



EESC proposals for post-COVID-19 crisis reconstruction and recovery:

“The EU must be guided by the principle of being considered a community of common destiny.”

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EESC proposals for post-COVID-19 crisis reconstruction and recovery:

"The EU must be guided by the principle of being considered a community of common destiny."

based on the work of the

Subcommittee on post-COVID-19 recovery and reconstruction

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

1. Introduction

- 1.1 The EESC warmly welcomes and supports the proposals of the European Commission: the Next Generation EU plan and the overall EU budget for 2021-2027. In this statement we outline what the proposals for recovery and reconstruction after the coronavirus crisis should achieve in our view. The following four points are central to us:
- 1.2 The EESC is convinced that recovery from the effects of the coronavirus crisis will only be successful if it is accompanied by the restructuring of our society: we need to focus on reconstruction as well as on recovery. We cannot simply restore what existed in the past: we need to restructure and improve it. For the EESC, restructuring and improvement will have to be based on the principles underpinning all our work: protecting human and social rights, democratic values and the rule of law, unlock the full potential of the Single Market, achieving the Sustainable Development Goals (SDGs), creating a circular economy and achieving climate neutrality in the EU by 2050 at the latest. We must also ensure good governance and democratic accountability. It is also imperative to understand why certain social groups were left more vulnerable during the crisis, both in terms of insufficient protection against contagion and loss of livelihood, and to work to limit such vulnerability going forward.
- 1.3 The European Semester process will acquire an increasingly important role in monitoring and evaluating the interventions set up in the "next generation EU" framework. and, in this context, the EESC believes that the economic and social partners and civil society organizations should be seen as having an important role in this process.
- 1.4 In this new recovery and reconstruction process, the EESC hopes that forthcoming Conference on the future of Europe could be an opportunity to strengthen and deepen the EU's institutional structure and for a real renewal of the EU project, capable to face the challenges of the next decades.
- 1.5 The investments made under the short-term economic stimulus should be either neutral towards, or should accelerate, the structural transformation of the European economy towards zero pollution, restoration of biodiversity and climate neutrality by 2050.
- 1.6 The participation of all citizens, through the organisations of the social partners and of civil society, will make the process of reforming the economy and society possible. The Member States and the EU must therefore ensure that in this complex process no one is left behind.
- 1.7 Most importantly, one of the main lessons of the coronavirus crisis is that health systems in almost every European country need to be strengthened through the creation of an "EU Health Union".

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

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

2.1.1 While assessing the full impact of the COVID-19 pandemic would be premature at the time of drafting this resolution, it is already clear that this is the worst economic shock European economies have faced since World War II. The road to recovery will likely be long and bumpy. The IMF and European Commission forecast confirm that this crisis has affected all EU Member States with differing degrees of intensity¹, a crisis that is challenging not only our behavioural patterns but also our production, consumption and employment patterns.

2.1.2 It is a serious crisis because it has caught the EU at a time of great economic and political weakness. In some countries the negative effects of the previous economic and financial crisis (2008-2010) have not yet eased and their economies are still quite sensitive, fragile and vulnerable to shocks. Likewise, some social groups, even in the wealthier Member States, have yet to bounce back from the impact of the last economic crisis. This is the case, for example, for persons with disabilities². Furthermore, the crisis has occurred at a crucial moment for the EU: in a transition phase towards a digital economy sensitive to economical, environmental and social sustainability.

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

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

2.2 **Economic effects**

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

2.2.2 Based on available analysis of the impact of the COVID-19 crisis on economic growth, predicting a reduction in GDP growth of around 8 per cent³, global unemployment would increase by 24.7 million, with uncertainty affecting between 13 million and 36 million jobs⁴. For the EU, the unemployment rate is expected to increase from 6.7% (2019) to 9.0% (2020)⁵. This crisis also seriously challenges: i) the system of small and medium-sized enterprises which represent the backbone of the European

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

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

³ European Commission DG ECFIN.

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

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

production system; ii) the competitiveness of the system of large European companies; iii) the very survival of some economic sectors such as hospitality, tourism, transport and culture.

