

3 February 2020

POLITICAL PRIORITIES

of the PES Group in the European Committee of the Regions for the term
2020-2025

Social democracy in Europe is facing enormous challenges. Against the backdrop of populism, it needs to address the impact of globalization, climate change, the transformation of the traditional forms of work, persistent or even growing inequalities, migration and increased isolationist tendencies. Social democracy must find concrete, distinct and ambitious answers to these issues and redefine itself in relation to the challenges of the profound ecological and digital transitions, which are necessary and inevitable.

That said, social democracy is still vigorous and victorious in many countries, especially at the level of local and regional authorities. The social-democratic family is the second largest group in the European Parliament and will have an important influence in the new European Commission.

At the European Committee of the Regions, the PES Group brings together more than 200 elected representatives of the European socialist family, but also of progressive left and green parties. Our group is, therefore, well placed to contribute to the shaping of the European project by building on the cooperation of the different progressive political forces.

1. Strengthening the democratic foundation of the European Union and improving its governance

Ahead of the “Conference on the Future of Europe” to be launched in early 2020, we are supporting **a change of methodology in consulting and involving citizens in the European Union’s functioning**. We believe that this Conference cannot be just another citizens’ dialogue. We want to ensure that the Conference leads to a binding outcome, including possibly changes to the European institutional architecture. Even more importantly, the PES Group calls on the other EU institutions for a joint effort for **the creation of a structured and permanent system of citizens’ consultations** based on a longer-term strategy, including appropriate feedback mechanisms and involving local and regional authorities. These mechanisms should complement the existing instruments of participatory democracy such as the European Citizens’ Initiative (ECI), in order to strengthen the legitimacy and the democratic foundations on which the EU is built. We are ready to “dare more democracy”, possibly by participating to the drafting of a European Democracy Charter.

It is also necessary to reinforce the EU’s unique system of representative democracy with the different levels working closely together. The PES Group will continue arguing for better involvement of local and regional authorities at all stages of EU decision-making. We need **a reform of the functioning of the European Union, centred on multi-level governance, better law making and active subsidiarity**, in a revised and comprehensive inter-institutional cooperation framework, ensuring that legislation is effective and can be implemented. We support the preeminence of the European added value principle and oppose quantitative approaches to regulation such as the “one in, one out” principle.

We are strongly committed to the EU’s fundamental rights, freedoms and values. 10 years after the EU Charter of Fundamental Rights became legally binding, we call for its full implementation at the level of Member States, regional and local authorities, notably through a

new Charter Strategy that would improve the use and awareness of the Charter, making it directly relevant for citizens in the EU.

We will take political action where the ability of local and regional authorities to uphold European rights and values is restricted. In this sense, we are also convinced that an annual review process for the state of the rule of law in all EU member states, which draws on and reflects also the situation at local and regional level, would help to strengthen the common values' foundation of the EU.

We do, however, consider that each level of governance can only be held responsible for the policies for which it has actual competences. We warn against mechanisms that would penalise Europe's cities and regions – and hence its citizens – by holding them hostage to national governments' actions that go against EU values.

2. Focusing EU economic strategy on long-term sustainable investment and job creation

In order to achieve the targets set in the Paris climate agreement and to reach the United Nations' Sustainable Development Goals (SDGs) for 2030, the European Union will need to make considerable investments into specific infrastructure, sectors and technologies to support the climate and social challenges of today. **We need to change our economic and development model** and reinvent the European Union's economic strategy, which should be based on **long-term sustainable investment cohesion** and the transition to a truly circular economy.

Job creation is also conditioned by public investment as a stimulus and a prerequisite for private investment and for the **provision of services of general interest** in areas such as education, training, research, infrastructure, housing, transport, health or the environment. Local and regional authorities across the EU are crucial as investors and providers of public services tailored to the needs of their citizens. Therefore, one of our key priorities must be to restore their capacity to invest to combat the effects of previous crises, promote social justice and innovation and build a sustainable future. The PES Group will work for **a more flexible application of the rules of the Stability and Growth Pact (SGP)** in order to promote the public investments needed to boost growth, in particular by reiterating our **demand for the national and regional co-financing of European Structural and Investment Funds to be excluded from the SGP**. Furthermore, we remain opposed to macroeconomic conditionality, i.e. a sanctions' system impacting cohesion policy and, therefore, local and regional authorities, and plead instead for an approach based on incentives. We will also work for a **more flexible application of the state aid rules** related to cohesion policy funding, public services and the energy transition.

