

# EESC Civil Society Days end on a cautiously optimistic note about the sustainability of democracy in Europe



## **European citizens should be both vigilant and engaged**

At a crucial time in Europe and in the world, ***Sustainable Democracy in Europe*** was this year's topic at the **Civil Society Days**, organised by the Liaison Group at the European Economic and Social Committee (EESC) on 12 and 13 June 2019.

EESC president **Luca Jahier** underlined the need for change and the need to drive the process of carrying out this change. ***Sustainable Democracy in Europe*** is extremely important for Europe. We need to address the climate crisis, the impact of which we are already feeling. We need to address the social crisis and contain inequality. And, finally, we need to uphold our values, and defend our multi-cultural, open democracy against nationalist movements, but also against any other radical currents.

According to the president, politicians alone cannot solve the challenges of today, and he reminded citizens of their duty to participate in decision-making processes. *It is important to involve young people in what they are*

*passionate and serious about, to drive a constructive revolution towards a new way of living.*

The higher rate of voter participation in the EU elections is proof of people's interest in Europe, said **Conny Reuter**, co-chair of the Liaison Group and moderator of the opening session. However, the result has also shown that anti-democratic forces are on the rise and the popularity of anti-European rhetoric is increasing in too many Member States. It is therefore the responsibility of all democratic forces, including civil society, to act at European and Member State level and to strengthen civil and social dialogue.

**Michael O'Flaherty** commented on the Sibiu declaration, signed by European leaders on 9 May, which sets out a vision of **one united Europe**, guaranteeing the protection of our way of life. He reminded that Europe has developed impressive institutions for democracy, **making the EU the most human-rights-protected zone on earth.**

Practical events like the Civil Society Days will help to develop a roadmap leading to the objectives laid down in the declaration.

Mr O'Flaherty came up with five challenges, which should be tackled as priorities in Europe:

- **Building an equal society in Europe** – too many children are at risk of poverty;
- **Building a society that repudiates hate** – hate against Jews, Muslims or the LGBT community;
- **Building a society that celebrates diversity**, rather than just tolerating differences;
- **Building a society that respects the rule of law**;
- **Building a society that works on the basis of partnership** – engaging the different forces of society, e.g. policy-makers and civil society.

In six workshops addressing topics such as resilient democracies, economy for people and planet, e-democracy and active participation, freedom of expression in culture and education, democracy at work and youth civil society groups from all over Europe – among them many young people – developed proposals for making Europe and Europe's democracies more sustainable. They are available on the CivSocDays [event webpage](#).

In his conclusions, **Jeremy Wates**, Secretary General of the European Environmental Bureau (EEB) described the outcome of the EU elections as a moment of opportunity: Firstly, a **green wave** that transcends Green Parties, embracing social issues, and secondly, the higher turnout, which was good for democracy in general. The fact that the new Parliament will be more diverse will leave more room for discussions and negotiations, making democracy more visible.

In addition to the challenges that Mr O'Flaherty already mentioned, he saw corruption and fake news as the main threats to Europe's democracy.

What we should take away from this two-day event, he said, is that

**sustainability should become the main guiding force of the new Commission.** Society must not accept any trade-offs between environmental and social issues.

Since the current economic model is contributing to the social and environmental challenges that we are facing, it also needs to be reconsidered. Governance alone will not be sufficient to deliver on sustainability; we need a **multi-stakeholder engagement including European citizens**, since democracy is more than holding elections every few years.

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## **Remarks by Vice-President Valdis Dombrovskis at the ECOFIN press conference in Luxembourg**

Thank you, Minister,

I would like to thank you and your teams for all the hard work and good cooperation during the Romanian Presidency.

For example, I am very glad that we share the same sense of urgency to advance on the Banking Union and Capital Markets Union.

I will start with European Semester.

Today ECOFIN discussed in a horizontal way the Country Specific Recommendations

The recommendation identifies priorities for reforms and, a novelty this year, also for investment.

Member States have expressed support for the Commission's analysis of the socio-economic challenges facing Europe and welcomed the policy guidance in the draft Country Specific Recommendations.

The next step is for EU Leaders next week to discuss the main issues identified in the recommendations.

Ministers also officially confirmed our fiscal decision under the Stability and Growth Pact:

Spain has corrected the excessive deficit and will be now subject to the preventive arm of the Stability and Growth Pact.

The Council also adopted new recommendations for significant deviation procedure for Hungary and Romania, which aims to ensure that both countries continue reducing debt and in case of Romania, avoid a slippage into an

excessive deficit.

Unfortunately, these are not the first recommendations these two countries.

As a reminder – although this is not part of the official agenda – the Commission has published Article 126.3 reports for Cyprus, Belgium, France and Italy. And Member States have confirmed our analysis examining how these countries comply with their debt and deficit obligations.

