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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

**555TH PLENARY SESSION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
27.10.2020-29.10.2020****Opinion of the European Economic and Social Committee on 'Integration of women, mothers and families with a migrant background in the EU Member States and target language levels for integration'****(exploratory opinion)**

(2021/C 10/01)

**Rapporteurs: Indrė VAREIKYTĖ
Ákos TOPOLÁNSZKY**

Request by the German Presidency of the Council Letter of 18.2.2020

Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	9.9.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote (for/against/abstentions)	234/4/14

1. Conclusions and recommendations

1.1. The EESC notes, that:

- national migrant integration action plans and strategies differ widely across the EU in terms of their guiding principles, measures and their level of monitoring and evaluation,
- there is little evidence across all Member States of action plans and strategies with a particular focus on women or gender issues, while ethnic minority women with migrant backgrounds, as well as women of different age groups, face multiple or intersectional discrimination in many areas of life,
- fewer than half of EU Member States have action plans or strategies that explicitly address descendants of migrants, even when statistical evidence from Eurostat and international organisations highlights their disadvantaged position,

— effective integration has a number of potential economic, social and fiscal benefits for the countries where migrants settle, yet the sum of adequate actions both at the EU and national level is low compared with the complexity of the challenges.

1.2. The COVID-19 crisis has disproportionately affected vulnerable communities, especially ethnic minority migrants and migrant women in particular. The EESC therefore strongly encourages the Commission, in developing its new Initiative on Integration and Inclusion, to take into account the lessons learnt from this crisis and showcase the best approaches taken within the Member States.

1.3. The EESC believes in a holistic approach in tackling the migration challenges. The Initiative should therefore encompass policies on fundamental rights, social and labour inclusion, education, culture, justice and health.

1.4. The EESC calls for the Commission to develop better and more efficient communication and coordination with the Member States, their national, regional and local authorities and civil society organisations in shaping holistic integration policies.

1.5. The EESC once again condemns all forms of violence against women and encourages Member States that have not yet ratified the Istanbul Convention to reconsider their position and calls for all Member States to ensure female migrant victims of violence have equal access with indigenous women to appropriate services, support and facilities.

1.6. The EESC once again encourages the establishment of better systems for assessing educational credentials and providing gender-specific support programmes that can facilitate migrant women's entry into the labour market.

1.7. The EESC calls for urgent actions to ensure an integrated approach that aims at harmonising the multilevel governance of social and employment policies affecting domestic work across the EU.

1.8. It is necessary to develop more systematic outreach and awareness-raising activities to make sure migrant people and refugees are aware of their rights and duties, and to build their trust in — and increase the capacity of — administrations and public authorities to protect them.

1.9. The EESC calls for common EU guidelines for language training to ensure a unified and holistic approach, by not only reflecting the differing needs and levels of learners, but also qualification requirements for teachers.

1.10. The EESC believes that **language training should include guiding, informing and explaining** the objectives and benefits of language training for their life, thereby encouraging migrants themselves to be more active in the process.

1.11. The EESC believes that it would be beneficial to further investigate whether the Common European Framework of Reference for Languages could be used to streamline the migrant language training process and ensure a more tailor-made approach.

1.12. The EESC stresses the necessity to improve the collection of adequate and comparable sex-disaggregated migration and integration data at EU, national and, especially, local level.

2. Subject of the exploratory opinion

2.1. The German presidency of the Council of the European Union has requested the EESC to discuss in an exploratory opinion the specific measures provided for in the Member States for the integration of women, mothers and families with a migrant background, and the language course models used in Member States at the beginning of the integration process for refugees and other migrants and the target language levels set by these courses.

3. Situation analysis ⁽¹⁾

3.1. National migrant integration action plans and strategies differ widely across the EU in terms of their guiding principles, measures and monitoring and evaluation. These variations reflect national specificities, administrative traditions and migration histories. These diverse approaches are discussed in the European Integration Network. However, national differences remain in implementing the Council of the European Union's Common Basic Principles for Immigrant Integration Policy in the EU and other relevant policy documents. It is important to note that in some Member States integration policies are implemented by the regional and/or local authorities, thus increasing even more the differences in implementing this guidance.

3.2. Across all Member States there is little evidence of action plans and strategies with a particular focus on women or gender issues and there are indications that women with migrant backgrounds, including minority ethnic and black women in particular, face multiple or intersectional discrimination in many areas of social life, including employment and education, and particularly face barriers in accessing healthcare services ⁽²⁾.

3.3. Fewer than half of EU Member States have action plans or strategies that explicitly address descendants of migrants, even when statistical evidence highlights their disadvantaged position. Lack of social inclusion risks the potential alienation of young people of migrant descent, with consequences for social cohesion, intolerance, discrimination and the rise of crime, as well as increasing the vulnerability of young migrants to disinformation and extremist movements.

3.4. Outreach to migrant parents is an established and systematic policy only in a handful of Member States. Such policies range from involving and engaging migrant and refugee parents and families in the life of schools and informing and raising awareness about the education of their children to supporting them in learning the Member State's national language and enabling them to assist and support their children in the education process.

3.5. Evidence provided by national-level research and studies within the Member States indicates segregation of migrant children at school. Moreover, even when the residential concentration is not high, some schools, particularly primary schools, tend to be more segregated than the neighbourhoods they serve.

3.6. The number of migrant children under the age of 18 with no legal guardian is continuously increasing — Europe receives 74 % of asylum-seeking unaccompanied minors. After a traumatic migration journey, often marked by violence, these children and adolescents continue to be exposed to multiple dangers and are particularly vulnerable to criminal networks: under-age recruitment, child trafficking for prostitution, sexual exploitation and child labour ⁽³⁾.

3.7. Data collection by the Equality Bodies in the Member States is usually limited to cases of discrimination on grounds of racial/ethnic origin. Little or no data exist in most EU Member States on discrimination-related complaints submitted by third-country nationals on grounds other than ethnic or racial origin ⁽⁴⁾. The actual number of complaints submitted by third-country nationals to Equality Bodies is very small compared with the experiences and incidents of perceived discrimination and victimisation as recorded by surveys. Underreporting ⁽⁵⁾ is a serious concern and can be linked to a lack of rights awareness and to mistrust of the authorities, especially among migrant women and children.

⁽¹⁾ More at: <https://ec.europa.eu/migrant-integration/feature/what-measures-are-in-place-to-ensure-the-long-term-integration-of-migrants-and-refugees-in-europe>

⁽²⁾ Together in the EU — Promoting the participation of migrants and their descendants, European Union Agency for Fundamental Rights, 2017.

⁽³⁾ Opinion SOC/634 — The protection of unaccompanied migrant minors in Europe, EESC (scheduled for the plenary session on 16-17-18 September 2020).

⁽⁴⁾ Links between migration and discrimination — A legal analysis of the situation in EU Member States, European network of legal experts in gender equality and non-discrimination, European Commission DG for Justice and Consumers, 2016.

⁽⁵⁾ Being Black in the EU — Second European Union Minorities and Discrimination Survey, European Union Agency for Fundamental Rights, 2018.

4. Improving integration

4.1. The EESC underlines the fact that **integration is a dynamic, long-term, and continuous two-way process** involving both migrants and the receiving society. It is a challenge that the Union has committed itself to tackling, and effective integration has a number of potential economic, social and fiscal benefits for the countries where migrants settle, yet the sum of adequate actions both at EU and national level is low compared with the complexity of the challenge.

4.2. The COVID-19 crisis has disproportionately affected vulnerable communities, especially migrants and migrant women in particular⁽⁶⁾. The impact includes physical and mental health, as well as economic consequences, possible increase in discrimination and racism, and the impact of physical school closures on migrant children and their parents. The EESC therefore strongly encourages the Commission, in developing its new Initiative on Integration and Inclusion, to **take into account the lessons learnt from this crisis and showcase the best approaches** taken within the Member States. In light of this crisis, the EESC also urges the Member States to provide free training on the use of digital devices, document management, looking for work and remote working and provide access to crisis support and legal advice for people with economic difficulties and/or at risk of social exclusion⁽⁷⁾.

4.3. The EESC believes in a holistic approach in tackling the migration challenges. The future Initiative should therefore encompass policies on fundamental rights, social and labour inclusion, education, culture, justice, health and housing.

4.4. The EESC once again condemns all forms of violence against women and encourages Member States that have not yet ratified the Istanbul Convention to reconsider their position⁽⁸⁾ and calls for all Member States to **ensure migrant female victims of violence equal access with native-born women to appropriate services, support and facilities**. Immigrant victims of domestic violence should be able to confidentially apply for legal immigration status independently of the perpetrator⁽⁹⁾.

4.5. Migrant women are often overqualified for available jobs, are unemployed and face deskilling⁽¹⁰⁾. The EESC once again encourages the **establishment of better systems for assessing educational credentials** and **providing gender-specific support programmes** that can facilitate women's entry into the labour market (such as early childhood education and care) to begin addressing these issues⁽¹¹⁾.

4.6. The Committee stresses that migrant women are not a homogeneous group, especially in terms of skills and qualifications⁽¹²⁾; they are more likely to be under and/or over-qualified for their job and less likely to be in employment⁽¹³⁾. Therefore, integration measures, active labour market policies and programmes and social economy projects should include language courses, skills assessment and vocational training⁽¹⁴⁾.

4.7. Migrant domestic workers have become a major pillar of welfare systems, especially in the field of long-term care for the elderly, and migrant women in the domestic work sector are most often negatively affected⁽¹⁵⁾. This sector still has total or partial irregularity of employment, and low wage levels; domestic workers have a lower level of labour and/or legal protection against unemployment, professional injuries or disability, as well as in cases of maternity, and often suffer from

⁽⁶⁾ The European web site for integration continuously tracks the impact of COVID-19 on migrant communities in a number of key integration areas across the EU.

⁽⁷⁾ Manifesto on Digital Inclusion, European Network of Migrant Women, 16 June 2020.

⁽⁸⁾ OJ C 240, 16.7.2019, p. 3.

⁽⁹⁾ Handbook for Legislation on Violence against Women, DEW/DESA, United Nations, 2009.

⁽¹⁰⁾ Harnessing Knowledge on the Migration of Highly Skilled Women, International Organization for Migration, 2014.

⁽¹¹⁾ OJ C 242, 23.7.2015, p. 9.

⁽¹²⁾ The New EU Migration Pact in Progress: Recalling Legal Obligations, European Network of Migrant Women, 2020.

⁽¹³⁾ European website on Integration, Integration of migrant women, 12/11/2018, <https://ec.europa.eu/migrant-integration/feature/integration-of-migrant-women>

⁽¹⁴⁾ Point 4.16 of the opinion OJ C 283, 10.8.2018, p. 1.

⁽¹⁵⁾ Out of sight: migrant women exploited in domestic work, European Union Agency for Fundamental Rights, 2018.

social isolation and exclusion, especially in the case of live-in employment ⁽¹⁶⁾. The EESC calls for urgent action to ensure an integrated approach that aims at **harmonising the multilevel governance of social and employment policies affecting domestic work** across the EU while considering the intersections of care, employment and migration policies, and how they affect the labour market integration and living conditions of migrant domestic workers.

4.8. The EESC draws attention to the fact that migrant women are often forced to live in isolation and become vulnerable victims of loneliness and violence. At the same time, if they work, they are often overworked and additionally have to bear all caring tasks in the household. As such issues are addressed by gender equality policies, measures and tools, it is crucial to **guarantee migrant women's equal access** to such tools and to ensure that they are being empowered no less than native-born women. It is also necessary to develop more systematic outreach and awareness-raising activities to make sure migrant people and refugees are aware of their rights and duties, and to build their trust in — and increase the capacities of — administrations and public authorities to protect them.

4.9. The EESC believes that in the context of migration and integration, gender equality plays an equally important role as for the rest of European society, as it encompasses a set of fundamental rights (i.e. tolerance, equality, freedoms of expression, views and religion, etc.) which can be culturally unfamiliar to refugees and other migrants coming from completely different cultures and backgrounds. It should therefore become one of the key pillars for integration through holistically tailored policies, integration models and actions.

4.10. The EESC notes that the involvement of migrant families and parents in local and school communities should begin during the early stages of reception, to avoid marginalisation and consequent alienation of children and young people of migrant background. Such support can benefit early native language acquisition.

4.11. The EESC therefore calls for the Commission to **develop better and more efficient communication and coordination** with the Member States, their national, regional and local authorities and civil society organisations in shaping holistic integration policies, as well as in publishing comparative reports on their implementation and in actively promoting the sharing of good practices. At the same time, it is up to the EU institutions to uphold European values and enforce the applicable legislation in cases when Member States do not comply with human rights laws, apply inhumane treatment to migrants and/or discriminate against them.

4.12. The EESC calls on the Commission to set up a range of measures and tools to support Member States and their national and local authorities, as well as social partners, NGOs and individual initiatives in tackling hostility against migrants and migration in general and disinformation campaigns against migration, by showcasing the benefits and potential migrants bring to our societies.

4.13. The EESC stresses the necessity to ensure the collection of adequate and comparable migration data at EU, national and, especially, local level, including, but not limited to, data disaggregated by sex, age, ethnicity and migration status, duration of employment, salary scale and progress in career, in order to ensure adequate evidence-based policy-making.

5. Language training

5.1. The EESC believes, that language training should not be a goal on its own — combining language training with cultural exploration and community and societal involvement would ensure a more successful integration process.

⁽¹⁶⁾ International migration paper No 115, International Labour Organization, 2013.

5.2. Unfortunately, only a few Member States follow a needs-based approach to language learning by opening courses to all residents with limited language proficiency. Several Member States provide access to such courses only for beneficiaries of humanitarian protection. Language-learning programmes are rarely linked to employment, and job-specific, on-the-job and higher level language training courses are rare. In others, migrants need to pay for the courses in advance and are only reimbursed if they pass the final exams. Moreover, great disparities exist not only in the approach and the quality of language teaching, but also in the commitment of migrants themselves ⁽¹⁷⁾.

5.3. The EESC therefore believes that it is important to have common EU guidelines for language training to ensure a unified and holistic approach, by not only reflecting the differing needs and levels of learners, but also qualification requirements for teachers.

5.4. In addition, women with care responsibilities find it especially difficult to access language courses because of their schedule and conditions (costs/location) ⁽¹⁸⁾. It is crucial to note that women migrants in particular should receive additional attention due to particularly wide gaps in language education because of limitations for women to access general education in some countries of origin. For instance, migrant women should be offered childcare while they are attending the language classes, and their young children could attend language and play classes, which have proven very effective both for language learning and integration purposes.

5.5. The EESC believes that it is also up to migrants to decide for themselves and for their families and children which of the language learning strategies are best suited to their goals in life. The fact that migrants may wish to choose among the various types of adaptation implies that arrangements need to be made for listening to migrants' views and for designing and managing tailor-made courses. It is crucial that **language training should include guiding, informing and explaining** the objectives and benefits of language training for their life, thereby encouraging migrants themselves to be more active and engaged in the process.

5.6. The EESC believes that it would be beneficial to further investigate whether the Common European Framework of Reference for Languages could be used to streamline the migrant language training process and ensure a more tailor-made approach, as it might not only alleviate the organising process, but also set clear expectations for learners.

5.7. The EESC highlights the fact that interpreters have a major impact on an individual's migration and integration services and outcomes. However, the qualification of interpreters does not necessarily correspond to the migrants' needs, often placing women in a disadvantaged position. Interpreter training should therefore be streamlined and lead to a European level certification. Collaboration with universities across the EU that offer study programmes in Public Service Interpreting should be established.

5.8. The EESC believes that language skills, employment and the quality of that employment are interrelated and that therefore the better the language skills, the more likely it is that a newcomer will have access to good jobs and education opportunities and better integrate into society in general. The benefits from learning the language of the receiving community are many: from more and better access to the labour market, to recognition of belonging from the rest of the community and a feeling of belonging for the migrants themselves. The most important aspects to language learning are thus: using high quality instruction to deliver, making it accessible and making it convenient and tailor-made. Learning from the experiences during the COVID-19 crisis, there should be more investment in digital tools in order to allow migrants to attend classes online.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽¹⁷⁾ https://ec.europa.eu/home-affairs/sites/homeaffairs/files/201915_early_language_support_wider_dissemination.pdf

⁽¹⁸⁾ Opinion OJ C 242, 23.7.2015, p. 9.

Opinion of the European Economic and Social Committee on ‘Diversity management in the EU Member States’**(exploratory opinion)**

(2021/C 10/02)

Rapporteurs: **Adam ROGALEWSKI****Carlos Manuel TRINDADE**Request by the German Presidency of Letter, 18.2.2020
the Council

Legal basis Article 304 of the Treaty on the Functioning of the European Union

Section responsible Employment, Social Affairs and Citizenship

Adopted in section 9.9.2020

Adopted at plenary 29.10.2020

Plenary session No 555

Outcome of vote 237/4/10

(for/against/abstentions)

1. Conclusions and recommendations

1.1. This opinion was requested by the German presidency and focuses on diversity management in relation to migrants and ethnic minorities in society and the workplace. Case studies of four EU countries representing four geographical regions are examined in this opinion: Northern Europe (Finland), Central and Eastern Europe (CEE) (Poland), Western Europe (France) and Southern Europe (Italy).

1.2. The European Economic and Social Committee (EESC) calls for using a holistic approach in diversity management policies. Such policies need to focus on all aspects of the work and daily lives of the groups in question, including in terms of workplaces, education, public services, local communities and social rights.

1.3. Diversity management should take into consideration heterogeneity and multiple identities. Migrants and ethnic minorities are not a homogeneous group, and recognising intersectionality is crucial to developing successful diversity policies.

1.4. Addressing structural racism across all institutions requires social justice for ethnic minorities and migrants. To that end, the EESC calls on the EU and the Member States to increase their legal and political efforts to tackle racism and xenophobia. Recent global events demonstrate the urgency. COVID-19 is exacerbating structural racism in Europe. Ethnic minorities and migrants not only face greater exposure to the disease, but are at greater risk of associated inequalities, and are less likely to be supported. Across Europe, Black Lives Matter protests following the murder of George Floyd in the United States reveal that institutional racism and xenophobia remain embedded in our European societies.

1.5. Migrants and ethnic minorities are, in many instances, at the forefront of tackling the pandemic and its consequences, while also disproportionately bearing the risks. Their contribution must be recognised, and the diversity strategy should play an important role in this. Recognition of their contribution should include the provision of quality working conditions, fair wages and social protection. Migrants should have access to the same standards of quality accommodation, education and health as those available to European citizens. Furthermore, policies to protect undocumented migrants should be implemented, with the participation and approval of the social partners and civil society organisations.

1.6. EU and Member States need to proactively secure more funds for diversity management for the benefit of all citizens, social justice, fundamental rights and the economy. The COVID-19 pandemic and economic crisis must not be allowed to undercut spending or reduce Member States' capacity in that area. In particular, social partners and civil society organisations should be provided with adequate and long-lasting funding for developing and implementing diversity policies. One of them should be the new ESF+ fund.

1.7. Diversity policies should address skill underutilisation. The EESC reiterates its recommendations for better recognition of qualifications, and especially in the health and long-term care sectors ⁽¹⁾. Improvement to qualification and prior learning recognition processes should follow recommendations of Unesco, which urges coherent, transparent and flexible frameworks targeted at migrants and refugees ⁽²⁾.

1.8. The EESC emphasises the important role of public services and their adequate funding in protecting diversity.

1.9. The Committee calls on the EU and the Member States to provide free and universal education trainings including language courses to enable migrants to fully participate in the labour market.

1.10. The EESC calls for diversity management to be mainstreamed across different EU policy areas and incorporated into the EU rules on public procurement, by taking into account whether companies have diversity policies as a criterion for awarding public contracts.

1.11. The EESC underlines the crucial role of the social partners in developing, implementing and assessing diversity management. Research and the case studies presented demonstrate that collective bargaining and social dialogue are essential and that workplaces with a trade union presence are more likely to have in place inclusion policies and better anti-discrimination practices. Moreover, trade unions and employers' organisations play an important role in empowering migrant workers and entrepreneurs within their structures through special support mechanisms.

1.12. The EESC underlines the important role of civil society organisations and advocacy groups focused on the rights of migrants and ethnic minorities. Migrant-led organisations explicitly call for structured dialogue and meaningful participation in all stages of labour migration and employment policy impacting migrant and ethnic minority workers. For diversity management to be meaningful, all stakeholders must be included in social and civil dialogue.

1.13. The Committee encourages employers to develop robust diversity management strategies in collaboration with trade unions that go beyond statements of Corporate Social Responsibility (CSR) and through proper monitoring to deliver change. In particular, employers should be helped to make use of existing toolkits and methodologies, such as those developed by the European Network Against Racism (ENAR). Employers should aim to apply diversity policies across the entire supply chain.

1.14. To develop comprehensive strategies to tackle systemic racism and promote diversity, the Member States should develop National Action Plans Against Racism, as proposed by the UN World Conference Against Racism which took place in South Africa in 2018 ⁽³⁾.

1.15. The EESC calls on the Commission to urgently develop a new plan on the inclusion of third-country nationals, since the previous one expired in 2018. Furthermore, positive action to strengthen the inclusion of migrants should be incorporated into the proposed Pact on Asylum and Migration.

1.16. The Committee believes that there is a need to improve data collection and monitoring of diversity policies in the labour market in the Member States and at EU level. Without improved data collection, we will not be able to monitor and improve relevant strategies. To that end, the EESC calls on all relevant stakeholders to work together to advance data collection on ethnic minority and migrant workers' participation in the labour market.

⁽¹⁾ OJ C 487, 28.12.2016, p. 7.

⁽²⁾ GEM (2018), Policy Paper 37, UNESCO.

⁽³⁾ Sweden, the Netherlands and France are examples of countries that have recently adopted such policies.

1.17. Inclusion and diversity are essential to democracy. Our workplaces and societies become more democratic when ethnic minorities and migrants participate in civil society, trade unions and formal democratic processes such as elections. To promote active citizenship, the Member States should encourage migrants to actively participate not only in the labour market but also in decision-making processes such as politics. To promote diversity in our societies, it is important to enfranchise migrants so that they can participate in local elections on the same basis as EU citizens and stand as representatives of local communities.

1.18. The EU institutions, including the EESC, should lead by example in diversity management, including by increasing the number of members and personnel from ethnic minority backgrounds ⁽⁴⁾. One good example is the Committee's opinion on gender equality ⁽⁵⁾, which resulted in the establishment of an internal group on gender equality.

2. Introduction

2.1. For the purpose of this opinion, 'migrants' refers to people born in countries other than the one in which they currently live, including European citizens and third-country nationals. 'Ethnic minorities' refers to people of racial, ethnic or religious minority backgrounds who are born in their country of residence. The opinion uses the more positive term 'inclusion' rather than 'integration', which is also commonly used in diversity discourse.

2.2. Racism and discrimination can be individual, involving acts such as unequal treatment, harassment or hate crime. It can also be structural, involving institutional discrimination, represented by labour market inequality, or exclusion of social rights resulting from irregular employment or migration status ⁽⁶⁾. Diversity policies should therefore pay special attention to 'racialised groups' — marginalised communities that face structural or institutional racism, discrimination or profiling as a consequence of belonging to certain ethnic or religious groups.

2.3. As a best practice, diversity management in the workplace involves businesses working with trade unions through collective bargaining — with the support of NGOs and governments — to co-develop strategies aimed at improving workforce inclusion and equality. Special attention should be given to companies in Member States with a low level of collective bargaining coverage and to micro and small enterprises, which also employ many migrants and ethnic minorities and which should be supported, through social dialogue, to develop diversity policies. This requires a participatory assessment of obstacles to diversity and inclusion in the workplace and how it will be managed, monitored and evaluated. Strategies can include addressing organisational structures which have discriminatory impacts (such as recruitment and hiring practices), ensuring diversity in governance structures and collecting data to report outcomes related to staff retention, career progression and equal treatment. Diversity management strategies can also include reviewing conflict resolution and internal complaint mechanisms, where management in consultation with trade unions establishes clear processes for how complaints are investigated and appropriate measures taken to remedy any rights violations, while protecting complainants from retaliation. Activities can include running training courses, setting up support groups and developing mentoring programmes. Furthermore, diversity policies can encourage ethnic minorities and migrants to take part in workplace consultative bodies such as workplace councils.

2.4. It has been 20 years since the Race Equality Directive (2000/43/EC) was adopted. This directive established a European framework for promoting equal treatment between persons irrespective of racial or ethnic origin and set out positive action (diversity management). Likewise, it has been 20 years since the adoption of the Equality Framework Directive (2000/78/EC) to combat discrimination in the workplace. However, neither of these directives specifically prevent structural discrimination on the grounds of nationality or country of origin, and as such do not provide migrants with sufficient protection against discrimination. Furthermore, the Council failed to adopt the so-called Horizontal Directive intended to protect people from discrimination on several grounds both within and outside the workplace.

⁽⁴⁾ See the speech by European Commission president Ursula von der Leyen of 17 June 2020.

⁽⁵⁾ OJ C 240, 16.7.2019, p. 3.

⁽⁶⁾ ENAR, Shadow Report: Racism and Discrimination in Europe 2013-2017.

2.5. Combating discrimination and promoting equality is also included in the EU Treaties and the European Pillar of Social Rights. In 2004, the Council adopted the Common Basic Principles for Immigrant Integration Policy in the EU. On the basis of these principles, the Zaragoza Declaration adopted in 2010 stressed the need to develop a new agenda on integration and established a set of indicators to analyse and monitor integration of migrants in Europe ⁽⁷⁾. As a result of this process, the European Website on Integration (EWSI) was established; this is a core resource for comparative research, monitoring of migrant integration strategies at country level and the assessment of best practices ⁽⁸⁾. The European Integration Network (EIN) was also established in the process, which brings together representatives of ministries responsible for migrant integration from all EU countries, plus Iceland and Norway, to consult with the Commission on integration policy ⁽⁹⁾.

2.6. In 2010, the Commission created the EU Platform of Diversity Charters ⁽¹⁰⁾, which encourage organisations to develop and implement diversity and inclusion policies and offer a place to exchange and share experiences and best practices. Currently, there are 24 European Diversity Charters. By signing a charter, an organisation voluntarily commits to promoting diversity and equal opportunities in the workplace. Becoming a signatory to a Diversity Charter provides access to a vast peer network, publications and support tools for benchmarking, measuring and monitoring.

3. General comments

3.1. The situation of migrants and ethnic minorities has deteriorated recently, and we are seeing more attacks on those groups and an increase in hate speech fuelled by racists and xenophobic prejudices. The EU urgently needs to do more in this respect and one method is the promotion of diversity management.

3.2. Furthermore, asylum seekers and migration inflows have put pressure on the capacity of integration services in the Member States. The next MFF funds such as EFS+ should have increased financial capacity to support inclusion policies.

3.3. Recent research for the European Commission found that, on average across all Member States, 13 % of workers in 'key professions' are immigrants and that non-EU migrants are overrepresented in essential frontline service jobs in sectors such as healthcare, food, distribution and transport ⁽¹¹⁾. Recent evidence collected by the ENAR shows that the crisis has had significant negative consequences for ethnic minorities in terms of housing, police abuse, employment, healthcare, hate speech and the capacity of civil society networks to engage in advocacy on their behalf ⁽¹²⁾. Migrants and ethnic minorities are, in many instances, at the forefront of tackling the pandemic and its consequences, while also disproportionately bearing the risks. Their contribution must be recognised, and the diversity strategy should play an important role in this. Recognition of their contribution should include the provision of quality working conditions, fair wages and social protection. Migrants should have access to the same standards of quality accommodation, education and health as those available to European citizens. Furthermore, policies to protect undocumented migrants should be implemented, with the participation and approval of the social partners and civil society organisations.

3.4. An intersectional approach is important for diversity policies. Ethnic minorities and migrants are not a homogeneous group. Many are women — recent migration has been highly feminised. Some are young, have religious backgrounds, are disabled or belong to the LGBTIQ+ community. Often, they experience multiple forms of discrimination which arise from institutional and structural biases. This is especially the case in terms of access to the labour market and job segregation, linked for example to people's residence status, hiring practices and racist prejudices about people of certain nationalities, religious or ethnic backgrounds.

3.5. Ensuring universal access to public services is a major part of inclusion. In many instances, migrants and ethnic minority communities benefit from public-sector services. In other cases, they are employed by the public sector, which has specific responsibilities to promote equality. However, many migrants, especially asylum seekers and racialised groups also face significant barriers in accessing public services. Due to privatisation and a general lack of investment in public services, authorities also face major challenges in delivering equality policies.

⁽⁷⁾ European Ministerial Conference on Inclusion, 16/04/2010.

⁽⁸⁾ EWSI.

⁽⁹⁾ EIN.

⁽¹⁰⁾ European Commission, EU Platform of Diversity Charters.

⁽¹¹⁾ Fasani, F. & Mazza, J. (2020), Immigrant Key Workers: Their Contribution to Europe's COVID-19 Response, Briefing Note JRC120537, European Commission.

⁽¹²⁾ ENAR (2020), Covid Impact Paper.

3.6. Many migrants undertake work below their skills or qualifications. The causes of this are often structural, such as when education, qualifications and skills acquired outside the EU are not recognised, resulting in discrimination in hiring practices and job segmentation. Insufficient language skills are often perceived as a barrier to employment, yet the advantages of cultural and linguistic diversity that migrant workers bring into the workplace are often overlooked. Diversity management can help to address this issue and, in doing so, increase the overall productivity of the workforce.

3.7. Diversity policies should be implemented not only as an inclusion strategy for the group in question but also as an education tool for the EU population at large. To that end, there should be a greater focus on teaching older and younger people about ethnic diversity and migration, including the vital contribution these bring to our culture, society and economy. Furthermore, schools' curricula should focus more on racism, including structural racism. The EU, together with the Member States and with the active participation of the social partners and community organisations, should initiate information campaigns to promote diversity and tackle racism at the European and national level.

3.8. Education and training are also important for enhancing inclusion for migrant and ethnic minority communities. Training could also include volunteering or establishing various forms of mentoring schemes, with mentors being local citizens or migrants themselves. The COVID-19 crisis has underlined the importance of health awareness among migrant communities to protect themselves from the pandemic.

