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*Plenary sitting*

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**B9-0271/2022**

13.5.2022

## **MOTION FOR A RESOLUTION**

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 132(2) of the Rules of Procedure

on the social and economic consequences for the EU of the Russian war in  
Ukraine – reinforcing the EU's capacity to act  
(2022/2653(RSP))

**Markus Ferber**  
on behalf of the PPE Group

**B9-0271/2022**

**European Parliament resolution on the social and economic consequences for the EU of the Russian war in Ukraine – reinforcing the EU’s capacity to act (2022/2653(RSP))**

*The European Parliament,*

- having regard to its resolution of 7 April 2022 on the conclusions of the European Council meeting of 24-25 March 2022, including the latest developments of the war against Ukraine and the EU sanctions against Russia and their implementation<sup>1</sup>,
  - having regard to the European Council conclusions of 25 March 2022,
  - having regard to European Central Bank (ECB) staff macroeconomic projections for the euro area of March 2022,
  - having regard to International Monetary Fund (IMF) regional economic outlook report of 22 April 2022 entitled ‘Europe: War Sets Back the European Recovery’,
  - having regard to draft amending budget No 3 to the General Budget 2022 of 22 April 2022 entitled ‘ Financing reception costs of people fleeing Ukraine’, which the Commission adopted on 22 April 2022 (COM(2022)0262),
  - having regard to its resolution of 24 March 2022 on the need for an urgent EU action plan to ensure food security inside and outside the EU in light of the Russian invasion of Ukraine<sup>2</sup>,
  - having regard to its resolution of 6 April 2022 on the start of the implementation of the 2021-2027 cohesion policy<sup>3</sup>,
  - having regard to the Commission communication of 23 March 2022 entitled ‘Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia’<sup>4</sup>,
  - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas Russia has been carrying out an illegal, unprovoked and unjustified war of aggression against Ukraine since 24 February 2022;
- B. whereas thousands of Ukrainian civilians have lost their lives or been wounded in the Russian aggression and invasion since 24 February 2022, while more than 5 million have fled to neighbouring countries;
- C. whereas the EU adopted a fifth package of sanctions against Russia on 8 April 2022;

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<sup>1</sup> Texts adopted, P9\_TA(2022)0121.

<sup>2</sup> Texts adopted, P9\_TA(2022)0099.

<sup>3</sup> Texts adopted, P9\_TA(2022)0113.

<sup>4</sup> OJ C 131I , 24.3.2022, p. 1.

whereas the Commission has announced a sixth package of sanctions on 4 May 2022; whereas the previous package had been adopted on 15 March 2022 following Russia's unprovoked and unjustified invasion of Ukraine; whereas the EU has also adopted sanctions against Belarus in response to its involvement in the Russian aggression and invasion; whereas the sanctions on Belarus need to mirror those introduced against Russia in order to close any loopholes;

- D. whereas the EU cannot turn a blind eye to the deep and potentially devastating effects the war may have on its economy; whereas European businesses are bearing the brunt of high energy prices, disrupted supply chains, the costs associated with the transition towards climate neutrality, the impact of the COVID-19 pandemic and new legislation in the pipeline; whereas individually, tackling each of these issues would have been ambitious, but manageable, but taken together, their cumulative effect may endanger EU businesses and the jobs they provide;
- E. whereas it is necessary to ensure the functioning of the single market in times of crisis and for the single market to realise its full potential for the benefit of European consumers and contribute to boosting productivity and increasing the competitiveness of European businesses;
- F. whereas the sanctions are having a severe effect on the Russian economy (per the IMF: 8.5 % contraction of its GDP and 21.3 % inflation in 2022); whereas European purchases of fossil fuels from Russia by paying up to EUR 800 million per day to Russia for the delivery still provide the regime with means that help finance the war; whereas the Commission has presented an ambitious plan to ban the import of Russian oil within six months and refined products by the end of the year;
- G. whereas almost 500 international companies and corporations have chosen to suspend their operations in Russia or completely withdraw from the Russian market;
- H. whereas academic studies<sup>5</sup> show that the banning of fossil fuel imports from Russia would have an impact on EU economic growth that would correspond to estimated losses of less than 3 % of GDP with divergent impact in different Member States, while the potential losses to the Russian economy over the same period would amount to 30 % of GDP and would be instrumental in stopping the Russian aggression;
- I. whereas according to the ECB's latest euro area forecast, real GDP growth is projected to average 3.7 % in 2022, 2.8 % in 2023 and 1.6 % in 2024; whereas under the severe scenario, the worst of all three assessed, real GDP growth in the euro area is projected to average only 2.3 % in 2022 and 2023, and 1.9 % in 2024; whereas the baseline scenario includes an initial assessment of the impact of the war on the euro area economy based on the information available as of 2 March 2022;
- K. whereas in the euro area, according to a flash estimate, inflation reached 7.5 % in April

