



RESOLUTION

European Economic and Social Committee

Contribution to the 2023 European Commission's work programme

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1. Introduction

- 1.1 Both the pandemic and the war in Ukraine have shown that it is crucial for the EU to be well prepared for unexpected developments. This highlights the role of foresight activities in identifying any weak signals and outlining various scenarios and thus laying ground for EU policymakers, social partners, and other civil society actors to improve resilience, tackle risks and seize opportunities. The EESC urges that the strategic foresight activities take the geopolitical developments much more prominently into focus, not only in Europe but also beyond¹, including their implications on security, trade, refugees and their integration in the receiving societies.
- 1.2 The pandemic and the war also shed light again on the power and the importance of civil society and their institutions in combatting the consequences of the crises and helping people. The EESC therefore urges the Commission to acknowledge more the importance of civil society and their institutions by providing a prominent place to them in EU policy.
- 1.3 The EU's global strength derives from its common values, based on democracy, rule of law and its economic and social model. Successive shocks show the importance of building a more resilient European economy and cushion the secondary effects of different crises (inflation, energy and raw material price increases and supply shortages, supply-chain disruptions). Europe needs to reduce dependencies and exposure to unreliable suppliers but at the same time also to build coalitions with like-minded partners and diversify its sources of supply.
- 1.4 Besides energy, Russia and Ukraine have a significant weight in EU imports of metals, which are critical for several strategic industries². Both countries are significant exporters of several agricultural products, such as grain and oilseeds. The disruption of exports from these countries has already led to huge global increases in the prices of agricultural commodities. The consequences are felt especially in the world's poorest countries and the poorest people are the ones who will suffer the most. In this respect, the EESC reiterates its call to accelerate the development of a strategic and technological autonomy for Europe and the need of limiting our dependencies in energy, critical raw materials and food³.
- 1.5 To avoid drastic economic and social consequences, EU energy policy must be realistic and help to build Energy Union and achieve the climate goals without putting an extra burden on vulnerable consumers and on workers, and without undermining the competitiveness of European businesses. The EU has to work towards its ambitious climate objectives, while ensuring the stability and security of energy supply at a cost that is affordable to businesses and citizens.
- 1.6 European societies were already severely hit by the pandemic, and this crisis is yet another massive shock mostly felt by the most vulnerable in our societies. Solidarity and social convergence must also be guiding lines in the coming EU policies: the response to war in Ukraine will come at a price for everyone, and we must make sure these burdens are shared in a fair

¹ INT 958.

² EESC Resolution "The war in Ukraine and its economic, social and environmental impact".

³ Ibid.

manner. EC could pursue further discussions with Member States on possible long-term tools, i.e. Unemployment Reinsurance Schemes, to address systemic problems only worsened by the ongoing crisis. The effects and possible further use of the SURE Mechanism should be explored and discussed also with social partners.

- 1.7 The EESC invites the EC to keep better regulation as a priority and calls on the Commission and the EU legislators to consistently deepen and advance the EU better regulation system in all its aspects and systematically use the tools and guidelines for better regulation in their work. To that end, the EESC encourages the Commission to continue to promote the principles and tools of better regulation across all its services.
- 1.8 The approach of sustainable development should be adopted as an overarching and integral objective of all policies, programs and measures. To boost recovery from the crises, the Commission and Member States should identify and strive for policies and initiatives that bring about economic, social and environmental benefits simultaneously, i.e. strengthen the business environment, improve working and living conditions, and facilitate the transition towards a climate-neutral and circular economy.
- 1.9 The EU's recovery and resilience with respect to crises is intrinsically dependent on sustainable growth, social convergence, a favourable business environment and positive development of employment and employment conditions, in line with the European Green Deal, the European Pillar of Social Rights and its Action Plan and the Sustainable Development Goals. Any policy measures taken must strive to foster sustainable business, entrepreneurship and job creation, as well as improved working and living conditions.
- 1.10 Despite urgent problems, it is vital not to lose sight of the EU's fundamentals such as effective implementation of the single market, nor of long-term needs, such as climate neutrality by 2050, and combating poverty and social exclusion to ensure a successful future for citizens and businesses. The Commission should therefore continue facilitating and encouraging investment in research and innovation, with due account of increasing needs to find solutions and improve resilience against geo-economic, societal, health and environmental risks.
- 1.11 On top of strengthening the internal market and decreasing critical dependencies, achieving a stronger position in the world also requires success of exports. The Commission should explore how to increase the competitiveness of European businesses in general and, in particular, facilitate a stronger position of EU companies in the global markets of technologies, products and solutions responding to global megatrends and challenges such as climate change. It must also strengthen the capacity of its health sector, in terms of improved research and methodologies to manage the increasing demands of care as well as possible future pandemics. This must include supporting the development and the international promotion of standards by European businesses and innovators, because standards create markets.
- 1.12 Reaching a stronger global role for the EU requires solid unity and joint efforts of the Member States. The Commission should build on the unity achieved during the crises and find ways of enhancing the EU's recovery and longer-term competitiveness and the wellbeing of citizens in a way that increasingly relies on innovation and skills, rather than on state aid or barriers on trade

and cooperation. In its relations with the wider world, the Union should continue to contribute to the eradication of poverty and the protection of human rights.