3.9. Many social partners and civil society organisations engage in diversity management within their own structures, for example through migrants' committees or self-organised groups within trade unions. Such structures not only help boost civil rights activism but also help improve democracy in the workplace and in society as a whole ⁽¹³⁾. Migrants who have no voting rights cannot participate in democratic decisions in their country of residence except through civil society organisations and trade unions.

3.10. With adequate support, migrant workers contribute not only to the economy but also to social justice. Examples of trade unions organising migrant workers show that they can be more proactive than other workers in mobilising for social justice and better working conditions for all ⁽¹⁴⁾.

3.11. Language learning plays an important role in the inclusion of migrants ⁽¹⁵⁾. All countries require language proficiency to become a citizen, yet few provide language courses for free ⁽¹⁶⁾. The EU and Member States should facilitate free language classes for migrants intending to become citizens.

3.12. Diversity management is sometimes included in employers' CSR policies and encouraged by some Member States. While CSR policies could be used to support diversity management principles, in the absence of engagement with trade unions and civil society relying on this to deliver diversity management is problematic.

3.13. Some Member States are moving away from diversity strategies. In particular, CEE countries are using a model of guest worker migration that allows mainly short-stay visas for foreign workers. This model has not only proved economically inefficient, it has also endorsed discrimination and xenophobia ⁽¹⁷⁾.

⁽¹³⁾ Rogalewski, A. (2018). Organising and mobilising Central and Eastern European migrant women working in care. *Transfer: European Review of Labour and Research*, 24(4), 421–436.

⁽¹⁴⁾ *Ibid.*

⁽¹⁵⁾ *Together in the EU — Promoting the participation of migrants and their descendants* (2017), European Union Agency for Fundamental Rights.

⁽¹⁶⁾ www.sirius-project.eu

⁽¹⁷⁾ Penninx, R., Roosblad, J. (eds) (2000) *Trade Unions, Immigration and Immigrants in Europe, 1960–1993. A Comparative Study of the Attitudes and Actions of Trade Unions in Seven West European Countries*. New York: Berghahn.

3.14. There are limited data on the ethnic and migration background of workers in the EU. However, these data are crucial in order to monitor and improve diversity in recruiting, career patterns and retention of workers. While the EESC acknowledges that there are some concerns that collecting such data could itself be a form of discrimination, it emphasises that EU law allows equality data collection where such data are provided voluntarily and according to data protection standards, including confidentiality⁽¹⁸⁾. For equality policies to be effective, employers need to pursue best-practice approaches to diversity management that include the collection of equality data for the purpose of countering workplace discrimination. Collection of sensitive personal data concerning ethnicity, religion and migration background should only occur with proper safeguards in place, ensuring informed consent, self-identification, voluntary participation, respecting privacy and confidentiality of personal data and in consultation with groups at risk of discrimination. Various employers, as well as many trade unions and civil society organisations, already pursue such an approach to promote inclusion and improve diversity in their workforce and membership.

3.15. A change in discourse on diversity management is needed, in particular relating to small and medium-sized enterprises (SMEs). Diversity should be an investment with long-term benefits and not seen as an administrative burden for SMEs or limited to multinational companies with large budgets. Inclusion policies should be implemented with the participation of trade unions by all companies, in particular those operating in sectors with a high proportion of migrant and ethnic minority workers such as catering, hospitality and construction.

3.16. Diversity management should mean not only fulfilling quotas but proactively breaking down barriers in the workplace that create racial inequality. Structural racism results in situations where workers from ethnic minority and migrant backgrounds are disproportionately employed in precarious, more dangerous, low paid and temporary jobs compared to white workers. Cases of indirect racial discrimination are difficult to pursue legally and it is even more difficult to prove institutional racism. When taken seriously, diversity management strategies can be an effective tool to eliminate discrimination based on race and migration backgrounds.

4. Comparison of diversity management strategies in four countries

4.1. There are significant differences between France, Italy, Finland and Poland in terms of migration patterns, the labour market situation and the status of ethnic minorities. However, all four countries face common challenges regarding structural discrimination.

4.2. A common factor in all four countries is the segmentation of the labour market, which sees migrant workers concentrated in low paid and precarious employment. Italy has the most extreme situation, followed by France. Poland is also trending in this direction. In these countries, there are civil society demands to regularise the status of migrants. In Finland, there is evidence of a wide pay gap between migrants and white Finns, but the data predates the Non-Discrimination Act adopted in 2014.

4.3. The intersection of gender discrimination with migrant background of women emerges as a strong theme in all countries, with evidence indicating that women of colour experience the highest rates of employment discrimination, compared to white Europeans as well as men of the same ethnic groups.

4.4. There are varying degrees of governmental, employer and civil society activity in relation to diversity management. Diversity Charters are active in all four countries, as part of the EU Platform of Diversity Charters. France adopted an anti-racism national plan in 2015 which promotes social dialogue. However, Finland is pursuing a strong regulatory approach which establishes discrimination as a crime under the penal code and establishes a legal obligation for employers with over 30 employees to develop plans to promote equality in the workplace.

4.5. Marginalisation of Roma and Sinti is a common issue in all four countries — the group facing the highest levels of employment discrimination.

⁽¹⁸⁾ ENAR (2016), Equality Data Collection: Facts and Principles.

4.6. Italy, as part of a research programme with Belgium and Sweden organised through its Diversity Charter, is working with employers and job seekers and sharing best practices of strategies for inclusion in the labour market.

4.7. Migration inclusion policies in Poland are developed autonomously by some NGOs, local communities and social partner organisations. Due to fragmentation of the labour market, it is difficult for existing initiatives to reach migrants and protect their rights. Language seems to be less of an issue because the majority of migrants are from Ukraine, which has a language similar to Polish.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

Opinion of the European Economic and Social Committee on ‘Social dialogue as an important pillar of economic sustainability and the resilience of economies taking into account the influence of lively public debate in the Member States’

(exploratory opinion)

(2021/C 10/03)

Rapporteurs: **Cinzia DEL RIO**

Vladimíra DRBALOVÁ

René BLIJLEVENS

Request by the German Presidency of Letter, 18.2.2020
the Council

Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	9.9.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	252/0/5
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. Social dialogue, at national and European level, plays a key role in shaping economic, labour and social policies that promote the upward convergence of living and working conditions across Member States. Crisis management, the anticipation and management of change, long-term planning, the capacity to innovate and follow-up green and digital transitions, sound business governance and trust-based cooperation between social partners — underpinned by workers' information, consultation and participation rights — are part of the same European framework to effectively respond to the challenges Europe is confronted with, and also to address the COVID-19 crisis.

1.2. Social dialogue has evolved: growing globalised and interconnected economies and production processes and the impact of trade are pushing towards increased transnational relations with multinational enterprises and global supply chains at different levels, which require a common and coordinated approach at European level.

1.3. The EESC recognises that effective social dialogue must include: representative and legitimate social partners with the knowledge, technical capacity and timely access to relevant information to participate; the political will and commitment to engage in social dialogue; respect for the fundamental rights of autonomy for the social partners, freedom of association and collective bargaining, which remain at the core of industrial relations, and an enabling legal and institutional framework to support social dialogue processes with well-functioning institutions.

1.4. European social dialogue is an inalienable component of the European social model and is enshrined in the Treaty, supported by EU legislation and recognised in the European Pillar of Social Rights. The EESC encourages the European social partners to exploit all of the potentialities the Treaty offers them to engage in negotiations to address the new topics and rapid changes in the labour market.

1.5. The Action Plan to implement the EPSR will explore ways of strengthening social dialogue and collective bargaining. The involvement of the social partners in the Semester process should be considered key to achieving effective results, while data show that, in some countries, such involvement is fragmented or lacking, despite direct CSRs from the European Commission. Considering the important role that the EU Semester will gain with the implementation of the MFF 2021-2027 and the Next Generation EU programme, the EESC calls for the introduction of a mechanism that grants the social partners the right to be consulted at both EU and national level.

1.6. The EESC urges the European Commission, in consultation with the European-level social partners, to provide, through European initiatives, clear and transparent criteria regarding the implementation of sectoral social partner agreements, as provided for in Article 155(2) TFEU.

1.7. The lessons learnt from previous crises are that: countries with well-established social dialogue institutions and industrial relations systems are more likely to formulate rapid and effective tripartite responses. The prompt and effective involvement of the social partners and the support of governments are key factors in addressing the immediate consequences of the crisis, in addition to longer-term recovery-planning to protect and promote employment through sustainable enterprises and social investments.

1.8. Collective bargaining coverage and processes at all levels should be prioritised. Inclusiveness in the social protection systems of vulnerable group of workers and citizens should be a priority for public policy.

1.9. Sound corporate governance based on social dialogue, collective bargaining and respect for workers' rights to information, consultation and participation can make it possible to achieve positive economic targets, together with social and environmental goals. Facilitating the taking of informed management decisions in matters of direct interest to workers contributes to a sustainable and fairer business model. This helps to promote the European social model, which is an engine for the competitiveness of European companies.

1.10. Globalisation and growing transnational production processes have changed how flows of information around the company are structured. Workers' information, consultation and participation rights are recognised in EU legislation and are fundamental for effective social dialogue; the quality and effectiveness of EWCs in transnational restructuring processes have to be improved; shortcomings need to be remedied to strengthen democracy at work and enforcement measures must be put in place, together with effective and proportionate sanctions. The EESC has already called for a harmonised framework at the EU level regarding workers' board-level participation, while respecting national and enterprise-level differences. Unfortunately, the European Company Law that has been approved failed to address this proposal.

1.11. The EESC encourages flexible, goal-oriented solutions based on negotiations between employers' and workers' representatives at the appropriate level to determine the specific arrangements for information, consultation and participation should be promoted, while ensuring a level playing field and adequate minimum protection.

1.12. The EESC calls for action at European and national level to ensure respect for the right to information and consultation in restructuring processes resulting from the COVID-19 crisis.

1.13. In the management of the post-pandemic crisis, the EESC strongly recommends: (i) the proper involvement of the social partners in the designing and implementation of national recovery plans; (ii) better cooperation between the social partners and the European Commission in ensuring the consistent use of European resources; and (iii) for the EU Commission to push forward a new temporary financial instrument to support the extraordinary activities that have to be carried out in the recovery phase, as jointly proposed by the European Social Partners.

2. Social dialogue: how it can be further promoted and rolled out

2.1. The German Presidency asked the EESC to focus this opinion on how the concept of social dialogue, in particular tripartite forms of social dialogue, can go beyond collective bargaining. Tripartite — just like bipartite — social dialogue is a key instrument for sound governance of any process of change.

2.2. In order to evaluate the role that social dialogue and participatory models can play in advancing upward economic and social convergence and in times of crisis, like today, in helping to respond to the impact of COVID-19 on our societies and economies, it is useful to recall the evolution of the concept of social dialogue at international and European level.

2.3. The role of autonomous and representative social partners was fully recognised in ILO fundamental Conventions since the beginning, but the role of social dialogue in designing and monitoring the implementation of social and economic policies has evolved in keeping with the changes in our societies and in the rapid processes of globalisation. The need to include all stakeholders ⁽¹⁾ at transnational, national and local level encourages new forms of consultation and participation in policy-making processes, which may take place at different levels, depending on national circumstances, but also on regional developments, such as the European integration process.

2.4. According to the ILO definition ⁽²⁾, social dialogue includes all types of negotiation, consultation or exchange of information between or among representatives of governments, employers and workers on issues of common interest relating to economic, labour or social policy. It can exist as a tripartite process — with the direct involvement of the government, bipartite — between employers' and workers' representatives, or more recently, on a cross-border basis ⁽³⁾ — which implies transnational social dialogue in Multinational Enterprises (MNEs) and global supply chains in the context of a growing globalised and interconnected economy.

2.5. The EESC is engaged in ongoing work to address the need for a consistent approach at EU level to link respect for human rights, implementation of the SDGs and sustainable investments in business operations across the world and to address the impact of growing transnational relations with MNEs, which involve social partners. These topics are particularly relevant in a number of specific opinions, such as those on due diligence and decent work in global supply chains, as requested of the EESC by the German Presidency and the EP, following the discussions launched at the G7 and G20 summits in 2015 and 2016. The European Union has equipped itself with a regulatory framework of basic economic, social and environmental standards, which are a key element of European competitiveness.

2.6. The main challenge, however, is to support this dialogue with an institutional framework in order to guarantee a regular process of dialogue and consultation with the stakeholders. Unfortunately, this is not the case in the majority of countries worldwide and in several European countries, where social dialogue is an occasional and fragmented exercise. The role of the State in tripartite mechanisms is crucial and cannot be passive ⁽⁴⁾. It is responsible for creating proper conditions and the legal and institutional framework for such consultation and the political and civil climate which enable

⁽¹⁾ The word 'stakeholders' refers to the social partners (employers and trade unions). With regard to tripartite social dialogue, it also includes governments.

⁽²⁾ *ILO Declaration on Social Justice for a Fair Globalization*, ILC, 2008; *ILO Resolution concerning the Recurrent Discussion on social dialogue*, adopted at the ILC on 13 June 2013; *ILO Resolution concerning the second recurrent discussion on social dialogue and tripartism*, adopted at the ILC on 8 June 2018. See also *ILO Centenary Declaration for the Future of Work* adopted at the ILC, 108th Session, 2019.

⁽³⁾ *Ibid*, ILO Resolution 2018; *Conclusions of the general discussion on Decent work in global supply chains*, June 2016.

⁽⁴⁾ Recent OECD studies *Employment Outlook 2019* and *Going Digital: Shaping Policies, Improving lives Report 2019*.

representative and legitimate social partners to participate, recognising their role. On the contrary, in some European countries, social dialogue processes have been weakened and the autonomy of the social partners undermined ⁽⁵⁾.

2.7. Strong and decisive action by the EU to adopt a more supportive approach to frame consultation practices would be welcome ⁽⁶⁾.

2.8. The EESC regularly monitors the development, enforcement and quality of the social dialogue in many of its opinions. The social partners have a specific role ⁽⁷⁾ to play in the elaborating and implementation of policies directly or indirectly affecting employment and labour markets. The EESC also welcomes the supportive position of Eurofound, which states that Social dialogue must be promoted and supported, while respecting the autonomy of the social partners and collective bargaining and increasing the social partners' capacity to engage in social dialogue, equipping them with knowledge and training and creating the appropriate policy and legal frameworks to enable all social stakeholders to perform effectively ⁽⁸⁾. Bipartite social dialogue and collective bargaining, at all levels, are the core of national industrial relations systems and play a crucial role in shaping employment conditions and the labour market. Bipartite social dialogue should be underpinned by an appropriately supportive institutionalised framework, while respecting the principle of subsidiarity and the autonomy of the social partners.

2.9. Dialogue mechanisms at national level can include national tripartite economic and labour councils open to various CSOs or economic and social councils which should serve as channels for the opinions of European society in economic and social affairs, through groups to which citizens belong, to produce this form of dialogue with the aim of jointly addressing the challenges of our economies and societies. These bodies, however, have not been set up in all EU countries and the EESC Liaison committee should have a stronger role in coordination.

3. European Social Dialogue: a pillar of the EU social model

3.1. Social dialogue is an inalienable component of the European social model. While the 'Val Duchesse' dialogues in 1985 are considered to be the starting point, it was the Maastricht Treaty that took on board the social partners' indications with a view to establishing the European inter-professional social dialogue as we know it.

3.2. As enshrined in the Treaty on the Functioning of the European Union (TFEU) ⁽⁹⁾, the promotion of dialogue between management and labour is recognised as a common objective of the European Union and the Member States. Social partners at inter-professional or sectoral level, when acting together and signing agreements, participate in the definition of EU legislation in labour-related matters and its implementation at national level. They do so following the legislative initiative of the Commission (also supplementing the European Parliament) or through autonomous initiatives, based on a three-year work programme, which is defined by the European social partners. Moreover, the TFEU guarantees the role and autonomy of the European Social Partners.

3.3. Over the last twenty years, European social dialogue has developed in very uneven ways: progress has been made, but there have also been setbacks. With the onset of the Eurozone crisis in 2009, there was a clear deterioration of European social dialogue as a whole.

⁽⁵⁾ In CSRs on several EU countries, the EC asks for specific interventions to remove obstacles to collective bargaining and social dialogue.

⁽⁶⁾ It is important to note that ILO Convention No 144 on Tripartite Consultation has been ratified by 26 EU countries, in Croatia it will enter into force in February 2021, but Luxembourg has not ratified it.

⁽⁷⁾ OJ C 125, 21.4.2017, p. 10.

⁽⁸⁾ Eurofound (2020) *Capacity building for effective social dialogue in the European Union*.

⁽⁹⁾ Articles 151 to 155 of the TFEU.

3.4. The EESC highlights, in its opinion⁽¹⁰⁾ on the 2020 EU Employment Guidelines, Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue, which states very clearly **that Member States should foster social dialogue and collective bargaining at all levels**. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy.

3.5. To date, the European social partners, in the context of their regular joint working programmes, have concluded nine framework agreements. Three of them — regulating parental leave⁽¹¹⁾, part-time work⁽¹²⁾ and fixed-term work⁽¹³⁾ — concluded more than 20 years ago, have been transposed into European directives and now form an integral part of the body of EU law; the others are the autonomous agreements⁽¹⁴⁾ and frameworks of actions⁽¹⁵⁾ and a number of other joint documents. Autonomous agreements lack direct effect in national labour relations and need to be transposed into the domestic legal framework or collective agreements, but social partners at national level are responsible for a timely, proper and European-wide coordinated implementation.

3.6. In 2020, the social partners reached an Autonomous Agreement on Digitalisation. This calls for the conclusion of a digital change strategy that ensures that both enterprise and workers benefit from the introduction of digital technology (skills development, training programmes associated with digital change at work and measures to address the modalities of connecting and disconnecting).

3.7. The sub-group of the Social Dialogue Committee on the implementation of autonomous social dialogue instruments supporting the capacity-building of social partner organisations, should look at the need for closer and more intense interaction and linkages between the social partners at the European and national levels. In this context, the European social partners have committed to step up their efforts to address the different obstacles to the implementation of their autonomous agreements, which should be closely monitored by the EU in order to target specific support initiatives.

3.8. Finally, six joint work programmes have been negotiated. The most recent⁽¹⁶⁾ supports the objectives of the 2016 quadripartite statement on *A New Start for Social Dialogue*⁽¹⁷⁾ in order to: strengthen social dialogue at European and national levels; to negotiate an autonomous agreement on digitalisation; to increase capacity building support to national social partners, notably through the European Social Fund, and to foster the role and influence of national social partners in the European Semester.

3.9. The EESC encourages European social partners to make use of all the potential that the Treaty offers them (Article 154 TFEU) to engage in negotiations (which can be the basis of a renewed European framework in social and labour-related areas) to address the new challenges arising from rapid changes in the labour market and to anticipate the legislative role of the Commission and the Council in this domain.

⁽¹⁰⁾ OJ C 232, 14.7.2020, p. 18.

⁽¹¹⁾ First concluded in 1996, it was then revised in 2009. It was transposed by Council Directive 2010/18/EU.

⁽¹²⁾ Transposed by Council Directive 97/81/EC.

⁽¹³⁾ Transposed by Council Directive 99/70/EC.

⁽¹⁴⁾ On telework (2002), work-related stress (2004), harassment and violence at work (2007), inclusive labour markets (2010) and active ageing and an inter-generational approach (2017), digitalisation (2020).

⁽¹⁵⁾ On lifelong development of competencies and qualifications (2002), gender equality (2005) and youth employment (2013).

⁽¹⁶⁾ The 2019-2021 Work Programme addresses the six following priorities: digitalisation, improving the performance of labour markets and social systems skills, addressing psycho-social aspects and risks at work, capacity-building for a stronger social dialogue circular economy.

⁽¹⁷⁾ The quadripartite statement is available at <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2562>

3.10. The European sector social dialogue is legally grounded on Decision 98/500/EC of 20 May 1998⁽¹⁸⁾, establishing Sectoral Social Dialogue Committees (SSDCs). Currently, there are 43 sectoral social dialogue committees, spanning key sectors⁽¹⁹⁾ and covering about the 80 % of the EU workforce⁽²⁰⁾. A number of agreements were implemented by Council decisions, but the European Commission did not submit to the Council — in order to turn a sectoral agreement into a directive — two proposals coming from the social partners: the agreement reached in the hairdressing sector (2012) and the agreement on information and consultation rights in central/federal government (2015). This was an unprecedented step, which has led to a case before the ECJ.

3.11. Clear processes for negotiating binding EU-level social partner agreements in accordance with the Treaties (Articles 153-155) are needed, together with transparent criteria that respect the autonomy of the social partners when dealing with the outcome of such negotiations in sector-specific and cross-sectoral negotiations. Clarification should be provided by the Commission, in cooperation with all social partners at EU level, in order to avoid an unclear margin of discretion by the EC in dealing with the outcome of these negotiations.

3.12. The EU social dialogue system also concerns European companies operating in several EU Member States and is mainly structured around workers' rights to information and consultation⁽²¹⁾. The most important tool created by the EU legislator in order to ensure the effective and constant enforcement of these rights is represented by the European Works Councils Directive (EWCs)⁽²²⁾.

3.13. More than 1 100 agreements have been negotiated to establish or renew the functioning of EWCs and other cross-border workers' representative bodies (such as for the SE — European company or European cooperatives). More recently, social dialogue with multinational companies has made also greater use of TCAs, which build on the large number of texts signed by different actors but mainly by ETUFs or EWCs⁽²³⁾. More than 200 TCAs aim to modernise industrial relations with MNEs⁽²⁴⁾. A more practical tool of guidelines for cross-border collective negotiations at company-level would make this layer of the EU industrial relations system more efficient.

3.14. All this activity shows the dynamism of social dialogue at all levels even if such dynamism may need tools that make social dialogue effectively respond to the most recent needs of companies and workers due to rapid changes in work organisation and transitions. The quadripartite statement on *A new start for social dialogue* signed in 2018 and promoted by the EC⁽²⁵⁾ was an attempt to adapt the inter-professional social dialogue to the new European institutional setting with a more prominent role for EU economic governance in triggering upward convergence of the living and working conditions of all Europeans.

3.15. **Transforming our world: the 2030 Agenda for Sustainable Development.** The UN 2030 Agenda and its 17 Sustainable Development Goals (SDGs) recognise (in Goals 8, 16 and 17) that social dialogue can reinforce the (democratic) institutions and can facilitate the transition towards a more sustainable economy by developing a joint understanding of the challenges and the way to address them. The social partners are therefore considered key actors when

⁽¹⁸⁾ Commission Decision 98/500/EC of 20 May 1998 on the establishment of Sectoral Dialogue Committees promoting the Dialogue between the social partners at European level, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1998:225:0027:0028:EN:PDF>

⁽¹⁹⁾ Such as transport, energy, agriculture, construction, trade, metal, shipyards and education, insurance and banking.

⁽²⁰⁾ Kerckhofs, *European sectoral social dialogue: facts and figures*, EuroFound (2019), available at <https://www.eurofound.europa.eu/publications/report/2019/european-sectoral-social-dialogue-facts-and-figures>

⁽²¹⁾ See Chapter 5 for specific references.

⁽²²⁾ The EWCs were first established by Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees, but are now regulated by the 'Recast Directive'. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02009L0038-20151009> According to the 2019 Benchmarking Working Europe there were 1 150 EWCs in 2018, mobilising approximately 20 000 employee representatives.

⁽²³⁾ ETUC-Business Europe, Final Report — Building on experiences: A win-win approach to transnational industrial relations in multinational companies, 2018.

⁽²⁴⁾ According to the European Commission, *Database on transnational company agreements*, available at <https://ec.europa.eu/social/main.jsp?catId=978&langId=en>

⁽²⁵⁾ More detailed information can be found at <https://ec.europa.eu/social/main.jsp?eventsId=1028&catId=88&furtherEvents=yes&langId=en&>

it comes to reforming and modernising societies and economies. They can contribute to most of the SDGs and can incorporate sustainability aspects more extensively than what they are doing now. Broadening the scope of negotiations requires new partnerships and new strategies ⁽²⁶⁾. Social dialogue, autonomous and independent, is key to combining social policy with sound economic policy and a strategy for sustainable economic growth, competitiveness and social progress across all Member States and the European economic area ⁽²⁷⁾.

3.16. If social dialogue is to remain useful, it will have to address new topics and changes in the labour market and deliver effective outcomes. New, non-standard forms of work may blur the lines of the worker-employer relationship and is leading to a growing number of people no longer covered by collective bargaining or protective legislation. This is an area which can be addressed in social dialogue helping to secure consensus between workers and businesses in order to embrace all dimensions of sustainability.

3.17. Tripartite social dialogue can be more effective if it fosters concrete negotiations and outcomes at all levels. There is potential to improve the functioning of tripartite social dialogue bodies and consultation processes — in particular in Central and Eastern European countries- so that they could have a real impact, which would also lead to greater, timely and meaningful involvement of social partners in policy- and decision-making. The ongoing ILO and EC project seeks to identify good practices arising from social dialogue that are emerging in various countries, as well as the action of public authorities aimed at enhancing the role of social dialogue — including collective bargaining — in tackling new challenges and opportunities in a new world of work, while at the same time supporting the autonomy of the social partners ⁽²⁸⁾.

3.18. **The European Pillar of Social Rights (EPSR)** ⁽²⁹⁾ recognises the autonomy of social partners and their right to collective action and to be involved in designing and implementing employment and social policies, including by means of collective agreements. The EPSR reaffirms the crucial role of social dialogue and social partners, and collective bargaining at all levels.

3.19. **An Action Plan to implement the EPSR** will explore ways **to promote social dialogue and collective bargaining and increase the capacity** of unions and employers' organisations at EU and national level.

3.20. The social partners should be involved during the European Semester of Economic Governance, especially in the elaboration and implementation of employment, social and, where relevant, economic reforms and policies, either as a consequence of Country specific recommendations or following national dynamics, and in the framing of the National Reform Programmes ⁽³⁰⁾.

3.21. Many underline that the involvement of the social partners by national governments happens in only a few countries and evidence gathered over the years shows that the possibility of being consulted in the framework of economic governance is left to the discretion of governments in office. Even worse is the case of those Member States where historical weaknesses in social dialogue structures and practices remain. In any case, national social partners do not always have the capacity to participate proactively in this challenging process ⁽³¹⁾.

⁽²⁶⁾ Sustainability and governance, ESDE Chapter 6.

⁽²⁷⁾ The first results of an ILO-EU project on enhancing the social partners and social dialogue were presented in a conference last March and addressed the effectiveness of the national social dialogue institutions and government's role in encouraging this process.

⁽²⁸⁾ A new ILO and EC project aimed at analysing and documenting how the social partners in the EU countries are endeavouring to adapt to these changes, Youcef Ghellab, Daniel. Vaughan-Whitehead.

⁽²⁹⁾ Interinstitutional proclamation on the European Pillar of Social Rights (2017/C/428/9).

⁽³⁰⁾ See the ETUC Trade Union Involvement Index for the Semester Process, concerning national dialogues in the framework of the Semester.

⁽³¹⁾ Many reports from the Eurofound, the ETUC, the European Commission, EMCO, and OSE confirm that social partners are not properly involved.

3.22. The coordination exercised in the framework of the Semester and by the Council through the Employment Committee does not always produce results that are satisfactory for all sides. Considering the prominent role that the EU Semester will gain in the implementation of the MFF 2021-2027 and the Next Generation EU programme, thought should be given to introducing a mechanism that grants the right to social partners to be consulted, at both EU and national level, at the milestones represented by the Semester. An amendment to the six-pack ⁽³²⁾ may introduce an obligation on national governments to consult social partners at national milestones of the Semester, introducing criteria such as the good timing, meaningfulness and appropriateness of the consultation (Article 2-a(2)(c)(d) and (e) of Regulation 1146/97 as amended by Regulation (EU) No 1175/2011).

3.23. Some research findings ⁽³³⁾ show that national social partners do not always have the capacities to proactively participate in this challenging process. Capacity-building actions for social partners, aimed at strengthening national social dialogue frameworks and practices should be promoted and supported by the European Commission, also via the ESF funds. This would allow Social Partners to reinforce their capacities to navigate the existing green and digital transition periods, which is crucial. In this regard, capacity is not only an internal problem of (a lack of) financial and resources means, but is also a structural issue depending on the industrial relations framework. Training activities supporting the capacities of the social partners, as well as incentivising engagement in bipartite negotiations at sectoral and company level, while respecting the autonomy of collective bargaining, need to be further supported.

3.24. Capacity-building support under the ESF operational programmes should be further developed. Despite the introduction of the code of conduct on partnership, through which social partners should have greater influence over the content of these programmes, the managing authorities do not allocate support for the social partners' capacity building. The proposed ESF+ regulation should come with measures for capacity building support and information on how to go about making the case to the managing authorities to do more to support social partners' capacity building needs. In this regard social Country specific recommendations (including those for 2020) are identifying the countries where support to social partners is most needed.

3.25. Concerning the Civil Society Organisations, and the Civil Dialogue, they should be appropriately consulted by the EU and national Governments, especially for specific policies, where they could bring added value.

4. Analysis of experiences from the last financial crisis 2008-2010 and lessons learnt, both positive and negative

4.1. Social dialogue in times of crisis, such as in the last crisis in 2008-2010, has tended to reveal its use as an instrument to provide solutions. It is clear that the responses from the social partners were either directed towards securing employment and avoiding redundancies, or limiting the extent and the consequences of job losses. Social dialogue is an important instrument which, in some circumstances, has been encouraged by governments to combat the negative economic and social consequences of the global economic crisis. 'Collective bargaining has been used as tools to avoid the worst, which means redundancies, extensive job losses and company closures' ⁽³⁴⁾.

4.2. National social partner responses to the labour-market effects of the financial crisis were shaped by three main factors: the depth of the economic crisis, the institutional set-up of industrial relations, and government decisions. In countries with well-established social dialogue institutions, the social partners were actively involved in the design of rapid and effective tripartite responses at sector or enterprise level. The patterns of intervention varied markedly between Member States. A key determining factor in the success or failure of social dialogue appeared to be the extent of government support

⁽³²⁾ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/eus-economic-governance-explained_en

⁽³³⁾ Ibid Eurofound reports, ETUI Benchmarking Working Europe 2018, ETUC yearly analyses of CSRs implementation in the Semester process.

