114 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Bureau decision	30.4.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	208/2/5
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. The EESC welcomes the European Commission proposal amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic.

1.2. The EU is facing an unprecedented crisis, and so an equally extraordinary response is required. The proposal must be adopted with all speed so that the resources thus freed up can be used as effectively as possible in order to deal with the present and future impact of COVID-19.

1.3. The EESC agrees with the decision to postpone the implementation of the consolidated Basel III framework introduced by the Basel Committee and approved by the European Commission. However, this postponement must not simply confirm the existing rules, and so the proposal to review the directives and regulations is appropriate.

1.4. The EESC also suggests that before starting the implementation process once again, the changes which will inevitably be imposed on economic and financial institutions at this difficult time must be carefully evaluated, a crucial step for any adjustment in the European regulatory system. Further impact assessments might be necessary.

1.5. The EESC is also concerned that it might not be possible to meet other regulatory deadlines at this stage, in view of the operational challenges facing banks (and the authorities). This is clearly the case as regards the new framework for the interest rate risk in the banking book (IRRBB): it should be in effect as from June 2021 but the enacting rules are not yet available. It is also the case for the NSFR (which should be in force as from June 2021).

1.6. It might therefore be appropriate to establish a reasonable postponement for the CRR II and the CRD5 aspects, as well as for the EBA guidelines on loan origination and monitoring and the guidelines on the new definition of default. Alternatively, as in the case of the NSFR, it might be appropriate to provide for a three-year phase-in period (similar to the LCR), preserving the legislators' original intention of giving banks one year from the time of adoption to implement the new rules.

1.7. The same applies to compliance with the requirements introduced by Directive (EU) 2019/879 of the Parliament and of the Council and Regulation (EU) 2019/877 on the loss-absorbing and recapitalisation capacity of credit institutions. In view of the pressure on loan activity and the requests made by the supervisory authorities themselves to use capital reserves to avoid a credit squeeze, the deadlines stipulated by this directive and regulation for meeting the binding objectives of the MREL should be reviewed and postponed as necessary.

1.8. The EESC agrees with the Commission proposal on adjusting the transitional arrangements that allow credit institutions to alleviate the impact from expected credit-loss (ECL) provisioning and corrections under IFRS 9 on their own funds. Nonetheless, the EESC considers that the proposal is merely a first step towards meeting the objective of mitigating the impact of the recession but that it is neither effective nor adequate for maintaining the level playing field between European intermediaries. Accordingly, it considers that the following measures should be added to the proposal:

— extending the 'new' dynamic component as gauged on 1 January 2020 to loans which became non-performing from 1 January 2020 (or any successive date deemed appropriate and in line with the date on which the pandemic began);

— not substituting the scale factor with a single weighting of 100 %, used for retail client financing. This would fail to recognise the different degree of riskiness of the categories of typical borrowers of commercial banks in general and, far more importantly, local banks. This specifically concerns households and SMEs. In terms of capital requirements, there is a specific prudential treatment for exposures associated with this category of borrowers. Furthermore, substituting the scale factor with a single weighting of 100 % would pose significant, and at times insurmountable, difficulties in implementation for banks that use the standard method and apply the protocol procedure for reporting purposes. As an alternative to the provision proposed by the Commission, and as an effective streamlining measure, consideration could be given to acting on the treatment of the associated taxation as referred to in paragraph 7(a), rather than deleting point (b);

— extending the phase-in period to the static component as measured on 1 January 2018, with the introduction of the new IFRS 9 accounting principle, which requires banks to pay particular attention to the impact on them of First Time Adoption (FTA) and affects the evaluation procedures in the sales scenario, including of impaired positions, which are now the most significant component of the entire amount posted to the FTA.

1.9. The EESC considers that it would be helpful to extend the treatment currently applicable to non-performing exposures (NPE) guaranteed or ensured by official export credit agencies to NPE resulting from the impact of the COVID-19 pandemic and which are covered by the various guarantee regimes set up by the Member States. However, if the aim of this amendment is to recognise that public guarantees have the same risk mitigating effects as those provided by export credit agencies (ECA), the timeframes should also be aligned. If the aim is the complete alignment of the treatment of these guarantees, the seven-year deadline for implementing the treatment proposed by the Commission should be amended.

1.10. Given that every effort must be made to push banks to support the real economy as effectively as possible, the EESC supports the proposal to bring forward the dates for implementing some of the most correct capital absorption calibrations provided for in the CRR but not yet applicable, such as the provisions on the treatment of some types of pension- and salary-backed loans, or the supporting factor for SMEs and the new supporting factor for financing infrastructure.

