

[#CohesionAlliance mobilises to back the European Parliament in the final stretch to secure a strong and participated cohesion policy 2021-2027](#)



The #CohesionAlliance partners met online on 26 November to discuss the current state of the trilogue negotiations of the cohesion policy package with representatives from the European Parliament, the European Commission and the German Council Presidency. The partner organisations representing cities, regions and regional assemblies voiced their concern about macroeconomic conditionality, the risk of centralisation and the full implementation of cohesion and REACT EU programmes over the upcoming years and urged for cohesion as a fundamental value.

The negotiations between European Parliament and Council on the rules for cohesion policy 2021-27 are entering the final phase. Cities, towns and regions and the European Parliament have converged on key demands and successfully advocated for strong cohesion policy beyond 2020.

“Concluding the negotiations on all cohesion policy programmes is more urgent than ever. It’s less than one month until Christmas, so national governments should stop playing games and listen to their cities and regions. A delay in the negotiations on the cohesion policy regulation risks a postponement of the start of programmes. This would have a direct impact on our citizens, who urgently rely on the EU support. These funds are essential for local and regional authorities to take action against the impact of the Covid-19 pandemic and accelerate a sustainable and socially-fair recovery”, said Isabelle Boudineau, Chair of the Commission for Territorial Cohesion Policy and EU Budget (COTER) of the European Committee of the Regions.

Younous Omarjee, MEP, Chair of the REGI committee: *“The European Union is going through an economic and social crisis on an unprecedented scale. The conditions for recovery in 2021 are unknown. More than ever, cohesion policy must be powerful, because today what is threatening is the distortion of economies and divergence. The logic of cohesion and solidarity must take precedence over that of competition. The principles of cohesion must be at the heart of the recovery, and we must plead for a recovery that is sustainable, but also fair and equitable.”*

During the debate with Marc Lemaitre, Director-General DG REGIO, European Commission, and Heinz Hetmeier, Deputy Director-General for European Economic Policy, EU Structural and State Aid Policy, and Twinning at the German Federal Ministry for Economic Affairs and Energy, the #CohesionAlliance partners voiced their concern about some remaining key issues in this last phase of the negotiations. In particular, towns, cities and regions worry

that macroeconomic conditionality introduces significant uncertainty on future investment once the Growth and Stability Pact comes back into force. Furthermore, a narrow definition of the scope of the European Regional Development Fund (ERDF) would make key investment ineligible and an ill-conceived flexibility would allow for centralisation and weakening of key tools such as the European Social Fund.

At the same time, managing authorities will face significant implementation challenges as the new programmes 2021-2027 will run in parallel with the current prolonged programmes 2014-2020. The #CohesionAlliance partners therefore call on the European Parliament and the Council to simplify the new regulations as much as possible as well to speed up their adoption.

Further interventions from the conference (alphabetical order):

- Magnus Berntsson, President of the [Assembly of European Regions](#) (AER): *"In this crisis, it is time to practice the leadership that our citizens expect from the EU and national governments. Time to promote new jobs, competitiveness, sustainable and inclusive growth to drive the recovery. To achieve this, funding must reach our regions, villages and cities immediately. And they must have a say in how best to use the funds."*
- Wim Dries, Mayor of Genk and member of the Policy Committee of [Council of European Municipalities and Regions](#) (CEMR): *"Even when all Member States will agree in the Council, Europe's next long-term budget and Recovery Plan will still have to go through parliaments to become fully adopted and operational. The resulting delay will clash with our urgent needs, in terms of public services delivery and finances. National associations of local and regional governments can help convey the urgency of swift local action to our parliaments."*
- Karl-Heinz Lambertz, President of the [Association of European Border Regions](#) (AEBR): *"The difficulties for recovery in regions with different pre-existing handicaps such as border regions, peripheral, sparsely populated, mountainous, etc., should be considered when planning the allocation of new or extended EU programmes. Territorial cooperation programmes and a new generation of integrated territorial instruments should receive the necessary inputs to accelerate the economic recovery of all territories of the EU and, thus, serve as laboratories for a strengthened European integration. The participation of local and regional authorities and stakeholders in the design and management of these programmes will mean a better identification of the needs to address and the best way to proceed, adding a great value to their implementation while guaranteeing high-quality delivery."*
- Ricardo Rio, Mayor of Braga and member of the Executive Committee of [EUROCITIES](#): *"We can maximise the impact of future investments, if we target the local needs in times of crisis. For this to happen, cities must have a seat at the table when the decisions about programming priorities are taken. When we work closely together across levels of government, we can ensure that cohesion policy is invested where it makes a positive difference to the quality of life locally."*