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<sup>5</sup> Including from Bachmann et al., the European Central Bank, Deutsche Bank Research, Oxford Economics, Goldman Sachs, etc. as summarised by the Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (German Council of Economic Experts) in its report of March 2022 entitled 'Auswirkungen eines möglichen Wegfalls russischer Rohstofflieferungen auf Energiesicherheit und Wirtschaftsleistung: Auszug aus der aktualisierten Konjunkturprognose 2022 und 2023'.

2022, the highest level since the introduction of the single currency; whereas according to the ECB's latest euro area forecast, the inflation rate is expected to decline from an average of 5.1 % in 2022 to 2.1 % in 2023 and 1.9 % in 2024;

- L. whereas according to the IMF's latest euro area forecast of April 2022, real GDP growth is projected to average 2.8 % in 2022, 2.3 % in 2023 and 1.8 % in 2024; whereas the outlook for growth has been revised downwards (from February 2022) by 1.1 % for 2022;
  - N. whereas according to the Commission's preliminary assessment, the initiatives taken by EU Member States so far will increase budget deficits by at least 0.6 % of GDP this year; whereas this increase in spending comes against the backdrop of elevated public debt levels following the pandemic;
  - O. whereas the Russian war of aggression against Ukraine is having a significant impact on the EU budget, which highlights the need for mechanisms and greater flexibility to respond to crises through the EU budget;
  - P. whereas the impact of the sanctions on the Member States is heterogeneous, as in some cases, exports to Russia accounted for between 5 % and 8.5 % of total exports, compared to an EU average of 1.8 %;
  - Q. whereas in the second half of May 2022, the Commission will provide updated guidance for fiscal policy in 2023 as part of the European Semester spring package;
  - R. whereas by mid-May 2022, the Commission is to present concrete measures to make REPowerEU a reality; whereas most of these investments will need to come from the private sector;
  - S. whereas the crisis represents a significant challenge for the infrastructure and public services of countries hosting Ukrainians who have fled the war, notably those that border Ukraine; whereas all Member States need to intensify their efforts in a continued spirit of unity and solidarity, and all possible actions need to be taken to facilitate such efforts;
  - T. whereas particular attention should be given to the needs of the most vulnerable and to measures to prevent and detect human trafficking;
  - U. whereas the humanitarian aid and crisis response in Ukraine and neighbouring countries has been provided by the Neighbourhood, Development and International Cooperation Instrument – Global Europe and the EU Civil Protection Mechanism ; whereas the temporary flexibility of Home Affairs Funds and cohesion policy programmes offered by the Cohesion's action for refugees in Europe (CARE) proposal and the latest Commission proposal on increased pre-financing under the REACT-EU Regulation<sup>6</sup>, will help increase the Member States' ability to react to humanitarian crises, in particular as regards the reception of refugees;
1. Stands in solidarity with the Ukrainian people and acknowledges that active war at the

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<sup>6</sup> OJ L 437, 28.12.2020, p. 30.

EU's immediate borders has severe social and economic consequences for Europe; is fully aware that democracy and freedom cannot be expressed through any monetary equivalent or social comfort;

2. Acknowledges that effective sanctions against Russia and the flow of millions of refugees fleeing Ukraine as a result of the Russian aggression and invasion are generating unavoidable economic and social challenges across the EU and its Member States;
3. Reiterates its calls for concerted EU action to deal with the economic and social consequences of Russia's war against Ukraine and of the imposed sanctions; proposes creating an economic relief package for businesses, including economic, budgetary and legislative pieces, without compromising the EU's 2030 and 2050 climate targets; believes that such a package should at least allow for:
  - a. the Commission to invoke a regulatory moratorium and provide a sector-by-sector analysis of the cumulative effect of higher energy and raw material prices, new legislation and the impact of the war, with this analysis being used to immediately ease the burden on businesses by delaying those acts that would unnecessarily increase costs for business already under strain, and the proactive implementation of the One-In-One-Out principle should be included in the preparatory phase of every legislative act;
  - b. reducing the cost of doing business by lowering VAT and energy taxes and abolishing or lowering levies on energy, increasing aid for businesses by ensuring a flexible application of State aid rules, reducing energy prices by considering the postponement of the coal and nuclear phase out and reviewing the price setting mechanism;
  - c. the adoption of a diversification strategy to ensure a reliable supply of commodities and critical raw materials, such as rare earth metals;
  - d. the urgent upgrading of the EU's energy infrastructure and storage capabilities in order to ensure that Europe can be independent from Russian energy supplies and has more strategic autonomy, and the development of an EU-wide strategy for energy security, including mandatory storage thresholds and major investments to upgrade the grid, including on interconnections, for future requirements;
  - e. the full use and expansion of the scope of Recovery and Resilience Facility (RRF) loans, given that more than EUR200 billion of RRF loans still have not yet been contracted, and that under the current RRF Regulation<sup>7</sup>, Member States can still apply to RRF loans until August 2023, and a targeted proposal to amend the RRF Regulation, enabling interested Member States to use the remaining amount for loans to finance multi-country projects in the field of energy security, e.g. energy interconnections and cross-border infrastructure, which will create additional business opportunities for European companies;
  - f. an increase in the level of the EU guarantee in the InvestEU programme to boost

