



Plenary sitting

B9-0273/2022

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))

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on behalf of The Left Group

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 the Commission communication of 19 October 2021 entitled ‘The EU economy after COVID-19: implications for economic governance’ (COM/2021/0662),
 - having regard to the Commission communication of 2 March 2022 on Fiscal policy guidance for 2023 (COM(2022)0085),
 - having regard to European Central Bank (ECB) staff macroeconomic projections for the euro area of March 2022,
 - having regard to International Monetary Fund regional economic outlook report of 22 April 2022 entitled ‘Europe: War Sets Back the European Recovery’,
 - having regard to the economic sanctions imposed on Russia since 25 February 2022,
 - having regard to the revised European Social Charter of the Council of Europe,
 - having regard to the European Pillar of Social Rights,
 - having regard to the UN Agenda 2030 for Sustainable Development and the Sustainable Development Goals (SDGs),
 - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas the Russian Federation launched an illegal invasion of Ukraine on 24 February 2022 in a blatant violation of the UN Charter and the principles of international law;
- B. whereas the invasion of Ukraine by Russia has forced a large number of people to flee the country; whereas since the beginning of the Russian aggression against Ukraine on 24 February 2022, according to the United Nations High Commissioner for Refugees, approximately 5 million refugees have fled from Ukraine to the EU; whereas an estimated 90 % of these refugees are women and children;
- C. whereas EU citizens, civil society and Member States have reacted to the incoming refugees fleeing Ukraine with an unprecedented outpouring of solidarity; whereas for the first time the Council of the European Union triggered the Temporary Protection Directive (TPD); whereas the application of the TPD has been rather uneven and at least eight Member States have chosen not to include people with long-term residence permits and other third country nationals living in Ukraine in its scope;
- D. whereas the continuous escalation of war, sanctions and countersanctions is likely to aggravate shortages and speculation on food commodities, provoking further worldwide

food crises, famine and food riots, especially in Africa and the Middle East; whereas the current position limits regime under the Markets in Financial Instruments Directive and the Markets in Financial Instruments Regulation (MiFID/MiFIR) is insufficient to curb speculation with commodities;

- E. whereas socioeconomic disparities have increased in the Union since the beginning of the financial and public health crises and will be exacerbated further due to the supply shock caused by the war on Ukraine and the economic sanctions imposed on Russia; whereas the prices of essential goods, including energy and food, are rising as a result of the war, sanctions and countersanctions, meaning that more and more people will be at risk of poverty in addition to the current figure of 97 million; whereas the adoption of the sixth package of EU sanctions against Russia is likely to worsen this situation, leading to the closure of businesses throughout the Union; whereas at the same time major energy companies are making record profits;
- F. whereas one in two people from a non-EU migrant background are at risk of poverty or social exclusion and whereas levels of precarious work are especially high among migrant and refugee women; whereas those with dependent or irregular status face extremely high rates of poverty; whereas discrimination in access and quality of education, training and employment contribute to this reality;
- G. whereas according to the International Monetary Fund's latest (April 2022) euro area forecast, 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; whereas, according to Eurostat, the unemployment rate in March 2022 stood at 6.2 % in the EU and 6.8 % in the euro area, spread in an uneven way across the EU and with unemployment rates among young people and women remaining much higher;
- H. whereas inflation has been revised upwards and economic growth downwards; whereas in the euro area, according to a flash estimate, inflation reached 7.5 % in April 2022, the highest level since the introduction of the single currency; whereas there are risks of stagflation in the euro area; whereas housing and stock market prices have risen to unprecedented levels, meaning in particular, that the most vulnerable are being left behind and fuelling socioeconomic inequalities; whereas the cost of food in the EU was 4.7 % higher in January 2022 than in the same month of the previous year; whereas many Member States, and Central and Eastern European countries in particular, are facing even higher food prices; whereas even before the Russian invasion of Ukraine, global agricultural markets experienced price rises, due partly to climate effects and the impact of the COVID-19 pandemic;
- I. whereas the Commission's neo-liberal restrictions to industrial policy and State aid have prevented Member States from investing in their national productive structures, leaving the European Union reliant on fragile global supply chains and dependent on third countries for strategic resources such as energy;
- J. whereas the EU's energy and climate objectives present unprecedented challenges that will require enormous levels of public investment in renewable energy; whereas inaction in this field would be more costly, as failing or delaying investments to achieve