1.11. Infrastructure investments will shortly become very important, and so the EESC considers that steps must be taken to simplify the combined and burdensome criteria set out in Article 501a of the CRR regarding projects that would allow for easier recognition for the purposes of the preferential prudential treatments stipulated (for instance, by eliminating the obligations set out in points (b), (d), (g), (i) and (l) of paragraph 1 and point (a) of paragraph 2).

1.12. A crucial element in the broader context of the review of the European multiannual budget is the new *#NextGenerationEu plan* recovery strategy presented by the Commission on 28 May, which provides for measures of extraordinary scope to respond to the crisis triggered by the pandemic. This strategy should incorporate the Green Deal Investment Plan published in the first quarter of 2020 to support the transition towards a sustainable European economy.

1.13. With regard to CRR supporting factors, the EESC upholds the need to introduce a green and social supporting factor, which will reduce capital absorption, for financing granted by banks for social economy enterprises and those enterprises genuinely involved in sustainable and inclusive development programmes.

1.14. With regard to the regulatory framework on non-performing loans, it should be pointed out that COVID-19 will inevitably influence the NPL market in a number of ways. In this context, and given that the present emergency would inevitably affect the market and slow down transfer procedures, the EESC calls for a temporary amendment to Regulation (EU) 2019/630 of the Parliament and of the Council as regards minimum coverage of losses on non-performing exposures.

1.15. It is of the utmost importance to establish private markets of non-performing loans with the largest possible number of participants and purchasers so as to avoid any transfer of wealth from the banking sector to the funds sector (which is not bound by the same rules) and from local, national and European economies to operators with different legal and tax residences.

1.16. The EESC considers that the so-called ‘prudential filter’, already provided for in the Basel II framework, needs to be introduced on a temporary basis to remove unrealised assets and losses from balance sheets. One of the effects of the pandemic has been a marked increase in volatility of securities which have always been less sensitive to shocks. In these market conditions and taking account of the significant support provided by banks for the public debt, the impact of volatility on securities other than those in the trading book must be reduced in order to boost the stability of regulatory capital.

1.17. Alongside the Commission proposal and with reference to market risk, in line with the ECB guidelines issued on 16 April, the level I framework should be amended to remove the current links between volatility and banks’ capital absorption (which multiplies VaR). This is imperative since, due to COVID-19, the market has already displayed a high level of volatility resulting in a significant increase in institutions’ capital absorption.

2. **General comments**

2.1. The serious repercussions that will result from the COVID-19 crisis mean that urgent measures must be adopted to support the European economy and help get economic activity going again in the EU Member States. In this situation it is essential to ensure that, without suitable legislative safeguards, the recession does not further undermine the already at-risk diversity of the EU banking sector; we consider in particular that the specific role of community and territorial banks — particularly those with the locally owned model typical of cooperative banks — must be protected and reinforced.

2.2. On 28 April 2020, the European Commission presented a package of banking measures designed to make it easier for banks to promote financing for businesses and households intended to cushion the major economic impact of COVID-19. The package confirms the recent declarations on the use of flexibility in accounting and prudential standards issued by international standards bodies and relevant European authorities, as well as several proposed amendments to EU banking standards. These amendments should be adopted with no delay in order to improve the banking system’s capacity to issue loans and absorb losses during the COVID-19 pandemic while maintaining consistency with prudential rules.

2.3. The EESC welcomes the initial measures taken and the initial indications provided by relevant European authorities, specifically the EBA, ESMA and ECB/SSM. These decisions and guidelines aiming to ensure more flexibility under the current regulatory framework are moving in the right direction to cope with the first phase of the crisis. The EESC agrees with the Commission communication which seeks to guarantee uniform interpretation and application of the measures adopted by the various stakeholders comprising the European system of supervisory authorities. Uniform interpretation and application ensure that the measures themselves are more effective.

2.4. However, the EESC does not feel that the proposed measures are up to the task of fending off the recession expected in the wake of the pandemic. COVID-19 is an extraordinary crisis with major economic and social fallout. All the European institutions must react to reduce the impact on the real economy, including by daring decisions on payment pauses.

2.5. In this field, the EESC notes that particular attention has been paid to the implementation of forbearance measures and moratoriums and their impact on the potential reclassification of debtors under prudential standards and IFRS accounting standards, as well as to the treatment of public guarantees and NPL.

