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**RESOLUTION**

**European Economic and Social Committee's contribution
to the 2022 European Commission's work programme

based on the work of the

Ad hoc group on the "EESC contribution to the European Commission's 2022 work programme"**

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adopted by the European Economic and Social Committee
on 09 June 2021

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# At its plenary session of 09 and 10 June 2021 (meeting of 09 June), the European Economic and Social Committee adopted the following resolution by 175 votes with 2 abstentions.

# **Introduction**

## The EESC has noted that the European Commission's 2021 work programme shows that the six headline ambitions chosen by the Commission (A European Green Deal, A Europe fit for the digital age, an economy that works for people, A stronger Europe in the world, Promoting our European way of life and A new push for European democracy) provide a powerful framework for working out the work programmes. That is why the EESC has again built this resolution with its contribution to the Commission's 2022 work programme around these six headlines.

## The Committee assumes that, given the duration of the COVID-19 pandemic, putting the European economy on the right track for sustainable transition, growth and employment, and bringing prosperity to Europeans and European organisations and companies should remain the highest EU economic policy priorities over the next few years. Therefore, the need for recovery and reconstruction after the pandemic should again be fully and concretely extended in the Commission's work programme for 2022.

## The current situation in Europe with the pandemic is increasing poverty and inequality, and resources should be channelled where they are most needed in order to ensure opportunities, create quality employment, reduce poverty and exclusion, promote enterpreneurship and up- and re-skilling, and ensure access to quality services. As declared by the EU institutions, social partners, civil society organisations and Member States in the Social Summit in Porto in May 2021, both investment and reforms should be used to exit the economic and social crisis, reinforcing Europe's resilience to future shocks, based on inclusive and sustainable growth, decent work and social justice.

## It is precisely at this time that the Committee would like to emphasise that the EU, and therefore all EU policy, is and should be rooted in the EU's goals and values laid out in the Lisbon Treaty and the EU Charter of Fundamental Rights. This concerns the following values: human dignity, freedom, democracy, equality, rule of law and human rights. For the EESC, the work programme should focus on restructuring and improving our economy and society based on these values: unlocking the full potential of the Single Market; achieving the Sustainable Development Goals (SDGs); creating a circular economy and achieving climate neutrality in the EU by 2050 at the latest; and ensuring good governance and democratic accountability.

## The Committee is convinced that the major challenges we all face and the profound transitions in our economy, in how we deal with nature and the environment, and in our own lives, which are necessary for a truly sustainable world, will only succeed if citizens and their organisations are actively involved.

## The EESC notes with regret in its Resolution on the involvement of organised civil society in the National Recovery and Resilience Plans (NRRPs) that national administrations have only slightly involved organised civil society in drawing up their NRRPs. The importance and usefulness of the active involvement of civil society organisations in policy and policy implementation is also evident from the study published by the EESC on "The response of civil society organisations to face the COVID-19 pandemic and the consequent restrictive measures adopted in Europe", which we presented this spring[[1]](#footnote-2), and from the Civil Society Prize[[2]](#footnote-3) for the deployment of social actors during the pandemic.

## Therefore, we repeat our call to the Commission for these shortcomings to be corrected in the NRRP implementation and evaluation phases by establishing more formal procedures that facilitate real exchanges. The Committee therefore expects the Commission to recognise in its next year's work programme the key role of business, workers and civil society organisations in the implementation of the National Recovery and Facility Plans, their review process and their monitoring. In doing so, we assume that the 20 principles of the European Pillar of Social Rights (EPSR) guiding EU social policy will also be at the centre of the recovery strategy to ensure that the digital and green transitions are just and fair. Social partners' and civil society organisations' key role as co-designers of the future of Europe in the Conference on the Future of Europe also needs to be reflected in the Commission's activities.

## The Single Market remains the key driver of a competitive EU economy and as such is a vital enabler of the recovery and reconstruction of the economies of both individual Member States and the whole of the EU. The EESC points out that any obstacles need to be removed and an uninterrupted flow of goods, services, capital, data and people across borders ensured. It is crucial to restore freedoms of movement in the Single Market to pre-COVID conditions as soon as possible, deepen it in all areas, and focus on how robustness of supply and value chains should be further improved through business‑driven diversification.

## The EESC welcomes the adoption of the Recovery and Resilience Facility. Its practical implementation, however, is associated with some risks. There is already a delay in the ratification procedure for the Own resources decision[[3]](#footnote-4) that will allow the EU to borrow the necessary funds on the capital markets. The EESC is concerned about the lack of adequate information on the practical arrangements for issuing the necessary bonds that will finance the mechanism[[4]](#footnote-5). The coherence between the recommended flagship areas issued by the European Commission (EC) and the real thematic content of the National Recovery and Resilience Plans should also be closely monitored. There is a challenge that not all the Member States will recover at the same pace. The Commission needs to ensure swift approval of the plans presented, with the caution that any delay could result in a widening of the gap between Member States and within segments of each national economy.

## The EESC supports the Commission's communication on the fiscal policy response to the coronavirus pandemic[[5]](#footnote-6), where the EC sets out its intention to decide on a future deactivation of the general escape clause of the Stability and Growth Pact following an overall assessment of the state of the economy based on quantitative criteria, namely the level of economic activity in the EU or euro area compared to pre-crisis levels (2019). The EESC is aligned with the necessity to continue to apply the general escape clause in 2022 and also that a premature withdrawal of fiscal support should be avoided.

## To enhance the long-term benefits of the EU recovery plan, the EESC urges that the review process of the EU economic governance framework be resumed as soon as possible. Instead of a "return to normal", we demand a "turn" to 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 relaunch of EU productivity, a competitive social market economy and stable public finances. Such a framework should also avoid asymmetric effects in the Member States and stimulate productive investment by implementing, for example, a well-balanced golden rule.

## The Commission should also consider an extension of the Temporary State aid framework by the end of 2022. Thus, it will allow Member States to continue to use the full flexibility foreseen under State aid rules to support the economy in the context of the COVID-19 outbreak, while respecting competition rules, in order to avoid distortions in the single market. However, the EESC considers this regime to be extraordinary and temporary and that it has to be followed by a process of fiscal consolidation to improve the state of public finance in the Member States.