Besides, we further defend citizens' **right to connectivity** regardless of their geographical location or socioeconomic status. We, therefore, continue to call for **investments in digital infrastructure** in areas that are not commercially interesting to be considered **services of general interest**.

The PES Group calls on the EU to ensure policy coherence in the legal framework that governs public procurement, competition and state aid policy. **A well-functioning procurement system** will play a key role in the capacity of regional and local authorities to deliver on EU investment and achieve broader public policy goals. Obviously, the margins for public investment are also dependent on the efficiency of the EU's taxation policy. We will, therefore, unequivocally support **EU measures to step up the fight against tax fraud, tax evasion, tax avoidance, tax dumping and aggressive tax planning** within the EU and at global level, including the Commission's proposal to make use of the *passerelle* clause in order to apply **qualified majority voting in particular in the area of taxation**.

Globalisation requires better anticipating the territorial impact of trade agreements, the interplay between trade policy and internal EU environmental, social, industrial and regional policies as well as the importance of global value chains. Regions need an appropriate EU toolkit, including trade defence instruments, a mechanism for screening foreign direct investment into the EU, an international procurement instrument that would help anticipate shocks from trade and globalisation. We will also be participating in the shaping of the proposed Carbon Border Adjustment Tax in order to make sure that it is sensitive to local labour markets and ensures fair competition between small or medium enterprises and multinational companies.

We also maintain that **online and offline economic activities should be treated equally** on a level playing field in the single market. With this in mind, we will continue to put pressure on the Commission to calls on the European Commission to put forward proposals in the broader context of the "Digital Services Act" and to update the largely outdated e-Commerce Directive of 2000.

3. For a Cohesion Policy accessible to all regions and adequately resourced

Promoting economic, social and territorial cohesion is essential in strengthening the European Union and ensuring that nobody is left behind, thereby changing the current "geography of discontent" into a "geography of opportunity".

Cohesion policy is the EU's largest investment instrument and the most tangible expression of European solidarity to overcome economic, social and territorial disparities and ensuring convergence. Given the rise of Euroscepticism in areas negatively affected by globalisation rather than benefitting from its opportunities, a fair and effective cohesion policy is of utmost importance. Cohesion policy must contribute to building a new economic strategy for the EU based on long-term sustainable investment.

Along the lines of the #Cohesion Alliance, the PES Group will fight for a cohesion policy post-2020, as a long-term investment policy for all regions in Europe to support growth and jobs at local and regional level by promoting innovative solutions for issues such as climate change and energy transition, social inclusion, digital transformation, as well as for cross-border, transnational and interregional co-operation. In budgetary terms, the objective is for cohesion policy to be provided with sufficient resources, representing at least one-third of the future EU

budget, in particular to cover possible funding gaps in sectors such as innovation and energy efficiency. Instruments should be of complementary use when it is proven that they improve effectiveness in reaching Union strategic objectives compared to the grants instrument. The PES Group in the CoR opposes the serious envisaged cuts to the Multi-Annual Financial Framework and particularly to cohesion policy, despite increased needs and the United Kingdom's planned withdrawal from the European Union. Against the background of this withdrawal and the reflection process on the future of Europe, we also maintain that it is most urgent to develop a vision of the priorities to be funded in the medium and long term in the framework of the EU budget. Cohesion Policy can best unleash its potential if anchored in a clear strategic framework setting EU-wide objectives and targets implementing the SDGs. A deep reform of the MFF, aimed at averting that national interests prevail over EU objectives, should be based on a larger proportion of new own resources and a reduction in national contributions, while seeking to minimise additional burdens on taxpayers.

We are determined to ensure that the EU Cohesion Policy for the years 2021-27 shall:

- > remain **accessible to all EU regions**. Its overall financial allocation for the years 2021-27 should be maintained at least at the same level as for the current period (2014-2020). We reiterate our strong support for maintaining the concept of transition regions. We also look forward to the implementation by the new Commission of the reinforced and renewed strategic partnership with the outermost regions of the EU.
- > promote the **participation of all citizens**. We need a renewed, strengthened and legally binding partnership principle that encourages and protects broad societal mobilisation. We need genuine public discussion at the most relevant level, allowing for a common elaboration of public choices;
- > confirm the shared management model and the role of regional authorities in programming and implementing European Structural and Investment Funds including the rural development fund;
- > set as core objectives the pursuit of **equality** between our citizens and the place they live in as well as a **just transition towards a carbon neutral economy**;
- > ensure enough financial support for the implementation of these core objectives and stop any financial support to those projects that undermine them, such as support to fossil fuels. European budgetary rules and European macroeconomic surveillance rules should in no way prevent the implementation of these core objectives;
- > encourage regions and cities to mainstream **SDG** throughout the programming of European Structural and Investment Funds of cohesion policy;
- > call for diversifying the reference indicators for the future cohesion policy and go **“beyond GDP” to measure the quality of life**.