⁽³⁴⁾ ETUI, 2010 Benchmarking working Europe, Brussels 2010.

for the process and timely involvement of the social partners⁽³⁵⁾. The following general pattern can be found: while in the early phase of the crisis (2008–2010) under severe economic stress, the social partners took action, with the common aim of maintaining existing jobs and the overall employment level, making use of automatic social stabilisers where these existed. This happened not only through national tripartite negotiations but was also reflected in the bilateral collective agreements at sectoral/branch and company levels⁽³⁶⁾.

4.3. Whereas in the second phase of the crisis (2011–2014), there were many significant impacts on a range of aspects of industrial relations in the Member States⁽³⁷⁾: One of this was a trend towards further decentralisation in collective bargaining. In some of the Member States, the combined effect of more unilateral decision-making by governments and the decentralisation of collective bargaining led to less multi-employer bargaining and a drop in collective bargaining coverage. Also in the Central and East European industrial relations systems, a drift towards more voluntary and fewer tripartite structures and processes took place⁽³⁸⁾.

4.4. The Member States in which the impact of the crisis has been most severe on industrial relations were the ones hardest hit by the crisis from the economic and social point of view. The social partners in Greece, Ireland, Portugal and Spain, for example, had little room for manoeuvre, given the scale of the economic adjustments these countries have had to make⁽³⁹⁾. The industrial relations systems of Nordic and Central European countries contained more potential flexibility for actors and processes (e.g. opening clauses in collective agreements), enabling them to adapt more readily to changes in the economic environment. Hence, robust relationships between the social partners allowed more positive outcomes.

4.5. Two types of measures to alleviate the impact of the crisis were introduced. The first focused on avoiding redundancies and the second on mitigating the effects of redundancies. The avoidance of redundancies included short-time working schemes in various forms in different countries, but it was also evident that some parts of the population and vulnerable groups of workers in non-standard forms of work were not covered by any form of social protection, which makes inclusiveness in social protection systems and efficient public services a priority for public policy. Short-time working schemes and unemployment period covered by benefits were accompanied by upskilling and reskilling. This could have been seen in many cases and should be considered as a good practice in facing crisis.

4.6. The second type of response to mitigate the effects was divided between negotiations over severance pay, for which there was a large demand from workers, and agreements reached between trade unions and employers to support a return to the labour force for those made redundant. These agreements took various forms due to diverse national institutional settings: for example, job-to-job transition (in the Netherlands), transfer companies (in Germany), job security councils (in Sweden) and work foundations (in Austria). These measures were often accompanied by offers of counselling, redeployment measures, reskilling and information on job vacancies. The full range of measures can be found in the European Commission publication *Industrial relations in Europe 2010*⁽⁴⁰⁾.

⁽³⁵⁾ ILO Policy Brief, The need for social dialogue in addressing the COVID-19 crisis, Geneva, May 2020.

⁽³⁶⁾ Eurofound (2012) Social dialogue in times of global economic crisis.

⁽³⁷⁾ Eurofound (2013) Comparative analytical report: the impact of the crisis on working conditions relations,

⁽³⁸⁾ Glassner (2013), Central and eastern European industrial relations in the crisis: national divergence and path-dependent change and ILO Recovering from the crisis through social dialogue in the new EU Member States: the case of Bulgaria, the Czech Republic, Poland and Slovenia.

⁽³⁹⁾ Eurofound (2014), Changes to wage-setting mechanisms in the context of the crisis and the EU's new economic governance regime.

⁽⁴⁰⁾ European Commission's *Industrial relations in Europe* (2010).

4.7. Social dialogue has a crucial role in devising timely and targeted responses to support employment and economic recovery at times of crisis but, alone, it cannot solve all problems. Sound public policies and regulations and appropriate fiscal space are especially crucial in a crisis context ⁽⁴¹⁾.

5. Workers' involvement in company management: a response to manage change

5.1. Industrial democracy is broadly understood as the governance of business processes in 'sustainable' ⁽⁴²⁾ enterprises, based on social dialogue, collective bargaining and workers' information, consultation and participation at company level ⁽⁴³⁾. Sound corporate governance can make it possible to achieve positive economic targets, together with social and environmental goals. A mix of legislative acts, together with operational and policy measures, is currently in force, taking into account national industrial relations' practices and situations in each business. Globalisation and the transnational production processes of European enterprises have changed how flows of information around the company are structured ⁽⁴⁴⁾. The trustworthy collaboration between employers and workers has proven its importance — latest in the COVID-19 pandemic.

5.2. Workers' information, consultation and participation rights are fundamental social rights which are enshrined in international (ILO) and European (Council of Europe and EU) human rights instruments and are fundamental for effective social dialogue.

5.3. At European level, workers' participation helps to share timely information with workers' representatives in industrial relations systems, supports the elaboration of informed management decisions in certain matters of direct interest to workers with workers' representatives, and contributes to a sustainable and fairer business model. This helps to promote the social economic market idea that considers the European social model to be an engine for the competitiveness of European companies.

5.4. Various pieces of legislation at EU level have established minimum requirements ⁽⁴⁵⁾ and define workers' information, consultation and board-level representation rights including the Directive on information and consultation and the EWCs Directive ⁽⁴⁶⁾, as well as legal acts concerning specific forms of enterprises, such as SEs and European Cooperative Societies, or specific situations, such as cross-border mergers, transfer of undertaking, collective redundancies. The EWCs (and SE Works Councils) are bodies for workers' information and consultation on transnational issues and their relevance for the European workforce is significant. They play an important role in the progressive integration of European Member States and the single market ⁽⁴⁷⁾. There is room for improvement regarding the quality and effectiveness of information and consultation of EWCs on transnational company restructuring, as the Commission underlined in its report ⁽⁴⁸⁾.

⁽⁴¹⁾ Ibid ILO policy brief, 2020 and OECD web-portal updates 'Tackling the coronavirus — contributing to a global effort', March 2020.

⁽⁴²⁾ OJ C 161, 6.6.2013, p. 35 — Section 3 defines a 'sustainable' enterprise.

⁽⁴³⁾ Article based on Eurofound research 'Industrial democracy in Europe: a quantitative approach', Pablo Sanz, Christian Welz, Maria Caprile, Ricardo Rodriguez Contreras, Labour and Industry, June 2020.

⁽⁴⁴⁾ Article based on Eurofound research 'Industrial democracy in Europe: a quantitative approach', Pablo Sanz, Christian Welz, Maria Caprile, Ricardo Rodriguez Contreras, Labour and Industry, June 2020.

⁽⁴⁵⁾ Directive 2002/14/EC framework on information and consultation and Directive 2009/38/EC European Works Councils.

⁽⁴⁶⁾ Directive 94/45/EC, as amended Directive 2009/38/EC.

⁽⁴⁷⁾ Eurofound (2020) Social dialogue and HR practices in European global companies, with analysis and findings on the evolution of a European dimension of social dialogue at both transnational level of decision-making and in local subsidiaries and the role of EWCs as a key link between different levels of social dialogue within a company, such as the national and European.

⁽⁴⁸⁾ EU Commission: Report on the implementation by Member States of Directive 2009/38/EC on the establishment of a European Work Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (Recast), Brussels, 14.5.2018 (COM (2018) 292 final).

5.5. Workers' board-level participation can be found in the majority of Member States but there are no common grounds at European level and it is therefore manifested in the different practices specific to national frameworks. In its opinion SOC/470⁽⁴⁹⁾, the EESC has already called for a harmonised EU-level framework for workers' board-level participation. Unfortunately, the 2019 Company Law Package that has been approved does not reflect this proposal.

5.6. The European Pillar of Social Rights under Principle 8, defines that workers and their representatives have a right to be informed and consulted in good time concerning matters relevant to them. From this perspective, workers' involvement is strategic to manage the transitions to deal with ecological, demographic and technological challenges and accompany changes in work organisation or restructuring⁽⁵⁰⁾. The EESC calls on European and national institutions to take action to ensure that workers' information, consultation and participation rights are respected in restructuring processes.

5.7. European legislative measures in the field of workers' health and safety highlight and include the necessary role of workers' representation in this area as well. Tripartite and bi-partite agreements in some European countries to contain the spread of the COVID-19 at enterprise level have been pro-active examples of joint initiatives of social partners as far as OSH is concerned.

5.8. The COVID-19 crisis shows on one hand the positive examples around Europe of constructive social dialogue at enterprise level to maintain jobs, ensure safety return to the workplace while continuing the business activity. On the other hand, information and consultation rights have not been respected everywhere in Europe, even in the emergency phase, including in restructuring and with regard to the measures to be taken to protect occupational safety and health and avoid risky working conditions. Actions at European and national level are necessary to ensure the respect of information and consultation rights in restructuring processes resulting from COVID-19 crisis.

5.9. Further steps at European level to fill gaps and to strengthen democracy at work are needed. The aim is to secure adequate minimum protections and rights with regard to workers' information, consultation and board-level representation in cross-border situations where the national laws cannot be applied in a coordinated and equitable way. An effective crosscutting framework for information, consultation and board-level representation rights in EU company forms and those that make use of the company mobility instruments is needed. Gaps in access to information regarding business activities in non-EU countries and their impact on jobs and working conditions have to be assessed in order to ensure the proper role of the EWC. In the implementation of the EWC Directive, enforcement measures should be strengthened, together with effective and proportionate sanctions, where shortcomings have been identified.

5.10. It is also necessary to ensure full respect of the information and consultation rights for public sector workers. The EESC calls on the Commission to take action to ensure that the European. Social Partners' agreement on this matter is properly implemented.

5.11. National practices show differences in workers' involvement. In particular, it has to be ensured that workers' representatives appointed in line with European and national rules⁽⁵¹⁾ to the administrative and supervisory bodies can properly carry out their duties provided by national and European legislation. It is also necessary to guarantee that workers are informed and consulted adequately and in a timely manner about a company's plans and the potential implications for employment and working conditions, according to the Directive.

6. Social dialogue for a sustainable and inclusive post COVID-19 recovery

6.1. Many organisations and Institutions, including the ILO, OECD, European Commission, Eurofound, and also the European Social Partners, have gathered, published and regularly updated the information on measures taken at national level to address firstly, the emergency phase and subsequently, the resumption of economic activities and planning of recovery programmes.

⁽⁴⁹⁾ OJ C 161, 6.6.2013, p. 35.

⁽⁵⁰⁾ Article based on Eurofound research 'Industrial democracy in Europe: a quantitative approach', Pablo Sanz, Christian Welz, Maria Caprile, Ricardo Rodriguez Contreras, Labour and Industry, June 2020.

⁽⁵¹⁾ Germany: direct appointment by law, the Netherlands: co-optation of managers indicated by the workers; France mix of direct and shareholder appointments; Sweden: appointment of trade union representatives, etc.

6.2. In some countries bipartite and tripartite agreements have been signed since the start of the pandemic, together with a number of bipartite sectoral agreements aiming at introducing measures to keep working places healthy and safe.

6.3. Given the lack of a coordinated response by the Member States at the beginning of the pandemic crisis, it is clear that in the recovery stage we need a solidarity-based approach among Member States for the future of Europe.

6.4. The European social partners — ETUC, BusinessEurope, CEEP and SME United — in their joint statement on the COVID-19 emergency, call strongly on the Member States to involve national social partners in the design and implementation of national measures. Nevertheless, their active and effective contribution depends not only on their own capacity but also on government recognition of their role in containing the pandemic and addressing its socio-economic consequences. There are good examples of crisis management pro-actively led by sectoral European and social partners. Some are tripartite, while some are bipartite. Collective agreements in several European countries have sought to contain the virus by ensuring a safe working environment, specific working arrangements and social safety nets, such as sick leave and parental leave.

6.5. The EU recovery plan, which includes the Commission's New Generation EU proposal and all the measures already adopted with ad hoc funds, grants and loans from the ECB and the EIB, undoubtedly represents a substantial package of financial measures, which should harness public and private investment, targeted to support sustainable growth and quality jobs.

6.6. In the Tripartite Social Summit on 23 June 2020, the social partners stressed the need for investment in the public health sector and services most badly affected in this period and for structural investment for an ecological transition, digital transformation and innovative technologies to boost European competitiveness by supporting quality employment, training and social and economic progress in a coordinated European context.

6.7. It is crucial that the EU Recovery Plan is built on and with the involvement of the social partners at all levels. Social dialogue is the key instrument for sound governance in periods of crisis. Consultation and discussions at tripartite level enhance the quality of policy design to respond to the crisis, engage social partners in implementation and build trust among them to overcome difficulties, while supporting social cohesion and the resilience of our economies. The mapping of the impact of the crisis on workers, enterprises and local communities is also carried out with local authorities and is crucial for the adoption of agreed temporary measures and to build consensus for medium- and long-term recovery plans.

6.8. It is necessary to define national plans to allocate European resources on the basis of medium-long term planning, without dispersing resources by fragmenting them, and taking into account the fragilities that have emerged in the emergency phase and the rise of inequalities in society.

6.9. In some EU countries, social dialogue has proved to be effective for the prompt and effective adoption of strong emergency measures to help businesses survive and thus to retain jobs and **keep people in the labour market**, helping ensure short-time working schemes aimed at mitigating the effects on employment and to provide planning security for workers and companies in mastering the recovery phase.

6.10. In some Member States, however, most vulnerable groups, such as those in non-standard forms of employment, self-employed, and undeclared workers, did not receive access to protection measures and face the risk of end up in poverty, worsening the social emergency.

6.11. In the long run, the EU can support Member States and the social partners by reversing structural reforms that lower employment protection and by creating more room for collective bargaining and strengthening labour market institutions. The EU should also address urgent challenges, such as long-term unemployment, transitions to green and digitalised processes and up- and re-skilling to foster employability, while providing an adequate regulatory framework for diverse forms of work.

6.12. Better cooperation between the Commission, national government, employers and trade unions can also help social protection systems to respond to the changing economic and social context in Europe in order to extend coverage to those vulnerable groups that are excluded today. In the context of the EPSCO Council, the European Semester should be further improved to support Member States, with a new scoreboard of indicators, in benchmarking progress in implementing agreed policies and reach common objectives at European level. In these testing times, the resolve and responsibility of all public authorities at EU and national level as well as of the social partners and other social stakeholders at all levels will be key to ensuring a sustainable recovery of our economies and strengthening our European social model.

6.13. In its Communication 2020 European Semester: Country specific recommendations⁽⁵²⁾ the European Commission addressed its recommendations to all Member States concerning the COVID-19 pandemic. The introductory part highlights that the role of a well-functioning social dialogue is key to ensuring that measures taken are successful, inclusive and sustainable. It has to be acknowledged that in some Member States the practice of social dialogue and involvement of social partners and CSOs during the COVID-19 crisis has been weakened or restricted⁽⁵³⁾. Three Member States — Hungary, Poland and Romania — have received as a consequence a recommendation **‘to ensure adequate and effective involvement of the social partners and stakeholders in the policy-making process’**. The EESC calls on the Commission to closely monitor and evaluate the implementation of the CSRs for these countries.

6.14. The Commission should ensure and monitor that — for example through reporting instruments — the Member States carry out an effective social dialogue with national stakeholders throughout the Semester process and in the design of national recovery plans to ensure effective follow-up and implementation, based on broad ownership.

6.15 It is also of utmost importance **to guarantee that the capacity of the social partners will not be undermined as a result of the corona period**. The EU should consider any necessary action including financial resources to support the social partners' capacity building — both for activities and structures of social dialogue. The European Social Partners have addressed a joint proposal⁽⁵⁴⁾ to the European Commission on creating a new financial instrument to support the extraordinary activities they are carrying out during the COVID-19 crisis.

Brussels, 29 October 2020.

*The President
of the European Economic and Social Committee*
Christa SCHWENG

⁽⁵²⁾ Communication from the Commission COM(2020) 500 final, 20.5.2020, 2020 European Semester: Country-specific recommendations.

⁽⁵³⁾ ETUC Briefing notes, Workers' Information, consultation and participation, 15 May 2020.

⁽⁵⁴⁾ Joint proposal of the cross-sector European social partners to create a special financial instrument to support social partners during the COVID-19 crisis, addressed to Executive Vice-President Valdis Dombrovskis and the Commissioner for Jobs and Social Rights Nicolas Schmit, 10 April 2020.

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

**555TH PLENARY SESSION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
27.10.2020-29.10.2020****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 168/2013 as regards specific measures on L-category end-of-series vehicles in response to the COVID-19 outbreak’***(COM(2020) 491 final – 2020/0251 (COD))**(2021/C 10/04)*Rapporteur: **Christophe LEFÈVRE**

Referral	Council of the European Union, 14.9.2020 European Parliament, 14.9.2020
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Bureau decision	15.9.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote (for/against/abstentions)	220/3/18

1. Conclusions and recommendations

1.1. In view of the COVID-19 crisis, which has led to a virtual halt in sales in 2020, the EESC has examined the European Commission's proposal for a regulation which would allow Euro 4 motorcycle manufacturers to sell beyond 1 January 2021 vehicles they had in stock on 15 March 2020.

1.2. This cut-off date restricted the possibility of selling off the entire stock of vehicles that are more polluting than Euro 5 vehicles following the introduction of the mandatory Euro 5 standard on 1 January 2021.

1.3. The EESC notes that the proposal in no way calls into question the initial introduction of the obligation to sell Euro 5 motorcycles and the ending of Euro 4 vehicle production.

1.4. The EESC supports the proposal for a regulation, which it deems a fitting and balanced measure to combat the economic impact of the COVID-19 crisis and the costly disposal of Euro 4 vehicle stock.

1.5. The proposal strikes a balance between ensuring the proper functioning of the internal market, severely disrupted by COVID-19, and continuing efforts to lessen the environmental impact of road transport.

2. Gist of the Commission proposal

2.1. The COVID-19 pandemic has impacted the motorcycle sector, provoking a sizeable drop in demand and an increase in vehicles in stock due to the lockdown, given that 60 % of annual sales take place between March and July. This has affected manufacturers' ability to meet some of the deadlines imposed by Regulation (EU) No 168/2013 ⁽¹⁾ of the European Parliament and of the Council of 15 January 2013.

2.2. According to that regulation, the Euro 5 pollutant emissions step will apply on 1 January 2021, which means that only vehicles meeting the Euro 5 requirements can be placed on the Union market as of that date.

2.3. The end-of-series provisions on L-category vehicles set out in the regulation allow manufacturers to put on the market a limited part of a stock of vehicles no longer eligible for EU type-approval for circulation.

2.4. While the regulation provides for the possibility for manufacturers to dispose of 'end-of series' vehicles, this is limited in each Member State to a maximum of 10 % of the average number of vehicles sold the two preceding years, or a hundred vehicles. According to industry sources, it is estimated that around 553 700 Euro 4 vehicles were in stock in March 2020.

Given the 98 % slump in sales and the number of vehicles in stock, the existing provisions on end-of-series vehicles are not an appropriate mechanism for addressing the situation.

2.5. The proposal seeks to introduce a derogation that would allow manufacturers, in 2021 only, to place on the market end-of-series Euro 4 vehicles that were in stock at 15 March 2020 and to do so in greater volumes than provided for in the original regulation.

2.6. While this proposal will mean a delay in ending sales of more polluting vehicles than the new generation, the option will be limited to vehicles that had already been produced at the time of the lockdown. In addition, it avoids unnecessarily scrapping vehicles that would otherwise have been placed on the market had there been no crisis. The proposal will not postpone the entry into force of the Euro 5 step for all newly produced vehicles on 1 January 2021.

3. General comments

3.1. The EESC reiterates its support for all initiatives that seek to cut pollutant emissions and improve air quality, especially the application of emission standards, known as Euro standards, to the transport sector. It is crucial to limit emissions of pollutants such as carbon monoxide, nitrogen oxides, hydrocarbons and microparticles.

3.2. In its opinion on the proposal for a regulation on the approval and market surveillance of two- or three-wheel vehicles and quadricycles ⁽²⁾, adopted unanimously on 19 January 2011, the EESC welcomed the deadline proposed by the European Commission ⁽³⁾ for the introduction of the new Euro environmental phases.

3.3. The EESC recognises that the COVID-19 pandemic constitutes a major challenge for the vast majority of European economic sectors and in particular for seasonal markets such as motorcycle sales, which have been particularly hard hit by lockdown measures introduced during the peak season.

3.4. This situation prevented manufacturers from selling a satisfactory number of Euro 4 vehicles whose validity expires on 31 December 2020. The EESC believes that the provisions on end-of-series vehicles as they currently stand will not give enough support to the motorcycle industry in mitigating the economic impact of the crisis.

⁽¹⁾ Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles.

⁽²⁾ COM(2010) 542 final; EESC opinion (OJ C 84, 17.3.2011, p. 30).

⁽³⁾ See footnote 2.

3.5. For this reason, the EESC thinks a proper solution must be found to the difficulties facing the motorcycle sector, one that strikes a balance between the need to sell vehicles in stock since 15 March 2020 and the importance of not delaying the entry into force of the Euro 5 standard on 1 January 2021.

3.6. The EESC therefore backs the introduction of specific measures for end-of-series L-category vehicles for 2021, which it deems an appropriate and balanced measure to ensure the proper functioning of the internal market while guaranteeing continued efforts to reduce the environmental impact of road transport.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

Opinion of the European Economic and Social Committee on ‘Proposal for a directive of the European Parliament and of the Council amending Directive 2014/65/EU as regards information requirements, product governance and position limits to help the recovery from the COVID-19 pandemic’

(COM(2020) 280 final – 2020/0152 (COD))

‘Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic’

(COM(2020) 281 final – 2020/0155 (COD))

‘Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 pandemic’

(COM(2020) 282 final – 2020/0151 (COD))

‘Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 pandemic’

(COM(2020) 283 final – 2020/0156 (COD))

(2021/C 10/05)

Rapporteur-general: **Giuseppe GUERINI**

Referral	<p>Council of the European Union, 27.8.2020 (COM(2020) 281 final, COM(2020) 282 final and COM(2020) 283 final).</p> <p>European Parliament, 14.9.2020 (COM(2020) 281 final, COM(2020) 282 final and COM(2020) 283 final).</p> <p>European Commission, 23.9.2020 (COM(2020) 280 final).</p>
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
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote for/against/abstentions)	246/0/8

1. Conclusions and recommendations

1.1. The EESC agrees with and supports the proposals for amendments to the directive on regulation of the financial markets which are set out in the capital markets recovery package, the subject of this opinion. The amendments laid down in this package seek to substantially simplify the documentation and requirements regulating the financial markets, especially the MiFID II provisions. However, since the amendment package originally included four different amendment measures, this opinion nevertheless considers it appropriate to examine the simplification scheme as a whole, which is designed not just to simplify MiFID II but more generally to lessen the administrative burden on banking and financial operators and so free up resources for investment in economic recovery.

1.2. The EESC endorses the Commission's proposals and agrees with the aims of the reform package proposed. Every effort to be innovative with regard to rules must be made to (i) facilitate investment in the real economy; (ii) foster the granting of loans to individuals and SMEs; and (iii) encourage the recapitalisation of companies in the Union and the strengthening of the role of securities markets.

1.3. The EESC welcomes the simplification of some of the burdens imposed by financial regulation on eligible counterparties and professional investors, seconding the support for this already shown by banks.

1.4. In its role of representing consumers and civil society, and bearing in mind the need to protect savers and non-professional investors, the EESC welcomes the Commission's decision to seek with these amendments to maintain the sharp focus on financial regulation, pursuing a fair balance between the needs of different categories of investors. Quite rightly, regulatory simplification must not reduce the safeguards for savers and less experienced investors, which should be kept separate from professional operators.

1.5. The EESC backs the Commission's aim of bringing down compliance costs and avoiding wasting material resources by significantly reducing the production of paper documentation on investment in favour of digital tools, which provide faster and more secure interaction between operators and customers, as well as improving documentation retention and ensuring better environmental sustainability.

1.6. The EESC especially welcomes the aim of making securitisations dealing with non-performing exposures easier. This regulatory development allows banks to free part of their balance sheets and so boost their lending capacity at a time when this capacity is vital.

1.7. The EESC therefore considers that the Commission's measure should be even broader than the one proposed. The regulatory framework securing non-performing loans currently in force was structured before the pandemic, and contains rigidities that could have a negative impact on the real economy, and in particular on SMEs, in the current economic context that is undermined by the pandemic.

1.8. These rigidities, particularly those relating to the timeframe for banks to dispose of non-performing exposures, must be managed with care in order to ensure that the proposed simplification does not unduly benefit operators specialising in the treatment of NPLs, putting companies in (further) difficulty if banks are persuaded to get rid of these loans within too brief a timescale.

2. General comments

2.1. The package containing proposed amendments to financial regulation put forward by the European Commission on 24 July 2020 follows on from a series of measures adopted in recent months on banking and financial matters aimed at stimulating an effective recovery from the crisis triggered by the COVID-19 pandemic.

2.2. The first set of measures put forward in this strategy focused on the banking sector, and was aimed at encouraging and supporting bank lending to households and businesses across the EU to remedy the adverse effects on demand and supply of the impact of the pandemic in various production sectors.

2.3. On the other hand, the amendments contained in the package of measures proposed on 24 July target capital markets and seek to promote investment, increase the capitalisation of companies and expand the ability of banks to finance the economic recovery.

2.4. The package proposed by the Commission contains specific and simplification changes to four important sets of banking and financial rules: the Markets in Financial Instruments Directive (MiFID II), the Prospectus Regulation, the Securitisation Regulation and the Capital Requirements Regulation (CRR). For this reason, although the main subject of this opinion is the MiFID II, it was nevertheless considered important to give an opinion on the package as a whole, since the effectiveness and usefulness of the Commission's initiative appear to be more evident when placed in the perspective of a comprehensive framework of amendments.

2.5. The measures to simplify the information requirements set out in the MiFID II had been planned for 2021 and 2022, the Commission having already conducted a public consultation to this end. The EESC thinks it right to bring these amendments forward in order — at a critical stage for the European economy — to swiftly cut the compliance costs associated with implementation of the MiFID II rules.

2.6. The amendments proposed to Regulation (EU) 2017/1129 on prospectuses through the promotion of an EU Recovery Prospectus and the targeted adjustments for financial intermediaries set out in the European Commission's package introduce extensive simplifications aimed at reducing the length of prospectuses, which currently can run to more than a hundred pages, to 30 pages.

2.7. With the amendments to the Securitisation Regulation and the CRR, on the other hand, the Commission intends to improve the tools available to the EU banking system in order to enhance its capacity to finance the real economy. These measures are in line with the previous Commission proposal to amend Regulations (EU) No 575/2013 and (EU) 2019/876 in response to the COVID-19 pandemic.

2.8. The Commission's proposal, which focuses on the securitisation of non-performing loans (NPLs), aims to facilitate the possibility of converting such loans into tradable securities. This securitisation should therefore free up bank capital for further lending and enable a broader range of investors to fund the economic recovery.

2.9. Generally speaking, the Commission's proposals all pursue an effective simplification of investment documentation in order to lessen the administrative burden and so free up resources for investment in a prompt economic recovery.

3. Specific and general comments

3.1. The EESC welcomes the Commission's proposals and endorses their aims. Every regulatory effort must be made to (i) facilitate investment in the real economy; (ii) foster the granting of loans to individuals and SMEs; and (iii) encourage the recapitalisation of companies in the Union and the strengthening of the role of securities markets to aid recovery.

3.2. The EESC welcomes the intention to ease some of the burdens imposed by financial regulation especially on eligible counterparties and professional investors. The simplification goal pursued by the Commission has already been welcomed in this regard by operators in the banking sector.

3.3. In its role of representing consumers and civil society, the EESC welcomes the decision to keep the high threshold for regulation serving to protect savers and non-professional investors, pursuing a fair balance between different requirements. It is clear that regulatory simplification must not reduce the safeguards for savers and less experienced investors, which should be kept separate from professional operators and eligible counterparties.

3.4. In general, the EESC would like to see — as stated recently in the report produced by the High Level Forum on capital markets union — a comprehensive review of EU banking and financial rules in order to eliminate overlaps and discrepancies to be found in the sector's regulation and, above all, to replace those provisions (designed to protect the safety of savers) that have proved to be ineffective, costly and punitive for both financial operators and investors.

3.5. The EESC also backs the Commission's aim of bringing down compliance costs, as well as waste of material resources, by significantly reducing the production of paper documentation in favour of digital tools. Digital tools can ensure that operators and customers interact more quickly and more securely, give documentation greater longevity and deliver better environmental sustainability.

3.6. It also endorses the simplification of information on cost and ancillary investment charges, which differentiates various levels of disclosure requirements depending on whether the counterparties are qualified or not. Here, too, in this particular and specific point, a proper balance must be sought between the need for simplification and the need for adequate protection of savers and non-professional investors.

3.7. Among the more important aspects introduced by the proposal to amend MiFID II, the EESC highlights those concerning limits and hedging for investments in financial derivatives in the field of energy; however, it considers that it would be useful if the measure regarding using hedging exemptions for energy derivatives could provide forms of incentive for investments in renewable energy.

3.8. The EESC endorses the Commission's decision to confirm the rules limiting recourse to hedging using financial instruments derived from investments in agricultural products intended for human consumption. This is because, however important and necessary it may be to guarantee the development of new markets which also promote investments using financial instruments, particular attention should be given to the agricultural goods labelled significant to ensure, for instance, that priority is not given to non-food use.

3.9. The EESC welcomes the fact that among the proposed changes is the simplification of all prospectuses, information reports and periodic reports, which could generate savings necessary to promote alternative investments, including through greater use of digital tools.

3.10. Reducing the length of prospectuses is an equally positive step, since it cuts the cost of compliance compared with documents that, in practice, were often too long and difficult to understand for less experienced savers. The EESC therefore hopes that there will be a twofold simplification covering both resources devoted to information requirements and, above all, the provision of information important to savers.

3.11. A comprehensive simplification of the sector, as epitomised in the new EU Recovery prospectus model, could encourage the inflow of liquidity to businesses and the recovery of capital levels lost during the COVID-19 pandemic. This would make it easier for small and mid-cap companies to also issue new shares, who will thereby have better access to capital, without relinquishing the necessary protection for savers.

3.12. The amendment proposing to increase the threshold from EUR 75 million to EUR 150 million for the exemption from publishing a prospectus for non-equity securities issued to companies by credit institutions seems particularly useful in promoting an active role for banks and credit institutions in delivering recovery. Under the Commission proposal, this increase in the prospectus exemption threshold would be temporary. However, the EESC believes that, where this measure helps diversify company financing, bringing SMEs closer to capital markets, it would make sense to continue it beyond the crisis period.

