

# &quot;Climate transition, transformation and convergence: Europe's path towards robust resilience&quot; – Speech of President Charles Michel



First of all, I would like to thank you for inviting me to speak at this 20th edition of your economic forum.

This year, by way of exception, the forum will be conducted virtually. And it is the exceptional nature of this COVID-19 crisis that I wish to address first, setting the context for the action we are endeavouring to take at EU level.

It is a simple yet astonishing fact: leaders throughout the world – regardless of their political orientations – have implemented extraordinary measures restricting freedoms. Economies have virtually ground to a halt. And for what reason? To protect people's lives and health. And as a former prime minister confronted with terrorist attacks, I can assure you that a decision to set aside or suspend fundamental personal freedoms is undoubtedly one of the most serious it is possible to take.

And the economic impact is also substantial: the European Commission is forecasting a 7.5 % drop in the EU's gross domestic product this year. And we know it will take several years to return to the pre-crisis level.

It is only natural that, ever since the first few days of the crisis, the political agenda has been driven by the health emergency and by the desire to save lives and to slow down and stop the virus. And we all very quickly realised what serious consequences the pandemic would have for the global economy.

At the forefront of efforts in this regard, the national governments have discharged their responsibilities in full, taking exceptional steps to support both workers and businesses. And this has been made possible by the decisive action taken by the European Union. As you know, ever since March, the European Central Bank has taken crucial decisions to provide liquidity support amounting to over EUR 870 billion, topped up by an additional EUR 600 billion in June.

In parallel to that, following the first video conference of the European Council on 10 March, we decided to relax the rules governing state aid and suspended the Stability Pact by activating the general escape clause, measures unthinkable just a few weeks previously. This enabled national measures to be taken which were unprecedented in terms of their scope and

speed. Among the EU-27, budgetary support has amounted to almost EUR 520 billion, representing almost 4 % of the EU's GDP, while the liquidity support has amounted to over 23 % of that same GDP. For France, for example, the fiscal effort represents 6 %. The decisive nature of these measures was summed up in the words of French President Emmanuel Macron: 'To do whatever is necessary, whatever the cost'.

If we have acted so forcefully and so quickly, it is because we have learnt the lessons of the financial crisis, in particular regarding the knock-on effects of a crisis and its dramatic and often long-lasting consequences for economic stakeholders. These are the hysteresis effects so familiar to economists. These effects are tangible: individuals who go through a long period of unemployment lose their skills, and businesses disappear along with their know-how. If we do nothing, we risk obstructing future growth. We wanted to break this vicious cycle without delay.

Next, it is clear that not all European countries have the same capacity to deal with the economic effects of this crisis. Without a joint European effort, there was a danger that economic divergence would have further deepened, jeopardising the level playing field and exacerbating disparities in the internal market. I was convinced, and I remain entirely convinced that a European recovery based on solidarity, requiring unprecedented financial resources, was and is essential, without ever losing sight of the purpose of this effort: greater convergence and resilience in our Union. Because economic or fiscal vulnerabilities of Member States are of course a risk to each of those states, but they also represent a serious risk to the whole system, in an integrated internal market with a single currency.

It is true that the European system of economic and fiscal governance, set up in the wake of the debt crisis, was intended to strengthen our economies and the fiscal capacity of our member states. Throughout my term as Prime Minister of Belgium, I could see how challenging it was to implement the structural reforms needed to achieve prosperity, how we encountered headwinds and obstacles along the way. And the European instruments which were put in place in the past, combined with national reforms, certainly allowed us to react more quickly and more effectively.

I learnt a lesson from that experience: growth in itself is not automatically virtuous. Inequalities, iniquities and disparities not only create legitimate frustrations but also represent obstacles in the path to prosperity.

Even before the pandemic, the European Union had laid the foundations for tackling these problems. In particular, in 2017 we adopted the Pillar of Social Rights, which I believe we should implement further. Reducing inequalities also improves economic resilience.

