



**Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament**

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The President

Dear Ms von der Leyen,

I would like to thank you for your availability to have an open and honest debate on July 10th with our Members about the challenges and priorities for the EU, which the next European Commission will have to address.

This first exchange of views has however left a number of important issues unanswered. Therefore, the S&D Group is not ready to take a final position on your election as President of the European Commission. Instead, we request that you clarify your position in writing on the issues addressed in this letter. We invite you to do so ahead of the European Parliament plenary debate next week.

As I explained in my introduction yesterday, the S&D Group is not satisfied with the way the role of the European Parliament through the *Spitzenkandidaten* process was undermined. By establishing a link between the choice of Commission President and the outcome of the European elections, this process was a step towards a more transparent and more democratic European Union. The 2019 elections were a missed opportunity to consolidate this practice. Therefore, we need a clear commitment from the next European Commission President that he/she will support and work for institutional reform to empower voters and to consolidate the role of the European Parliament.

Your candidacy is the result of national leaders' refusal to respect the *Spitzenkandidaten* system, which this is not a good message to send to European voters. This puts an even bigger obligation on you and the new European Commission to show that Europe really works for people, by delivering an ambitious work programme that meets the expectations expressed by citizens at the EU elections. Clearly, they want pro-European forces to cooperate for real change in how the EU works.

As expressed during our meeting on Wednesday, the position of the S&D Group will be determined by your level of ambition to deliver the changes Europe needs. We need to see you make concrete commitments on our key demands or we will not be able to back your candidacy. This will need to include budgetary commitments when appropriate. The next European Commission must drive the economic, social, and ecological transformation of Europe, based on sustainable equality and on strong democracy. There is no time to waste and no time left for business-as-usual.

We look forward to hearing from you.

Best regards,

Iratxe GARCÍA PÉREZ

AN AGENDA FOR CHANGE

1. SUSTAINABLE DEVELOPMENT

The new Commission must commit to:

- An **ambitious and overarching strategy to implement the UN Sustainable Development Goals by 2030** (Sustainable Europe 2030) alongside the first Commission Work Programme for 2020. This proposal shall include a revision of the existing **European Semester** and a set of new binding and non-binding targets and indicators, to be enshrined within a new **Sustainable Development Pact**. This new Pact will be legally binding and will ensure that key economic, social and ecological targets have the same importance in the policy process. This strategy has already been requested by the European Parliament (resolution 14 March 2019) and by the Council (CAG conclusions 9 April 2019). The Commission's structure and organisation will reflect and duly support the implementation of this strategy.
- A **Sustainable Europe Investment Plan** to boost sustainable growth and quality jobs is essential. This must be adequately financed, with a goal of generating additional public and private investment totalling 1 trillion euros during 2020-2024. The investment shall focus on the ecological and technological transitions, research and innovation, and social and territorial cohesion. This plan will notably include Commission proposals for:
 - A European Climate Bank within the European Investment Bank Group,
 - The increase of EIB capital, in order to support the issuance of more green/social/innovation bonds, which shall be eligible for the ECB asset purchase programme (APP),
 - An EU standard for Green Bonds,
 - A Just Transition Fund to address the effects of climate change and of digitalisation on the workforce,
 - The phasing out of fuel tax exemptions for shipping and aviation,
 - The phasing out of fossil fuel and other environmentally harmful subsidies,
 - A WTO-compatible carbon border adjustment mechanism applicable to all sectors,
 - A reform of phase 4 of the Emission Trading Scheme to align the annual reduction factor with the objective of reaching net-zero GHG emissions by 2050 at the latest to ensure a carbon pricing that effectively delivers energy savings and emissions reductions. Shipping and aviation emissions should be included in the ETS, but road transport and buildings should remain in the Climate Action Regulation for non-ETS sectors,
 - The taxation of 'tech giants' (digital tax).
- It is necessary to safeguard **flexibility in the implementation of the Stability and Growth Pact** and to improve the fiscal rules in order to avoid a pro-cyclical effect, allowing a coherent fiscal stance at EMU level, and supporting investments and safeguards for social expenditure. This shall include a **golden rule for investments** or other equivalent mechanisms, which allow a more favourable treatment for certain public investments connected to the investment plan.
- A **Eurozone Budgetary Capacity**, which will include a fully-fledged and meaningful counter-cyclical stabilisation function in the form of a European unemployment re-insurance scheme, combined with an investment protection scheme. This fiscal capacity should gradually evolve into a Eurozone fully fledged Treasury, which should be able to assess financial markets on behalf of its member and to fund part of their financial needs.