3.13. The EESC welcomes the aim of making securitisation simpler with less stringent prudential treatment for NPLs, thereby allowing banks to free part of their own balance sheets and, consequently, increase their lending capacity. However, care should be taken to ensure that this simplification does not end up being beneficial only for companies specialising in the treatment of NPLs, putting companies in further difficulty if banks disposed of their own such loans too quickly.

3.14. With particular reference to the proposals on NPL securitisation, while endorsing the objective behind the Commission's proposals, the EESC feels that the measure should be broader than the one proposed.

3.15. In fact, the most recent Commission proposals, correctly, have tended to introduce specific rules for non-performing exposures, with the aim of differentiating them in some respects from those pertaining to performing loans. However, it should be noted that the entire regulatory framework on non-performing loans currently in force evinces rigidities that could have a major impact on the real economy, and in particular on SMEs, especially in the current economic context that is undermined by the pandemic.

3.16. We would refer here, in particular, to the NPL Backstop Regulation, which requires the devaluation of NPLs within a strict timetable that fails to take due account of the real economic value of the collateral on these loans. These strict timetables in loan devaluations were already causing difficulties in the management of NPLs on the secondary market before the outbreak of the pandemic. This type of regulation on NPL devaluation will now be even more problematic in the post-pandemic economy. The provisioning curves (times and qualities) — the capital with which banks have to cover devaluations — in the Backstop Regulation must therefore be suspended or recalibrated, at least temporarily. Furthermore, the 90-day 'past due' rule should be temporarily relaxed due to the COVID-19 crisis, so as to fend off the negative social impact of such a tight timeframe.

3.17. The EESC is aware that the European Commission's proposal set out in the package of amendments intended to facilitate capital market recovery aims to tackle the impact of the COVID-19 pandemic; however, we must flag up the fact that the rules on minimum coverage of NPLs laid down in Regulation (EU) 2019/630 of the Parliament and of the Council are now insufficient to tackle the economic effects of the pandemic and so should be temporarily relaxed.

3.18. In addition to the proposals on securitised loans put forward by the Commission, the treatment of NPLs purchased by specialised entities and financial institutions without recourse to securitisation should also be made more efficient than is currently the case with the prudential rules in force, by improving Article 127 CRR. This is because the current regulatory framework creates a paradoxical disincentive due to the excessive absorption of capital by financial institutions that purchase NPLs on the secondary market.

3.19. This creates an advantage for funds specialised in the acquisition of NPLs, which in some cases are held by financial operators from outside Europe which are not subject to the European regulatory framework and the CRR. A paradox thus arises which goes against the principle of 'same risks, same rules', whereby the great care that the EU has taken over internal regulation risks benefiting those operating in the European single market while maintaining their own registered offices and capital outside the EU and, at least in part, its system of rules.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 as regards the exemption of certain third country foreign exchange benchmarks and the designation of replacement benchmarks for certain benchmarks in cessation’

(COM(2020) 337 final – 2020/0154 (COD))

(2021/C 10/06)

Rapporteur-general: **Christophe LEFÈVRE**

Referral	Council of the European Union, 28.8.2020 European Parliament, 14.9.2020
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	14.7.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote (for/against/abstentions)	244/0/7

1. Conclusions and recommendations

1.1. In line with the recommendations made in its opinions ⁽¹⁾, and noting in particular that LIBOR ⁽²⁾ will cease to be published, the EESC welcomes the European Commission’s proposals to ensure continuity in the operating provisions of financial operators in the Capital Markets Union (CMU) as regards the exemption for certain third country exchange rate benchmarks and the designation of replacement benchmarks for certain benchmarks in cessation.

1.2. The proposals not only provide a direct response to the consequences of LIBOR no longer being published and of the United Kingdom’s withdrawal from the European Union, but also provide an opportunity to include the situation of benchmarks in countries where the exchange rate is not freely convertible, thus also contributing to the achievement of broader objectives.

1.3. The EESC considers that these markets need to be secure, stable and shock-resistant if the CMU is to function properly. In this regard, the cessation of LIBOR will have very significant economic consequences as a considerable number of contracts do not contain fall-back provisions that take account of LIBOR no longer being used as a reference by the end of 2021.

1.4. It is therefore paramount and a matter of priority to organise the replacement of the LIBOR reference and, at the same time, the EESC welcomes the Commission’s proposal to involve national authorities in this process by adopting a European regulation that would neutralise the risks of disparate legislation that can be observed during the process of transposing a directive.

1.5. The EESC welcomes the fact that the proposed amendments to the Benchmark Regulation will introduce a statutory power, whereby the European Commission designates a replacement rate if and when a benchmark whose cessation would result in significant disruption in the functioning of financial markets in the Union ceases to be published.

⁽¹⁾ European System of Financial Supervision (ESFS) — Reforms (OJ C 227, 28.6.2018, p. 63), Sustainable finance: taxonomy and benchmarks (OJ C 62, 15.2.2019, p. 103) and European System of Financial Supervision (ESFS) — Amended proposal to fight money laundering (OJ C 110, 22.3.2019, p. 58).

⁽²⁾ LIBOR (London Interbank Offered Rate) serves as a globally accepted key benchmark interest rate that indicates borrowing costs between banks.

1.6. The EESC also welcomes the fact that the statutory replacement rate will, by operation of the law, replace all references to the 'benchmark in cessation' in all contracts entered into by an EU supervised entity.

1.7. The EESC considers it appropriate that for contracts not involving an EU supervised entity, Member States are encouraged to adopt national statutory replacement rates.

1.8. Finally, in order to monitor the appropriateness of the newly introduced exemption, the EESC endorses the proposal that competent authorities and supervised entities be required to periodically report to the Commission on the use of the exempted benchmarks by EU businesses and on the changes in the balance sheets of supervised entities in terms of exposure to third country currency fluctuation.

1.9. The decision is in line with the recommendations of the Financial Stability Board ⁽³⁾, though the EESC would query the fact that, considering the global activity here, the European Union seems to be the only jurisdiction seeking to regulate the mechanism for the functioning of spot exchange rate benchmarks.

1.10. The EESC recommends, of course, that implementation of the regulation and its incorporation into financial markets be monitored. For the EESC, it is essential that the rules envisaged make a tangible and direct contribution to achieving the objectives and that they deliver beneficial results for all parties concerned in all Member States.

2. Background

2.1. The Commission work programme for 2020 provides for a review of the regulation on financial indices (referred to as the 'Benchmark Regulation') used as benchmarks for determining the amount to be paid under a financial instrument or financial contract or the value of a financial instrument. In order to strengthen the trust of capital market participants in indices serving as benchmarks in the Union, the Benchmark Regulation sets governance and data quality standards for benchmarks used in financial contracts. It contributes to the Commission's efforts in favour of a Capital Markets Union (CMU).

2.2. The Benchmark Regulation introduces an authorisation obligation for administrators of financial benchmarks, imposes requirements on contributors of input data used to calculate the financial benchmark and also regulates the use of financial benchmarks. The Benchmark Regulation requires EU supervised entities (such as banks, investment firms, insurance companies and undertakings for collective investment in transferable securities — UCITS) to use only indices whose administrator has been authorised. Benchmarks administered in third countries can only be used in the EU following an equivalence, recognition or endorsement procedure.

2.3. The Benchmark Regulation has been applicable since January 2018. However, until the transitional regime expires at the end of December 2021, EU market participants may continue to use benchmarks administered in a country outside the Union regardless of whether an equivalence decision is in place or whether the index has been recognised or endorsed for use in the Union.

2.4. First, the amendments to the Benchmark Regulation proposed in the legislative proposal being considered in this EESC opinion will introduce a statutory power, whereby the European Commission designates a replacement rate if and when a benchmark whose cessation would result in significant disruption in the functioning of financial markets in the Union ceases to be published.

2.5. Second, the statutory replacement rate will, by operation of the law, replace all references to the 'benchmark in cessation' in all contracts entered into by an EU supervised entity.

2.6. Third, for contracts not involving an EU supervised entity, Member States are encouraged to adopt national statutory replacement rates.

⁽³⁾ International economic body established after the G20 London summit in April 2009. It brings together 26 national financial authorities (central banks, finance ministries, etc.), as well as several international organisations and standard-setting bodies in the area of financial stability.

2.7. Finally, in order to monitor the appropriateness of the newly introduced exemption, competent authorities and supervised entities are required to periodically report to the European Commission on the use of the exempted benchmarks by EU businesses and on the changes in the balance sheets of supervised entities in terms of exposure to third country currency fluctuation.

3. Comments

3.1. In line with the recommendations made in its opinions ⁽⁴⁾, and noting in particular that LIBOR will cease to be published, the EESC welcomes the Commission's proposals to maintain continuity in the operating provisions of financial operators in the CMU **as regards the exemption for certain third country exchange rate benchmarks and the designation of replacement benchmarks for certain benchmarks in cessation.**

3.2. The proposals are not only a direct response to the consequences of the United Kingdom's departure from the EU, but also provide an opportunity to include the situation of benchmarks in countries where the exchange rate is not freely convertible, thus also contributing to the achievement of broader objectives.

3.3. The proposals mean that account can be taken of the use of exchange rate benchmarks to cover volatility in the currency of a third country, as well as the payment of derivative contracts in a currency other than a currency with limited convertibility, in particular where the third country currency is not freely convertible.

3.4. This reform is essential to keep pace with abrupt changes, linked to Brexit, in the CMU in conjunction with the Banking Union, to ensure the functioning of Economic and Monetary Union (EMU) and to help strengthen the position of the EU and its Member States in a global environment in the throes of change.

3.5. The reform of vital benchmarks, such as IBOR rates ⁽⁵⁾, has been made a top priority in the Commission's Action Plan on CMU, in line with the recommendations of the Financial Stability Board.

3.6. These markets need to be secure, stable and shock-resistant if the CMU is to function properly. As such, the impact of the cessation of LIBOR, even if following on from a progressive loss of capacity to reflect the underlying market or economic reality that it sought to measure, will have very significant economic consequences as a considerable number of contracts do not contain fall-back provisions to cover the period until the end of 2021, when LIBOR will cease to be used as a reference.

3.7. It is therefore paramount and a matter of priority to organise the replacement of the LIBOR reference and, at the same time, the EESC welcomes the European Commission's proposal to involve national authorities in this process by adopting a European regulation that would neutralise the risks of disparate legislation that can be observed during the process of transposing a directive.

3.8. For businesses and communities, which were consulted beforehand by the European Commission, the adoption of benchmarks helps to make cross-border market transactions secure and to strengthen the level playing field, especially for countries where the exchange rate is still over-regulated.

3.9. This regulatory amendment is designed to address an extremely important systemic risk: the range of contracts that will be affected by the cessation of a widely-used interest rate benchmark includes:

- (a) debt issuances by supervised entities;
- (b) debt held on the balance sheet of supervised entities;
- (c) loans;
- (d) deposits; and
- (e) derivative contracts.

A large part of the financial contracts that reference widely-used interest rate benchmarks involve supervised entities within the scope of the Benchmark Regulation.

⁽⁴⁾ European System of Financial Supervision (ESFS) — Reforms (OJ C 227, 28.6.2018, p. 63), Sustainable finance: taxonomy and benchmarks (OJ C 62, 15.2.2019, p. 103) and European System of Financial Supervision (ESFS) — Amended proposal to fight money laundering (OJ C 110, 22.3.2019, p. 58).

⁽⁵⁾ Interbank offer rates (IBOR) are systemically important benchmarks, underpinning many contracts in the financial sector.

3.10. The legal uncertainty and potentially adverse economic impact that may result from difficulties in the ability to enforce contractual obligations will pose a risk for financial stability in the Union:

- for their part, consumers, small, medium-sized and large companies and investors will benefit from better protection, and this proposal introduces various tools to ensure that the wind-down of a widely-used interbank rate does not unduly affect the ability of the banking sector to provide financing to EU companies, something that would undermine a key objective of the Capital Markets Union;
- in this respect, we feel it is worth analysing the following recitals in the text as well, in relation to the Commission's proposal:
 - (i) the recitals and explanatory memorandum seem to regard a wide range of contracts that use financial benchmarks, including credit agreements (or similar lending facilities) concluded with legal persons or similar (not only consumers); in this regard, we would point to the section on the 'Scope of the statutory replacement rate';
 - (ii) the wording of the Commission proposal that establishes the replacement by operation of law — Article 23a(2) — uses the term 'financial contracts', which is defined in the Benchmark Regulation (Article 3(1)(18)) only in relation to credit agreements concluded with natural persons — consumers — given the references to Directive 2014/17/EU and Directive 2008/48/EC;
 - (iii) in order to ensure consistency between the aim expressed in the explanatory memorandum and the text of the proposal, we feel it is worth analysing the reference to and definition of the term 'financial contracts', so that this is not limited only to credit agreements concluded with consumers, but rather ensures the effectiveness of the replacement mechanism by operation of law also with regard to credit agreements concluded with other market players;
- the EESC considers that the replacement powers should extend to all contracts under the law of an EU Member State, as well as to contracts concluded between entities established in the EU that are governed by a non-EU law, where that third country law does not provide a statutory replacement for a discontinued benchmark;
- the measures proposed are to be considered as contributing to '*an economy that works for people*' (Commission work programme for 2020). This initiative benefits bank loans to retail customers that are indexed to IBOR rates, an important element of an economy that serves people's needs.

3.11. Given that recital 10 of the proposal for an amendment refers to taking into account the recommendations of the working groups, and that at least in the case of the transition from Eonia (Euro Overnight Index Average) to €STR (Euro short-term rate) the working group recommended that the transition be to €STR + spread, the EESC considers that it would be useful to confirm that 'replacement benchmark' should be understood to mean 'new benchmark + spread'.

3.12. We feel that it would be useful to clarify the phrase 'significant disruption in the functioning of financial markets in the Union'. On this point, based on the provisions of recital 4 we can deduce that ending the publication of LIBOR falls into this category, but if we take the long-term view and consider that at some point we may be faced with the cessation of EURIBOR, a definition of the concept would be advisable.

3.13. The EESC considers that it would also be useful to refer to the conditions under which the Commission will implement this legislation, i.e. how long after the stipulated conditions are met will the replacement benchmark be designated.

3.14. Another useful clarification to add concerns the degree of extra-territoriality of the application of this measure. That is to say, this measure applies when one of the supervised entities has its head office in one of the Member States, regardless of the law governing the contract; we refer here particularly to contracts governed by English law, as from 1 January 2021 this will become the law of a third country.

3.15. Reform of the Benchmark Regulation is therefore the right tool to establish a statutory replacement rate that mitigates any adverse consequences for legal certainty and financial stability that might ensue if LIBOR, or any other benchmark whose cessation would result in significant disruption in the functioning of the Union's financial markets, were discontinued without such a replacement rate being both available and integrated into existing legacy contracts involving supervised entities falling within the scope of the regulation.

3.16. The decision is in line with the recommendations of the Financial Stability Board, though the EESC would query the fact that when considering the global activity here, the European Union seems to be the only jurisdiction seeking to regulate the mechanism for the functioning of spot exchange rate benchmarks.

3.17. The EESC recommends, of course, that implementation of the regulation and its incorporation into financial markets be monitored. For the EESC, it is essential that the rules envisaged make a tangible and direct contribution to achieving the objectives and that they deliver beneficial results for all parties concerned in all Member States.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

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 – European skills agenda for sustainable competitiveness, social fairness and resilience’

(COM(2020) 274 final)

and on ‘Proposal for a Council recommendation on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience’

(COM(2020) 275 final)

(2021/C 10/07)

Rapporteur: **Tatjana BABRAUSKIENĖ**

Referral	European Commission, 12.8.2020
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	9.9.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	218/0/5
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. The EESC recalls that a skilled and qualified workforce is one of the main assets of the European social and economic model and that support for training for young people and adults must be used as a lever to boost **long-term and sustainable economic growth**, since it helps **increasing innovation, productivity and competitiveness** and supports workers in just transition and career and wage progression.

1.2. The EESC welcomes the fact that the Skills Agenda and the proposed recommendation on Vocational Education and Training (VET) were developed under the umbrella of the **European Pillar of Social Rights (EPSR)** and that the motto of the Skills Agenda is the first principle of the EPSR.

1.3. The Committee believes that the projects of **Centres of Vocational Excellence** and funding countries' participation in **EuroSkills competitions** as one of the instruments will generate improvements in the whole VET system, raising the quality, attractiveness and inclusiveness of VET for all. This should be achieved with the **relevant social partners and civil society organisations**, including families, parents, and students.

1.4. The EESC recalls that **key competences and STEAM⁽¹⁾ skills** need to be included in the provision of **‘right skills’** to respond to the immediate needs of young people and adults to live successfully in society and to the needs of the labour market in the digital and green transition.

1.5. The EESC underlines **the focus on social and citizenship competences**, which are crucial for the individual as a democratic citizen. Citizenship education should be accessible to everyone, in particular to disadvantaged groups⁽²⁾. The EESC encourages Member States (MS) to implement the *Council Recommendation on promoting common values*⁽³⁾ and also to strengthen learning about **European values and identity in the VET and adult learning sectors**.

⁽¹⁾ Science, Technology, Engineering, the Arts and Mathematics.

⁽²⁾ EIGE.

⁽³⁾ Council Recommendation on promoting common values, inclusive education, and the European dimension of teaching (OJ C 195, 7.6.2018, p. 1).

1.6. The Committee welcomes the proposal for a **Pact for Skills on re- and upskilling workers** and calls for achievable targets and agreed **joint quality principles** to be designed, with the involvement of the relevant **social partners**, civil society organisations and other important stakeholders, in order to provide **effective solutions for all**.

1.7. The EESC calls for greater emphasis to be placed on **guidance and counselling policies** in relation to the green and digital transition of the labour market by expanding the support mechanisms offered by different information providers, e. g. trade unions' training ambassadors schemes, human resources (HR) support for companies, and civil society work to **motivate adults and workers to upskill and reskill**. The EESC recalls that supporting people with training in just digital and green transitions will start with the **validation of non-formal and informal learning (NFIL)** and with ensuring **the recognition and certification of training courses** to allow these to form part of full qualifications.

1.8. The EESC refers to its opinion on 'Sustainable funding for lifelong learning and development of skills, in the context of a shortage of skilled labour' ⁽⁴⁾ and notes that the Recovery Plan, the Next Generation EU and other **EU funds** (e.g. ESF+, Just Transition Funds) need to be used in an efficient and consistent way to effectively support education and training policies.

1.9. The Committee calls for EU-level research to be carried out on the idea of a **European initiative for Individual Learning Accounts (ILA)** as an umbrella initiative or specific support for Member States' needs. The EESC calls on the Commission to initiate social dialogue on the ILA and on developing **European Core Profiles in VET** to take into account the needs of the sectors, national requirements from VET professions in line with collective agreements, changing professional and occupational profiles, and companies' needs, and to consult with the relevant civil society organisations.

1.10. The EESC urges that **the indicators and benchmarks be reconsidered and updated** once more when data on the **impact of the COVID-19 crisis** becomes available. Data and information on VET, skills and labour market needs must be improved in relation to the EU goals on education and training and the new indicators should enforce implementation of **the UN Sustainable Development Goals (SDGs)** and **the European Semester**. In order to achieve the proposed indicators by 2025, the frequency of monitoring would require **a yearly update on a range of data to better follow up improvements in the VET sector** and on up-skilling and re-skilling provision.

1.11. The EESC requests that all VET learners are guaranteed the right and access to high **quality and inclusive VET and apprenticeships**, showing due regard for the European Framework for Quality and Effective Apprenticeships (EFQEA) ⁽⁵⁾. In addition to the indicator of participation in work-based learning (WBL) set out in the proposed Recommendation on VET, an indicator of company-based learning could be defined and **collaborative apprenticeship** between companies could be encouraged.

1.12. The EESC refers to its opinion on 'Towards an EU strategy for enhancing green skills and competences for all' ⁽⁶⁾ and calls on the Commission to develop an EU-level green skills and competences strategy in line with the European Green Deal and set up indicators on a **competence framework on green skills needs**, with the involvement of **governments, the social partners and civil society organisations**.

1.13. The Committee calls for policies to be developed to **improve the attractiveness of the profession of VET teachers and trainers** by offering strategic updates of their initial and continuous professional development to be prepared for the green and digital transitions of VET, by improving their status, health and safety and working conditions, and by involving them in curriculum development on the digital and green transition for VET schools and educational institutions as part of a process of genuine social dialogue.

⁽⁴⁾ OJ C 232, 14.7.2020, p. 8.

⁽⁵⁾ Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships.

⁽⁶⁾ SOC/636 opinion (ongoing), title in the process of being changed.

1.14. The EESC would like the **Digital Education Action Plan**⁽⁷⁾ to propose **practical support for schools' communities** to improve digital skills and investment in digital tools and internet access and provide support so that **digital skills, both soft (for social and personal life), and hard (technology- and job-related) reach everyone**. We call on the Commission to provide relevant data on access to digital tools and internet access in schools in relation to the SELFIE tool⁽⁸⁾. It is important to upskill and reskill workers in the necessary digital skills.

1.15. The EESC recommends conducting an **EU-level study to map out existing micro-credentials** of different providers to find out the actual needs of European companies, employers, workers and job-seekers as regards micro-credentials and their **impacts on qualifications** and collective agreements.

1.16. The EESC recommends that the **Europass platform** be improved, with trustworthy information for job-seekers, learners, employers, and policy-makers, and that the information should also be accessible to people with disabilities and be provided in different languages, including the major languages of migrants, refugees and asylum-seekers.

1.17. The Committee calls for national skills actions to put the emphasis on **supporting female students, female workers and the female unemployed**, with tailor-made training, also focusing on effective support to families that have faced severe difficulties in the COVID-19 crisis.

1.18. The EESC encourages the Commission to draw up actions ensuring that **every single refugee and asylum-seeker be given the opportunity to validate their skills and competences** and be offered apprenticeships and re- and upskilling, to be integrated into the labour market, in line with **the EU Charter of Fundamental Rights**.

1.19. The EESC proposes that ideas behind the higher education- and research-related initiatives of the Skills Agenda and further policy actions should be further discussed with governments, relevant social partners and civil society organisations. **Business-higher education** partnerships should be equally beneficial for both parties and should not result in cuts to public higher education budgets.

1.20. The EESC calls for **sustainable national public investment in higher education and research** as a part of the European Semester and for this to be supported with EU funds to make higher education and research fully inclusive and accessible to students and future researchers and to guarantee a supportive working environment for academics and researchers. The EESC requests that proposals on **researchers' skills and competence** development should be further discussed with the intended beneficiaries of the initiatives.

1.21. The EESC calls on Member States to implement the Paris Communiqué (2018) and the upcoming Rome Communiqué (2020) and to ensure **that academic freedom and integrity, institutional autonomy, the participation of students and staff in higher education governance**, and public responsibility are respected as the basis of the European Higher Education Area (EHEA). The EESC calls on MS to respect the fundamental values of the Bologna Process, implement the principles on the social dimension and on quality learning and teaching, and asks the Bologna Follow-Up Group to ensure further implementation of the commonly agreed Bologna goals. The EESC also highlights the importance of implementing the UN Recommendation concerning the Status of Higher-Education Teaching Personnel of 1997⁽⁹⁾.

2. Background

2.1. The Communication on a *European skills agenda for sustainable competitiveness, social fairness and resilience* sets out policy priorities and actions aimed at training more people, more often, and in the **skills needed for a job**, notably to master the **green and digital transitions**.

⁽⁷⁾ Commission page on a new Digital Education Action Plan.

⁽⁸⁾ SELFIE tool.

⁽⁹⁾ Recommendation concerning the Status of Higher-Education Teaching Personnel.

2.2. The new proposal is rooted in the communication *A new skills agenda for Europe: Working together to strengthen human capital, employability and competitiveness* (2016) ⁽¹⁰⁾. The updated Skills Agenda (2020) proposes **12 initiatives and four quantitative objectives to be reached by 2025**. The *proposal for a Council Recommendation on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience* proposes **additional targets** for VET learners. The present opinion focuses on both initiatives.

3. General comments

3.1. The COVID-19 pandemic has pushed the European economy into a deep recession and an increasing unemployment rate. While Eurostat estimates that the recent increase in unemployment has been small compared to the decline in economic activity, the **unemployment rate** in the EU-27 is expected to rise from 6,7 % in 2019 to 9 % in 2020 ⁽¹¹⁾. On the other hand, the COVID-19 crisis has accelerated the **digital transition in education, work and everyday life**. The Commission's policy package has therefore come at the **right moment** to generate discussions on **effective policies on education and training**.

3.2. The EESC welcomes the fact that the Skills Agenda and the proposed recommendation on VET were developed under the umbrella of the **European Pillar of Social Rights** (EPSR) to contribute towards its first principle on the right to quality and inclusive education, training and lifelong learning (LLL). Indeed, all Europeans should have the right to access **quality and inclusive training and LLL** within a just transition and in relation to **demographic changes**. We highlight the need to address **educational poverty**, which has deepened as a result of unequal access to education and training during the COVID-19 crisis.

3.3. We believe that key competences and soft skills are as important as the 'right skills' needed on the labour market. These **key competences** include **social and citizenship competences**, which are crucial for the individual as a democratic citizen, especially when increased **social and economic inequalities** can lead to radicalism, populism and higher rates of crime. The Skills Agenda should give more attention to the development of the key competences during mandatory education cycles/curricula, as well as for young people and adults' learning. The focus of the Skills Agenda on **STEM** ⁽¹²⁾ **studies and entrepreneurial competences** is very welcome, alongside an understanding of the broad competences needs for the society and the labour market and provided that there is also a focus on social and transversal skills. STEAM ⁽¹³⁾ skills need to be further improved, as the arts, humanities, social studies, and professional sectors make a significant contribution to the GDP of a country.

3.4. We point out that the EESC in its opinion on the **European Education Area (EEA)** (2018) ⁽¹⁴⁾ welcomed the fact that the EEA initiative proposed more inclusiveness in future education systems and underlined that learning about the EU, democratic values, tolerance and citizenship should be considered a right for all, within a holistic education concept, with a special focus on **disadvantaged groups of people** ⁽¹⁵⁾ and as part of the implementation of the **EPSR**. It is essential that Member States are encouraged to implement the *Council Recommendation on promoting common values* ⁽¹⁶⁾. Following the EESC opinion on 'Education about the European Union' ⁽¹⁷⁾ we point out that VET and adult learning should also focus on strengthening **common European values and EU identity**.

4. Specific comments

4.1. The EESC welcomes the proposal for a **Pact for Skills on re- and upskilling workers**. It is essential to design the Pact with the involvement of the relevant **social partners, civil society organisations and other important stakeholders** according to the focus groups, in order to define targets for the addressees of such a Pact and ensure that

⁽¹⁰⁾ COM(2016) 381 final.

⁽¹¹⁾ Eurostat Press release 'Euro area unemployment at 7,8%', July 2020.

⁽¹²⁾ Science, technology, engineering, mathematics.

⁽¹³⁾ Science, technology, ARTS, engineering, mathematics.

⁽¹⁴⁾ OJ C 62, 15.2.2019, p. 136.

⁽¹⁵⁾ EIGE.

⁽¹⁶⁾ Council Recommendation (OJ C 195, 7.6.2018, p. 1).

⁽¹⁷⁾ OJ C 228, 5.7.2019, p. 68.

these targets are met. The Pact should provide **effective solutions to young people and adults**, the unemployed, low-qualified, and workers, with special attention on access for socio-economically disadvantaged groups of people to quality and inclusive VET, adult learning and re- and upskilling training provided by a wide range of providers, such as public employment services, companies and VET institutions.

4.2. One of the quality criteria of these training provisions should link to **validation of non-formal and informal learning (NFIL)** before any training. The training should be recognised and certified, clearly identifying the level of qualification or the unit/part of the qualification the certificate is a part of. This requirement would strengthen the implementation of the Council Recommendation on Upskilling Pathways: New Opportunities for Adults ⁽¹⁸⁾ and Council Recommendation on the validation of NFIL ⁽¹⁹⁾.

4.3. In line with a previous EESC opinion on ‘Sustainable funding for lifelong learning and development of skills, in the context of a shortage of skilled labour’ ⁽²⁰⁾, we request that the Recovery Plan, the Next Generation EU and other **EU funds** (e.g. ESF+, Just Transition Funds) be used in an efficient and consistent way, in order to ensure that businesses and social enterprises survive the crisis, that they can offer and maintain quality jobs, and that workers and the unemployed get effective support as regards acquiring quality skills. The ESF+ as a complementary fund helps to implement the education and training reforms identified in the European Semester process and it should support the objectives of sustainable Europe’s industrial strategy and SME policy on skills development.

4.4. The EESC notes that, in its proposal, the Commission recognises the different approaches in the Member States that empower people to build skills throughout life, talking about ‘accounts’ rather than ‘account’ in the singular. Nevertheless, the idea of a **European initiative on an Individual Learning Accounts (ILA)**, as an umbrella initiative or specific support for Member States needs to be further investigated with proper research, to make sure that it can really provide an effective solution for supporting up- and reskilling and be based on the validation of NFIL in order to provide individual learning options. Further policy actions should be therefore decided with the relevant social partners, including the sectoral ones.

4.5. The Pact for Skills could focus on **industry sectors** in which support for upskilling and reskilling and the motivation of workers, following practical guidance and counselling, to attend training that contributes to their professional and career development and the company interest are important. In relation to the **Blueprint** ⁽²¹⁾ **initiative** and the idea of developing a **European Core Profile in VET**, it is worth noting that the potential synergies of the sectoral skills profiles of certain professions need to be further discussed with the relevant sectoral social partners. Comprehensive approaches, including competitiveness, companies’ research and innovation strategies and industrial secrets need to be taken into account.

4.6. All VET students ought to have the right to high **quality and inclusive VET and apprenticeships** respecting the 2018 Council Recommendation on European Framework of Quality and Effective Apprenticeships ⁽²²⁾. Indicators for VET graduates’ employability rate should take into consideration the impact of the COVID-19 crisis on industries and fair and quality job requirements of the graduates. Collaborative apprenticeships between companies could be further encouraged. The projects on **Centres of Vocational Excellence** could have a greater focus on social inclusion and equal access to high quality and attractive training. It is important to consider the role of VET providers within the national context and their interaction with social partners concerning adapting curricula to skills needs. Similarly, the suggestion regarding the

⁽¹⁸⁾ OJ C 484, 24.12.2016, p. 1.