2. The European Green Deal

- 2.1 The EESC has supported the implementation of the European Green Deal (EGD) and pointed out that it needs to take place in a socially fair way, under the conditions of ensuring a European food security as well as security of energy supply at affordable price. This applies, among others, to the Fit for 55 package, which will unevenly impact sectors, businesses, regions, communities, and individuals across Europe. The EESC insists that the active involvement of social partners and relevant civil society organizations is important both in the planning and in the implementation phases. It is vital to support citizens and stakeholder groups in their mobilization to participate actively in the transition to a low-carbon society.
- 2.2 The EESC notes that initiatives relating to the EGD must be complementary and mutually reinforcing across the areas of climate, energy, transport, buildings, industry, forestry and food systems, to reach a competitive, fair, climate-neutral and circular EU economy. The EESC also calls for an improved complementarity between the green and digital transitions.
- 2.3 To monitor the progress in the transition to economically, socially, and environmentally sustainable growth in line with the EGD, the EESC calls for the development of a set of proper indicators “beyond GDP”. A concise “Beyond GDP” scoreboard should be designed and incorporated into the EGD scoreboard and the European economic governance process. It must also inform policy development, improve communication and promote target setting.
- 2.4 The EESC supports the aim of the European Taxonomy for Sustainable Activities (“EU taxonomy”) to direct investments towards sustainable projects and activities. To this end, the Commission has drawn up a set of rules to determine what can be called environmentally (green) investments. The EESC calls for developing the taxonomy in a way that take into account societal needs such as the security of supply of energy and essential raw materials and commodities, and also focus more on social sustainability aspects such as labour and human rights, while respecting Member States' competences and various industrial relations systems and the feasibility of an objective assessment in the context of access to finance. From the start, the EESC has argued that the Green Deal can and will only be successful if it is also a social deal. Regarding the social aspects of taxonomy, the EESC is currently working on an own-initiative opinion on “Social taxonomy – challenges and opportunities”. The taxonomy should also be used in the context of the EU Green Bond standard. The EESC finds it important to align taxonomies internationally in the framework of the International Platform on Sustainable Finance.
- 2.5 To address the social and labour concerns of the EGD, the EESC calls for the Commission to propose additional policy measures to strengthen the social and labour dimension of the EGD, matching it with ambitious social goals, in line with the Porto Declaration, the European Pillar of Social Rights and the ILO guidelines for a Just Transition. In particular, the EESC calls on the EU institutions for a mapping and analysis of the impacts the green transition will have on employment and skills in different countries, regions and sectors, including the subcontractors and downstream value chains. The EESC also calls for ensuring that National Energy and Climate

Plans contain just transition strategies. Moreover, it is important to anticipate and manage changes in the world of work, including through targeted support as, eg., enhancing the necessary skills, ensuring social protection, and involving the whole society concerned in shaping the transition, as well as additional proposals to mobilise massive public and private investments to support the transitions, and increase the size and scope of the Just Transition Fund significantly to match the challenges.

- 2.6 The EESC calls for ensuring that the EU regulatory framework will enable EU businesses, including SMEs, to become frontrunners in green business, while preventing the risk of displacing production and protecting against imports with greater negative environmental impact. This applies especially to energy intensive industries. The EESC also calls on support for SMEs to better understand and manage the increasing climate and environmental requirements targeted to them directly and indirectly.
- 2.7 The EESC calls for strong innovation support to industries to develop and deploy green technologies, materials, products, production processes, and business models, by facilitating, for example, programs on hydrogen, batteries, semiconductors, carbon capture and usage, and circular economy practices in various fields such as in packaging.
- 2.8 To enhance the EU's global impact in climate change mitigation, the EU should provide EU industries with competitive conditions to seize the export opportunities provided by the global demand of climate technologies and solutions and thus increase the carbon 'handprint' of the EU.
- 2.9 Industrial alliances are proving a successful method for developing large-scale and cross-border industrial projects in strategic fields. These industrial alliances, together with Important Projects of Common European Interest (IPCEIs), are crucial for the recovery and promoting European standards and key technologies, in particular in areas where the market alone cannot deliver or is being distorted.
- 2.10 Progress towards a real Energy Union should be strengthened to ensure the energy transition towards an affordable, safe, competitive, secure and sustainable energy system. Considering the current challenges caused by the Russian-Ukrainian war, the Commission should focus on measures that bring about the biggest benefits in terms of the entirety of the objectives of the Energy Union and contribute to the acute challenges and the longer-term goals simultaneously.
- 2.11 The situation in Ukraine has led to the REPowerEU Communication⁴ which, at the request of the European Council, was followed by the REPowerEU Plan with proposals⁵ which, if properly implemented, can significantly accelerate both energy independence and sustainability of the European Union. The goal of becoming independent of Russian gas and other fossil fuels requires both urgent diversification of suppliers and energy sources, enhanced solidarity and longer-term measures that promote the transition towards carbon-neutrality, taking into consideration the characteristics of different Member States and regions and the available alternative sources.

4 https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511.

5 https://ec.europa.eu/info/publications/key-documents-repowerEU_en.

However, to ensure the success of the process, sufficient private and public investment must be mobilized, making full use of the RRF and cohesion policy funds, among others. As already pointed out⁶, the reduction of the demand for Russian gas by two thirds by the end of 2022 is a challenging task and would mean diversification, on the one hand, and primarily in the short term via LNG and biomethane, and on the other hand via energy efficiency and the expansion of renewables. Infrastructural lock-ons that create future limitations on realistic alternatives should be avoided and investments should be focused as much as possible on renewables and supporting infrastructures. Social partners and civil society must be closely involved in these policy proposals to ensure their social acceptance, sustainability and success. Moreover, to increase the level of response to external crises, a permanent coordination structure at the Council of the European Union would be needed.

