



Brussels, 15.2.2021
C(2021) 1002 final

REPORT FROM THE COMMISSION

of 15.2.2021

**The EU in 2020:
General Report on the activities of the European Union
Published in accordance with Article 249(2) of the Treaty on the Functioning of the
European Union**

The EU in 2020

GENERAL REPORT ON THE ACTIVITIES OF THE EUROPEAN UNION

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Foreword

I am sure many of you will agree that 2020 was simultaneously a year to instantly forget – and to forever remember.

To instantly forget, of course, because of the pandemic.

The effects of the coronavirus crisis have been felt in every home, in every country and in every corner of our Union. I offer my heartfelt sympathy to all those who have lost loved ones or who have suffered illness.

But 2020 was also a year to remember.

Because, in the midst of the fight against this invisible enemy, there are the heroes of the medical profession who risk their lives to save others. I pay tribute to each and every one of them, and to all the front-line workers who help keep us and our economy going through such difficult times.

It was a year to remember because, in the face of the unfolding human tragedy, Europe stepped up in the greatest collective mobilisation in the history of our Union. Countries, cities and regions helped get medical equipment to where it was needed. European planes delivered thousands of tonnes of life-saving materials to the most vulnerable communities across the world, and more than 600 000 stranded citizens were brought home.

Companies revamped their production lines to meet demand for disinfectants, face masks and medical equipment. And the world came together in an unparalleled global fundraising effort, pledging almost €16 billion so that safe and effective vaccines are accessible to all – because we know that no one is safe until everyone is safe.

Vaccines will help us to progressively return to our normal lives. But they will not solve the economic fallout from COVID-19 or the continuing threat to our planet from climate change. That is why, alongside measures to tackle the coronavirus, we have continued to take bold action towards climate neutrality. This will mean deeper emission cuts, massive investment in green technologies and the unleashing of Europe's full digital potential.

I am confident that we can do this. Our NextGenerationEU recovery fund of €750 billion is at the heart of the biggest long-term budget in the EU's history, with a total financial firepower of €1.8 trillion. We have a unique opportunity to invest in a better future for our children and our grandchildren; in a healthier, greener and smarter Europe where they can live well, have good job prospects and thrive, in a Europe where no one is left behind.

It has been a difficult year, but our response to the pandemic will ensure we emerge stronger, more resilient and more united. I have never been more proud to be European, and never more convinced of the value of acting together to face our biggest challenges.

2020 was also the year when the United Kingdom left the European Union. I respect the decision of the people of the United Kingdom, who will always be welcome in the family of European nations. But for us, it is time to leave Brexit behind. The future belongs to Europe.

We have seen the best of humanity in 2020. Let us seize the opportunity to build on that. We have proposed action to fight racism, hate and discrimination in all its forms. You can read about these initiatives and all the work that the EU has been doing throughout the pandemic in the following pages.

As we take the first steps toward recovery, we are filled with hope and with determination. Europe has the people, the vision, the plan and the resources to make this a success.

Long live Europe!

Ursula von der Leyen

Chapter 1

A concerted response to COVID-19

Introduction

The onset of the COVID-19 pandemic in Europe led to human tragedy, lockdowns and an unprecedented economic slowdown. The European Union soon proved its solidarity. The EU protected lives and livelihoods by focusing on actions that delivered an immediate and effective response to the crisis. Throughout 2020, over 1 350 measures were adopted to mitigate the crisis, including almost 400 State aid decisions giving European companies a lifeline.

In the first days and weeks after the pandemic hit Europe, healthcare systems were reinforced at the national, regional and local levels, and hospitals across the EU treated patients from other countries. Mobile health teams were dispatched to answer the most urgent needs. Over 600 000 EU citizens stranded abroad were brought home, and public and private investments were mobilised to develop safe and effective vaccines for everyone across the world.

The Commission's 'Clearing House' for medical equipment helped the Member States to work together to overcome shortages.

€4.2 trillion, or more than 30 % of the EU's gross domestic product, was mobilised by the EU and the Member States to mitigate the effects of the crisis.

The EU budget was also mobilised to its fullest extent to provide direct financial support to Member States in need. In the first days of the crisis, the Commission presented the Coronavirus Response Investment Initiatives, which allowed Member States to use cohesion funding to support the most exposed sectors in their economies. The Emergency Support Instrument was activated to provide direct financial support for strategic needs at the European level, and the Commission launched the [Support to Mitigate Unemployment Risks in an Emergency](#) (SURE) initiative to help preserve jobs and support families.

The coronavirus pandemic caused a major shock to the global and EU economies, with severe socioeconomic consequences. Despite the swift and comprehensive policy response at both the EU and the national levels, it quickly became apparent that the EU economy would experience a recession of historic proportions in 2020.

A greater response was therefore needed to repair the economic and social damage caused by the pandemic. The reinforced long-term budget for 2021–2027 and NextGenerationEU, the temporary recovery plan, together form the largest stimulus package ever financed through the EU budget, amounting to €1.8 trillion. The funds will help the EU to support citizens, companies and regions, particularly those most affected by the crisis. The package will help rebuild a post-COVID-19 Europe, which will be greener, more digital and more resilient.

As part of the EU's vaccine strategy, the Commission concluded agreements with six companies (AstraZeneca, BioNTech/Pfizer, CureVac, Johnson and Johnson, Moderna and Sanofi/GlaxoSmithKline) to secure a wide range of safe and effective COVID-19 vaccines for people living in the EU.

Without compromising on safety or effectiveness, the first vaccine was deployed in the EU before the end of the year. On 21 December, the European Commission granted a conditional marketing authorisation for the COVID-19 vaccine developed by BioNTech/Pfizer, the first of its kind authorised in the EU. The European Vaccination Days, from 27 to 29 December, saw the first vaccinations in Member States.

Looking back on 2020, the immense toll of the COVID-19 pandemic is clear. Fifteen million people in the European Union were infected with COVID-19. Tragically, over 350 000 people lost their lives. The fight against COVID-19 continues in 2021.

An unprecedented response to urgent needs

As mandated by the European Council, the European Commission coordinated a [common European response](#) to the COVID-19 outbreak, taking action to reinforce the public health sectors and mitigate the socioeconomic impact of the pandemic. The EU mobilised all means at its disposal to help Member States coordinate their national responses, and has provided objective information about the spread of COVID-19 and effective efforts to contain it.

The EU acted swiftly to meet the challenges brought by the pandemic. On 28 January, the [EU Civil Protection Mechanism was activated](#) to begin repatriating EU citizens stranded abroad (some 408 flights helped 90 000 EU citizens return home by the end of the year).

On 13 March, the Commission [called for a coordinated economic response](#) to the coronavirus crisis, and on 16 March, the Commission set up an advisory panel of experts chaired by President Ursula von der Leyen and Commissioner for Health and Food Safety Stella Kyriakides to advise and to guide the EU response to the crisis. The work of the panel and of the European Centre for Disease Prevention and Control was later complemented by the new [EU Scientific Advice Platform](#) on COVID-19. Consisting of Member States' COVID-19 scientific advisors, the platform aims to better coordinate scientific advice and share good practice on national COVID-19 public health measures.

Emergency support

The Commission mobilised all resources within the EU budget to respond to urgent needs that could best be met by working in a strategic, coordinated way at the European level. The €2.7 billion Emergency Support Instrument financed a broad range of actions, with a large part of its budget supporting the vaccines initiative, in which all 27 Member States are taking part. The Commission purchased and distributed to Member States 10 million masks for healthcare workers. Funding was also provided for training in testing and intensive care, purchasing ultraviolet robots to disinfect hospitals and supporting clinical trials of COVID-19 therapeutics.

Testing is crucial to slowing down the spread of COVID-19. On 28 October, the Commission adopted a [recommendation on COVID-19 testing strategies](#), including the use of rapid antigen tests, and a specific Commission [recommendation on rapid antigen tests](#) was adopted on 18 November. The Commission also made a proposal on 18 December for a Council [recommendation on a common framework for antigen tests and the mutual recognition of COVID-19 test results](#). The Commission mobilised €100 million under the instrument to directly purchase rapid antigen tests and deliver them to Member States. On 18 December, it signed a framework contract with Abbott and Roche allowing the purchase of over 20 million rapid antigen tests, financed by the instrument. These tests would be made available to Member States from early 2021, as part of the EU's support for COVID-19 testing.

rescEU – a common reserve of medical supplies

On 19 March, the Commission put solidarity into action by setting up the [rescEU medical reserve](#), the first common European stockpile of emergency medical equipment, including face masks and ventilators, to help Member States facing shortages of equipment. Hosted in the Member States, rescEU delivered some 3 million high-quality protective masks for first responders, including medical and civil-protection workers, in Spain, Croatia, Italy, Lithuania, Montenegro, North Macedonia,

Serbia and Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence).

The Civil Protection Mechanism sent ventilators, protective clothing and disinfectant to countries in need and deployed emergency medical teams. Norwegian, Polish and Romanian doctors helped treat patients in Italy and Lithuania, while German, Italian and Lithuanian medical teams supported their colleagues in Armenia and Azerbaijan. A mobility package helped finance the transport of patients, medical teams and essential medical supplies.

Ensuring the availability of medical supplies and food

From the start of the outbreak, the EU supported key manufacturers to ensure the availability of essential medicines and medical equipment. The Commission took action to create the right conditions for industry to ramp up or retool production, including asking the [European Standardisation Organisations](#) to make standards for face masks and other protective equipment freely available to all interested parties. Many companies across Europe retooled and revamped their production to meet the demand for personal protective equipment, disinfectants and medical devices.

In April, the Commission approved requests from all EU Member States and the United Kingdom to temporarily waive customs duties and VAT on the import of medical devices, and protective equipment, from non-EU countries.

The European Commission immediately addressed worries over possible food shortages by adopting emergency measures in April to provide greater flexibility in how money from the Common Agricultural Policy and the European Maritime and Fisheries Fund could be accessed, and to implement measures to help stabilise agri-food markets.

Using the full flexibility of fiscal and State aid rules

In March, the Commission took the unprecedented step of activating the general escape clause of the Stability and Growth Pact as part of its strategy to respond quickly and forcefully to the pandemic. After it was endorsed by the Council, this allowed Member States to take measures to adequately deal with the crisis with all the economic policy tools at their disposal, while departing from the usual budgetary rules of the European fiscal framework.

Less than a week after the World Health Organization declared Europe a centre of the COVID-19 pandemic, the Commission adopted a [State aid Temporary Framework](#) to enable Member States to use the full flexibility provided by State aid rules to support companies hit by the crisis. In this context, the Commission has approved aid measures notified by all EU Member States and the United Kingdom. In the course of 2020, the Commission took almost 400 decisions approving 500 national measures worth an estimated €3 trillion in total.

Coronavirus Response Investment Initiatives

One of the first measures launched by the EU to support Member States financially in their response to the crisis was the [Coronavirus Response Investment Initiative](#), in March 2020. By mobilising unspent money already allocated to EU Member States, the initiative provided an immediate liquidity boost to Member States' and regions' budgets and helped them to use cohesion-policy funding to finance healthcare expenditure and short-term work schemes, and to offer working-capital support for small and medium-sized enterprises. The scope of the European Union Solidarity

Fund was also extended to cover major public health emergencies, thereby allowing Member States to receive support under this fund to help them tackle the COVID-19 crisis.

From April, the [Coronavirus Response Investment Initiative Plus](#) made it simpler and easier to quickly make use of existing European Structural and Investment Funds for crisis-related measures, and raised the EU's contribution to cohesion-policy programmes to up to 100 % for payment applications submitted between 1 July 2020 and 30 June 2021.

In December, the Commission [announced](#) the 2020 results of the two initiatives. Since the beginning of the crisis the EU has mobilised significant funding to fight the effects of the pandemic. Small and medium-sized enterprises benefited from most of the funding available, over €10 billion, which helped businesses to stay afloat. €3 billion was directed to people, including social services for vulnerable groups and temporary employment schemes for workers. Lastly, €6.6 billion was provided to support the health sector, in addition to the €10.2 billion from the EU budget that was already allocated to this area for the years 2014–2020 (note that there is some overlap between the groups of beneficiaries).