- 2.2.3 The estimates for 2021⁶ are much more optimistic, with a conditional recovery that will, however, depend on the following parameters: the restrictive measures will have already been lifted; the pandemic will remain under control; and the unprecedented monetary, fiscal and regulatory measures adopted by the Member States and the EU will prove to be efficient in terms of softening the immediate economic and social impact of the crisis and mitigating long-lasting damage to economic and social relations and global value chains.
- 2.2.4 From the EU's perspective, the Single Market has been virtually paralysed. Further, Member States crisis packages have resulted in a risk of an unlevelled playing field which must be addressed urgently. Uncertainty regarding future investments shot up and leading indicators such as PMI, or business and consumer confidence, reached historic lows.
- 2.2.5 The deepest economic and social impact will therefore most probably be recorded during the second quarter of this year, depending on the degree of intensity experienced by the various sectors. In the second half of 2020 we can expect to see some economic recovery, though the type of recovery could differ from country to country.
- 2.2.6 But even more seriously, the shock has totally interrupted and changed our usual lifestyle models and schemes. As a part of the recovery and restarting process, it is necessary to focus not only on bringing economic performance back, but perhaps more urgently and importantly on giving hope and the chance to adapt our lives to the "new normal", including full compliance with the sustainable development principles.

2.3 Social effects

- 2.3.1 COVID-19 will have far-reaching impacts on labour market outcomes. Beyond the urgent concerns about the health of workers and their families, the virus and subsequent economic shocks will impact the world of work in three key ways: 1) the quantity of jobs (both unemployment and underemployment); 2) the quality of work; and 3) effects on specific groups that are more vulnerable to adverse labour market outcomes. Some categories of workers are more affected because they are without social safety nets: young people in precarious jobs, older workers, workers with disabilities, women because they are over-represented in the more severely affected sectors or because they stay at home to care for family members, the self-employed or platform workers, low-paid workers, migrant workers and people referred to as "invisible" workers, i.e. those in undeclared work. In-work poverty is also likely to increase significantly⁷.
- 2.3.2 Safeguarding employment and income for all workers is a priority and we need to shape today's policies with a long-term perspective in mind. The EU needs a strong European social recovery and

⁶ European Commission DG ECFIN.

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

reconstruction strategy at EU and national levels with the active involvement of the social partners to reinvigorate the economy, safeguard workers' rights and ensure well-being for all. Deeper institutional and policy reforms are required to strengthen the recovery and build resilience through robust and universal social protection systems that can act as automatic economic and social stabilisers in the face of crises. This will also help to rebuild trust in institutions and governments.

- 2.3.3 Bi-partite and tripartite social dialogue between governments, workers' and employers' organisations is a key tool for developing and implementing sustainable solutions, from the community level to the global level. This requires strong, independent and democratic social partner organisations.
- 2.3.4 Particular attention must be paid to ensure that there is no two-speed recovery from this crisis, as we saw for the last crisis. Support must be given to all to groups to be able to rebound in unison, without more vulnerable social groups having to wait patiently to see the same improvements in employment and living standards as the rest of the population. This is the case particularly for young people, persons with disabilities, persons from ethnic minorities, as well as migrants and refugees.
- 2.3.5 Special attention and action is also needed to groups outside the labour markets already experiencing poverty, as well as new groups of poverty, which are anticipated to rise. These groups risk further marginalisation accompanied by many social and health issues.
- 2.3.6 Civil society organisations (CSOs) themselves are among the victims of inequalities and weaknesses in the system. Their current and future ability to respond to needs is threatened by often scarce and fluctuating resources. This needs to be addressed by ensuring funding mechanisms for CSOs.

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

3.1 The emergency measures

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

- that the financial sources mobilised are utilised effectively and are properly targeted depending on the needs;
- that all eligible subjects (physical persons, firms and businesses, non-profit organisations, public service providers etc.) affected by the pandemic receive fair compensation;
- that the economy will be prepared to restart when the pandemic is over, whilst having learned lessons from the current pandemic on social issues that need to be urgently addressed.

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

3.1.3 So far, the Member States as well as the respective EU institutions have adopted a set of emergency, preventive, stabilisation and compensation measures to react to the crisis. We can divide those

measures into several categories according to typology, such as: monetary and stabilising, fiscal, guarantee- and credit-based, and regulatory and procedural. The measures are focused on the whole area of living, though mainly on the economy and business, and social issues (see Annex 1).