Today I presented the progress report on tackling non-performing loans in banking sector, which part of our risk-reduction agenda.

The positive, downward trend continues.

The latest figures for the end of the third quarter of 2018 indicate a further drop in the NPL ratio to 3.3% in the EU.

In countries like Cyprus and Portugal, for instance, the improvement over the past year was substantial.

On the legislative side, we have agreed on important legislation to help prevent the build-up of NPLs in the future.

But further work is essential. For example, we still need a full general approach on the secondary markets for NPLs and for accelerated collateral enforcement.

As a final point, let me thank the Romanian Presidency for today's debate on the Commission's proposal for a strategy to achieve climate-neutral economy by 2050.

This was probably the most intense debate.

No surprise, because this is an existential issue and the transformation required will have profound implications for the European economy and society in the coming decades.

Massive investments will be needed to transit to climate-neutral economy.

On the other hand, the climate emergency leaves us with no choice but to act now or face disastrous consequences still in our lifetime.

Our transition strategy estimates that, on average, nearly 3% of GDP will have to be invested annually in clean energy systems and related infrastructure over the period 2031 – 2050, as compared to an annual investment volume of around 2% of GDP today.

Public money will simply not be enough.

The financial sector – private capital – will play a critical role in transitioning to a climate-neutral economy and in funding investments at the scale required.

For that we must put in place clear, long-term signals to guide investors.

This is why I would like to commend the efforts that the Romanian Presidency has put in shaping a deal on taxonomy – an EU classification system for sustainable economic activities. This means we'll be able to define which economic activities are environmentally-friendly and to what extent.

We need an agreement in the Council before the end of this Commission's mandate. There is no time to lose.

Let me also recall that a year ago we asked the world's top experts to develop some key recommendations on the types of economic activities that can make a real contribution to climate change mitigation or adaptation. They will publish these reports next week – on 18th of June.

One of these expert reports – on climate taxonomy – aims to provide guidance for policy makers, the industry and investors on how best to support and invest in low-carbon economic activities. These activities range from zero-emission transport, hybrid and electric cars, near to zero carbon electricity generation, to give a few examples.

The second report on the EU Green Bond Standard will recommend clear and comparable criteria for issuing green bonds. In particular, it will determine which climate and environmentally-friendly activities should be eligible for funding via an EU green bond. We expect this to boost the green bond market.

Finally, a third expert report on benchmarks will set out the methodology for indices that will enable investors to channel their money into low-carbon activities.

These three reports will be very important in informing the Commission's work moving forward.

For more – I invite you to the Brussels Economic Forum next week! Note 18 June in your diaries!

Thank you very much.

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## **[A Europe that protects: good progress on tackling hybrid threats](#)**

**The European Union and Member States have made good progress in tackling hybrid threats through a number of concerted actions in a wide range of sectors to significantly boost capacities, shows the latest report adopted today by the Commission and the European External Action Service.**

The 22 measures identified under the 2016 Joint Framework on Countering

Hybrid Threats and the 2018 Joint Communication on increasing resilience and bolstering capabilities to address hybrid threats range from improving exchange of information and strengthening protection of critical infrastructure and cybersecurity, to building resilience in our societies against radicalisation and extremism. Member States have received support through the framework, and the EU's response to hybrid threats has been successfully tested, including in a parallel and coordinated way with NATO in a number of exercises.

## Key findings

The report outlines detailed progress on a large number of areas, which include:

- **Strengthening strategic communications to tackle disinformation:** The Action Plan against Disinformation, endorsed by the European Council in December 2018, is a key development of the last 12 months. In March 2019, a Rapid Alert System on Disinformation was set up to enable Member States and EU institutions to facilitate sharing of data and development of common responses, enable common situational awareness, and ensure time and resource efficiency. Ahead of the European Parliament elections, the Computer Emergency Response Team for the EU institutions (CERT-EU) launched a new Social Media Assurance service. This service allows detecting impersonation, non-official content and proceed to takedowns, on demand. The Hybrid Fusion Cell, created inside the European External Action Service (EEAS) continues to provide strategic analysis to EU decision makers.
- **Cybersecurity and cyber defence:** To deter and respond to cyber-attacks which constitute a threat to the EU and its Member States, [a new sanctions regime](#) was established on 17 May. This further expands the set of tools available to the EU Member States under the Cyber Diplomacy toolbox, a framework encompassing CFSP measures to respond to malicious behaviour in cyber space. The toolbox has been put to use on several occasions since the last progress report, most recently through the [HRVP declaration on behalf of the EU on 12 April](#). Also, a range of projects and measures have been adopted to boost cybersecurity, including the April 2019 sector-specific guidance on cybersecurity in the energy sector that identifies the main actions to be taken by the Member States and energy operators in order to preserve cybersecurity and be prepared for possible cyber-attacks. Furthermore, several Member States are developing and contributing to two cyber defence-related projects under Permanent Structured Cooperation.
- **Chemical, Biological, Radiological and Nuclear related risk:** the Commission, in cooperation with a number of Member States, developed a classified list of more than 20 chemical substances of concern. The Commission has also continued to engage with private actors in the supply chain to work together towards addressing evolving threats from chemicals that can be used as precursors. In October 2018, the Council established an autonomous sanctions regime against the use of chemical weapons to which in January 2019 nine persons and one entity were added. They are now subject to travel bans, assets freeze and the prohibition