82 % of cohesion-policy programmes in 25 Member States and the United Kingdom have been amended, with €3.2 billion of additional funding provided to national budgets as they are able to use the 100 % EU co-financing rate.

Supporting jobs and protecting livelihoods

In April 2020, the Commission created [Support to Mitigate Unemployment Risks in an Emergency](#) (SURE), a short-term employment-support scheme to help protect jobs and workers affected by the pandemic. By the end of 2020, a total of €90.3 billion in financial support had been approved to help 18 Member States under SURE, and €39.5 billion [had been disbursed](#) to 15 of them: Belgium, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia. Member States can still submit requests to receive support under SURE, which has an overall financial firepower of up to €100 billion.

The financial assistance under SURE is provided in the form of loans borrowed by the EU on the markets on behalf of its Member States. For most Member States, the borrowing comes on more favourable terms than those they can obtain on the markets on their own. These loans are assisting Member States in addressing sudden increases in public expenditure to preserve employment. Specifically, they help Member States to cover the costs directly related to the creation or extension of national short-term work schemes, and other similar measures they have put in place for the self-employed in response to the pandemic.

On behalf of the EU, the Commission went to the markets three times in 2020 to issue bonds under SURE. Each emission was more than 10 times oversubscribed, showing confidence in the EU as an issuer and a borrower, and as an important global player on the financial markets. The bonds issued by the Commission under SURE benefit from a [social bond](#) label. This provides investors in these bonds with confidence that the funds mobilised will serve a truly social objective.

EU Vaccine Strategy

On 17 June, the Commission [presented an EU Vaccine Strategy](#) to speed up the development, manufacturing and deployment of vaccines against COVID-19. The strategy aims to ensure fair and affordable access to safe and effective vaccines for everyone in the EU as early as possible, while leading the global solidarity effort to ensure that everyone has access to an affordable vaccine. The strategy also aims to ensure that preparations were made in Member States to roll out vaccines, plan for transportation and deployment and identify priority groups that should be vaccinated first.

Developing safe and effective COVID-19 vaccines in such a short time meant running clinical trials in parallel to investing in the production capacity needed to produce millions, or even billions, of doses of a successful vaccine. Advance purchase agreements help reduce the risk linked to investments made by manufacturers in the development of potential vaccines and thus maximise the chances of quickly developing, manufacturing and deploying safe and effective vaccines and ensuring that EU citizens will have access to them. The Commission negotiated with pharmaceutical companies on behalf of EU Member States, leading to the initial signature of six agreements, with further exploratory talks with additional vaccine manufacturers concluded in 2020 or planned for early 2021.

In order to assist Member States in preparing their vaccination strategies, on 15 October and 2 December the Commission published key elements to be taken into account, in line with the competences set out in the EU treaties. These included ensuring the capacity of vaccination services to deliver COVID-19 vaccines; easy access to vaccines for target populations; the deployment of vaccines with different characteristics and different storage and transport needs; and clear communication to build public trust.

The first vaccine to be granted conditional marketing authorisation, on 21 December, was produced by BioNTech/Pfizer. Its distribution started within days, in time for the launch of the EU Vaccination Days on 27, 28 and 29 December. This authorisation follows a positive scientific recommendation based on a thorough assessment of the safety, effectiveness and quality of the vaccine by the European Medicines Agency, and is endorsed by the Member States.

In parallel, the Commission showed its solidarity with global partners by contributing to the [COVID-19 Vaccine Global Access Facility \(COVAX\)](#), the global initiative to ensure equitable access to affordable COVID-19 vaccines, with €500 million from EU funds (€100 million in grants and a €400 million loan backed by the European Fund for Sustainable Development guarantee). By December, Team Europe – the European Commission and the EU Member States – had allocated more than €850 million to COVAX, making the European Union as a whole COVAX's biggest donor initially. This will be a vital contribution support COVAX's objective of delivering 1.3 billion vaccine doses for low- and middle-income countries by the end of 2021.

COVAX is the vaccines pillar of the Access to COVID-19 Tools Accelerator, a global collaboration to accelerate the development, production and equitable access to COVID-19 tests, treatments and vaccines. This collaboration brings together governments, scientists, businesses, civil society, philanthropists and global health organisations such as the [Bill & Melinda Gates Foundation](#), the [Coalition for Epidemic Preparedness Innovations](#), the [Foundation for Innovative New Diagnostics](#), [Gavi](#), [The Global Fund](#), [Unitaid](#), [Wellcome](#), the [World Health Organization](#), the [World Bank](#) and the [Global Financing Facility](#).

Bringing the global community together

On 4 May 2020, President von der Leyen launched the [Coronavirus Global Response](#), the global action for universal access to affordable coronavirus vaccination, treatment and testing. It is the Commission's response to the global call for action launched by the World Health Organization on 24 April, in the face of the pandemic. The Coronavirus Global Response also aimed to strengthen health systems everywhere and support economic recovery in the world's most fragile regions and communities.

The pledging summit and concert '[Global Goal: Unite for Our Future](#)', hosted by the Commission and Global Citizen on 27 June, was a milestone in the [coronavirus global effort](#) and an excellent example of the EU institutions, in this case the Council and the Commission, acting worldwide with partners and engaged citizens.

Thanks to the two pledging initiatives, by end of June 2020 €15.9 billion had been pledged for the Coronavirus Global Response, including €1.4 billion committed by the European Commission (€1 billion in grants and €400 million in guarantees on loans).

The recovery plan for Europe

On 27 May, the Commission proposed the biggest-ever package of EU financing to support Europe's recovery from the pandemic, in addition to the €4.2 trillion mobilised by the EU and Member States. At its July meeting, the European Council unanimously agreed on total funding of €1.8 trillion, combining the new €750 billion NextGenerationEU instrument and a modified EU budget for 2021–2027 of €1.074 trillion. The package will help the people, companies and regions most affected by the crisis, while building a greener, more digital and more resilient continent.

On 10 November, the European Parliament, the Council and the Commission reached a political agreement on this package, which included a €15 billion reinforcement of a number of key programmes, such as Horizon Europe, Erasmus+ and EU4Health.

To fund the recovery and finance NextGenerationEU, the Commission will borrow on the capital markets on behalf of the EU. In this way, NextGenerationEU will not require immediate additional national contributions from Member States. Repayment of the funds raised will follow over the long-term, until 2058. To facilitate the repayment of the market finance raised, the Commission will propose new sources of revenue to the EU budget. The first new own resource, to be introduced in 2021, will be based on non-recycled plastic packaging waste and contribute to the policy objectives of the European Green Deal (see Chapter 2). The Commission will present in mid 2021 further proposals for new own resources based on a carbon border adjustment mechanism, on a digital levy and on a revised EU Emissions Trading System.

To contribute to a green and digital recovery, the financing from the long-term budget and NextGenerationEU will be allocated in line with these two policy objectives. At least 30 % of the funds will be spent on fighting climate change, which makes the 2021–2027 budget and NextGenerationEU the biggest green investment package the world has ever seen.

More than 50 % of the funds will go towards new priorities. These programmes include research and innovation (Horizon Europe), fair climate and digital transitions (Just Transition Fund and Digital Europe), preparedness, recovery and resilience (via the [Recovery and Resilience Facility](#)), RescEU and the new EU4Health programme. These will come on top of the cohesion and agriculture policies, which have themselves been modernised.

The Recovery and Resilience Facility is at the heart of NextGenerationEU. It will help the EU emerge stronger from the current crisis by offering Member States €672.5 billion in loans and grants in the crucial first years of the recovery.

Each Member State was invited to submit a recovery and resilience plan outlining their national investment and reform agenda, taking account of the economic policy challenges set out in recent country-specific recommendations, in particular the recommendations given in 2019 and 2020. The

plans should enable Member States to enhance their economic growth potential, job creation and economic and social resilience, and to meet the objectives of the green and digital transitions.

In December, negotiators reached a [provisional agreement](#) allowing the facility to enter into force in early 2021. The Commission provided guidance to Member States in preparing their recovery and resilience plans, and strongly encouraged them to include in their plans investment and reforms in [seven flagship areas](#), to take the green and digital recovery forward and invest in human capital.

[REACT-EU](#) (Recovery Assistance for Cohesion and the Territories of Europe) is another instrument under NextGenerationEU. It continues the exceptional flexibility rules under the Coronavirus Response Investment Initiative and provides an additional €47.5 billion in cohesion-policy funding until 2023 in areas such as healthcare and jobs. It will also prepare the transition to a green and digital Europe, and act as a bridge between emergency and medium-term solutions. In addition, NextGenerationEU will provide top-ups to several EU initiatives, including the Just Transition Fund, InvestEU, the resEU Civil Protection Mechanism and Horizon Europe.

Travel restrictions and ensuring free movement in Europe

To slow down the spread of COVID-19 and protect people's health and well-being, Member States adopted various measures, some of which had an impact on citizens' right to move freely across the EU. These measures often included restrictions on entering another Member State or other specific requirements (such as undergoing quarantine) applicable to cross-border travellers, including those travelling for work reasons. The European Commission took action to ensure the free movement of citizens, goods and services, while fully respecting health and safety measures.

Responding to the [call of the European Council](#) of 26 March, the Commission, in cooperation with the President of the European Council, put forward a [European roadmap](#) towards lifting coronavirus containment measures.

On 13 October, the Council adopted a [recommendation](#) to coordinate the approach to restricting free movement in response to the pandemic, based on the Commission's proposal of 4 September. Member States agreed to coordinate their efforts in four key areas:

- common criteria for Member States when considering whether to introduce travel restrictions;
- a [common map](#) showing the risk levels in regions across the EU and the European Economic Area using a traffic-light system;
- a common approach to travellers coming from risk areas (testing and self-isolation);
- the provision of clear and timely information to the public.

On 17 March, EU Member States decided to restrict non-essential travel to the EU on the basis of the [recommendation by the Commission](#) to protect people's health in the EU and to prevent the virus from further spreading from the EU to other countries and vice versa. The rules were extended a number of times, according to the evolving epidemiological situation. The list of non-EU countries was based on a transparent set of criteria and reviewed regularly, with the last amendment on 17 December.

Based on a Commission proposal, on 30 June the Council adopted a recommendation on the gradual [lifting of the temporary restrictions](#). This included a list of non-EU countries whose residents were exempted from such restrictions and a list of categories of travellers with an essential function or need who were allowed to enter the EU irrespective of their place of origin. On 28 October, the Commission published [guidance](#) to help Member States ensure the consistent implementation of the

Council's recommendation. The Commission also provided [guidance](#) to Member States to ensure that the restart of visa operations abroad is well coordinated with the gradual lifting of the travel restrictions.

These actions help limit the spread of the coronavirus, more easily track its spread and make the EU's common response more effective. This health crisis has underlined the need for increased coordination on health matters as we move towards a European Health Union (more information can be found in Chapter 3).

Following the rapid increase in COVID-19 cases in parts of the United Kingdom at the end of 2020, a large proportion of which belonged to a new variant of the virus, the Commission adopted a recommendation on a coordinated approach to travel and transport measures on 22 December, to limit the further spread of the new variant.

Helping stranded EU citizens get home

Many EU citizens found themselves stranded away from home when their flights were suspended and borders started to close. The EU and the Member States brought home over 600 000 people. The EU's Civil Protection Mechanism facilitated and co-financed 408 repatriation flights to bring home more than 100 300 people, including 90 000 stranded EU citizens.

Member States showed solidarity by [organising transport](#) that brought home nationals of other Member States as well as their own citizens. One in three passengers repatriated were EU citizens of a different nationality than the country organising the flight. For example, France repatriated citizens of 26 EU Member States. A flight from Wuhan, China, in early February carried 64 French citizens and 135 citizens of other Member States.