Urban and rural areas are complementary functional spaces. We consider that EU policies must promote integration between these two dimensions because they are dependent on each other geographically, administratively and in terms of functional and thematic policies. We, therefore, continue to demand an ambitious **EU Urban Agenda** that is politically binding and based on the European decision-making method. We are also of the view that the Commission must duly consider the recommendations of the thematic urban partnerships and the urban dimension of EU policies. At the same time, we insist on the development of a comprehensive **EU Rural Agenda**. All EU policies need to take rural areas into consideration, including (but not limited to) Cohesion Policy and the Common Agricultural Policy.

4. Supporting a European Green Deal that fights climate crisis and inequalities

The PES Group welcomes the ambitions to deliver on a **European Green Deal**. With PES member Frans Timmermans being the Commission Executive Vice-President in charge of drafting a European Green Deal, the PES Group will support him in the necessary efforts to reconcile the fight against the climate crisis and for a carbon-neutral EU with the need to address inequalities and ensure a just transition. To this end, it is essential that Green Deal is backed up by genuine additional resources. We remain committed to the inter-institutional dialogue and urges for the direct involvement of local and regional authorities in the design of the Deal from the start. We need to ensure that Member States will also include them in all phases of the development. The EU's ambitious and necessary targets and transformations to achieve sustainability will only be possible if local and regional authorities are on board, and energy systems and climate and sustainability action are decentralised and localised.

In terms of climate action, the PES Group has the following substantial demands:

- > making energy efficiency a priority in order to cut the emissions from the EU's building stock;
- > revising the 32 % target for renewable energy at EU level in light of technological developments with a view to reaching 40 % by 2030 and to climate neutrality by 2050;
- > raising the overall EU climate budget spending target to at least 30 % and fully implementing the commitments made under the Paris Agreement;
- > introducing an effective "energy taxation" through appropriate pricing of fossil-based energy and emissions allowances, i.a. the introduction of a tax on kerosene;
- > supporting the transition of energy-intensive industries and vulnerable regions while limiting the social and environmental impacts;
- > ensuring a fair distribution of environmental costs and health, environmental and social benefits for people affected by the location of energy infrastructures as well as fighting energy poverty;
- > mainstreaming climate neutrality, environmental sustainability and climate change adaptation in all EU funds and funding programs;
- > supporting of the creation of a European Climate Bank as a separate branch of the European Investment Bank that would help private and public actors finance the climate transition.
- > better involving cities and regions in setting up national climate and energy plans;
- > setting up a European climate neutrality observatory, aimed at mapping and monitoring the vulnerabilities of the different territories in this transition;
- > developing a system of locally-determined contributions (LDCs) to complement the nationally-determined contributions in order to track the progress in implementing the Paris Agreement.

In continuation of the work carried out with the S&D group in the European Parliament and its Progressive Society initiative, we support the proposal for a **Just Transition Fund**, rooted in Cohesion policy, available to all regions in shared management and based on additional resources.

We will also put pressure on the European Commission to present **an Action Plan against energy poverty**, distincted from the Cohesion policy package, but managed with a similar governance, which should propose measures at European, national and regional/local level to improve the situation of the most vulnerable consumers in the EU.

A functioning Circular Economy requires the development of indicators that are sensitive to the regional and urban dimensions, to better measure progress.

The PES Group supports a strong and effective EU strategy encouraging prevention, reuse and recycling of plastic waste – in line with the hierarchy of waste principle.

This ties in with a strong **biodiversity policy**. We need to recall the need for much greater efforts by the EU and the Member States to effectively address the biodiversity loss that threatens the very bases of our existence. In the preparatory process towards the post-2020 biodiversity policy framework at European and global level, it is necessary to develop measures for decoupling economic development from biodiversity loss and to involve local and regional authorities as key partners in protecting existing biodiversity, restoring already damaged ecosystems and developing innovative solutions to help ecosystems adapt to changing circumstances.

