Press release – MEPs call for decisive action to fight inequalities in the EU

While the euro area’s unemployment rate hit a record low of 7.4% in August 2019, youth unemployment remains unacceptably high and large socio-economic differences between EU countries persist, according to the Employment Committee’s annual report. The 2020 poverty reduction target will not be met, leaving the EU with some 113 million people in the EU at risk of poverty and social exclusion.

In the resolution, adopted by 422 votes against 131 and 101 abstentions, MEPs call for

- legislative proposals setting up an EU minimum wage and a fund to grant loans to national unemployment insurance schemes, to be activated in the event of a major economic shock;
- an EU Child Guarantee to fight child poverty, and for the fight against youth unemployment and long-term unemployment to be prioritised;
- a coordinated EU initiative to strengthen social rights for digital platform workers and put an end to current abuses;
- a directive on pay transparency to help close the 16% gender pay in the EU.

Quote

Yana Toom (Renew, EE) , rapporteur, said: “The country-specific recommendations issued by the Commission since 2012 are not only about economic, but also about the EU’s social policies. However, the declining trend in implementing them is unacceptable and must be reversed. The Commission has to convince Member States that the social health of the EU is not less important than defending the single market or any other common policy.”

Background

Since 2018, the Employment and Social Affairs Committee has been preparing an annual report on Employment and Social Policies, submitted to plenary vote in advance of the Council adopting euro-area recommendations and conclusions on the annual growth survey. The annual exercise serves as a contribution to the drafting of country specific recommendations (CSRs) in the frame of the European Semester for the following year.

Press release – EU to take action against fake news and foreign electoral interference

Attempts to influence decision-making in the EU put at risk European democratic societies, warn MEPs in the resolution adopted on Thursday with 469 votes for, 143 against and 47 abstentions.

Obscure party funding

Parliament points out that foreign interference has a systematic pattern, be it through campaigns on social media, cyber-attacks on infrastructure related to elections or financial support to political parties in the run-up to all major national and European elections. Much of this interference benefits anti-EU, extremist and populist candidates.

Despite member states fully or partially banning foreign donations to political parties or candidates, foreign actors find ways to circumvent those rules, say MEPs, singling out cases of the Front National in France, and allegations reported by media on the Freedom Party in Austria, Lega in Italy and Leave.eu in the UK.

Steep increase in Russian propaganda

They are deeply concerned about the "highly dangerous nature of Russian propaganda", which is the main source of disinformation in Europe and which has doubled since January 2019 (998 cases) as compared to 2018 (434 cases).

MEPs also strongly condemn "aggressive actions" from non-European countries seeking to undermine the sovereignty of EU accession countries in the Western Balkans and Eastern partnership countries.

How to respond

MEPs call for an upgrade of the EU East StratCom Task Force to a permanent structure with significantly higher financing. They call on internet and social media companies to cooperate in countering disinformation, without undermining freedom of speech and on the EU to create a legal framework to counter hybrid threats

Background

The European Union has been actively tackling disinformation since 2015, when the East StratCom Task Force was set up in the European External Action Service (EEAS) to effectively communicate the EU´s policies towards its eastern neighbourhood. In October 2018, ahead of the European elections, the Code of Practice was signed by Facebook, Google, Twitter and Mozilla, and by Microsoft in 2019, in which they agreed on a voluntary basis to self-regulatory standards to fight disinformation. In December 2018, the European

Commission published an Action Plan against Disinformation.

Before the end of 2020, more than 50 presidential, national, local or regional elections are due to be held in member states.

Pending first-instance asylum cases at highest level since December 2017

Between January and August 2019, some 456 000 applications for asylum were lodged in the EU+, **up by 10%** compared to the same period last year. The updated figures are in line with the trend seen throughout the year. However, following a peak in July (62 900), **12% less** applications were registered in August (55 400).

The main countries of origin remained **Syria, Afghanistan** and **Venezuela**, all with **fewer applicants than in July** – as was also the case for the majority of the top 30 citizenships of origin. However, some nationalities applied more for asylum than in most other months in 2019, such as Syrians, Afghans and Turks. In a longer-term perspective, between January and August 2019 the majority of the 30 most common citizenships of origin lodged more applications than in 2018.

At the same time, there was a marked **increase in the number of first-instance decisions for Venezuelans, Salvadorians and Colombians**, particularly over the summer. So far, in 2019 these three citizenships have already received as many decisions as in the whole of 2018, in particular Venezuelans (four times as many as in the whole of the past year) and El Salvador (+ 70%). Nevertheless, the overall output of EU+ first-instance authorities is still lagging behind last year's (- 7%).

At the end of August, there were still some 471 200 applications awaiting a decision in first instance in the EU+, a noteworthy increase – by some 15 000 cases – for a second consecutive month. **This was the highest number of pending cases since December 2017.** In addition, a similar number of applications were awaiting a decision in appeal or review at the end of June 2019, amounting to some 895 760 cases pending at all instances overall. One in five applications pending at first instance in August pertained to Syrian or Venezuelan nationals.