- 2.12 Further integration of the EU energy market will play an important part in enhancing the affordability and the security of energy supply. For this purpose sufficient interconnection capacity⁷ is necessary and correspondent infrastructure must be deployed, particularly in energy “islands” (such as the Iberian Peninsula⁸). To promote a competitive advantage of the EU in renewable energy and to ensure that renewables deployment does not endanger the security of supply, a realistic roadmap for the development and deployment of an efficient renewable energy infrastructure should be drawn up, including storage capacities and sufficient transmission interconnection that make it possible to export the exceeding production to other Member States. In order to deploy quickly the clean energy infrastructure, Member states need to speed up permit-granting.
- 2.13 To enhance a level playing field, the EU should promote global carbon pricing. Carbon taxation should be developed and streamlined to reflect the climate impact in a symmetric way and take into account measures to sequester carbon from the atmosphere. Furthermore, the EESC should pursue its goal to phase out subsidies on energy sources that are harmful to climate and environment, while ensuring that the transition towards a climate-neutral economy happens in a just manner.
- 2.14 The current hike in energy prices presents a great threat both in terms of increasing energy poverty and in competitiveness loss for energy-using companies. The EESC calls for actions successfully mitigating the impact of increased energy prices and preventing energy poverty, including among EU households. Temporary and well-targeted measures for limiting the impact of the spike in energy prices are also necessary to help SMEs and energy-intensive industries to survive the crisis.
- ~~2.15~~ As part of a long term consideration of how the energy market is responding to shocks, it is important to address the root causes of the energy price increases (currently the price of gas), as suggested by the Agency for the Cooperation of Energy Regulators (ACER), based on its recent

⁶ TEN/778, REPowerEU: Joint European Action for more affordable, secure and sustainable energy.

⁷ Interconnection is already a target of the EU (at least 15% by 2030, but some countries are far below): https://energy.ec.europa.eu/topics/infrastructure/electricity-interconnection-targets_en.

⁸ Commission document on "Energy Islands": https://ec.europa.eu/commission/presscorner/detail/de/MEMO_18_4622.

assessment⁹ of the current electricity market design and pricing system. Moreover, a review could be considered with regard to markets where concentration of energy supply is high, and thus normal operation can be distorted.

- 2.16 Citizens and consumers should be at the centre of energy transition, through the support of community energy and local ownership and the transformation of energy consumers to prosumers. The EESC calls for transparent information, consultation, and education campaigns to encourage citizens' commitment to energy transition.
- 2.17 The EESC also calls for more attention to transition problems on the road to a carbon neutral society, in particular with respect to industries that for various technical and/or financial reasons need time to adapt to maintain competitiveness on the market.
- 2.18 The EESC has welcomed the updating of the TEN-T Regulation to better respond to topical objectives and needs. Special attention needs to be paid to identifying priorities and defining a network connecting all capitals, major cities, ports, airports, and terminals of Member States, based on European Corridors. Corridors should include, as appropriate, "sea bridges" or high density regular ro – ro sea links between corridor ports. With respect to territorial cohesion, the EESC considers that Core Network Corridors must be better linked to the regional, urban, and local dimensions. Gaps between technical TEN-T requirements and military mobility requirements also need to be identified to implement a dual use of transport infrastructure.
- 2.19 Given the rather long lead time of the TEN-T projects, the EESC supports a European framework of regulation and financing to provide medium- and long-term stability in terms of corridors and projects until the completion of the European Network. The EESC also calls for urgent national plans for ordinary and extraordinary funding for the maintenance of TEN-T infrastructures and a Core Network monitoring plan at the European level.
- 2.20 Considering the essential role of aviation for the EU, the EESC calls for a comprehensive and effective approach to promote the recovery and growth of sustainable aviation.
- 2.21 To contribute to the efforts of decreasing emissions from road transport, the EESC calls for favourable regulatory conditions for the use of larger and heavier goods transport vehicles and vehicle combinations within and between Member States concerned. The European Commission should consider the future and specific challenges of freight transport, and the foreseen scarcity of lorry drivers in the coming years, both in terms of lack of generational renewal and in terms of difficult working conditions. In this context, development of multimodal freight is important to enhance the attractiveness of rail freight as part of a complete logistics chain, together with improvement of working conditions of transport workers.

- 2.22 The EESC welcomes the development of the EU urban mobility framework and calls for making urban transport, especially public transport, more inclusive, thus promoting equal opportunities for citizens.
- 2.23 To enhance sustainable and smart mobility, the EESC pleads for a strong initiative by the Commission to launch large-scale digital projects on transport, which is key e.g. to efficient multimodality and optimizing capacity use.
- 2.24 As energy, transport and digital systems are ever more connected, there is a need for Transport, Digital and Energy Integrated Networks. To improve synergies and increase the resilience of the overall infrastructures, the EESC calls for a review on the major bottlenecks and vulnerabilities regarding the interlinkages of these systems from both current and longer-term perspectives.
- 2.25 The EESC also calls for increasing the resilience of the energy, transport and digital network to climate change, natural hazards and human-made disasters, to generate and maintain long-lasting value of infrastructure. All in all, the EESC calls for measures to enhance adaptation to climate change and its impacts.
- 2.26 To safeguard the sustainability of food systems and the competitiveness of European producers, the EESC calls for fostering an open strategic autonomy, including improved protein autonomy, ensuring reciprocity of trade standards (economic, social, environmental), promoting research, enhancing digitalization, developing innovative technologies and seeds, and promoting fair prices that include higher input costs and costs for increased sustainability.
- 2.27 The Common Agricultural Policy and Common Fisheries Policies should make a significant contribution to more sustainable and resilient food systems. Structured and broad civil society participation in the implementation of the Farm to Fork strategy must be ensured. The proposal for a legislative framework for sustainable food systems should include clear targets, indicators and a robust monitoring mechanism and scoreboard.