## The EESC notes that investment does not represent a Commission policy objective for its term up to 2024. To make sure we make optimal use of a historic EU financial effort and get out of this unique crisis, we urgently need a well-articulated European economic agenda and effective better regulation policies, as well as an acceleration in the roll-out of vaccines and fewer restrictions at internal EU borders. The EESC recommends including investment-based initiatives in its 2022 work programme, including the effort to mobilise private investment in favour of the future sustainable economic development of the EU[[6]](#footnote-7).

## The EESC endorses the proposal of the Commission to revise the Social Scoreboard to cover the Pillar more extensively as a key monitoring tool used in the European Semester. To this end, the Committee recommends adding new, improved, measurable and complementary social, economic and environmental indicators. These will contribute to tracking progress towards the Pillar principles in a more comprehensive manner and to monitoring the implementation of policy actions.

## Decent work should be the default option. The challenge of COVID-19 has shown the weakness of our social system, exacerbated inequalities and poverty, and taken our health and social systems to the brink of collapse. The EESC recommends, in order to create a better future for Europe, helping tackle the current crisis, and correcting the systemic issues that have worsened the pandemic effects, taking decisive action to combat poverty and promote decent work. If the opportunity is properly seized, the digital and green transitions offer an opportunity for more and better jobs, as long as social partners are involved, collective bargaining respected and strengthened, and workers' views (information, consultation and participation) involved in the process.

## The EESC believes that it is also the right moment to learn the lessons from the pandemic and to make sure that policies are put in place to prepare for future comparable shocks as well as new opportunities seized for supporting the renewal of industry. The crisis has clearly shown the importance of Europe's industries, including a strong manufacturing sector, for strengthening the EU's economic foundations and reducing its excessive and critical dependence on external suppliers. An effective industrial strategy must thus remain at the heart of the EU recovery programme. Relevant attention should be also paid to the protection of EU strategic assets and investment (vis-a-vis some third countries), as robust changes in ownership structures after the COVID crisis are expected.

# **The European Green Deal**

## Despite the turbulence linked to the global challenge of COVID-19, efforts towards a more sustainable and socially inclusive economic model, the Sustainable Development Goals and, in particular, the transition to a green model of growth will and must continue. The transition to the European Green Deal creates a particular opportunity for the development of businesses based on the social economy model. Innovative and entrepreneurial businesses are key to creating successful and smart solutions to the existential challenge of climate change.

## While the promotion of employment and skills, smooth transitions and dynamic social dialogue are also important elements, a Social Deal as an essential part of a new Green Deal certainly does not only relate to "work". It is about income, social security and fiscal support for all who need it, including those who do not have access to work at all. Thus, the inclusion of all civil society actors has to be shared and a matter of common concern (i.e. inclusion of the most vulnerable groups has to be considered).

## The EU can only lead as global role model in climate protection if we manage the green transition while maintaining competitive value chains, jobs and companies. Companies must be supported in their transformation, not only with financial instruments, but also by enabling new sustainable business models – otherwise they will lose their competitiveness. A balance between entrepreneurial freedom and stricter regulation has to be struck in order to incentivise innovation, minimise the additional administrative burden and avoid potential market distortions.

## The transition towards a more sustainable and resilient economy is more important than ever. The necessary financial resources need to be redirected towards sustainable investment with a long-term approach, which takes into account economic, environmental, social and governance aspects. Building on the work already done and the renewed strategy for sustainable finance, announced by the Commission in the context of the European Green Deal and to be adopted in the first half of 2021, efforts need to be continued to establish and reinforce the EU's sustainable finance framework in a harmonised way that is supported by all actors, including financial institutions, companies, citizens and authorities. The EESC stresses the importance of also financing the "sustainable transformation" of our economy. A positive approach that provides incentives will allow all sectors and industries to undergo a transformation and to contribute to the transition. The different starting points and challenges regarding the transformation that companies, sectors and regions face, should be also taken into account.

## To achieve the Green Deal's production and consumption objectives, in 2022 the Commission should continue its valuable work on the transition to the circular economy through its 2020 Action Plan, in particular on:

* + designing sustainable products, with a view to re-industrialising Europe;
	+ supporting an enabling environment for companies to adapt their business models and improving investment predictability;
	+ empowering consumers and public buyers, especially by strengthening circular procurement;
	+ making key product chains circular;
	+ further developing an EU market for secondary raw materials;
	+ continuing the monitoring of the circular economy through the European Semester and the Monitoring Framework, and re-assessing the indicators on resource use;
	+ improving enforcement of EU waste legislation by Member States.

The EESC and the Commission should continue to build on the success of their joint work on the European Circular Economy Stakeholder Platform, bringing together stakeholders' good practices, lessons learnt, and research and strategies for a fair and just transition.

In 2022, the Commission should continue to develop the European Climate Pact to ensure that the Pact is based on genuine participation and ownership by local climate actors and is a vehicle for delivering on the EU's climate ambitions. The EESC has also called for the creation of a European Climate Pact Stakeholder Platform, based on the principles of inclusiveness, transparency and genuine participation and ownership by climate actors at all levels. Setting up an EU Climate Finance Forum as part of the Pact would stimulate truly mutual learning processes and access to finance and remove barriers.

## Moreover, the youth engagement mechanism on climate and sustainability, like the Youth Climate and Sustainability Round Tables proposed by the EESC, should be an integral part of this pact, facilitated by youth organisations.

## The Commission's choice to increase the greenhouse gas emissions reduction target for 2030 to 55% is largely in line with the Committee's opinions. Working with net zero from the intermediate targets is only possible on condition that the integrity of the system, including the precise calculation of emissions and absorption of carbon, is guaranteed. The EESC believes it is very important that citizens and social partners be able to know how the emission target goals can be achieved and what this means for their work and life. This is essential for support for all the measures to be taken. Therefore measures should be taken to guarantee that the risks and opportunities are shared equally to ensure certainty and stability. The EU must ensure that its trade policy and its trade agreements are consistent with its climate ambitions; the Commission should therefore pay special attention to the possible consequences for low-income third-country citizens.