Achieving the objectives of the Green deal finally relies quantified environmental targets to be achieved by 2027 by all the Member States in the field of the **Common Agricultural Policy**, namely:

- > 30 % reduction in greenhouse gas emissions from agriculture in each Member State;
- > a doubling of the land area used for organic farming in each Member State compared to 2017, or at least 30 % of the utilised agricultural area of the Member State;
- > a minimum 30 % reduction of the use of pesticides compared to 2017;
- > guarantee that 100 % of surface water and groundwater will comply with the Nitrates Directive.

5. Fighting for a Social Europe fit for the transitions ahead

The fight for a Social Europe remains our political DNA. To restore citizens' trust in the EU as part of their future, we have to strengthen the social dimension of European integration in order to minimise the risk of a race to the bottom between social models, which is exacerbated by a misguided focus on austerity and restrictive fiscal policies. At the same time, citizens need to be empowered to cope with the green and digital transitions already underway. We will, therefore, continue to put pressure for having social objectives at the highest priority level in the EU's overarching strategies, in particular by including key employment and social indicators for their follow-up, and for having social investment prioritized in the European Structural and Investment Funds and the future InvestEU fund.

The implementation of the **European Pillar of Social Rights** will help to reinforce the EU's social dimension and to alleviate the impact of the ongoing transformation of European society and the labour market. The European Pillar has a strong territorial component, and the social

scoreboard, which currently reflects only national averages, should be completed with additional regional data.

We also insist that the **establishment of a European Child Guarantee** addressing child poverty and exclusion in the EU as well as an **EU Action Plan on Affordable Housing** (along the lines of the relevant European Citizens Initiatives) should be part of the Pillar's implementation.

Creating stable jobs, fighting youth and long-term unemployment, modernising labour markets and ensuring just and efficient social protection systems remain the DNA priorities of the PES family. We support the introduction of an **EU-wide minimum wage**, respecting collective bargaining, to address increasing in-work poverty and to ensure that no one is left behind in the green, digital and demographic transitions. We also expect the European Commission to elaborate on the concept of an **EU unemployment reinsurance scheme**.

The constant changing nature of forms of employment (digital, cross-border, work on demand, platform-based etc.), must be accompanied by the appropriate regulatory framework to address the social dimension of the digital economy and the Digital Single Market in order to ensure that employees enjoy the same level of protection as workers in more traditional forms of employment. This should more concretely encompass a Commission proposal for an **EU Directive on platform work** based on Article 153(2)(b) TFEU to set minimum standards for fair working conditions in the digital economy. The exponential spread of digital platforms and of work related to them calls for a coordinated response at European level to the legal challenges from the reorganisation of work brought about by these platforms.

We highlight the need for **substantial investments in the modernisation of education and for full support to training and lifelong learning** in order to equip citizens with the necessary skills for the ecological and digital transitions.

The financial crisis and subsequent austerity measures that have dramatically curtailed public investments in social welfare have created the pressing need for more and better social innovation. It can address poverty and generate sustainable wealth and well-being while promoting a learning and participative society. A new impetus to the **social innovation agenda** could also be given by the Commission addressing the Economy of Wellbeing, with an emphasis on the mutual relations between wellbeing policies and economic growth, on balanced cross-sectoral collaboration among the different policy fields, on a knowledge-based approach, and on preventive measures and early interventions, supporting the implementation of the European Pillar of Social Rights and the UN's Sustainable Development Goals.

In light of structural changes throughout European societies, we also call on the European Commission and the Member States to implement a strong EU culture policy because of its added value in terms of enriching diversity, strengthening the European identity, promoting inclusion and raising awareness. It is key to provide easy access to cultural heritage for citizens and involve them in cultural processes.

6. Migration and Integration

The EU needs a real migration policy which does not address the issue primarily as a security threat, but which offers safe, legal channels for immigration. It also needs a coherent vision on **legal migration**, including both intra-EU and extra-EU migration, which should not be limited to just highly skilled workers. In both cases, we have to be vigilant to avoid brain-drain and social dumping.

At the same time, migration and integration should not only be seen in the perspective of how it is organised. We also have to always emphasise that migration make our societies thrive culturally and economically. To face demographic changes and lack of workers in the future we need to work with migration in a more positive and including ways than before. Education and work for all is the best remedies against segregation.