2.6. In order to cope with the crisis, the EESC points out that all European financial institutions are rolling out various instruments to support the real economy. For instance, banks are rolling out moratoriums, forbearance measures, cash advances on unemployment benefits and other extraordinary forms of assistance to capital companies, middle-capitalisation companies, SMEs and families. This financial assistance is based on national decrees or voluntary schemes.

2.7. Nonetheless and in view of the serious and unprecedented impact of the pandemic, the EESC reiterates that the measures listed above will not be enough.

2.8. In light of the above points, the EESC welcomes the proposal on adjustments in response to the COVID-19 pandemic issued by the Commission on 28 April 2020.

2.9. The EESC endorses the idea that, in addition to making full use of the flexibility built into the existing framework, a number of amendments limited to specific aspects of the CRR are needed in order to maximise the capacity of credit institutions to support the economy and at the same time absorb the losses due to the COVID-19 pandemic, while also guaranteeing their continued resilience. Moreover, at international level, the BCBS has agreed to delay the deadline for implementing the final elements of the Basel III framework by a year; some elements of this framework had already been incorporated into the CRR, together with greater flexibility with regard to the impact of IFRS 9 on capital. These changes must be reflected in the existing rules.

2.10. The impact of the pandemic will affect the NPL market in a number of ways: Judicial proceedings have been suspended and/or deferred for weeks resulting in delays in NPL recovery procedures. Recovery procedures which do not go through the courts will also have to move more slowly.

2.11. As a result, procedures for the disposal of non-performing loans will also be affected and the slump in NPL prices will last for at least 24 months. This might also be to the advantage of non-bank purchasers specialising in NPL. These purchasers are not bound by European prudential rules, thus placing EU banks at a definite disadvantage and leading to the transfer of wealth from the banking sector to unregulated institutions, at the very moment when we need banks to support economic recovery and dividends have been cancelled.

2.12. In this situation and given that the present crisis will inevitably affect the market and slow down dismissal procedures, the EESC calls for a temporary amendment to the NPL backstop regulation described above.

2.13. Article 473a of the CRR sets out transitional provisions enabling institutions to return to their primary capital part of the impact of provisioning occasioned by the introduction of the ECL impairment model under IFRS 9. The new provisions firstly make it possible to partially neutralise the impact of implementing the new impairment model on exposures, and secondly to mitigate the impact of the additional increase in devaluations recorded between two points in time.

2.14. This provision will move closer to the objective of mitigating the critical impact of the recession, but is not sufficient to guarantee a continuing level playing field for European credit institutions. Since one of the main effects of the crisis will be a rise in impairment levels, moves to mitigate the impact of the crisis purely with regard to performing exposures must be extended to loans which became non-performing after the pandemic appeared in Europe (January 2020).

2.15. As already pointed out, the impact of the pandemic on the real economy over the next few months will place great strain on the EU's socioeconomic system. We will have to rethink the entire European production system. We therefore consider that this huge challenge can be an opportunity to build a European economic model which is more environmentally sustainable and more socially inclusive. In this scenario, due to the fact that they are decentralised and present in all areas, local banks of every legal form (whether capital or people based, i.e. cooperatives) can and must play a key role in distributing incentives, adapting perfecting to the role of a chain for distributing value from central institutions to more remote local areas. The strategic relevance of community banks must therefore be acknowledged and reinforced.

2.16. The pandemic has shown firstly that in places where there is a strong social fabric and vigorous social economy organisations, solidarity (including in the form of social enterprises) has been a key factor in resilience; it has also shown that the presence of social enterprise organisations will be key to establishing an inclusive and sustainable economic system, averting the risk of collapse of entire economic sectors. The EESC therefore argues that a green and social supporting factor, reducing capital absorption, needs to be added to the CRR for financing issued by banks to social economy enterprises.

2.17. Article 501c of CRR 2 stipulates that by 2025, the EBA must carry out a detailed study considering whether there is any justification for introducing specific prudential treatment for exposures connected to such assets or activities.

2.18. The EESC considers that this supporting factor should be introduced before 2025, which could be fatally late, in order to adopt a support measure which would enable credit institutions to issue more loans and resources to strategic sectors that are already struggling.

2.19. During this phase of the crisis, we have seen how social enterprises have been able to make the communities they serve more resilient; in many cases, they have worked alongside or acted as substitutes for public administrations when these lack the outreach to meet needs. We therefore suggest that the end date of the mandate conferred by legislators on the EBA be brought much further forward and that the process of developing a sustainability supporting factor be speeded up. The microprudential perspective should be corrected as required and balanced by a systemic, macroprudential and at the same time social perspective.