Ensuring the free flow of goods and helping workers across borders

The pandemic caused major disruption to travel and transportation in Europe. Different restrictive health measures introduced by Member States in March and April led to the closing of borders or to strict controls, and thousands of lorries were stuck in long queues. To maintain the flow of goods across EU internal borders, safeguard essential supply chains and protect transport workers, the Commission [worked quickly with Member States](#) to designate 'green lane' border crossings across the [Trans-European Transport Network](#) so that lorries could cross the border within 15 minutes at most. The [Copernicus](#) and [Galileo](#) Earth observation and navigation programmes helped to pinpoint bottlenecks and keep transport moving. In October, the Commission [extended the 'green lane' approach](#) to multimodal transport, including rail and waterborne freight and air cargo, and stressed the need to ensure essential connectivity for passengers.

From the start of the pandemic, the Commission worked closely with Member States to ensure a coordinated approach to border-related issues and a gradual return to free movement. The EU adopted guidelines to help employers and workers to [return to work in a safe and healthy environment](#), and guidelines to [improve the protection of seasonal workers](#). It also [updated EU law](#) to take into account new risks in the workplace and to offer additional protection to all workers, particularly those working in direct contact with the coronavirus. Additional [practical advice](#) was issued to ensure that critical workers could cross EU borders to reach their workplace and help keep people in the EU safe, healthy and with food on the table.

In March, the Commission issued [guidelines for border management measures](#) to protect health and ensure supplies of goods and essential services, including medicines and medical equipment for

frontline medical personnel. These were followed in May by [guidelines and recommendations](#) to help Member States gradually lift the temporary border controls and travel restrictions, with all the necessary safety measures in place.

Keeping tourism going in Europe

Tourism, which contributes almost 10 % to Europe's gross domestic product and is a key source of employment and income in many regions, has been one of the sectors most badly hit by the pandemic.

To help Member States coordinate work to safely re-establish tourism following national lockdowns in the spring, in May the Commission proposed a [package of measures](#) on travel and tourism in 2020 and beyond. The package included [recommendations](#) to gradually lift restrictions to help resume business, work and social life, including restoring free movement and restarting transport while offering health-related guidance to tourism establishments.

To keep people fully informed about the rapidly changing situation, in June the Commission launched the [Re-open EU](#) website, with clear, reliable and real-time information about travel possibilities and related health and safety restrictions in all EU Member States. Almost 8 million people used it during the summer alone. Given its success, in October Re-open EU became a one-stop shop for information on the pandemic situation, public health measures, travel restrictions and tourism services. On 14 December, Re-open EU became available as a free mobile app on [Android](#) and [iOS](#).

Digital solutions to help tackle the pandemic

Digital solutions played a key role in tackling many challenges that came with the rapid onset of the coronavirus pandemic. Contact tracing and warning apps, as a complement to existing manual contact tracing, can play a crucial role in helping interrupt the transmission chain of the virus and can contribute to saving lives.

The EU helped to ensure a coordinated approach between Member States that launched contact tracing and warning apps, in compliance with data protection and privacy rules. The EU budget financed the development and deployment of a European solution for the interoperability of tracing apps that are based on a decentralised architecture, which concerns almost all national apps developed in the EU. This helped mobile contact-tracing and warning apps to achieve their full potential, even when people cross borders.

With the support of the Commission, Member States [took the necessary steps](#) to make their [national apps](#) interoperable, while in October, the Commission launched the European Gateway Service to [interlink the apps](#). More and more national apps are linked as they become ready.

The [European COVID-19 Data Platform](#) was [launched in April](#) to collect and share research data, and quickly compiled an impressive amount of data, including over 25 000 viral sequences and over 100 000 scientific publications. The platform received over 2.9 million requests for data from more than 92 000 unique users in over 170 countries.

Artificial intelligence and robots helped in hospitals. An [artificial-intelligence tool funded by the Commission](#) helps doctors diagnosing COVID-19 from CT scans, and has already been deployed across the EU, while [ultraviolet disinfection robots have been deployed in hospitals](#) to clean rooms

quickly, reducing the spread of the coronavirus and removing the burden and the risk of infection from staff.

The [EU Space Programme](#), in particular through its Earth observation component, Copernicus, and its satellite navigation system, has made an important contribution. From the beginning of the crisis, EU satellites monitored traffic congestion at border crossings between Member States and mapped medical facilities, hospitals and other critical infrastructure. Data collected from satellites, in combination with artificial intelligence, provided public authorities at the EU and national levels with models to better understand and tackle the emergency more efficiently.

On 5 June, the Commission [launched](#) the Rapid Action Coronavirus Earth observation tool in collaboration with the [European Space Agency](#). It uses satellite data to measure the impact of lockdowns and monitor post-lockdown recovery using economic and environmental data.

Fighting COVID-19 disinformation

The current climate has proved to be fertile ground for conspiracy theories that undermine the science and facts on the origins, spread and treatment of COVID-19. The pandemic has also given rise to more online hate speech and racist and anti-Semitic attacks, and to an increase in rogue traders selling false products online that claim to prevent or cure the virus.

The Commission and the European External Action Service worked closely on the issue with other EU institutions and Member States, and with international partners from the G7 and NATO. On 10 June, the Commission and Josep Borrell Fontelles, the High Representative for Foreign Affairs and Security Policy and Vice-President of the Commission, presented [a series of actions](#) to tackle COVID-19 disinformation. These include strengthening communications and public diplomacy in the EU's immediate neighbourhood and around the world, along with support for independent media and journalists. The Commission urged all actors, including online marketplaces and social media, to help [fight coronavirus disinformation](#). [Four sets of reports](#) on the actions taken were published by the end of the year.

In response, platforms removed or blocked millions of misleading advertisements and product listings. More than 700 disinformation narratives on the coronavirus were exposed, published and updated on the [EUvsDisinfo](#) website in 2020.

These actions feed into further EU work on disinformation, in particular the European Democracy Action Plan and the Digital Services Act. The Commission is using all the tools at its disposal and [funding research](#) to help in the fight against misinformation and disinformation about COVID-19.

Supporting research for diagnostics, treatment and vaccines

When the pandemic hit Europe, the European Commission pledged just over €1 billion from Horizon 2020, the EU's research and innovation programme (2014-2020), to tackle COVID-19. In addition to funding urgently needed [research and innovation](#) through Horizon 2020, the Commission helped coordinate scientific efforts at the EU and national levels. As early as January, €48 million in funding was mobilised to support [18 new research projects](#). In June, the Commission and the Member States agreed an [action plan](#) of 10 short-term research and innovation actions to tackle COVID-19.

During the year, €602.3 million was awarded to support research and innovation projects to tackle many aspects of the pandemic. These projects address the development of

diagnostics, treatments, vaccines, epidemiology, preparedness and response to outbreaks, socioeconomics, mental health, production and digital technologies, as well as the infrastructure and data resources that enable this research. A further €21.4 million in grants will be awarded.

The Commission also mobilised €400 million from the Horizon 2020 [InnovFin](#) financing instrument. Of this amount, €178.5 million was allocated to accelerate the development of vaccines (including those from [BioNTech](#) and [CureVac](#)) and other interventions, drugs, medical and diagnostic devices or novel critical research and innovation infrastructures, including production facilities. A further €221.6 million in financing will be awarded from the Infectious Diseases Finance Facility.

The EU responds worldwide

The EU [mobilised](#) €38.5 billion to fight COVID-19 on a global scale. The EU's response followed a [Team Europe](#) approach, combining resources from the EU, its Member States and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development, to support each partner country and increase the impact on the ground. The funds have been used for emergency response and to address urgent humanitarian needs; to strengthen health, water/sanitation and nutrition systems; and to mitigate the economic and social impacts of the coronavirus pandemic worldwide. The EU and its Member States together remain one of the biggest financial contributors to the World Health Organization as the preeminent partner in fighting the pandemic and its effects.

The pandemic has posed critical logistical challenges for the humanitarian community. The absence of commercial flights created a backlog in the delivery of vital assistance, while needs increased exponentially in many areas. In response, in May the EU set up the [EU Humanitarian Air Bridge](#), a temporary initiative to help deliver humanitarian aid and essential medical supplies. The air-bridge flights carried essential medical equipment, humanitarian cargo and staff, and assist with repatriations organised by EU Member States. All flights were funded by the EU and operated in coordination with Member States, humanitarian organisations and the receiving states. By the end of the year, 67 air-bridge flights had delivered 1 150 tonnes of medical equipment and supplies, along with almost 1 700 medical and humanitarian staff, to critical areas in Africa, Asia and Latin America.

To ensure that the most vulnerable people would not suffer the most, in May the Commission issued the first [guidance](#) on how coronavirus-related humanitarian aid could be sent to countries and areas that are subject to EU sanctions in order to help those in need irrespective of where they are. The Commission also helped maintain trade with non-EU countries in medicines and personal protective equipment during the crisis, and proposed a multilateral trade agreement for health goods at the World Trade Organization.

The pandemic had immediate consequences on the way EU asylum and return rules were implemented by Member States, and had a disruptive effect on the resettlement of persons in need of international protection. The Commission issued [guidance](#) on the continuity of such procedures while ensuring the protection of people's health and fundamental rights.

The [EU's support measures](#) also specifically helped the 79.5 million forcibly displaced people around the world, many of whom found themselves caught between war and the pandemic.

Chapter 2

Creating a climate-neutral Europe fit for the digital age

The climate crisis remains the defining challenge of our times. If left unchecked, it threatens even greater consequences for our environment, our health and our livelihoods than the coronavirus pandemic. 2010–2019 was the [warmest decade on record](#). The devastating effects of climate change across Europe and the world underline the urgent need to accelerate the green transition. Digital technology, which has been so indispensable during the pandemic, will be key to this. Together, the [European Green Deal](#) and digitalisation will boost jobs and growth in Europe, improve our environment and make our societies more resilient.

‘Sooner or later our scientists

and researchers will develop a vaccine against coronavirus. For climate change, however, there is no vaccine. This is why Europe must now invest in a clean future.’

PRESIDENT OF THE
EUROPEAN COMMISSION
URSULA VON DER LEYEN,
EUROPEAN PARLIAMENT,
BRUSSELS, MAY 2020

The European Green Deal

The EU has already started work to ensure that Europe will be the first climate-neutral continent, by 2050. This goal, at the heart of the European Green Deal, will be achieved mainly by cutting greenhouse gas emissions, investing in green technologies and protecting the natural environment.

Reaching this target means creating a clean, circular economy, restoring biodiversity and cutting pollution. It requires action by all sectors of the economy, including industry, energy, transport, food production, agriculture and construction. The EU is also working with partners across the world to meet climate targets and improve global environmental standards.

To set the EU’s objective in stone and put it on an irreversible path towards a more sustainable future, the Commission proposed a [European Climate Law](#) in March 2020. The proposal aims to write into law the goal set out in the European Green Deal: for the EU’s economy and EU society to become [climate neutral by 2050](#). The law aims to ensure that all EU policies contribute to this goal and that all sectors of the economy and society play their part. It will provide the predictability that investors and businesses need to invest in greening their activities and reducing their environmental impact.

Higher climate ambition for Europe and the world

In December, EU leaders approved a more ambitious target of reducing net greenhouse gas emissions by [at least 55 % by 2030 compared to 1990 levels](#). The Commission had [proposed](#) this target in September, as a necessary step towards putting the EU on a balanced path to climate neutrality by 2050. In the coming decade, the EU will continue building on a strong track record of climate action and parallel economic growth: by 2019, [EU emissions had fallen by 24 % compared to 1990](#), while over the same period the economy grew by more than 60 %.

Following the EU's lead, governments around the world made a number of important announcements to boost the fight against climate change. President von der Leyen presented the new EU target to other global leaders, along with Charles Michel, President of the European Council, and other European leaders, at the [Climate Ambition Summit](#). This event was held to mark the 5-year anniversary of the [Paris Agreement](#) and the countdown to the 2021 [UN Climate Change Conference COP26](#) in Glasgow.