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<sup>7</sup> OJ L 57, 18.2.2021, p. 17.

investment in support of European small and medium-sized enterprises, including for purposes of capital support, and the creation of a dedicated window for companies affected by the consequences of the war and for projects related to energy independence in this programme;

4. Highlights the quick reaction from the EU institutions to ensure swift economic and financial support to Member States financing unprecedented flow of refugees from Ukraine from the EU budget via the use of existing multiannual financial framework (MFF) programmes;
5. Welcomes the swift activation of the Temporary Protection Directive<sup>8</sup> and calls on the Commission to fully implement it through solidarity and shared responsibility between Member States by guaranteeing the full range of rights provided by the directive, which includes access to the labour market, housing, health care, education and welfare support for all those entitled to this protection; calls on the Commission to assess possibilities for helping refugees to enter the labour market by working towards the recognition of professional qualifications; underlines that the EU has responded swiftly and that the Member States must ensure that they adopt all necessary and timely measures to support national labour markets, preserve jobs and guarantee that employment and productivity are shielded as much as possible from the impact of the Russian invasion;
6. Calls for existing funding opportunities, flexibility and other provisions set out in the MFF Regulation<sup>9</sup> and the Financial Regulation<sup>10</sup> to be optimally used; is however convinced that additional flexibility needs to be provided for in the EU budget to respond to unforeseen and urgent needs;
7. Stresses that the EU must take urgent measures to enhance food security both for its citizens and at the global level and highlights the increase in costs of fuel and fertilisers; calls for the ‘Farm to Fork’ strategy<sup>11</sup>, the biodiversity strategy<sup>12</sup> and the common agricultural policy strategic plans to be comprehensively analysed in light of the need to ensure food security as a result of the Russian invasion of Ukraine; urges the mobilisation of any remaining funds from the European Maritime and Fisheries Fund owing to the deteriorating situation of the fishing sector;
8. Calls for the establishment of ‘Construct-EU’, an initiative to mobilise EUR 11.6 billion of the 2022 cohesion appropriations, transferred from the 2021 budget in order to retroactively cover inflation costs for EU-funded infrastructure projects caused by the price hike for construction and raw materials; calls for cohesion policy commitments to be reused in order to allow for an adequate financial response to the crisis;
9. Calls on the Commission to conduct an in-depth review of the functioning of the current MFF and proceed with a legislative proposal for a comprehensive MFF revision as soon as possible and no later than the first quarter of 2023; expects that, in this context, the

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<sup>8</sup> OJ L 212, 7.8.2001, p. 12.

<sup>9</sup> OJ L 433I, 22.12.2020, p. 11.

<sup>10</sup> OJ L 193, 30.7.2018, p. 1.

<sup>11</sup> COM(2020)0381.

<sup>12</sup> COM(2020)0380.

Commission will take due account of Parliament's position, which is due to be presented in autumn 2022; stresses that the MFF revision will need to accommodate increased financing needs, taking into account analysis of the long-term implications of the war on EU policies, as well as the shift to new political priorities and emerging needs in order to make the MFF more resilient to respond to future crises;