to make funds available to them. Member States also decided in April 2019 to support core activities of the Organisation for the Prohibition of Chemical Weapons, providing €11.6 million funding for the years 2019-2022 to fight against impunity and re-emergence of chemical weapons use, capacity building as well as upgrading of the Organisation's laboratory to a Centre of Chemistry and Technology, with increased capacity to verify chemical substances, research and contribute to capacity building.

- **Protection of critical infrastructure:** The Commission, in cooperation with Member States, has finalised the work on developing vulnerability indicators for the resilience and protection of critical infrastructure against hybrid threats. The Commission also continues close engagement with Member States and third countries on efforts to diversify energy sources, for example by progressing on the geographical supply diversification via greater engagement with the United States on Liquefied Natural Gas (LNG) imports to the EU, as well as unlocking the potential of priority projects such as the Southern Gas Corridor and the development of East Med Gas.

## **Conclusions**

Amongst the key achievements, a large number of legislative proposals have been adopted to underpin efforts at national and EU level – the Regulation on the screening of foreign direct investments into the EU is a recent example. Chemical and cyber sanctions regimes have been added to the array of response measures. Countering disinformation, election protection, cybersecurity, defence industry cooperation add on to the list of areas concerned but, by far, do not exhaust it.

Cooperation within and between EU entities – institutions, services and agencies – has been key to steady progress on the hybrid files. Cooperation with partner countries in this field has been stepped up: Hybrid risk surveys have been launched in 7 partner countries in the EU's neighbourhood.

The same goes for cooperation with strategic international partners like the North Atlantic Treaty Organisation, including in the framework of the Hybrid Centre of Excellence in Helsinki, and with third countries in the frame of multilateral formats, notably the G7.

Close coordination between EU entities and the Member States based on a whole-of-society approach – government, civil society, private sector, including, inter alia, media and online platforms – is at the core of the EU's counter-hybrid policies.

## **Background**

Security has been a political priority since the beginning of the Juncker Commission's mandate – from President Juncker's Political Guidelines of July 2014 to the latest State of the Union address on 13 September 2017.

Hybrid activities by State and non-state groups continue to pose a serious and acute threat to the EU and its Member States. Hybrid campaigns are

multidimensional, combining coercive and subversive measures, using both conventional and unconventional means and tactics. They are designed to be difficult to detect or attribute to any individual or group.

## **For More Information**

[Report](#)

[Factsheet on countering hybrid threats](#)

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# **EIOPA publishes its 2018 Annual Report**

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published [its 2018 Annual Report](#), setting out its activities and achievements of the past year.

Through its 2018/19 supervisory convergence plan, EIOPA identified priorities and implemented actions to foster a common approach to supervision and address risks to the internal market. In the field of oversight and supervisory convergence, EIOPA's work included peer reviews, participation in colleges of supervisors to improve supervision of cross-border groups and training activities for national supervisors.

EIOPA continued to provide its expertise on issues related to regulation. This included work related to the review of Solvency II, where EIOPA provided advice to the European Commission on the review of the Solvency Capital Requirement.

In the context of the Institutions for Occupational Retirement Provision Directive, EIOPA published a decision, replacing the Budapest Protocol, outlining how national authorities can better cooperate and exchange information on cross-border business issues.

EIOPA also updated its conduct of business strategy to reflect changes to the regulatory landscape and developed a framework for conduct risk assessment. Together, these will support national supervisors to identify and mitigate risk earlier.

In the area of financial stability, EIOPA carried out an insurance stress test which included a natural catastrophe scenario as well as a questionnaire related to cyber insurance.

EIOPA published key reports in 2018 related to cyber insurance, the causes and early identification of failure or near misses in insurance, the development of a macroprudential framework for insurance and the first annual insurance overview.



As in previous years, EIOPA continued to monitor developments related to the United Kingdom's withdrawal from the European Union, publishing Opinions addressed to national supervisors to ensure that businesses prepare accordingly and risks to consumers are minimised.

Digitalisation and sustainable finance were particular areas of focus, with EIOPA contributing to the European Commission's FinTech and Sustainable Finance Action Plans.

Throughout the year, EIOPA worked closely with national authorities, European institutions, including the European Banking Authority and European Securities and Markets Authority, and its two stakeholder groups.