⁽¹⁹⁾ Council Recommendation of 20 December 2012 on the validation of non-formal and informal learning.

⁽²⁰⁾ See footnote 4.

⁽²¹⁾ Blueprint for sectoral cooperation on skills.

⁽²²⁾ Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships.

funding participation of countries in EuroSkills competitions can raise the attractiveness of VET. However, the exceptional preparation of selected VET students will serve as an example to governments to improve the quality of VET schools in general with effective measures.

4.7. The EESC recalls the Riga Conclusions on VET strategy for 2015-2020, which agrees that work-based learning (WBL) covers practical learning in schools and companies ⁽²³⁾. As access to some form of work-based learning should be the norm for all VET students, the indicators of WBL participation is definitely not ambitious and can difficultly apply to improve apprenticeship provisions.

4.8. Strengthening **skills intelligence**, building on the recent work by Cedefop ⁽²⁴⁾, is essential also to define and monitor the achievements of Member States in relation to the indicators on adult learning and VET. **Forecasting/anticipating skills needs** in relation to social and labour market changes is important to ensure better governance of skills strategies within effective social dialogue and consultation with relevant civil society organisations and stakeholders, including companies. It would be welcomed if the indicators proposed by the Skills Agenda and the proposed Recommendation on VET were reconsidered and updated following research on the impact of the COVID-19 crisis on education, training and the labour market.

4.9. More generally, data and information on VET, skills and the labour market need to be improved in relation to the EU goals on education and training and the new indicators proposed to enforce implementation of the **UN Sustainable Development Goals**, in particular SDG 4 (education), SDG 5 (equality), SDG 8 (decent work), and SDG 13 (climate change), and the **European Semester**. In order to achieve the proposed indicators by 2025, the frequency of the monitoring by Eurostat and agencies such as Cedefop and Eurofound would require a yearly update. Additional indicators could better support companies and workers in defining their investment, provision, and skills needs, focusing on the 'percentage of enterprises **providing training** by type of training', and 'enterprises' expenditure on training courses as a percentage of the total labour cost'. These data are already collected by Eurostat every five years, but such a time period does not support the **social partners' active involvement in skills anticipation/forecasting and the setting up of required training**, an issue that the Skills Agenda proposes should be strengthened. Paid educational leave as part of negotiated collective agreements can be a tool to be included in indicators, together with measuring the provision of information and guidance to workers.

4.10. The EESC opinion on 'Towards an EU strategy for enhancing green skills and competences for all' ⁽²⁵⁾ points out that **environmental responsibility is an obligation for everyone**. **Pro-active upskilling and reskilling** to facilitate the just transition to a green economy should be available for all, particularly for workers in declining sectors. Monitoring the training provision on soft (for everyday life and society) and hard (technical-professional) **green skills and competences** is necessary, following a clear indicator, relevant for everyone in Europe and not only adults. Such an indicator and the EU strategy on green skills and competences should be based on a thorough **EU-level study and assessment of national green skills and competence strategies**. The setting up of indicators and of a **competence framework on green skills needs** to be based on an Open Method of Cooperation. **Teachers and trainers in VET** should receive quality continuous professional development also within companies ⁽²⁶⁾ and need to be involved in curriculum development on the digital and green transition.

⁽²³⁾ See the definition of WBL in footnote 6 of the 2015 Riga Conclusions.

⁽²⁴⁾ Cedefop web page on Skills intelligence.

⁽²⁵⁾ See footnote 6.

⁽²⁶⁾ Cedefop, 'Guiding principles for professional development of trainers in VET', 2014 and ETUCE Policy Paper on VET in Europe, 2012.

4.11. We underline that **schools have a great social role** and teaching methods should be supported with digitalisation as a tool and not as an aim. Effective support for schools, students, teachers, parents and families for improving digital skills and investment in equipment is essential and should be addressed within the European Semester and in the **Digital Education Action Plan**. As industries and the economy are continuously digitalised, it is important to upskill and reskill workers in necessary digital skills by using social dialogue. We call on the Commission to provide relevant data on access to digital tools and the internet in schools in relation to the SELFIE tool ⁽²⁷⁾.

4.12. It is necessary to find, in consultation with social partners, a common European definition and understanding on **micro-credentials**. The EESC recommends conducting an EU-level study to map out existing micro-credentials used by companies in different sectors, training providers and education institutions (VET and higher education) and find out the needs and interest of European companies, employers, workers and job-seekers as regards obtaining and requesting micro-credentials. Micro-credentials could be considered to be one but not the only solution and outcome of recognition procedures and upskilling or reskilling. They should clearly define how the certificate links to a full qualification. Defining standards and further policy action at EU level on micro-credentials needs to be discussed with the social partners, particularly ensuring quality and transparency while considering such an EU-level study and a thorough impact assessment including its impacts on qualifications and collective agreements.

4.13. In relation to the launch of the new **Europass platform**, trust within certifications and qualifications could be solved with digital credentials, whilst respecting recognition and validation procedures. Information should also be accessible to people with disabilities and be provided in different languages, including the major languages of migrants, refugees and asylum-seekers. The idea of digital badges to be used for fast-track recognition should be explored in more detail.

4.14. The EESC welcomes the Commission's suggestions on supporting strategic national skills actions with a focus on **inclusiveness and gender equality** in VET. The COVID-19 crisis has particularly **hit women with families** according to recent UN ⁽²⁸⁾, Council of Europe, and European Institute for Gender Equality (EIGE) ⁽²⁹⁾ reports. Women have been facing 'increased levels of domestic, sexual and gender-based violence' and 'attention needs to be paid also to the possible longer-term effects of the pandemic on the balance between professional and personal life and on women's economic independence, since it may force many of them to make difficult choices and to move to unpaid work' ⁽³⁰⁾. Therefore, the EESC suggests that national skills actions should put an emphasis on supporting female students, female workers and the female unemployed with tailor-made training. These actions should also focus on effective support to families that have faced severe difficulties in the COVID-19 crisis.

4.15. The EESC recalls that **refugees need to be treated equally irrespective of their skills level**, and every single refugee and asylum-seeker should be provided with the possibility to validate their skills and competences and receive apprenticeships and re- and upskilling to be integrated into the labour market in line with the EU Charter of Fundamental Rights. The **Pact on Migration and Asylum** should acknowledge that refugees have skills and different qualification levels that may be of added value to receiving countries and their local labour market and businesses' needs.

4.16. It is important to seek more connections between the European Higher Education Area (EHEA) and the European Research Area to improve the **quality and inclusiveness of higher education and research** for all students regardless of their age or socio-economic background. Enhancing the quality and recognition of studies between universities needs to be an important focus of the European Universities initiative. While higher education is a national competence, the Commission's proposals for the European Degree, a European University Statute and a European Recognition and Quality Assurance System seems to be a move towards the synchronisation of higher education studies. Thus, the EESC requests that the ideas behind these initiatives and further policy actions be further discussed with governments, relevant social partners and civil society organisations.

⁽²⁷⁾ SELFIE tool.

⁽²⁸⁾ UN Policy Brief: The Impact of COVID-19 on Women, 2020.

⁽²⁹⁾ See EIGE relevant web page.

⁽³⁰⁾ <https://www.coe.int/en/web/genderequality/women-s-rights-and-covid-19>

4.17. The EESC points out that the COVID-19 crisis has had a very negative impact on universities' admissions, attendance, social role and investment. Sustainable national public investment in higher education and research needs to be ensured and EU funds should be improved to make education and research fully inclusive and accessible to students and future researchers and to guarantee a supportive working environment to academics and researchers.

4.18. Business and higher education partnerships should be beneficial for both parties without external pressure and be balanced to ensure company research and innovation work in its own right and public higher education and research objectives in its own right. The ministers' commitments in the 48 Bologna Process countries need to be taken into consideration in relation to the proposals of the Skills Agenda: **'Academic freedom and integrity, institutional autonomy, participation of students and staff in higher education governance, and public responsibility** for and of higher education form the backbone of the EHEA.' The EESC also points to the UN Recommendation concerning the Status of Higher-Education Teaching Personnel of 1997 ⁽³¹⁾.

4.19. According to Article 13 of the Charter of Fundamental Rights of the EU, 'The arts and scientific research shall be free of constraint. Academic freedom shall be respected' ⁽³²⁾. The proposals for setting up a European Competence Framework for **Researchers**, Taxonomy of Skills for Researchers, and developing curricula for researchers on open science and science management are ambitious ideas but question the academic freedom of higher education institutions in preparing future academics and researchers to enhance freedom of knowledge and research.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽³¹⁾ UN Recommendation concerning the Status of Higher-Education Teaching Personnel, 1997.

⁽³²⁾ Charter of Fundamental Rights of the European Union.

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 – Youth Employment Support: a Bridge to Jobs for the Next Generation’

(COM(2020) 276 *final*)

and on ‘Proposal for a Council recommendation on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing Council Recommendation of 22 April 2013 on establishing a Youth Guarantee’

(COM(2020) 277 *final* – 2020/132(NLE))

(2021/C 10/08)

Rapporteur: **Tatjana BABRAUSKIENĖ**

Co-rapporteur: **Michael McLOUGHLIN**

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1. Conclusions and recommendations

1.1. The EESC welcomes the fact that the reinforced Youth Guarantee (YG) presents Member States (MS) with a set of measures aiming to fight youth unemployment, entailing different tools that include apprenticeships, traineeships, education and job offers and calls for further steps to turn this into a permanent instrument. However, it regrets that the measures are not balanced and are mainly focused on education and skills and less on the active labour market policies. In the time of the post COVID-19 crisis, the EU's youth, who are most affected by unemployment, should have access to quality work opportunities.

1.2. The Committee urges MS to take further steps to reinforce the fourth and first principles of the European Pillar of Social Rights (EPSR) in order to foster cross-sectoral and multilevel cooperation for implementing **a holistic and integrated approach to supporting young people** facing multiple barriers to **educational, social and labour market inclusion**.

1.3. The EESC calls for the immediate placement of youngsters who register for the YG. **A good quality solution such as a good quality job or training opportunity** must be provided quickly or within 4 months. This should take into consideration sometimes lengthy procedures for validating non-formal or informal learning (NFIL), which can be combined with the availability of training possibilities on offer during a certain period of time.

1.4. The EESC points out that support for young people needs to start with **validation of NFIL**, which ideally should lead to qualifications that clearly define European Qualification Framework (EQF)/National Qualification Framework (NQF) levels and a professional title or certification. In order to meet the four-month objective and provide individual support, systems of validation and training provision should be more **flexible** and agile.

1.5. The Committee calls for an EU initiative to enhance the provision of **quality and inclusive guidance and counselling, starting in early school education**, to provide more information to young people on their further education and subsequently on career possibilities in the context of the green and digital transition of the labour market.

1.6. The EESC notes that job placements for NEETs (young people not in employment, education or training) need to comply with labour legislation, collective agreements and tax regulations to avoid long-term precariousness for the young workers supported by the YG. **Decent salary and working conditions, accessible workplaces, health and safety at work, democracy at work**, as defined in national legislation, and collective and/or sectoral agreements need to be respected for job placements for young people as workers. The EESC recommends that Member States apply active labour market policies to create jobs for young people in the public and private sectors and to ensure long-term solutions. Short-term and temporary contracts may solve urgent problems, but long-term precariousness is equally harmful for young people, companies and the economy.

1.7. The Committee suggests that a **quality framework** governing the youth guarantee should be developed in association with the **relevant social partners and civil society players at EU, national and local levels** in the design, implementation and evaluation of the scheme, to ensure that what is on offer meets a certain standard. Since increased public resources have been allocated to YG provision, supported by EU funds, it is paramount to monitor the **quality of what is on offer with quality criteria and conditionality**⁽¹⁾ for youth placements. We welcome the work of the European Trade Union Confederation (ETUC) and the European Youth Forum (EYF) in this regard.

1.8. The EESC welcomes the Commission's suggestion of enforcing **post-placement feedback and monitoring the YG** to continue to enhance monitoring and evaluation of support for effective youth policies. The EESC calls on the MS to put in place both **qualitative and quantitative monitoring** of national YG schemes, based on a commonly agreed Indicator Framework to be carried out annually and improved by a qualitative list. **Monitoring and evaluation** mechanisms should also focus on quality, involve civil society players, including youth organisations, and seek direct input from young people.

1.9. The EESC calls for European and national level **cooperation on effective social, employment and education and training policies** based on alliances to be built among ministries, public employment services, social partners, youth organisations, National Youth Councils and other relevant stakeholders in order to find the best solution for young people and ensure better **outreach to those in need**, focusing in particular on the **inclusion of the socioeconomically disadvantaged** and **ensuring gender equality**.

1.10. The Committee recommends that the Commission conduct an EU-level study on the impact of the **COVID-19 crisis on early school leaving** and increased rates of NEETs. It also recommends **revising Eurostat data on the youth unemployment rate** to also cover young people from the age of leaving national compulsory education up to the age of 30 (so not only between the age of 18 and 25) and ensure **appropriate support measures and adequate levels of and access to EU funding** under the Youth Guarantee scheme.

1.11. The EESC urges EU MS to ensure effective education, training and labour market measures to provide efficient support for young people. It is important to ensure that a) an appropriate leaving age from education and b) sustainable public investment in quality and inclusive education and training reduce the rate of **young people and NEETs with few skills and qualifications**.

1.12. The EESC calls for effective support for **public employment services** (PES) for getting people into further education and training and quality jobs. It notes that the **increase in the age** for access to the YG should not decrease the quality of opportunities provided by PES or put more pressure on PES or on the education and training systems facing increased demand. The EESC requests further support for the **capacity of PES** and for people to receive **more information** about available apprenticeships, traineeships and quality job offers in companies.

1.13. The Committee recommends improving the **Europass platform** with trustworthy information for young job seekers, including people with disabilities, in different languages, including the major languages of migrants, refugees and asylum-seekers.

⁽¹⁾ See ETUC suggestions on quality criteria in the ETUC Youth Resolution entitled 'Revisited fight against youth unemployment', 2020.

1.14. The EESC calls on MSs to further cooperate so any major reforms to the YG are reflected in the **legal instruments governing the relevant funding**. The EESC calls on the Commission to **increase EU funds** available for the YG, considering all **EU investment on the YG, all existing EU programmes** and an evaluation of the use of EU funds. Information on available EU funds for the YG needs to be better communicated to those who help young people, and MSs need to receive guidelines in their own languages. The EESC welcomes the fact that targeted support for youth will be integrated into the **European Semester**.

1.15. The EESC calls for the involvement of social partners and other relevant stakeholders in the **implementation of the European Social Fund Plus (ESF+)**, granted by the European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds. Such involvement needs to be extended to the EU financial instrument supporting the reinforced Youth Guarantee in the next Multiannual Financial Framework (MFF) (2021-2027). This would ensure participatory programming and effective monitoring of its implementation so that the funds really reach those in need.

1.16. The EESC welcomes the Commission's plan to set up a **Monitoring Framework on Access to Social Protection** and provide solutions to ensure adequate working conditions for people working on digital platforms, as otherwise crowd and platform work would not provide the best long-term solutions for good quality job placements for young people within the YG.

1.17. The EESC proposes to link the forthcoming **European Child Guarantee to the YG** to give more efficient support to young people with children, be they employed or unemployed.

1.18. The EESC encourages the **Commission** to define an **Action Plan for the Social Economy** to provide effective support for **youth entrepreneurs and business start-ups** and increase green skills at local level, with a special focus on vulnerable groups and with the involvement of the relevant social partners and civil society organisations.

1.19. The Commission suggests that MS encourage companies to hire young unemployed people and provide them with **good quality job offers**. The EESC notes that **employment incentives, wage subsidies and recruitment bonuses, as well as tax incentives for companies**, could indeed be good solutions for this, and should be accompanied by ensuring access to suitable training opportunities. Incentives to companies should provide effective solutions that fit in with their medium- and long-term business plans.

1.20. The EESC recommends conducting an EU-level study to map out **existing micro-credentials** and pinpoint the needs and interests of European companies, employers, workers and job-seekers as regards obtaining and requesting micro-credentials, with a special focus on young people.

1.21. The EESC welcomes the Commission's suggestion of strengthening social dialogue on improving apprenticeship provision and **calls for effective monitoring of the implementation of the Council Recommendation on a European Framework for Quality and Effective Apprenticeships (EFQEF)** ⁽²⁾ at national and company levels. Assessing and improving apprenticeships against the EFQEF criteria is important.

1.22. The EESC calls on the Commission to support the **European Apprentices Network** in defining a clear mandate in order to support apprentices in line with the EFQEA.

2. Background and general comments

2.1. In April 2013 the Council recommendation on the Youth Guarantee was adopted when the economic and financial disruptions and the economic crisis brought about the **highest unemployment rate** for people in Europe, many of them young people.

⁽²⁾ OJ C 153, 2.5.2018, p. 1.

2.2. The COVID-19 pandemic has pushed the European economy into deep recession and towards a rising unemployment rate. In June 2020, 3 million young people under the age of 25 were unemployed in the EU (17,1 % of the total active population in that group) ⁽³⁾, and this is expected ⁽⁴⁾ to rise to 4,8 million (26,2 %) by the end of the year. Furthermore, the number of NEETs is expected to rise from 4,9 million to 6,7 million. Reinforcing the implementation of the Youth Guarantee is **timely** in order to avoid reaching the highest levels of unemployment in the history of the EU ⁽⁵⁾ in the 21st century. The proposal on the reinforced YG presents Member States with a set of measures to fight youth unemployment, with different tools, including apprenticeships, traineeships, education and job offers. The focus of the proposal is on the **school-to-work transition and labour market integration of young people up to the age of 30, within 4 months of registration at a public employment service (PES) or a YG provider**.

2.3. As the last economic crisis showed, young people are hit harder by the crisis. They are more **vulnerable on the labour market** and lack, or have only weak, social protection. Many of them have **students' loans, lack resources for developing their skills and face a high risk of mental illness** due to inactivity. Youth unemployment has long-term consequences on individuals, making them a 'lost generation'. Eurofound ⁽⁶⁾ calculated that European economies lost around EUR 162 billion per year during the Great Recession as a result of a lack of action on the integration of young people. Youth unemployment can have a negative impact **not only on the economy but on the whole of society**, as young people may opt out of democratic and social participation.

2.4. Young people who are NEETs constitute a **diverse group**. They have different levels of skills, formal qualifications and personal backgrounds. Some education systems are not flexible enough to allow **permeability** between different education sectors. Effective solutions should be provided to them according to their qualifications and skills levels. **Targeted social, employment and education support** should be given, in particular, to those who are vulnerable and come from socioeconomically disadvantaged backgrounds. **Gender equality and equal opportunities** for migrants and refugees, minorities, the Roma and young people with disabilities are needed. Poorly qualified and young early school leavers should receive assistance for **improving their skills and competences, to reach qualification levels 'towards EQF level 3 or 4'**, according to national circumstances. This would allow them to be integrated into the labour market, in line with the Council Recommendation on Upskilling Pathways ⁽⁷⁾.

2.5. When it comes to supporting young adults, it is essential to define them as being **between the compulsory education leaving age ⁽⁸⁾ and 30 years old**. The revised YG extends the support to the age of 30 and foresees effective support for people to obtain **decent employment and upskilling and reskilling provision**. Young people leaving education at an early age and a lack of public investment in inclusive education for all contributes to the high rates of **young people with few skills and qualifications**. This increases the need for measures to integrate them into further education and into the labour market.

2.6. Jobs created in different industries may disappear because of the current crisis. According to the fourth Principle of the European Pillar of Social Rights (EPSR), 'Young people have the **right to continued education, apprenticeship, traineeship or a job offer of good standing** within 4 months of becoming unemployed or leaving education.' The first principle of the EPSR also needs to apply in providing support for young people on reskilling and upskilling and combatting early school leaving steps, to ensure their **'right to quality and inclusive education, training and life-long learning'**. Member States should guarantee these rights by fostering cross-sectoral and multilevel cooperation to implement an integrated approach to supporting young people facing multiple barriers to **social inclusion, beyond employment ⁽⁹⁾**.

⁽³⁾ Eurostat, data retrieved in August 2020.

⁽⁴⁾ Intereconomics, article on the 'COVID-19 Crisis: How to Avoid a "Lost Generation"', 2020.

⁽⁵⁾ 23,5 % with 5,5 million young people (under 25) being unemployed in September 2013 (Eurostat).

⁽⁶⁾ Eurofound (2015), 'Social inclusion of young people'.

⁽⁷⁾ OJ C 484, 24.12.2016, p. 1.

⁽⁸⁾ Eurydice: Compulsory Education 2018/19. Compulsory leaving age from education is age 15 in 7 EU countries, 16 in 16 countries, 17 in 1 country, and 18 in 3 countries, while it is 16 in 5 German Länder and 18 in 11 Länder.

⁽⁹⁾ European Youth Forum: Updated position on the Implementation of the Youth Guarantee, 2018.

3. Specific comments

3.1. As already identified by the EESC Labour Market Observatory, in its 2014 Study on Youth Employment ⁽¹⁰⁾, the implementation of the Youth Guarantee has faced **many obstacles** in EU Member States, such as the poor quality of what is on offer under the scheme, intervention outside the promised four month period and inadequate outreach strategies for offering support to young people furthest from the labour market (like the NEETs). More effective **governance** structures are needed to ensure better implementation of the YG. Funding should be well-targeted with a higher rate of registration of young people. Thus, better **involvement of the relevant stakeholders, such as youth organisations, national youth councils and other relevant NGOs and the social partners at European, sectoral, national and, if relevant, company levels needs to be guaranteed in the design, implementation and evaluation of the YG scheme, which can help ensure acceptance and smooth implementation of reforms.**

3.2. Reinforcing the **mapping system** to obtain a more profound understanding of **the diversity of NEETs** is needed. Monitoring support for young people should be combined with **enhanced research**, taking into consideration the heterogeneity of the group of NEETs particularly vulnerable groups of young people for evidence-based policy, while respecting laws on data protection. NEETs are difficult to reach, and therefore an integrated supply of social and employment services — both public and private is necessary — based on reliable evidence and data.

3.3. Involvement of the social partners and relevant stakeholders in **implementing the European Social Fund Plus (ESF+)**, enabled under the European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds, should be extended to the EU financial instrument supporting the reinforced Youth Guarantee in the next MFF (2021-2027). This would ensure participatory programming and effective monitoring of its implementation, so that the funds really reach those in need.

3.4. From this perspective, effective social, employment and education and training support must indeed start with **cooperation among relevant ministries and support services**. Alliances should be built among ministries, PES, youth organisations, national youth councils and other relevant NGOs, social partners and other stakeholders to find the best solution for young people. The fact that the **four-month target** was not met in the previous YG must be a central concern in the revised version. There is a need to enhance and support **public employment services' role and capacity** in getting people into quality jobs. NGOs and social enterprises can also provide support to young people by offering temporary employment and traineeships. There should be more information about **available places** in companies, as PES cannot provide support if there are no places or no information about these. As regards the involvement of private employment services, it is necessary to ensure that YG support is provided to young people free of charge, as public support.

3.5. It is important to continue to improve links with — and outreach to — communities, youth organisations and other social groups, consistent with some of the examples shown in the Commission Staff Working Document accompanying the Proposal for a Council Recommendation on a Bridge to Jobs — reinforcing the Youth Guarantee ⁽¹¹⁾. Importantly, the Communication on 'Youth Employment Support — a bridge to jobs for the next generation' ⁽¹²⁾ considers that outreach to the most vulnerable 'remains insufficient', thus further illustrating the centrality of this and other forms of **outreach work**.

3.6. We note that, according to ILO analyses ⁽¹³⁾ of the YG, a **'lack of [national] resources** has had detrimental consequences on the ability of countries to provide all NEETs with an opportunity to work or to attend training within four months'. The **increased budget for the YG** is welcomed in line with the expansion of the age cohort of people targeted by the initiative. However, the EESC regrets that while the EU Recovery Plan provides EUR 750 billion for the economic recovery of Europe, the YG only receives EUR 22 billion which, according to the EC ⁽¹⁴⁾, comprises European Social Fund

⁽¹⁰⁾ EESC Labour Market Observatory study on youth employment, 2014.

⁽¹¹⁾ SWD/2020/124 final.

⁽¹²⁾ COM/2020/276 final.

⁽¹³⁾ ILO, Working Paper on 'The European Youth Guarantee: A systematic review of its implementation across countries', 2017.

⁽¹⁴⁾ COM/2020/276 final.

and Youth Employment Initiative investment, including **national co-financing**. The Commission has also presented the use of **additional funds**: this includes EUR 55 billion for 2020-22 from REACT-EU and EUR 86 billion from ESF+ that can also be used by countries for youth employment support, among several other funds. Research ⁽¹⁵⁾ suggests that effective support could be achieved under the revised YG with **at least EUR 50 billion per year**. The EESC urges the Commission to provide MSs with clear calculations and guidelines on the full amount of EU-level investment for supporting the YG and an evaluation on its effective use. As the sustainability of the support mechanism enhanced with public investment is needed, we welcome the integration of targeted support for young people into the European Semester.

3.7. The EESC welcomes the fact that the policy initiative proposes a targeted approach to vulnerable individuals based on a wider partnership with social partners and youth organisations and focuses on the gender dimension. Such partnerships need to operate **beyond national capitals, in local communities, and obtain feedback directly from young people**. It is important that young people be supported in starting family life and the forthcoming **European Child Guarantee** should include provisions for young employed and unemployed people with children linking the policy to YG.

3.8. The EESC welcomes proposals for youth entrepreneurial support in the **Commission Action Plan for the Social Economy**, and its provisions on green skills at local level, with a special focus on vulnerable groups. The EESC asks the European Commission to involve the relevant social partners and civil society organisations, especially youth organisations, in developing such an action plan, to include the experience of young people, apprentices, trainees and young workers. **Business start-ups of young people need encouragement and entrepreneurial education needs to be promoted**. Self-employment opportunities in the digital and green economy, offered to **groups suffering discrimination and vulnerable groups**, need to be in line with targeted information to these groups and require concrete support for them. **Intermediary bodies**, such as PES, youth organisations, national youth councils, other relevant NGOs and trade unions play an essential role in this connection.

3.9. In order to set up **effective strategies** for all groups of young people in need, it is important to clearly define the cohort of young people covered by the YG. The reduction in the **compulsory education age** in countries can have a detrimental effect, increasing the number of NEETs. The EESC welcomes the increase in the age covered by the YG; it recommended as already as 2013 ⁽¹⁶⁾ that the **age limit** for accessing the Youth Guarantee be raised to 30, particularly in those countries with higher levels of youth unemployment. However, it would urge caution in this regard with reference to quality and capacity. It may be necessary to **ensure MSs have flexibility** in defining the age cohort they need to support. The expanded age cohort should not exclude young people who have already had some work experience and are entitled to **unemployment benefits**. However, it is important to clearly define the cohort age range.

3.10. The Commission suggests that MSs encourage companies to hire unemployed young people and provide them with **good-quality job offers**. We need to best match of jobs with **the qualifications and interests** of young unemployed people and motivate them with good quality and **inclusive upskilling and reskilling** offers to keep them in the jobs concerned. Nevertheless, the EESC considers that Member States should have flexibility in determining whether or not they wish to extend the scope of the YG scheme, taking into account the nature and extent of youth unemployment at the national, regional and local levels.

3.11. Merely reinforcing the YG is not a sufficient aim while there is a crisis, and **immediate measures** are needed to help young people. **Active labour market policies** in the MS need to ensure that what is on offer here can propose **long-term solutions for young people**, ensure **quality jobs**, good quality working conditions and fair recruitment and retention options. Labour laws and collective agreements should be respected and promoted, in particular as regards the link between qualification levels and salaries as well as democracy at work. Young people on the labour market should be treated in the same way as the adult population, particularly in terms of receiving the same minimum wage, access to pensions and protection against precarious employment contracts (zero hours), unpaid traineeships and bogus self-employment. Short-term and temporary contracts for young people may solve urgent problems, but long-term precariousness is equally harmful for young people, companies and the economy.

⁽¹⁵⁾ Intereconomics, article 'COVID-19 Crisis: How to Avoid a "Lost Generation"', 2020.

⁽¹⁶⁾ OJ C 271, 19.9.2013, p. 101.

3.12. Flexibility is key as regards the **four-month** period of the YG after registration with a YG provider, which is usually a PES. A job or education offer or training opportunity should be proposed **immediately** ⁽¹⁷⁾, but it should also be a **good quality solution and a good quality job or education offer/training opportunity**. This should take into consideration the sometimes lengthy procedures of validation of NFIL, which can be combined with the availability of the training on offer during a certain period of time. In order to meet the four-month objective and provide individual support, systems of validation and training provision should be more **flexible** and agile.

3.13. The YG needs to start with **good quality professional guidance and counselling** in early school education for young people; recognition and **validation of NFIL** ideally should lead to a qualification which clearly defines EQF/NQF levels and a professional title or certification which clearly states which tasks and skills it certifies and how the certificate links to a full qualification. The new **Europass framework** should make it possible to include all kinds of certificates and qualifications in the Europass CV in a clear, practical way.

3.14. Micro-credentials are alternative solutions for documenting additional skills provided by companies or VET and higher education institutions. As there is no common European definition or understanding of **micro-credentials (MCs)**, further European policy may be considered as regards MCs as a help to young people when they are added to full qualifications and following an agreed European definition of and understanding on **micro-credentials** with workers' unions and employers.

3.15. The COVID-19 crisis has had an impact on apprenticeship provisions; in many economic sectors affected by the lockdown, apprentices have had to postpone their apprenticeships or have even been made redundant; in other sectors, apprentices have continued their apprenticeships via home-based project work or simulations. **Matching apprenticeship places in companies with VET students** is indeed a problem, and PES in particular should receive more information from private and public companies of all sizes to support VET schools and teachers trying to find practical learning places for future apprentices.

3.16. The EESC stresses that apprenticeships are not only for young people, as the very first paragraph of the EFQEF underlines this double focus of apprenticeships for **young people and adults**. The fact that apprenticeships were put into the Youth Employment Support policy document contributes to a mistaken understanding of apprenticeships as being confined to young people. The EESC welcomes the fact that the Commission has proposed that MSs step up learning offers and school-to-work transitions via **good quality apprenticeship or traineeship provisions**. This can also provide effective support to reduce early school leaving and can ensure better integration of migrants and refugees into the labour market, while respecting the European Pillar of Social Rights, the European Framework for Quality and Effective Apprenticeships and the Quality Framework for Traineeships.