## The Commission's Farm to Fork and Biodiversity Strategies are at the heart of the European Green Deal. Turning these strategies into meaningful and timely actions is now crucial. Structured and broad civil society participation in the implementation of these strategies must be ensured, for example via a European Food Policy Council, as called for by the EESC.

## In 2022, the Commission should start preparations for its proposal for a legislative framework for sustainable food systems, foreseen for publication in 2023. The legislative framework should ensure a comprehensive approach and include clear targets, indicators and a robust monitoring mechanism. The EESC has recommended the development of an EU sustainable food scoreboard, which would allow food system challenges to be addressed through a multi-year approach, thereby promoting policy alignment at different levels of governance. The scoreboard would provide indicators and would thus encourage and monitor progress towards meeting the targets that have been set.

## The Common Agricultural Policy (CAP) and Common Fisheries Policies (CFP) should also make a significant contribution to the European Green Deal, especially with regard to the Farm to Fork and Biodiversity Strategies, setting higher ambitions for environmental and climate action, striving for more sustainable and resilient food systems and ensuring that the social dimension is properly taken into account. Globally, a level-playing field must be secured for all agri-sea-food industries so that EU sustainable production is neither externalised nor negatively affected by imports from countries with lower environmental, social, health and quality standards, particularly in light of the economic and trade disruptions created by the COVID-19 crisis. Likewise, social sustainability must play a key role also in the CAP, and a system of social conditionality should be considered to ensure that European funds are not used when labour and human rights abuses are present and that agricultural workers enjoy the highest standards of labour and social protection.

## The Committee supports the EU’s zero pollution ambition to secure healthy ecosystems and a healthy living environment for Europeans. To this end, the Commission will adopt in 2021 the action plan entitled "Towards a Zero Pollution Ambition for air, water and soil – building a Healthier Planet for Healthier People". The EESC is looking forward to exploring the proposed instruments and timetable for the implementation of this action plan.

## The EESC calls on the Commission to put in place concrete support measures for a successful transition, in the form of lead markets for green steel, temporary financial support for low-carbon processes, and investment in the hydrogen, carbon capture, storage and usage infrastructure, as well as overall rethinking of state aid and competition rules accordingly. It is also necessary to promote the transition of the banking and financial sector to further focus support on sustainable and innovative projects.

## The EESC welcomes the fact that the Commission's new transport strategy is focused on Sustainable and Smart Mobility and is integrated into the European Green Deal. However, as the single market and social issues are key enablers for the transition to a more sustainable and smart mobility, the EESC would like to see them reinforced in the upcoming measures.

## The EESC supports making all transport modes more sustainable and promoting a sustainable multimodal transport system, based on cooperation between the modes and on optimised environmental characteristics and the social sustainability of each mode. At the same time, a comprehensive approach on how this can be achieved is necessary. A successful EU mobility strategy must also go hand in hand with strengthening the competitiveness of the transport sector as a whole and the EU's related industrial base. While the unprecedented COVID‑19 pandemic has demonstrated the vital importance of a well-functioning transport single market and of sustainable supply chains, the EESC also underlines that the COVID-19 crisis requires a clear distinction between the recovery phase of the aviation sector in the short term, while securing the sector's necessary contribution to the emissions reduction targets for greenhouse gases as well as international competitiveness, and a level playing field in the medium to long term.

## The Commission should continue development of the Energy Union, through annual reporting on the State of the Energy Union and supporting Member States in the implementation of National Energy and Climate Plans. More attention should be given to how to place citizens at the centre of the energy transition. Supporting community energy and empowering consumers, local ownership and regional development, and assessing the adequacy of just transition strategies should feature high on the list of the political priorities of the Commission.

## Already in 2021, the Commission is putting forward a dense and ambitious programme of legislative initiatives to decarbonise the energy sector, particularly under the "Fit for 55" package. In 2022, the Commission should continue pursuing the integration of the energy system, clarifying how to reach security of supply using low-carbon or carbon-free energy sources, also with regard to the public sector's role. A business-friendly approach is needed to the green transition, underpinning the Green Deal and its new targets with a credible industrial strategy to turn it into a real driver of growth, ensuring that the sustainable finance agenda also allows the financing of transition technologies, infrastructure and activities, taking into account industrial competitiveness.

## Achieving climate neutrality will not be an easy task for Europe. Decarbonising the industry will place a burden on energy-intensive companies (steel, cement, chemical sectors) with high-energy costs, while simultaneously imposing massive structural change on the industrial, transport and energy sectors, risking economic disadvantage in a competitive global market. To preserve competitiveness, a comprehensive energy turnaround is needed, providing security of supply for businesses and households, without pushing up prices, while increasing both network connectivity and storage capacity. Hydrogen will play a key role in this process. Relevant applications need to be developed as a priority.

## The EESC believes it is very important to reduce energy dependence. Therefore, measures should be taken to reduce energy imports and eliminate subsidies for energy sources that are harmful to the climate and the environment, and the European Union should take on a leadership role in renewable energy, energy efficiency and electromobility. However, social consensus should be a priority, particularly considering that some EU regions which are still dependent on coal mining or the use of other fossil fuels are still far from completing the transition to sustainability, and that the incomes of the people living there are lower than those of people in other Member States, and their economic opportunities fewer. Failure to provide adequate answers to the negative impact of the energy transition on people and businesses, particularly SMEs, and the inability to provide adequate support to those hardest hit can lead to strong political and social resistance and slow down the overall process of implementing national energy and climate plans.

## The EESC would point out that establishing a clean hydrogen economy in Europe is just one strand of the strategy seeking to link up the EU's various energy sectors more effectively. Due to high production and transport costs, clean hydrogen should be used only in cases where other decarbonisation options are not possible, for example in sectors where it is difficult to reduce carbon emissions or in some very specific applications in the transport and construction sectors. The EESC stresses that if clean hydrogen is to take off, European funds should not subsidise fossil fuels, and it calls on the Commission to apply the "do no harm" principle to all public funding under the MFF, InvestEU, the EU Recovery Fund and State aid.

## The EESC takes the view that, given the Renovation Wave strategy's specific nature and its trajectory up to 2050, it needs to be set within a clear, stable and tailored legal and financial framework. The Commission should put in place incentives for the development, at local level, of the industrialisation and mass roll-out of energy-efficiency renovation processes.