- 3.1.4 The measures represent a comprehensive economic policy mix, including a monetary policy reaction, mainly through a new wave of quantitative easing, complemented by the new securities purchasing scheme to support financial market liquidity under the ECB's responsibility, a macroeconomic stabilisation function by the ESM, a set of fiscal measures, starting with the temporary adoption of flexible fiscal and state-aid rules, through huge fiscal injections in support of businesses and individuals affected by the pandemic, the postponement of repayment obligations, and the massive reallocation of EU budgetary flows. Also very important is the package of regulatory and procedural measures of different kinds.
- 3.1.5 The extent of financial sources connected with the measures to support European society is estimated to be almost EUR 3 000 billion (16% of EU GDP in 2019). So far, it has been an economic policy mix of measures being implemented at EU and, mostly, Member State levels. Under the initial EU Coronavirus Economic Response Plan, only EUR 165 billion is related directly to common EU funding sources in the form of subsidies and financial instruments; the other EU-initiated steps include measures to support liquidity, to implement more flexible rules, or to initiate guarantee-based financial instruments; all the other direct, fiscally-based measures have consisted of steps made or being implemented by the Member States. The share of the steps prepared by the EU subsequently increased.
- 3.1.6 Most recently, the European Commission's package on future EU financing, including a proposal for a temporary Emergency European Recovery Instrument (called Next Generation EU) and a substantial adjustment of the original 2021–2027 EU Multiannual Financial Framework (MFF) proposal, in fact represent a revolution in this area.
- 3.1.7 Finally, the comprehensive package announced at the very end of May represents a substantial contribution on the part of the European Commission to solve the current situation. It is connected with a robust and relevantly targeted new instrument focused exclusively on the post-COVID-19 exit, restart and recovery. It tries to focus on real needs in order to keep the Single Market homogeneous and operational. The financing model seems to be quite reasonable, representing an innovation as well as solidarity towards the Member States. The functioning of the future Next Generation EU instrument has to be complementary with the new MFF, where other EU priorities, not necessarily connected with the pandemic, also have to be sufficiently reflected (for example the EU Green Deal, the improvement of the Single Market and conditions for the EU competitiveness, the European Pillar of Social Rights and the gradual adjustment to the sustainable development principles, as well as all international treaties and conventions signed and ratified by the EU and its Member States).

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

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

- 3.2.2 This is the first time since the last crisis and its consequences that the newly-established ESM has the opportunity to stabilise the macroeconomic environment of the euro zone. Monetary policy reaction has also been highly relevant to allow the financial sector to stay functional and efficient, with adequate liquidity. Also very important are the measures introducing more flexible rules for State aid as well as fiscal discipline, making it possible to keep financial resources in circulation when the risk of reduced aggregate demand accelerates. It has been vital to compensate as swiftly as possible all the entities affected by the crisis – individuals, businesses as well as non-profit organisation – in terms of postponing their obligations and providing compensation for damage incurred during the period of lockdown.
- 3.2.3 The emergency measures have also been highly appropriate. Reality on the ground revealed that in a period of fatal risks, the Member States still prefer to manage on their own; some coordinated measures connected with delivery of essential medical goods and equipment would have been necessary not only for practical reasons, but also in order to give meaning to the values of the EU Single Market. It also serves as an inspiration for introducing exit strategy measures and lifting restrictions, which need to be carefully coordinated. This emergency situation also opens up a huge space for guarantee- and credit-based instruments, this time led mostly by the EIB *instrumentarium*. It reflects the need to engage more private capital under the allocation rules regarding the public interest. When the real need so massively exceeds the limited resources of public finance, this is the only solution that can be further developed at a time of "new normal".
- 3.2.4 As with the crisis ten years ago, the present period has also shown serious limits in the EU Budget in terms of how it reacts to unexpected shocks, especially when the shocks occur at the end of the current financial framework. EU Budget flexibility repeatedly exposes one of the major weaknesses of the EU's financial architecture. In the event of the need to mobilise really huge amounts of financial resources, a new vehicle (such as Next Generation EU) will have to be created, or else the Member States will have to be relied on to do it. This situation clearly shows the need to further improve the EU's financial system, especially in the case of unexpected shocks; the current model offers an insufficient common EU financial base to support the macroeconomic stability of the EU and euro zone.