3. A Europe fit for the digital age

- 3.1 The pandemic and the war in Ukraine have highlighted the critical importance of digital technologies and the need for the EU to increase its digital sovereignty. The EESC has welcomed the Digital Compass and the Path to the Digital Decade and calls for an efficient introduction of the governance mechanism and facilitation of swift implementation of the targets. The pandemic also highlighted the challenges that the digital transition may pose and the EESC calls to strengthen social dialogue at European, national and industry levels to ensure this transition is also a just one.
- 3.2 The EESC finds cooperation between the Commission and Member States crucial in evaluating progress and assessing necessary measures to achieve the targets, including through multi-country projects. The EESC also calls on the report on the State of the Digital Decade to contribute to sharing knowledge and good practices between Member States.

- 3.3 The EESC has stressed the need for the digital transformation to take place in a sustainable, human-centred, and inclusive way which works for all, without further deepening the existing digital divide or creating new inequalities, ensuring working conditions, work-life balance and health and safety of workers. To this end, it is also important to anticipate and manage changes in the world of work, making use of social dialogue at various levels and enhancing the necessary skills and proper working conditions, including in teleworking and platform work, pursuing an EU level evaluation of the so-called “right to disconnect”.
- 3.4 Investment in digital infrastructure ensuring better accessibility and the development of the single market in data are essential and necessary enablers of proper digital development in all regions of the EU. The EESC calls for efficient implementation of measures enhancing the free movement of data, while ensuring proper protection of data, privacy and intellectual property.
- 3.5 The EU should continue progress towards the establishment of a secure and autonomous space-based connectivity system for the provision of guaranteed and resilient satellite communication services, which will increase the availability of high-speed broadband and seamless connectivity throughout Europe.
- 3.6 The EESC finds it important to continue the development of intelligent transport systems towards a Common European Mobility Data Space, meaning improved efficiency and prerequisites for improved working conditions, as well as for seamless multimodality.
- 3.7 The EESC finds it reasonable to rely on strong European market participants to implement digital financial services. The EESC considers that action is urgently needed to make the crypto sector transparent and to protect the end-users of digital finance, safeguard financial stability, protect the integrity of the EU’s financial sector, and ensure a level-playing field among the different operators in the economic and financial system, as well as to steer the crypto sector towards a more sustainable and less energy-intensive operation mechanisms.
- 3.8 As skills and competences are essential enablers of the digital transformation, the EESC calls for continuous development of ways of both increasing high-level talent and enhancing citizens and workers' skills and competences to better seize the opportunities provided by digitalization and to manage risks related to it.
- 3.9 To boost the EU’s excellence in digitalisation, European companies need favourable conditions for innovation, investment, and operation, compared to foreign competitors. Considering that cooperatives are particularly suited for supporting inclusive participation in the governance of digital platforms, the EESC urges to provide initiatives promoting the development of digital cooperative platforms.
- 3.10 While promoting innovative businesses, it must be ensured that all businesses, including micro-, small- and medium-sized enterprises and social economy enterprises, are able to become involved in and benefit from progress. The EESC finds it important to enhance the uptake of AI and other advanced technologies, but it must also be recognised that a great deal of SMEs have challenges in adopting even basic digital technologies.

- 3.11 It is increasingly important for all actors, including along whole value chains, to pay due attention to cybersecurity, and the crises have ever more emphasized its importance to ensure the proper functioning of the economy and society and to maintain international connections. This calls for strengthened action by Member States, including cooperation facilitated by the Commission. It is also ever more important to fight disinformation, while ensuring that it is not used as a pretext for limiting public freedoms, in particular freedom of expression.
- 3.12 The EESC calls for the mobilization of both public and private financing to facilitate investment in research and innovation, education and training and technical infrastructure. The regulatory framework is another general factor shaping digital development. The EESC deems it important to ensure that evolving regulation encourages innovation and investment and a level playing field, in alignment with human rights and environmental and climate objectives.
- 3.13 As digitalization continues to be an important driver for global economic growth, the EESC believes that policies related to taxation of the digitalized economy should seek to promote, not hinder, economic growth and cross-border trade and investment.
- 3.14 A rule-based and level-playing field for digital activities is important at international level as well, and the single market is a stepping stone for the EU to be an influential and powerful global actor. The EESC calls for making use of a wide range of tools, from diplomatic action to innovation cooperation and trade agreements, to promote the human-centric approach and the trustworthiness of digital technologies. Being a global standard-setter also requires global competitiveness, relying on solid cooperation between Member States.

4. An economy that works for people

- 4.1 Current socio-economic development is accompanied by a high level of uncertainty associated with the still ongoing Covid-19 pandemic and is further exacerbated by the war in Ukraine and the growing geopolitical tensions with Russia. It is crucial that Member States efficiently strengthen and coordinate their economic, health and social policies, effectively address macroeconomic imbalances and ensure sound public finances. At the same time, they must also improve the quality and composition of their public investments to make available the necessary financial resources, including by encouraging private investment, in order to support the socio-ecological transformation of the economy, aiming at promotion of a high level of employment, high-quality jobs, well-being, securing adequate income, whilst ensuring it does not reduce the motivation of people to be active on the labour market.
- 4.2 The EU should focus on a competitive edge for EU industry and jobs as keys for prosperity as well as on the fight against inequality and poverty in the recovery process. The European Pillar of Social Rights (EPSR) as the guiding instrument for EU social policy should also be at the centre of the recovery strategy to ensure that economic and social recovery will go hand in hand. The EU should pay particular attention to supporting vulnerable groups through active and inclusive policies accompanied by essential and enabling social services.
- 4.2.1 Based on their conjunctural success, both the Next Generation EU and Recovery and Resilience Facility must be assessed as effective tools to respond to the crisis triggered now by the war,

which is likely to cause dramatic consequences for the European economy. These tools complement the existing structural mechanisms to foster economic growth and upward convergence, protect living conditions, and ensure social peace and stability within the EU.