2.20. The EESC agrees with the Commission's view that pushing forward to 1 July 2020 the date for implementing the two supporting factors (preferential treatment of certain software assets and preferential treatment of certain pension- or salary-backed loans) would free up the institutions' own funds, enabling them to step up necessary loans during the COVID-19 pandemic and its aftermath. Moving up to 1 January 2021 the supporting factors ([1]) for the real social economy and the green economy as well would clearly have a positive effect.

2.21. The Commission's proposals for amendments will not substantially change the prudential regulatory framework and would facilitate collective efforts to mitigate the impact of the crisis and thus promote rapid recovery. On this issue, it must be pointed out that current provisioning curves for non-performing loans should be deferred for 24 months in order to respond to the need to provide adequate flows of financing which can limit the impact of the pandemic. If no such steps are taken, banks would be faced with two contradictory sets of incentives laid down in the rules: on one hand, measures seeking to free up banks' capital for new financing or at any rate to avoid excessive pressure on that capital (such as the revision of the transitional standards on IFRS9) and on the other, rules which could ultimately exert enormous pressure on capital or at least discourage banks from issuing financing in an economy under strain in order to avoid negative repercussions on capital. Unless it is reviewed, the prudential backstop could be another such rule, discouraging financing in a scenario of economic stress and recession. The adjustments should apply to both guaranteed and non-guaranteed non-performing loans.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

([1]) See Article 501c Prudential treatment of exposures related to environmental and/or social objectives.

Opinion of the European Economic and Social Committee on 'Proposal for a Council Directive amending Directive 2011/16/EU to address the urgent need for deferring certain time limits for the filing and exchange of information in the field of taxation due to the COVID-19 pandemic'

(COM(2020) 197 final — 2020/0081 (CNS))

on 'Proposal for a Council Decision amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis'

(COM(2020) 198 final — 2020/0082 (CNS))

and on 'Proposal for a Council Regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis'

(COM(2020) 201 final — 2020/0084 (CNS))

(2020/C 311/11)

Rapporteur-general: **Petru Sorin DANDEA**

Referral	Council, 13.5.2020 and 15.5.2020
Legal basis	Articles 113 and 115 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Decision by the EESC President	14.5.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	218/2/6
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. In view of the crisis triggered by the COVID-19 pandemic and the major disruption to the business environment caused by the exceptional measures imposed by the Member States, the European Economic and Social Committee endorses the package proposed by the European Commission aiming to extend deadlines for implementing the DAC and postponing the package regulating the VAT regime for cross-border e-commerce.

1.2. The Commission's evaluations show that deferring the deadlines set for the VAT regime for cross-border e-commerce will result in the loss to the Member States of around EUR°3°billion. Nonetheless, the Commission shows that the system can only be operational when all the Member States are prepared. The EESC recommends that the Member States take all measures necessary to ensure that the system becomes operational immediately after the current crisis.

1.3. The Directive on administrative cooperation in the field of taxation (DAC) and the package on the VAT regime for cross-border e-commerce are part of the EU rules on combating tax avoidance and fraud. The EESC acknowledges the Commission's efforts to combat this damaging issue, but points out that only improved cooperation between the Member States will yield truly significant results. The EESC encourages the Member States to seek the maximum consensus possible in the shortest possible time, to make these measures applicable quickly.

1.4. The EESC considers that the European Commission should also assist with the training of staff who will operate the new IT system necessary for implementing the new VAT regime for cross-border e-commerce.

2. **Background to the proposal**

2.1. Once the World Health Organization had made the announcement concerning the COVID-19 pandemic, some Member States informed the Commission that due to the exceptional measures that had been imposed at national level, they would be unable to implement some of the DAC's provisions or to transpose the package on VAT for e-commerce.

2.2. The Commission has issued a package of proposals to support the Member States at this difficult time. The European Commission's proposals [1] aim to defer a number of implementation or transposition deadlines stipulated by the Directive on administrative cooperation in the field of taxation (DAC) and Directives (EU) 2017/2455 and (EU) 2019/1995 and Regulation (EU) 2017/2454 regulating the VAT regime for cross-border e-commerce.

2.3. With regard to the DAC, the Commission proposes to extend the deadlines set by DAC2 and DAC6 by three months. More specifically, the exchange of information provided for by these two directives, regarding accounts held by non-residents and cross-border tax arrangements respectively, will take place after this date. Should the Member States be forced to extend the period during which exceptional measures are in force, the Commission proposes that the deadlines extended by the current package be extended by delegated act.