the ecological transformation could cost the EU up to 5.6 % of its GDP in 2050;

- K. whereas the EU is heavily reliant on Russian fossil fuels; whereas Russia has already doubled its revenues from fossil fuel exports since the beginning of the war¹;
- L. whereas the current EU economic governance framework remains highly pro-cyclical, and has proven completely inadequate to address the various economic crises and challenges over the last decade, to the detriment of the most vulnerable households and enterprises; whereas the current framework has hampered the green transition and made the Union's supply of natural resources more vulnerable to third countries, including Russia;
- M. whereas there is urgent need to strengthen the revenue side of public finances and to tackle all types of tax fraud and tax evasion, including within the EU, and to make sure that the wealthiest individuals and multinational enterprises are taxed appropriately while reducing the tax burden for low-income households;
- N. whereas the sanctions imposed on Russia are likely to affect savers, wage-earners and pensioners in Russia disproportionately, and come at the expense of lower standards of living and economic hardship for the general population in Russia; whereas a large part of Russia's wealth (particularly the wealth held by the top 1 %) is held in off-shore tax havens;

General considerations

- 1. Highlights the paramount importance of defending peace; urgently calls, therefore, for an end to the war, which should never have started, through a political and diplomatic solution to the conflict with the objective of an immediate ceasefire;
- 2. Takes note of the EU's restrictive measures adopted since 25 February 2022 in response to Russia's war against Ukraine; recognises that these measures and Russian counter-measures will materially affect the EU's economy;
- 3. Calls for the urgent adoption of damage control measures for sanctions in order to ensure that the working class does not carry the burden of these political decisions; calls on the Commission and Member States to avoid sanctions that negatively affect workers and households;

Social crisis mitigation measures

- 4. Regrets that since the start of the war, neither the Commission nor the Council have taken the necessary emergency measures to avoid price increases, preferring instead to insist on the inviolability of the principles of the internal market;
- 5. Stresses that Member States are facing significant challenges such as stagnant or falling real wages, growing inequality and the climate emergency; highlights that many people

¹ <https://www.theguardian.com/world/2022/apr/27/russia-doubles-fossil-fuel-revenues-since-invasion-of-ukraine-began>

in Europe were already in precarious and vulnerable situations before the war in Ukraine and warns that war, sanctions and related inflation, in particular rising food and energy prices, will make the situation unbearable for many people; calls on the Member States to provide affected persons with adequate financial support against energy poverty, rising food and household prices; urgently calls for the adoption of measures to ensure that workers' and peoples' living standards do not deteriorate; calls in this regard for a rise in salaries, pensions and for social transfers to level consumption prices, such as automatic indexation;