- 4.3 The EU and national governments should take measures to mitigate the impact of the war in Ukraine both in order to minimise the increase of prices and energy costs for families and enterprises and to support the economy and employment with the adjustment of existing emergency measures. To help enterprises to cope with the crises and be able to create and retain jobs, the Commission should continuously monitor the impacts of the pandemic and the war on EU businesses of all sizes and be prepared for necessary, temporary support measures, while ensuring fair conditions for competition.
- 4.4 The EESC strongly supports the objective of redirecting investments in such a way that they contribute to the EU's transition to a sustainable economy. In doing so, it is necessary to be alert to misleading "green or sustainability washing." The Committee expects that the Commission will actively involve the social partners and civil society in the design and implementation of sustainable financing.
- 4.5 The EU Member States must have appropriate fiscal space to counter the negative economic and social impacts of the war in Ukraine. This further reinforces the need for the revision of the EU economic governance framework. However, Member States must consolidate their public finances during periods of good growth enabling a response during recessions. Also against this background, the EESC reiterates its warning against the premature deactivation of the general escape clause.
 - 4.5.1 Moreover, the EESC calls for a revised and rebalanced, prosperity-oriented economic governance framework, which gives equal weight to a range of key policy objectives, such as sustainable and inclusive growth, full employment and decent work, a competitive social market economy and stable public finances. A competitive European economy that is also socially and environmentally sustainable is a pre-requisite for enhancing prosperity of all Europeans.
 - 4.5.2 Furthermore, economies in which national fiscal policies recognise the need to build revenue reserves in times of growth, while still ensuring the investment necessary for future prosperity, will be more resilient in combatting the adverse impacts of an economic downturn.
 - 4.5.3 Proper enforcement of the Stability and Growth Pact, revised following the conclusion of the ongoing review, preferably with simplified rules and reduced pro-cyclicality and reflecting the post-pandemic context, will be essential to help Member States put their public finances on a sustainable footing and strengthening investment confidence. Any future fiscal framework needs to: a) promote sustainable public finances allowing for increased public investments; b) allow for more anti-cyclical policy, and c) permit greater flexibility and country-specific differentiation as far as debt adjustment paths are concerned, while at the same time guaranteeing fiscal sustainability. More specifically, one of the EESC's main proposals for the revision of the fiscal framework is to introduce a golden rule for public investments, without jeopardising medium-term fiscal and financial stability and the value of the euro, in combination with an expenditure rule.

- 4.5.4 Both national parliaments and the European Parliament need to maintain their prominent role in the future EU economic governance framework to strengthen the democratic accountability of the Union. The EESC took note of the idea to establish an Unemployment Scheme, originally included in the political priorities of the European Commission. In the light of the effects of the Covid crisis and the current war in Ukraine, the EC could pursue further discussions with Member States and the social partners on possible long-term tools, i.e. Unemployment Reinsurance Schemes, to address systemic problems.
- 4.6 The SURE¹⁰ mechanism has played a fundamental role in cushioning the blow of the pandemic, and has proved an effective tool. Learning from this, the EESC calls for assessing the possibility for further use of this mechanism.
- 4.7 Deepening Economic and Monetary Union goes hand in hand with strengthening economic governance, including completing the banking and capital markets union and reinforcing the European Semester's role in increasing growth, cohesion, inclusiveness, competitiveness and convergence.
- 4.8 The EESC considers that, given the challenges posed by the war, and in particular the growing need for both defence and energy expenditure, new own resources mechanisms could be established by the European Union.
- 4.9 The fragmentation of capital markets in the Member States does not create sufficient scope for easier access for businesses to financial resources in the single capital. Therefore, further progress in the completion of the Capital Markets Union is needed. Deepening the Capital Markets Union and the Banking Union should focus on strengthening funding channels and promoting the private sector's contribution to the investment efforts. In doing so, the EESC calls for the right balance to be struck between risk-sharing and risk reduction and, in particular, welcomes the endeavours to strengthen the monitoring of systemic risks arising from the climate crisis. Moreover, it is also important to pay heed to social sustainability risks, which are jeopardizing social cohesion as a result of widening distribution gaps. Financial market regulation should also prioritise efficiency over complexity and provide a high level of consumer protection.
- 4.10 All stakeholders should be involved in the development and implementation of measures to improve financial literacy, the efficiency of protection rules and the reduction of information asymmetries between financial services providers and citizens.
- 4.11 The European Single Market should achieve its full potential. Economic gains could be secured by better and more effective application and enforcement of existing legislation and by deepening it. Further removal of barriers to the free movement of goods and services brings benefits for everyone – customers, workers and businesses. The proper functioning of the Single Market also depends on the safety and quality of goods and services.

¹⁰ European instrument for Temporary Support to mitigate Unemployment Risks in an Emergency (SURE).