## The EESC recalls that the Western Balkans are highly sensitive to the impact of climate change, resulting in damage to general health and the economy, and urgent action is needed to improve quality of life for their citizens, especially children and young people, by means of a just transition to a greener model, bearing in mind the "no one should be left behind" principle. The EESC supports the Green Agenda for the Western Balkans and calls for future action for a greener Western Balkans to be adapted to the region's specific challenges and needs, including an adequate regulatory framework, cross-border activities, innovative technological solutions, locally produced and consumed energy and energy efficiency, sustainable urban transport, road and rail networks, public and private engagement, ICT and fast internet deployment, agri-food measures, etc.

## The EESC wholeheartedly supports the European Commission working with EU Member States to promote key competences, knowledge and perspectives facilitating lifelong learning. We need to put quality jobs and working conditions at the core of EU strategy, enhancing the importance of know-how and its continuous implementation through a system of education, training, the right to life-long learning, which needs to be implemented by assuring access opportunities, and concrete examples of possible individual learning accounts. This will equip people to deal with changes required in the context of the digital and green transitions, to ensure that nobody is left behind. The EESC calls on the Commission to initiate social dialogue on individual learning accounts and to develop an EU-level green skills and competences strategy in line with the European Green Deal.

# **A Europe fit for the digital age**

## The coronavirus crisis is showing that the digital revolution is an important part of increasing our societies' crisis resilience. Investing in digitalisation of essential services and increasing the ability of governments, legislators and public institutions to deliver their services during a crisis is paramount. At the same time, we have to realise that digital technologies are a tool, not an end goal. We need an efficient European framework to ensure full accessibility for EU citizens and equal opportunities for all, and to steer it towards high sustainability standards, including strong democratic and technological safeguards, accompanied by cost and knowledge support measures that leave no one behind.

## The EESC notes that bringing the EU to the digital forefront requires the EU to allocate considerable funding to research and innovation, and to facilitate cooperation between businesses, researchers, the public sector and other stakeholders.

## The pandemic has accelerated the digital transition, highlighting the need to address challenges like work-life balance as well as the health and safety of workers. Social dialogue at European, national and industry levels is a useful tool for examining whether and to what extent employees' health and their private lives require additional protection at a time of ubiquitous digital mobile communication, and which measures are appropriate in this regard, including an EU-level evaluation of the so-called "right to disconnect".

## The Commission should work together with the Member States to eliminate the differences between standard and non-standard workers/atypical workers, clearly differentiating between the real and the bogus self-employed. Every worker, determined as such by both national law and the case law of the CJEU, should be equally protected, regardless of whether or not they work for a digital platform, and their right to collective bargaining and representation and the safeguarding of working conditions and health should be recognised, whilst respecting the different industrial relations systems.

## The digital transition should contribute to productivity gains, and also to improving education and promoting the political, social and cultural participation of everyone living in the EU. The EESC calls for special attention to be paid to older people, people with disabilities, people at risk of social exclusion and other vulnerable groups to avoid a digital divide. Therefore, one of the objectives of the digital transition should be to establish universal access to broadband internet as a public service free of charge for all EU residents, especially when we take into account the fact that there is currently very uneven coverage and that this is particularly damaging to rural areas (SMEs and citizens).

## People, with their knowledge, skills and competences, play a crucial role in the global race. The demographic situation is hampering the availability of workforce and, on top of that, there is an increasing qualitative skills gap. The EESC calls for an urgent development in education and training to meet the demands of the Artificial Intelligence (AI) era, including by ensuring a firm basis in basic skills and STEM competences. Upskilling, reskilling and continuous learning – accompanied by adaptability and resilience – is a necessity to ensure everyone is able to respond to changes in the labour market and in everyday life.

## Considering the rapid technological progress outside the EU, the latter needs to step up its efforts to improve its own competitiveness. This applies to a wide range of technologies, many of which respond to societal needs such as food, water, energy, mobility and housing. The development and uptake of AI and other digital technologies is the most relevant example here, as such technologies have a transformational impact across the whole economy and across society.

## It is important to preserve the European model of rights, standards and consumer policies. This is what makes the EU unique. For instance, in the area of digitalisation the EU ethical code on AI separates the EU view of "human-in-command" from that of other regions. This approach, based on fundamental rights and freedoms (for example, it must be ensured that gender, race, etc. have no influence on decisions made by AI), is part of the EU model and should, in the EESC's view, be preserved despite the tougher competitive climate emerging right now.

## The EESC calls on the Commission to keep competitiveness and workers' interests at the core of the digital transition, by maintaining a strong focus on industrial relations and the future of industrial jobs, and to foster the just transition and a people-centred approach to these changes. An ambitious industrial strategy is essential to ensuring the success of the twin green and digital transitions. The digital transformation of our economies and societies must be supported by an incentivising investment climate and by developing trusted conditions for the safe deployment and use of new technologies.

## The EESC notes that social policy should encourage skills-related investment, better supporting national labour market and social security reforms, and ensure that the European pillar of social rights promotes economic growth and facilitates job creation.

## For the Committee, the European regulatory framework must ensure the removal of barriers to online transactions, while ensuring the protection of privacy and personal data and ensuring cybersecurity. In addition, tackling the fragmentation of the digital single market should remain one of the priorities, with a particular focus on SMEs and micro-enterprises.

## In the view of Committee, the implementation and monitoring of a regulatory framework for AI should be a priority. Civil society should be involved in this process and draw the attention of policy-makers to new issues that may emerge in this context. This includes limiting possible technological shifts, the risks of exclusion and the EU's dependence on digital giants. The digital single market must leave no one behind. This means, on the one hand, better accessibility, understanding and use of digital tools and, on the other hand, improving skills and training in digital technologies.

## The EESC welcomes the New Transatlantic Agenda and its efforts to strengthen the transatlantic partnership. The unprecedented COVID-19 context clearly demonstrated that the digital economy is transforming our societies and economies, and that technology must be a high priority in the renewed EU-US cooperation. The EESC therefore supports the creation of the Technology and Trade Council (TTC), and calls for strong involvement of civil society in future efforts to create a structured transatlantic framework on policy and regulatory principles, including foundations for a future EU-US agreement on digital trade.