2.4. With regard to the transposition of the package on the VAT regime for e-commerce, the Commission proposes postponing the entry into application by six months. The VAT regime for e-commerce needs an entirely new IT system insofar as the Import One-stop shop mechanism is concerned.

2.5. The Commission's initiative is in line with the other measures introduced to date and meets justified requests from some of the Member States as well as businesses active in the postal and parcel delivery sector which, due to the situation created by the COVID-19 crisis, are finding it difficult to adapt their services to the new VAT regime for cross-border e-commerce.

3. **General comments**

3.1. The COVID-19 health crisis has created major social and economic disruption. The Member States have been faced with unprecedented challenges in a large number of areas. Tax administrations have noted that at this complicated time, they will be unable to apply some of the rules. The regulatory package proposed by the Commission extends some of the deadlines stipulated by the DAC, as well as the deadline for transposing the VAT regime for cross-border e-commerce. The EESC considers that extending the deadlines is necessary and endorses the measures proposed by the Commission.

3.2. The Commission expects the Member States to lose revenue as a result of the deferred deadlines stipulated in the VAT regime for cross-border e-commerce, and so the EESC recommends that the Member States take all necessary measures to exit the current crisis and return to normal as quickly as possible.

3.3. Given the uncertainty regarding just when people's lives and business activities will return to normal, the EESC agrees that the Commission may extend the deadlines stipulated in the package on the basis of delegated acts.

3.4. The Commission will provide the Member States with the technical assistance required to set up the IT system needed for the VAT regime for cross-border e-commerce. The EESC considers that the Commission must provide assistance and training for the staff who will operate the new system.

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(1) COM(2020) 197 final, Proposal for a Council Directive amending Directive 2011/16/EU to address the urgent need for deferring certain time limits for the filing and exchange of information in the field of taxation due to the COVID-19 pandemic.
COM(2020) 198 final, Proposal for a Council Decision amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis.
COM(2020) 201 final, Proposal for a Council Regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis.

3.5. The DAC and the rules on the VAT regime for cross-border e-commerce are primarily intended to combat tax avoidance and fraud. The EESC acknowledges the Commission's efforts to combat this damaging issue, but points out that only improved cooperation between the Member States will yield truly significant results. The EESC encourages the Member States to seek the maximum consensus possible in the shortest possible time, to make these measures applicable quickly.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1305/2013 as regards specific measures to provide exceptional temporary support under EAFRD in response to the COVID-19 outbreak'

(COM(2020) 186 final — 2020/0075 (COD))

(2020/C 311/12)

Rapporteur working without a study group: **Arnold PUECH D'ALISSAC**

Consultation	Council of the European Union, 12.5.2020
	European Parliament, 13.5.2020
Legal basis	Articles 42 and 43(2) of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	27.5.2020
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	208/1/4
(for/against/abstentions)	

1. **Conclusions and recommendations**

1.1. The COVID-19 (coronavirus) pandemic is having a significant negative impact on the EU's agricultural and agri-food sectors. The EESC therefore welcomes the new measure proposed by the European Commission, a measure which it considers very necessary, and asks the European institutions to adopt it without delay.

1.2. The crisis is demonstrating the geostrategic nature of the agri-food sector and the need to maintain food self-sufficiency in the European Union. For this reason, measures to support the cashflow of farms and agri-food SMEs are vital to ensure their economic survival during this crisis, particularly in areas with handicaps or isolated areas such as islands and mountains.

1.3. However, as some EU countries have already used up or committed their funds under the EAFRD, the EESC thinks that the European Commission should set up a special fund outside of the common agricultural policy (CAP) budget using resources from the Recovery Plan, to implement the measure without having to reduce funds under the EAFRD. Failing this, the Committee believes that the legislative proposal in question should introduce some flexibility into the EAFRD. It therefore calls on the Commission, the Council and the European Parliament to take into account the general comments made in this opinion.

2. **Summary of the Commission proposal**

2.1. The European Commission proposes amending the EAFRD regulation to enable managing authorities to allocate up to 1 % of the 2014-2020 budget to a new measure, under a new article, Article 39b *Exceptional temporary relief to farmers and SMEs active in processing, marketing and/or development of agricultural products particularly affected by the COVID-19 crisis.*

2.2. The proposed measure consists of lump-sum aid capped at EUR 5 000 per farm and EUR 50 000 per SME that must be granted based on objective and non-discriminatory criteria and paid by 31 December 2020.