- 4.12 The EESC is concerned about the existence of unfair tax competition within the EU, which promotes tax avoidance. The Committee believes that an effective monetary union requires a coherent fiscal policy and consistency between the fiscal rules of its members. The EESC has also proposed launching a European pact to effectively combat tax fraud, evasion and avoidance and money laundering.
- 4.13 Excessive bureaucracy creates unnecessary costs for the economy and society. The EU of the future should not focus on micromanagement, but should be guided by the principle of better regulation. However, this should not be done at the expense of high standards of consumer, social, labour and environmental protection that are inherent in the social market economy. At European level, the problem-solving capacity of social partners, for example to balance different interests, could be increased.
- 4.14 Entrepreneurship represents a key competence for improving competitiveness, innovation and well-being and the development of a social and green economy, even more so in the context of the post-pandemic recovery. Encouraging entrepreneurship education to develop entrepreneurial skills could be a way to reduce unemployment, especially among young people. Entrepreneurship in all its forms and sectors (including tourism, industry, platform economy, social economy, liberal professions) is essential for economic growth, innovation, employment and social inclusion. It is important to identify and respond to the difficulties faced by SMEs (especially very small businesses often with a family character) when accessing the Single Market, particularly in the context of the green and digital transitions. The EESC invites the Commission to undertake the concrete actions in its Work programme to address the barriers to the Single market already identified¹¹.
- 4.15 The EESC supports the adoption of a combination of economic policies that make effective use of available domestic resources, both public and private, including the financial resources created within the framework of the Next Generation EU and the Recovery and Resilience Facility. The identified lack of involvement of civil society organisations has been and is a matter of concern for the EESC. Organised civil society asks for more formal procedures that facilitate real exchanges in the implementation and evaluation of the National Recovery and Resilience Plans. The partnership principle should serve as a blueprint for an effective mechanism of civil society involvement.
- 4.16 The EESC supports the Commission's legislative proposals in the area of company taxation and praises their coordination with the global discussions carried out at the OECD/Inclusive Framework level in order to achieve a global consensus.
- 4.17 The Committee backs any effort aimed at reducing compliance costs for European companies and tax authorities when devising the new tax system. European businesses must not be brought to a competitive disadvantage. The full implementation of Pillar 2 of the Global tax agreement will be complex and is going to require a long time and significant effort, both by companies and tax authorities. A uniform adoption and implementation in the EU and other trading blocks at the

¹¹ See for example "Business Journey on the Single Market: Practical Obstacles and Barriers" (COMMISSION STAFF WORKING DOCUMENT, SWD(2020) 54 final), Brussels, 10.3.2020.

same time of internationally agreed rules are of paramount interest to the EU and its Member States.

- 4.18 Social entrepreneurship deserves particular attention in view of the role this form of entrepreneurship can play in overcoming the crisis. The implementation of the action plan for the social economy will play a key role in strengthening this sector. The definition of a specific social economy ecosystem in the new industrial strategy must lead to concrete actions to make the social economy green, digital and resilient.
- 4.19 After the pandemic there is an increased need for fostering quality learning mobility for all and recognition of its learning outcomes, therefore the EESC promotes building a true European Education Area by 2025 for a learning Europe. This is achieved through funding and, above all, through cross-sectoral cooperation in the field of education.
- 4.20 A modern consumer policy must ensure that consumers have the rights and protection they need. The Single Market makes it easier for EU consumers and businesses to buy and sell goods and services across borders, both online and offline. This requires trust and confidence in the market, targeted legislation and effective enforcement. Consumer information and training must also help them to make more responsible choices.
- 4.21 The access to volunteer involvement needs to be improved and increased in scope and quality. The potential for volunteer engagement of people of all ages and backgrounds should be explored and implemented within innovative and flexible frameworks unlocking new possibilities. 2025 should be declared by the EU as the European Year of Volunteers. This would be a fitting tribute to the efforts and impact of volunteers during the Covid crisis and the war in Ukraine. It would highlight their importance to health and well-being in Europe and their role in the recovery and the future of Europe.
- 4.22 Liberal professions are a key social and economic factor in all Member States and responsible for important public services in areas such as health, justice, security, language and art. It is therefore necessary that a specific impact assessment on the consequences of legislative proposals on liberal professions is carried out before and after European legislation is adopted. In this regard the European legislator shall especially take into account the negative effects of bureaucratic burden on liberal professions.

5. A stronger Europe in the world

- 5.1 The EESC calls for an open, fair, inclusive and predictable international trading environment that throw its weight behind democracy and the rule of law, peace and stability, social and environmental sustainability, and an open, fair and rules-based world trade order. Europe needs to protect global trade rules, ensure a level-playing field and strike the balance between strategic autonomy and openness to international trade by promoting a strong industrial base and resilient international supply chains.
- 5.2 However, both the developments in China in recent years and the ongoing Russian aggression make it clear that increasing international trade does not necessarily help strengthen democratic

processes. The EU has to therefore promote its fundamental values, such as respect for human rights, rule of law and media freedom in its trade policy.

