

# ESMA calls for transparency on COVID-19 effects in half-yearly financial reports

The Public Statement provides recommendations on areas of focus identified by ESMA and highlights:

- the importance of providing relevant and reliable information, which may require issuers to make use of the time allowed by national law to publish half-yearly financial reports while not unduly delaying the timing of publication;
- the importance of updating the information included in the latest annual accounts to adequately inform stakeholders of the impacts of COVID-19, in particular in relation to significant uncertainties and risks, going concern, impairment of non-financial assets and presentation in the statement of profit or loss; and
- the need for entity-specific information on the past and expected future impact of COVID-19 on the strategic orientation and targets, operations, performance of issuers as well as any mitigating actions put in place to address the effects of the pandemic.

The Public Statement is also applicable to financial statements in other interim periods when IAS 34 *Interim Financial Reporting* is applied. It calls on the management, administrative and supervisory bodies, including audit committees, of issuers and, where applicable, their auditors, to take due consideration of the recommendations included within the statement. ESMA further emphasises the role of audit committees in promoting high-quality half-yearly financial reports at this difficult junction in time.

## **Next steps**

ESMA and European national enforcers will monitor and supervise the application of the IFRS requirements as well as any other relevant provisions outlined in the Statement, with national authorities incorporating them into their examinations and taking corrective actions where appropriate. ESMA will collect data on how EU listed entities have applied the recommendations and will take into account those findings, amongst other considerations, in setting the enforcement priorities for the annual financial statements for the year 2020. These findings will be reported on in ESMA's Report on the 2020 enforcement activities.

---

## [Press release – COVID-19: MEPs urge quick action to prevent “huge recession”](#)



In Tuesday's [EP webinar for journalists](#) on the EU long-term budget and Europe's economic recovery plan, MEPs welcomed the recent French-German proposal for a €500 billion recovery fund and reiterated [Parliament's position on the recovery plan as adopted in the recent plenary session](#).

Parliament will hear Commission President von der Leyen present the revised Multiannual Financial Framework (MFF) and recovery plan proposals and hold a debate in plenary session on the afternoon of Wednesday 27 May.

[Johan Van Overtveldt](#) (ECR, BE), Chair of the Committee on Budgets, warned that the current economic situation might be getting out of hand and demanded quick action: "COVID-19 is still is a major health crisis, and we realise that, slowly but surely, it is transforming into a huge recession. In the coming days and weeks, we have to work out how to reconcile solidarity with responsibility. [...] If we don't stop the recession in its tracks as soon as possible, we might be confronted with what I define as a new financial hurricane."

[José Manuel FERNANDES](#) (EPP, PT), co-rapporteur for the EU's Own Resources (EU revenue), said that the French-German initiative is a "step in the right direction" and underlined that the recovery fund is needed immediately, as the MFF will not be in place before 2021. On member states' reticence until now to agree on a robust long-term budget, Mr Fernandes said: "Member states do not say to what extent they want to cut cohesion or agriculture funding. They want to keep their envelopes. They all want to increase research funding. The Commission wants a 'geopolitical Europe' and to finance the Green Deal. We therefore need the means to honour these commitments."

[Margarida MARQUES](#) (S&D, PT), co-rapporteur for the MFF, insisted that the recovery fund must be anchored to the MFF. “The EU’s answer to the crisis is based on the MFF and the recovery fund. The MFF can also be a platform to access other financing sources, like the EIB or the ESM.” The three main priorities now are to “repair the internal market in the wake of state aid measures, set up the economic and social recovery plan and, thirdly, increase the EU’s resilience.”

[Valérie HAYER](#) (Renew, FR), co-rapporteur for the EU’s Own Resources, said: “According to the Commission’s latest forecasts, the EU economy will face a 7.5% GDP decrease in 2020. That is tragic. It corresponds to around €1 trillion. The EP is asking for a €2 trillion plan that should include loans but mostly grants.”

On the French-German initiative, Ms Hayer highlighted: “It goes in the right way – the Parliament’s way. The two countries agreed to raise common debt [...] and on direct spending, and that is very important.” She welcomed that the initiative leaves the door open to introduce new Own Resources to pay back the debt.