I am convinced about another point too. More than ever, we need this double project of major transformation for Europe: climate neutrality by 2050 – our Green Deal – and the digital transition, destined to put Europe at the forefront of using data, the natural resource of the digital world.

I'll focus for a moment on the climate transition – which of course

represents an existential challenge for humanity. It is no longer a question of choice, it is beyond doubt and is a necessity. And this absolute necessity is not at odds with economic development. It even represents, in my view, a powerful lever for prosperity, if we make the right choices. That means transforming – in an unprecedented way – our social market economies, to make a paradigm shift in order to protect natural resources and radically increase the circular nature of our economy. The decision made late last year to integrate the United Nations sustainable development goals into the European Semester, our economic governance mechanism, is part of precisely this same logic.

These transformations were in fact started before the crisis, and the pandemic has resoundingly shown just how interdependent our economic, social and environmental systems are. They are not parallel worlds. We must deal with them together, that is the only way to move towards robust resilience. There will undoubtedly be other shocks to come. We have to be better prepared, it is a duty for Europe, it is even a duty for humanity.

Resilience is in fact at the heart of the ongoing negotiations on the EU's multiannual budget and the exceptional recovery fund financed by Union borrowing. Interestingly, the focus of the debate has gradually shifted from the issue of borrowing and the balance of grants and loans, to the issue of where these amounts will go and how they will be spent.

There is, in my view, one other fundamental lesson to be drawn from this extraordinary crisis. While the financial crisis pushed us to put consolidating fragile public finances at the top of our agenda, this crisis has brought home what's most important: personal and collective well-being, embodied by a compassionate and caring society which, I believe, should be Europe's new horizon.

Perhaps it is time we agreed on new measures that are better able to reflect a society's performance in terms of prosperity and well-being. And this reopens a debate that's not new for you economists, on the nature of growth and the fact that it can't be reduced to value creation. The discussion launched in the context of the OECD by Joseph Stiglitz, Jean-Paul Fitoussi and Martine Durand with their report "Beyond GDP" is a source of inspiration for me. Allow me to quote that report: "the use of indicators reflecting what we value as a society would have led, most likely, to stronger GDP growth than that actually achieved by most countries after 2008."

This leads me to the final dimension of this matter, and perhaps the most important: the democratic dimension. The climate and digital transitions are a positive, unifying, extraordinary project. But we will not win citizens' support by using this growth indicator, which does not reflect the progress people feel in their daily lives, as the only measure. Quality of the environment and of education, access to healthcare, equal opportunities – in short, quality of life – must, now more than ever, be at the heart of our ambition.

Going beyond GDP – this is an issue, perhaps even an existential challenge, for the future of our liberal democracies. The forthcoming conference on the

future of Europe, which will, I hope, involve European citizens directly, must be the democratic opportunity to conduct this debate with full transparency, with vigour and with passion. A debate that starts out about economics, but that in the end is much broader, and that propels us towards a common future.

Thank you for your attention, and I wish you lively and fruitful discussions.

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## Media Advisory – Special European Council on 17 and 18 July 2020



Special European Council on 17 and 18 July 2020

The Special European Council will take place on 17 and 18 July in the Europa building in Brussels.

Due to the current COVID-19 measures, no press will be allowed on site. Only a strictly limited pool of TV/photo agencies will be allowed for photo opportunities.

The Council will provide live host broadcasting services and cover the following:

1. Arrivals and possible statements on arrival from leaders (live)  
Leaders will have the possibility to deliver a statement on arrival in front of a host camera, no possibility for press to ask questions.
2. Roundtable footage at the beginning of the meeting (live)
3. Statements on departure (live)  
Leaders will have the possibility to deliver a statement on departure in front of a host camera, no possibility for press to ask questions.
4. Press conferences and national briefings (live)  
Press will be able to participate in virtual press conferences/national briefings remotely (via Zoom).

