

## S&D GROUP PLAN

# Economic, Social and Ecological Recovery in the European Union

### Tackling the immediate economic and social aftermath of the pandemic, and preparing a sustainable common future of shared prosperity, well-being and resilience

The COVID-19 outbreak has wreaked havoc in Europe and in the world, inflicting irreparable pain to many thousands of people. The rapidly unfolding magnitude of the crisis caught the EU and its Member States by surprise. Had all the lessons from the previous financial crisis been learned, the EU would have been prepared and equipped to respond to this new crisis in a rapid, collective and effective way. However, devoid of solid European instruments for joint action, **the crisis exposed the fragility of our common economic and social governance capabilities and instruments** in the face of such a challenge, at a time when strong public action, in line with our shared democratic values, is the only answer.

In the first and crucial phase of fighting the pandemic, Member States acted largely on their own, fixated as they were on their national interest and in disregard of more integrated solutions guided by solidarity and collective efficiency. As the crisis grew, it became rapidly obvious that **a European solution cannot just be the sum of scattered and divergent national schemes**, not least because the financial capacity of governments is very unequal, and could not possibly provide for a sustainable common response, but also when considering other aspects such as the persisting discrepancies in how Member States collect and report data in relation to COVID-19 fatalities, **it is painstakingly clear that stronger coordination and common action at EU level is required**. The future of the EU project, and notably its Single Market, are at stake. The internal market must not fall victim to the crisis, rather it should be central to our response. We believe that regression from already granted rules and rights must be avoided and the future EU Recovery Plan must not only protect the results already achieved but must also further strengthen the Single Market for EU citizens and businesses.

While the virus continues to take its toll in terms of human lives, robust action at the EU level, in combination to the measures taken by Member States, is only gradually building up. The European Central Bank first launched a Pandemic Emergency Purchase Programme. The European Commission has, within the remits of its institutional capacity, provided a large set of focused solutions, including a temporary derogation from budgetary policy rules and a proposal for a temporary European instrument to support national safety nets for those in employment (SURE). Despite first progress achieved by the Eurogroup meeting of 9th of April, in an inclusive format, in particular on a close to €240bn Pandemic Crisis Support to provide loans up to an amount of 2% of Member States' GDP, the Council has until now failed to effectively launch a united and coordinated economic and social policy strategy as part of a coherent and ambitious EU-wide plan. It announced its work on a Recovery Fund, intended to support the European investments needed to build a better, greener, more resilient and more digital economy. On 23rd of April, the European Council welcomed the Joint European Roadmap for Recovery presented by the Presidents of the Commission and of the European Council. **The next urgent step is to ensure that all three Institutions will swiftly agree on an ambitious and comprehensive economic, social and ecological European recovery plan following on from the forthcoming proposal by the European Commission, which must rapidly become operational.**

This European plan must at the same time:

- **address all immediate economic and social challenges in order to provide a united protective shield against the destruction of productive capacity and against all immediate negative social consequences on people, in particular by sustaining incomes of workers, including self employed and without undermining or delaying urgent ecological policies;**
- **deploy a solid economic, social and ecological recovery strategy grounded in strengthened economic, social and territorial cohesion and social upward convergence, in the fight against climate change and biodiversity loss, in a just transition, and in socially progressive digitalisation, in particular by guaranteeing no delay in the fight against climate change, nor in the comprehensive implementation of the European Green Deal and of the United Nations Sustainable Development Goals, through speedy legislative decision-making and public investment commensurate with the magnitude of the transformations that are required and are essential for our future;**
- **build Europe's future broad-based resilience by developing the necessary permanent European instruments and policies needed to respond to future crises, being of health, economic, social, climate or wider environmental origin, by rendering the European Union strong, cohesive and sustainable. This will also require profound changes in our prevailing economic and constitutional system, at the core of which solidarity, sustainability and the sustainable well-being for all must become defining principles, including article 3 TEU and article 9 TFEU;**
- **at all times, re-affirm and uphold that the Union is based on a set of values and on the principles of fairness and solidarity, and even in times of crisis situations which require exceptional measures, these values and principles must be guaranteed. This and the full respect of the rule of law are non negotiable.**

The EU reaches its 70th Anniversary facing the most difficult challenge since the end of the Second World War. In times of crisis and emergencies, effective and democratic policymaking in the EU is more seriously affected than in ordinary times. The rise of the executives, uncoordinated national policies, paralysis due to unanimity requirements in Council, and intergovernmental solutions outside the Community framework where common features during the Euro crisis and have also to some extent reappeared at the outset of the pandemic. They could become the norm again in the response to the pandemic. Thus, it is imperative to start the discussion, ideally in the context of the Conference on the Recovery and Future of Europe, regarding badly needed improvements in our decision-making, including involvement of the European Parliament in all key decisions, abolition of unanimity in Council, and strengthening the executive and budgetary powers of the Union. either within or beyond the Lisbon Treaty.

\*\*\*\*\*

## **S&D GROUP PLAN**

### **Economic, Social and Ecological Recovery in the European Union**

The S&D Group calls on the European Commission and on the European Council and its Member States to support the inclusion of the ten following pathways into an urgently needed, while comprehensive and ambitious, European-wide economic, social and ecological recovery plan. Pathways one to five focus on the more immediate responses to the crisis, and six to ten on building a truly sustainable and resilient common future.

**1 A temporary European economic and social stimulus package, including an updated Multi-annual Financial Framework (MFF) proposal as part of a comprehensive European Recovery Plan including a European Fund of at least €1.5 trillion, must be commensurate with the large-scale damages inflicted on our companies and their workers, on our social welfare systems and on the well-being of the most vulnerable**

**2 The effective European-wide coordination of European and national stimulus policies must be grounded in the European Green Deal, the European Pillar of Social Rights and the United Nations Sustainable Development Goals, including in Europe's strategy to become climate-neutral and honour its obligations under the Paris Agreement, none of which should be delayed as the transformation into a de-carbonised, circular and environmentally sustainable European economy and society is essential for our future**

**3 Financial and fiscal support measures must be fair, transparent and fully in line with the Union's climate and environmental objectives and effective in achieving social and tax justice**

**4 The EU and Member States must fight the surge in unemployment, inequalities, regional divergences, poverty and social exclusion during the pandemic**

**5 The crisis response must be gender-sensitive and avoid new gender inequalities**

**6 The fiscal stimulus package and temporary recovery measures need to make way to permanent economic resilience that build on social progress and ecological sustainability after the crisis**

**7 The crisis must give way to a far-reaching European social recovery towards sustainable well-being, social progress and robust social welfare systems**

**8 The transformation into a de-carbonised, circular and environmentally sustainable sound European economy and society is essential for our future and must be the blueprint for the recovery**