[Luis GARICANO](#) (Renew, ES), also highlighted new Own Resources as a useful initiative: “The key issue is how to fund this package. The Parliament here is very clear. It offers member states a good bargain: we realise that EU countries have limited abilities to increase their direct contribution to the EU budget. We think that there is a comparative advantage in collecting certain types of revenue, for example a digital tax that allows member states not to increase their contribution. Let’s raise taxes from these sources of revenue which are now unexploited and help pay the interest on this long-term debt generated by the recovery plan.”

[Ernest URTASUN](#) (The Greens/European Free Alliance, ES) said: “The recovery fund must not be created at the expense of the MFF. It would be a bad solution to have a strong recovery fund frontloading MFF spending, and then have a very weak MFF in three or four years’ time. We need both: a strong recovery fund and a strong MFF, because after the recovery, the urgent climate and digital challenges will remain.”

[Watch the full webinar](#)

## **Background**

As the current long-term EU budget runs out on 31 December 2020, the EU needs a new budgetary planning horizon for the next seven years. The EU Commission thus presented plans for the next MFF for 2021-2027 in [May 2018](#). Parliament adopted its position in [November 2018](#), and re-confirmed it in [October 2019](#), updating it recently through two plenary resolutions on [17 April](#) and on [15 May 2020](#). The Council has not yet been able to agree on a position.

---

# Article – Border controls in Schengen due to coronavirus: what can the EU do?



Travelling freely in the EU was until two months ago a given for most Europeans, but restrictions introduced to halt the spread of the coronavirus meant the closing of internal borders in most parts of Europe. As the epidemiological situation improves and with the summer holidays in sight, countries are gradually restoring freedom of movement. MEPs demand that the [passport-free Schengen zone](#) returns to its [full functioning as soon as possible](#).

## **Schengen in lockdown**

“Member States were acting alone and it is now high time the EU steps in before it is too late and irreparable damage to Schengen has been done,” said MEP [Tanja Fajon](#), The chair of the civil liberties committee’s working group on Schengen scrutiny. “The Commission should take on a key role in restoring freedom of movement and firstly for crucial categories such as cross-border workers. European coordination is therefore essential.”

According to the current [Schengen rules](#), EU countries can – for a limited period – introduce border checks at their internal borders if there is a

serious threat to public policy or internal security. They must [notify the European commission](#) of such closures. The Commission currently keeps an [overview of national Covid-19 restriction measures by country](#).

## EU guidance: how to reopen borders

In a package of [proposals to enable travelling to resume safely in the EU](#), the Commission proposed on 13 May to countries that are part of the Schengen zone to [gradually reopen their internal borders](#). The emphasis is on coordination and respect of common criteria based on guidance by the [European Centre for Disease Prevention and Control](#).

The phased system of lifting restrictions could start between regions or countries with similar epidemic levels, but there should be no discrimination based on nationality. The goal is to eventually open all borders throughout the EU to allow for smooth and safe travel for both professional and personal reasons. However, there is no set timetable as it depends on the epidemiological situation and member state decisions.

Border management and reintroduction of controls is a member state prerogative, but since the outbreak of the pandemic, the Commission has been facilitating [common guidelines](#) to make sure that workers in critical sectors as well as deliveries of goods and services in the single market are guaranteed. It also facilitated the repatriations of almost 600,000 Europeans stranded abroad and proposed [restricting entry of non-EU nationals](#) into the EU, with an extension until 15 June.

[Find out more on what the EU is doing to fight the coronavirus](#)

[Check out the timeline of EU action against Covid-19](#)

## Parliament's position

MEPs are pressing for the restoration of borderless free movement for people, goods and services in the Schengen area. They want stronger EU cooperation to guarantee that there is no discrimination against any EU citizen.

In a debate on the state of Schengen by the civil liberties committee on 12 May, Tanja Fajon (S&D, Slovenia) recalled the closures introduced in the midst of the migration crisis in 2015. Some countries maintained those controls for years, which [Parliament criticised as unjustified](#).