- 5.3 The EESC finds it important to continue addressing critical dependencies of the EU on third countries. This applies especially to energy, raw-materials, food, health products, infrastructure, and technologies. It also applies to the industrial dimension of the security, defence and space policies. The EU must in particular review its lack of industrial capacity and dependence on unreliable partners.
- 5.4 At the same time, strengthening the EU's open strategic autonomy and stronger global role requires cooperation with partners in various fields, including trade. The EESC calls for concluding negotiations on bilateral trade agreements and the development of multilateral cooperation within WTO. A boost in the relations with the Latin American partners, based on modernized agreements, would also be a topical opportunity for the EU to strengthen its position.
- 5.5 The EESC highlights the crucial role of civil society in trade and stresses the need to boost cooperation with civil society from shaping to monitoring trade tools and agreements (Free Trade Agreements, Economic Partnership Agreements and Investment Agreements). This would help deliver on the objectives of the EU's new trade strategy, ensuring that the trade agreements concluded will contribute to economically, socially and environmentally sustainable development for both the EU and the partner countries to the negotiations.
- 5.6 It is also necessary to cooperate in the fields of transport, digital and energy, which has opened new opportunities e.g., for EU-US cooperation. The Core Network Corridors need to be better interconnected with the rest of the world for goods and passengers. The EESC calls for establishing a forum to facilitate the integration of the TEN-T network with the rest of the world, including neighbouring countries.
- 5.7 The EESC considers that the EU needs a more proactive and effective approach to take care of the interests of European industries through establishing a competitive level playing field and tackling unfair trade practices, by means of existing trade laws, especially anti-dumping, and anti-subsidy laws.
- 5.8 The Committee considers the need to strengthen the international role of the euro as an important tool for enhancing Europe's global position and calls for a stronger focus on the reasons for the euro's weakening international role, and for the completion of the Economic and Monetary Union.
- 5.9 The EESC invites the Commission to enhance efforts to bring the EU approach to trade and sustainable development of both labour and environmental commitments into the WTO. This should also include further reflections on the structured involvement of all the components of civil society in WTO processes, as there can be no genuine sustainability without civil society engagement.
- 5.10 The Union Civil Protection Mechanism is no longer sufficiently capable nor wide enough to respond to disasters linked to climate change and multiple risks occurring inside and outside the Union's territory. Beyond its well-established activity as regards natural disasters, the Mechanism

is called upon to tackle such risks as pandemics, major industrial risks, large-scale maritime pollution, consequences of cyber-attacks on electricity or drinking water networks and all essential infrastructures, or management of humanitarian crises linked to immigration.

- 5.11 The link between short-term civil protection and long-term management of humanitarian aid needs to be better addressed and coordinated. To this end, the EESC considers that the need to set up a European agency for civil protection and humanitarian aid should be examined, as a practical mechanism for stronger foreign policy actions.
- 5.12 The EESC notes that in many partner countries inclusive and participatory dialogue and policymaking is still missing and the space of civil and social dialogue is progressively reduced, despite the support provided by the Commission. The EESC proposes that the Commission establish, in cooperation with the EESC, a pilot project “Civic space scoreboard” for some partner countries to measure on a yearly basis the state of civic and social dialogue, starting with the Western Balkan countries or the Euromed countries.

6. Promoting our European way of life

- 6.1 Health systems in almost every European country need to be strengthened, focusing on prevention and guaranteeing access for all to quality public health structures, basic health services including vaccines and long-term care. Mental health issues need an urgent strategic response.
- 6.2 The EESC recalls that it is crucial to support a strong and coordinated European healthcare ecosystem so as to contribute to the EU's industrial strategic autonomy, technological sovereignty and a better quality of life for EU citizens. Bottom-up mapping and analysis should be carried out in order to assess the exact nature of the dependencies identified and tackle vulnerabilities and shortages of strategic materials.
- 6.3 Migration continues to be a priority issue due to its impact on the EU's demographics, economy and policies (employment, social affairs, labour market, integration policies, border control, fight against racism, xenophobia, populism and discrimination). The EU's Pact for Migration and Asylum and the Common European Asylum System will have to be given final shape based on a real balance between solidarity and responsibility, and the obligations of the EU and Member States under international law.
- 6.4 The refugee crisis unfolding as a consequence of the war on Ukraine underlines the crucial importance of this area and represents the correct way to respond by EU: in addition to give immediate protection to refugees, and the introduction of temporary residence and work permits, urgent measures must be taken for integration into Member States' societies and labour markets and appropriate funding to both governments and civil society organisations acting on the ground must be made available.
- 6.5 2022 is the European Year of Youth, designed to acknowledge young people's sacrifices and challenges faced during the Covid-19 pandemic that they have made and continue to make, providing them with opportunities at all levels to participate with a particular focus on green issues, inclusion, digital and the mainstreaming of youth across all policies in the EU. It is crucial

that there is a concrete legacy for the year and that indeed every year young people are the focus of initiatives at EU level. The Commission should therefore continue their work on the follow up of the Year in 2023 and beyond.

7. A new push for European democracy

- 7.1 Measures are needed to improve civil dialogue with and among stakeholders and groups in society giving them ownership of and true participation in policies that directly affect them, promoting the role of citizens in building the future of Europe.
- 7.2 There are a few existing channels that play an important role in citizen engagement on European level, such as the European Citizens' Initiative. However, these channels are not sufficient for a meaningful involvement of EU citizens and there is a need for participation tools (including e-participation) to be more inclusive, used in a structured way, accessible for everyone, and especially more impactful.
- 7.3 Within this idea, the EESC's institutional role should be enhanced and empowered as the established representative of organized civil society in advising EU policymaking, but also as facilitator and guarantor of participatory democracy activities like structured dialogue with civil society organisations and Citizens' panels. A lively civil society is crucial for the democratic life of the European Union.
- 7.4 We recommend for EU policy makers to establish coherent (internal and external) European Union civil society strategies, including policies based on: better recognition of the sector and civil dialogue, including through a dedicated pillar in the European Democracy Action plan, the annual Rule of Law assessment and a European Civil Society Strategy; enabling legal frameworks and creation of a European level playing field; access to public funding; monitoring and protection mechanisms at EU level.
- 7.5 It is essential to focus on the follow-up to the CoFoE's proposals in order to deliver on the citizens' demands. The EESC expects every European institution to commit with a constructive and ambitious approach, in accordance with its role and competences, in every step of the follow-up, including with legislative proposals. The EESC stands ready to play its role and ensure a proper follow-up of the Conference's outcome and if a Convention is organized the EESC must play a prominent role.
- 7.6 To rebuild confidence in enlargement and strengthen the ways in which the EU reaches out to its natural allies in the region, the EESC is convinced that the EU should clearly include the Western Balkans in the activities meant to implement the results of the CoFoE.
- 7.7 The war in Ukraine has pushed European common action and integration in key sectors such as defence and foreign policy, to extents that were hard to imagine a few months ago. The EESC welcomes the commitment expressed in the Versailles Declaration to increase the use of the European Peace Facility instrument and stresses that the EU should move towards a stronger political integration, which could support a common foreign policy. We call on the Member States to immediately start working on implementing a genuinely common and effective defence system