**9 European digital and industrial strategies need to draw the lessons from this crisis and contribute decisively to the recovery, to future resilience and to sustainability, notably thanks to increased support towards research and innovation, and by being fully in line with the European Green Deal, as well as through strengthened social dialogue and workplace democracy**

**10 Stimulating fair and sustainable trade and spearheading a global transformation towards a truly sustainable and crisis-free future for humankind.**

**1 A temporary European economic and social stimulus package, including an updated Multi-annual Financial Framework proposal (MFF) as part of a comprehensive European Recovery Plan including a European Fund of at least €1.5 trillion, must be commensurate with the large-scale damages inflicted on our companies and their workers, on our social welfare systems and on the well-being of the most vulnerable.**

Only a very large stimulus package *equivalent to the loss of GDP growth* will maintain incomes and keep job losses low and allow for a rapid re-start of economic activity after the peak of the crisis. This stimulus should be largely financed by an equivalent public debt increase and by grants channeled through common European instruments, such as Cohesion Policy, of which the European Recovery Fund will be one part. This stimulus package, in the form of a comprehensive Recovery Plan, should be backed by the creation of **first-generation Recovery Bonds** with perpetual or very long maturities, guaranteed by a purchase programme of the European Central Bank. It should already be geared towards promoting Green Deal objectives, EPRS principles and SDGs, wherever possible, and it should be backed up by **strong and joint action by the European Central Bank (ECB) and the European Stability Mechanism (ESM)** to curtail the impact of rising public debt on interest rate spreads of national public bonds, in order to avoid new divergences. Non-Eurozone Member States, their institutions, banks, companies and citizens should have access to as many mechanisms offered by the EU and its bodies as possible.

The severity of this crisis cannot only be tackled through loans and credit lines in order to address effectively all the different needs and situations that EU will face. It will also require EU actions in the form of grants. **The EU Recovery Plan will have to include a European Fund of at least €1.5 trillion in addition to the MFF** as an extra tool to promote European shared prosperity, to repair the social and health damage strengthening social welfare systems and to recover the European economy. This Recovery Fund has to be designed within the Community framework (allowing adequate democratic accountability by the European Parliament and Council) and must be within the headroom between the MFF ceilings and the own resources ceilings.

This innovative financial instrument will be used to borrow money on the markets and issue common debt, backed by the EU budget and reimbursed by future new own resources. The own resources decision must therefore be revised accordingly in order to create enough headroom for such a financing. **The current 1.2% GNI for own resources clearly are not enough and shall be brought up to minimum 2% of EU GNI.** This will have to go hand in hand with a set of **strong new own resources**, making public budgets and social welfare systems stronger through raising revenues at EU level that could not be raised at national level.

With the objective of establishing a consistent and stable revenue side for the recovery plan, which shall match the expectations with regard to the increase in the above mentioned ceilings, **the basket of new own resources shall be composed by income stemming from EU policies favouring both the implementation of environmental protection and the preservation of a fair single market.** The first category shall include resources generated by the auction revenues of the Emission Trading Scheme, a contribution on non-recycled plastic packaging and the future Carbon Border Adjustment Mechanism. The second set shall consist of a Common Consolidated Corporate Tax Base targeting large companies, a tax on digital companies that are being less affected by lockdown measures, a progressive Single Market Levy and a financial transaction tax. Both types of revenue will be indispensable for the establishment of a reliable basket of new own resources, since the amount of income produced by environmental policies will proportionally decrease over the time with

the adoption of green practices by contributors and will therefore need to be compensated by resources generated by single market policies.

In addition, the conditions that applied to the UK for supporting the introduction of rebates, as set in the European Council conclusions of Fontainebleau in 1984, are not anymore in place. **The departure of the UK from the Union offers the opportunity to eliminate all the related correction mechanisms granted to Germany, Austria, Denmark, Sweden and the Netherlands**, making therefore the structure of the EU budget more transparent and generating additional funding for the recovery plan.

Funding through the Recovery Plan shall be hinged upon the full alignment with the principles of the European Green Deal, the EPRS and with the SDGs. The Fund shall also provide additional support to the Sustainable Europe Investment Plan to boost the EU's economies toward a sustainable and inclusive economic development; therefore, it should support investments that provide a macroeconomic stimulus and projects that allows to build a socially, ecologically and economically sustainable Europe. All spending should be monitored not to significantly harm sustainability objectives in line with the “do not significantly harm” principle enshrined in the taxonomy and disclosure regulations. Resources should be equally available to all Member States, based on the principle that no country is left behind, and guarantees equal access for all, in accordance with their needs.

A number of economic sectors and types of businesses are particularly exposed to the crisis and to the consequences of the necessary confinement. These notably include several industrial sectors, building sector, tourism and transport sectors, horeca sector, cultural and creative sectors, agriculture, aquaculture and fisheries, SMEs and start-ups in general. Economic and social support measures at EU and national levels already partly attempt to support these sectors in targeted ways, and a **European Recovery Plan should be particularly attentive in ensuring that the most exposed sectors of activity, especially in the most affected regions receive enough targeted support to weather the storm, in line with sustainability**, without having to close down before recovery will kick in. Such funding through the Recovery Plan for specific sectors shall be hinged upon the full alignment with the principles of the European Green Deal. This should be combined with policies and requirements to keep workers and employees under contract until activity will resume, instead of laying them off, and measures should be designed and implemented in close dialogue with social partners, including the participation of workers in company matters. Additional and responsive public demand could be created by using the flexibility foreseen in public procurement legislation. Thereby adding a new instrument to local administrations in supporting the economy, for instance through energy efficient public buildings or digitising the administration.

It is therefore crucial that we measure the impact of our response. New instruments should be set up in a way that ensures that financing will generate real added value in line with our European objectives and have a positive sustainable economic impact in all Member States. In this respect, it is important that the economic and social impact of these instruments is measured and evaluated on a regular basis. This is crucial for maintaining public trust and ensuring the legitimacy of the EU response. Furthermore, we must plan our response in a way that our citizens can trust us and feel assured we are proposing financially responsible and socially justified solutions. A Europe based on solidarity is a Europe which acts in a responsible way for current as well as future generations.

Last, but not least, there can be no effective, successful and sustainable recovery without strong democratic systems and accountable public institutions at its core. Strong rule of law conditions must be ensured in all new schemes and new instruments established as a response to COVID-19 in terms of economic and social measures.