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

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

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

3.4 Scenarios and challenges for the future

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

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

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

- unlock the full potential of the Single Market aiming to keep it integrated, functional, efficient, to restore competitiveness;
- complement the Single Market with an ambitious social agenda, especially the full implementation of the European Pillar of Social Rights in order to ensure social upward convergence.
- continuing to pursue the necessary structural changes and connected investment activities, mainly as regards digital, smart and social innovations and the green transition;
- continuously improving the EU's competitiveness;
- creating the conditions to strengthen EU self-sufficiency and resilience in addressing global impacts;
- creating the conditions to retain control over strategic EU assets and industries;
- supporting access to the labour market for all in order to build an inclusive and resilient workforce;
- investing in the inclusion of marginalised certain communities to ensure full social and economic participation;
- substantially improving EU delivery chains in the event of risks and emergencies.

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

4.1 **The "black swan"**

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

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

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

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

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

4.2.1 The EESC is convinced that recovery from the effects of the coronavirus crisis will only be successful if it is accompanied by the restructuring of our society: we need to focus on reconstruction as well as on recovery. We cannot simply restore what existed in the past; we need to restructure and improve it. For the EESC, restructuring and improvement will have to be based on the principles underpinning all our work: making the internal market fully functioning, protecting human rights, democratic values

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

and the rule of law, achieving the SDGs, creating a circular economy and achieving climate neutrality in the EU by 2050 at the latest. We must also ensure good governance and democratic accountability.

- 4.2.2 However good and extensive the measures to be taken, they are only effective and they can only count on support if they land on the ground and reach the people for whom they are intended. It is therefore vital to work hard to ensure effective implementation, both by the EU institutions and by the Member States.
- 4.2.3 Crucially, we need to learn from a social failing that has been the setting for a disproportionate number of deaths during this pandemic. Here we refer to residential institutions for persons with disabilities and older people. These settings became hotbeds of infection and fatalities during the crisis. This needs to be a wake-up call that no EU money can ever be invested in such settings that not only deny people their right to freedom of choice in how they live their lives, but are also structurally ill-suited to protect people during situations of force majeure.
- 4.2.4 The coronavirus crisis has unfortunately also made it clear that it is essential to deepen intense pedagogical work across the EU on a citizen's culture of human rights and democratic coexistence on the basis of the principles and values of Article 2 TFEU. We reiterate our deep and constant attachment to the fundamental values of human rights, democracy and the rule of law, as expressed in the EU founding treaties.
- 4.2.5 Solidarity is the key word in tackling the crisis. Solidarity with care providers in hospitals and nursing homes. Solidarity with workers who go without wages and of employers who also renounce wages and bonuses to save their businesses. Solidarity on the part of governments with economic, but also cultural and other sectors of society that cannot do without aid. And above all, solidarity between countries, especially within the EU, because the countries within the EU are so closely linked economically that only a joint and supportive approach to the impact of the crisis will be effective.
- 4.2.6 A very large-scale green investment plan will deliver the necessary economic stimulus and build resilience to future shocks. Delivering on such an ambitious and transformative mandate can only happen under some specific conditions, which need to be explicitly acknowledged. Therefore, the economic and environmental ambitions of the EU's coronavirus crisis recovery plan should go hand in hand, resulting in a win-win situation. This requires rigorous selection of investment programmes, targeting sectors with a high potential for economic stimulation, job creation and environmental transformation (the green stimulus).
- 4.2.7 To this end, a European green stimulus should be tailored to deliver on two overarching objectives. First, stimulate the economy and create jobs while securing those threatened, and second, support the transformation of the European economy towards a clean and resilient future. Or, as vice president Frans Timmermans tweeted: *"The recovery we propose will deliver the society that this and next generations need: clean, prosperous, resilient. Where nobody is left behind."*
- 4.2.8 Make reciprocity a requirement. When public resources are used to offer the private sector a future perspective, delivering value to society is a legitimate expectation on the part of society. Think of agreements about paying taxes, being good social employers, withholding dividends and bonuses, and an obligation to make efforts to reduce CO₂, complying with environmental laws and making corporate mobility policies more sustainable.