3. **General comments**

3.1. The EESC welcomes the European Commission's proposal for a regulation and appreciates the speed of its response to ease the cashflow problems of businesses in financial difficulty due to the COVID-19 pandemic.

3.2. The Committee agrees with the proposed measure and urges the European institutions to adopt it as soon as possible.

3.3. However, the EESC thinks that some aspects could be improved:

3.3.1. A special fund should be proposed to finance this measure, funded from the forthcoming Recovery Plan to avoid any cuts to EAFRD resources.

3.3.2. In this, the final, year of the 2014-2020 multiannual financial framework, the funds available under the EAFRD vary greatly from one Member State to another. The proposed cap of 1 % of the budget is necessary and ensures harmonisation across the EU, which the Committee always favours.

3.3.3. However, this cap should be exempt from the budgetary constraints of Regulation (EU) No 1305/2013 to enable Member States to comply with it. Thus, Member States need to be able to use the available funds and to that end obtain an exemption from Article 59(5) of Regulation (EU) No 1305/2013, regardless of the origin of the funds, while applying targeted criteria in order to avoid any overcompensation.

Brussels, 11 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'Proposal for a Council Directive on administrative cooperation in the field of taxation (codification)'

(COM(2020) 49 final — 2020/0022 (CNS))

(2020/C 311/13)

Council referral	25.2.2020
Legal basis	Articles 113 and 115 of the Treaty on the Functioning of the European Union
Section responsible	Section for Economic and Monetary Union and Economic and Social Cohesion
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	221/1/3
(for/against/abstentions)	

Since the Committee unreservedly endorses the contents of the proposal and has already set out its views on the subject in its earlier opinions on the *Proposal for a Council Regulation amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in order to combat VAT fraud* adopted on 15 May 2019 [1], the *Proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements* adopted on 18 January 2018 [2], the *Proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation* and the *Proposal for a Council Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market* adopted on 28 April 2016 [3], *Completing EMU — The role of taxation policy* adopted on 10 December 2014 [4] and the *Proposal for a Council directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation* adopted on 16 October 2013 [5], it decided, at its 552nd plenary session of 10 and 11 June 2020 (meeting of 10 June 2020), by 221 votes to 1 with 3 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the abovementioned documents.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

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(1) OJ C 240, 16.7.2019, p. 29.
(2) OJ C 197, 8.6.2018, p. 29.
(3) OJ C 264, 20.7.2016, p. 93.
(4) OJ C 230, 14.7.2015, p. 24.
(5) OJ C 67, 6.3.2014, p. 68.

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 223/2014 as regards the introduction of specific measures for addressing the COVID-19 crisis'

(COM(2020) 223 — 2020/0105 (COD))

(2020/C 311/14)

Referral	European Parliament, 17.6.2020
	Council, 8.6.2020
Legal basis	Article 175(3) of the Treaty on the Functioning of the European Union
Section responsible	Section for Employment, Social Affairs and Citizenship
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	225/2/3
(for/against/abstentions)	

Since the Committee unreservedly endorses the contents of the proposal and has already set out its views on the subject in its earlier position paper SOC/651 — *Fund for European Aid to the Most Deprived (FEAD)/COVID-19 Crisis* (EESC-2020-01741-00-01-PAC-TRA-EN), sent to the Council and the European Parliament on 15 April 2020, it decided, at its 552nd plenary session of 10 and 11 June 2020, by 225 votes to two with three abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the abovementioned document.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative'

(COM(2020) 206 final — 2020/0086 (COD))

(2020/C 311/15)

Referral	European Parliament, 27.5.2020
	Council, 2.6.2020
Legal basis	Article 177, al. 1 of the Treaty on the Functioning of the European Union
Section responsible	Section for Employment, Social Affairs and Citizenship
Adopted at plenary	10.6.2020
Plenary session No	552
Outcome of vote	219/0/2
(for/against/abstentions)	

Since the Committee unreservedly endorses the contents of the proposal, it decided, at its 552nd plenary session of 10 and 11 June 2020 (meeting of 10 June 2020), by 219 votes to 0 with 2 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 10 June 2020.

The President
of the European Economic and Social Committee
Luca JAHIER

ISSN 1977-091X (electronic edition)
ISSN 1725-2423 (paper edition)

Publications Office
of the European Union
L-2985 Luxembourg
LUXEMBOURG

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