EU action to implement the Paris Agreement

The Paris Agreement, adopted in 2015 by 195 countries, sets out a global framework to avoid dangerous climate change. All parties to the Paris Agreement determine their own efforts to reach the common objectives. On 18 December, the EU and its Member States [submitted an updated joint Nationally Determined Contribution](#) – their action plan to limit greenhouse gas emissions. The EU already had one of the world's most ambitious targets, having committed to reducing greenhouse gas emissions by at least 40 % by 2030, compared to 1990 levels. The ambitious new emissions reduction target of 55 % shows the EU's commitment to global climate leadership.

The EU and its Member States together are the largest provider of public climate finance in the world, [contributing €21.9 billion in 2019](#) – a 7.4 % increase compared to 2018. Since 2013, the EU has continually increased its annual international climate finance contribution to support developing countries in reducing their greenhouse gas emissions and coping with the impacts of climate change.

A green recovery

The ambitious new climate target for 2030 will help to focus the EU's economic recovery from the pandemic and will require significant green investments to ensure the recovery is sustainable. EU spending should be consistent with the aims of the Paris Agreement and the [Green Deal](#)'s 'do no harm' principle that money should not be invested in ways that contradict the EU's climate goals.

To underline the EU's commitment, at least 30 % of the €1.8 trillion agreed under the long-term budget for 2021–2027 and NextGenerationEU should be spent on climate-related policies and programmes. Funding must be consistent with the objectives of the Paris Agreement. This is the biggest green investment package the world has ever seen. To make it happen, Member States will have to commit to at least 37 % green investments in their recovery and resilience plans, which will give them access to the bulk of the funds under NextGenerationEU (see also Chapter 1).

The Commission intends to raise 30 % of the funds under NextGenerationEU through the issuance of green bonds, which are increasingly popular as investors look for ways to help finance the transition to an environmentally sustainable economy. As such, they will be instrumental in reaching the objectives of the European Green Deal. Green bonds will play an even bigger role in unlocking the private sector's potential to address climate change and foster a sustainable economic recovery after the pandemic.

Everyone has a part to play in fighting [climate change](#). The [European Climate Pact](#), launched in December, aims to help bring about a change in behaviour, from the individual to the largest multinational. It gives every citizen fighting climate change, and especially young people, a role in designing new climate actions, sharing information and supporting existing and new activities and solutions.

Research and innovation helping to deliver the European Green Deal

The [Innovation Fund](#) is one of the world's largest funding programmes for demonstrating innovative low-carbon technologies. It is not a research programme; rather it aims to bring highly innovative technologies to the market. The fund's revenues come from the auctioning of 450 million EU Emissions Trading System allowances from 2020 to 2030. The fund may amount to about €10 billion, depending on the carbon price. In 2020, the Innovation Fund's [first call for proposals](#) for large-scale projects offered over €1 billion for clean-technology projects. Another €100 million [call for small-scale projects](#) opened on 1 December for breakthrough technologies for renewable energy, energy-intensive industries, energy storage and carbon capture, use and storage.

In the last and biggest call under Horizon 2020, [€1 billion will be invested](#) in projects that help deliver the European Green Deal, provide more protection to Europe's biodiversity and habitats and accelerate a sustainable recovery.

Financing the sustainable transition

Becoming climate neutral by 2050 requires massive public investment and increased efforts to direct private capital towards climate and environmental action. Reorienting private capital to more sustainable investments requires a comprehensive rethink of how our financial system works. This is necessary if the EU is to develop more sustainable economic growth, ensure the stability of the financial system and foster more transparency and long-termism in the economy. This thinking is also at the heart of the EU's Capital Markets Union project.

In January, the Commission announced the [European Green Deal Investment Plan](#), which will mobilise public investment and help to unlock private funds through EU financial support, leading to at least €1 trillion in sustainable investment over 10 years.

The plan is based on three dimensions. First, as regards financing, a greater share of spending on climate and environmental action from the EU budget than ever before will crowd in private funding, with a key role to be played by the European Investment Bank. In addition to financing, the plan will provide incentives to unlock and redirect public and private investment.

Second, as regards 'enabling', the EU will provide tools to investors by putting sustainable finance at the heart of the financial system, and will facilitate sustainable investment by public authorities by encouraging green budgeting and procurement, and by designing ways to facilitate procedures to approve State aid for just-transition regions. Third, the Commission will provide practical support to public authorities and project promoters in planning, designing and executing sustainable projects.

While all regions will require funding, and the European Green Deal Investment Plan caters for that, the [Just Transition Mechanism](#) will provide targeted support to help mobilise at least €100 billion in investment over the 2021–2027 period, to help those regions, industries and workers that will face the greatest challenges in shifting to a climate-neutral economy. The European Commission is supporting the Member States in preparing the territorial just transition plans that must be drawn up to access the relevant funding.

Thanks to [new legislation](#) (the Taxonomy Regulation), work is under way to create the world's first classification system for sustainable economic activities. This is a game changer, since it means that investors and industry will now have a common definition of what is 'green', giving a real boost to investments in green and sustainable projects.

Powering a climate-neutral economy

To achieve its 2050 climate goals, Europe needs to transform its energy system, which accounts for 75 % of the EU's greenhouse gas emissions. During the year, the Commission launched several initiatives to decarbonise the energy sector.

Recognising that the EU's energy system is too rigid and wasteful, in July the Commission published a [Strategy for Energy System Integration](#). This focuses on three main pillars: large-scale electrification, more circularity and the development of green gases and fuels (like hydrogen).

These steps will increase the flexibility of the system, enable challenging sectors to decarbonise and help to integrate the increasing amount of renewable energy that will enter the grid in the coming years. This connected and flexible system will be more efficient, and will reduce costs for society. For example, electricity to fuel Europe's cars could come from the solar panels on houses.

In parallel, the Commission launched a [strategy](#) to stimulate the development of renewable hydrogen, which will play an important role in reaching the 2050 climate-neutrality goal, especially in economic sectors where electrification is more difficult, such as heavy industry and some areas of transport.

The Commission also launched the [European Clean Hydrogen Alliance](#) to channel investments into clean hydrogen production, bringing together industry, public authorities, civil society and other stakeholders.

Making our buildings more sustainable

The [Renovation Wave](#) strategy was launched in October to improve the energy performance of buildings, which account for 40 % of the EU's energy use and 36 % of energy-related carbon dioxide (CO₂) emissions. Doubling renovation rates in the next 10 years will significantly cut emissions, create jobs and boost growth, which makes Renovation Wave one of the recovery package's flagship initiatives. It will improve quality of life for people living in and using the buildings, and will promote digitalisation and boost the reuse and recycling of materials. By 2030, 35 million buildings could be renovated and up to 160 000 additional green jobs created in the construction sector.

The Commission's [recommendation on energy poverty](#) of 14 October aims to help the nearly 34 million people in the EU who are unable to afford to heat their homes. The [New European Bauhaus](#) will be another driving force to bring the European Green Deal to life. It will be a forum, an experimentation lab and a networking hub, where designers, architects, artists, scientists, engineers and students will meet to explore ideas for sustainable living.

Renewable energy

In its [assessments of Member States' energy and climate plans](#), published in October, the Commission underlined the need for greater ambition to meet the EU's goals. The [decarbonisation of the power sector](#) through renewable energy is one of the key elements of the European Green Deal.

Offshore renewable energy is among the technologies with the greatest potential to be scaled up, given the great number and variety of sea basins in the EU and the steadily falling costs of new installations. The EU [Strategy on Offshore Renewable Energy](#), published in November, assesses the potential of the sector and proposes ways to support its long-term development. The strategy aims to reach 300 gigawatts of offshore wind energy and 40 gigawatts of ocean energy, such as wave and tidal, by 2050. Developing abundant, natural and clean [offshore energy](#) will show that strengthening the blue economy and protecting marine nature can go hand in hand.

In the past 10 years, the EU has improved cross-border energy infrastructure thanks to the trans-European networks for energy. Ninety-five energy infrastructure projects (known as projects of common interest) have received €4.7 billion of funding from the [Connecting Europe Facility](#). The [Commission's proposal of December 2020](#) brings its energy network rules into line with the European Green Deal's objectives. The proposed new regulation will help the EU reach its emissions-reduction target by promoting the integration of renewables and new clean-energy technologies into the energy system.

The EU announced investments of nearly €1 billion in 10 [energy-infrastructure projects](#), under the Connecting Europe Facility. The bulk of the funding will go towards building the [Harmony Link](#), a power cable connecting Lithuania and Poland through the Baltic Sea that will reduce the region's over-reliance on a single source of energy imports by connecting it to the rest of the European Union.

Sustainable production and consumption

New Circular Economy Action Plan

The European Green Deal is not only about cutting emissions, but also about modernising our economy, society and industry and building a stronger and more sustainable world. In March, as part of the European Industrial Strategy package, the Commission published a new [Circular Economy Action Plan](#) to make the EU's economy fit for the green future; strengthen its competitiveness while protecting the environment; and give new rights to consumers. It addresses the entire life cycle of products, from design and manufacturing to consumption, repair, reuse, recycling and bringing resources back into the economy.

Up to 80 % of a product's environmental impact is determined at the design stage. Therefore, products sold in the EU should be designed to last longer, to be easier to reuse, repair and recycle and to incorporate as much recycled material as possible. The action plan focuses on areas where there is the most potential for circularity, such as electronics, batteries and vehicles, packaging, plastics, textiles, construction and food. Delivering its first initiative among the actions, in December, the Commission [proposed](#) mandatory requirements to make all batteries more sustainable and safer throughout their entire life cycle. The Circular Economy Action Plan also aims to ensure that consumers have information on the reparability and durability of products, along with a right to repair.

2020 also saw the launch of the [European Circular Bioeconomy Fund](#), which raised €175 million to foster sustainable innovations in support of the European Green Deal. An initiative of the Commission and the European Investment Bank, to which the Commission is contributing €100 million from Horizon 2020, it is the first investment fund exclusively focused on the circular bioeconomy in the EU.

Ensuring access to critical raw materials

Reliable access to raw materials is essential to ensure successful green and digital transitions. As a result, demand in the EU for many types of raw materials will rise dramatically. For example, demand for lithium – key to e-vehicle and phone batteries – could rise sixtyfold by 2050, and tenfold for rare-earths magnets used in e-vehicles, digital technology and wind generators. With the launch of the [Action Plan on Critical Raw Materials](#), and the European Raw Materials Alliance, the Commission aims at reducing dependency on countries outside the EU, diversifying supply sources and improving resource efficiency, while promoting responsible sourcing worldwide.

Sustainable food and agriculture

The [Farm-to-Fork Strategy](#) proposed in May aims to make the EU's food systems more sustainable and resilient by 2030 and to ensure that agriculture, fisheries and aquaculture contribute appropriately to the EU's climate goals. It aims to reward those farmers, fishers and other operators in the food chain who have already undergone the transition to sustainable practices. It also seeks to enable the transition for others and to create additional opportunities for their businesses.

By setting ambitious targets for priority areas across the food chain, the EU aims to lead the way towards a healthier and more sustainable world. The strategy includes steps to provide better consumer information and to encourage industry to increase the availability and affordability of nutritious, sustainable food.

The strategy aims to reduce both the use and risk of pesticides and of nutrient losses by 50 % by 2030. It also aims to reduce sales of antimicrobials for farmed animals and in aquaculture by 50 %, and for 25 % of agricultural land to be used for organic farming. Improving animal welfare and reducing the EU's environmental footprint are among the other ambitions. €10 billion under Horizon Europe will be invested in research and innovation related to food, the bioeconomy, natural resources, agriculture, fisheries, aquaculture and the environment.

CO₂ is not the only greenhouse gas emission that we must reduce. Methane is second only to CO₂ in its contribution to climate change, so the new [Methane Strategy](#) is crucial to meeting the EU's goal to cut emissions by at least 55 % by 2030. The strategy focuses on reducing methane emissions in the agriculture, waste and energy sectors. It will combine cross-sectoral and sector-specific actions within the EU and internationally.