- 4.2.9 The current economic model has its measure (totem) of reference in the GDP, a measure that has never been able to calculate what really counts for human beings. Rethinking today along the lines of a new model of economic and social development for the EU means, in the EESC's view, integrating this major economic indicator with an equally important one: that of the well-being of a community.
- 4.2.10 The EESC believes that a reconstruction and recovery plan must put people and the future of our planet at its core. Maintaining as much net employment as possible in the short term is crucial in this respect. But it is also crucial to keep in mind the dot on the horizon. This is a future-proof economy that meets the needs of society, does not contribute to climate change, uses resources smartly and fills European earning capacity with a healthy living environment and good employment. We need to head for this spot, for a sustainable future. A future-proof economy is also reliant on being as accessible as possible to all kinds of workers, and allowing everyone to contribute to their communities and society as a whole. We must learn lessons from the new-found flexibility employers have adopted during the crisis to accommodate the needs of those furthest away from the labour market (persons with disabilities, long-term unemployed, older workers) to facilitate their involvement in a new, greener economy. Let's head for this spot, a sustainable future.
- 4.2.11 The EU and its Member States should ensure that new clean economy companies, notably start-ups and SMEs, have access to the capital they need to continue to develop the solutions of tomorrow.
- 4.2.12 The social partners must be involved in developing and enhancing support measures to compensate for the lack of economic activity in many sectors and in order to protect all types of workers and small businesses. Adequate and sustainable unemployment benefits and other forms of assistance are necessary, including European minimum standards regarding the net replacement rate, the duration of unemployment benefit entitlement and the coverage. In sectors where it is feasible, short-time work schemes (STW) can be introduced, in consultation with the social partners. In some Member States, quarantined workers can be covered by sick pay. Simplifying access to teleworking, in consultation with the social partners, is another possibility to ease the situation of companies, workers and self-employed. Furthermore, governments could provide financial assistance and technical support to SMEs to help them quickly develop teleworking capacities.
- 4.2.13 The participation of all citizens, through the organisations of the social partners and of civil society, will make the process of reforming the economy and society possible. The Member States and the EU must therefore ensure that in this complex process no one is left behind, in particular: the most precarious workers, people of pre-retirement age, persons with disabilities, women working in low-valued positions and young people, especially those belonging to visible minorities and those with a migrant background and, particularly, those belonging to more than one of these groups.

5. The recovery plan

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

5.1 The Single Market

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

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

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

5.2 Industrial strategy

- 5.2.1 Well-coordinated European industrial policy taking into account both the current challenges of the COVID-19 and post-COVID-19 situations and the digitalisation and sustainability aspects. This must be supported by massive investment in sustainable economic and company structures and the creation of high-quality regular permanent contracts. Realising the innovation potential of small and medium-size enterprises and moving towards an inclusive circular and climate-neutral economy could ensure both long-term resource security but also short-term supplies important for future challenges.
- 5.2.2 Key industries and sectors must be identified and supported, from human resources to research, resulting in a European industrial policy that protects these strategic sectors from the market and ensures security of supply of key elements, such as respirators, masks and other products in a pandemic situation. This must mean supporting corporations which relocate production capacity to Europe, allowing the EU to regain control over production and ensuring autonomy on the world market, always in line with a just environmental transition. These corporations and companies must be sustainable, with a strong workers' involvement, and take part in the Green Deal as a framework for recovery and reconstruction plans.

- 5.2.3 The vision of enterprise as a service means cultivating enterprises which contribute most to shared prosperity, such as health, social care, education, renovation, culture, craft and creativity, and which profits from and contributes to a fair competitive and sustainable business environment. Social and ecological urgency go hand in hand of course, but more than ever the environmental imperative will have to permeate all our actions and policies in responding to the destruction of our (eco-) system. In this respect, for example, the financial support granted to companies in polluting sectors must be determined on a real transition towards a social and environmentally friendly mode of production.
- 5.2.4 Europe must finance activities that meet two criteria: the reshoring of strategical productions to make Europe independent, particularly as regards health protection and response, and which provide quality jobs, as well as placing the focus on sustainable investments that are socially responsible and environment-friendly. Small and medium-size enterprises (SMEs), just like large enterprises and social enterprises, could play a crucial role in restructuring the European production system.