"If we fail to restore the integrity of Schengen, we would seriously endanger the European project," Fajon said. MEPs therefore want to ensure that any future internal borders controls remain truly exceptional and very limited in time.

The civil liberties committee is preparing a resolution on the situation in the Schengen zone, which MEPs are likely to vote on during June's plenary session.

Read more how Parliament is [strengthening the Schengen system and improving border security](#).

---

## [EIB reaffirms commitment to a European battery industry to boost green recovery](#)



©Getty

- **Over EUR 1 billion expected in support of a strong pan-European battery industry in 2020**

At a meeting of the European Battery Alliance on Tuesday 19 May, European Investment Bank (EIB) Vice-President Andrew McDowell, confirmed the Bank's commitment to supporting a strong, independent European battery industry. The alliance was initiated by European Commission Vice President Maroš Šefčovič in 2017, who also hosted the meeting.

The Bank expects to increase its backing of battery-related projects to more than EUR 1 billion of financing in 2020. This matches the level of support the EIB has offered over the last decade. Since 2010, battery projects financed by the EIB totalled EUR 950 million and supported EUR 4.7 billion of overall project costs. This support benefits from a successful partnership with the European Commission which has enabled new financing instruments such as the InnovFin Energy Demonstration Programme, a tool to facilitate the

demonstration phase of innovative energy projects, including battery pilot lines.

The production capacity of EIB lithium ion battery cells projects – both those already approved or signed and those under appraisal stands at 51 GWh. This compares to a current annual production capacity of 49 GWh in the EU (US: 49 GWh; China: 447 GWh). In addition, the EIB finances the development of new materials, improved battery management systems and battery recycling.

“The Covid-19 crisis has highlighted Europe’s vulnerability to interruptions in the supply of critical materials and technologies. As the green energy transition accelerates, creating a European battery industry is vital to protect Europe’s competitive position in the world economy,” said the EIB Vice-President in charge of energy, Andrew McDowell. “With the support of the European Battery Alliance, the European Investment Bank – the EU Bank – is significantly stepping up our financing of all stages of the battery value chain, from research and development, raw materials extraction and processing through to battery production, e-charging infrastructure and recycling.”

According to Commission Vice-President Maroš Šefčovič: “The corona crisis has further highlighted that the rationale behind the European Battery Alliance is more relevant than ever – to bolster Europe’s resilience and strategic autonomy in critical industrial sectors and in key, game-changing technologies. I am very pleased to see that the private sectors has kept the momentum thanks to the traction created by the Alliance. Accelerating our work is both, possible and needed. The Commission will therefore continue to mobilise all industrial actors, Member States and the EIB to shift things into a higher gear – leveraging investment, establishing a fit-for-future regulatory framework and building our raw materials resilience.”

### **Batteries – key for decarbonisation and future technologies**

State-of-the-art batteries, will be at the heart of Europe’s green transition and already contribute to the decarbonisation of the EU economy. They hold key solutions for low-carbon technologies such as electric vehicles. The EU’s entire battery industry employs more than 30.000 people across 14 countries. Further developing an independent European battery ecosystem would allow the Union to play an important role in a market which is projected to grow to EUR 250 billion/year by 2025. Additionally, a secure local battery capacity would boost the European automotive industry and safeguard thousands of jobs.

However, battery energy storage in Europe – still in the early phases of its development – is facing challenges in manufacturing, shipping, and R&D due to the economic fall-out of the Coronavirus pandemic. Critical battery components are manufactured in China, either by domestic or international producers, and car makers in Europe suffer from severe disruptions to their supply chain. As a consequence, European car manufacturers had to lower their production already before the COVID-19 crisis hit Europe because they ran short in supplies of battery cells.

### **Background information**

The **European Battery Alliance (EBA)** was launched in October 2017 by European Commission Vice President Maroš Šefčovič. EBA brings together more than 400 industrial and innovation actors who strive to ensure that all Europeans benefit from safer traffic, cleaner vehicles and more sustainable technological solutions.