## **2 The effective European-wide coordination of European and national stimulus policies must be grounded in the European Green Deal, the European Pillar of Social Rights and the United Nations Sustainable Development Goals, including in Europe's strategy to become climate-neutral and honour its obligations under the Paris Agreement, none of which should be delayed as the transformation into a de-carbonised, circular and environmentally sustainable European economy and society is essential for our future**

An effective implementation of the stimulus package will require clear European planning and coordination of macro-economic policy, of active labour market policies, of social measures, including the implementation of the European Pillar of Social Rights, and of climate and environmental policies. Therefore, **the European Commission must urgently revise its Annual Sustainable Growth Strategy**, which forms the basis of the European Semester process, in order to fully reflect the new economic and social situation being created by the pandemic. Country reports need to be reviewed accordingly and forthcoming country-specific recommendations and national reform programmes must become the central and only comprehensive governance tool at the disposal of the European institutions to spearhead a joint recovery in the months ahead and into next year. This should include all measures Member States take, including in the field of state aid and of tax policy.

The European Green Deal is essential for our future and must be at the heart of all EU policy as well as of the Recovery Plan. The European Semester should, therefore, stay on course in supporting the implementation of the European Green Deal (EGD), of the EPSR principles and of the United Nations Sustainable Development Goals (UNSDGs). **Country-specific recommendations should, in particular, frame stimulus measures fully in line with the EGD, commitments under the Paris Agreement, EPRS, national Energy and Climate Plans and UNSDGs, and their correct implementation should be closely monitored by the European Commission, the Council and the European Parliament.**

## **3 Financial and fiscal support measures must be fair, transparent, and fully in line with the Union's climate and environmental objectives and effective in achieving social and tax justice**

State aid shall not be allowed for direct and indirect subsidies for coal or fossil fuels. Where state aids are used to support companies severely exposed to the economic impact of the crisis within the new flexibility granted to Member States in the European State Aid framework, **the European Commission should ensure that Member States set minimum standards so that financial assistance is directed to viable companies who have suffered revenue loss as a direct impact due to the corona crisis and that such aid is granted in line with EU's climate, environmental and social objectives**, in particular for aid granted to energy-intensive sectors and large carbon dioxide emitters, and to ensure that firms being granted such public support do not then distribute dividends to shareholders this year or in 2021. The European Commission should adopt a harmonised framework to ensure a level playing field of national state aid actions, as not all Member States will be able to provide the same level of support to their firms, creating the risk of market distortions and more divergences between countries.

**A European-wide and legally enforceable ban on dividend payments, shares buybacks and distributions of bonuses, for banks and other companies**, should be introduced rapidly, to ensure that funds are used to support bank's lending activities and job maintenance, rather than then to reward shareholders and management. Large companies benefiting from public support should also commit to **transparency**, namely public country-by-

country reporting, guarantee the jobs of their employees and being required to put in place systems for the participation of workers in company matters. In addition, they should respect their non-financial reporting obligations. The public must have an oversight over whether companies fairly contribute to the recovery efforts by investing in people and in EU countries, while being able to monitor if those businesses also pay their fair share of tax. In this respect, the **protection of whistleblowers** should be guaranteed effectively in order to ensure safe reporting of breaches committed by governments, corporate institutions and markets which would contribute to greater transparency and accountability. Companies registered in tax havens should be banned from accessing state aid or financial support packages. Companies receiving significant support should also commit to retaining employees and once the crisis is over, commit to investing in training and improved working conditions for employees.

Where tax measures are put in place to support companies under stress, Member States should adopt a **common EU-wide approach on tax relief measures until the end of the year**, by proposing that tax payments and social security contributions could at least be deferred in a coordinated manner, to reduce cash-flow constraints. Some measures that would allow large companies to reduce their tax contributions, such as *carry forward of losses*, should clearly be limited in time. Tax measures should also provide an incentive to safeguard employment. The European Commission and Member States must ensure that **conditionality is attached to tax relief measures**, for instance, by enforcing minimum thresholds or limiting the scope of such intervention to sectors the most impacted by the crisis. Furthermore, tax measures should be designed in a fair and sustainable way, in line with the polluter-pays principle and environmental taxation. Member States should refrain themselves from offering tax relief measures that would be contrary to the Union's climate and environmental objectives, such as incentivising people to resort to highly polluting sources of energy, for example.

The discussion around new own resources should be broadened towards potential new income generated from the **fight against tax evasion and against money laundering**. Indeed, almost 1000 billion euro is lost in the EU every year due to different forms of tax evasion and the use of tax havens. A part of the revenue generated through a coordinated European approach against tax evasion and tax paradises could take the form of a new own resource. Furthermore, according to Europol, as much as 0,7-1,28 of the Union GDP is defected as being involved in suspect financial activity such as money laundering. The battle against financial crime can only be won via a coordinated European approach. Given the substantial additional income such a European coordinated approach could generate, and given the urgent need for extra resources, it is critical that the Commission comes forward with a very ambitious reform of the Anti-Money Laundering legislation in the coming weeks.

#### **4 The EU and Member States must fight the surge in unemployment, inequalities, regional divergences, poverty and social exclusion during the pandemic**

The current crisis already affects more vulnerable people disproportionately, including low wage and precarious workers, women, children, youth, and elderly, and a socially ineffective crisis response, also in regional terms, would result in an explosion of unemployment, inequality, regional divergences, poverty and social exclusion. This must be avoided at all cost early on, and therefore requires major and specific measures within a strong recovery plan. The EU and Member States must develop powerful support measures to compensate the lack of economic activity and the consequent liquidity and revenue shortages in many sectors in order to **protect all types of workers, including those in precarious work, cross-border workers including frontier, posted and seasonal workers (with a special focus on the situation of seasonal workers in agriculture, and tourism), the self-employed, small & medium businesses, startups, as well as workers and employers in the whole value chain of the Tourism industry** in a coordinated European framework and in close

dialogue with social partners. Social dialogue, collective bargaining, workers' participation and occupational safety and health standards have an important role in responding to the crisis and full involvement of social partners in the preparation and implementation of emergency measures should be ensured.

For all workers at risk of losing their jobs, the **temporary European support scheme Mitigating Unemployment Risks in Emergency (SURE) must be activated without delay and with meaningful financial means**, helping Member States protect employment through support to short-time work schemes and similar income compensation measures for employees, regardless of their form of contract, and for self-employed. These measures however must not by all means reduce wages, workers' rights and protection, must prevent layoffs and payment of dividends to shareholders and bonuses to management by the concerned companies and must not preclude any interference in the social dialogue; these measures shall require companies to implement systems for the participation of workers in company matters. With the aim of granting to all workers the same level of protection, **an EU-wide scheme should guarantee residency rights and equal access to social and employment protection schemes for all EU citizens living and working in another Member State**, who may lose their job or residency status due to the crisis. For the same reason, protective measures taken at national level should also apply to foreign workers working in the country.