3.17. The Commission proposes renewing and giving new impetus to the **European Alliance for Apprenticeships (EAfA)**. While the EAfA has secured a high profile regarding apprenticeship provision by increasing the number of company pledges, this is not sufficient. Micro and small enterprises still face considerable challenges in offering apprenticeship places. Therefore, the provision of '**collaborative** apprenticeship' offered by several companies could be encouraged. The quality and effectiveness of all apprenticeships should be ensured with reference to the criteria provided by the EFQEF and companies should be acknowledged and awarded by the Commission according to the EFQEF.

3.18. The Committee welcomes the increased focus of the Commission to ensure **apprenticeships in the digital and green sectors** but notes that good quality apprenticeships should also be offered in any other sectors that are undergoing digital and green transitions.

3.19. Successful VET systems and apprenticeship systems leading to quality jobs require **effective social dialogue with trade unions and employers' representatives**. The EESC welcomes the Commission's suggestion regarding the need to strengthen social dialogue at European and national level, and further capacity-building possibilities could be enhanced via

⁽¹⁷⁾ OJ C 161, 6.6.2013, p. 67.

the Commission's Apprenticeship Support Services. While already several sectoral social partners have pledged support for the EAfA, the EESC underlines the autonomy of the European sectoral social dialogue committees, which define the work programme for themselves in line with agreed joint priorities.

3.20. For those unemployed young people who have already been awarded a qualification, the Youth Guarantee should also serve as a job guarantee ⁽¹⁸⁾, meaning that young people gain their first experience of employment in the public or the non-profit sector.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽¹⁸⁾ Pavlina R. Tcherneva, Levy Economics Institute, Working Papers Series No 902, 'The Job Guarantee: Design, Jobs, and Implementation', 2018.

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 – EU Strategy on victims’ rights (2020-2025)’

(COM(2020) 258 *final*)

(2021/C 10/09)

Rapporteur: **Ionuț SIBIAN**

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1. Conclusions and recommendations

1.1. The EESC warmly welcomes the European Commission’s EU strategy on victims’ rights for 2020-2025, which supports long-term planning and the proper coordinated implementation of policies across a wide range of sectors, while ensuring that no victim is forgotten.

1.2. The EESC believes that, in order to be operational, the strategy needs **a clear action plan** with details on how and when to implement actions, and what outcomes are expected.

1.3. The proposed strategy should be read and implemented alongside other EU strategies: the Gender Equality Strategy, the EU Strategy for a more effective fight against child sexual abuse, the LGBTI Equality Strategy, the EU Framework for National Roma Integration Strategies and the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

1.4. The proposed strategy should provide more guidance and a detailed overview of how Member States could implement high-quality standards and put in place accessible, fair and effective tools to support victims in their access to such restorative services.

1.5. The European Commission should use the strategy to encourage Member States to support data collection and consultation with communities and victims and potential victims, and carry out needs assessments to guide policy-making and institutional responses. A unified vision on data collection regarding victims of crime, which could be ensured through this strategy, would allow for better, more targeted responses.

1.6. The EESC recommends that the role of the proposed EU network on the prevention of gender-based violence and domestic violence, referred to in the strategy, should also be expanded to cover the objectives and outputs regarding identification and mitigation of this type of crime, especially relevant when it has a transnational component.

1.7. In terms of the key actions proposed by the strategy for the European Commission, the EESC believes that some aspects in the strategy could benefit from further clarification, including:

- (a) The promotion of training should not be limited to judicial and/or law enforcement authorities; the need to ensure continuing professional education in relation to dealing with victims of crimes, in particular victims of hate crimes, is equally relevant for social workers and medical personnel. Such training should explicitly include bias and stereotyping sessions and be conducted in coordination with CSOs providing support to various vulnerable groups.
- (b) The provision of EU funding to national victim support organisations and community-based organisations should be complemented by **enhanced cooperation** between civil society organisations (CSOs) and local or national authorities ⁽¹⁾. Overall, the strategy should entail clear guidance for State authorities on cooperating and communicating with CSOs and experts to map communities' needs, and design targeted campaigns, reporting and support systems that are fully accessible, fair and effective.
- (c) National campaigns to raise awareness of victims' rights should be adapted to the needs and specific characteristics of particularly vulnerable communities, including non-EU nationals, refugees and asylum-seekers, and should be based on local assessments of needs, trends, good practices and challenges.

1.8. The experience of COVID-19 has once again shown that the authorities in some Member States are poorly equipped to provide emergency or short-term shelters, in particular outside capital cities. Developing emergency shelters, safe houses and support centres and providing integrated support services is a necessity and needs the cooperation of national authorities and civil society actors, as well as EU funding.

1.9. The European Commission should integrate victims' agenda into all EU funding programmes, including EU funds managed at national and international level.

2. Background to the opinion

2.1. Over the last thirty years, victims' rights and policies for protecting them have developed on the international and European stage. Much progress has been seen, among other things, as a result of the adoption of a range of EU regulations that benefit victims, namely the 2012 Victims' Rights Directive and the 2004 Compensation Directive, and now the document 'For a new EU Victims' rights strategy 2020-2025'.

2.2. In adopting its first EU strategy on victims' rights, the Commission's aim is to ensure that all victims of crime can be sure that their rights will be fully respected, no matter where in the EU the crime took place.

2.3. The strategy sets out a number of actions for the next five years, focusing on two objectives: first, to empower victims to report crime, claim compensation and ultimately recover from the consequences of crime; second, to work together with all relevant actors for victims' rights.

2.4. The strategy also sets out a number of actions for the Commission, as well as Member States and civil society, for the next five years.

2.5. The strategy is based on five key priorities: (1) Effective communication with victims and providing a safe environment for victims to report crime; (2) improving protection and support of the most vulnerable victims; (3) facilitating victims' access to compensation; (4) strengthening cooperation and coordination among actors on victims' rights; and (5) strengthening the international dimension of victims' rights.

3. General comments

3.1. Overall, the strategy's five priorities are likely to generate positive effects and contribute effectively to supporting Member States' implementation of the relevant EU framework. However, several key points, as well as cross-cutting issues, can also be noted.

⁽¹⁾ In terms, inter alia, of data collection and documentation and reporting mechanisms and accessing funds, but also putting in place sustainable local systems for support services.

3.2. The strategy includes limited guidance on the importance of setting up or, depending on the case, enhancing the reach and effectiveness of reporting mechanisms (whether formal or informal). Such mechanisms should be mainstreamed and accessible to all categories of victims, regardless of their status in the respective EU Member State, and should be adapted and flexible to meet the needs of the most vulnerable. This would require enhanced needs assessment, documentation, data collection and consultative processes, as outlined in other comments below.

3.3. While the strategy makes a number of references to the challenges faced by vulnerable categories, it should also refer to refugees and asylum-seekers, recognising their increased vulnerability, as a category, to Islamophobic, racist, xenophobic and other types of hate crime.

3.4. The strategy makes the general point that 'Victims' difficulties in accessing justice are mainly due to lack of information, insufficient support and protection'. It is worth highlighting that further details should be included in the strategy, in terms of the need to make existing provisions and mechanisms not only better known, but generally more accessible (from reporting and self-identification to accessing support or redress mechanisms). Support services may often be needed in this regard, for example community workers, child protection staff for unaccompanied migrants or asylum-seeking children or for children in the child protection systems, medical personnel, mental health workers, interpreters for those who do not speak the local language, etc. Such support services should equally benefit from training but, currently, most of the references to training on victims' rights relate to law enforcement and the judiciary.

3.5. While the strategy's first priority is clearly to ensure effective communication with victims of crime and a safe environment for victims to report crime, there is still a major concern in relation to ensuring the **existence, effective functioning and accessibility** of reporting and recording systems, especially informal ones, since the strategy itself highlights that many of the most vulnerable communities and victims are often reluctant to liaise with authorities, are unable to do so, or face other barriers in accessing formal reporting (with authorities). Even if such systems do not lead to criminal investigations, they may still warrant access to specific types of support and may be relevant to providing data in local or national contexts — which should be key to policy-making — and to the budgeting and planning of services.

3.6. Furthermore, and on the same note, there seems to be little or no reference in the strategy to documentation or data collection. Responding to victims' needs and putting in place a framework to ensure victims' rights, especially when it comes to victims of certain types of crime — hate crime, sexual and gender-based violence (SGBV), etc. — requires a thorough understanding of the local and community context, access to communities, needs assessments and the development of targeted policy and practical solutions. As a result, the strategy should generally encourage States, perhaps using a cross-cutting approach, to support data collection and consultation with communities and victims and potential victims, and carry out needs assessments with mapping of best practices in cooperation with CSOs to guide policy-making and institutional responses.

3.7. One last point to highlight in relation to data collection is the need for key authorities (police/judicial/prosecution bodies) to put in place effective systems that allow for **information on crime victims** to be collected throughout and systematically analysed and used in the design of targeted response measures. Currently, for example, only a few EU Member States collect disaggregated information on the profiles of crime victims. Such information would be useful for an analysis of trends and patterns, and would contribute to the design of prevention activities, information campaigns, reporting tools, identification and response mechanisms or support services.

3.8. Furthermore, the magnitude of phenomena such as hate crime is hard to estimate in many EU Member States, due to a lack of accessible reporting systems, excessively formal systems to record incidents and/or complaints (which may be available only to the police and/or prosecution), and the lack of certain criteria and guidance for data collection when it comes to victims. A unified vision of data collection regarding victims of crime, which could be ensured through this strategy, would allow for better, more targeted responses. This also ties in with other Commission initiatives and how they can be implemented (such as those linked to racism and xenophobia), as these are likely also negatively impacted by the lack of data or the proper analysis thereof.

3.9. With regard to reporting, it is important to clarify that the strategy looks into all three pillars that are relevant to ensuring victims' rights: (a) identification (of victims of crime), which can be done through formal and informal reporting mechanisms as mentioned in a previous comment; (b) prevention; and (c) response.

3.10. It is a welcome development that the strategy contains several references to the importance of communication between 'relevant professionals with victims in a way that is adapted to victims' specific needs'. However, for the adequate implementation of this particular output, a mechanism should be put in place, and capacity-building schemes established, for relevant professionals, to allow for the proper identification and understanding of these specific needs. Without such identification, the objective of ensuring a response that meets the specific needs cannot be achieved. Such a mechanism would rely on coordination between the authorities, civil society organisations and grassroots or community organisations. This will not only increase crime reporting and recording from members of specific vulnerable communities, and contribute to case-building; it will also enhance the overall capabilities of national systems to map victims' needs and provide relevant referrals and individualised responses. The strategy should, therefore, include a focus on or clarification of the means to enhance identification of the specific needs of crime victims.

3.11. In relation to the above point, there are several references in the strategy to victims with 'specific needs', who 'should have access to specialist support'. In this regard, national-level stakeholders should be encouraged, through the strategy, to put in place identification and evaluation mechanisms for special needs, which will also entail **regular exchanges with other existing relevant identification mechanisms** such as the anti-trafficking mechanism. This would allow for exchanges of expertise between several bodies, and also a better, more comprehensive and holistic response that properly matches the special needs identified.

3.12. Any services, as well as any awareness campaigns on victims' rights, need equally to rely on needs assessments and consultations with communities. Particular attention should be paid not only to child victims, the elderly or victims with disabilities in the design of such information campaigns, but also to the needs of refugees, asylum-seekers and migrant victims, for example, who may also face severe barriers in access to information, reporting, or support services, including intersectional discrimination.

3.13. The focus on training is reflected throughout the strategy — and indeed, it is key to ensuring smoothly operating systems and to ensuring victims' rights. However, if we acknowledge the impact of certain types of crime, in particular hate crime, cybercrime, GBV or crime affecting children, training activities should not only be available to the judicial authorities and police. Focus should also be placed on improving the skillset of first responders — who may be community workers, teachers, child protection staff, reception or immigration detention staff or border police. This is especially true in the context of mixed migration, including irregular mixed migration between EU Member States, the risk of falling victim to exploitation and the increasing reports of violence at the borders and in asylum reception facilities.

3.14. While we welcome the focus of the 2012 Victims' Rights Directive on restorative justice services and the inference that such services should primarily consider the interests and needs of victims, the strategy should provide more guidance and a detailed overview of how States could implement high-quality standards and put in place accessible, fair and effective tools to support victims in their access to such restorative services.

3.15. Regarding victims of gender-based violence: while the strategy does provide some examples of GBV, other types of SGBV should also be acknowledged and specified, for example harmful traditional practices such as female genital mutilation (FGM), child marriage, etc. Expanding this list would contribute to increased awareness of such practices amongst law enforcement and other relevant professionals.

3.16. The role of the proposed EU Network on the prevention of GBV and domestic violence, referred to in the strategy, should also be expanded to cover the objectives and outputs regarding identification and mitigation of this type of crime (especially relevant when it has a transnational component).

3.17. Gender-based violence and harassment in the world of work is considered a human rights violation or abuse and is a threat to human dignity, the promotion of decent work and access to and progress in the labour market. The European social partners signed an autonomous agreement in 2007 to address this issue, which needs to be fully implemented at national level in Member States. In 2019, on the occasion of the ILO Centenary, Convention No 190 — the Violence and

Harassment Convention — was adopted, which identifies measures to prevent acts of violence and to protect victims and indicates tools for effective enforcement and remedies, together with guidance, training and awareness-raising initiatives. The EESC calls on the European institutions to promote the rapid ratification of this Convention among Member States and coordinate possible follow-up activities at European level.

3.18. Whenever trafficking is tackled in the strategy, the impact of trafficking and exploitation on non-EU nationals and refugees also needs to be acknowledged. This also applies to the key actions provided for in the strategy, which should also focus on assessing the extent to which mechanisms available to trafficking victims are also accessible to non-EU nationals (such as migrants, asylum-seekers and refugees). Furthermore, the strategy should include support measures to enhance the accessibility, effectiveness and adaptability of trafficking identification and response mechanisms, for refugees, migrants and asylum-seekers who become victims of trafficking-related crime.

3.19. When it comes to access to compensation for victims of crime, the idea that such access should be independent from (or regardless of) the status of the victim in an EU Member State should also be better reflected in the strategy. Unfortunately, asylum-seekers, refugees and migrants are often reluctant to seek compensation when they become victims of crime, due to the lack of information, absence of knowledgeable and accessible support services, or the fear of retaliation or negative effects in relation to their status. If its aim is to empower victims, then the strategy should equally touch on these concerns and provide for targeted actions to bridge these gaps faced by specific categories of victims.

4. Specific comments on the five priorities of the strategy

4.1. Effective communication with victims and providing a safe environment for victims to report crime

4.1.1. One of the key actions for the European Commission refers to training for judicial and law enforcement authorities. However, the need to ensure continuing professional education in relation to dealing with victims of crimes, in particular victims of hate crimes, is equally relevant for social workers and medical personnel. Such training should explicitly include bias and stereotyping sessions and be conducted in coordination with NGOs providing support to various vulnerable groups.

4.1.2. Concerning the key action to be undertaken by the European Commission to provide EU funding to national victim support organisations and relevant community-based organisations: in particular, such funding should be provided in order to develop support services as comprehensive packages — legal and psychological support in helping to find work when needed, emergency accommodation and support with medical expenses.

4.1.3. At the level of the Member States, the key actions proposed remain at a very general and rather rhetorical level. Effective implementation of the directive will be ensured if the national authorities develop, adopt and implement methodological norms to allow judicial and law enforcement authorities and social services to recognise victims of crimes (in particular victims of hate crimes) and to provide adequate support.

4.1.4. Where disaggregated data regarding the victims of crimes are not already collected by the national authorities, this should become a priority, perhaps with the support of EU funding.

4.1.5. Member States should be included in the proposed key actions on awareness regarding rights and the avenues available to report crimes starts in schools, with civic education. National authorities should make sure that national compulsory curricula include information regarding rights, national human rights institutions, and on the protection mechanisms available, adapted to the level of understanding of pupils.

4.1.6. In order to allow NGOs to participate in training activities with authorities, while bringing in the valuable experience of the beneficiaries and experts supporting the victims of crimes, it is important that this contribution is recognised and remunerated through institutional partnerships⁽²⁾.

4.2. Improving protection and support for the most vulnerable victims

4.2.1. Concerning the proposed key action for the European Commission in support of victims with special needs such as child victims, victims of gender-based or domestic violence, victims of racist and xenophobic hate crime, LGBTI+ victims of hate crime, elderly victims and victims with disabilities: providing support to particularly vulnerable groups should start with recognising them and the specific characteristics of their status, which often leads to their victimisation. This would mean adopting secondary legislation and developing training packages explaining the specific features of the various most vulnerable groups, methods of interviewing them that avoid re-traumatisation and guides on liaising with the communities where this is the case.

4.2.2. On the proposed key action for the European Commission to implement the guiding principles on ensuring protection and support for victims of hate crime and hate speech, this should be supplemented by establishing an EU mechanism for monitoring effective responses to hate crimes and hate speech, through the EU Agency for Fundamental Rights, which could further develop its current data collection mechanism and include national reporting and early warning features.

4.2.3. Regarding the proposed key action for Member States that builds on the lessons learnt from the COVID-19 pandemic, in particular action aimed at ensuring that victims of gender-based and domestic violence have access to support and protection and setting up integrated and targeted specialist support services for the most vulnerable victims, including safe houses for children, families, women victims of GBV and LGBTI+ individuals: In some Member States, the COVID-19 experience has once again shown that the authorities are poorly equipped to provide emergency or short-term shelters, in particular outside capital cities. Developing emergency shelters, safe houses and support centres and providing integrated support services is a necessity and needs the cooperation of national authorities and private actors, as well as EU funding.

4.3. Facilitating victims' access to compensation

4.3.1. One of the relevant stakeholders is the EU Agency for Fundamental Rights which, through its network of independent Member State experts (FRANET), carries out an annual analysis of the legislation and policies adopted to ensure protection of victims' rights and which can also produce thematic reports. Through its mandate, FRA is in a position to promote promising practices and to organise events at which compensation authorities can exchange ideas and enhance cooperation.

4.4. Strengthening cooperation and coordination among all relevant actors

⁽²⁾ By way of example, following the ECHR's 2016 ruling on the MC and AC v Romania case (a case of homophobic hate crime) and currently under the close supervision of the Council of Ministers of the CoE, the NGO ACCEPT Romania, which supported the plaintiffs in the case, regularly provides pro bono training to the Romanian Institute for Studies of Public Order (ISOP). Such training includes a presentation of anti-discrimination legislation, the provisions on hate crimes and what sexual orientation and gender identity mean, and features practical sessions, simulations and living libraries, where three or four members of the LGBTI community participate for an hour during the day and share their experiences with the law enforcement authorities. This is a huge human and logistical effort, which is provided for free by the NGO volunteers and the experts affiliated with the NGO. The real challenge, however, lies in the lack of sustainability and the limited impact of the sessions. Only a small group of 20-30 participants is engaged in these training sessions out of the hundreds of new recruits or the thousands of employees of the MoI. The solution would be to prioritise developing internal capacities within the national judiciary or law enforcement authorities to carry out such courses as integrated into continuing professional education.

4.4.1. Concerning the Member States' proposed action aimed at building societies that are more resilient by promoting greater involvement of civil society in national measures: here the concept of 'involvement of civil society' is far too broad — associations of policemen, detention-centre guards, civil protection/defence associations and churches are also civil society. The active engagement of those parts of civil society working directly with victims of crimes is essential.

4.4.2. While the EU has signed up to the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention), at the national level, the Istanbul Convention is coming under attack in some Member States, with reservations and interpretations being put forward in response to an emerging rhetoric of 'traditional values' describing gender, gender-based violence and gender identity as constructs eroding national identities and portraying domestic violence as a privacy concern. The EU has a fundamental role in safeguarding the Istanbul Convention. While it is up to the Member States to develop and improve domestic legislation, the EU can foster awareness regarding the importance of protection against gender-based violence. This can also be achieved through earmarking funding for developing professional modules to educate the legal profession, for facilitating exchanges and for providing support for NGOs that campaign and do advocacy work, while also providing support to the victims of gender-based violence.

4.5. Strengthening the international dimension of victims' rights

4.5.1. Coordination across all EU institutions and agencies in implementing the strategy is essential in order for the EU to take the lead in Council of Europe and UN activities for victims.

4.5.2. The EU should use international programmes to fund activities outside the EU to support the development of laws, policies and services, including through the funding for capacity-building activities, which covers all victims of crime.

5. EU funding

5.1. Only a negligible fraction of the EU's budget is spent on victims' issues. This contrasts with the cost of crime to victims and society. Having in mind the importance and cross-cutting nature of victims' issues, the European Commission should develop a strategic approach to victims' funding that identifies areas most likely to benefit from EU funding and that coordinates incorporation of victims' priorities across the various EU funding programmes, including those operating at national and international level ⁽³⁾.

5.2. Funding is critical and should be delivered using a non-project-based approach and on a rather long term with a mix of EU and national funding.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽³⁾ Victim Support Europe, roadmap for the victims' rights strategy for 2020-2024.

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council on a temporary derogation from certain provisions of Directive 2002/58/EC of the European Parliament and of the Council as regards the use of technologies by number-independent interpersonal communications service providers for the processing of personal and other data for the purpose of combatting child sexual abuse online’

(COM(2020) 568 *final* – 2020/0259 (COD))

(2021/C 10/10)

Rapporteur-general: **Ionuț SIBIAN**

Referral	European Parliament, 17.9.2020 Council of the European Union, 18.9.2020
Legal basis	Articles 114(1) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote (for/against/abstentions)	246/1/3

1. Conclusions and recommendations

1.1. The EESC considers that any derogation from Directive 2002/58/EC must be carefully considered to protect the privacy of all citizens. Still, in this case, the extent of the crime and its perniciousness **warrants an exception**.

1.2. The EESC agrees, in general, with the proposed regulation for a **temporary** and **strictly limited** derogation from Articles 5(1) and 6 of the Directive 2002/58/EC, which protect the confidentiality of communications and traffic data.

1.3. In our opinion, the **provisional element** (that runs until 31 December 2025) **is not justified** and the Commission should ensure that proper privacy safeguards for children are developed and implemented sooner than five years.

1.4. In terms of the industry **standards for reporting and transparency** envisaged in Article 3(e) of the proposed regulation, the EESC considers it would be useful to have a third party perform regular testing/auditing, using a sample non-CSAM (Child Sexual Abuse Material) match similar to EICAR test files in the anti-virus industry.

1.5. In our opinion, the Commission should organise an open competition with a substantial prize ⁽¹⁾ to encourage not only the development of open-source tools and industry standards, but also the development of possible new solutions to detect and report child sexual abuse in end-to-end encrypted electronic communications.

1.6. The EESC believes that it is time that the European Union had its own **European Centre to Prevent and Counter Child Sexual Abuse** and calls on the Commission to urge that such a centre be set up and developed. In our view the centre should build on Europol's work, to work with companies and law enforcement bodies, to identify victims and bring offenders to justice.

⁽¹⁾ Similar to EU-funded projects NESSIE and ECRYPT (eSTREAM), or competition such NIST on cryptography.

2. General comments

2.1. Recent data from Europol ⁽²⁾ show that the COVID-19 pandemic has had a massive impact on criminal offences online. The amount of Child Sexual Abuse Material (CSAM) shared online saw a significant increase during the lockdown period.

2.2. In 2019, out of the 16,9 million total reports of Child Sexual Abuse Material (CSAM) that were received by United States National Centre for Missing and Exploited Children (NCMEC), which included 45 million pieces of identified CSAM, 16,8 million reports were from ESPs (Electronic Services Providers). Of those, almost 3 million images and videos depicting CSAM were hosted in the European Union.

2.3. The proposed regulation is necessary because, with the full application of the European Electronic Communications Code as from 21 December 2020, certain online communication services ⁽³⁾ will fall under the scope of the e-Privacy Directive (Directive 2002/58/EC). This Directive does not contain an explicit legal basis for the voluntary processing of content or traffic data for the purpose of detecting CSA online and providers would have to discontinue their activities unless Member States adopted specific national measures.

2.4. As a response to this, and as a matter of priority, the Commission decided to come forward with a narrowly-targeted regulation to avoid having a legislative gap in the telecoms regulatory framework.

2.5. The proposed Regulation provides guarantees to safeguard privacy and protection of personal data:

- processing must be proportionate and limited to well-established technologies regularly used by NI-ICS (number-independent interpersonal communications services) for that purpose before entry into force;
- technology used must be in accordance with the state-of-the-art technology used in the industry and must intrude on privacy as little as possible;
- the technology used must in itself be sufficiently reliable and limit error rates to the maximum possible, and rectify any errors without delay, should they occur;
- only 'key indicators' technology to be used to detect 'child solicitation';
- processing is limited to what is strictly necessary for that purpose;
- immediate erasure, unless online CSA detected;
- obligation for the provider to publish an annual report on its related processing.

2.6. In truth, all the exception does is maintain current practices.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽²⁾ Exploiting isolation: sexual predators increasingly targeting children during COVID pandemic, EUROPOL, June 2020.

⁽³⁾ Like webmail or messaging services.

Opinion of the European Economic and Social Committee on 'Proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards the identification of taxable persons in Northern Ireland'

(COM(2020) 360 *final* – 2020/0165 (CNS))

(2021/C 10/11)

Council referral	28.8.2020
Legal basis	Article 113 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	209/0/9
(for/against/abstentions)	

Since the Committee unreservedly endorses the contents of the proposal and has already set out its views on the common system of value added in its earlier opinions on the VAT *package I*, adopted on 14 March 2018 ⁽¹⁾ and the VAT *package II*, adopted on 23 May 2018 ⁽²⁾, it decided, at its 555th plenary session of 27, 28 and 29 October 2020 (meeting of 29 October 2020), by 209 votes with 9 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the abovementioned documents.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽¹⁾ OJ C 237, 6.7.2018, p. 40.

⁽²⁾ OJ C 283, 10.8.2018, p. 35.

Opinion of the European Economic and Social Committee on ‘Proposal for a Decision of the European Parliament and the Council amending Decision No 1313/2013/EU on a European Union Civil Protection Mechanism’

(COM(2020) 220 – 2020/0097 (COD))

(2021/C 10/12)

Referral	Council, 24.6.2020
Legal basis	Article 196 and Article 322(1)(a) of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	209/0/9
(for/against/abstentions)	

Since the Committee endorses the contents of the proposal and has already set out its views on the subject in its earlier opinions *Strengthen EU's civil protection response — rescEU* ⁽¹⁾ and *Union Civil Protection Mechanism — amendment* ⁽²⁾, adopted on 18 October 2018 and 19 June 2019, it decided, at its 555th plenary session of 27, 28 and 29 October 2020 (meeting of 29 October 2020), by 209 votes with 9 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the abovementioned documents.

Brussels, 29 October 2020.

*The President
of the European Economic and Social Committee*
Christa SCHWENG

⁽¹⁾ OJ C 62, 15.2.2019, p. 231.

⁽²⁾ OJ C 282, 20.8.2019, p. 49.

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/848 on organic production as regards its date of application and certain other dates referred to in that Regulation’

(COM(2020) 483 *final* – 2020/0231 (COD))

(2021/C 10/13)

Referral	European Parliament, 14.9.2020 Council, 14.9.2020
Legal basis	Articles 43(2) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	209/0/9
(for/against/abstentions)	

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 555th plenary session of 27, 28 and 29 October 2020 (meeting of 29 October 2020), by 209 votes with 9 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 29 October 2020.

*The President
of the European Economic and Social Committee*
Christa SCHWENG

Opinion of the European Economic and Social Committee on ‘Proposal for a Council Regulation opening and providing for the administration of autonomous Union tariff quotas for imports of certain fishery products into the Canary Islands from 2021 to 2027’

(COM(2020) 437 – 2020/0209 (CNS))

(2021/C 10/14)

Referral	Council, 16.9.2020
Legal basis	Article 349 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	209/0/9
(for/against/abstentions)	

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 555th plenary session of 27, 28 and 29 October 2020 (meeting of 29 October 2020), by 209 votes with 9 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

Opinion of the European Economic and Social Committee on ‘Amended proposal for a Regulation of the European Parliament and of the Council on establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law)’

(COM(2020) 563 *final* – 2020/0036 (COD))

(2021/C 10/15)

Referral	European Parliament, 6.10.2020 Council, 5.10.2020
Legal basis	Articles 192(1) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	209/0/9
(for/against/abstentions)	

On 17 September 2020, the European Commission decided to consult the European Economic and Social Committee on an amended proposal for a Regulation of the European Parliament and of the Council on establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999.

Since the Committee had already set out its views on the contents of the original proposal in its opinion on the *European Climate Law* ⁽¹⁾, adopted on 15 July 2020, it decided at its 555th plenary session, held on 27, 28 and 29 October 2020 (meeting of 29 October), by 209 votes to 0, with 9 abstentions, not to draw up a new opinion on the subject, but to refer to the position it had taken in the abovementioned document.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽¹⁾ OJ C 364, 28.10.2020, p. 143.

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European investment bank – Annual Sustainable Growth Strategy 2020’

(additional opinion)

(COM(2019) 650 final)

(2021/C 10/16)

Rapporteur: **Philip VON BROCKDORFF**

Bureau decision	28.5.2020
Legal basis	Rule 32(1) of the Rules of Procedure and Rule 29(a) of the Implementing Provisions of the Rules of Procedure
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	8.9/2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	250/0/6
(for/against/abstentions)	

Preamble

This opinion is part of a package of two follow-up opinions, one on the Annual Sustainable Growth Strategy (COM(2019) 650 final) and one on the Recommendation on the economic policy of the euro area (COM(2019) 652 final). The aim is to update and elaborate on previous EESC proposals ⁽¹⁾, taking into account the latest developments, the COVID-19 impact and recovery, as well as the various reports and recommendations published within the current European Semester. The package provides EU civil society's comprehensive economic, social and environmental policy input into the next cycle of the European Semester, which is expected to be launched in November 2020. The EESC calls on the European Commission and the Council to make use of this input in the upcoming Autumn Semester Package and the ensuing interinstitutional decision-making process.