- Ana Martinez Vidal, Vice-President of the [Conference of Peripheral Maritime Regions](#) (CPMR) and Regional Minister of the Region of Murcia: *“As Cohesion Alliance Partners, we should keep our efforts to voice the view of the local and regional authorities. A sustainable economic recovery will only be achieved if local and regional authorities have a central role in designing and delivering the investments under the Recovery and Resilience Facility. The Partnership principle and multilevel governance become more important than ever.”*

Contact the secretariat:

CohesionAlliance@cor.europa.eu

[Fabio Panetta: From the payments revolution to the reinvention of money](#)



SPEECH

Speech by Fabio Panetta, Member of the Executive Board of the ECB, at the Deutsche Bundesbank conference on the “Future of Payments in Europe”

Frankfurt am Main, 27 November 2020

Retail payments play a fundamental role in our daily lives and for the economy. Last year, adults in the euro area made two payments per day on average.^[1] The universe of retail transactions^[2] amounted to 213 billion

payments – two million every five minutes – with an estimated total value of €164 trillion.^[3]

As part of its mission to promote the smooth operation of the payment system, the Eurosystem has two main objectives in the area of retail payments. The first is to guarantee that people have access to efficient payment solutions that meet their preferences. The second is to ensure that transactions remain safe, underpinning confidence in our currency and the functioning of our economy.

Technological innovation means that the policy implications of these objectives are changing, and new opportunities and risks are emerging. Today I will present the Eurosystem's response: a strategy for empowering Europeans with efficient, inclusive and secure payments in the digital age. And I will argue that the impending revolution in payments requires us to stand ready to reinvent sovereign money.

Convenience and safety in the digital age

Payments have evolved substantially over time, but the key determinants of their success have remained fundamentally unchanged. People want payments that offer convenience and safety at a low cost. Convenience requires payments to be easy to use, fast and widely accepted, while safety requires low risk from an economic, financial and societal perspective.

The digital transformation is raising the bar for convenience and safety. With the growth of e-commerce and connected lifestyles, people are increasingly demanding immediacy and seamless integration between payments and digital services. At the same time, they are increasingly concerned about privacy, cybersecurity and reliability.

This wide range of desirable features creates scope for innovative payment solutions. Currently, none of the existing solutions – cash, cards, credit transfers, direct debits and e-money – meet all the required features at once. People are forced to use several instruments at the same time. In-person transactions^[4] are mostly conducted with cash and cards.^[5] Remote purchases are dominated by cards and e-payments.^[6] And bills are generally paid using direct debits and credit transfers.^[7]

The coronavirus (COVID-19) shock has accelerated the trend towards digitalisation, leading to a surge in online transactions and contactless payments in shops. This trend is likely to persist once the pandemic is over.^[8] So we must ask ourselves whether the available means of payment adequately meet the needs of consumers in the digital age.

Cash offers a secure and inclusive way of making in-person payments, but it is not well suited for payments in a digital context, such as in e-commerce. So it is no surprise that it is being used less.^[9] Payment cards, on the other hand, facilitate digital, contactless payments. But they are not accepted everywhere. And the Europe-wide acceptance of cards issued under national card schemes currently relies on agreements with international card

schemes. As a result, people mostly use international schemes for cross-border card payments, and the European market for card payments is dominated by non-European schemes.

Generally, Europe is increasingly relying on foreign providers, with a high degree of market concentration in some segments, such as card transactions and online payments.^[10]

We should not let this reliance turn into dependence. Dependence on foreign providers and excessive market concentration would harm competition, limiting the choice for consumers and exposing them to non-competitive pricing. It could reduce the resilience of the payment system and weaken the ability of European authorities to exercise controls.

We must ensure that the payment market remains open to competition, including from European suppliers and technology.

The influx of technology firms

Fintech companies have sparked the latest wave of innovation, accelerating the *evolution* of the payment system.^[11] Many of them have adopted data-driven business models, where payment services are provided free of charge in exchange for personal data. Numerous banks are expanding their range of digital services by entering into agreements with fintechs; in some cases, integration is achieved when a bank acquires a fintech firm.