- The **European Stability Mechanism** should turn into a permanent body of the EU to improve its democratic accountability. As to its remit, it should not only be used as the common **backstop for the Single Resolution Fund**, it should also be used as a credit line for Member States to prevent a financial crisis. Such approach is fundamental to prevent and ensure an adequate response during economic downturns, thus guaranteeing that the EU can support countries and citizens when necessary.
- A **European Deposit Insurance Scheme** to protect depositors against banking disruptions and to ensure confidence among depositors and achieve the Banking Union.
- A **regulatory framework for shadow banking**: a proper European-wide regulation and supervision must be developed to ensure financial stability.
- A new **EU package on minimum effective taxation**, including a minimum tax rate of 18%, feeding into the ongoing international reform (G20/OECD led). Such package would consist of strong anti-abuse rules and defensive measures and would allow to adapt our tax system to the digitalisation of the economy.
- The adoption of the **CCCTB and a full public country-by-country reporting** and migration from unanimity to qualified majority vote on taxation.
- A **Directive establishing a Climate Law for the EU, by June 2020 at the latest**. This should set a legally binding goal of reaching net-zero GHG emissions by 2050 at the latest. This will also include an intermediate binding target of at least 55% for 2030, as has already been demanded by the European Parliament. This directive will trigger a range of legislative and non-legislative proposals across different policies to achieve this target. It will establish the governance by which the remaining EU's carbon budget is elaborated based on up-to-date scientific assessment of mitigation pathways compatible with the objectives of the Paris Agreement, including pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. It shall set EU wide targets for domestic reduction of EU GHG emissions for 2030 and 2040. For 2030, the target shall be at least 55% compared to 1990 levels. It will require Member States to publicly demonstrate their progress towards the 2050 net zero emission commitments. The Commission shall in addition, by early 2020, propose an increase of the EU's Nationally Determined Contribution to a 55% reduction of greenhouse gas emissions by 2030 compared to 1990 levels and shall bring forward the necessary updates to the EU legislative framework. The law shall also set the phase-out of all EU and national fossil fuel subsidies, and ensure that by 2035 all new vehicles placed on the market are zero-emissions.
- A **European Action Plan to fully implement the European Pillar of Social Rights**, by all Member States and through European legislation where needed. This will notably include a **Directive on Fair Conditions for Platform Workers**, including a definition of a worker, to ensure fair pay, the reversal of the burden of proof of an employment relationship, and the same social protection, working conditions and workers' rights in the digital and non-digital spheres. Furthermore, European competition rules should be changed to allow for self-employed workers to organise themselves, to negotiate common tariffs, and earn a decent living.
- A comprehensive **European Strategy to Combat Poverty**, aiming to lift at least 10 million people out of poverty by 2024, and an additional 15 million by 2030. This strategy will bring together several policies and actions, including a **European Child Guarantee**, a framework directive on minimum wages, in line with national law and/or practice, based on national reference budgets; a **framework directive on social protection floors and on minimum income schemes**; a European initiative for affordable, social and public housing; as well as a new financial instrument to tackle long-term unemployment in

regions disproportionately affected. All of these elements will help **ensure the implementation of the European Pillar of Social Rights**.

- **A Non-toxic Environment Strategy** as committed under the 7th Environmental Action Programme, triggering the revision of all relevant legislation notably in the field of pesticides, air and water quality, and pollutant emissions.
- A **new reform of the Common Agricultural Policy** should be proposed, in order to ensure coherence between agricultural production of safe, high quality and nutritious food at affordable prices, a healthy environment and the fight against climate change, sustainable rural development and a fair standard of living for farmers, food safety and animal welfare standards.
- An **EU Biodiversity Strategy for 2030** with concrete targets able to halt and reverse biodiversity loss and deforestation.
- A **legal framework to drive sustainable consumption**, notably in view of increasing product lifespans and their ease of repair.
- **At least 30% of the MFF shall be allocated to climate spending and at least 10% to biodiversity** spending and push to have at least 3% of GDP spent of R&D&I.
- The **MFF ceiling should be set according to these challenges and priorities**, allowing the adequate financing of the cohesion policies and of the CAP, taking into account the initial Commission proposal and the subsequent position of the EP on this matter.
- **A new agenda for the European Single Market with a strong social dimension**, putting citizens, workers and consumers' rights at the heart of its development and ensure a progressive approach by taking into account environmental criteria. Any change to the functioning of the single market can only come together with the strengthening of social policy and social safeguards.
- A **European social security number**, in line with Commission President Juncker's 2017 State of the Union Speech. Moreover, the Commission shall put forward new directives to improve health and safety at work with regard to carcinogenic substances, musculoskeletal disorders, and occupational stress related diseases. Furthermore, the Commission shall respond to the need to revise the European Works Council Directive, and publish a proposal for a framework directive on worker's information, consultation and codetermination.
- **Company law reforms** to include an end to forum shopping, a cross-border instrument for board level employee representation, and a common European business register.