1. Conclusions and recommendations

1.1. The EESC deems it positive that the Annual Sustainable Growth Strategy (ASGS) is taking an important step forward towards embracing a more social, inclusive and sustainable economic model, the SDGs and particularly the commitment to transforming the current growth model into ‘green’ growth. That commitment remains particularly relevant given the economic and social effects of COVID-19, and needs to be demonstrated in the upcoming Autumn Semester Package, in which the European Commission will set out the economic and social priorities for the EU.

1.2. To respond effectively to the effects of COVID-19, the EESC believes that both economic and social impact assessments are necessary. Such assessments will enable Member States to fully comprehend how the effects of COVID-19 have impacted on economies and the movement of people, goods and services across the EU. In addition, governments need to act swiftly and forcefully to overcome COVID-19 and its impact, and this can only be done if they have a clear understanding of this impact.

1.3. Governments need to respond by adopting supportive macroeconomic policies to help to restore confidence and support the recovery of demand. However, for this to happen, the EESC recommends a revision of Stability and Growth Pact rules to support economic recovery and allow governments sufficient room for manoeuvre as well as the capacity to undertake much-needed infrastructural investment, particularly with regard to climate change. Flexibility in state aid rules is

⁽¹⁾ OJ C 120, 14.4.2020 p. 1 and OJ C 120, 14.4.2020 p. 7.

also deemed necessary to support business of all sizes in the transformation towards a digital and green economy. Access to finance, especially for SMEs, is also vital, as is the revision of the SME Strategy.

1.4. The same logic applies to the social sphere, where governments need effective and well-resourced public health measures to prevent further contagion, and, equally important, implement well-targeted policies to support social security systems, and to protect the incomes of vulnerable social groups who have suffered most due to reduced incomes caused by the economic downturn. Trade union membership should also be encouraged to help achieve the objectives of the European Pillar of Social Rights, which is so necessary at this time of crisis.

1.5. Due to COVID-19, fair taxation has assumed greater relevance as governments face huge financial pressures to support emergency measures. However, the EESC also believes that the economic downturn caused by COVID-19 has exposed the inherent fragilities and incompleteness of Europe's monetary union. The EU has long debated fiscal union, and the EUR 750 bn recovery and resilience package, despite its faults, provides evidence that the EU is taking some large steps towards integration. Whether this will bring Member States closer to fiscal union remains to be seen, but there can be no doubt that a rethink of tax policy within the EU is necessary, not least to support public investment in infrastructure, education, healthcare and social protection.

1.6. The EESC stresses the importance of the role of political leaders at this time of crisis. Negotiations leading to the recovery and resilience package have revealed fractures with the EU, and such fractures do not bode well in view of the institutional and constitutional overhaul that is required for the EU to stand more firmly on its feet if it wishes to remain as relevant and coherent as ever in Europe and globally.

1.7. The EESC considers that the Next Generation EU plan is both welcome and timely. However, the plan will require a huge effort on the part of Member States and the Commission alike to implement it at the same time as the ordinary general budget of the EU for 2021-2027. Questions remain about differences in capacities across the EU and hence it may be necessary for the Commission to further support capacity-building as well as the process for identifying projects. With regard to the 2021-2027 MFF, the Committee regrets that the size of the initial Commission proposal has been reduced by the Council. The Commission proposal had already been deemed unsatisfactory by the European Parliament and by the EESC in its 'Multiannual Financial Framework post 2020' opinion⁽²⁾.

1.8. Time is also of the essence; any undue delays in approving and implementing the agreed plan risks severely undermining the EU's economic recovery and the fulfilment of the ASGS goals, while jeopardising the livelihood and welfare of thousands of workers and small business owners across the EU.

1.9. The EESC sees the ASGS as an opportunity for the EU to shift towards an economic model that gives equal weighting to both economic and social/inclusive objectives. The objectives of ASGS goals should not be derailed because of economic challenges caused by COVID-19. If anything, COVID-19 has demonstrated that the social dimension is equally as important as the economic dimension of our lives.

1.10. Whereas the EESC supports efforts to increase productivity across the EU, this should not be achieved at the expense of economic sustainability or working conditions. Economic prosperity is vital, and this can be achieved if growth adds value to the economy and society and makes a real difference in people's lives, while enhancing resilience to future exogenous shocks and helping to bring convergence across countries and regions.

2. The Annual Sustainable Growth Strategy 2020 and COVID-19

2.1. On 17 December 2019, the European Commission adopted the Autumn Package, including the Annual Sustainable Growth Strategy (ASGS) 2020 and the Joint Employment Report (JER). The key message relayed in the ASGS is that economic growth is not an end in itself and the economy must work for people and the planet. The shift to a new growth model is consistent with the European Green Deal (EGD) and hence an economy that respects the limitations on our natural resources. The new economic growth model is also consistent with the employment objectives as set out in the JER, where job creation primarily results in lasting prosperity in the EU.

⁽²⁾ OJ C 440, 6.12.2018, p. 106

2.2. The EGD can be defined as the EU's 'sustainable new growth model' that helps achieve the Sustainable Development Goals (SDGs), as evidenced by the shift reflected partly in the four new ASGS priorities: (a) Environmental Sustainability; (b) Productivity Growth; (c) Fairness and (d) Macroeconomic Stability. These have now replaced the previous AGS' 'virtuous triangle' of investment, fiscal sustainability and structural reforms.

2.3. In general, the ASGS takes an important step forward towards embracing the rhetoric of a more social, inclusive and sustainable economic model, embracing the SDGs and particularly the commitment to transforming the current growth model into green growth. That is deemed positive by the EESC. The ASGS also clarifies that it refers to sustainability in all its senses, not just environmental. Environment, productivity, fairness and stability are in fact assigned the same weight by the European Commission (EC).

2.4. The EC also considers that the new economic agenda will require a period of transition that has to be 'fair and inclusive and puts people first' and that 'the costs must not be borne by the most vulnerable', recognising that 'climate change and flanking policies have significant distributional consequences'. This period of transition will inevitably result in key trade-offs such as rising costs of transport and potential job losses. The EESC is of the view that such trade-offs will require social impact assessments and adequate responses from social and fiscal policies across the EU. Such assessments have now taken on a new dimension in view of the economic, social and, to a lesser extent, climate impact of COVID-19.

2.5. The economic impact of COVID-19 has essentially been threefold: it has directly affected production, it has caused supply chain and market disruption, and it has had a financial impact on firms and financial markets. The full impact on European economies, however, cannot be estimated at this stage and will largely depend on whether a second wave hits Europe later this year. Nonetheless, it is plainly obvious that COVID-19 has hit economies hard. The timing of the subsequent recovery remains uncertain and the volatile conditions along with the effects of COVID-19 on markets have resulted in economic contraction across the EU. Whereas the collective GDP of the EU-27 was expected to grow by 1,2 % in 2020, it is now forecast to contract by 7,4 % due to COVID-19. By contrast, the contraction experienced during the financial crisis in 2009 led to a contraction of 4,5 % for the EU-28. The current crisis has now pushed the EU into the deepest recession in its history, with unemployment rates set to rise to 9 % from 6,7 % 2019.

2.6. COVID-19 has also impacted on social security systems, with healthcare, unemployment insurance and pensions, among other things, under pressure from the effects of the pandemic and the financial strain caused especially by emergency funding and deferral of tax payments. As individuals and families experience reduced income levels and income losses, the number of people living in relative poverty in the EU is expected to rise. Hence, assessing the social impact of COVID-19 is just as important as assessing the effect on economies.

2.7. The social impact will also require some re-think as to the emphasis placed by the ASGS on the social dimension of the EU. Social rights are specifically referred to under the Fairness objective of the ASGS, including the statement that the 'EU must fully deliver on the principles of the European Pillar of Social Rights (EPSR), to strengthen economic and social performance'. The COVID-19 experience has provided evidence of the important role that the European Unemployment Benefit Re-Insurance Scheme (SURE) could play, as outlined in the ASGS, and the support workers could receive at times of exogenous economic shocks. However, COVID-19 is likely to increase existing inequalities in the EU labour market and the negative impact appears to be more pronounced for workers who are less educated and in low-paying jobs, as well as for younger workers and women⁽³⁾. In its current form the ASGS falls short of achieving an equal balance between the social and economic dimensions within the EU. Hence, stronger emphasis on targeting low qualified adults, the digital skills gap and up- and re-skilling is required especially because of COVID-19 effects.

2.8. In a recovery scenario, the EESC also believes that the Green Deal must also be an Economic and Social Deal, giving businesses and consumers incentives to shift to sustainable products on one side, and improving the quality of life of EU citizens by preventing 'harm' from climate change and transition, as proposed by the EGD's Just Transition Mechanism. In this context, maximum flexibility in the interpretation of state aid rules is deemed necessary to enable incentives to be

⁽³⁾ Fana, M., Tolan, S., Torrejón, S., Urzi Brancati, C., & Fernández-Macías, E, *The COVID-19 confinement measures and EU labour markets*, No. JRC120578, Joint Research Centre, 2020.

provided for investment and direct public participation in enterprise to rejuvenate economic activity and optimise quality job creation in the regions affected by the requirement for transition. At the same time, the transition should actively seek to reduce inequality and fight poverty as part of an integrated social and sustainable economic growth strategy.

2.9. Sustainable and socially beneficial productivity and economic growth, coupled with adaptive structural changes, are also necessary to support adequate social protection, not least adequate pensions, decent incomes, quality jobs and public services — particularly health and housing.

2.10. The ASGS refers to 'fair taxation', and there can be no doubt that tax evasion and avoidance, money laundering and an at times relentless race to the bottom have undermined the fiscal authorities' capacity to collect the taxes necessary to meet the needs of the economy and people. The ASGS also confirms the role of tax in financing welfare states, indicating that 'national tax/benefit systems should be optimised to strengthen incentives for the labour market, participation, increase fairness and ensure sustainability and adequacy of welfare systems'. Again, in view of COVID-19, fair taxation has assumed greater relevance not only to support emergency measures but equally to support the financing of medium- to long-term national and EU recovery plans, particularly public investment in infrastructure, education, healthcare, and social protection.

2.11. Macroeconomic policy remains fundamental to achieving sustainable economic growth but the ASGS recognised a worrying growth outlook when it was launched late last year. The situation has now worsened due to COVID-19 and this emphasises once again the role of government revenue and spending, as defined by fiscal policy that is just as relevant as monetary policy. A return to austerity is a non-option given the long drawn out effects of the post-financial crisis. A balanced budget now appears quite impossible for most if not all Member States at least in the short to medium term. Nonetheless, the objective of macroeconomic stability is key to economic recovery. However, this cannot be achieved unless the Stability and Growth Pact, is revised beyond the recent temporary activation of the general escape clause following COVID-19. In addition, the revision of state aid regulations to support, inter alia, green investment, is also deemed necessary.

2.12. The Semester process, with competitive sustainability as its key component, will further gain in importance as a sensitive monitor and indicator of necessary policy actions and reform steps. However, because of COVID-19 and the strong emphasis on economic recovery, the objective of ensuring macroeconomic growth cannot be achieved without social cohesion and sustainability. Hence the relevance of providing a stronger legal base for the engagement of civil society as equal partners in the Semester. The EESC also underscores just how important the post-COVID-19 period will be for the EU. Its entire relevancy to people rests on the effectiveness of its recovery plan and its ASGS strategy which in effect translates into its ability to make a meaningful improvement to ordinary people's lives.

3. The EU's response to COVID-19 and its relevance to ASGS

3.1. The COVID-19 crisis has hit the EU economy and the global economy hard. Recession now looms for a number of Member States with the potential for deep consequences and historical levels of unemployment. Necessary measures to contain the spread of the disease have resulted in a significant reduction in supply and demand. Economic activities in transportation, retail trade, manufacturing, leisure, hospitality, recreation, crafts and culture have been battered. And it is also evident that public trust in the health response to COVID-19 has direct and immediate economic effects.

3.2. The supply chain disruptions impacting the manufacturing industry, and falling commodity prices, together with sharply increasing prices for healthcare and ICT products, further compounded the economic impact of COVID-19. In addition, unprecedented levels of borrowing by Member States to fund the initial emergency response to the pandemic have hampered the ability for fiscal stimulus at the scale needed to stabilise the economy and to tackle the health crisis and human crisis, not to mention a swift post-crisis economic recovery.

3.3. Small and medium-sized enterprises ⁽⁴⁾, the self-employed, and wage earners with zero contracts have been hit the hardest. The crisis has dramatically changed the business environment for SMEs, and this change is having a huge negative effect on hundreds of thousands of SMEs across the EU. The change is also threatening the core role which SMEs play in our everyday lives. SMEs provide social stability at local and regional level, where they act as the backbone of economic activity in societies. They are at the centre of the European Social Welfare Model, with owner-managers more interested in the middle and long-term development of their company and the local economy than in short-term profits and turnover ⁽⁵⁾. Furthermore, crafts and SMEs have always been at the forefront of cultural developments across Europe and play an important role in driving sustainable change and preserving heritage, values and know-how. Now more than ever, SMEs are crucial for the vitality of city centres and for the continued attraction of rural areas as they provide for the day-to-day needs of the population and guarantee social stability and cohesion.

3.4. The current crisis affects everyone alike but it threatens to push back the gains made on gender equality and exacerbate the feminisation of poverty, vulnerability to violence, and equal participation of women in the labour force ⁽⁶⁾. Although the full impact of COVID-19 is too complex to estimate, it is safe to say that the effects of the crisis are in danger of reversing decades of progress in the fight against poverty and exacerbating levels of inequality within and across the EU. At the same time, Member States might have to devote more financial and human resources than planned if the deadlines linked to achieving the SDG goals set are to be met.

3.5. Closures of schools and higher education institutions have had a wide range of adverse impacts on children and young people, including interrupted learning. All this could have consequences on skills development, career prospects and potential lifetime earnings. Hence, recovery efforts should also support broadband access to low income households and the provision of computer hardware for educational purposes to school children.

3.6. On a positive note, digital technologies have become a positive enabler during this crisis, facilitating business continuity, online learning and connecting people more than ever, while helping them maintain good mental health. However, inequality of access to broadband connectivity and the inaccessibility of ICTs hinder effective remote participation and access to remote schooling arrangements.

3.7. More relevant to the ASGS 2020 is that the COVID-19 crisis could have a profound and negative effect on sustainable growth efforts. A prolonged economic slowdown could adversely impact the implementation of the ASGS, and deadline commitments on the Paris Agreement on Climate Change and the SDGs. A hard truth is that we could have been better prepared for this crisis had Member States adopted more sustainable and economically resilient strategies prior to the crisis. COVID-19 has actually exposed inherent weakness in EU economies, particularly their over-reliance on mostly procyclical economic policies and on economic sectors that are highly vulnerable to exogenous economic shocks.

3.8. At the political level, this crisis cries out for political leaders with decision-making capacities who believe in solidarity, transparency and cooperation. This is no time for self-interest, recrimination or politicisation. Above all, the rule of law cannot be allowed to be relaxed in a time of crisis. It is widely assumed that the rule of law is essential for economic growth ⁽⁷⁾ but the rule of law is clearly a multidimensional concept, encompassing a variety of discrete components, from the security of persons and property rights, to checks on government and control of corruption. That, in the view of the EESC, is compatible with economic sustainability and hence the ASGS.

3.9. The EU's response to COVID-19 has been wide-ranging and aimed at softening the blow of the COVID-19 crisis. A summary of these initiatives is provided in *Figure 1* below.

⁽⁴⁾ ECCP, *European SMEs and the Impact of COVID-19*, European Cluster Collaboration Forum, 2020.

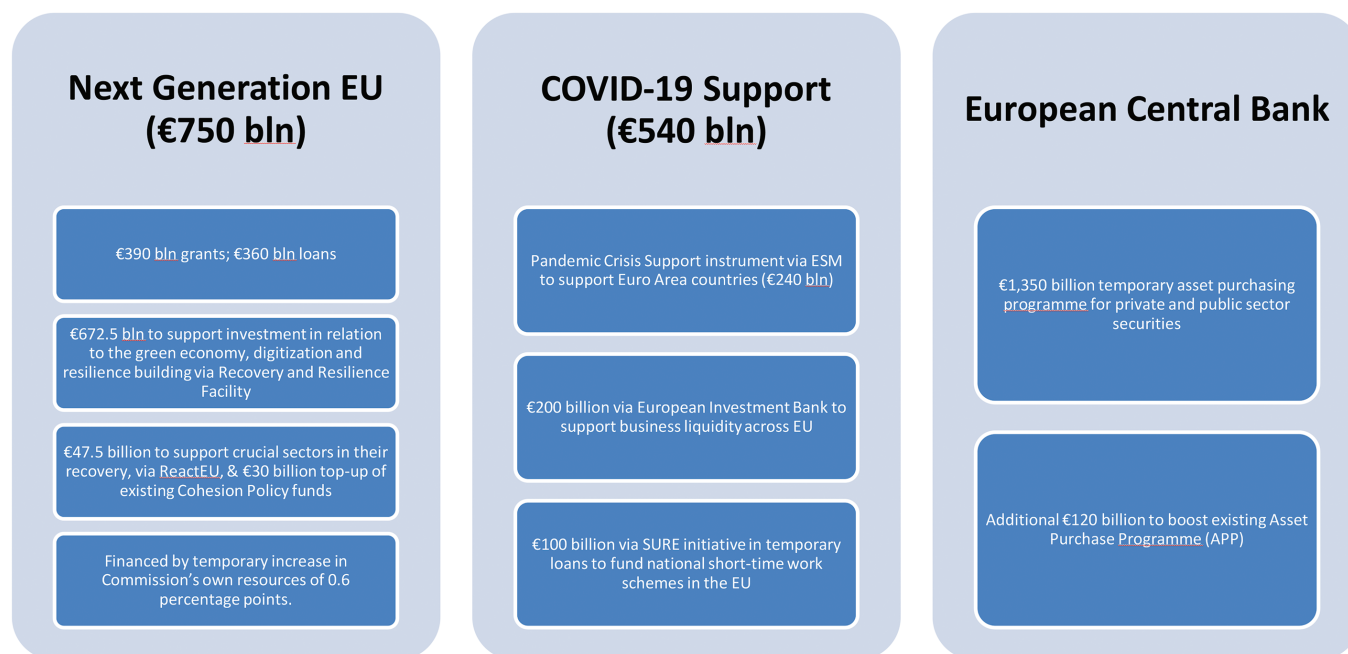
⁽⁵⁾ SMEunited, *Exit & Recovery Strategy — COVID-19 crisis: Proposals from SMEunited*, Policy Paper, 2020.

⁽⁶⁾ S. Pouliakas, K., & Branka, J, *EU Jobs at Highest Risk of COVID-19 Social Distancing: Will the Pandemic Exacerbate Labour Market Divide? IZA Discussion Paper No 13281*, (2020).

⁽⁷⁾ Dam, K. W, *The law-growth nexus: The rule of law and economic development*. Brookings Institution Press, 2007.

Figure 1

Europe's response to the COVID-19 pandemic



3.10. All the above will provide a massive boost to the EU's economic recovery. The Recovery and Resilience Facility (the 'Facility') will offer large scale financial support for public investments and much-needed reforms that make Member States' economies more resilient and better prepared for the future. It will help Member States to address the economic and social challenges they are facing in the aftermath of the crisis, in key areas such as social, employment, skills, education, research and innovation and health, as well as issues related to the business environment, including public administration and the financial sector. One question that needs to be addressed, however, is the capacity of individual Member States to implement reforms and foster infrastructure investments. Capacity differs from one state to the other and a coordinated response at EU level may be necessary to ensure efficiency and effectiveness of investments.

3.11. Crucially, the facility will also ensure that investments focus on the challenges and investment needs related to the green and digital transitions, thereby ensuring a sustainable recovery in line with the ASGS. Investing in green and digital technologies will help boost energy efficiency in various key sectors of the economy and help create jobs and sustainable growth. It could potentially give the EU an advantage as the first-mover in the global race to recovery, and could also help make the Union more resilient and less dependent by diversifying key supply chains.

3.12. The success of this facility will depend to a large extent on the identification and preparation required for the channelling of relevant projects, in line with the priorities presented in the European Semester. It is also critical to align economic and social policy closely with recommendations provided in the Semester process. The EESC supports the view that the recovery and resilience plans, to be funded by the facility, form an integral part of the process aimed at addressing the country-specific recommendations, as outlined in the European Semester. These instruments will therefore enhance the effectiveness of the process and support the implementation of the ASGS 2020.

3.13. The EESC is also of the view that the instruments help strengthen the growth potential and economic and social resilience of the Member States concerned, and thereby contribute towards social cohesion. They also support the green and digital transitions so necessary for economic sustainability and resilience. Again, the EESC reiterates the important role of government in developing projects that benefit communities and the economy at large. The EESC also welcomes the Commission's intention to monitor the entire process, i.e. the identification, development and execution of eligible projects, to ensure that this is done transparently. However, the EESC is of the view that the Commission should ensure that transparency also implies all relevant stakeholders being involved in the process.

3.14. In line with this, it is critical that, the funding available under the Next Generation EU recovery plan is fair, accessible and available to those who need it the most, in particular SMEs, in line with the objectives set out in the ASGS. This means ensuring that funding and support intended for such purposes is disbursed through appropriate channels, such as national development agencies, given that SMEs typically finance themselves through the banking sector⁽⁸⁾. Access to finance is hugely important for SMEs as it provides the necessary liquidity both during the emergency stage of the crisis and in the exit and recovery phase, allowing them to invest in further development in the digital and green economy transformation. Such investment helps SMEs to tackle the issue of late payments in an effective way and hence ensures sufficient liquidity for SMEs.

3.15. Because of the unprecedented challenges facing SMEs, the EESC calls on the Commission to update the SME Strategy to reflect the new circumstances that have developed since COVID-19. The EESC also calls for multilevel, multi-actor governance of the implementation of the SME policy. Alignment of actions and budgets between different governance levels –European, national, regional and local — and effective involvement of business support organisations in the decision-making process are crucial.

3.16. SMEs will also need the support of National Occupational Health and Safety (OSH) inspectorates and external specialised OSH services to assess the new risk associated with COVID-19, and to correctly implement the required measures and reduce the related burdens and costs. Moreover, SMEs will require support in providing the necessary personal protective equipment for employees in the workplace. Transparency and effective communication are essential for suppliers, subcontractors and clients alike.

4. Reconstruction of the EU and the ASGS

4.1. The EESC considers that the Next Generation EU plan is welcome and timely. However, it is very evident that a huge effort will be required on the part of both Member States and the Commission to implement this plan together with the ordinary general budget of the EU for 2021-2027. Yet time is of the essence; any undue delays in approving and implementing the agreed measures risk undermining the EU's economic recovery and the fulfilment of the ASGS goals, while jeopardising the livelihood and welfare of thousands of workers and small business owners across Europe. It is equally important that the overall objective of fulfilling ASGS goals is not derailed because of economic challenges or short-term political expediency. With regard to the 2021-2027 MFF, the Committee regrets that the size of the initial Commission proposal has been reduced by the Council. The Commission proposal had already been deemed unsatisfactory by the European Parliament and by the EESC in its 'Multiannual Financial Framework post-2020' opinion⁽⁹⁾.

4.2. This means moving steadily towards a growth model that considers non-economic and inclusive objectives as important as economic objectives. It is time for the EU to be more ambitious and strive towards a more inclusive goal: meeting the needs of as many EU citizens as possible from housing to healthcare, while safeguarding our eco-systems, from a stable climate and fertile soils to healthy oceans and a protective ozone layer. In other words, measuring economic progress as the means to moving away from unsustainable and non-inclusive growth to a more sustainable and inclusive growth model.

4.3. The EESC is also of the view that the economic disruption created by the crisis is leading to a reconsideration of resource use and the fragility of supply lines. At the same time, the EU needs to strengthen approaches that enhance both resilience and efficiency, such as the circular economy, climate action and possibly raising the ambition of Nationally Determined Contributions — the intended reductions in greenhouse gas emissions.

4.4. In a monetary union like the euro area, coordination and effective risk-sharing mechanisms are a necessity and should make possible a large fiscal push that is credible, whilst reducing the divergences within the monetary union. That, in the EESC's view, is critical for economic reconstruction and recovery, as well as to support the most vulnerable in society. Whereas reconstruction and recovery are necessary to create jobs and wealth in the EU, large scale fiscal stimulus is also required with targeted measures aimed at providing assistance to individuals hit hardest by COVID-19. Measures may include a variety of means to preserve access to health and basic living conditions.

⁽⁸⁾ Bénassy-Quéré, A., Marimon, R., Pisani-Ferry, J., Reichlin, L., Schoenmaker, D., & di Mauro, B. W, 16 COVID-19: Europe needs a catastrophe relief plan. *Europe in the Time of Covid-19*, 2020, p. 103.

⁽⁹⁾ OJ C 440, 6.12.2018, p. 106

4.5. The fiscal stimulus referred to above would be facilitated by a revised Stability and Growth Pact (SGP). A revised SGP should place less emphasis on estimating Member States' cyclically adjusted budget deficits. Instead, the focus should be on monitoring growth in public spending. Concretely, each government would commit to expenditure consistent with the economic growth outlook and expected tax revenues, and in line with a medium-term debt target. This would give Member States more fiscal space and more room for national decision-making (in partnership with stakeholders) to put into place post COVID-19 recovery plans with a stronger emphasis on the role of government in boosting economic recovery. Of course, maintaining macroeconomic stability is a prerequisite for sustained and inclusive economic growth. The EESC is also of the view that the objective of macroeconomic policy is sustainability in economic growth, environmental preservation and social wellbeing in an equitable and balanced manner. Specifically, since unemployment and underemployment are the main causes of poverty, a critical task is to maintain the economy as close as possible to full employment.

4.6. The reconstruction and recovery phase should place the social aspect on the same equal footing as the economic dimension. Sustainable economic activity is about the close connection between both these dimensions. Economic sustainability, including capital investment, is intimately linked to the ecological dimension, such as the economical use of resources and energy, but it is also linked to the social dimension, where the creation and safeguarding of jobs with a fair wage and good working conditions are considered equally as important. The EESC is also of the view that the EU Employment Guidelines need to be updated in light of COVID-19 and an evaluation of the effects on the labour market would be a starting point.

4.7. As stated in 4.6, sustainable economic activity supports the ecological dimension, and the EGD can be seen as an opportunity to deliver both economic (defined as private and social) benefits and job creation. The EESC supports the Commission view that the EGD should be a key component for reconstruction and recovery whilst addressing any negative social impacts arising from the switch towards sustainable economic activity.

4.8. The same argument applies specifically in the case of digitalisation, with emphasis being placed on efficiency, whilst minimising any negative effects caused by the transition towards digitalisation of services. COVID-19 has highlighted the importance of the digital transformation for maintaining business operations. The promotion of digitisation among SMEs in all sectors must be accelerated and expanded, and initiatives need to focus on practice-oriented promotion and expansion of digital business processes in SMEs, IT security and digital skills development. Moreover, Digital Innovation Hubs (DIH) must be technology-open and aim to digitalise local SMEs. E-government also has a key role to play, allowing for online administrative procedures in order to remove barriers and speed up processes. By going digital, through 'e-government' initiatives and by reducing red tape and regulatory burdens for SMEs, public authorities would create a more accessible digital environment for entrepreneurs.

4.9. The rule of law and, especially, economic governance play a key role in achieving sustainable economic growth. Economic governance is an essential means of ensuring social and economic equity but for sustainability purposes it requires an understanding of and respect for the opinions and positions of different interest groups in society, as well as attempting to reconcile these differences. In this regard, urgent steps are needed to support the extension of trade union membership and participation among increasing layers of the workforce who are not currently represented.

4.10. Higher productivity is crucial to compensate for demographic trends, and to support upward convergence across countries and regions, specifically those countries and regions across the EU that require above-average development and productivity rates to reach levels that help achieve sustainable economic growth. For an economy to continue to grow sustainably in the future it needs to increase its capacity to grow, but to the point where such growth adds value to the economy, society and its people. Higher productivity, therefore, is a means to an end: the end being better living, environment and working conditions commensurate with the skills and qualifications specific to the job. In this context it is necessary to pursue strategies to improve competitiveness of enterprises in domestic and global markets with the active participation of workers themselves, to support a favourable climate of industrial relations.

4.11. COVID-19 has been a defining moment for the EU and history will judge the efficacy of our response not by the immediate measures aimed at supporting individuals and households impacted by the economic and social effects of the lockdown, but by the degree to which the medium- and long-term response results in a reconstruction and recovery that makes a real difference to millions of EU citizens.

Brussels, 29 October 2020.

*The President
of the European Economic and Social Committee*
Christa SCHWENG

Opinion of the European Economic and Social Committee on 'Recommendation for a Council recommendation on the economic policy of the euro area'

(additional opinion)

(COM(2019) 652 final)

(2021/C 10/17)

Rapporteur-general: **Judith VORBACH** ⁽¹⁾

Bureau decision	28.5.2020
Legal basis	Rule 32(1) of the Rules of Procedure and Rule 29(a) of the Implementing Provisions of the Rules of Procedure
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	8.9.2020
Adopted at plenary	29.10.2020
Plenary session No	555
Outcome of vote	148/9/21
(for/against/abstentions)	

Preamble

This opinion is part of a package of two follow-up opinions, this one on the Recommendation on the economic policy of the euro area (COM(2019) 652 final) and one on the Annual Sustainable Growth Strategy 2020 (COM(2019) 650 final). The aim is to update and elaborate on previous EESC proposals ⁽²⁾, taking into account the latest developments, the COVID-19 impact and recovery as well as the various reports and recommendations published within the current European semester. The package provides EU civil society's comprehensive economic, social and environmental policy input into the next cycle of the European semester, which is expected to be launched in November 2020. The EESC calls on the European Commission and the Council to make use of this input in the upcoming Autumn Semester Package and the ensuing interinstitutional decision-making process.

1. Conclusions and recommendations

1.1. The exogenous symmetric shock caused by COVID-19 is deeply affecting the euro area economy. The European Commission's Spring 2020 Economic Forecast mentions that 'the EU has entered the deepest economic recession in its history' ⁽³⁾, while the Summer 2020 Economic Forecast ⁽⁴⁾ predicts an 'even deeper recession with wider divergences'.

1.2. Completing the single market and ensuring that it recovers rapidly and is fully functional should remain one of the top priorities. This includes enforcing the 20 principles of the European Pillar of Social Rights.