that would significantly strengthen Europe's ability to defend itself¹². Decision taken at EU level related to this should involve the European Parliament as the direct representative of the people in accordance with the Treaties.

- 7.8 The European Parliament, as well as the EESC, social partners and civil society organizations, must be involved in the contingency plans to counter the economic consequences of the war. In particular, in the design of the different items within the Repower EU strategy.
- 7.9 The EESC emphasizes the need to meet the challenges related to the active involvement of young people in society and policy and decision-making processes, considering that children and young people are the generation that will have to pay the huge public debt that countries are now creating to deal with the consequences of the pandemic and live with the consequences of the steps taken now to address climate change and the new security situation in Europe. Also, a coordinated European approach based on strong policy and legal frameworks is needed in order to break the intergenerational cycle of disadvantage. Reaching the ambitious target set to lift as many children and youth as possible out of poverty should be closely monitored.
- 7.10 The EESC stresses that gender equality and gender mainstreaming should be addressed in all facets of EU law making and implementation, especially because the pandemic and the downturn it created have exacerbated gender imbalances.
- 7.11 Any responses to exceptional conditions must not go against the rule of law nor endanger democracy, the separation of powers and the fundamental rights of European citizens. The new EU instruments to protect and promote fundamental rights and the rule of law (FRRL), for instance the Rule of Law Review Cycle and the mechanism for making EU funding conditional on respect for FRRL, need to be implemented. This must be taken into consideration particularly in sensitive temporary decisions, such as banning certain broadcasters, limiting the free mobility of people, or any other decision taken during both the pandemic and the war.
- 7.12 The EESC has recommended the adoption of a Europe-wide Charter of rural/urban rights and responsibilities and calls for the creation of a governance model for the Rural Pact that includes local governments as well as local businesses, both private and non-for-profit, working with local democratic and social partner structure to ensure that local voices are heard and that the long-term vision can be successfully implemented.
- 7.13 Regarding the European Green Deal, the EESC calls for putting in place strong governance structures to include all stakeholders in the design of EGD measures, including:
- creating a European Climate Pact Stakeholder Platform, composed of climate actors at all levels;
 - setting up an EU Climate Finance Forum to facilitate access to finance and remove barriers;
 - guaranteeing proper involvement of existing European social dialogue structures;
 - encouraging Member States to involve regional authorities, social partners, and civil society organisations in preparing national and regional just transition plans;

¹² <https://www.eesc.europa.eu/sites/default/files/files/qe-09-22-154-en-n.pdf> (p.34).

- engaging youth more structurally in the decision-making process on sustainability and including a youth delegate in the official EU delegation to COP meetings;
- structurally linking the 'Fit for 55' package to the UN Sustainable Development Goals;
- continuing to build on the success of joint EC/EESC work on the European Circular Economy Stakeholder Platform.

- 7.14 EU institutions should also recognize the fundamental role of civil society in disseminating a culture of FRRL and promote their participation in facilitating adequate communication of EU values and principles. Accordingly, the role of civil society in the Rule of Law Review Cycle must be strengthened, including with a stakeholder forum.
- 7.15 Moreover, the EESC deems it crucial to guarantee the involvement of civil society representatives, including the social partners, consumers' organisations and other concerned stakeholders, in shaping, implementing, and monitoring the Digital Decade policy programme and related national roadmaps.
- 7.16 The EESC invites the EC to keep better regulation as a priority and calls on the Commission, including all its services, and the EU legislators to constantly deepen and advance the EU better regulation system in all its aspects and systematically use the tools and guidelines for better regulation in their work.
- 7.17 The EESC stresses that, by default, the Commission should substantiate every legislative proposal with a fully developed impact assessment. The Commission should carry out proper impact assessments on any upcoming strategies too, so as to identify the impacts in an early stage and to better anticipate the joint effects of individual initiatives.
- 7.18 The EESC stresses that the better regulation instruments must remain policy-neutral and clearly separated from political decisionmaking, which is to be left to the designated and legitimate political bodies.

In the public consultation procedures related to the EC proposals, care must be taken to ensure and balance the input from various stakeholders. This requires reviewing the methodology to better reach civil society organisations at the EU and national levels. The EESC emphasizes that online procedures need to be complemented by a structured dialogue with civil society organisations in all phases of policymaking, including the implementation and evaluation phase.

- 7.19 The EESC calls on the Commission and especially the Joint Research Centre to involve the EESC fully in its foresight cycle and support it in screening existing foresight activities carried out by civil society organisations, trade unions and business associations.
- 7.20 The Committee also calls for continuous strengthening of cooperation in the ex-post evaluation work on various initiatives.
- 7.21 Both the pandemic and the current war in Ukraine have demonstrated the urgency of the need for further action at national and European level, to protect free and pluralistic media and quality independent journalism.

Brussels, 14 July 2022

Christa SCHWENG

The president of the European Economic and Social Committee