Protecting the environment and biodiversity

Biodiversity

The ambitious new [Biodiversity Strategy](#) proposed in May tackles the key drivers of loss, such as unsustainable use of land and sea, overexploitation of natural resources, pollution and invasive alien species.

The strategy proposes to set binding targets to restore damaged ecosystems and rivers, improve the health of EU protected habitats and species, bring back pollinators to agricultural land, reduce pollution, green our cities, enhance organic farming and improve the health of European forests. It aims to put Europe's biodiversity on the path to recovery by 2030, including transforming at least 30 % of land and sea in the EU into effectively managed protected areas and bringing back at least 10 % of agricultural area under high-diversity landscape features.

In March, the Commission launched the [Global Coalition for Biodiversity](#). Hundreds of national parks, aquariums, botanic gardens, zoos and science and natural-history museums are joining forces to boost public awareness of the crisis in the natural world. At the [UN Summit on Biodiversity](#) in September, more than 70 Heads of State or Government, including President von der Leyen, endorsed the [Leaders' Pledge for Nature](#), committing to 10 decisive actions to address the nature emergency.

A toxin-free environment

To better protect people and the environment, and boost innovation for safe and sustainable chemicals, the Commission presented the [Chemicals Strategy for Sustainability](#) in October. Chemicals are essential to modern life and used in many sectors, including health, energy, transport and housing. However, some can harm the environment and human health. The EU already has sophisticated chemicals laws in place, but global production is forecast to double by 2030 and their use in consumer products will also increase. The strategy is the first step towards a zero-pollution ambition and toxin-free environment as announced in the European Green Deal.

Sustainable and smart mobility

Transport and mobility play a vital role in people's lives and in the EU economy, but not without some costs to society. Negative effects – such as greenhouse gas emissions, air and water pollution, accidents, congestion, noise and biodiversity loss – affect health and well-being. Today, transport accounts for a quarter of the EU's total greenhouse gas emissions. To reach the EU's climate-neutrality goal, these emissions need to decrease by 90 % by 2050. This will require a shift in the way people and goods move in Europe. Innovation and digitalisation will have a key role to play in achieving this.

The Commission's [Sustainable and Smart Mobility Strategy](#), published in December, sets out a pathway to build a green, digital and resilient transport system for generations to come. The strategy also sets out much-needed reforms, policies and actions to support the recovery of the transport sector, which was among those hardest hit by the pandemic. Concrete milestones will keep the European transport system on track to a smart and sustainable future.

Cleaner and safer vehicles

[Stricter rules](#) on the amount of CO₂ new passenger cars and vans can emit began to apply in January. These vehicles produce around 12 % and 2.5 %, respectively, of the EU's total CO₂ emissions. The expected benefits by 2030 include a 23 % reduction in emissions from road transport compared to 2005, along with 60 000 new jobs (up to 80 000 if batteries are produced in the EU). A [proposal for stricter CO₂ emissions standards](#), in line with the higher ambition for overall reductions by 2030, was announced for 2021. The Commission is also working towards [ambitious new standards for pollutant emissions by cars](#), announced for 2021.

New rules in place since January require new car models to be [equipped with advanced technology features](#) from July 2022 to help to improve safety and reduce accidents. In addition, [new rules](#) to ensure all cars meet safety, environmental and production requirements before they are put on the market started to apply from September 2020. These rules include more checks on cars already on the market and introduce European Union oversight, including allowing the Commission to order EU-wide recalls and to impose sanctions on car manufacturers that break the law, with fines of up to €30 000 per car.

The EU's digital transformation

Digital technology has never been more important in our lives. During the COVID-19 crisis it has proved invaluable for keeping people connected and businesses working, and has marked a turning point in how technology is used in education and training. Supercomputers are helping to predict the evolution of the pandemic, and contact-tracing and warning apps can play a role in helping to interrupt the transmission chain of the virus.

The pandemic has also highlighted the importance of developing the digital skills of all EU citizens and improving access to high-speed internet for homes, businesses and public services. European start-ups built on digital technology can unlock innovative solutions for other small and medium-sized enterprises and larger industries needed for this transformation. Digital technologies are also crucial to achieving the EU's climate objectives, including through smart energy systems, precision farming and smart mobility.

The European Digital Strategy

The groundwork for the digital transformation has already been laid, with steady progress in the [Digital Single Market](#) bringing real benefits for consumers and businesses across the EU and beyond. The Commission is determined to make the 2020s Europe's Digital Decade. In her [State of the Union address](#), President von der Leyen called for the EU to lead the way on digital innovation with a common plan and clearly defined goals for 2030, for example in relation to connectivity, skills and digital public services. Under the EU's recovery instrument, NextGenerationEU, Member States are asked to invest 20 % of their financial support from the Recovery and Resilience Facility in the digital transformation (see also Chapter 1).

In 2020, the Commission launched the [European Digital Strategy – Shaping Europe's digital future](#). It announces new policies and initiatives to ensure the EU capitalises on the benefits that technology can bring to people, the economy and society, while preserving our most valuable assets: democracy, fairness, inclusiveness and the European social model.

The strategy highlights how digital solutions could advance the sustainability objectives of the European Green Deal, and paves the way for the EU to become a global role model for the digital economy. These actions will open up new opportunities for businesses while focusing on developing technology in ways that respect people's rights and earn their trust.

The success of the EU's digital transformation will depend on establishing effective frameworks to ensure trustworthy technologies, and to give businesses the confidence and means to digitise. The [Data Strategy](#) and the [White Paper on Artificial Intelligence](#) are the first pillars of the new European Digital Strategy. They focus on the need to put people first in developing technology, and on the need to defend and promote European values and rights in how we design, make and deploy technology.

EU internet rules fit for the digital age

In December, the Commission proposed an ambitious reform of the digital space – a comprehensive set of new rules for all digital services, including social media, online market places and other online platforms that operate in the European Union: the [Digital Services Act](#) and the [Digital Markets Act](#). Under the Digital Services Act, binding EU-wide obligations will apply to all digital services that connect consumers to goods, services or content, including new procedures for the faster removal of illegal content and comprehensive protection for users' fundamental rights online. The new

framework will rebalance the rights and responsibilities of users, intermediary platforms and public authorities. It puts EU citizens at the centre and is based on EU values, including respect for human rights, freedom, democracy, equality and the rule of law. The proposal is complemented by the [European Democracy Action Plan](#), which aims at making democracies more resilient.

The Digital Markets Act addresses the negative consequences arising from certain behaviours by platforms acting as digital gatekeepers to the Single Market. These platforms have a major impact on the Single Market, serve as an important gateway for business users to reach their customers and enjoy an entrenched position. This can grant them the power to act as private rule-makers and to function as bottlenecks between businesses and consumers. Through the Digital Markets Act, new rules will define and prohibit those unfair practices by gatekeepers. The aim is to create a level playing field for large online platforms and to allow EU start-ups to grow, scale up and compete, and as a result to ensure better prices, quality, choice and innovation for users.

The Commission also adopted the [Media and Audiovisual Action Plan](#) in December, to support the recovery and the digital transformation of EU media. It will complement existing actions to support [media freedom](#) and [media and digital culture](#).

During the year, several important pieces of legislation started to apply across the EU. These include the first-ever set of [rules](#) for smaller businesses and traders on online platforms, and [rules](#) governing the EU-wide coordination of national legislation on all audiovisual media and on the [accessibility of websites](#) of public-sector bodies. Legislation establishing a clear set of [rules for telecom services](#), offering more protection for consumers and fostering investments in new generation networks, also came into effect.

Cybersecurity and data protection

With cyberthreats increasing during the pandemic, the EU proposed action on several fronts. In February, the Commission adopted its communication on [shaping Europe's digital future](#), which placed a high level of cybersecurity at the centre of the EU's digital transformation, and on 16 December it announced a new EU Cybersecurity Strategy.

The Cybersecurity Strategy for the Digital Decade describes how the EU can harness and strengthen all its tools and resources to be technologically sovereign and step up its cooperation with partners around the world. It calls for cybersecurity to be integrated into all digital investments planned during the 2021–2027 budget period, along with initiatives in three areas of EU action: promoting resilience, technological sovereignty and leadership; building operational capacity to prevent, deter and respond; and advancing a global and open cyberspace. These initiatives include the Joint Cyber Unit, a 'Cyber Shield' of linked security operations centres for detecting early signs of attack, and stepping up leadership in ensuring a global and open internet.

President von der Leyen has also announced a proposal for a [Joint Cyber Unit](#) to further coordinate cybersecurity operational capabilities across the EU. The European Digital Strategy also includes a review of the [Regulation on electronic identification and trust services for electronic transactions](#), which concluded open public consultations in 2020. The strategy was accompanied by the review of the [Directive on Security of Network and Information Systems](#), the first piece of EU-wide legislation on cybersecurity.

Sanctions are one of the options available in the EU's cyber diplomacy toolbox to prevent, deter and respond to malicious cyber activities directed against the EU or its Member States. In July, the [Council applied sanctions](#) for the first time against six individuals and three entities over various cyberattacks. The sanctions imposed included a travel ban and an asset freeze. In addition, EU persons and entities are forbidden from making funds available to those listed.

The [Commission's report](#) on the first 2 years of the General Data Protection Regulation found that it had met most of its aims, in particular by offering citizens a strong set of enforceable rights and by creating a new EU system of governance and enforcement.

Harnessing the power of data

Data provide an essential resource for competitiveness, for job creation and for improving society in general. Data-driven innovation will bring enormous benefits for citizens, for example through improved personalised medicine, smart mobility and its contribution to achieving the EU's goal of climate neutrality by 2050.

Access to the ever growing volume of data and the ability to use it are essential for innovation and economic growth. The [European Strategy for Data](#) aims to create a true European data space, a single market in which data can flow freely within the EU and across sectors. [Common European data spaces](#) in various sectors, such as health, the environment and security, will ensure that more data become available for [use in the economy and society](#), while keeping those companies and individuals who generate the data in control. This will also increase the EU's technological sovereignty in key enabling technologies and infrastructure for the data economy, while contributing to the development of trustworthy artificial-intelligence applications. To achieve this, in November the EU proposed a regulatory framework for [data governance](#), access and reuse between individual businesses, between businesses and government, and within administrations.

Artificial intelligence and supercomputers

Data are the fuel for new technologies, including artificial intelligence, which can improve our lives, for example through more accurate medical diagnosis, increasing the efficiency of farming and more efficient manufacturing. Artificial intelligence is developing fast, which is why the EU needs not only to maintain, but also to increase its level of investment. At the same time, it entails potential risks that need to be addressed to ensure it is used in a way that earns people's trust. As outlined in the [White Paper](#) on the subject, the EU will lead in developing artificial intelligence based on excellence and trust. The Commission supports a regulatory and investment approach with the aim of both promoting the uptake of artificial intelligence and addressing the risks associated with certain uses of this new technology. To achieve these objectives, and based on the results of a [public consultation](#), a legislative proposal and an updated [plan to coordinate efforts with Member States](#) will be presented in 2021.

From helping to predict the evolution of the pandemic and find a [treatment for COVID-19](#) to better understanding neurological disorders or predicting and monitoring the effects of global warming, [supercomputers play an important role in our lives](#). As part of Europe's Digital Agenda, the Commission published a proposal in September to help the EU maintain its leading role in [supercomputing](#) technology, including an €8 billion investment in next-generation supercomputers.

Faster and better connections for people in the EU

In September, the Commission published a [recommendation](#) calling on Member States to boost investment in very-high-capacity broadband-connectivity infrastructure, including 5G, which is the most fundamental building block of the digital transformation and an essential pillar of the recovery. The recommendation invites Member States to develop a common approach, in the form of a toolbox of best practices, by the end of March 2021.

It is vital to ensure the security of the EU's 5G networks. In January, the EU endorsed the joint [toolbox](#) of measures agreed by Member States to address security risks related to the rollout of 5G. According to a [report](#) published in December, most Member States are already well on track to implement the recommended measures. Coordinated work on securing 5G networks at the EU level will continue.