Additional measures are also needed:

- A **European framework ensuring and coordinating national measures to prevent forced evictions from homes** as a result of the crisis needs to complement SURE. Primary housing should be protected during the crisis through special measures across the EU, including renters and those who reimburse property purchase loans, allowing for a temporary suspension of due payments in case of need.
- The European Commission should support the idea of a **pay rise initiative for frontline workers in the crisis**, such as health workers, operators in the agri-food chain, shop assistants, cleaners, or truck driver, to acknowledge their role and ensure decent wages for all commensurate with the efforts they make and risks they face in the common interest of society.
- The economic situation of a lot of Europeans is further aggravated by the fact that borders are closed or only possible to cross under strict conditions. **Member States should adopt only necessary, coordinated and proportionate measures when restricting travel or prolonging internal border controls, after careful evaluation of their effectiveness to address the public health issue, and in full respect of existing legal provisions**, namely the Schengen Borders Code and the Freedom of Movement Directive, and in full observance of the Charter of Fundamental Rights. While we support public health measures put in place, aiming to limit the spread of COVID-19 through social distancing, there is an urgent need to return to a fully functioning Schengen area without internal border control. In the longer term, we need a significant update of the rules on Schengen; in that regard, we call upon the Commission to analyse the current situation and to propose appropriate measures for a less nationalistic, more resilient and more coordinated EU response in the future.
- Targeted economic and social support is needed to **protect the most vulnerable**, including refugees, migrants, homeless, the most deprived, elderly and persons with disabilities. National support measures must be effectively **complemented by all available European instruments**, in particular the European Social Fund, the European Regional Development Fund, InvestEU, the European Globalisation Adjustment Fund, the Fund for European Aid for the Most Deprived, the Youth Employment Initiative and the EU Solidarity Fund, and must be funded accordingly and open up for more flexibility. These funds should also be dramatically increased in the upcoming proposal for an updated MFF 2021-2027.

- As long as schools need to remain fully or partly closed and children rely on tele- and home-based education, the EU and Member States must take urgent measures to **ensure that distant learning does not discriminate children from more disadvantaged families**. Children from disadvantaged backgrounds and vulnerable groups are being hit disproportionately due to restrictions in their access to quality healthcare, difficulties in following e-learning, inadequate housing and poorer nutrition. This shows how urgent is a swift introduction of a permanent European Child Guarantee already in 2020, with sufficient budget resources in the revised MFF 2021-2027 and its ESF+ comparable to the rescue funds dedicated to companies and workers.
- The COVID-19 crisis has emphasised the importance of home for everyone as a primary need for a stable and good life. Along with Green Deal targets, we need to step by step go towards **energy efficient, well connected smart buildings**. We welcome the Commission proposal of Renovation Wave as a part of Green Recovery plan. Boosting renovation helps to create new jobs and to achieve climate targets.

## **5 The crisis response must be gender-sensitive and avoid new gender inequalities**

In responding to the immediate challenges of the crisis, the EU and Member States must ensure a gender-sensitive policy approach. This crisis has already increased gender inequalities, while at the same time women's contribution is vital in many ways to maintain public life and essential services and ensure a sustainable recovery.

**A whole range of immediate gender-sensitive measures are needed to protect women during and after the crisis and to avoid a surge in gender inequalities** - to ensure for the least that women are not impacted more severely and unfairly by the crisis than men. In order to do that, we need to start gathering gender-based data concerning the different impacts of the crisis. The S&D Group has provided a specific action plan for a gender-sensitive approach to the crisis<sup>1</sup>, to help and support women during the crisis at their workplace, to protect them against domestic violence, to guarantee their needed access to health services such as sexual reproductive health and rights, to support them in balancing family and (tele-) work obligations, and to ensure that that they are not left behind in the recovery and in getting back into work. We cannot tolerate the use of the COVID-19 outbreak and the ensuing crisis being used as an opportunity to regress on women's rights and gender equality.

---

<sup>1</sup> <https://www.socialistsanddemocrats.eu/publications/sd-position-paper-progressive-gender-sensitive-approach-covid-19-crisis>

\*\*\*\*\*

**The EU and the Eurozone had not learnt all the lessons from the past financial crisis when the pandemic started to hit Europe a few months ago. Several evident reinforcements of the EU and Economic and Monetary Union's architecture and of the social welfare systems had been left aside in the aftermath of that crisis. They are now dramatically absent from what this new crisis requires in economic and in social terms. Without a common budgetary capacity, without a strong unemployment reinsurance scheme, without clear counter-cyclical budget rules, and with an insufficiently endowed European budget to finance common policy solutions in addressing the new crisis, the EU and the Eurozone now need to hastily cobble together temporary solutions in the midst of the pandemic storm. This is clearly not good enough, and this must be the EU's last wake up call. This will not be the last crisis, nor will future crises necessarily be of the same kind. Science warns us again and again about a crisis-prone future, in which other pandemics, but also climate-induced and other ecologically driven crises will come. While the fight against climate change and biodiversity loss, the European Green Deal and our commitments under the Paris Agreement, as well as the UNSDGs are essential for our future and must remain the backbone of European action aimed at changing our economic model to limit future crises to the utmost and to build sustainable prosperity for all, the EU also has the absolute duty to build a far more resilient and crisis-protected society. These two endeavours are part and parcel of the same strive towards true sustainability, and progress has to start now.**

\*\*\*\*\*

## **6 The fiscal stimulus package and temporary recovery measures need to make way to permanent economic resilience, social progress and ecological sustainability after the crisis**

The fiscal stimulus package, which has to be based on the combined common borrowing capacity of the European budget (within a temporary Recovery Fund), the EIB (including through an increase of its capital by Member States and the swift implementation of the pan-European guarantee fund to support SMEs and the recovery of the real economy), the ECB (including through the continuation of the close to zero interest rate policy and the Outright Monetary Transaction programme) and the ESM through their respective channels and operative modes, needs to make way for a permanent and common public financing capacity by the end of the stimulus phase. The best way to achieve this is through the **creation of a permanent European Treasury, empowered to issue Eurobonds by the European Commission** on a stable and long-term basis to cement the recovery and to do so by providing the massive public financial firepower needed to realise the legitimate ambitions of a strong European Green Deal, and a real implementation of the EPSR principles and the SDGs. Once the peak of the crisis will be overcome, national indebtedness will vary greatly between Member States. To think that Europe could finance the Green Deal after the crisis without a properly sized, common and stable public borrowing instrument and without experiencing much greater divergence among Member States is absurd. A European Treasury will also ensure that in the face of any future crisis, the EU and the Eurozone can act rapidly and in a decisive and effective manner. All funding through these instruments and measures shall be hinged upon the full and mandatory alignment with the future legal obligations deriving from the European Green Deal.

