

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) - 19/05/2022 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the social and economic consequences for the EU of the Russian war in Ukraine – reinforcing the EU's capacity to act.

The text adopted in plenary was tabled by the EPP, S&D, Renew, Greens/EFA groups and Members.

General context

The Russian invasion of Ukraine is a major humanitarian crisis affecting millions of people that will inevitably result in a severe economic shock of uncertain duration and magnitude in the EU. The economic context, combined with the effects of the necessary sanctions, will have a serious impact on the social and economic situation, *inter alia* on the EU's labour markets and living conditions. The crisis resulting from the war risks negatively impacting growth and employment, including through the repercussions on financial markets, energy shortages and further energy price pressures, persistent supply chain bottlenecks and confidence effects. Moreover, increasing inflation and, in particular, rapid increases in food and energy prices across the EU are affecting the most vulnerable populations, further increasing inequality, and aggravating poverty and energy poverty.

The Russian war in Ukraine has demonstrated the need for economic, social and institutional reforms of the EU to cope with the global consequences of Russia's military aggression.

Enhanced EU solidarity

Members are convinced of the need to further strengthen the Union's solidarity capacities in times of crisis. They called on the Commission and the Council to stand ready in case the adverse effects of the crisis cannot be sufficiently addressed through existing programmes, and to react with determination, unity and speed and in solidarity with those affected by this new severe crisis, in order to help households and companies, in particular SMEs.

A **determined, coordinated and solidarity-based European response** is essential to limit the spread of the crisis by identifying, preventing and mitigating its economic and social consequences, and therefore maintaining European citizens' support for the actions taken against Russia and for the other actions needed in supporting the Ukrainians in their defence.

The resolution called for the EU institutions to grant EU candidate status to Ukraine, in line with Article 49 of the Treaty on European Union and on the basis of merit.

Sanctions

Highlighting the importance of the approval of the five packages of sanctions on Russia by the European Council, Parliament called on the Member States to urgently adopt the sixth package of sanctions, including a ban on imports of Russian oil, as proposed by the Commission. It reiterated its call for an immediate and **full embargo on Russian imports of oil, coal, nuclear fuel and gas**, and for **Nord Stream 1 and 2 to be completely abandoned**.

The Council is called on to extend the list of individuals directly targeted by EU sanctions, including Russian oligarchs, taking into account the list of 6 000 individuals presented by Navalny's Foundation.

Addressing the economic and social crisis in a coordinated manner

Parliament is convinced that an effective response in the short term is to contribute to the alleviation of high energy prices for households and businesses and to maintain purchasing power, quality employment and public services. It stressed the importance of the diversification of energy resources, technologies and supply routes.

The Commission is called on to increase the coordination of the planning and financing of energy efficiency and renewable energy, notably **green hydrogen**. It also called for the swift phasing-out of fossil subsidies. The Commission should submit proposals that effectively address the problem of excessive electricity prices while preserving the integrity of the single market.

A social resilience package for the people

Parliament stressed that it is expected that the economic and social situation in the EU risks deteriorating further in the coming months and will intensify due to a combination of even higher energy prices and hence higher expenditure for heating, and higher inflation for other goods and services.

Against this background, Parliament called for:

- a policy framework and concrete initiatives to be set up for the Member States, which should be targeted to support the most vulnerable segments of their populations by summer 2022;
- a temporary European social resilience package coordinating a set of measures and means to strengthen social welfare and social protection systems in the EU;
- the swift adoption of the Social Climate Fund.

An economic relief package for businesses

The resolution reiterated its calls for concerted EU action to deal with the economic and social consequences of Russia's war against Ukraine and the sanctions imposed. It proposed creating an economic relief package for businesses, including economic, budgetary and legislative elements, for SMEs and public investment, without compromising the EU's 2030 and 2050 climate targets. The Commission is asked to put forward new proposals to encourage private actors to invest in the EU and in particular to strengthen the single market for services, make progress on the capital markets union and the banking union and make use of new forms of public-private partnerships in which the state assumes limited financing risks to crowd in more private sector investment activities, such as the COVID support schemes for SMEs;

Reinforcing the EU's capacity to act

In the European response to the COVID crisis, European citizens felt that the EU was protecting them and opening up prospects, notably through the creation of the SURE programme and NextGenerationEU (NGEU). Parliament underlined that neither the NGEU fund, its Recovery and Resilience Fund component, nor the flexibility under the current 2021-2027 multiannual financial framework (MFF) are sufficient to fully cover the financial needs generated by the war in Ukraine. In this regard, the Commission should 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.

Highlighting the importance of making Europe less dependent on Russian fossil fuels well before 2030, Parliament called for the establishment of a new **dedicated European Fund** (a Strategic Autonomy Fund for Europe) to **finance cross-border energy infrastructure**, avoiding lock-in effects on fossil fuels, and renewable energy production and energy efficiency. It should seek to reinforce cybersecurity, industrial competitiveness, food security and sustainable development, thereby securing Europe's autonomy and protecting quality public services in the decades to come.

Lastly, regarding **taxation**, Parliament called on the Commission and the Member States to coordinate the design of windfall profit taxation schemes or other regulatory measures in order to use them to mitigate the social and economic consequences for the EU of the war in Ukraine.