Skills for the digital age

Everyone needs digital skills, not just to face the current pandemic, but also because of the demand for digital literacy in today's workplace and society. One in five young people across the EU fails to reach a basic level of digital skills, and many low-income homes have no access to computers. The [European Skills Agenda](#) has set several objectives to be achieved by 2025, one of which is that 70 % of people aged 16–74 should have at least basic digital skills, up from 56 % in 2019.

Based on the lessons learnt from the coronavirus pandemic, the Commission's new [Digital Education Action Plan](#) will support people, education and training institutions and Member States in their efforts to adapt to the digital transition. (See Chapter 5 for more information.)

Investment and reforms in adapting education systems to support digital skills and educational and vocational training for all ages are also at the heart of recovery efforts. The Commission encourages Member States to include such investments and reforms in their recovery and resilience plans.

Digital finance

EU consumers and businesses are increasingly using digital financial services for many different purposes – even more so during the pandemic. The Commission aims to boost responsible innovation in the EU's financial sector, especially for highly innovative digital start-ups, while mitigating any potential risks relating to investor protection, money laundering and cybercrime.

In September, the Commission adopted a [set of measures](#) to make the EU's financial services more digital friendly and to stimulate responsible innovation and competition among financial service providers in the EU. This included a strategy on retail payments and legislative proposals on crypto-assets and digital financial resilience. These measures aim to boost the EU's competitiveness in the financial sector and to give people access to innovative financial products and payment methods, while ensuring consumer protection and financial stability. In keeping with the Commission's broader Data Strategy, and its deployment of trusted blockchain applications for public services, the aim is to promote data sharing and open finance while maintaining the EU's very high standards on privacy and data protection. The measures will be crucial for the EU's economic recovery, as they will unlock new channels of funding for business while helping deliver the European Green Deal, Europe's digital transition and the [new Industrial Strategy for Europe](#).

Chapter 3

Protecting people and freedoms

The COVID-19 pandemic led to a severe economic shock in the European Union. As a result, poverty, social exclusion and inequalities are likely to rise. The social impacts of the pandemic are being felt by millions of people in the EU. The European Union kept citizens at the heart of its decision-making in 2020, and took action to ensure an inclusive and fair recovery for all, one that prioritises health and security.

Throughout the year, the EU launched many new initiatives spanning healthcare, social integration and the fight against threats to security.

Building a European Health Union

It is up to the Member States to define their own health policies, with the EU playing a supporting role in improving public health, tackling non-communicable diseases such as cancer and combating serious cross-border threats to health. However, the COVID-19 pandemic has shown the need to step up EU coordination before, during and after a health crisis. An uncoordinated approach does not allow Member States to provide their citizens with the best level of protection and care in a crisis.

In her September [State of the Union address](#), President von der Leyen announced a stronger [European Health Union](#) as a priority in the years ahead. This will not only serve to strengthen our responses to crises, but will go much further to improve all aspects of citizens' health, by tackling cancer through [Europe's Beating Cancer Plan](#) (to be adopted in 2021), and addressing the availability and affordability of medicines through the [Pharmaceutical Strategy](#). A stronger European Health Union would maximise efforts to counter the vulnerabilities in our health systems.

Preparing for and responding to health emergencies

In a first step towards the European Health Union, in November the European Commission presented proposals to help the EU prepare for and respond better to cross-border health threats. Declaring an EU-level emergency could, in the future, trigger closely coordinated response measures. Better preparedness requires better data, well-planned resources and expertise, which is why the Commission proposed to give a bigger role to the EU health agencies: the [European Centre for Disease Prevention and Control](#) and the [European Medicines Agency](#). The Commission also envisages proposing to set up a dedicated agency to respond to biomedical emergencies: the Health Emergency Response Authority.

A lack of access to data and limited capacity to respond adequately to large-scale outbreaks has been hampering the European Centre for Disease Prevention and Control during this pandemic. A stronger European Medicines Agency would be better placed to secure supplies of medicines, advise on emerging treatments and coordinate clinical trials during a health crisis.

A Pharmaceutical Strategy for Europe

The Commission adopted its [Pharmaceutical Strategy for Europe](#) on 25 November, to ensure that patients have access to innovative and affordable medicines while supporting the competitiveness, innovation and sustainability of the EU's pharmaceutical industry. The strategy will allow the EU to

cover its pharmaceutical needs, including in times of crisis, through robust supply chains. Also, as a key part of the European Health Union, it will help establish a future-proof and crisis-resilient EU pharmaceutical system, including by drawing lessons from the COVID-19 pandemic.

Strengthening our democracy

In a healthy and thriving democracy, citizens can freely express their views, choose their political leaders and have a say about their future. For participation to be meaningful, citizens must also be able to form their own judgements. They should be able to make electoral choices in a public sphere where a plurality of views can be expressed openly and where free media, academia and civil society can play their role in stimulating debate, free from malign interference, either domestic or foreign. Recent years have shown that democracy in the EU is facing challenges ranging from rising extremism and election interference to the spread of manipulative information and threats against journalists.

The [European Democracy Action Plan](#) will empower citizens and strengthen democracy across the EU. Standing up to challenges to our democratic systems and the perceived distance between people and politicians, the action plan sets out measures to promote free and fair elections, strengthen media freedom and counter disinformation. These measures will help address those areas in which our democratic systems and citizens are most vulnerable.

More concretely, to help protect the integrity of elections and promote democratic participation, the action plan announces new legislative proposals to ensure greater transparency of political advertising and to revise the rules on the funding of European political parties. Through the [European cooperation network on elections](#), the Commission will also put in place a joint mechanism to counter threats to electoral processes.

In the area of media freedom and pluralism, the Commission will also issue a recommendation on improving the online and physical safety of journalists, with a focus on new threats, in particular against women journalists, and will present an initiative to protect journalists and civil society against strategic lawsuits against public participation.

Other measures to [promote media pluralism](#) include setting up a Media Ownership Monitor, guidance on the transparency of media ownership, promoting transparent and fair allocation of state advertising, fostering media diversity and implementing a European approach on the prominence of audiovisual media services of general interests. The Commission will support cooperation between national media councils, independent media regulators, other media self-regulatory bodies and networks of journalists, along with initiatives to promote journalistic partnerships and standards.

Lastly, the Commission will step up its efforts to counter disinformation and foreign interference. The EU's work in this area will continue to be firmly rooted in European values and principles, and will fully safeguard people's right to express opinions and access legal content online. Concretely, the Commission will steer the work to strengthen the existing [Code of Practice on Disinformation](#). It will issue clear guidance to platforms on how to increase action against disinformation and will introduce a robust framework for monitoring and oversight. The Commission will also work with Member States to develop and strengthen the EU's toolbox for countering foreign influence and interference.

A healthy democracy relies on citizens' engagement and an active civil society, and not just at election time. Throughout the action plan there is a strong emphasis on empowering citizens and

civil society. This focuses on developing media literacy to help citizens of all ages to navigate the news environment, and on encouraging participation at the local, national and EU levels.

The [European Digital Media Observatory](#) was launched in June to support the work of independent fact checkers and academic researchers, while collaborating with media organisations and media-literacy experts. The aim is for the [observatory](#) to become the European hub to fight online disinformation.

Safeguarding the rule of law

In September, the Commission published its [first annual report on the rule of law](#). It includes country-specific chapters for all Member States and assesses both positive and negative developments across the EU. It shows that while many Member States have high rule-of-law standards, important challenges remain. The report also takes into account the developments stemming from the emergency measures taken by Member States due to the coronavirus crisis. The report covers four main pillars with a strong bearing on the rule of law: national justice systems; anti-corruption frameworks; media pluralism and freedom; and other institutional issues related to the checks and balances essential to a functioning democracy.

The aim of the new Rule of Law Report is to extend the existing EU measures through a new preventive tool and to start a debate on rule-of-law culture across the EU. It should help all Member States examine how challenges can be addressed and how they can learn from each other's experiences, and show how the rule of law can be further strengthened in full respect of national constitutional systems and traditions.

In January 2020, in the context of a pending case regarding the disciplinary regime for Polish judges, the Commission asked the Court of Justice to impose interim measures on Poland, ordering it to suspend the activity of the Disciplinary Chamber of the Supreme Court in disciplinary proceedings against judges. The decision was taken in view of the preliminary ruling of the Court of Justice on 19 November 2019 on the independence of this new Disciplinary Chamber, and the subsequent December 2019 ruling of the Polish Supreme Court that the Chamber does not meet the requirements of EU law on judicial independence, and is therefore not an independent court within the meaning of EU law. The continued activity of the Disciplinary Chamber in disciplinary proceedings against judges created a risk of irreparable damage to Polish judges and of undermining the independence of the Polish judiciary. The Commission's request was granted by the Court in its decision of 8 April 2020.

By sending a Letter of Formal Notice in April, the Commission launched infringement proceedings against Poland regarding the law on the judiciary of 20 December 2019, which entered into force on 14 February 2020. The Commission considered that this law undermines the independence of Polish judges and is incompatible with the primacy of EU law. The new law prevents Polish courts from directly applying certain provisions of EU law protecting judicial independence, and from referring preliminary rulings on such questions to the Court of Justice. The Commission analysed the reply of the Polish government to the Letter of Formal Notice, and since its concerns were not addressed, the Commission moved to the second step in the infringement procedure, sending a reasoned opinion to Poland on 30 October 2020.

In addition, on 3 December 2020 the Commission sent an additional Letter of Formal Notice to Poland as part of the infringement procedure regarding, *inter alia*, recent decisions of the Disciplinary Chamber of the Supreme Court concerning the lifting of immunity of judges in the context of criminal investigations.

Engaging with citizens

In December, the European Parliament, the Council and the Commission agreed on a [reinforced Transparency Register](#) common to the three institutions. This will increase transparency and public scrutiny of how the EU institutions interact with representatives of interest groups.

Conference on the Future of Europe

The EU's success and resilience depend on the support and engagement of its citizens. Giving Europeans a greater say in building the future of our Union is one of President von der Leyen's political priorities. In 2020, the EU prepared to launch the Conference on the Future of Europe, to engage with citizens on the shaping of EU policies. The Commission set out its [proposals](#) in January, and preparations continued during the year.

The conference will enable Europeans from all walks of life and all corners of the EU to voice their opinions and make proposals on the future of our continent. It aims to engage with as many people in Europe as possible, especially young people and those who do not usually engage in European issues. Debates will take place at all levels: local, regional, national and EU. President von der Leyen has committed to following up on what is agreed.

European Citizens' Initiative

In July, the Parliament and the Council took steps to address the effects of the COVID-19 pandemic on how the [European Citizens' Initiative](#) works. Restrictions on movement imposed in Member States for health reasons hindered the ability of organisers to hold campaign events for their initiatives and collect signatures on paper. The new rules allow for an extension of the collection periods of citizens' initiatives affected by the pandemic.

A better deal for consumers

The [New Consumer Agenda](#) adopted by the Commission in November sets out the actions that the EU will take in response to new challenges brought on by COVID-19 and the digital and green transitions, including environmental and sustainability concerns, effective enforcement of consumer rights and protection of vulnerable consumers. Putting these proposals into practice will mean closer cooperation between the EU and national authorities and improvements in the governance of EU consumer policy. In November, the Parliament and the Council adopted a [directive](#) that will create a new European system for collective redress, which will make it easier for organisations to defend the collective interests of consumers by bringing actions in courts or with the relevant authorities on behalf of consumers harmed by breaches of EU law.

Improving EU customs

Customs play a vital role in facilitating the smooth and safe flow of goods, while stopping unsafe or illegal products from entering the EU. Customs revenues also contribute to the EU budget. In September, the Commission unveiled a new [Customs Union Action Plan](#), setting out a series of measures to make EU customs smarter, more innovative and more efficient. These aim to better protect citizens' and public budgets, while removing unnecessary burdens for businesses, traders and administrations. In October, the Commission presented the first concrete deliverable from the action plan. The [Single Window Environment](#) will improve the interconnection between all authorities at the EU borders, and will allow businesses to complete border formalities through one single portal in a Member State.