The global tech giants – the so-called big techs – are aiming for a *revolution* in the payments landscape, and represent a threat to traditional intermediation.^[12] These firms can use data-driven models on an entirely new scale by leveraging their large customer base, real-time data and control of crucial infrastructures for commerce and economic activity – from online marketplaces to social media and mobile technologies. They can use these advantages, their financial strength and their global footprint to provide new payment solutions and expand in both domestic and cross-border transactions. This would offer them an even stronger base to further expand the range of their financial activities, including lending, as their superior ability to collect and analyse large volumes of data gives them an information advantage.

If not properly regulated, big techs may pose considerable risks from an economic and social perspective and they may restrict, rather than expand, consumer choice. They can aggravate the risk of personal information being misused for commercial or other purposes, jeopardising privacy and competition. And they can make the European payment market dependent on technologies designed and governed elsewhere, exacerbating its vulnerability to external disruption such as cyberattacks.

The big techs may also contribute to a rapid take-up, both domestically and across borders, of so-called stablecoins.^[13] As I have argued previously^[14], stablecoins raise concerns with regard to consumer protection and financial stability. In fact, the issuer of a stablecoin cannot guarantee the certainty of the value of the payment instrument it offers to consumers. Such a

guarantee can only be provided by the central bank.

Moreover, unlike bank deposits, stablecoins do not benefit from deposit guarantee schemes, their holders cannot rely on the degree of scrutiny that is now the norm in banking supervision, and the issuers do not have access to central bank standing facilities. As a result, stablecoin users are likely to bear higher credit, market and liquidity risks, and the stablecoins themselves are vulnerable to runs^[15], with potentially systemic implications^[16].

These risks could be mitigated if the stablecoin issuer were able to invest its reserve assets^[17] in the form of risk-free deposits at the central bank, as this would eliminate the investment risks that ultimately fall on the shoulders of stablecoin holders.^[18]

This would not be acceptable, however, as it would be tantamount to outsourcing the provision of central bank money. It could endanger monetary sovereignty if, as a result, private money – the stablecoin – were to largely displace sovereign money as a means of payment. Money would then be reduced to a “club good” offered in return for the payment of a fee or membership of a platform.^[19]

We should safeguard the role of sovereign money, a public good that central banks have been managing for centuries in the public interest and that should be available to all citizens to satisfy their need for safety.

Monetary sovereignty could also be threatened if foreign central bank digital currencies became widely used in the euro area, with implications for international monetary spillovers.^[20]

These risks are not imminent. We must nonetheless be alert to possible non-linear developments that could endanger financial stability and monetary and economic sovereignty. As we aim to enhance the efficiency of European payments, we therefore need to be prepared to rethink the nature and the role of sovereign money.

The Eurosystem policy response

The Eurosystem is implementing a comprehensive policy to ensure that citizens’ payment needs are met, while safeguarding the integrity of the payment system and financial stability. Our policy is based on interconnected elements addressing the entire payment value chain.

First, we have enhanced our retail payments strategy, in order to foster competitive and innovative payments with a strong European presence. We are actively promoting pan-European initiatives that offer secure, cheap and widely accepted payment solutions.^[21]

We are supporting access to bank accounts by non-bank providers, so that they can expand the range of payment initiation services they offer. Yesterday the Euro Retail Payments Board, chaired by the ECB, launched a work stream to facilitate this access. We are working to make the European e-identity and e-

signature frameworks better suited for payments and the financial sector more broadly.

Our retail payments strategy also builds on the promotion of instant payments, which make funds immediately available to recipients. We have created a solid basis for instant payments, with commonly agreed rules and powerful infrastructures, including the TARGET Instant Payment Settlement (TIPS) service, operated by the Eurosystem. Thanks to the measures we have taken in recent months, all euro instant payment providers and infrastructures will have access to TIPS by the end of 2021.

Second, we are adapting our regulatory and oversight framework to the fast pace of financial and technological innovation. We have reviewed our Regulation on oversight requirements for systemically important payment systems^[22], introducing a more forward-looking approach to identify payment systems that are systemically important. And today we are launching a public consultation on the new regulation, which will then become operational by mid-2021.

We are also completing the public consultation on our new framework for electronic payment instruments, schemes and arrangements, the so-called PISA framework. PISA extends our oversight^[23] to digital payment tokens^[24], including stablecoins, and to payment arrangements providing functionalities to end users of electronic payment instruments^[25]. As a result, technology providers can become subject to oversight.

As part of our comprehensive policy, we are working to safeguard the role of sovereign money in the digital era: we want to be ready to introduce a digital euro, if needed.

A digital euro would combine the efficiency of a digital payment instrument with the safety of central bank money. It would complement cash, not replace it. Together, these two types of money would be available to all, offering greater choice and access to simple, costless ways of paying.