2. JUSTICE AND EQUALITY

The new Commission must commit to:

- **The completion of the reform of Common European Asylum System package** based on solidarity, strengthening and increase funding for search and rescue, propose new legislation on humanitarian visas, and issue guidelines on humanitarian assistance. It must develop new safe and legal channels for migration, including an ambitious Blue card, and at the same time uphold and defend the Schengen system and ensure strict limits on any internal border controls.

- New measures to **support for the rule of law, fundamental rights, equality and diversity**, which are core European values not optional add-ons to EU membership. As first steps, it must propose a new comprehensive **Rule of Law mechanism with sanctions linked to EU funds**, an equality and diversity strategy, the adoption of a law on anti-discrimination, and follow up on the **Istanbul Convention on preventing and combating violence against women and domestic violence**. European measures to protect the security of citizens must be necessary and proportionate, and respect fundamental rights. Europe must recognise the challenges and benefits that migration presents, and continue to ensure international protection for those in need of it.
- A **binding EU Gender Equality Strategy**, including a pay Transparency Directive aiming at reducing the gender pay gap by 2% each year, per member state and per age group and a **Directive on women on company boards**.
- That in the next European Commission, **at least 50% of Commissioners shall be women** and the European Parliament commits not to elect a Commission that is not gender-balanced.

3. A VALUE-BASED FOREIGN POLICY

The new Commission must commit to:

- Ensuring that **comprehensive trade agreements** protect our values and standards, which include binding and enforceable social and environmental protections and human rights provisions with the possibility of sanctions as a last resort. In this context, the Commission will refrain from proposing a provisional application of international agreements before the European Parliament has given its consent.
- The European Parliament - alongside national parliaments - having **parliamentary oversight of the EU Common Security and Defence Policy** and its budget.
- The introduction of **qualified majority voting on external affairs** as provided by the treaties, in order to ensure that the EU acts as a true global actor
- Beginning **accession negotiations with Albania & North Macedonia** in 2019.

4. ENHANCE EU DEMOCRACY AND TRANSPARENCY

The new Commission must commit to:

- Launching by 2020 a **“Conference for Europe”** to bring together European leaders, parliamentarians, experts and citizens, and this as a preparation to, or as part of, a Convention. The conference shall address issues pertaining to an **enhancement of the democratic and parliamentary dimension of the European project**. In this framework, the European Commission should propose a revision of the 1976 Electoral Act. This should strengthen the democratic and transnational dimension of European elections, by codifying the lead candidate process for the election of the President of the European Commission. This should include the possibility of a joint constituency in which lists are headed by lead candidates, and introduce the obligation of any candidates for the post of the President of the EU Commission to run in the EP elections. This will lead to a substantial increase in turnout and help make support genuine Europe-wide campaign.
- **Explore giving the European Parliament the right to initiate legislation, to ensure that citizens are given a real say in the decisions that affect their lives.** At the same time the follow-up to the European

citizens' initiative should be enhanced to reconnect them to the EU project. In the short term, the Commission must commit to initiate legislation following the adoption of every legislative initiative report adopted by QMV; this commitment will be reflected in the framework agreement on the relations between the European Commission and Parliament at the beginning of the term.

- **Involving the European Parliament in defining its annual work programme**, allowing the latter to amend it. It commits to codify this commitment in an appropriate inter-institutional agreement at the beginning of the term. **The Commission further commits to support the development of the EP's right of inquiry so that it has the appropriate powers to carry out that role, and to support the EP's calls for greater transparency in Council.**

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