Looking ahead, EIOPA will build on its work as a core pillar of the European supervisory framework. In 2019, EIOPA remains committed to fulfilling its mandate to strengthen supervisory convergence in the insurance and pension sectors across Europe, for the benefit of the economy, businesses and consumers.

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## [Commission contributions to the June European Council](#)

### **Deepening Europe's Economic and Monetary Union**

Ahead of the Euro Summit on 21 June 2019, the European Commission today took stock of the progress made to [deepen Europe's Economic and Monetary Union](#) since the Five Presidents' Report and called on Member States to take further concrete steps.

European Commission President Jean-Claude Juncker said: *"This Commission has fought hard for the completion of the Economic and Monetary Union: a lot has been achieved but a lot remains to be done. This is about creating jobs, growth and social fairness for our citizens. It is about preserving the stability and resilience of our economies and it is about Europe's capacity to take its future into its own hands."*

Concretely, the Commission invites EU leaders:

- To reach an agreement on the main features of the **Budgetary Instrument for Convergence and Competitiveness** with a view to supporting a swift adoption by the European Parliament and the Council. The aim is to agree on its size in the context of the Multiannual Financial Framework.
- To finalise the changes to the **Treaty establishing the European Stability Mechanism** with a view to a swift ratification by the euro-area Member States, including an operational and effective common backstop, the provision of liquidity in resolution and active and effective

precautionary instruments.

- To make a renewed effort to **complete the Banking Union** starting with political negotiations on the European Deposit Insurance Scheme.
- To accelerate progress on the **Capital Markets Union** and step up work to strengthen the international role of the euro.

Encouraged by Leaders in December to continue its work on the file, the Commission also took stock of the [ongoing work towards developing the international use of the euro](#), having consulted market participants in different sectors. The euro is twenty years young and is the world's second currency, which remained strong even at the height of the financial and debt crisis.

In its [fourth progress report on the reduction of non-performing loans](#), the Commission today confirmed that non-performing loans levels are continuing their downward trajectory towards pre-crisis levels. The ratio of non-performing loans in EU banks has come down by more than half since 2014, declining to 3.3% in the third quarter of 2018 and down by 1.2 percentage points year-on-year.

### **Brexit Preparedness Communication**

Ahead of the June European Council (Article 50), the European Commission has today taken stock – in its fifth Brexit Preparedness Communication – of the European Union's Brexit preparedness and contingency measures, particularly in light of the decision taken on 11 April by the European Council (Article 50), at the request of and in agreement with the United Kingdom, to extend the Article 50 period to 31 October 2019. In light of the extension of the Article 50 period, the Commission has screened all the measures adopted to ensure that they continue to meet their intended objectives. The Commission has concluded that there is no need to amend any measures on substance and that they remain fit for purpose. The Commission does not plan any new measures ahead of the new withdrawal date.

### **College of Commissioners receives the Members of the European Court of Auditors**

The College welcomed the Members of the European Court of Auditors for a regular annual meeting. The focus of this year's meeting was the main challenges ahead as outlined in the [Commission's Sibiu contribution](#), and how lessons from the audit work can help address them moving towards an Influential and Protective Europe, a Fair and Sustainable Europe and a Competitive Europe.

### **Real Driving Emissions testing**

Vice-President Maroš Šefčovič informed the College about preparations for a legislative proposal on car emissions in response to a ruling by the General Court from December 2018.

## Related links

[Communication “Deepening Europe’s Economic and Monetary Union: Taking stock four years after the Five Presidents’ Report” – June 2019](#)

[Communication “4th Progress Report on the reduction of non-performing loans and risk reduction in the Banking Union” – June 2019](#)

[Press release “4th Progress Report on the reduction of non-performing loans and risk reduction in the Banking Union” – June 2019](#)

[Staff working document “Strengthening the International Role of the Euro: Results of the Consultations” – June 2019](#)

[Factsheet “Deepening Europe’s Economic and Monetary Union: Taking stock four years after the Five Presidents’ Report” – June 2019](#)

[Factsheet “The international role of the euro” – June 2019](#)

[Factsheet “The benefits of the euro” – June 2019](#)

[Factsheet “Timeline of EU actions since the start of the crisis” – June 2019](#)

[Factsheet “Capital Markets Union: Boosting investments and access to finance” – June 2019](#)

[Factsheet “Banking Union: Further reducing risks in the financial system” – June 2019](#)

[Commission sets out roadmap for deepening Europe’s Economic and Monetary Union – December 2017](#)

[Reflection paper on the deepening of the Economic and Monetary Union – May 2017](#)

[The Five Presidents’ Report: Completing Europe’s Economic and Monetary Union – June 2015](#)

[Analytical Note: Preparing for Next Steps on Better Economic Governance in the Euro Area – February 2015](#)

[Brexit Preparedness Communication](#)

[Photo report](#)