## Digitalisation will continue to present challenges and opportunities for the European financial system. In 2021, the Committee supported the Commission's Digital Finance Strategy and the legislative proposals stemming from it. The EESC calls on the Commission to continue these efforts in 2022 in order to address the challenges adequately and to seize the opportunities of digital finance for the benefit of all stakeholders. This would support the digital transformation of the European economy by contributing to innovation-friendly and competitive financial markets.

## Welcoming the fact that digitalisation and automation can substantially contribute to more sustainable ("green") transport, the EESC calls for the Commission to ensure a just transition to automation and digitalisation that "leaves no one behind". The Commission should ensure that the twin green and digital transitions of the sector run smoothly and in an economically, socially and environmentally balanced way.

# **An economy that works for people**

## The COVID-19 pandemic has been laying waste the European economy and wreaking havoc in society, with rising unemployment and inequalities as a consequence. A strong economic base and value creation are key to generating sustainable development and maintaining the ambitious European social model. Social policies need to go hand in hand with policies that boost economic development, recognising their mutual purpose for the common good. Job creation, skills development and inclusive labour markets are the best recipe for preventing inequalities and exclusion and for enhancing societal stability. Economic and social progress is thus firmly intertwined. Economic performance and prosperity are fundamental. To achieve a quick recovery, all the relevant tools must be mobilised (fiscal, monetary, structural, pro-investment supportive, regulatory and financial). The process of recovery has to respect social needs and be regionally even and balanced.

## Beyond economic and environmental issues, the social agenda must drive the EU's work programme in 2022. This means the Commission's commitment to a social and sustainable Europe should be a priority, while also considering possible new indicators for economic progress that go beyond GDP, for example quality of life, environmental sustainability, social cohesion, health and the overall well-being of current and future generations. Civil society organisations play an important role in this regard. There is an opportunity in promoting social innovation as a model for recovery through co-creation, co-design and co-production. In a complex social landscape with massive societal challenges, the only way to reach successful recovery is to mobilise all resources in society, acting in a cross-sectoral and multi-disciplinary manner in order to identify joint solutions to common challenges. Organised civil society is a catalyst for social innovation.

## The EESC welcomes the European Pillar of Social Rights Action Plan and believes that in 2022 tangible measures in relation to sustainable development and social cohesion should be taken to enable European citizens to access essential services of good quality. The EESC urges the Commission to consider different options regarding the question of a minimum income in Europe to better address Europeans' situation, particularly when facing the dire economic prospects of the pandemic and its aftermath.

## The European Commission should focus on the regaining of jobs and the fight against inequality and poverty in the recovery process and pay particular attention to supporting vulnerable groups such as atypical workers, children in poverty, persons with disabilities, people in marginalised areas and people with a migrant or ethnic minority background through active and inclusive policies. Poverty in general and in-work poverty are still a significant problem in many Member States. Therefore ensuring that jobs pay an adequate wage is essential to guaranteeing adequate working and living conditions. A comprehensive approach is needed at EU and Member State level to tackle these concerns, including support for effective active inclusion schemes, accompanied by essential and enabling social services.

## The pandemic has exacerbated unpaid domestic and care work by women and domestic violence against them. The European Commission should propose a "Care deal for Europe" to help relieve women of these unpaid tasks and propose ambitious measures to counter this type of violence.

## The EESC strives to strengthen the role of civil society organisations in its partner countries, in particular that of social partners, in all areas, but especially in the economic and social fields. Stability is indispensable in order to overcome the crisis and stability is not possible without the involvement of social partners in the process of decision-making in the area of the economy, and the active involvement of business associations in the legislative process, reforms and the implementation thereof. Cooperation between the social partners and other civil society organisations is a driving force for successful, sustainable and inclusive economic, employment and social inclusion policies. The Commission should recognise this essential role by improving social and civil dialogue equally.

## Entrepreneurship in all its forms and sectors (including tourism, industry, the platform economy, social economy and the liberal professions) is essential for economic growth, innovation, employment and social inclusion. It is therefore important to identify the difficulties faced by SMEs (especially very small businesses often of a family nature) when accessing the Single Market and to provide effective and better-targeted responses to them. Social entrepreneurship deserves particular attention, given the role that this form of entrepreneurship can play in overcoming the crisis and in ensuring a fair and sustainable economic recovery.

## Europe is in a transition towards climate neutrality and digitalisation. These green and digital transitions involve new technologies, and therefore investment and innovation, and will lead to new types of jobs and new skills. Industrial policy should therefore have a strong social dimension, because quality jobs, social protection and efficient public services create an enabling environment for industrial activities to flourish.

## 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 become real players in the green and digital transitions and help them make more responsible and informed choices.

## It is essential to closely monitor new forms of consumption and production, taking into account the need to integrate environmental concerns and consumer and labour protection, as well as growth and employment aspects. The circular economy is helping the move towards more sustainable production and consumption patterns.

## Enterprises are the cornerstone of a viable Europe. The European economy has to be more innovative and resilient. It constantly requires further improvements to the business environment. Good regulation is a cost-efficient way of supporting the recovery. The principles of better regulation, competitiveness checks as well as the European pillar of social rights and environmental sustainability should be guaranteed when introducing any new policy measures. The need for a favourable business environment applies to regulation, taxation and allocation of public financing alike, keeping in mind that investment in innovation lays the foundations for European success. Modern industrial policy requires a comprehensive approach that aims to strengthen the competitiveness of EU enterprises across all policy areas. Investment in future-proof infrastructure is a necessity for the operability of the single market. Removing double taxation and digitalising and simplifying tax systems, particularly in the VAT area, would also contribute to investment and trade.

## The Recovery and Resilience Facility regulation confirms the importance of genuine civil society involvement in the development of National Recovery and Resilience Plans, within the framework of the European Semester. The EESC calls for the establishment of binding conditionality for such consultation, as involvement varies between countries and regions, also as regards other instruments under the Multiannual Financial Framework, on the basis of minimum standards defined at EU level.