A New Pact on Migration and Asylum

In September, the Commission proposed a [New Pact on Migration and Asylum](#). It responds to the need for structural reform of the EU's migration policy, making sure it can address current and future challenges while fully respecting European values and fundamental rights. It ensures that those in genuine need of protection will have the right to stay in the EU, while others will have to return in an effective and dignified manner.

The new pact includes all the elements needed for a comprehensive EU approach to migration, including more effective asylum and return procedures, reinforced border management, strengthened legal migration pathways to the EU, the integration of migrants into society and stronger partnerships with non-EU countries. It will also improve solidarity and the fair sharing of responsibility between the Member States, increase cooperation and coordination on search and rescue, and put in place a response system to address crisis situations and a permanent migration monitoring system. The proposed solidarity mechanism will ensure that all Member States receive the help they need when facing migratory pressure, or following search-and-rescue operations.

The pact also aims to enhance mutually beneficial partnerships with countries of origin and transit to help address shared challenges, such as supporting host communities, addressing the root causes of irregular migration, combating migrant smuggling, supporting border management and developing legal pathways.

It has also helped reinforce EU border management by building on the implementation of the [European Border and Coast Guard Regulation](#), including by readying the Border and Coast Guard standing corps for its first deployment on 1 January 2021 and by preparing the multiannual strategic policy cycle for [European integrated border management](#).

The new pact introduces screening at the external borders of the EU and within the territory of the Member States, with identification, security and health checks for non-EU nationals who cross the external borders irregularly or request international protection. To ensure strong external borders, it also provides for the implementation of new and improved IT systems (and their interoperability) to keep track of arrivals and asylum applicants and to improve security. Saving lives at sea remains a priority: the pact addresses the challenges of search and rescue in the Mediterranean, in particular managing people rescued at sea who disembark on EU territory.

At the first-ever [Schengen Forum](#), convened on 30 November by the Commission, Members of the European Parliament and home affairs ministers met via videoconference to discuss how to tackle the challenges faced in the Schengen area.

Protecting people in need

The New Pact on Migration and Asylum makes several proposals to ensure the protection of people in need, including the most vulnerable. The first step will be the adoption of the 2016 Commission proposals on amending the [Reception Conditions Directive](#), the [Resettlement Framework Regulation](#) and the [Qualification Regulation](#). It also ensures that the best interests of child migrants are prioritised in the context of asylum, return and border procedures. During 2020, this was made a reality through the relocation of 2 209 unaccompanied children, families, vulnerable asylum seekers and recognised refugees from Greece to other EU Member States, with the support of the European Commission.

Following the fires that destroyed the Moria reception and identification centre in September, the Commission acted immediately. It financed the [transfer of all 406 of the unaccompanied minors from Moria to the mainland](#), while continuing to coordinate and finance voluntary relocations from Greece to 13 Member States, Iceland, Norway and Switzerland. In addition, the Commission, in full agreement with the Greek authorities, [set up a dedicated task force](#) to support migration management in Greece in a sustained way. Its first priority was to implement a [joint pilot with the Greek authorities](#) to build a new reception facility on Lesbos, which will help to ensure effective migration management.

Safe and legal pathways to Europe

The pact stresses the need to complete the pending reform of the EU Blue Card Directive, to attract the highly skilled talent that EU economies need, and announces the adoption of a Skills and Talent package in 2021. The Commission also proposes to launch talent partnerships to support mobility and migration schemes with key non-EU countries. The EU will facilitate and coordinate the partnerships by providing funding and support.

In 2020, [34 million people](#) living in the EU (or 8 % of the population) were born in a country outside the EU. Part of a healthy and fair system of migration management is ensuring that everyone who is legally in the EU can participate in and contribute to the well-being, prosperity and cohesion of European societies. Such a system fosters social cohesion and economic dynamism, and sets positive examples of how the EU can manage the impacts of migration and diversity by building open and resilient societies.

While integration policy is primarily the responsibility of the Member States, the Commission is stepping up its support for them with a new [Action Plan on Integration and Inclusion for 2021–2027](#). Based on a broad consultation, it addresses integration and social inclusion in areas such as employment, education, health, housing, equality, culture and sport.

New rules on visa procedures

EU Member States are among the world's leading tourist destinations. The number of visa applications processed increases every year, and this trend is likely to continue once the COVID-19-related global restrictions are lifted. The [new rules on short-stay visas](#) that became applicable in February make it easier for legitimate travellers to apply for a visa to come to the EU, while providing more tools to counter irregular migration. In addition, the EU can now adapt the application of certain rules to how a non-EU country cooperates on the return and readmission of their nationals staying irregularly in the EU.

Security and defence

In July, the Commission set out a new [EU Security Union Strategy](#) for 2020–2025, focusing on areas where the EU can more effectively support Member States in fostering security for everyone living in the European Union. The strategy sets out the tools and measures to be developed over the next 5 years to ensure security for all in both the physical and the digital environments. The scope of the strategy ranges from combating terrorism and organised crime to preventing and detecting hybrid threats, increasing the resilience of our critical infrastructure, promoting cybersecurity and fostering research and innovation.

The fight against organised and cross-border crime

The Commission stepped up the fight against organised crime and international criminals in 2020 by launching initiatives on several different fronts. Recent years have seen a dramatic increase in reports of online child sexual abuse in all Member States, with indications that the problem has become even more serious because of the pandemic. In July, the Commission adopted [a new EU Strategy for a More Effective Fight against Child Sexual Abuse](#). It focuses on ensuring that the right legal framework is in place, strengthening the response of law enforcement and galvanising a coordinated response on prevention, investigation and assistance for victims that includes all relevant actors. In September, the Commission also proposed interim legislation to ensure that providers of online communications services can continue to apply voluntary measures for the [detection and reporting of child sexual abuse online](#) and the removal of child-sexual-abuse material.

The EU has been coordinating action to counter firearms trafficking for several years, but new threats demand new actions. In July, the Commission adopted a new [2020–2025 EU Action Plan on Firearms Trafficking](#), focusing on reducing access to the firearms black market and improving law-enforcement capacity and international cooperation. The Commission aims to tackle the rise in drug trafficking and use of illicit drugs in Europe with the new [EU Agenda and Action Plan on Drugs 2021–2025](#). It approaches the drugs problem at the national, EU and international levels, focusing on better security (all aspects of trafficking), increased prevention, better access to treatment, and risk and harm reduction.

In June, the European Union Agency for Law Enforcement Cooperation (Europol) set up the [European Financial and Economic Crime Centre](#) to respond to the exponential increase in financial and economic crime and large-scale organised crime, and to requests from Member States for operational support.

Preventing and tackling terrorism and radicalisation

The Commission took various initiatives to strengthen the implementation of the EU's legal framework in the area of counterterrorism. In June, the Commission published [guidelines](#) to assist national authorities, businesses and online marketplaces in implementing the rules on chemicals that could be misused to manufacture homemade explosives (explosives precursors). An online [monitoring programme](#) to keep track of the impact of these rules was also launched. In September, the Commission published a [report](#) assessing the measures that Member States have taken to comply with the EU rules on combating terrorism. These rules are the main criminal justice instrument at the EU level to counter terrorism.

In December, the Commission proposed a new [Counter-Terrorism Agenda](#) to boost the EU's resilience to terrorism. It builds on work done in recent years and comprises measures supporting Member States in anticipating, preventing, protecting and responding to terrorist threats. The Commission also proposed to strengthen Europol's mandate by [revising the Europol Regulation](#). This initiative aims to improve the support that Europol provides to Member States to combat terrorism and serious crime, and would further promote cooperation and information sharing.

Negotiations ended on a [Regulation on preventing the dissemination of terrorist content online](#), which will swiftly remove terrorist propaganda while ensuring freedom of speech and increased transparency, in tandem with continued work under the [EU Internet Forum](#), which fights the dissemination of terrorist propaganda online. The Commission also provided more targeted support to Member States and first-line practitioners via the [Radicalisation Awareness Network](#), in [previously identified priority areas](#).

Protecting critical infrastructures

People rely on key infrastructure, both physical and digital, such as airports, power plants, medical facilities or telecommunications networks, to provide many essential services. This infrastructure must be resilient in the face of all manner of risks, whether natural or human-made, accidental or malicious. In December, the Commission proposed a [new directive](#) on the resilience of critical entities that underpin vital services in many sectors.

Money laundering and terrorist financing

The Commission's new [Action Plan on Money Laundering and Terrorist Financing](#) aims to close any loopholes and remove any weak links in the EU's rules on tackling these threats. The action plan is built on six pillars, each of which is designed to improve the EU's overall fight against money laundering and terrorist financing and to strengthen the EU's global role in this area. When combined, these six pillars will ensure that the EU's rules are more harmonised and therefore more effective. There will be better supervision of how the rules are applied and better coordination between Member State authorities.

Defence industry

The fragmentation of the defence industry puts into question the European Union's ability to build the next generation of critical defence capabilities. This would reduce the EU's strategic autonomy and sovereignty, and its ability to act as a security provider. In 2020, two innovative EU pilot programmes – the [Preparatory Action on Defence Research](#), with a budget of €90 million, and the [European Defence Industrial Development Programme](#), with a budget of €500 million – represented a major step forward. Over the course of the year, the preparatory action provided €23 million in funding to 10 defence research projects, while the development programme granted €200 million to 16 projects. The programmes pave the way for a fully fledged [European Defence Fund](#), which, from 2021, will help create an integrated defence industrial base across the EU.

In parallel, the Member States and the European External Action Service continued to work on the implementation of defence initiatives, including the [Permanent Structured Cooperation on Defence](#) and the [Coordinated Annual Review on Defence](#). The High Representative/Vice-President, Josep Borrell, was tasked by the Council with developing a [Strategic Compass](#) to strengthen a common European security and defence culture and define policy orientations in the areas of crisis management, resilience, capability development and partnerships.

Chapter 4

Strengthening the economy

A challenging time for the EU's economy

The coronavirus pandemic represents an unprecedented shock to the global and EU economies, with very severe economic and social consequences. According to the Commission's autumn forecast, the EU economy was predicted to contract by 7.4 % in 2020, before recovering to grow by 4.1 % in 2021 and 3 % in 2022. While the pandemic has hit the economies of all of the Member States, the scale of the impact and the strength of the recovery will vary significantly across regions.

The unemployment rate in the EU as a whole is set to rise from 6.7 % in 2019 to 7.7 % in 2020, disproportionately affecting women, young people, low-skilled workers and those in temporary work. Poverty, social exclusion and inequalities are likely to rise, underlining the importance of an inclusive and fair recovery for all.

The challenges created by the pandemic in 2020 highlight once again the importance of economic-policy coordination in the EU. The European Semester provides a well-established framework for coordinating the economic and employment policies that will guide the EU and its Member States through the challenges of the recovery and the green and digital transitions. The European Semester and the new [Recovery and Resilience Facility](#) are, therefore, closely linked. The assessment of Member States' recovery and resilience plans will be checked against previous country-specific recommendations, as these reflect the main challenges for each Member State. Because of that link, the European Semester's timetable for the 2020–2021 cycle was temporarily adapted to the launch of the new facility.

In 2020, the Commission also began integrating the United Nations Sustainable Development Goals into the European Semester as part of its strategy to focus on competitive sustainability and building an economy that works for people and the planet, in line with the European Green Deal.

In the first half of 2020, more than €23 billion was invested across the EU under the four cohesion-policy funds – an increase of over 5 % since the end of 2019, despite the economic uncertainty caused by the pandemic. A significant reprogramming effort is underway under the two [Coronavirus Response Investment Initiatives](#) put in place in March and April thanks to an immediate Commission proposal and quick approval by the European Parliament and the Council, allowing [funds to be made available and allocated](#) to crisis-specific actions in all Member States (see also Chapter 1).