More details to follow:

- on how to participate in the virtual press conferences/national briefings;
- on arrangements for live distribution of the broadcast quality signal of the press conferences (via EBS/EBU/ENEX – open to all broadcasters and agencies).

EU accredited journalists (holders of Council annual badges and journalists who got an accreditation for the June 2019 European Council meeting or later meetings) will be able to watch and listen to national briefings and ask questions remotely.

**Host TV/photo live and on demand:**

**Council Newsroom:** <https://newsroom.consilium.europa.eu/>

**Council video streaming:** <https://video.consilium.europa.eu/>

**Europe by Satellite:** <https://audiovisual.ec.europa.eu/en/>

Media programme, press conference and national briefing arrangements will follow.

For more details on the Special European Council, see [the meeting page](#).

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## [Article – Coming up: German Council presidency, health strategy, road transport](#)



### **Plenary session**

Ahead of the EU summit on 17 July, MEPs will make their stance clear on the [EU's budget for 2021-2027](#) and the [recovery](#) plan in a debate with European Council president Charles Michel and Commission president Ursula von der

Leyen on Wednesday.

[Germany took over Council presidency](#) under the motto “Together for Europe’s recovery” on 1 July and Chancellor Merkel will be in plenary on Wednesday to debate her country’s strategy and goals over the next six months, notably Europe’s economic recovery from the coronavirus pandemic.

The Parliament called for a stand-alone European health programme in May, which led to the creation of [EU4Health](#). MEPs will discuss the shortcomings in public health policies revealed by the Covid-19 crisis and how to be better prepared for future challenges.

New rules to improve working conditions for lorry drivers will be on the agenda on Wednesday.

To help achieve climate neutrality by 2050 in line with the [Green Deal](#), MEPs are set to call for better storage solutions for renewables and an update of guidelines for funding of energy projects.

## Committees

On Monday the regional development committee will vote on setting up the [Just Transition Fund](#), one of the main sources of financing the transition to a green economy.

The following day the legal affairs committee will vote on new rules for collective redress to allow EU consumers who have experienced the same problem to sue a company as a group, irrespective of where they live.

## Ideas for a new world

On Monday, Parliament President David Sassoli will launch a series of dialogues with philosophers, cultural personalities, representatives from civil societies and others. He will welcome French philosopher and sociologist Edgar Morin and Italian writer, essayist and screenwriter Roberto Saviano to discuss: [Europe, changing the paradigm](#).

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## [ESMA Newsletter – N°15](#)

29 June

[ESMA responds to European Commission consultation on the Digital Finance Strategy](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has submitted a response to the European Commission's (EC) consultation on a new digital finance strategy for the European Union (EU). ESMA welcomes the EC consultation noting that it builds on the 2018 FinTech Action Plan that set a number of deliverables for the ESAs, all of which were completed.

22 June

[ESMA publishes translations for Guidelines on the reporting to competent authorities under Article 37 of the MMF Regulation](#)

The European Securities and Markets Authority (ESMA) has issued the official translations of its guidelines on standardised procedures and messaging protocols.

18 June

[ESMA integrates the 2020 IFRS taxonomy into ESEF RTS](#)

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, publishes a draft amendment to the Regulatory Technical Standards (RTS) on the European Single Electronic Format (ESEF).

17 June

[ESMA publishes example of an annual financial report in ESEF format](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, publishes on its website an example of an annual financial report which is prepared in the new European Single Electronic Format (ESEF).

16 June

[ESMA appoints a new Securities and Markets Stakeholder Group](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published the new list of members of its Securities and Markets Stakeholder Group (SMSG) following approval by its Board of Supervisors. The selected individuals begin a four-year term on 1 July 2020. The SMSG will provide ESMA with advice on its policy work and must be consulted on technical standards, guidelines and recommendations.

15 June

[ESMA publishes 2019 Annual Report and updates 2020 Annual Work Programme](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published its Annual Report, which reviews the achievements from 2019 against its mission of enhancing investor protection and promoting stable and orderly financial markets in the European Union.