5.3 The Green Deal

- 5.3.1 In fostering the transition towards a more sustainable and resilient European economy, the green stimulus must ensure an inclusive recovery leaving no European behind.
- 5.3.2 In accordance with the "do no harm" principle, investments made under the short-term economic stimulus should be either neutral towards, or should accelerate, the structural transformation of the European economy towards zero pollution, restoration of biodiversity and climate neutrality by 2050. To this end, the green stimulus should particularly target measures positively affecting the increase in resource efficiency, respect for our natural capital and the medium- and long-term reduction of greenhouse gas (GHG) emissions in accordance with climate neutrality.
- 5.3.3 Crucially, the green stimulus should be targeted, providing economic support and incentives to sectors with maximum positive effect on aggregate demand. Aiming for maximum economic output, the green stimulus should target sectors which provide significant potential for job creation, under the condition that adequate skills are available. In this way, the asymmetrical impact of the coronavirus crisis, disproportionately affecting the economies of southern EU Member States, must be taken into account.
- 5.3.4 With the European Green Deal, the European Union has started a transition to a sustainable economy. It therefore makes sense for economic support measures to be combined with further stimulation of that transition. Public funds must be used with a positive social and environmental effect. For employment, this does not necessarily mean that the same jobs or the same economic activities need to be preserved or saved. If a company or sector does not have reasonable prospects in a sustainable economy, the aid package can be put to good use for change within sectors or a shift between sectors.
- 5.3.5 The Green Deal requires resilient future business forces that are committed to being successful. European corporations, which operate across borders, are relevant and important social players. The political concept of "just transition" should guide them in their businesses. A "sustainable company" with a strong "workers' voice" is a key political actor in which mandatory information and consultation rights are guaranteed and board level participation, integrating macro-economic policy with collective agreements. Enabling employees, trade unions and works councils to engage in active involvement in implementing the plan on company policy driven by the concept of the "sustainable

company for just transition" provides perspectives for decent workplaces, decent working conditions in healthy environments and regions worth living in.

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

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

- more sustainable food systems, both at the production and consumption levels, in line with the Commission's intentions relating to the "From Farm to Fork" strategy for sustainable food;
- the EU's food sovereignty in a spirit of solidarity between the various forms of European agriculture and the integration of economic, social and environmental aspects;
- the ambitious proposal from the new EU biodiversity strategy: the biodiversity strategy must be a key component of all reconstruction efforts. An ambitious strategy would send a strong and coherent signal for environment, climate, public health and social action. It would benefit both the CAP and the European food system, and could thus continue to make them more sustainable.

5.4 The investment priorities

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

5.4.2 The construction sector is important: the renovation of millions of houses to make them energy-efficient and sustainable will get this sector going again and bring us a step closer to achieving climate neutrality. Construction is labour-intensive, and energy consumption in buildings (lighting, heating) accounts for a third of CO₂ emissions in Europe. This is a huge job, because 75% of residential and commercial buildings were built before there were EU rules in place on energy consumption. Renovating the homes of energy-poor people in the EU would lead to a significant decrease in public health spending, with previous studies suggesting that, on average, the cost of energy poverty in a modern healthcare system is likely to be three times higher than the cost of housing rehabilitation measures.⁹

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

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

- 5.4.4 The expansion of renewable and low-carbon energies not only requires the installation of the appropriate facilities, but also the modernisation of the entire European electricity grid and storage options.
- 5.4.5 The recovery plan is an opportunity to invest in much-needed public transport and to ensure a true modal shift, reducing air pollution and contributing to climate action. It means more trams, more regular and zero-emission buses and true intermodality in our cities; an EU action plan and large-scale financial support for the upgrading, extension and maintenance of railways, investments in trains, night trains, cross-border rail connections and other rail transport related innovation. There should be EU coordination to ensure that short-haul flights are replaced by sustainable alternatives. In moving traffic away from our roads, more freight must move by rail, inland waterway and sea (e.g. sustainable short sea shipping).
- 5.4.6 Building the foundations of a European zero-emissions mobility industry, which is able to meet the increasing demand for alternatives to combustion engines and charging infrastructure both for cars, vans, buses and trucks, but also boost supply for the rail sector. This also includes an extensive network of electric charging stations throughout Europe and the development of sustainable and more efficient batteries. This will be accompanied by reskilling programmes, providing new career opportunities for workers leaving the fossil fuel-based transport sector.
- 5.4.7 As already seen in several cities, the lockdown phase challenges the traditional use of urban space and mobility, and encourages experimentation. The recovery period can further benefit from the development of cycling as it can support physical distancing, reduce crowds in public transport and provide more space and easier access to local stores. Investments to improve cycling infrastructure can quickly deliver impact in cities and between cities and stimulate the cycling ecosystem.
- 5.4.8 Transforming the economy into a circular economy is essential to the success of the Green Deal. This is why, for example, the steel and cement industries (major energy consumers) and the chemical sector must be organised differently.
- 5.4.9 With the transition towards a circular economy at its heart, the recovery package can significantly accelerate necessary infrastructure developments and promote the innovation of alternative materials and new technologies. First, to avoid waste, the EU should support initiatives to establish start-ups and social economy enterprises in repair and reuse, and support relevant (re)training for those losing jobs in the economic downturn. This could be focused particularly on "just transition areas", enabling the transformation from mining to "urban mining" regions.
- 5.4.10 Second, separate collection of municipal waste is a key condition for viably extracting value from waste through recycling. The EU should therefore support local authorities in bridging the investment gap for municipal waste collection, separation and recycling infrastructures over the next five years.
- 5.4.11 The coronavirus crisis shows that the digital revolution is an important part of increasing our societies' crisis resilience. Investing in digitalisation of essential services and increasing the ability of governments, legislators and public institutions to deliver their services during a crisis is paramount. At the same time, we have to realise that digital technologies are a tool not an end goal. We need to take public ownership of the frame surrounding digital technologies and steer it towards high