6. Welcomes the application of the TPD to host Ukrainian refugees; regrets that this pre-existing mechanism approved in 2001 was not applied to refugees fleeing from other conflicts during the last two decades; calls for the immediate extension of this protection to refugees from countries other than Ukraine;
7. Stresses the need to place a special emphasis on vulnerable groups, minorities and especially women with children and older women, since they are particularly affected in conflicts and need special protection and support, in particular children in institutional care, unaccompanied children, and children with disabilities and other serious illnesses; highlights the need to ensure that they continue to receive the necessary care and life-saving treatment and the need to immediately evacuate them to safety;
8. Calls for measures to protect women and girls from sexual exploitation and human trafficking, including by ensuring both safe transport and routes;
9. Believes that accessible quality public services are also essential for reducing inequalities and poverty levels when hosting refugees; considers it essential that Member States provide access to good quality public services such as universal access to healthcare, education, affordable housing, energy supply and social protection; stresses the need for urgent public investment in public services and infrastructure;
10. Calls on the Member States to guarantee equal access to inclusive education and training for refugees and to step up their efforts to facilitate the integration;
11. Stresses that, under Article 31 of the Charter of Fundamental Rights of the European Union, the EU has an obligation to ensure that all workers enjoy working conditions that respect their health, safety and dignity and calls for attention to be given to the fact that poverty and exclusion in the labour market and society exacerbate inequalities and segregation; recalls the fact that in implementing their policies, the Commission and the Member States should further prioritise social standards and take into account requirements linked to the promotion of a high level of quality employment, the guarantee of a decent standard of living and adequate social protection for all, and the fight against poverty and social exclusion;
12. Calls on the Commission and Member States to fully include workers and trade unions at every stage of the development and implementation of the response to the crisis exacerbated by the war;
13. Calls for the EU to work with the Member States to ensure the full implementation of EU and national employment standards without discrimination of any kind, including through monitoring, complaints and redress mechanisms that are effective, independent

and accessible to all workers; highlights the central importance of public pension and social security systems in providing social protection for workers; points to the gradual dismantling of these systems through privatisation and defunding, which has also been backed by the EU policies; calls the Member States to reverse these measures and to provide quality public social services;

14. Emphasises the precarious situation of many workers in short-time work schemes who have been dismissed or are under threat of dismissal; calls on the Commission and the Member States to effectively tackle the problem of growing poverty and in-work poverty in the EU, which has been exacerbated by the consequences of the conflict, through upward social convergence measures and to counter the increasing inequalities within and between Member States; calls for increases in salaries, pensions and minimum income schemes; stresses that the fragilities brought to light by the current crises are systemic and holistic;
15. Recalls that energy prices have been extraordinarily high since the beginning of autumn 2021, which has negatively affected workers even before the beginning of the conflict; acknowledges extraordinary measures adopted by some Member States with the aim of mitigating the increase in fuel prices; highlights, however, that these measures are insufficient to really alleviate the cost of rising energy prices for households; calls on the Commission, therefore, to come up with ambitious, coordinated and clear criteria on additional measures to protect workers and households, especially on capping energy prices;

Economic crisis mitigation measures

16. Notes that large private companies in the energy and food retail sectors have been making extraordinary profits during this crisis; calls on the Member States to set out an ambitious taxation system for these firms' windfall profits, as has been recommended by international institutions such as the Organisation for Economic Co-operation and Development or the International Monetary Fund, in order to prevent war profiteering by large corporations and to finance the necessary public measures; calls on Member States to regulate prices and profit margins in sectors where there is evidence of price-gouging by cartel structures, in particular in the fuel sector;
17. Takes note of the Temporary Crisis Framework to support the economy in context of Russia's invasion of Ukraine adopted by the Commission; regrets that the Commission did not include green and social conditionalities for State aid to energy-intensive users;
18. Considers that all EU financial support to tackle this crisis should comply with strict environmental and social conditionalities, including the safeguarding of existing jobs; insists that the EU institutions and the Member States ensure that public financial support provided to firms in order to combat the economic effects of the conflict is conditional upon the funding being used to benefit employees and recipient firms refraining from paying bonuses to their management, from tax evasion, paying out dividends or offering share buy-back schemes for as long as they are receiving this support;
19. Underlines that due to the EU's economic governance architecture, not all Member States will be able to provide the same level of State aid to firms, creating the risk of

increasing socioeconomic disparities between countries and regions; calls on the Commission and the Member States to keep the general escape clause of the Stability and Growth Pact activated; calls for the repeal of the Stability and Growth Pact, the legislation on economic governance ('six-pack' and 'two-pack'), the European Semester and the Budgetary Treaty and their replacement with a sustainable development and employment pact, which must ensure employment, inclusive growth and environmental protection; underlines that, in that way, the EU and Member States will develop the necessary room for manoeuvre to promote public investment, the funding of public services and their social functions, boosting economic activity, in particular the productive sectors, and the public ownership of and control over strategic sectors of the economy;