---

## [COVID19: Civil society organisations call to have a hand in designing Europe's recovery plan](#)



**Civil society organisations have been at the forefront of fighting the pandemic in Europe, often stepping in at a moment's notice to plug huge gaps in the public provision of social services and healthcare. Meeting remotely with the EESC on 12 May, they asked to be at the table with EU institutions and governments to help design a recovery plan for a sustainable Europe.**

A network of umbrella civil society organisations, which works closely with the EESC under the **Liaison Group**, gathered for a virtual meeting with the EESC on 12 May to discuss the challenges their members across Europe have



been facing in dealing with the COVID-19 crisis and to call for a key role in designing Europe's recovery plan.

Among them were social services and healthcare providers, medical associations, volunteers, philanthropists, student associations, human rights defenders, cooperatives, engineering services and many other grassroots organisations.

*"I believe it is important to focus on the fragility of our democratic systems and the weaknesses of our public and social services and we need to make that a priority in the recovery. We have heard many say that after COVID-19 there is no going back to business as usual, but the truth is that there needs to be the political will to change things at the highest level,"* said Brikena Xhomaqi, interim co-chair of the EESC's Liaison Group with civil society.

*"Now more than ever, #EUCivilSociety has a critical role to play in shaping a new recovery plan and pushing for prompt and responsible implementation,"* said EESC President **Luca Jahier**. *"The COVID-19 crisis has made it clear that we need economic, social and environmental sustainability together with sustainable healthcare. The Sustainable Agenda must be the strategy to lift us out of this unprecedented crisis."*

Following the meeting, the two Liaison Group co-chairs issued a **joint statement**, available [here](#), which sums up civil society's pleas.

Three key challenges were flagged by the many speakers who took the floor:

- the **shrinking space for civil society**, with some governments threatening the rule of law and clamping down on basic freedoms under the guise of national security, and many critical decisions being made without consulting citizens;
- the **financial constraints** many organisations have come under as their members, hit by the economic fallout of the crisis, fail to pay their fees and donors withdraw or divert funds from everything that is not economic recovery or health-related expenditure. Measures put in place to help the economy should therefore also prop up the no-profit sector, the organisations pleaded;
- the **huge gaps in social services and health care systems** brought to light by the pandemic. Civil society has shown immense resilience and flexibility in coming to the aid of governments, with care professionals putting in heroic efforts and service providers going digital overnight to ensure critical services under dire circumstances. In some cases, they have been the only thing standing in the way of disaster.

The crisis has acted as a **magnifier of the huge cracks in our systems**, they agreed, shedding light on the glaring social injustice and inequalities that have existed in our societies for years.

**The EU, on the other hand, has not been visible enough.** The Commission's initiatives have shown much positive will, they recognised, but so far have

failed to reach the grassroots level.

While it is true that Europe has done more in four weeks than it did in four years when the financial crisis broke out, EESC President **Luca Jahier** said, it is also true that this mobilisation has failed to bring relief to the people in need, and that many funds have been enmeshed in red tape at national or local level.

### **Time to reset it the economy**

How should the cracks in our systems be mended?

The recovery plan must have **people's well-being at its heart** and use public money in the public interest. Recovery packages should be firmly guided by a compass which prioritises environmental sustainability and social justice, according to civil society organisations.

Civil society is resilient and has great agility in coming together, and so needs to be recognised as an equal partner in mending those cracks as we start to come out of the emergency and embark on the long road to recovery.

In addition to being enshrined in the joint statement, the input provided by the Liaison Group will feed into the work of a **special EESC sub-committee**, chaired by President Luca Jahier, which is to adopt a **resolution** in June with proposals to EU policymakers on how to address the post-covid recovery.

### **Background**

The [Liaison Group](#) is a network of civil society organisations not directly represented at the EESC. It provides a framework for political dialogue and cooperation between the EESC and many European organisations and networks on cross-cutting issues of common interest.

The Liaison Group is involved in organising joint initiatives and events, as well as hearings, conferences and workshops, on topics of shared interest. Its major annual event is the Civil Society Days, held jointly with the EESC.

For more information, please contact

Daniela Marangoni  
Press officer