We need a **fair asylum policy**, which offers protection to those who need it, prevents the unacceptable loss of lives in trying to reach the EU and is based on solidarity between EU Member States, regions and cities in receiving refugees and asylum seekers.

A thorough overhaul of the Dublin regulation is urgently needed. Solidarity amongst Member States and regions requires a system for a fair distribution of asylum seekers between Member States and Regions on voluntary base, based on a number of objective criteria such as the size of the country and its population, GDP or unemployment rates.

The PES needs to continue to balance the need for migration management and addressing legitimate security concerns on the one hand, and the overarching need for an open and welcoming European Union respecting its own values and international obligations, on the other.

The EU has to further support local and regional authorities with respect to the integration of migrants. Therefore, we demand:

- > a significant increase in the funding for the period 2021-2027 in order to correct the imbalance between the significant increase in funding for border protection and related agencies (notably FRONTEX), and the much smaller increase in funding for other aspects of migration. More resources must be available for activities in the areas of asylum, legal migration, reception and integration;
- > to ensure that significant parts of the relevant financial instruments are accessible to local and regional authorities, directly to address their specific needs, in particular their work on vulnerable migrants, especially unaccompanied minors;
- > to foresee funds for emergency assistance to local and regional authorities which experience sudden shifts in migratory patterns migratory pressure;
- > to pay more attention to the need for coordination and synergies between the different EU funding instruments, including the need to increase funding for the European Social Fund+, which under the new proposal should support long-term integration measures.
- > To promote policies for facilitating the integration of migrants.

7. Fostering dialogue and cooperation beyond the EU

Joint Consultative Committees (JCCs) and Working Groups (WGs) with the candidate and potential candidate countries to join the EU, or through the Euro-Mediterranean Regional and Local Assembly (ARLEM) and the Conference of the Regional and Local Authorities for the Eastern Partnership (CORLEAP) with the countries covered by the European Neighbourhood Policy (ENP), or through the actions in decentralised cooperation with the most needy countries of the world. These dialogues should allow exchanging best practices, building common understanding and promoting common fundamental values.

With regard to **trade** liberalisation agreements, we recall our position that any proposal must be preceded by a territorial impact assessment. Mechanisms at the national and regional levels should be put in place to access relevant information on trade policy. Moreover, trade negotiations should be accompanied by a formal and participative dialogue between the responsible national authorities and local and regional authorities. This is crucial in particular where trade negotiations also cover areas of shared competences with Member States, as in these cases competences of the local and regional level are most often affected.

8. Building a progressive alliance of cities and regions

The European Union institutions must better communicate with their citizens and listen to their concerns and proposals. The PES Group has a role to play in this effort by bridging the gap between institutions and citizens through the work and engagement of local and regional authorities, and their representatives. The PES Group members are only one part of the wider family of progressive local and regional governments in the EU. Building on their strength and networks is crucial to better connect the local and European level, to reverse the political narrative that the European Union is far away in Brussels, Strasbourg or Luxembourg, and to build a more progressive and sustainable Europe from the ground up.

Therefore, the PES Group will expand the successful experience of the *Progressive Local Labs*, in cooperation with the S&D Group in the European Parliament, its Progressive Society initiative and the wider progressive family. The Progressive Local Labs are local events that aim at building a new platform for progressive cities and regions in order to foster the exchange of best practices, connect with a new generation of progressive leaders and put forward new ideas on how to build a more sustainable Europe from the ground up. This exercise is also an awareness-raising one, seeking to inform local authorities of the challenges and opportunities of the 2030 Agenda for Sustainable Development and to bring the SDGs to a wider public.

The PES Group will pursue its commitment to working with Young Elected Politicians at local and regional level, inviting them to take part in the activities of the PES Group. The aim is to allow them to familiarise themselves with the structure and working of the Committee and, to enable them, through targeted events, to keep closer ties not only with the Committee as an institution but also with the progressive European political family.

The PES Group will continue to bring visibility to the many positive stories and best practices of progressive cities and regions. Cities and regions have become laboratories for innovative solutions and, through this campaign, the Group aims at connecting these stories and making them better known.

Apart from communication on the Committee's legislative work, the PES Group will continue implementing a fresh approach to its overall communication, looking at the news cycle, the wider EU inter-institutional relations and political framework, as well as at new trends, and building political campaigns linked to its political priorities.