EASO providing more operational support than ever before

Earlier this week, the European Asylum Support Office (EASO) reported that **over 900 personnel** are now deployed in Greece, Italy, Cyprus and Malta to support the national authorities' asylum services. So far, in 2019 this unprecedented operational support, which accounts for almost **40% of the Agency's budget**, has seen EASO personnel present in **88 locations** in the four

Member States.

For more information and an interactive data visualisation, please visit the Latest Asylum Trends page.

Any further information may be obtained from the European Asylum Support Office on the following email address: press@easo.europa.eu.

State aid: Commission approves market conform asset protection scheme for banks in Greece

The European Commission has found Greek plans aimed at supporting the reduction of non-performing loans of Greek banks to be free of any State aid.

The Commission found that, under the asset protection scheme (known by the name of "Hercules"), the Greek State will be remunerated in line with market conditions for the risk it will assume by granting a guarantee on securitised non-performing loans.

If a Member State intervenes as a private investor would do, and is remunerated for the risk assumed in a way a private investor would accept, such interventions do not constitute State aid. The Commission therefore concluded that the Greek measure does not involve State aid within the meaning of the EU rules.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*I welcome that with the Greek government we have a found a market conform solution to tackle the stock of non-performing loans weighing on the balance sheets of Greek banks. The scheme we approved today is another good example of how Member States can help banks clean up their balance sheets without granting aid or distorting competition.*"

"Hercules" is designed to assist banks in securitising and moving non-performing loans off their balance sheets. Under the scheme, an individually managed, private securitisation vehicle will buy non-performing loans from the bank and sell notes to investors. The State will provide a public guarantee for the senior, less risky notes of the securitisation vehicle. In exchange, the State will receive a remuneration at market terms. The objective is to attract a wide range of investors and to support the banks in their ongoing efforts to reduce the amount of non-performing loans on their balance sheets.

The Commission's assessment showed that the State guarantees will be remunerated at market terms according to the risk taken, i.e. in a manner that would be acceptable for a private operator under market conditions. This is in particular ensured by the following elements:

- First, the **risk for the State will be limited** since the State guarantee only applies to the senior tranche of the notes sold by the securitisation vehicle. An independent rating agency approved by the European Central Bank will determine the rating of the senior tranche.
- Second, the State guarantee on the senior tranche will only become effective, if more than half of the non-guaranteed and risk-bearing riskier tranches have been successfully sold to private market participants. This will ensure that the risk distribution of the tranches is **tested and confirmed by the market before the State assumes any risk**.
- Third, the State's **remuneration for the risk taken will be market conform**. The guarantee fee will be based on a market benchmark and correspond to the level and duration of the risk the State takes in granting the guarantee. This means that the guarantee fee paid will increase over time in line with the duration of the State's exposure. This fee structure, in addition to the appointment of an external servicer, aims to increase the efficiency of the workout and likely recovery on the non-performing loans.

On this basis, the Commission was able to conclude that the measure is free of State aid within the meaning of EU State aid rules.

Background

There are several possibilities for Member States to implement impaired asset measures to deal with non-performing loans in line with EU rules both with and without the use of State aid.

The Commission has developed a blueprint that provides practical, non-binding guidance to Member States for the design and set-up of impaired asset measures. The blueprint clarifies the permissible design of asset management companies (AMCs) receiving public support – like the special purpose vehicle in the present scheme – under the EU legal framework, in particular the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR) and EU State aid rules.

The choice of the type of intervention lies with the Member State and it is always the decision of the Member State whether to grant any State aid. The Commission, as the body responsible for EU State aid control, has to ensure that any measure implemented is in line with EU rules. If a Member State chooses to intervene as a private investor would do, then such an intervention would not constitute State aid and falls outside of EU State aid control.

In February 2016, the Commission approved, under EU State aid rules, an Italian guarantee scheme to facilitate the securitisation of non-performing loans (Fondo di Garanzia sulla Cartolarizzazione delle Sofferenze – GACS). The scheme, which is similar to the "Hercules" scheme approved today, was last prolonged on 27 May 2019. Up to mid-February 2019, the GACS scheme has removed approximately €63 billion (gross book value) of non-performing loans from the Italian banking system.

The non-confidential version of this decision will be made available under the case number SA.53519 in the State Aid Register on the competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

Press release – MEPs express concern over budget, climate change and Brexit negotiations

MEPs called for a solution on the next long-term EU investment budget and warned against disrupting EU-funded programmes, in the debate on the upcoming October Summit with the Finnish Council Presidency's Tytti Tuppurainen, Commission President Jean-Claude Juncker and Chief EU negotiator on Brexit Michel Barnier.

They also called for timely solutions on climate change to meet the Paris Agreement goals.

On Brexit, most MEPs condemned the current ‘blame game’ and the UK government’s stance and called for a solution to avoid a disastrous no-deal Brexit.

Opening statements by Tytti Tuppurainen, on behalf of the Finnish Presidency of the Council; Jean-Claude Juncker, President of the European Commission; and Michel Barnier, Chief Negotiator of the EU

MEPs debate, first round – to view video replays of statements by specific speakers, click on a name.

Closing statement by Tytti Tuppurainen, on behalf of the Finnish Presidency of the Council.

You can catch up with the full debate here.