We have started a public consultation to seek feedback from people across Europe and gain a better understanding of their needs. It will be completed in January, and the results will be published once they have been analysed.

A digital euro would need to be carefully designed, in order to enhance privacy in digital payments^[26], respect the rules on countering illegal activities and avoid interference with central bank policies, first and foremost monetary policy and financial stability.

In particular, a digital euro should be a means of payment, not a form of investment that competes with other financial instruments. This would require limiting the holdings of individual users^[27] and mean that, unlike stablecoin issuers, the issuer of the digital euro – the ECB – would not aim to acquire deposits.

A digital euro would support the modernisation of the financial sector and the broader economy. It would be designed to be interoperable with private

payment solutions and would thus represent the “raw material” that supervised intermediaries could use to offer pan-European, front-end payment solutions.

A digital euro would also generate synergies with other elements of our strategy, facilitating the digitalisation of information exchange in payments through e-invoices, e-receipts, e-identity and e-signature. And in making it easier for intermediaries to provide added value and advanced technological features at lower cost, it would give rise to products that could compete with those of the big techs, thereby benefitting end users.

The ECB and the national central banks have started preliminary experimentation through four work streams. First, we will test the compatibility between a digital euro and existing central bank settlement services (such as TIPS).^[28] Second, we will explore the interconnection between decentralised technologies, such as distributed ledgers, and centralised systems. Third, we will investigate the use of payment-dedicated blockchains with electronic identity. And fourth, we will assess the functionalities of hardware devices that could enable offline transactions, guaranteeing privacy.^[29]

We will take the necessary time to explore all aspects of different options: whether they are technically feasible, whether they comply with the principles and policy objectives of the Eurosystem, and whether they satisfy the needs of prospective users.

Conclusion

Let me conclude. The digital transformation is triggering a revolution in the financial sector, which will bring innovation but also risks. In particular, big techs and stablecoins could disrupt the European financial system. And while they could offer convenient and efficient payment solutions, they also risk endangering competition, privacy, financial stability and even monetary sovereignty.

Our policies provide a forceful policy reaction to the digital shock. We want to create the conditions for a resilient, innovative, diverse and competitive payments landscape that can better serve the evolving needs of European people and businesses. We are promoting safe, pan-European instant payments.

What is at stake is nothing short of the future of money. As private money goes digital, sovereign money also needs to be reinvented. This requires central bank money to remain available under all circumstances – in the form of cash, of course, but also potentially as a digital euro.

We want to enable people to choose their preferred way of paying without having to compromise on their expectations of fast, secure, inclusive and seamless payments. This is our aim today, and it will remain our aim in the future.

[Declaration by the HR on behalf of the EU on the alignment of certain countries concerning restrictive measures against ISIL \(Da'esh\) and Al-Qaeda and persons, groups, undertakings and entities associated with them](#)



On 19 October 2020, the Council adopted Decision (CFSP) 2020/1516¹.

The Council Decision extends the existing restrictive measures until 31 October 2021.

The Candidate Countries the Republic of North Macedonia, Montenegro, Serbia and Albania², the country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina, and the EFTA countries Iceland and Liechtenstein, members of the European Economic Area, as well as Ukraine, the Republic of Moldova, Armenia and Georgia align themselves with this Council Decision.

They will ensure that their national policies conform to these Council Decisions.

The European Union takes note of this commitment and welcomes it.

¹ Published on 20.10.2020 in the Official Journal of the European Union no. L 348, p.15.

² The Republic of North Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.

[Press release – Human rights breaches in Belarus, Ethiopia, and Algeria](#)



Human rights violations in Belarus, in particular the murder of Raman Bandarenka.

Parliament condemns in the strongest possible terms the murder of Raman Bandarenka in Belarus, and expresses its condolences to his family and to all families who have lost loved ones as a result of the repression of Aliaksandr Lukashenka's regime.

Mr Bandarenka, a 31-year-old art teacher, was brutally beaten on the evening of 11 November by a group of plain-clothed men in masks who reportedly had close ties to the regime. Mr Bandarenka was taken into detention where he was subjected to further beatings. He later died as a result of his injuries.

MEPs demand prompt, thorough, and independent investigations into his death and the protest-related deaths of other Belarusian civilians. They reiterate their support for the protesters' demands for freedom, democracy, dignity, and the right to choose their own destiny, while condemning the ongoing human rights violations, intimidation, and disproportionate use of force by the authorities towards peaceful demonstrators.