sustainability standards, including strong democratic and technological safeguards, accompanied by cost and knowledge support measures that leave no one behind. This entails, in line with the EU Accessibility Act, a need to ensure that the digital revolution ensures accessibility for the EU's more than 100 million persons with disabilities.

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

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

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

5.5 The social measures

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

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

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

5.5.4 The EESC welcomes the updated 2020 work programme of the European Commission¹⁰ as a compromise to keep the social dimension in the recovery strategy. There are several legislative and non-legislative initiatives which cannot be delayed or postponed, as they are the pillars of the Social Agenda. These include: the transposition of adopted directives according to the timing already agreed (Work-life Balance Directive, Posting of Workers Directive, Transparent and Predictable Working Conditions Directive). The Commission has also confirmed all initiatives which would boost a fair and socially sustainable recovery, including those on pay transparency, minimum wages, fair taxation, youth employment, the European Unemployment Reinsurance Scheme, skills agenda and digital education, platform work, and EU economic governance rules. Missing from the work programme is the updating of occupational health and safety through effective preventive measures in workplaces.

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

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

5.6 Health systems

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

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

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

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

5.7 International relations

- 5.7.1 The European Union is based on common European values which are non-negotiable under any circumstances¹¹: respect for human dignity and human rights, freedom, democracy, equality and the rule of law. These values cannot be forgotten when the EU and its Member States face an emergency and its fallout in terms of economic and social challenges. While the response to the current crisis needs to be swift and warrants certain exceptional and time-limited measures, these cannot go against the rule of law and cannot endanger democracy, the separation of powers and the fundamental rights of European citizens. The EESC insists that all policy measures in this respect must be fully in line with our common values as laid down in Article 2 TEU.
- 5.7.2 The coronavirus crisis has shown that international free trade offers no guarantees as regards security of supply even with existing food, health products and industrial stocks. To this, we must add the lack of transparency and traceability.
- 5.7.3 Some European corporations that have developed industrial capacity on the soil of third countries should be encouraged to relocate this capacity to the EU. The relocation of activities, in industry, agriculture and services, should make it possible to establish greater autonomy vis-à-vis international markets, to regain control over production methods and to initiate an environmental and social transition of activities. In these situations, they could receive financial support from the governments of the Member States, without applying State aid regulations.
- 5.7.4 The crisis has also made it clear that there are major risks associated with the EU's dependence on China for much of production, especially in the medical field (for example protective equipment). To strengthen health systems in almost every European country it is very important to reduce this dependence regarding key products. This can be done by expanding production in the EU (EU production/delivery chain) and developing production capacity in cooperation with other countries, for example in Africa (EU-Africa production/delivery chain). This has the added value that the least developed countries would also be able to develop new economic activities and strengthen their health care.
- 5.7.5 The post-pandemic world should create a new system of international relations, global economy and solidarity with the commitment to sharing the world's wealth and saving lives, as well as protecting health, scientific, intellectual and industrial achievements. The EU should play a leading role in this new system of international relations based on solidarity and development cooperation. Further, the EU should maintain and possibly increase levels of development cooperation commitments.
- 5.7.6 Ensuring a level playing field for the global economy can put an end to the exploitation of workers on the one hand and undue, exorbitant corporate benefits on the other. Incorporating ILO and sustainable development standards in the rules of the WTO and other UN related agencies could substantially contribute to the construction of a new, fair economic order and just and smart globalisation. The rules should be adapted accordingly and used more consistently in the future to channel all the resources and available personnel to provide help where it is most sorely needed.

