



22 March 2022

SGIs Network Joint Declaration for the Tripartite Social Summit of 23 March 2022

*Managing the transition and strengthening the EU's resilience
by boosting growth-enhancing productive investments in SGIs*

The ongoing war in Ukraine represents a watershed moment for Europe. The continuity and preservation of the most cherished pillars of our liberal democracies, peace, the rule of law, freedom and territorial integrity are under threat by the unjustified Russian invasion of Ukraine.

After a successful response to the COVID-19 pandemic, with a mix of solidarity, ambition and vigorous policy initiatives, **the informal European Council on the European Growth and Investment Model for 2030 in Versailles on 10-11 March comes amidst the most challenging crisis the EU has ever faced.**

The swift and unprecedented actions undertaken by the European Commission and Member States demonstrate an inspiring level of leadership, unity and resolve. Doing whatever it takes to support the Ukrainian people in resisting the aggression from Russia is not only essential at this stage, but it is also **our duty as a community founded on freedom, peace and the respect and protection of human rights.**

However, the **costs to be paid in the context of the post-pandemic recovery should not be overlooked**, particularly their potential impact in derailing the EU's objectives of the triple transition for a **green, digital and social Europe, especially at local and regional levels.** The aftershocks of the war will indeed be immense, with ramping inflation, potential shortages of energy supplies, further supply chain and critical infrastructure disruptions, instability of the financial and banking system and job losses.

Against this backdrop and following up on the informal European Council in Versailles on 10-11 of March, the SGIs Network jointly calls on EU leaders **to respond to this historical moment, prevent a new era of permacrisis for Europe and set the path towards a new Growth and Investment Model for 2030.**

To meet its three key policy objectives of a more sustainable, innovative and fair Europe, we believe that a **consensus around a set of forward-looking reforms is essential** to sustain the post-pandemic recovery and build the necessary resilience, seizing the moment to establish the EU as a geopolitical player.

Intended to build a wide and broad consensus ahead of the Summit, we submit to the Heads of States and Governments the following recommendations:

Reform the existing fiscal rules and adapt the EU economic policy toolkit to the post-pandemic and new geopolitical reality

- The main focus of the new fiscal architecture should be that of **reconciling growth-oriented policies with a sustainable path of debt reduction and fiscal consolidation**.
- The new pact should **allow investment-oriented flexibility for green and digital** by establishing a distinction between growth-enhancing productive investments and unproductive ones.
- A better composition of public finances would also **allow long-term growth prospects** for Europe while setting a sustainable path towards debt consolidation.
- **Given the significant implications of the war in Ukraine on the EU's economic activity, it would be advisable to prevent a too early tightening of fiscal support measures.**
- A thorough assessment of the expected impact and costs would be helpful to guide Member States to adopt adequate fiscal policy choices for 2023.

Ensuring a successful implementation of the Next Generation EU (NGEU) package and the National Recovery and resilience Plans (NRRPs)

- The implementation of the plans should be oriented toward **growth-enhancing actions in line with the strategic objectives of the European Commission**.
- Ensure that the NRRPs are used effectively by Member States to **leverage reforms geared towards productivity gains and long-term investments in SGIs such as sustainable and energy-saving infrastructure networks, including transport, energy, and telecommunication, but also focusing the resilience and sustainability of key sectors like education and healthcare.**
- **Ensure a strong involvement of social partners and local and regional governments in the implementation of the plans at national level to achieve a balance between conditionality and ownership. Member States should ensure they are working in full partnership with all levels of governance and use this opportunity to evaluate the potential of the local and regional governments to contribute to investments in line with the recovery plans.**
- Accessible and transparent **tools to monitor the NRRPs'** implementation and impacts should be set up.

Prepare the groundwork for bridging the NGEU with the new Growth and Investment Model for 2030

- With the NGEU as a one-off instrument expiring in 2026, and the current Multiannual Financial Framework closing its cycle in 2027, EU leaders should start **preparing the ground for bridging the current transitional framework to a new permanent reality for Europe.**
- The aftershocks of the pandemic and the war in Ukraine will require the Union to **adapt to a new reality, both internally and at the geopolitical level.**
- A **collective rethinking on the necessity of a common and permanent fiscal capacity** will be of paramount importance, drawing inspiration from the good practices of the architecture of the NGEU and the Recovery and Resilient Facility (RRF).
- When confronted with such a set of multiple challenges, limiting our action to **better and more efficient coordination risks falling short in addressing the magnitude of common liabilities**, including climate change and external threats.

In conclusion, we call for **making the best of the current window of opportunity for establishing a new ambitious pact to concretely invest in the future of Europeans**, enhance our common security and **reinforce social cohesion**. With adequate resources and a functioning economic governance framework, this new pact should prevent a great divergence process within the Union and lay the groundwork for solid and long-lasting foundations upon which the EU can enter this new era and withstand its many future challenges.

The signatories:

SGI Europe



**HOSPEEM - European
Hospital and Healthcare
Employers' Association**



**EFEE - European Federation
of Education Employers**



**CER - Community of European
Railway and Infrastructure Companies**



**CEMR - Council of European
Municipalities and Regions**