10. Stresses that, in parallel, additional new EU own resources are necessary to cover at least the costs related to NextGenerationEU (principal and interest), as well as to ensure sustainable financing of the EU budget on a long-term basis; is determined to monitor closely the implementation of the agreed upon Own Resources roadmap from December 2020 and to take any necessary action, in case the proposed new own resources are not adopted or do not generate the anticipated level of revenue for the EU budget; points to the importance of the Own Resources Regular Dialogue between the three institutions in that respect;
11. Considers that the 'Recovery Package for Ukraine' announced by the President of the Commission on 4 May 2022 should be underpinned by concrete sources of financing and should not be set up to the detriment of existing EU policies; calls for Parliament's full involvement in the establishment and implementation of this package;
12. Echoes the call of the Council on the Member States and the Commission – in preparation for the next winter season – to urgently establish the necessary solidarity and compensation mechanisms, to work together on voluntary common purchases of gas, liquefied natural gas and hydrogen, making optimal use of the collective political and market weight of the EU and its Member States to lower prices in negotiations, to complete and improve gas and electricity interconnections throughout the EU, including by fully synchronising power grids, and to work on ensuring security of supply for all Member States;
13. Underlines the importance of the EU's climate and energy targets and more specifically the 'Fit for 55' package; outlines, however, the need to take account of the consequences of the war; stresses the need to ease the burden on businesses and to provide some breathing space for the EU economy and society in the immediate future in order to step up our ambition for 2030 to achieve the 'Fit for 55' targets in a cost-efficient way;
14. Underlines the Council's recent conclusions, which invite the Member States and the Commission to continue to make best use of the State aid toolbox, including the new State aid temporary crisis framework, as a time-limited departure from the status quo;
15. Notes that the Council suggests, as a matter of urgency, reaching out to energy stakeholders to discuss if and how the short-term options as presented by the Commission (direct support to consumers through vouchers, tax rebates or through an 'aggregator model/single buyer', State aid, taxation (excises and VAT), price caps and regulatory measures such as contracts for differences) would contribute to reducing the price of gas and addressing its contagion effect on electricity markets, taking into account national circumstances;
16. Welcomes the Commission's readiness to rapidly assess the compatibility of emergency temporary measures in the electricity market notified by Member States;



17. Echoes the Council's call on the Commission to submit proposals that effectively address the problem of excessive electricity prices, while preserving the integrity of the single market, maintaining incentives for the green transition, preserving the security of the supply and avoiding disproportionate budgetary costs;
18. Recalls the importance of a well-functioning single market as the backbone of the EU economy; underlines that the Russian invasion of Ukraine has highlighted a number of challenges to the EU's demand and supply resilience, which are affecting its industries and fragmenting the single market; calls on the Commission to present an ambitious proposal for a single market emergency instrument and to frame it in a way that allows for the EU to react in times of crisis more quickly, to strengthen the resilience of its supply chains and to ensure the circulation of goods and people and access to services, and thus guarantee a smooth functioning of the single market when it is most needed;
19. Notes that strengthening the EU's strategic cooperation with European Free Trade Association countries is necessary to reduce our dependencies and improve supply chain resilience;
20. Underlines the importance of public procurement for common defence in order to ensure the sustainable economic spending of defence budgets in the Member States;
21. Is seriously concerned about the persistently high inflation rate, which, in April 2022, reached the highest level since the introduction of the single currency; considers that the ECB needs to take more a proactive stance to ensure that it complies with its price stability mandate; notes, however, that inflation expectations remain anchored for the moment; recalls that the RRF's resilience objective remains extremely important and therefore calls for the Member States to prioritise investments that strengthen the structure of their economies where possible;
22. Notes that, according to the ECB, the GDP growth rate over the medium term is projected to converge towards historically average rates, despite a less supportive fiscal stance and an increase in interest rates in line with technical assumptions based on financial market expectations;
23. Also notes the IMF conclusions that fiscal policy is better suited to address new shocks than monetary policy and that automatic fiscal stabilisers should be allowed to operate freely, while additional spending should be allocated for humanitarian support to refugees and for transfers to low-income households and targeted support to vulnerable, but viable, firms;
24. Further notes that the IMF suggests that policymakers, where possible, should engage with social partners with a view to avoiding the emergence of wage-price spirals, which threaten to further increase inflationary pressures;
25. Welcomes the IMF's acknowledgment that Member States with limited fiscal space will need to recalibrate their expenditure compositions to substitute less-needed pandemic-related programmes with measures to mitigate the impact of the war, while for Member States with looser fiscal constraints, increases in spending may be more justified;
26. Reiterates its call to close existing loopholes that enable obscuring beneficial



ownerships structures within the framework of the negotiations on the anti-money laundering and countering the financing of terrorism legislative package, and to ensure that all relevant assets held by listed Russian oligarchs in the EU are confiscated; acknowledges the work of the Commission's Freeze and Seize Task Force in this context;

27. Supports the Council's calls on Member States to act on the Commission's communication<sup>13</sup> on rising food prices and global food security, which sets out both short-term measures to address food affordability in the EU and help farmers facing high input costs, and medium-term measures to support the transition to a sustainable food system;
28. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

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<sup>13</sup> COM(2022)0133.