## To avoid cliff-edge effects on the economy, prevent a return to austerity measures and enhance the long-term benefits of the EU recovery plan, the EESC urges that the process of reviewing the EU economic governance framework be resumed as soon as possible. Instead of a "return to normal", we demand a "turn" to 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. Such a framework should also avoid asymmetric effects in the Member States and stimulate productive investment by implementing, for example, a well-balanced golden rule. In any case, the general escape clause of the Stability and Growth Pact should stay activated until unemployment falls significantly and growth is established on a firm upwards trajectory, with modernised fiscal rules coming into effect afterwards.

## The Committee calls for efforts to be stepped up to complete the Banking Union, a long overdue project. European banks will continue to play a vital role in the economic recovery from the COVID‑19 crisis, supporting the economy and employment. A fully-fledged Banking Union would also contribute to social inclusion and to the achievement of the sustainable development goals, which is vital to ensuring Europe's future competitiveness. The Committee stresses the need for further increasing the proportionality of banking rules, without sacrificing the effectiveness of prudential rules. The EESC considers it crucial that the diverse landscape of the European banking sector be taken into account when bank prudential rules are reviewed.

## The Capital Markets Union (CMU) should also remain high on the agenda. The Committee supported the initiatives outlined in the 2020 Capital Markets Union action plan. The Committee calls for real support from Member States to achieve the goals of the CMU and emphasises that initiatives that are strategic for the financing of Europe's economy and the climate and digital transitions should be given special attention. The Committee considers that best national practices should be promoted in order to improve the financial literacy of Europeans, a prerequisite for making better use of the high level of savings in Europe. Furthermore, the EESC stresses that taking into account environmental, social and governance (ESG) considerations should be further promoted, and the EESC therefore highlights the need for investors to be able to access reliable ESG-data.

## The EESC strongly believes that, in the context of the digitalisation of the economy, any changes to the rules for allocating taxation rights relating to profits among countries must be coordinated globally and therefore welcomes the close cooperation between the Commission, Member States and the OECD/G20 to support the development of an international solution. If an international solution cannot be reached, the EU must consider proceeding on its own. The fight against tax fraud and tax evasion as well as against money laundering and aggressive fiscal planning must remain high on the agenda.

## Cohesion policy will play a key role in ensuring a balanced and effective recovery, fostering convergence, combating inequalities and making sure that no one is left behind. It is important that the various resources of the cohesion funds from the 2021-2027 programming period be spent effectively and in a timely manner so that real recovery is accomplished. In order to recover from the crisis and to enhance resilience and sustainability, equal and fair distribution needs to be prioritised. Territorial cohesion will also aim for more balanced and sustainable development, in accordance with the territory where one lives. The focus of EU cohesion policy in the 2021-2027 period should remain on economic competitiveness through research and innovation and the digital transition, as well as the European Green Deal Agenda and the Sustainable Development Goals.

## In the transport sector, the retention of quality jobs and appropriate working conditions are key requirements for retaining a skilled workforce, without which sustainable competitiveness cannot be secured. Quality jobs and appropriate working conditions should be maintained, and the recruitment and training of a qualified workforce should continue. The Committee welcomes the Commission's ongoing initiatives concerning "women and transport" and calls for even more action to be taken in order to achieve gender equality in the sector.

## The EESC invites the Commission to establish, under the Renovation wave strategy, a new "Erasmus for energy-efficiency renovation 2050", so as to attract young people in Europe to new jobs in the construction industry.

## The Social Scoreboard should regularly monitor progress in the implementation of the Pillar in both the JER and the country reports. It should work in an integrated manner with the already existing Employment Performance Monitor (EPM) and Social Protection Performance Monitor (SPPM) developed by the MS. The 14 scoreboard indicators and sub-indicators (35 in all) should be subject to continuous revision, involving the social partners and civil society organisations, to adapt them to the political objectives and changing socio-economic situations in Europe.

## A new European Semester should achieve social objectives in the framework of social imbalance monitoring to rebalance the predominance of fiscal and macroeconomic requirements. The Social Scoreboard should monitor and target all of the Pillar's rights and principles and include improved and new measurable indicators. Such indicators could include, besides statistics, real access to quality‑based social services, enforceable social rights, social and labour integration of migrants, collective bargaining coverage, participation of social stakeholders in the Semester process and access to apprenticeships and quality higher education. The Commission should monitor implementation of the national reform plans in close cooperation with the social partners and relevant civil society organisations, thereby promoting social country-specific recommendations. The number and structure of recommendations should be appropriate and monitor progress made on the priorities indicated in the roadmap.

## The involvement of the social partners should be strengthened in line with the provisions of the TFEU, enabling them to be consulted on the design and implementation of economic, employment and social policies, according to national practice. Timely and meaningful involvement of the social partners is essential to improve engagement in policies, thereby facilitating their successful implementation in a way that balances the interests of workers and employers. Cooperation between social partners can be a driving force for successful, sustainable and inclusive economic, employment and social inclusion policies. Consultation of the social partners should be strengthened by improving implementation of the EU framework on information, consultation and participation, particularly in restructuring processes[[7]](#footnote-8).

# **A stronger Europe in the world**

## The EESC considers that, under the preconditions of the European Green Deal and Sustainable Development Goals, social cohesion, economic upward convergence and the promotion of competitiveness and innovation should be the basis on which the euro area's economy gathers pace and supports a stronger international role for the euro in the coming period. This requires inter alia the completion of the Economic and Monetary Union and the Banking Union, as well as additional measures to deepen the European financial sector, including a stronger European financial market infrastructure and solid interest rate benchmarks. The promotion of wider use of the euro in strategic sectors is also crucial in contributing to an increased international role for the euro. To this end, Member States are urged to take a more unified approach in international diplomacy and a more pro‑active stance to promote the EU's interests in such sectors, which could result in enhanced trade opportunities.

## As far as enlargement policy is concerned, the EESC's expectation is that the next country reports should follow a clear structure for monitoring how civil society is dealt with by Western Balkan governments. The EESC firmly believes that the EU should also invest in developing horizontal civil society structures by providing social partners and other civil society organisations from the Western Balkans with expertise, technical support, and regional and international networking opportunities, not least for the purpose of ensuring that they have a more active role in the enlargement process. To keep a check on the transparency and accountability of Western Balkan political elites, the EU should commission regular "shadow" reports on the state of democracy from civil society organisations in the region.