⁽¹⁾ This opinion was prepared during the EESC's 2015-2020 term of office by Mihai Ivaşcu acting as rapporteur and Judith Vorbach acting as corapporteur. The opinion was presented during the first plenary session of the EESC's 2020-2025 term of office in October 2020 by Judith Vorbach acting as rapporteur-general.

⁽²⁾ See EESC opinions on the 'Annual Sustainable Growth Strategy 2020' (OJ C 120, 14.4.2020, p. 1), and on the 'Euro area economic policy (2020)' (OJ C 120, 14.4.2020, p. 7).

⁽³⁾ Spring 2020 Economic Forecast: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_799

⁽⁴⁾ Summer 2020 Economic Forecast: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1269

1.3. Forecasts indicate that unemployment, poverty and social and economic inequalities will rise dramatically, with a significant number of businesses going bankrupt. Furthermore, the pandemic has hit all the euro area Member States, but the economic and social consequences differ. Fearing a deep recession, European citizens and investors alike have acted cautiously and are waiting for more reliable predictions. The EESC also warns of further systemic risks accompanied by a severe economic slump, such as financial sector instability or deflationary tendencies.

1.4. The EESC calls for solidarity between euro area Member States and between citizens in order to reduce income and wealth inequalities within societies. The pandemic is expected to have severe impacts on the labour market and social conditions in the euro area, increasing unemployment, income inequalities, poverty and social exclusion. The unemployment rate in the euro area is forecast to rise to 9,6 % in 2020 and fall only slightly to 8,6 % in 2021, again with significant differences between Member States, regions and even groups of citizens. A sharp rise in youth unemployment is also expected, which could be tackled by an effective youth guarantee. Moreover, income and wealth inequalities go hand in hand with life expectancy inequalities and access to high-quality education and healthcare. Future EU policies also have to carefully take into consideration the impact of the crisis on disadvantaged groups and disabled people.

1.5. The EESC expects that the pandemic will restructure our economy and that new business models will be devised. Europe is already the front-runner in the circular economy, the green transition and the fight against climate change. Rapidly and efficiently embracing digitalisation would accelerate the shift to smart green growth. The EU must use this momentum to strengthen our competitive advantages and make sure that Europe strives to be a front-runner and takes a leading role in vitally important areas: the digital sector, AI, technology, decarbonisation and sustainable circular growth. The EESC stresses that the time to act is now and not when the COVID-19 pandemic is over.

1.6. The EESC welcomes the Council's decision on the EU Recovery Plan, which has to play a key role in Europe's economic recovery and help Member States fight the pandemic and ensure a swift and sustainable economic rebound. Recovery plans should be linked to the implementation of the European Pillar of Social Rights and the SDGs, while boosting sustainable and inclusive growth.

1.7. The Committee believes that the next Multiannual Financial Framework (MFF) should provide the necessary means to ensure sustainable and inclusive growth and achieve the EU's strategic goals. Therefore, the EESC notes that the European Council set the scope of the MFF below what the European Parliament and the EESC requested. Moreover, the sums set out in Next Generation EU to compensate for the cuts in the MFF were eliminated or sharply reduced. The EESC is especially concerned about the cuts to investments in innovation and research, digitalisation and the Just Transition Fund, as well as the abandonment of the criteria of respecting the rule of law.

1.8. The pandemic has increased pressure on public budgets, and debt levels are expected to grow all across the euro area. At the same time, commitments to fight climate change and embrace digitalisation have been made, and high-quality investments that stimulate added value and create high-quality jobs are vital to ensure the economic and social recovery. The EESC is of the opinion that boosting demand for tackling the climate crisis, promoting well-paid jobs and combating poverty are not only needed to achieve the goals in and of themselves, but also to ensure the economic recovery.

1.9. The EESC believes that activating the escape clause was a necessary initiative and warns against a return to the rules as they stood before the pandemic, as this would impose austerity in the hardest hit countries and dwarf any benefit that will accrue from Next Generation EU. Moreover, the EESC believes that modernised fiscal rules should not take effect again until unemployment falls significantly. Moreover, the EESC urges a shift towards prosperity-focused and solidarity-based economic governance by implementing, for example, a golden rule.

1.10. The swift inclusion of flexibility in the use of EU funds by allowing Member States to make transfers between funds, regions and policy objectives is a necessary and useful approach. However, the EESC warns that the Member States need to significantly improve their programming capacity while making sure that all the deployed funds are fully absorbed and efficiently used, especially for investments with immediate positive effects to overcome the recession and/or investments in the transition to a sustainable, inclusive, digitalised, low-carbon economy.

1.11. The European Semester has recently been placed at the heart of the Recovery and Resilience Facility. However, the EESC notes that political bodies such as the European Parliament and some national parliaments have little or no involvement in the process, hence there is not enough democratic oversight. The role of the social partners and civil society organisations should be further enhanced as well.

1.12. The EESC expects that the euro area banks will act as shock absorbers in the crisis by permitting the necessary liquidity and credit for individuals. The Banking Union should be completed immediately, including the implementation of the European Deposit Insurance Scheme. Completing the Capital Markets Union should be equally high on the agenda. In that context, the EESC stresses how important efficient financial market regulation is to achieve financial sector stability.

1.13. Implementing social policies at EU level and via the European Semester is vital in order to correct market failures or support market developments at national level. The EESC stresses that tackling the massive imbalances between and within Member States is a prerequisite to achieving economic and social resilience.

1.14. The EESC believes that significant and rapid public and private investment in R&D and skills has to become an immediate priority should the EU intend to address the challenge of a shrinking and ageing population and embrace digitalisation. Governments should be ready to encourage new innovative ideas and finance experimentation in sectors with high growth potential.

1.15. National social protection systems need to be supported. To create resilient and solidarity-based structures that stabilise the euro area in times of crisis, an EU unemployment reinsurance scheme should be implemented to strengthen national systems by making its grants conditional on national schemes being financed in a robust way.

1.16. The EESC wonders how the euro area Member States would respond to a different, asymmetric shock in the aftermath of the current situation if only one or two Member States were affected by another crisis. The EESC believes that the euro area Member States need increased cooperation and specially designed instruments to improve their resilience and their capacity to absorb symmetric and asymmetric shocks.

1.17. Tax evasion, base erosion, profit shifting, money laundering and the fight against corruption are still sensitive and politically difficult topics for many Member States. The EESC calls for a decisive and accelerated timeframe of reforms of tax policies that would close loopholes and combat evasion across the Union, since now that is of greater relevance. A modern EU tax agenda must be shaped in order to tackle economic, social and ecological challenges of the future while also improving its democratic approach. Indeed, already last year the Committee fully supported the kick-start of the discussions on a gradual shift to qualified majority voting (QMV) and the ordinary legislative procedure in tax matters, while recognising that all Member States as well as European institutions and bodies must at all times have adequate possibilities to participate in the decision-making process. The EESC asks for actions on the Commission's proposals as urgently as possible under the terms recommended in previous EESC opinions⁽³⁾.

2. Introduction and general comments

2.1. In February 2020, the EESC adopted, by a large majority, its opinion on *Euro area economic policy 2020*. Although the euro area was still enjoying a period of growth, the economy was faced with worrying sluggishness and external and internal imbalances. Since then, the economic and social circumstances have changed dramatically both in Europe and all over the world, as the COVID-19 pandemic has spread quickly and affected all Member States. This extreme exogenous symmetric shock is affecting the euro area economy, and increasing poverty and income inequalities. According to the European Commission's Spring 2020 Economic Forecast, in 2020 'the EU has entered the deepest economic recession in its history'. The Summer 2020 Economic Forecast reaffirms this dreary prospect by predicting an 'even deeper recession with wider divergences'.

⁽³⁾ See EESC opinions on 'Taxation — qualified majority voting' (OJ C 353, 18.10.2019, p. 90), and on 'Enhancing sustainable economic growth across the EU' (OJ C 364, 28.10.2020, p. 29).

2.2. Europe is the home to the world's largest single market and the second most widely used currency. However, the single currency can only achieve its full potential once all Member States have introduced it and the Economic and Monetary Union (EMU) is complete. Although there is a growing interest at the Commission to enhance the euro's role in the world, this can be achieved only if the recession is mitigated as much as possible, and dynamic and inclusive sustainable growth in its immediate aftermath is ensured. Therefore, it is also necessary to support Member States through a coherent and targeted common EU strategy. The Eurogroup president acknowledged in his speech on 11 June that: 'Coordination, in particular within the euro zone, is key to ensure that we avoid divergences and the build-up of our imbalances. Protecting the single currency is as critical as protecting the single market. In fact, they are interlinked' ⁽⁶⁾.

2.3. The single market is one of the most remarkable achievements of the EU project. It has allowed for free and frictionless trade between the Member States, contributing to economic wealth, prosperity and some of the highest standards of living in the world. Completing the single market and ensuring that it recovers rapidly and is fully functional should remain top priorities, taking into consideration the negotiations on Brexit and its possible impact. This includes a Social Agenda with upward social convergence measures to ensure fair and better working conditions and a more equal distribution of income and wealth. The 20 principles of the European Pillar of Social Rights, such as the principle of 'equal pay for equal work at the same workplace', have to be properly enforced in order to implement social convergence measures and achieve better working conditions. The negative effects of the pandemic on the progress of the SDG plan should be measured too, and the EU should strive to keep to the original set of deadlines.

2.4. In the Spring Forecast, the Commission stressed that 'the pandemic has severely affected consumer spending, industrial output, investment, trade, capital flows and supply chains', while the labour market is expected to be severely affected. The Commission also noted that 'there is a risk that the pandemic could trigger more drastic and permanent changes in attitudes towards global value chains and international cooperation.' There are further downward risks, such as the severity of the pandemic, bankruptcy, a financial sector crisis, liquidity issues and difficult negotiations. The labour market could suffer long-term scars. The Summer Economic Forecast predicts that the euro area economy will contract by 8,75 % in 2020 while the overall EU economy is expected to contract by 8,3 %.

2.5. Following the unprecedented exogenous symmetric shock of the COVID-19 pandemic, forecasts indicate that unemployment, poverty and social and economic inequalities will rise dramatically, with a significant number of businesses going bankrupt. The pandemic has hit all euro area Member States, but the economic and social consequences differ. In some EU countries, this impact will add to pre-existing social problems. The 2020 GDP forecasts vary from a drop of 4,6 % in Poland to a decrease of 11,2 % in Italy, and the strength of the downturn in 2021 is expected to differ markedly across Member States and regions. Divergences in terms of access and costs of borrowing between Member States and the lack of European coordination of economic, social and environmental policies may impact the capability of Member States to tackle the crisis. Differences in the ability to finance necessary investment to restart economies could also distort the level playing field in the euro area. Additionally, persistent high inequality between Member States and regions could lead to migration from poorer to richer countries, thus causing a problematic brain drain and other social problems.

3. Consequences of COVID-19

3.1. Even today, several months into the pandemic, the situation is volatile, with forecasts changing monthly and risks compounding. No one can yet predict whether we will have to face a 'W'-shaped dual-wave recession followed by a recovery or even a more complicated and long-lasting recessive valley, followed by a later and slower recovery. Fearing a deep recession, European citizens and investors alike have acted cautiously and are waiting for more reliable predictions. The EESC highlights the important role that expectations play in macroeconomic demand. The European Fiscal Board (EFB) has already stated that greater and more long-lasting fiscal support will also be needed in 2021, as the easing of lockdown

⁽⁶⁾ Remarks by Mário Centeno following the Eurogroup videoconference of 11 June 2020 <https://www.consilium.europa.eu/en/press/press-releases/2020/06/11/remarks-by-mario-centeno-following-the-eurogroup-videoconference-of-11-june-2020/>

measures is going to be slower than initially expected and consumers are likely to build up precautionary savings. When private households and firms, both domestic and foreign, cut spending, government spending, along with monetary accommodation, is the only way to sustain demand ⁽⁷⁾. The EESC explicitly supports this view and warns of further systemic risks accompanied by a severe economic slump, such as financial market instability or deflationary tendencies.

3.2. The pandemic has increased pressure on public budgets, and debt levels are expected to grow all across the euro area, but again to a very different degree between the Member States. Some countries entered the pandemic with high levels of debt. At the same time, commitments to fight climate change and embrace digitalisation have been made and high-quality investments that stimulate added value and create high-quality jobs are going to play a key role in the economic and social recovery. The EU should strive to exploit the positive synergic effects between public and private investments and coordinate the future implementation of structural programmes.

3.3. Following the health crisis, a significant reduction in supply and demand has been noticed across the EU. 'Initially, the pandemic took the form of a supply shock, but second-round effects have now generated a massive aggregated demand shock. The overall impact [...] will depend on which of these two shocks dominates ...' ⁽⁸⁾. Small and medium-sized enterprises (SMEs) have been hit the hardest during the pandemic and many will go bankrupt without specific and realistic SME rescue plans. The EU has already acted at central level, but it is up to the Member States to urgently implement and redirect the available funds in a coordinated manner where they are most needed. The European Commission should therefore carefully monitor the correlated absorption of the available funds.

3.4. The lockdown enforced by most of the Member States has brought to light the vulnerabilities of long supply chains and the negative effects of having critical sectors depend on external suppliers. Therefore, a clear and carefully designed strategic plan is needed at EU level, with public investment incentivising private investment. The private sector can, to a considerable extent, determine its level of dependence by the choice of delivery location of raw materials, human resources, logistics, etc. The New Industrial Strategy should help reduce this dependency. In addition, discussion at EU and Member State level should take place regarding national production in certain key sectors, particularly health.

3.5. The EESC has already said that it is 'necessary to (re-)build integrated industrial value chains inside the EU in order to boost Europe's strategic autonomy and economic resilience' ⁽⁹⁾. On 13 June, the president of the European Central Bank (ECB) declared that 'the drive to build more resilient supply chains could be the catalyst we need to definitely complete the single market' ⁽¹⁰⁾. It would also help to safeguard decent and efficient jobs, assist companies to create added value, enhance competitiveness, reduce dependency, tackle unfavourable demographic trends and achieve upward convergence.

3.6. The pandemic will also have severe impacts on the labour market and social conditions within the euro area. The COVID-19 crisis is expected to significantly increase unemployment, income inequalities, poverty and social exclusion. According to the Spring 2020 Forecast, the unemployment rate in the euro area is expected to rise to 9,6 % in 2020 and fall only slightly to 8,6 % in 2021, again with significant differences between Member States, regions and even groups of citizens. Some sectors, such as tourism, gastronomy, aviation and culture, may be affected in the long run. In spite of the massive stabilisation measures put in place, many people are still likely to have a precarious income. Those who were already vulnerable before the crisis are likely to be hit hardest. Many of the jobs that turned out to be vitally important during the crisis are largely underpaid and undervalued by the labour market. The impact of the crisis on disadvantaged groups and disabled people has to be carefully taken into account in forthcoming EU policies. Moreover, a sharp rise in youth unemployment is expected, which underlines the need for an effective and reinforced youth guarantee and employment support programmes.

⁽⁷⁾ Assessment of the fiscal stance appropriate for the euro area in 2021: https://ec.europa.eu/info/sites/info/files/2020_06_25_efb_assessment_of_euro_area_fiscal_stance_en.pdf

⁽⁸⁾ The European Central Bank in the COVID-19 crisis: whatever it takes, within its mandate.

⁽⁹⁾ See EESC opinion on 'Industrial Strategy' (OJ C 364, 28.10.2020, p. 108).

⁽¹⁰⁾ The path out of uncertainty.

3.7. The EESC expects that the pandemic will restructure our economy and that new business models will be devised. A sector-by-sector analysis shows that the differences are already noticeable to a greater or lesser extent. If every crisis is an opportunity, then we must use this one to strengthen our competitive advantages and make sure that Europe strives to be a front-runner and takes a leading role in vitally important areas: the digital sector, AI, technology, decarbonisation, sustainable circular growth and an inclusive economy. This requires a strong focus on investment in research and innovation, as well as in the development of competences and skills. A certain, predictable and competitive policy framework is an important part of a favourable environment for private investment. Overall, the EU should provide companies with the right conditions to manage the digital and green transitions in a way that generates new businesses and jobs and thus brings about multiple benefits simultaneously.

3.8. The pandemic's mounting death toll and social and economic repercussions constitute a big challenge for the European project. Now, more than ever, the euro area is called upon to show solidarity and emerge stronger. The EESC calls for decisive steps to reduce income and wealth inequalities within societies at national level, as these also go hand in hand with life expectancy inequalities and access to high-quality education and healthcare.

3.9. A well-coordinated European health policy would be an important asset in defeating the pandemic, allowing for cooperation and support between Member States. The even distribution of medical products that are deemed helpful and appropriate for fighting the spread of COVID-19 should be a priority of a European health policy and proof of solidarity between the Member States. Unless the pandemic is defeated, there will be no strong and sustainable economic recovery.

4. Economic and social recovery

4.1. The EESC stresses that the time to act is now and not when the COVID-19 pandemic is over. Political action and reform processes have to continue in times of massive uncertainty. This means swiftly continuing overdue debates, for example the economic governance review, the recast of the European Semester as well as the start of the Conference on the Future of Europe, and putting into action important policies like incorporating the SDGs into the regulatory framework. The COVID-19 crisis can also be seen as a moment of opportunity, should the EU be brave enough to grasp the occasion.

4.2. The EESC welcomes the Council's decision on the EU Recovery Plan. Although the amounts involved are modest in macroeconomic terms, it is an enormously important step as it reinforces the ECB's 'whatever it takes' position, which is now represented by the EU as a whole. Next Generation EU, implemented as part of the MFF, has to play a key role in Europe's economic recovery and help the Member States fight the pandemic and ensure a swift and sustainable economic rebound. However, there are still some deficiencies to tackle. It has to be ensured that there is no risk of negative conditionality in the country-specific recommendations and the European Semester, which in effect become more binding via their role within the Recovery and Resilience Facility. Recovery plans should be aimed at enhancing sustainable and inclusive growth by a reinforced focus on the targets of the SDGs and the European Pillar of Social Rights. The socio-economic situation of each Member State should also be taken into account.

4.3. The EESC appreciates the EU's and the Member States' immediate response to the COVID-19 pandemic. The Committee believes that the next Multiannual Financial Framework (MFF) should provide the EU with the necessary means to ensure sustainable and inclusive growth, run smoothly and achieve its strategic goals. This implies sufficient funding for R&D, digital technologies and the fight against climate change. The MFF must also set the right priorities to enhance cohesion between Member States and the EU as a whole. Therefore, the EESC notes that, at the Council Summit, the scope of the MFF was set at 1,05 % of EU-27 GNI, which falls short of the 1,3 % of GNI requested by the European Parliament and the EESC, and even the 1,1 % of EU-27 GNI proposed in May 2018. Moreover, the sums set out in Next Generation EU to compensate for the cuts in the MFF, concerning for example cohesion policies, were finally eliminated or sharply reduced. The EESC is also concerned about the cuts to investments in innovation and research, digitalisation and the Just Transition Fund, as well as the abandonment of the criteria of respecting the rule of law. Finally, the EESC requests that swift and decisive steps be taken to implement additional own resources.

4.4. The EESC recommends keeping a prudent balance between supply- and demand-side measures. With regard to the demand side, it has to be kept fully in mind that boosting investment within the euro area to tackle the climate crisis, combating unemployment, promoting well-paid jobs and combating poverty are not only goals in and of themselves, but they also have positive effects on aggregate demand and therefore could boost the economic recovery.

4.5. The European Stability Mechanism (ESM) has the necessary tools to tackle a shock such as COVID-19. On 9 April 2020, the Eurogroup decided to adopt a comprehensive EUR 540 billion package, including a EUR 240 billion loan instrument (Pandemic Crisis Support — PCS) based on the ESM's Enhanced Conditions Credit Line that would be available to all euro area countries. On 15 May 2020, the ESM's Board of Governors (BoG) agreed to make the PCS available to euro area Member States. The BoG will decide whether or not to grant the support requested by each country, based on the assessment made by the European Commission in liaison with the ECB and in collaboration with the ESM⁽¹¹⁾.

4.6. The EESC also believes that the rapid activation of the Stability and Growth Pact's escape clause was a necessary initiative. However, the EESC notes the EFB's recommendations that clarifications on the timing of and conditions for an exit or review should be offered in spring 2021. In this context, the EESC warns against any premature return to the rules as they stood before the pandemic, as it would impose austerity in the hardest hit countries and dwarf any benefit that will accrue from Next Generation EU. Moreover, any new fiscal rules should not take effect again until unemployment falls significantly.

4.7. The EESC urges a shift towards prosperity-focused and solidarity-based economic governance. The EESC agrees with the EFB's claims that the tendency to cut government investment when public finances come under pressure needs to be tackled, and welcomes its openness to implement a golden rule and its recommendations to overcome past fiscal rule deficiencies to protect government investment, including implementing central fiscal capacity⁽¹²⁾. The EESC asks the Commission to proceed with the ongoing review in order to speed up the modernisation of the economic governance framework. For example, despite a very expansionary monetary policy, we still face the threat of deflation.

4.8. The EU has actively tried to mobilise all the available funds to allow Member States to immediately respond to the pandemic. The EESC welcomes the swift inclusion of flexibility in the use of EU funds by allowing Member States to make transfers between funds, regions and policy objectives. At the same time, the EESC believes that Member States need to significantly improve their programming capacity while making sure that all the deployed funds are fully absorbed and efficiently used. Funds have to be used for investments with immediate positive effects to overcome the recession and/or for investments in the EU Member States' transitions to a sustainable, inclusive, digitalised, low-carbon economy. The EESC asks the European Commission to provide a structured overview of all available resources and funds.

4.9. The European Semester is a key planning, monitoring and governance tool for the Union and it has recently been placed at the heart of the Recovery and Resilience Facility. The EESC acknowledges the announced reform of the European Semester process and its proposed new role of coordinating the recovery measures, while fully respecting the principles of the European Green Deal⁽¹³⁾, the European Pillar of Social Rights⁽¹⁴⁾ and the United Nations Sustainable Development Goals (SDGs)⁽¹⁵⁾. However, the EESC notes that political bodies such as the European Parliament and some national parliaments have little or no involvement in the process, hence there is not enough democratic oversight. The role of the social partners and civil society organisations should be further enhanced as well.

4.10. The Committee believes that it would be extremely useful if the EU budget could be more flexible when dealing with adverse shocks, especially those that are not economic in origin. The EESC recommends that the EU pursue policies for immediately improving Member States' cooperation in times of crisis. Better protocols and enhanced collaboration would allow for a prompt and coordinated European response to any kind of catastrophe.

⁽¹¹⁾ <https://www.esm.europa.eu/content/europe-response-corona-crisis>

⁽¹²⁾ Assessment of the fiscal stance appropriate for the euro area in 2021: https://ec.europa.eu/info/sites/info/files/2020_06_25_efb_assessment_of_euro_area_fiscal_stance_en.pdf

⁽¹³⁾ A European Green Deal.

⁽¹⁴⁾ European Pillar of Social Rights (OJ C 428, 13.12.2017, p. 10).

⁽¹⁵⁾ United Nations Sustainable Development Goals.

4.11. On the other hand, banks were better prepared for this crisis than they were for the 2008 financial crisis. The EESC expects that the euro area banks will act as shock absorbers in the crisis by permitting the necessary liquidity and credit for individuals and businesses. The Banking Union should be completed as soon as possible, including implementing the European Deposit Insurance Scheme. In addition, completing the Capital Markets Union should be equally high up on the EU's agenda. Moreover, the EESC stresses how important efficient financial market regulation is to achieving financial sector stability.

4.12. The EESC points out that combating internal and external imbalances and inequality means on the one hand implementing social policies at EU level and via the European Semester to correct market failures or support market developments at national level. On the other hand, any EU economic policy action — from financial market regulation to measures to combat the climate and COVID-19 crises — has to consider its distributional effects. Moreover, the welfare of households is tending to depend more and more on European factors, for example one-sided budgetary policies, a weak social dimension and delays in deepening the EMU. The EESC stresses that tackling the massive imbalances between and within Member States is a prerequisite to achieving economic and social resilience.

5. The way forward

5.1. The EESC believes that significant and rapid public and private investment in R&D and skills has to become a priority should the EU intend to address the challenge of a shrinking and ageing population and embrace digitalisation. The EESC has already said that 'European workers must be provided with training, re-skilling, up-skilling and life-long learning programmes, in order to fully benefit from technological change' ⁽¹⁶⁾. Governments should be ready to encourage new innovative ideas and finance experimentation in sectors with high growth potential.

5.2. To avoid massive hardship, the national social protection systems need to be supported. To create resilient and solidarity-based structures that stabilise the euro area in times of crisis and consolidate social protection in the Member States, a European unemployment reinsurance scheme should be implemented. As with other unemployment systems, it would act as an automatic stabiliser and at the same time back up national unemployment insurance systems in case of major recessions. Furthermore, it would strengthen national systems by making its grants conditional on national schemes being financed in a robust and solidarity-based way. The Support to mitigate Unemployment Risks in an Emergency (SURE) instrument is a step in the right direction, but more should be done.

5.3. The European Commission estimations made at the end of May 2020 show that in order to deliver the green transition and digital transformation, the EU needs to invest at least EUR 595 billion per year ⁽¹⁷⁾. The EESC believes that the economic recovery must be fully aligned with the principles of the European Green Deal and the SDGs. Europe is already the front-runner in the circular economy, the green transition and the fight against climate change. The EESC thinks that rapidly and efficiently embracing digitalisation would accelerate the shift to smart green growth.

5.4. The EESC has repeatedly warned that 'the longer the current savings-oriented policy continues without an effective investment plan, the more Europe's prosperity is at risk' and that 'there is a clear lack of strategic vision for the future and of a capacity to respond adequately to other economic and financial crises'. In addition, in early 2018, the Committee highlighted 'the need to develop new financial instruments for crisis prevention and countering pro-cyclical measures' ⁽¹⁸⁾. The EESC calls again for designated measures to reduce the pressure on public finances that would allow more room for manoeuvre when dealing with external shocks.

5.5. The EESC wonders how euro area Member States would respond to a different, asymmetric shock in the aftermath of the current situation and the expected difficult recovery, and considering the uncertainty the euro area is still facing. Would the EU's response be as immediate and prompt if only one or two euro area Member States were affected by another crisis? While this is highly undesirable, the EESC believes that such an asymmetric shock would be a decisive test for the

⁽¹⁶⁾ OJ C 228, 5.7.2019, p. 57

⁽¹⁷⁾ SWD/2020/98 final.

⁽¹⁸⁾ OJ C 262, 25.7.2018, p. 28.

solidarity of the Union and the project as a whole. Thus, the EESC believes that the euro area Member States need increased cooperation and specially designed instruments to improve their resilience and their capacity to absorb symmetric and asymmetric shocks. In addition to strengthening economic resilience, labour and social resilience must also be developed. One of the key factors in achieving this goal is more involvement from the social partners and civil society organisations in all processes, at national and EU level ⁽¹⁹⁾.

5.6. As deficits and debt levels grow all over the Union, we need to rethink our approach to taxes and all other components affecting tax. Tax evasion, aggressive tax planning, base erosion, profit shifting, money laundering and the fight against corruption have been politically difficult topics for many Member States but we no longer have the luxury of pretending we do not know about them. The EESC calls for a decisive reform of tax policies that would close loopholes and combat evasion across the Union. Furthermore, the EESC calls for a well-coordinated fiscal policy in order to improve the monetary position, the sustainability of public finances and resilience against shocks in the euro area. The EESC also reiterates its recommendations to Member States and the European institutions to accelerate timelines to tackle tax avoidance and tax evasion since they now have greater relevance. A modern EU tax agenda must be shaped in order to tackle economic, social and ecological challenges of the future while also improving its democratic approach. Indeed, already last year the Committee fully supported the kick-start of the discussions on a gradual shift to qualified majority voting (QMV) and the ordinary legislative procedure in tax matters, while recognising that all Member States as well as European institutions and bodies must at all times have adequate possibilities to participate in the decision-making process. The EESC asks for actions on the relevant Commission's proposals as urgently as possible under the terms recommended in previous EESC opinions ⁽²⁰⁾.

Brussels, 29 October 2020.

The President
of the European Economic and Social Committee
Christa SCHWENG

⁽¹⁹⁾ See EESC opinion on 'Towards a more resilient and sustainable European economy' (OJ C 353, 18.10.2019, p. 23).

⁽²⁰⁾ See footnote 5.

ANNEX

The following amendments were rejected during the discussion but received over a quarter of the votes.

Point 1.17

Amend as follows:

1.17 Tax evasion, base erosion, profit shifting, money laundering and the fight against corruption are still sensitive and politically difficult topics for many Member States. The EESC calls for a decisive reform of tax policies that would close loopholes and combat evasion across the Union. ~~Furthermore, the EESC supports the Commission's initiative on qualified majority voting and considers it important that it be implemented gradually but immediately.~~

Reason

Qualified Majority Voting (QMV) in tax matters is a very sensitive topic with profound implications for countries' sovereignty in economic affairs. There were well-founded reasons for allowing taxation to be a national competence in the EU Treaty. The importance of these reasons has not decreased. A change in sovereignty could also be an obstacle for achieving economic and social resilience. Given the complexity of the issues, a new EESC position on QMV should not be brought up in a couple of sentences here.

Point 5.6

Amend as follows:

5.6 As deficits and debt levels grow all over the Union, we need to rethink our approach to taxes and all other components affecting tax. Tax evasion, aggressive tax planning, base erosion, profit shifting, money laundering and the fight against corruption have been politically difficult topics for many Member States but we no longer have the luxury of pretending we do not know about them. The EESC calls for a decisive reform of tax policies that would close loopholes and combat evasion across the Union. Furthermore, the EESC calls for a well coordinated fiscal policy in order to improve the monetary position, the sustainability of public finances and resilience against shocks in the euro area. ~~The EESC therefore supports the Commission's initiative on qualified majority voting and considers it important that it be implemented gradually but immediately.~~

Reason

Qualified Majority Voting (QMV) in tax matters is a very sensitive topic with profound implications for countries' sovereignty in economic affairs. There were well-founded reasons for allowing taxation to be a national competence in the EU Treaty. The importance of these reasons has not decreased. A change in sovereignty could also be an obstacle for achieving economic and social resilience. Given the complexity of the issues, a new EESC position on QMV should not be brought up in a couple of sentences here.

A joint vote was taken on the two amendments and they were rejected by 81 votes to 135 with 29 abstentions.

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