11 June

### [ESMA responds to European Commission consultation on revision of NFRD](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has submitted a response to the European Commission's (EC) consultation on a revision of the Non-Financial Reporting Directive (NFRD). The response recommends standardising disclosure requirements, widening the range of companies required to report and ensuring consistency between legislative initiatives on sustainable finance.

11 June

### [ESMA renews its Decision requiring net short position holders to report positions of 0.1% and above](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has renewed its decision to temporarily require the holders of net short positions in shares traded on a European Union (EU) regulated market to notify the relevant national competent authority (NCA) if the position exceeds 0.1% of the issued share capital.

11 June

### [ESMA publishes statement on MiFIR open access and COVID-19](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, is issuing a public statement to clarify the application of the MiFIR open access provisions (OAP) for trading venues (TVs) and central counterparties (CCPs) in light of the recent adverse developments related to COVID-19.

09 June

### [ESAs announce public hearing on ESG disclosures](#)

The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) will organise a public hearing on 2 July on proposed environmental, social and governance (ESG) disclosure standards for financial market participants, advisers and products.

09 June

### [ESMA extends deadline for responses to consultation on EMIR REFIT](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has decided, in view of the effects of the ongoing COVID-19 pandemic on stakeholders and market participants, to extend the response date for the consultation on the technical standards on reporting, data quality, data access and registration of Trade Repositories under EMIR REFIT to 3 July 2020.

08 June

### [MiFID II: ESMA issues latest Double Volume Cap data](#)

The European Securities and Markets Authority (ESMA) has updated its public register with the latest set of double volume cap (DVC) data under the Markets in Financial Instruments Directive (MiFID II).

05 June

#### [ESMA provides guidance on the compliance function under MiFID II](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, publishes the final guidelines on the MiFID II compliance function. These guidelines replace the ESMA guidelines on the same topic issued in 2012 and include updates that enhance clarity and foster greater convergence in the implementation, and supervision, of the new MiFID II compliance function requirements.

05 June

#### [ESMA announces new methodology for peer reviews](#)

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, publishes a new Peer Review Methodology integrating the improvements to this process that were introduced by the revised ESMA Regulation (ESMAR).

04 June

#### [ESMA updates reporting instructions for MMF reporting](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published updated reporting instructions to be used for reporting under the Money Market Fund Regulation (MMFR).

04 June

#### [ESMA promotes convergence in the supervision of costs in UCITS and AIFs](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published a supervisory briefing on the supervision by National Competent Authorities (NCAs) of costs applicable to Undertakings for the Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). This briefing comes in response to the need to improve convergence across NCAs in the approach to undue costs.

04 June

#### [ESMA fines Scope Ratings €640,000 for failings in covered bonds ratings](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulators, has fined Scope Ratings GmbH (Scope) €640,000, and issued a public notice, for breaches of the Credit Rating Agencies Regulation (CRAR) in relation to the systematic application of its 2015 Covered Bonds Methodology (CBM) and its revision.

**03 June**

[ESMA consults on cloud outsourcing guidelines](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published a consultation paper on guidelines on outsourcing to cloud service providers.

03 June

[ESMA updates transparency and position limit opinions for 3rd country venues](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published updated opinions on post-trade transparency and position limits under MiFID II and MiFIR following its assessment of over 200 third-country trading venues (TCTV) against criteria published in opinions in 2017.

02 June

[ESMA publishes final report on FRANDT commercial terms for clearing services](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator has published its final report with technical advice to the European Commission (EC) on the fair, reasonable, non-discriminatory and transparent (FRANDT) commercial terms for the provision of clearing services.

29 May

[ESMA's Supervisory Coordination network concludes its work](#)

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, announces the finalisation of the work of the Supervisory Coordination Network (SCN).

29 May

[ESMA updates its Q&As on MiFID II and MiFIR transparency and market structures topics](#)

The European Securities and Markets Authority (ESMA) has updated its Questions and Answers regarding market structures and transparency issues under the Market in Financial Instruments Directive (MiFID II) and Regulation (MiFIR).