Economic resilience will also require that common European policies are properly financed before, during and after any crisis. Therefore, the Council and Parliament need to reach a common agreement for a **robust European budget within the next Multi-Annual Financial Framework for 2021-2027, new Own Resources, as demanded in our action point one, and ambitious climate and environmental mainstreaming**. Only an ambitious Multi-Annual Financial Framework, pushing EU budget investments to unprecedented levels, would be up to the challenge of a fair and sustainable recovery. A strong updated MFF proposal that would restore the cohesion policy along with other traditional investment policies, such as the CAP, as well as new tools that should target the transformation of our economies, such as the Just Transition Fund and the Green Deal itself. Critical European policies including in cohesion, agriculture and fisheries, social area, transport, research, education, culture or development all play essential roles before, during and after crises, as is currently demonstrated. However, their funding is insufficient and their design may have to be adapted in order to simultaneously empower them to repair the damages the pandemic is causing, to ensure that the EU can effectively implement a European Green Deal, the EPSR and the SDGs and to build future resilience in a crisis-prone future. The new design of funding should be accompanied by a simplification of the procedures to access funds so that money reaches its beneficiaries more quickly. This requires in line with the European Court of Auditors a balance between more flexibility and accountability. The precondition of full respect of the rule of law and democratic principles is a must.

All new measures, and the next Multi-Annual Financial Framework, must take into account the concrete experience of regional and local authorities from the past but also during this crisis, and support them to provide social care and all essential services for its citizens. One third of public service expenditure, and two-thirds of all public investment in the EU is carried out by local and regional authorities: they will be indispensable in rebuilding our economies, implementing the ecological transition and social innovation, so that no region and no people are left behind and they must be at the forefront of the formulation and implementation of the new recovery plans.

While acknowledging that sound public finances are important, the last crisis has shown that austerity is not the answer. **European fiscal rules need to be reformed to make them systemically counter-cyclical and transform them into a powerful incentive for the significant public investment needs arising from the European Green Deal and from the strengthening of Social Welfare Systems, through a golden rule.** The current derogation for budgetary rules provides fiscal operating space in the short run, but there is a risk that once it would be ended, new austerity would kick in. This would lead to persistent unemployment and poverty as it would slow or even reverse a nascent economic recovery during next year. This would equally curtail public investment, which would be cut instead of increased, in order to meet austerity demands.

To prevent negative social consequences of crisis and shocks, the Social Welfare Systems play a crucial role in achieving social sustainable development, promoting equality and social justice and realising the human right to social protection. These social protection systems consist of 7 areas of intervention that should be strengthened : Social Security, Healthcare, Education, Housing, Employment, Justice and Social Services for vulnerable groups. They are vital elements of national strategies to reduce poverty and vulnerability across the life cycle and support inclusive and sustainable growth.

In the longer run, the EU and governments will need to find the resources to contribute to the repayment of public debt that will have been borrowed to cope with the urgency of the sanitary crisis and to ensure sufficient investment into public services and into the transformation of our economies towards sustainability, developing research and innovation and avoiding carbon leakage. This should not be done unfairly, while countries must at the same time devise policies to reduce inequalities and poverty. Therefore, this financial burden should foremost be shouldered by those who can. In this respect, **fair, effective and coordinated tax policy will play a critical role.** New tax resources will need to be mobilised in a socially rebalanced manner and could include a European net wealth tax, a financial transactions tax, a digital tax, part of which at least could serve as new Own Resources to a stronger EU budget. **The fight against tax avoidance and for limiting tax competition** within the EU must become a central one, because the European project needs to remain based on solidarity. No country, including EU Member States, should illegitimately absorb the tax base of other Member States, especially at times during which such loss of tax revenues will be more detrimental than ever. This must be achieved through an **EU minimum effective tax rate for corporates**, a **reinforced list of tax havens**, that would include an assessment of EU countries, and a formal **EU framework on harmful tax practices**. Member states should also swiftly adopt the **Common Consolidated Corporate Tax Base** proposals and the **Significant Digital Presence** proposal to ensure efficient and fair tax collection in the EU, as well as a level playing field. Member states should also unify efforts in reaching out an **international deal on the issue of digital taxation at OECD/G20 levels**. It is important that Member States' taxation is used to bring the Union and all Member States closer to climate neutrality and increased environmental protection. Member States should find ways to increase the way of environmental taxation such as a CO2 tax which can contribute both to reaching the goals of the Green Deal as well as increasing public financial resources. The EU should be empowered to take decisions on fair taxation through a more democratic, transparent and efficient decision-making procedure. This would first require to **overcome the unanimity requirement on tax policy.**

## **7 The crisis must give way to a far-reaching European social recovery towards sustainable well-being, social progress and robust social welfare systems**

The current crisis might lead to much higher long-term unemployment, more precariousness, more inequalities, more poverty and more regional divergences, if the right policies are not urgently put in place to prevent this from happening. Only powerful immediate economic and social actions, as called for in points one to five, will be able to keep these negative conse-

quences within politically manageable boundaries in the short run. Otherwise, they will attain historically unseen levels and might lead to unpredictably dangerous political consequences.

**The EU should start now to develop the social and labour market instruments and policies, and public services, needed for a social recovery that will take years to achieve.** These instruments and policies will also provide the capacity to reduce inequalities and poverty levels that were already at excessively high levels before the crisis even started. They should ensure that the interlinkages between social and ecological inequalities and sources of progress are properly integrated into all relevant policies, including across the European Green Deal. By doing so, the EU will also build the social well-being and robust Social Welfare Systems needed to confront a crisis-prone future and develop a stronger Social Europe.

One of the European instruments needed to gradually re-build labour markets and to develop social well-being and robust Social Welfare Systems will be a permanent **European Unemployment Reinsurance Scheme** endowed with adequate resources, to be established without delay. This scheme will have to provide a Eurozone common macroeconomic stabilisation function that would allow the European Union to better deal with shocks in the labour market that cannot be managed at the national level alone. It should in the medium term replace, in an extended and reinforced form, the temporary SURE mechanism - bearing in mind that SURE is focused on the protection of existing employment whereas the European Unemployment Reinsurance Scheme would have a much larger objective by providing support to unemployment schemes and thus help in keeping higher standards of living in the EU. This permanent mechanism should be a rainy day fund established by co-decision and with conditions for the companies. Since the tourism industry with its huge European labour market has faced a major blow due to the pandemic, a further instrument for social recovery will be a **European Travel Guarantee Fund** for the tourism and aviation industry. It is of paramount importance for consumers and SMEs that vouchers and reimbursements are granted in the future. The EU's tourism industry needs a special protection which can hardly be achieved with measures on a national level.

The EU should also stay on course in **implementing its European Pillar of Social Rights (EPRS)**, for which the European Commission should respect its intention to present an action plan no later than this autumn; in the same way as the European Green Deal (EGD) must remain politically central to EU action, so must the EPRS. This is in particular essential in order to ensure that the EGD will be implemented in a socially progressive way - enacting ecological progress hand in hand with social progress for a mutually far more effective outcome. In this respect, the European Semester and the country specific recommendations must include indicators of well-being and quality of social protection.

