

## Plenary round-up – Brussels, October I 2020

During the first October 2020 plenary session in Brussels, Parliament held a debate on the rule of law and fundamental rights in the context of introducing conditionality measures in the framework of the 2021-2027 multiannual financial framework (MFF) and Next Generation EU. In parallel, Parliament's negotiating team on the next MFF announced a pause in talks, due to concerns over the Council's lack of engagement on the key issue of top-ups for 15 flagship EU programmes. Parliament also discussed the conclusions of the special European Council meeting of 1-2 October and the preparations for the next regular European Council meeting, on 15-16 October 2020.

Parliament approved the allocation of new responsibilities to Executive Vice-President of the Commission Valdis Dombrovskis and approved the appointment of Mairead McGuinness as member of the European Commission.

Parliament also debated the role of the European Supervisory Authorities in the Wirecard scandal, on the fight against money laundering, following the FinCEN revelations, and on the impact of the Covid-19 outbreak on long-term care facilities. Parliament debated statements from the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy, Josep Borell, on the resumption of hostilities between Armenia and Azerbaijan in the Nagorno-Karabakh conflict, on the EU diplomatic mission in Venezuela, and on the situation in Iran.

### EU mechanism on democracy, the rule of law and fundamental rights

Members debated, and approved by a large majority, a Parliament legislative-initiative report on the creation of an [annual monitoring mechanism on the rule of law, fundamental rights and democracy](#) that proposes to integrate and reinforce respect for democracy, the rule of law and fundamental rights (DRF) in the EU. These shared values are binding on Member States and the European Union (EU) institutions, and while several mechanisms have been created to promote them and ensure they are respected, these are judged not to be effective. Members were critical of the extent of the protection afforded to the EU budget under the current Council position now the subject of trilogue negotiations. However, Parliament's aim is to have a mechanism that goes much wider to cover values beyond just the rule of law, as in the current MFF-linked proposal.

### Digital finance

Members debated and adopted, by a large majority, an Economic and Monetary Affairs Committee (ECON) legislative initiative report with recommendations for the European Commission on [regulating digital finance](#). The report takes a closer look at the emerging risks in crypto-assets and the regulatory and supervisory challenges, where fintech provides unprecedented opportunities for both a more efficient and transparent financial sector – and for financial criminals to escape detection. The ECON committee calls on the European Commission to propose comprehensive supervisory measures to regulate crypto-assets, such as Bitcoin, to boost cyber-resilience in view of the vulnerability of such virtual assets to cyber-attack, as well as to improve the management of associated data.

### Capital markets union

Parliament focused on proposals for further development of the [capital markets union](#), particularly to offer small businesses and individual investors a wider range of investment options and help drive the recovery. The ECON committee report Members debated and approved proposes the urgent removal of barriers to investment. It also calls for an EU framework for digital finance that provides high data-protection and privacy standards (and challenges the dominance of large technology companies); improved promotion of financial literacy; and for the EU to consider equivalence decisions for suitable third-country markets.

## Amending budget No 7/2020: Update of revenue (own resources)

Members voted on [amending budget No 7/2020](#), approving the Council position and definitively adopting the update to the revenue side of the current year's EU budget, in view of the negative impact of coronavirus on the EU economic outlook, as well as other technical issues. Although income from value added tax and gross national income is falling as a result of the economic climate, and negative exchange rates have also had an impact, more positively, the amounts available from paid-up fines and penalties has increased.

## European Climate Law

Members debated and approved the Commission's proposal for a new [European Climate Law](#). However, while the Commission is proposing a 55 % reduction in EU greenhouse gas emissions by 2030, Parliament endorsed the demands of an Environment, Public Health and Food Safety Committee (ENVI) report calling for greater ambition: 60 % reductions in 2030, a 2040 target and all Member States to be climate neutral in 2050. The vote determines Parliament's position for trilogue negotiations once the Council adopts its position.

## Gender balance on company boards

Members debated, with the Commission and the Council, the current state of play of the much-delayed proposed directive to [ensure gender balance on company boards](#), agreed by Parliament in 2013. Parliament has long supported the measures and called for progress on the file, which remains blocked in Council. Proven to improve the health, value and transparency of companies, the proposal seeks to ensure that listed companies' boards have at least 40 % of non-executive directors of the under-represented sex.

## European forest strategy

A vital resource in the fight against climate change, to date the EU has no policy on forests and the forestry sector, meaning that management of this precious resource is somewhat fragmented. Members debated and adopted an Agriculture and Rural Development Committee report on the way forward for a [European forest strategy](#). The strategy could pave the way for an ambitious approach to sustainable forest management where adapting to changing climate conditions and promoting environmental, societal and economic sustainability will maintain both economic viability and environmental sustainability, including helping to tackle disastrous forest fires.

## Channel Tunnel

Parliament debated and endorsed two proposals on legislation to ensure the [safe operation of the railway between France and the United Kingdom](#) after December 2020. Negotiations between France and the UK can now begin on a new international agreement on safety arrangements. The current safety authority would retain oversight of operations in the tunnel.

## Opening of trilogue negotiations

Members [confirmed](#) three mandates for negotiations: from the International Trade (INTA) Committee on the proposal for a regulation introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process; from the Budgets (BUDG) and the ECON Committees on the proposal for a regulation establishing a Technical Support Instrument, and from the Employment and Social Affairs (EMPL) Committee on the proposal for a regulation on the introduction of specific measures for addressing the Covid-19 crisis.

This 'at a glance' note is intended to review some of the highlights of the plenary part-session, and notably to follow up on key dossiers identified by EPRS. It does not aim to be exhaustive. For more detailed information on specific files, please see other EPRS products, notably our 'EU legislation in progress' briefings, and the plenary [minutes](#).