20. Calls on the Commission, the Member States and the ECB to take comprehensive, non-standard measures, including changes to the ECB's mandate to alleviate the burden, especially for vulnerable households and micro enterprises; believes that the ECB should be able to buy perpetual debt bonds with zero interest directly from Member States; warns that increasing interest rates will contribute to economic volatility, and calls for the use of fiscal policy tools to cushion the effects of rising prices, especially in the food and energy sectors;
21. Calls for the adoption of measures to face the foreseeable increase in public debt, especially in more indebted countries, in particular with the cancellation of the fraction of public debt issued by Member States, during the period when the consequences of the pandemic are being overcome, which are currently held by the ECB and included in each Member State's balance, as well as the balances of National Central Banks (Eurosystem), by ensuring the formal maintenance of pre-pandemic debt levels;
22. Urges the renegotiation of public debt terms, maturities, interests and amounts, allowing the reorientation of resources from debt service to the urgent and necessary economic and social needs in the Member States; calls for the cancellation of Ukrainian debt in order to facilitate reconstruction of the strategic and infrastructure enterprises destroyed in the war;
23. Considers that certain strategic sectors, such as energy, are too important to be left to the market or in the hands of a few multinational corporations; calls on the Commission to offer a comprehensive assessment of sectors concerned and potential remedies; notes that energy prices are fixed through an uncontrolled speculative system; calls to re-establish public control over this sector; recalls that the EU's Common Energy Policy has led to an uncontrolled and speculative energy prices fixing system; calls to the re-establishment of state control over the sector;
24. Calls for an urgent review of the position limits regime under MiFID/MiFIR in order to end speculation on commodities and food;
25. Stresses, once again, the importance of the diversification of energy resources, technologies and supply routes, in addition to setting up a large-scale plan for public investment in energy efficiency, renewable energy and sustainable long-term public investments in tackling climate change and the energy supply problem; calls therefore for increased coordination at EU level of planning and financing for energy efficiency

and renewable energy, in particular green hydrogen; notes that public subsidies for investments in fossil gas, low-carbon energy and grey hydrogen are incompatible with Union climate objectives, including the Paris Agreement;

26. Calls on the Union and Member States to increase revenues through taxes targeting both big multinational companies and the wealthiest individuals, to propose an ambitious wealth tax, establish an effective minimum corporate income tax rate of 25 %, with higher rates for the most profitable multinational companies, especially those in the financial sector that have profited from short-term and speculative transactions, and to support a financial transaction tax ('Tobin Tax');
27. Calls for the adoption of legislation to swiftly increase financial transparency, to close all loopholes that facilitate hiding beneficial ownerships as part of the negotiations on the Anti-Money Laundering Package and to ensure that any money parked by Russian oligarchs in the Union will be confiscated; calls in this context for blacklisting any third country financial institutions that are engaged in or enable money laundering; recalls, in the light of the Paradise Papers, that most of oligarchs' assets are hidden in European tax havens; deplores the fact that this lack of tax transparency prevents the EU from targeting sanctions on oligarchs' assets and thus creating real pressure on them; calls for increased EU actions against European tax havens;
28. Calls for the creation of a global financial registry (GFR) that would include information on wealth, real estate, financial assets and final ownership of assets, as recommended by the EU Tax Observatory²; demands the full cooperation of European tax havens in setting up the GFR;
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29. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

² <https://www.taxobservatory.eu/publication/effective-sanctions-against-oligarchs-and-the-role-of-a-european-asset-registry/>