The social recovery, new social resilience and increased social justice will require a comprehensive **European Anti-Poverty Strategy and investments focused on “social infrastructure”** (healthcare and education facilities, public housing, etc). Today, nearly 120 million Europeans struggle with poverty, which affects nearly one in three children. Tomorrow, once the crisis will have peaked, these numbers will inevitably be higher. Fighting poverty must become one of Europe's major political missions. Two flagship initiatives should be taken as a matter of urgency: the **European Child Guarantee** and a **European Framework Directive setting standards for minimum income schemes**. A comprehensive anti-poverty strategy should include several other actions, including a strategy for decent and affordable housing for all, a European-wide programme to end homelessness, and to enable citizens to meet their basic energy needs, a loan guarantee for first home owners to prevent a mortgage default, a scheme to protect tenants from eviction in case of an economic shock or crisis, and more resources to be provided for the ESF+ and EGF in the future EU budget.

The need to guarantee affordable access for all to high-quality healthcare within strong social security systems has been dramatically demonstrated during this pandemic, and the limits of national systems have been painfully exposed after years of under-financing and un-

der-staffing. Today, doctors, nurses and other health workers are paying a daily price at the risk of their lives to ensure that patients can be treated well within those limited means. This situation should never ever re-occur. Therefore, the aftermath of the crisis must be used to **strengthen social security and healthcare systems through more adequate funding**.

Some concrete measures must be a key for us a) to create a **European Health Response Mechanism as a synergy tool** to integrate and streamline EU, national and regional resources in order to fund the purchase of medical equipment and facilities, deepening the efforts the European Commission has already done on the matter; b) a **new Health Crisis Management Unit, equipped with a Pandemic Emergency Plan** should directly involve Member States and its regions and cities; c) **a more efficient cross-border coordination** must be put in place for providing health services to citizens.

In the future, the EU and Member States should assess ways of rebalancing their health competences in line with the subsidiarity principle. Member States need to train and maintain more healthcare workers, and pay them decent wages. Healthcare is an essential service and a major common public good, which a sound social security system must uphold. This should also be reinforced by **strengthening EU competences and capacities in health policy**, in particular to strengthen European preparedness and resilience, since the current setup of competences in the area of the protection of public health did not prove to be effective enough during the COVID-19 pandemic. The Union cooperation on civil protection that facilitates cooperation in cases of medical emergencies should also be strengthened. Not least the persisting discrepancies in how Member States collect and report data in relation to COVID-19 fatalities clearly illustrates that stronger coordination at EU level is required. Whilst fully respecting privacy rights and integrity, better coordination and exchange of data will also be fundamental to combat future cross-border epidemics and to ensure effective vaccination schemes in Europe, notably through an EU Vaccination Card.

New initiatives are needed to **support public educational systems for them to be socially fair and inclusive in times of crisis**. This should include the development of quality online learning or media platforms that allow home education only in such situations, which are made accessible to all families, including through public support where needed to ensure proper and equal access, while ensuring that children's personal data and privacy are fully protected. Moreover, children's right to disconnect need to be especially and strictly protected. Assistance should be available to parents in future crisis situations, while educational institutions are closed, for instance through paid special leave or other mechanisms.

The EU should also develop an **adequate regulatory and fiscal framework to strengthen Social Welfare Systems** across all EU regions. In order to overcome the digital divide, public services such as health services or administrations need to be digitalised. We can thereby ensure that we are prepared for future pandemics. Services of public interest need to adapt to new environments and forms of demand. In addition, they need to live up to the challenges linked to a growing dependency on the availability and reliability of IT systems.

The EU should acknowledge the **crucial role of the social economy sector**, made up of multiple companies, organisations, associations and cooperatives, which must be duly supported and helped in order to go through this complex, multilevel crisis; In this regard it must be ensured that all social economy enterprises and organisations and their workers/employees can access all measures to support enterprises, and specifically SMEs. The European Commission should also push for a courageous mobilisation of financial resources on innovative social economy projects, among others through the ESF+; the InvestEU programme and the ERDF, focusing on strategic areas such as healthcare, social services, digitalisation, circular economy, industry, education, agri-food and transport.

**Demographic challenges** should also be assessed in the light of the pandemic and of ensuring a sustainable model of development.

## **8 The transformation into a de-carbonised, circular and environmentally sustainable sound European economy and society is essential for our future and must be the blueprint for the recovery**

Before the pandemic emerged, the EU was set to engage into a historically ambitious and crucially necessary transformative agenda, of which the fight against climate change and the European Green Deal are the core. We must not allow that the crisis will derail or slow down this vital agenda. **Jeopardising the European Green Deal and our commitments under the Paris Agreement would be the worst possible response policymakers could give to the on-going crisis and it would gravely threaten our future.** Indeed, the implementation of this transformative agenda is now needed and justified more than ever. The pandemic has further strengthened its case for at least two reasons, related to the nature of today's global economic model which tends to foster virus spreads at large geographical, and as now a planetary, scale, and to the surge in future crises deriving from climate or other ecological disruptions. What if in future Europe were hit during the same phase not by one, but more shocks, such as a virus epidemic and a major climatic shock? How resilient could we become up to a point when even the most resilient economy could not withstand multiple shocks occurring together, or shortly one after another? It will not be enough to become more resilient to face shocks, but to change our economic model, so that the likelihood of future shocks and crises of various nature is diminished as much as possible.

The current health crisis has environmental origins, as the virus is suspected to have moved into humans from wild animals. Climate change, biodiversity and habitat loss and unsustainable farming practices greatly increase the risk of new emerging pathogens in humans. Furthermore, environmental and public health factors affect the vulnerability of people to coronavirus and other diseases, including air pollution, antimicrobial resistance, tobacco use and poor nutrition. All of this highlights the imperative nature of transforming our society through the Green Deal. This involves committing to a 55% cut in greenhouse gas emissions by 2030, reaching climate neutrality by 2050 at the latest, reorienting our food supply chain towards sustainability and health, halting and reversing biodiversity loss, reducing pollution of air, water and land, and making our economy truly circular. This will ensure our recovery is green, and that we lead the world with our sustainable economy.

Allocations for Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy together with the Transport policy should be maintained in the next MFF in order to ensure that **key EU policies are not only adequately financed to reflect their proven role in terms of social and geopolitical stability but also designed and conducted so as to become strategic levers for future resilience and ecological transformation.** Clear standardised indicators to measure the quality and resilience of our public health systems must be introduced. All funding through these instruments and measures shall be hinged upon the full and mandatory alignment with the principles of the European Green Deal.

**The timely implementation of the European Green Deal must be secured politically by proceeding with the necessary legislative and policy initiatives as planned, and it must be secured financially, by developing the necessary post-crisis instruments** that will allow the EU and its Member States to do so, as called for in point six. All funding through these instruments and measures shall be hinged upon the full and mandatory alignment with the principles of the European Green Deal.