## 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 allow political leaders and citizens from the Western Balkans to join the activities and discussions held in the context of the Conference on the Future of Europe (CoFoE), on a consultative basis. The EU institutions can draw on local civil society resources and enlist the help of EU delegations in the region to mobilise citizens in the Western Balkan partners, giving them the chance to join the platforms on which EU citizens will have exchanges during the CoFoE.

## As regards the Eastern Partnership, the Committee believes that the EU is, first of all, a union of values; thus its relations with its neighbours should also be based upon the same values and become conditional. The Committee commits to remaining highly involved in building stronger and more democratic societies in the neighbouring countries, in which civil society organisations can operate freely.

## In the context of deteriorating EU-Russia relations, the EESC calls upon the Commission to continue to support relations with Russian civil society.

## Building the means for civil society to play its part on the global scene: the EESC calls on the Commission to continue reflexion on how to strengthen the role of domestic advisory groups (DAGs). It is essential to secure adequate means and resources to help them deliver on their monitoring and advice functions, notably in light of the new generation of DAGs, whose scope will be much wider. The EESC will okay its part in this support. We expect that the 2022 Commission work programme will capture the need for DG Trade to implement some of the recommendations resulting from enhanced constructive debates with the EESC and DAGs in 2021. The WTO has recently increased its engagement with civil society beyond the annual public forums, and these efforts contribute significantly to greater effectiveness and democracy in the multilateral trade system. However, there remains substantive room for improvement. The EESC is looking forward to developments following the Commission's commitment to boosting the voice of civil society at multilateral level, notably Action 6 of the recent Ottawa Group 6-point action plan.

## The EU is a key player when it comes to international trade. It must behave like one when it comes to negotiating trade deals with international partners, in this way maintaining its leading role in setting up an economic agenda, promoting here its core principles, social and labour standards and values (rule of law, fundamental rights and democratic principles). The conclusion of ongoing negotiations, the ratification and implementation of finalised agreements and the launch of new negotiations are all required to make use of global opportunities. The EU also needs to contribute to strengthening multilateralism and support the role and modernisation of the WTO.

## The EESC believes that the EU must become autonomous in the development of a European data infrastructure and new digital technologies. Between China and the United States, the EU must stand on its own and invest in the technology of the next generation. The EU has to develop its own vision and strategy for digital sovereignty, while remaining open to free trade and supporting the multilateral system. Strategically it should focus on getting its infrastructure, cybersecurity, cloud, key enabling technology and data in place and convince global partners through the quality of its standards and products. Ensuring food security, a strong food supply chain and agri-food sustainability for the EU should also remain one of the Commission's priorities.

## The EESC proposes that EU trade, investment and economic agreements should:

* + incorporate social, labour and sustainable development standards into the rules of the WTO and other UN-related agencies and in this way contribute substantially to the construction of a new fair economic and commercial order and just smart globalisation;
	+ include a chapter containing clauses dealing with tax offences, money laundering and aggressive tax planning and for cooperation between tax authorities;
	+ include a Human Rights and Due Diligence mechanism to ensure respect of labour standards and sanctions against labour rights violations'[[8]](#footnote-9). This mechanism should be based on agreed standards enforced by proportionate, effective and dissuasive sanctions, and introduced by binding legislation containing clear definitions of the rights and proportionate reporting requirements;
	+ incorporate the full and real involvement of civil society organisations and social partners in the negotiation process and in the next phases of the monitoring and impact evaluation of the effects of the agreements (Domestic Advisory Groups).

## The Committee urges that the EU work actively with the United States to achieve the Paris climate goals, as the United States is once again active in the climate field. Especially now that the relationship with China is becoming more problematic due to Chinese domestic and foreign politics, a strong EU‑US bond is of great importance, not only in the area of climate.

## The EESC recognises that the EU-China Strategic Partnership is under pressure due to the deteriorating situation in Hong Kong, the shrinking space for civil society and the human rights situation in China, in particular as regards the Uighurs. The Committee therefore calls on the Commission to make use of all possible diplomatic and political possibilities to improve the situation of the citizens of Hong Kong and minorities in China. In this context, the EESC requires that as soon as possible the Commission make a proposal to establish an EU-unique strategy (in full coherence with European policies on transport, competition, investment, human and labour rights, safety, etc.), to respond with a different initiative in the EU Member States linked to the Belt and Road Initiative.

## The EESC endorses the need for "Stepping up international action for climate resilience", as the Commission puts it. In doing so, we must keep in mind that outside the EU, least developed countries and small island developing states are hit hardest by the impact of climate change. That is why we insist, as part of the EU-Africa Partnership Strategy, that the EU work with the most endangered countries in Africa because, as the Commission rightly quotes the World Bank: in Sub-Saharan Africa alone, climate change may trigger the migration of up to 70 million people by 2050.

## The Mediterranean area will have to return to being the neuralgic centre of Europe as it has been for centuries, an area dedicated to the exchange of people, goods and cultures. The EESC calls for the strategic role of the Mediterranean to be re-established to enable a neighbourhood policy capable of ensuring peace processes and sustainable economic, environmental and social development.

# **Promoting our European way of life**

## A vibrant civil society is at the heart of the European Union. Our way of life is characterised by a sense of fairness, justice and solidarity, and an understanding of the need to contribute to the common good for the benefit of all. Considering the fact that the COVID-19 crisis has had a particularly negative impact on certain societal groups such as women, youth and mobile EU citizens, who have been experiencing a "double lockdown", it is now more important than ever for civil society organisations to play a central role in contributing to strengthening this way of life and they should be regarded as allies in protecting, promoting and preserving our way of life based on inclusiveness and respect for others. Therefore, the EESC asks the Commission to give civil society organisations proper, targeted support and recognition and, in this way, preserve the civic space and democratic right to association that is essential to our way of life.

## One of the main lessons of the coronavirus crisis is that health systems in almost every European country need to be strengthened, focusing on prevention and guaranteeing access for all to public health structures, basic health services including vaccines, and long-term care. The situation of people in care facilities requires particular and urgent attention. While the responsibility for health care is a national responsibility, the spread of the virus is not bound by borders and requires common responses at European level.

