

Monthly Overview of Key Discussions at EU-level

August 2020 Edition

INTRODUCTION

This monthly document provides an overview on key issues of discussion at EU level with relevant impact assessments pertaining to the membership of the EEA. The membership of the EEA receives the document two weeks before sent out to the public. The next edition will be sent out with the newsletter in the mid of September 2020.

KEY POLICY DISCUSSIONS & POLITICAL DYNAMICS

Multi-Annual Financial Framework (MFF) 2021-2027

On 21 July EU leaders agreed on a record-high €1.82 trillion long-term budget including a temporary recovery instrument in light of COVID called Next Generation EU, based on the Commission proposal of 27 May 2020. The significance of Next Generation EU is that it allows for the first time in history for the Commission to borrow funds on the markets and use them to finance the recovery. On **23 July 2020, the European Parliament voted on a Resolution on the conclusions of the EU leaders of 21 July**. In the Resolution which will serve as the basis of final budgetary negotiations, **the Parliament highlighted that it did not accept the budgetary proposals for 2021 to 2027 in light of proposed budgetary cuts originally envisaged in key areas such as research and innovation**.

The adoption of the revised Multiannual Financial Framework 2021-2027 by European Parliament's consent is expected to be set for December 2020. Until then, negotiations will be ongoing. The MFF will not be approved until the Parliament gives its consent.

The relevance of transport post-Corona and in light of the new MFF

Henrik Hololei (European Commission Director General for Mobility & Transport) recently stated:

The transport sector will be key to relaunch the economy after the coronavirus crisis. The recovery fund and the MMF are equally important for the recovery of this sector. The **Connecting Europe Facility (CEF)** will continue to be a key resource: for the 2021-2027 time period, the Commission will propose an additional 1.5 billion for the transport budget.

The two key areas of sustainability and digitalization offer unprecedented opportunities for a swift economic push and they will make the transport sector more robust and resilient in the future.

The **Comprehensive strategy of sustainable and smart mobility**, planned for the end of this year, will set out key initiatives in transport and mobility which will contribute to the delivery of the Green Deal objectives. These include the use of sustainable and alternative fuels in key sectors like aviation and maritime and the realisation of the ambition of creating at least one million recharging points by 2025.

Rather than prioritising one transport mode over the other, the Commission will continue to promote all transport modes to make sure they will deliver a safer, greener and smarter mobility.

Brexit

On 19 July 2020 the European Commission published a [report](#) highlighting “broad and far-reaching changes, which will arise *under any scenario*”. This includes data, digital and intellectual property rights, recognition of professional qualifications, customs and trade rules, etc. Both have agreed to intensify talks but in the meantime on 12 July, the UK announced a £705 million funding package to strengthen border controls of the UK following the end of the transition period (31 December 2020).

The German Presidency of the Council of the EU

The German Presidency began on 1 July 2020 and will end on 31 December 2020. They face several key challenges in terms of COVID, future EU-China relations and the MFF (see above). In accordance, their priorities as set out in the [programme](#) will focus on *inter alia* innovation, security, international trade, COVID and sustainability. Furthermore, the Federal Ministry for Economic Affairs brought out an additional [programme](#) highlighting the following priorities:

- **“Strengthened European economy** out of the COVID-19 crisis and to boost competitiveness, innovative capabilities and resilience” which includes the ambition of strengthening the position of SMEs and strengthening the Single Market and modernising competition law.
- In light of “globalisation and international value chains...**maintaining open markets**, a rules-based EU trade and investment policy to create a **level playing field**”. Key geographies include MERCOSUR, China and the UK.
- **“positioning and strengthening Europe as an innovative centre for a digitally sovereign economy and society”** vis-à-vis third countries, particularly China and the U.S. Focus here is on AI, the Internet of Things, and the roll-out of digital infrastructure, although 5G is only briefly mentioned in the context of security.
- Driving to become the first climate neutral continent by 2050, implying the combination of **“an ambitious climate policy with a fresh stimulus for growth and innovation”**. Focus are energy efficiency, renewable energy and new tech.