As transport is one of the key sector still in need of great shift to become more sustainable, **we need to put in place a long-term smart and sustainable transport policy.** It needs to focus on the climate targets and the European Green Deal, as well as the future demand in all modes of transport, i.e. aviation, rail, road and maritime. This will also be crucial to ensure a well-functioning EU internal market and EU's competitiveness globally. **Agricultural policy must also be viewed as a critical policy** in securing European domestic supply chains for increasingly sustainable food and food industry. The change towards a sustainable economy urgently needs to be supported by legislation in fields such as consumer protection law,

clearing the way for **a more sustainable consumption model** through products with longer lifetime.

The regional and local level should be well involved, especially in tourism recovery, where special attention and assistance should be given to regions and cities heavily dependent on tourism, in particular remote areas and islands. The whole value chain of tourism industry should be covered, from the tour operators, the accommodation, catering, and catering industry, transport services, the tourists guides to the exhibition sector, among others. A complex and well-structured strategy is needed to set up a **tourism rescue action plan**, which will establish/develop a Crisis Management Mechanism, with concrete short and medium term measures, in order to answer the needs of the tourism sector, especially SMEs, workers and consumers.

## **9 European digital and industrial strategies need to draw the lessons from this crisis and contribute decisively to the recovery, to future resilience and to sustainability, notably thanks to increased support towards research and innovation, and by being fully in line with the European Green Deal, as well as through strengthened social dialogue and workplace democracy**

Among the many dimensions revealed by the current crisis, the role of research, innovation and digitalisation features prominently.

The shutdown of many EU countries demonstrates the importance of **having a sophisticated digital infrastructure** to keep countries, their societies and economies, running at a basic level. Digital services have enabled many people to continue working from home and they have supported private life. In many ways - such as through online access, online information (but also disinformation), teleworking, remote learning and education, access to culture and to online leisure, as well as online social networking - has the digital society proven to be a vital component of a crisis-prone society and economy and without the existing digital solutions the impact of the crisis would have been much worse. Online access, a high level of consumer protection with resort to digital tools such as electronic complaint books and digital literacy are, in such situations, a fundamental determinant of social participation and justice. Digital divides are felt dramatically more in such contexts. At the same time, digital information and tools can play a major role in fighting the pandemic - or other forms of crisis that risk to emerge in future, while this can raise also fundamental concerns about data protections which also need to be clearly addressed.

While further developing our digital society, we have to be vigilant of not developing digital tools that can be abused for mass surveillance of our citizens. **The EU must champion digital technologies that are developed, deployed and used in compliance with a set of ethical principles that reflect our European values and in full respect of the EU Charter on Fundamental Rights.** Digital privacy of Europeans against the invasive use and abuse of their personal data must be protected. Regarding new mobile tracking applications being designed to combat and exit from the pandemic crisis, the Member States should follow the Commission's recommendation in this matter, in particular ensuring that all actions are taken in accordance with Union law, in particular law on medical devices and the right to privacy and the protection of personal data along with other rights and freedoms enshrined in the Charter of Fundamental Rights of the Union.

Equally, **online disinformation needs to be prevented.** Disinformation about the corona pandemic and EU's actions has spread across online platforms and social media. In line with their commitments in the Code of Practice, the platforms must work with fact-checkers and promote trustworthy information. The EU democracy must defend itself against foreign propaganda. The fundamental rights, including freedom of speech, must be respected and safeguarded at all times.

Future economic resilience and future social justice demand strong policy action in the digital sphere. The EU and Member States need, in particular, to define **concrete action plans to overcome the digital divide** - more investments should be channeled into overcoming the digital divide. It is essential to move forward in the design of European Education Area (EEA) provided by European Commission and advance as much as possible his configuration, design and implementation, including all the investment necessary conditions in facilities, parents and teachers formation, attention to diversity, and equality of access guaranty to on-line and distance learning. The Erasmus+ programme also having been affected by the crisis, a compensation plan for missed stays within this programme is necessary, as well as a reinforcement in the quantity and quality of the new programme.

The current crisis reveals the importance of meeting the target of fast broadband (over 30 Mbps) accessible to all regions and all Europeans and of as many households as possible (at least 50 percent) with access to ultra-fast broadband (over 100 Mbps). Such access should be considered a social right. Adequate and affordable Internet access for all to ensure safe teleworking, online learning and schooling, and online social and cultural life has become essential in the midst of the pandemic and in confinement situations, and should be developed as rapidly as possible, not least in rural areas, which are at a disadvantage. This will also make our European society and economy more resilient in future crisis, although these should not replace regular working, learning and social and cultural life processes.

The pandemic may accelerate the creation of new types of employment and new working arrangements in the platform economy which could undermine current social and employment standards and give further rise to precarious forms of employment. All workers must enjoy the same social and employment rights, the same health and safety protection. The EU must ensure a level-playing field for the platform economy and the offline economy based on the same rights and obligations for all actors. Changes in labour conditions such as physical and psychological impacts of teleworking, the right to disconnect, the surveillance of work, and the intensification of work are accelerating due to the crisis. It is of importance to preserve decent working conditions for all, social rights and overcome a digital dichotomy, between people who can keep up and people who cannot, through investment in re-education and active labour market policies.

Whereas the pandemic crisis has dramatically affected the offline retail industry, it has enormously boosted the online retail, in particular the already dominant platforms like Amazon. The EU will have to restore a level-playing field and fair competition between online and offline sectors. We need equal conditions for all market players, responsibility, quality of the service and safety and protection of consumers. While the current crisis is showing the resilience and potential of the e-commerce sector, at the same time, it has also exposed shortcomings of the current regulatory framework that need to be addressed.

**The new European Industrial Policy Strategy as well as the SME strategy in the making should draw all the lessons from the crisis.**

Many sectors in European industry are severely affected by the crisis and by the consequent impressive fall in productivity, in particular under the necessary confinement. The crisis has exposed important weaknesses of our industry, but also potential answers to re-strengthen it and make it much more resilient: fragile supply chains, especially for medicines and medical devices, and the need to re-integrate industrial production processes inside the EU that must safeguard the free circulation of goods within a strong single market and to support European industrial champions; the inadequacy of IT networks and the need to digitalise our industries, SME in particular, as well as train our workers in those skills, to ensure up-skilling and re-skilling; the potential use of artificial intelligence and robotics in future crisis; weak resilience in case of shocks and the need to support an industrial recovery based on resilience, due diligence and sustainability.