## The European Commission should focus on the regaining of jobs and the fight against inequality and poverty in the recovery process, and pay particular attention to supporting vulnerable groups, such as children in poverty, persons with disabilities, atypical workers, people in marginalised areas, migrants and ethnic minorities, through active and inclusive policies. Poverty in general and in-work poverty are still significant problems in many Member States. A comprehensive approach is needed at EU and Member State level to tackle these concerns, including support for effective active inclusion schemes, accompanied by essential and enabling social services.

## A special focus needs to be on children and youth: this is the generation that will pay the huge public debt that countries are now creating to deal with the consequences of the pandemic. We cannot fail to consider the challenges related to their active involvement in society as well as on the labour market.

## Migration remains a priority issue due to its impact on EU society and the EU economy (employment, integration, border control and the fight against racism, xenophobia, populism and discrimination). The COVID-19 pandemic is exacerbating migrants' vulnerability due to personal, social, situational and structural factors, as was the case in past economic crises. There is a need to develop more sustainable and safe legal pathways for entering the EU and to pay attention to the efficient use of mechanisms that already exist, balancing the current asylum system between security and solidarity. Besides, it is key to debunk fake news and false perceptions and to combat hate speech and political discourse against migrants. This will also help fight racism, radicalisation, xenophobia and discrimination.

## The transatlantic partnership is based on our historically shared and common values. It is key in tackling global challenges and preserving international order. The EESC calls for the European Union to use the renewed transatlantic partnership to face the current global unprecedented challenges, including the rise of China and other global actors who do not align their actions with the same democratic principles. It also calls for full EU involvement in the upcoming Summit for democracy announced by President Biden and the strong involvement of civil society.

# **A new push for European democracy**

## The way the EU legislates ("better regulation") and the need to have a European body of legislation better able to serve citizens and businesses deserve particular attention. The EU legislative process must be more transparent, more open to input from stakeholders and easier to understand.

## The participation of all citizens, through civil society organisations, associations and networks, will put the process of recovery and reshaping the future of Europe on a truly democratic basis. The EESC is therefore of the opinion that the Member States and the EU institutions should ensure that in this complex process no one is left behind, in particular, the most vulnerable. This means enabling civil society organisations to be key and equal partners in decision-making. Better implementation of TEU Art. 11(2) on civil dialogue is more needed than ever. The EESC believes that one instrument for this would be the inclusion of a fourth pillar in the European Democracy Action Plan, with a strong emphasis on, and a clear strategy for, active citizenship.

## European core principles of Article 2, such as democracy, rule of law and fundamental rights, including civic space, are closely linked. The rule of law report as well as the democracy action plan should be interconnected and monitor civic space issues, including civil society space. The Committee considers it desirable that the EC follow up on these action plans and deploy stronger mechanisms to defend these principles and civil society space. Where national laws conflict with EU law, infringement proceedings should be initiated.

## The EESC is looking forward to the Commission's 2022 plans for a new "Initiative on Social Dialogue", but it urges the Commission to extend it to "Civil Society Dialogue" so that in situations where this is desirable, civil society organisations other than the traditional social partners can also participate in the dialogue. That will put civil society on an equal footing with social partners in policy-making.

## The economic downturn caused by the pandemic has substantial implications for gender equality, both during the downturn and the subsequent recovery. The pandemic itself has exacerbated gender imbalances. That is why the EESC believes that it is absolutely necessary that gender equality and gender mainstreaming be addressed in all facets of EU law-making and implementation.

## Fundamental rights and the rule of law are at the core of European values; they apply at any time and in any place in the EU and therefore cannot be temporarily put on hold. While the response to the current crisis needs to be swift and warrants certain exceptional and time-limited measures, these cannot go against the rule of law and cannot endanger democracy, the separation of powers and the fundamental rights of European citizens. The Committee calls on the Commission to be vigilant in this regard and, where necessary, to take active action where these values are violated. Furthermore, the Commission should integrate the victims' agenda into all EU funding programmes, including EU funds managed at national and international level. The Committee recalls its proposal for an ambitious EU communication, education and public awareness strategy on fundamental rights and the rule of law and democracy.

## The new EU instruments to protect and promote fundamental rights and the rule of law, for instance the new Rule of Law Review Cycle and the new mechanism for making EU funding conditional on respect for fundamental rights and the rule of law, need to be implemented in such a way that these tools can be applied quickly and effectively. In addition, the EESC calls for strengthening the role of civil society in the rule of law review cycle and a stakeholder forum.

## Philanthropy and civil society have a key role to play to promote key European policy areas and they could do even more if they had a better operating environment. The new EU Money laundering and terrorism financing policy must be risk-based and proportionate to the risks it seeks to address and must not unduly restrict legitimate public benefit and philanthropy work.

## As we are permanently experiencing, it is abundantly clear that further action, certainly also from the Commission, is needed to achieve free and pluralistic media and quality independent journalism, as well as effective regulation of social media, particularly to combat disinformation and including regulation of online political advertising and content responsibility.

 Brussels, 09 June 2021

 Christa Schweng

 The president of the European Economic and Social Committee

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1. <https://www.eesc.europa.eu/sites/default/files/files/qe-02-21-011-en-n.pdf> [↑](#footnote-ref-2)
2. [https://www.eesc.europa.eu/en/agenda/our-events/events/civil-solidarity-prize#](https://www.eesc.europa.eu/en/agenda/our-events/events/civil-solidarity-prize) [↑](#footnote-ref-3)
3. Council decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom. [↑](#footnote-ref-4)
4. Only 14 Member States had submitted their national plans by 30 April 2021. [↑](#footnote-ref-5)
5. Communication from the Commission to the Council: One year since the outbreak of COVID-19: fiscal policy response, COM (2021) 105 final, Brussels, 3.3.2021. [↑](#footnote-ref-6)
6. Resolution on "The European Economic and Social Committee's contribution to the European Commission's 2021 work programme based on the work of the ad hoc group 'EESC contribution to the European Commission's 2021 work programme'", (2020/C 364/01). [↑](#footnote-ref-7)
7. See EESC opinion INT/913 on industrial transitions and ongoing opinion INT/903 - No Green Deal without a Social Deal. [↑](#footnote-ref-8)
8. See EESC opinion INT/911 on mandatory due diligence and EP Legislative resolution on due diligence and corporate accountability. [↑](#footnote-ref-9)