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

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

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

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

5.8 Migration and the post-COVID-19 era

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

- Resuming procedures for obtaining residence permits and for recognising the right to asylum in almost all European countries.
- Solving the health situation of overcrowding in migrant reception centres.
- Tackling job insecurity (which has already resulted in a reduction if not a total suspension of "remittances", often the only source of sustenance for the families of migrants who remained in the countries of origin).
- Regularising migrants who work in the field of personal care or in the agricultural sector.
- Developing a common European asylum system (CEAS) which is mandatory, safe and effective for all EU countries to share common responsibilities promptly.
- Designing and developing realistic, legal, safe and feasible paths for labour migration to the EU.
- Establishing a permanent and effective dialogue with migrants' countries of origin to develop structures and communication frameworks.
- Increasing economic and technical support for the Frontex Agency.
- Guaranteeing in the short term commitment to also evaluating the relocation of all resources within the EU multiannual budgetary framework 2021-2027.

6. The reconstruction plan

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

- 6.2 Promote reform of the European Union Economic Governance, revising the Stability and Growth Pact for the purpose of simultaneously ensuring stability and growth.
- 6.3 Based on the Next Generation EU recovery instrument it will be necessary to ensure a progressive increase in EU own resources through the introduction of relevant and appropriate revenues to choose among, for example: EU Emission Trading Schemes, a common consolidated corporate tax base (CCCTB), digital tax, a financial transactions tax, a CO₂ levy or the seigniorage.
- 6.4 The EU must urgently activate a coordination mechanism capable of neutralising aggressive tax planning and combating the phenomenon of tax evasion in the 27 Member States, a phenomenon that generated an average annual loss in tax revenues of EUR 46 billion in the period 2001-2016 for the EU MS (0.46% of GDP)¹². At the same time, the EU must activate a powerful strategy for clamping down on money laundering, something that risks poisoning the EU's production system and causing distortion in the Single Market by distorting the level playing field.
- 6.5 It is important to preserve the European model of rights, standards and consumer policies. This is what makes the EU unique. For instance, in the area of digitalisation the EU ethical code on AI separates the EU view of "human-in-command" from that of other regions. This approach, based on fundamental rights and freedoms, is part of the EU model and should be preserved despite the tougher competitive climate emerging right now.
- 6.6 It is necessary to take full advantage of the new, more sustainable business models emerging (circular, sharing, social economy etc.). These are also a feature of the EU societal model and deliver dual value creation – economic and social value, as well as being instruments to deliver the European Green Deal and the SDGs. These business models offer an opportunity to help the economy recover and address societal issues at the same time. Here the EU circular action plan will be crucial, as will the promised EU action plan for the social economy (Spring 2021). Inspiring examples should be shared such as European Cluster Alliance.
- 6.7 Digitalisation is both an opportunity and a risk for recovery. It is the field of innovation that can put the EU in the forefront, such as in the area of blockchain, where the EU is in a leading position. Blockchain as a technology (not bitcoin) carries democratic values, offering transparency and improved governance structures. However, the risks inherent in digitalisation must be managed, such as: further unemployment, digital marginalisation and social exclusion. And ways must be found to take advantage of the opportunities and balancing the risks at the same time. This in a landscape where the EU seeks to remain globally competitive.
- 6.8 There is an opportunity in promoting social innovation as a model for recovery through co-creation, co-design and co-production. In a complex social landscape with massive societal challenges, the only way is to mobilise all resources in society, working in a cross-sectoral and multi-disciplinary manner in order to identify solutions. Organised civil society is a catalyst for social innovation, a movement which has contributed to design welfare systems resulting in new policies, structures, products, services and working methods. The participation of civil society is needed now more than ever – but true social innovation only happens with when organised civil society is involved.

¹² European Commission, 2019, *Estimating International Tax Evasion by Individuals*. Working Paper No76 – 2019.

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

Brussels, 11 June 2020.

Luca JAHIER

The president of the European Economic and Social Committee

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

Annex 1

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

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



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