**The EU needs to re-think the very concept of a European industrial strategy**, identifying the key sectors and supply and production chains the EU wants to invest in, strengthening the tools, and finding new ones, of the European industrial policy and promoting inclusive and environmentally sustainable industrialisation, also with focus on reinforcing self-sufficiency of critical industries and their supply chains, such as food, pharmaceuticals and medical related technologies, by strengthening social dialogue, by reassessing and restoring the currently disrupted EU value-chains, workplace democracy, and circularity of the economy as well as reducing environmental degradation, pollution and climate emissions, and by significantly developing environmentally sustainable industrial activity and the provision of high quality industrial jobs in Europe. The S&D Group will soon provide a detailed action plan to achieve this.

While the answer to fight COVID-19 through vaccines, treatments and developing new protocols, is research and innovation, **the answer to fight future pandemic will also be research, innovation and new technologies**. Europe will never be safe without substantial financing of applied research. In the meantime, research and innovation is a key instrument for boosting the economic recovery in line with the European Green Deal. This includes addressing the dependence of the European Union and its Member States on non-European countries when it comes to pharmaceutical and medical production. Therefore, it will be of utmost importance to support EU manufacturers and producers in the field of medicines in order to promote the economic independence from third countries such as China and to guarantee European self-sufficiency in this important area, while maintaining our high standards in particular in the field of transparency and risk assessment.

**The recovery plan must also reach consumers and their rights must be maintained**. In addition, the supply of basic products must continue to be guaranteed without speculating on their price; promote the online way in the value chain of these priority products and continue to fight against fake products and scam consumers both online and offline by cooperating between national and European competent authorities. In addition, we should aim to maintain the European Consumer acquis as some rights are now suspended. For instance, the right of reimbursement of travellers. The European Commission should consider all available resources to improve the application and enforcement of European legislation in all Member states as derogations to consumer rights are undermining workers' and consumer's trust

We will need to tackle also the challenges that regions and/or industries most affected by the transition will face and support investments in alleviating the socio-economic costs of the transition through actions targeting, among other: active/ passive measures for employment; the creation of new firms, including through business incubators and consulting services; infrastructure to replace pollutant based infrastructure facilities; the deployment of technology for affordable clean energy, energy efficiency and renewable energy rehabilitation and decontamination of sites, land restoration and repurposing of projects.

## **10 Stimulating fair and sustainable trade and spearheading a global transformation towards a truly sustainable and crisis-free future for humankind by showing the way forward**

Stimulating fair, sustainable and rule-based trade is essential for an economic recovery plan for the EU. The EU has an open economy and is a powerful trading bloc. Therefore, trade will play a crucial role in the economic recovery of the EU. Due to the COVID crisis, the flaws of the current trading system became more visible as did the downsides of stretched global value chains for strategic sectors. We should take this opportunity to reflect on how international trade is organised now and how we can reform it to make it more resilient and fairer. The EU should not leave this up to other global players and should come up with a **blue print to reform international trade**.

International trade should embrace the Sustainable Development Goals and reflect a spirit of international solidarity and cooperation, taking into account the needs of our international partners, in particular Least Developed Countries. Our trade policy should go hand in hand with the Green Deal: we should protect our industries and help them transit towards a more sustainable model, while at the same time levelling the playing field through measures such as a carbon border adjustment mechanism. This is closely linked to Industrial Policy: we can only protect our European industries, which have to live up to high standards, if we set the same standards for our imports.

The EU has always been and should remain a strong defender of multilateralism and rules based trade. However, **our global trade policy should be reformed starting with the long-overdue rewriting of the WTO rulebook and the in-depth reform of the WTO itself.** New rules for e-commerce, conclusion of the Environmental Goods Agreement, industrial subsidies and are just a few of the challenges ahead.

In light of reducing the EU's dependence on one region or country, **global value chains need to be shortened where possible, diversified and made more resilient.** This is especially true for strategic sectors. The medical sector is an example that comes to mind, but this is not the only strategic sector. Transparency and binding due diligence in global supply chains are crucial tools to make value chains more stable and robust in this respect.

**A new relation with our strategic partners US and China should be pursued.** When it comes to China, we need a solution for state-owned companies, subsidies and forced technology transfer. These problems are well known but the COVID crisis made it clear that we also need to find a new relation with China when it comes to geo-politics. It is not wise to depend on China for essential materials.

Speedy implementation of new EU rules on screening foreign investment will ensure the EU remains open to global investment while protecting key infrastructure, including public services such as healthcare.

Trade policy rules in the field of intellectual property rights, in particular in our bilateral agreements, should be reviewed in order to ensure that governments both in industrialised and developing countries can make the necessary pro-health choices for instance for the mass distribution of essential medicines to the population.

The corona-pandemic showed the importance of strong public services, such as health care and education, in overcoming the crisis. Trade rules may have an impact on how public services are regulated and funded and they should meticulously be protected and excluded from any liberalisation commitments.

The pandemic has tragically confirmed the global interconnection of not only financial and economic activity, but of human destiny, in the same way as climate change, and the destruction of biodiversity and our global ecosystem, are forecasted to do ever more. This crisis-prone future for humankind needs to be replaced with a different future, in which sustainable and shared well-being of people and the planet takes precedence over short term economic gains, most of which are captured by the more wealthy and powerful.

The European Union can become the beacon of hope for the rest of our endangered planet, if we successfully transform our own economic model. The EU can use its political and economic weight globally in projecting a progressive agenda of change at home, and by upholding the implementation of the UNSDGs across Europe. **The EU can serve as an inspiration on how to bounce forward out of this dramatic crisis, instead of bouncing back into an old model that has already failed.** Secondly, by using all of its international levers through its development policy, its foreign policy and through its participation in all international and global institutions and fora to promote this agenda for the world, the EU will find allies in other continents to lead the charge. Ultimately, the EU cannot succeed in lastingly transforming its own model if the rest of the world does not follow suit at some point.

In the aftermath of the current health crisis not only Europe, but the whole world will not be the same. The outbreak has exacerbated already existing inequalities within and between countries and has put at risk the progress made in poverty reduction. This crisis has shown the precarious nature of today's economy, with 700 million people who are living in extreme poverty and 1.3 billion who are without access to basic needs. More sustainable economic and social transformation is needed to create resilience for future global shocks.

In that respect, **the EU should continue demonstrating solidarity and lead the efforts with international partners by supporting the most vulnerable nations in their recovery beyond the COVID 19 pandemic in order to build resilient, equal and inclusive societies.** A coordinated and coherent international response is needed for Africa and in the rest of the developing countries. The socio-economic consequences of the pandemic should be tackled with a focus on the working people, women, older persons, youth, low-wage workers, the informal sector and those in humanitarian crisis and conflicts. Debt relief, suspension and debt sustainability for the developing countries should be a priority. The COVID-19 pandemic has a profound impact on the implementation of the SDGs and Agenda 2030; international, regional and national efforts must be doubled for their successful implementation.

**29 April 2020**