28 May

[ESMA publishes updates to EMIR Q&As](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has updated its Questions and Answers document on practical questions regarding data reporting issues, under the European Markets Infrastructure Regulation (EMIR).

28 May

[ESMA updates Q&AS on MiFID II investor protection](#)

□The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has updated its Questions and Answers on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR).

28 May

[ESMA updates its Questions and Answers on the Securitisation Regulation](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has updated its Questions and Answers on the Securitisation Regulation (Regulation 2017/2402).

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## [Article – Exploring migration causes – why people migrate](#)



[The number of people residing in an EU country with the citizenship of a non-member country on 1 January 2019](#) was 21.8 million, representing 4.9% of the EU-27's population. A further 13.3 million people living in one of the EU27-

countries on 1 January 2019 were citizens of another EU country.

Why do [people migrate to Europe or to another EU country?](#)

## Push and pull factors

Push factors are the reasons people leave a country. Pull factors are the reason they move to a particular country. There are three major push and pull factors.

## Socio-political factors

Persecution because of one's ethnicity, religion, race, politics or culture can push people to leave their country. A major factor is war, conflict, government persecution or there being a significant risk of them. Those fleeing armed conflict, human rights violations or persecution are more likely to be humanitarian refugees. This will affect where they settle as some countries have more liberal approaches to humanitarian migrants than others. In the first instance, these individuals are likely to move to the nearest safe country that accepts asylum seekers.

In recent years, people have been fleeing to Europe in large numbers from conflict, terror and persecution at home. Of the 295,800 asylum seekers granted protection status in the EU in 2019, over a quarter came from war-torn Syria, with Afghanistan and Iraq in second and third place respectively.

Check out our [infographic on asylum applications numbers in the EU](#).

## Demographic and economic factors

Demographic change determines how people move and migrate. A growing or shrinking, aging or youthful population has an impact on economic growth and employment opportunities in the countries of origin or migration policies in the destination countries.

Demographic and economic migration is related to labour standards, unemployment and the overall health of a country's economy. Pull factors include higher wages, better employment opportunities, a higher standard of living and educational opportunities. If economic conditions are not favourable and appear to be at risk of declining further, a greater number of individuals will probably migrate to countries with a better outlook.

According to the UN International Labour Organization, migrant workers – defined as people who migrate with a view to being employed – stood at roughly [164 million worldwide in 2017](#) and represented nearly two thirds of international migrants. Almost 70% were found in high-income countries, 18.6% in upper middle-income countries, 10.1% in lower middle-income countries and 3.4% in low-income countries.

## Environmental factors

The environment has always been a driver of migration, as people flee natural disasters, such as floods, hurricanes and earthquakes. However, climate change is expected to exacerbate extreme weather events, meaning more people could be on the move.

According to the [International Organization for Migration](#), “Environmental migrants are those who for reason of sudden or progressive changes in the environment that adversely affect their lives or living conditions, are obliged to leave their habitual homes, either temporarily or permanently, and who move either within their country or abroad.”

It is hard to estimate how many environmental migrants there are globally due to factors such as population growth, poverty, governance, human security and conflict, which have an impact. Estimates vary from 25 million to one billion by the year 2050.

## New EU migration pact

Managing migration effectively to deal with asylum seekers and protect external borders has been an EU priority for many years. The European Commission is set to propose a new pact on migration and asylum this year. The Parliament has been advocating [an overhaul of EU asylum rules](#) to ensure greater solidarity and fairer sharing of responsibility among EU countries.

Parliament’s civil liberties committee is currently working on a report on [new avenues for legal labour migration](#). MEPs underline the need for legal paths to reduce irregular migration and fill labour market gaps and for a harmonised EU policy. The committee is also calling for the Common European Asylum System to be complemented by a European Union Resettlement Framework and humanitarian corridors.

## Read more on migration in Europe