The text was adopted by 613 votes in favour, 41 against and 35 abstentions. For further details, the full version will be available [here](#) (26.11.2020).

The situation in Ethiopia

MEPs are deeply concerned by the current armed conflict between the federal government of Ethiopia and the regional administration of Tigray led by the Tigray People's Liberation Front (TPLF), including the ongoing violence and allegations of serious breaches of fundamental human rights. They call on both parties to commit to an immediate ceasefire and to settle political differences by democratic means within the framework of the country's constitution.

The resolution deplores the loss of life and killing of innocent civilians and the extrajudicial killings, regardless of their perpetrators. Parliament

implores Ethiopia's central government and the TPLF to take immediate action to deescalate the conflict and criticises the severe restrictions preventing humanitarian workers from accessing the area.

The text was adopted by 643 votes in favour, 5 against and 46 abstentions. It will be available [in full here](#) (26.11.2020).

Human rights abuses in Algeria, in particular the case of journalist Khaled Drareni.

Parliament strongly condemns the escalation of arbitrary and unlawful arrests, detentions, and judicial harassment of journalists, human rights defenders, trade unionists, lawyers, civil society, and peaceful activists in Algeria. It also urges the Algerian authorities to immediately and unconditionally release journalist Mohamed Khaled Drareni and all those detained and charged for exercising their right to freedom of expression.

In August, Mr Drareni – a correspondent for TV5 Monde – was sentenced to three years in prison and fined 50 000 Algerian dinars for filming police attacking demonstrators in Algiers. He was formally charged with 'inciting an unarmed gathering' and 'undermining the integrity of national territory'. In September, his sentence was reduced to two years on appeal.

MEPs reiterate their call on the Algerian authorities to stop all forms of intimidation, criminalisation, or the arbitrary detention of critical voices such as journalists, bloggers and human rights defenders. They insist that appropriate steps be taken to guarantee for all the right to freedom of expression, association, and peaceful assembly. The resolution was adopted by 669 votes in favour, 3 against and 22 abstentions. For more details, the document will be available [in full here](#) (26.11.2020).

[Press release – Polish de facto ban on abortion puts women's lives at risk, says Parliament](#)



In a resolution adopted with 455 votes to 145 and 71 abstentions, Parliament says that the ruling of 22 October by Poland's Constitutional Tribunal to make abortion illegal in cases involving severe and irreversible foetal defects "puts women's health and lives at risk", as most legal abortions in the country are performed on those grounds. Banning that option, which accounted for 96% of legal pregnancy terminations in Poland in 2019 (1,074 out of 1,110), would lead to an increase in "unsafe, clandestine and life-threatening abortions", MEPs warn.

The text notes that the decision was made by "judges who are elected by and are fully dependent on politicians from the ruling coalition led by the Law and Justice Party (PiS)".

Women's rights are fundamental human rights

Parliament underscores that, in line with the European Court of Human Rights' case law, restrictive abortion laws violate women's human rights. MEPs agree that unhindered and timely access to reproductive health services and respect for women's reproductive autonomy and decision-making is critical to protecting women's human rights and gender equality.

Women's rights are fundamental rights, states the Chamber, recalling that the EU institutions and the member states are legally obliged to uphold and protect them. MEPs point out that Polish medical professionals are increasingly invoking the conscience clause, even when asked to prescribe contraceptives, or to prevent access to prenatal screening. Thousands of Polish women are forced to travel abroad every year to access a health service as essential as abortion, further endangering their health and putting their wellbeing at risk, they add.

Support protesters, not violence

MEPs express their support and solidarity with Polish citizens, in particular women and LGBTI+ persons who "despite the public health risks, took to the streets to protest against grave restrictions on their fundamental freedoms

and rights". They note that the ruling was made when there were severe restrictions in place to counter the COVID-19 pandemic, "impeding any proper democratic debate".

The text condemns the excessive and disproportionate use of force and violence against protesters by law enforcement forces and others such as far-right nationalistic groups.

Rule of law is collapsing in Poland – the EU must act

According to Parliament, this ruling is "yet another example of the political takeover of the judiciary and the systemic collapse of the rule of law" in Poland. MEPs ask the Commission to assess the unlawful composition of the Constitutional Tribunal. According to the Parliament, the Tribunal's composition constitutes grounds for challenging its rulings and thus its ability to uphold the Polish Constitution. The Council, for its part, should address this and other allegations of violations of fundamental rights in Poland in the framework of the Article 7(1) proceedings.