A new Industrial Strategy for Europe

In March, the Commission published a [new Industrial Strategy for Europe](#) that outlines how to create the right conditions to help industry stay globally competitive and lead the green and digital transitions. The pandemic has accelerated these trends and highlighted how the EU's global dependencies can affect our ability to react in a crisis. The Industrial Strategy will help support Europe's recovery and ensure the resilience of the economy.

Since March, the Commission has made several proposals relating to the strategy's objectives: a [Circular Economy Action Plan](#); an [Action Plan on Critical Raw Materials](#); an [EU Hydrogen Strategy](#) to support the clean and digital transitions of our industry (see also Chapter 2); and an [Intellectual Property Action Plan](#) to support the EU's technological sovereignty and industrial resilience. In parallel, the Commission worked on strengthening the role of industrial ecosystems by analysing their investment needs. To ensure that the EU can guarantee a level playing field in the Single

Market, the Commission published a [White Paper](#) and consulted widely on the distorting effects of foreign subsidies and how to tackle them.

The [SME Strategy](#) accompanying the Industrial Strategy package aims to unleash the full potential of Europe's 25 million small and medium-sized enterprises. Initiatives like sustainability advisors and the [Escalar](#) investment approach, to raise up to €1.2 billion of venture capital and private equity investments for breakthrough innovations, will help such businesses adapt and play a crucial role in the industrial transformation.

Europe's industrial transformation also relies on an integrated and properly functioning [Single Market](#). To address the [remaining obstacles](#), the Commission proposed actions to better enforce existing Single Market rules, including setting up a Single Market Enforcement Task Force, which has played an important part in addressing pandemic-related restrictions. [New rules in place on the mutual recognition of goods](#) will also make it faster and easier for companies to sell their products across Europe.

Space policy

Space technologies, data and services can strengthen the EU's industrial base by supporting the development of innovative products and services, including the emergence of cutting-edge innovative technologies. To give just one example, Galileo, the navigation component of the [EU Space Programme](#), strengthened its presence on the market in 2020 by [reaching more than 1.7 billion Galileo-enabled smartphones](#). With Galileo, the positioning information provided by mobile devices is more accurate and reliable, particularly in urban areas.

In December 2020, the Parliament and the Council reached a provisional political agreement on the [EU Space Regulation](#), which brings all of the components of the EU Space Programme under one umbrella, with a budget of €13 billion (the largest ever at the EU level for space). The new regulation reflects the EU's growing involvement and ambitions in space, which extend beyond the Copernicus and Galileo flagship programmes to include new actions in support of space security, independent access to space and space entrepreneurship. In parallel, negotiations on a financial framework partnership agreement between the Commission, the European Space Agency and the future EU Agency for the Space Programme also continued, to define how tasks will be attributed between the two agencies, in line with the Space Regulation.

Aviation

In September, the Commission presented its [plans](#) to modernise European airspace through the amended Single European Sky 2+ proposal. The initiative aims at improving the efficiency of air traffic management and helping reduce delays and the environmental impact of flights, while maintaining a high level of safety and keeping the costs paid by airspace users under control.

Excellent research and innovation

The Commission's October communication on the [new European Research Area](#) set out its plans for research and innovation to support the EU's recovery and the green and digital transitions. The strategy sets out the conditions to create a competitive, talent-driven and open European Research Area. The 14 proposed actions will help prioritise investments, improve access to excellence, train and attract the best talents, turn innovative ideas into new products and services and open up science.

In June 2020, the Commission set up the [European Innovation Council Fund](#) to make direct equity and quasi-equity investments in the capital of start-ups and small and medium-sized enterprises. This is the first time that the Commission has made such direct equity investments in companies. A total of 140 businesses in many technology-intensive sectors (including health, digital and energy) were preselected for equity investments amounting to nearly €600 million.

In June, the Commission, the European Investment Bank and Investitionsbank Berlin announced the [first round of financing](#) from the [EU Malaria Fund](#), which aims to support affordable and innovative solutions to prevent and treat malaria. €70 million in funding will support scientifically promising projects not yet pursued by the pharmaceutical industry. The fund is backed by [InnovFin EU](#) and the [European Fund for Strategic Investments](#), joint initiatives of the Commission and the European Investment Bank.

Banking Union and Capital Markets Union

The coronavirus crisis also affects lending, and our financial markets and the strength of the recovery depends on properly functioning capital markets and access to financing. In June, the Parliament approved the [quick fix to the Capital Requirements Regulation](#) to encourage banks to lend to companies and households, and in July the Commission [announced measures](#) to make it easier for capital markets to support EU businesses recovering from the crisis.

To help further mitigate the impact of the pandemic on people and businesses, in July a [best-practices list](#) was created following two meetings organised by the Commission with consumer and business representatives, European banks, other lenders and the insurance sector. The list sets out how these market actors can support citizens and businesses throughout the crisis. The discussions are part of a wider effort by the Commission to increase lending.

In September, the Commission announced a [new action plan to deliver on a Capital Markets Union](#) that works for people and business. Despite this being a long-term project, short-term measures can make a difference – such as simplifying listing requirements for small and medium-sized enterprises, supporting more long-term equity investments by insurers and banks, encouraging banks to make more use of securitisation and improving investors' access to information.

Many households and companies have come under severe financial pressure due to the pandemic. Ensuring that citizens and businesses continue to access credit from their banks is therefore a top priority for the Commission. In late 2020, the Commission proposed a [Strategy on Non-performing Loans](#) that, while ensuring borrowers are protected, can help prevent a rise in non-performing loans similar to the one after the last financial crisis. The aim is to contribute to a swift and sustainable recovery of the economy once the pandemic passes while preserving the stability of the European financial sector and the ability of banks to lend to the real economy.

With the adoption of the sustainable-finance [Taxonomy Regulation](#) in 2020, the Capital Markets Union become greener, and is helping the EU reach its climate goals by boosting private-sector investment in green and sustainable projects. (See also the section 'Financing the sustainable transition' in Chapter 2.)

Fair, simple and modern taxation and customs

Fair taxation is essential to protect public revenues, create a level playing field and ensure social justice. In 2020, the Commission launched its work to revamp the tax environment in Europe, to make it fairer and more growth friendly. In July, it presented a new taxation package, including an [Action Plan for Fair and Simple Taxation](#), to make taxation easier for honest taxpayers and to make life harder for tax cheats. Following a proposal by the Commission in July, in November the Member States agreed on [new tax-transparency rules for digital platforms](#). The Council also adopted conclusions on [fair tax competition in the EU and beyond](#), responding to the Commission's [communication](#) of 15 July.

As regards customs, in September the Commission adopted a new [Customs Union Action Plan](#) setting out a series of measures to make EU customs smarter, more innovative and more efficient. In October, it adopted the initiative for an [EU Single Window Environment for Customs](#), which is a future-looking digital solution for quicker and more efficient sharing of electronic data between different government authorities involved in goods clearance at the border.

Fair competition

Europe's future industrial, ecological and digital strategy must be based on fair competition. Competition policy ensures a level playing field that provides businesses with the incentive to invest, innovate and grow. It contributes to the competitiveness of the EU economy and of European companies, and protects the access of EU companies to high-quality inputs at attractive prices, ensuring that they remain competitive, at home and globally. Sound EU competition rules enable pro-competitive cooperation, support the growth and development of strong companies, whether larger ones or SMEs, and enable and support the greening of our economy.

In 2020, the Commission continued its enforcement action of State aid control, merger control and antitrust rules in all markets, including in the digital, pharmaceutical, basic industries and other markets.

Importantly, in the context of its economic response to COVID-19, in March the Commission adopted a [State Aid Temporary Framework](#) to enable Member States to use the full flexibility provided under EU State aid rules to support companies suffering the unprecedented consequences of the outbreak. In the course of the year, the Commission took almost 400 decisions approving 500 national measures notified by 27 Member States and the United Kingdom in the context of the coronavirus outbreak.

Over the past few years, change has been happening at an ever more rapid pace, and the world has become increasingly digital and interconnected. In this context, the Commission has continued its ongoing reflection on the way in which competition rules are applied, while continuing its review of competition rules in the fields of State aid control, merger control and antitrust, in line with President von der Leyen's green and digital priorities.

In addition, to address more effectively the problems arising in digital markets prone to market failures, such as the gatekeeper power of certain digital platforms, on 15 December the Commission presented a [Digital Markets Act](#) and a [Digital Services Act](#). (See Chapter 2 for more on these initiatives.)

Chapter 5

Building a fair and social Europe

A strong social Europe for the green and digital transitions

The economic recovery from the coronavirus pandemic must be fair and inclusive, and at the same time must prepare citizens for the twin green and digital transitions. The EU will [prioritise](#) the social dimension of the economy, in particular by supporting Member States in fully implementing the [European Pillar of Social Rights](#). In 2020, the European Commission launched [initiatives](#) for a strong social Europe, using the pillar as its foundation. EU Member States, regions and partners were invited to [present their views](#) on how to deliver on the pillar's objectives in preparation for a new action plan in 2021.

Making sure that every worker in the EU has adequate minimum-wage protection that allows for a decent living is one of the principles of the pillar and a priority for President von der Leyen. This is why, in October, [the Commission proposed](#) to improve the adequacy and reach of minimum-wage protection in Europe. The proposed directive aims to ensure that all workers in the EU are protected by an adequate minimum wage that allows a decent living wherever they work. It also promotes [collective bargaining](#) on wage setting in all Member States, and aims to reduce wage inequality and in-work poverty while respecting the diversity of national contexts and traditions.

Developing people's skills

The green and digital transformations are changing the way we work, learn, take part in society and lead our everyday lives. At the same time, the pandemic has had a profound impact on millions of people in the EU who have lost their job or experienced a significant loss of income. Europe can only tackle these challenges and grasp opportunities if its people develop the right skills.

The [European Skills Agenda](#) is a 5-year plan to help individuals and businesses develop more and better skills, and put them to use. The agenda mobilises public and private partners with a set of ambitious objectives for skills development to be achieved by 2025.

The Skills Agenda includes 12 actions organised around four building blocks: a Pact for Skills to promote joint action to maximise the impact of investing in improving skills in the workforce; actions to ensure that people have the right skills for jobs; tools and initiatives to support people in their lifelong learning pathways; and a framework to unlock investment in skills.

The agenda was launched on 1 July 2020, and action under seven of its twelve flagship initiatives is already underway. The remaining five flagships will be launched in 2021.

Creating more opportunities for young people

The pandemic has emphasised the often difficult start that many young people face in the labour market. With the [Youth Employment Support](#) package, launched in July, the EU aims to support young people by making more apprenticeships available and ensuring that all young people under 30 receive an offer of employment, training or further education within 4 months of becoming unemployed or leaving education. The initiative also aims to make vocational education and training more modern, attractive and fit for the digital and green economies.

The Youth Employment Support package also proposes to reinforce the [Youth Guarantee](#), to help even more young people in the future. In November, the Council adopted the Commission's proposal, which includes improvements such as expanding the outreach to vulnerable young people and raising the maximum age to 29. EU funding is therefore available for Member States to step up support for youth employment, with the overall ambition being to invest €22 billion through [NextGenerationEU](#) and the 2021–2027 budget.

Achieving the European Education Area

More opportunities for young people also means enriching the quality, inclusiveness and digital and green dimensions of education systems. For this reason, in September the Commission published a [communication](#) on achieving the [European Education Area](#) by 2025, in close cooperation with the Member States. The communication shows how, together, Member States can shape an EU where students and teachers are free to learn and work across the continent, and where educational institutions can freely associate with one another, in Europe and beyond. To achieve this objective, the EU and its Member States have set clear milestones, and will be supported by NextGenerationEU and the [Erasmus+ programme](#).

Digital education and training

The coronavirus crisis put distance learning at the centre of education practices, revealing a pressing need to improve digital education. As part of its efforts to promote the digital transition, in September the Commission adopted a new [Digital Education Action Plan](#), proposing a set of initiatives for high-quality, inclusive and accessible digital education in the EU. It calls for stronger cooperation between Member States, and between stakeholders, to make education and training systems truly fit for the digital age. The Commission will create a European Digital Education Hub to foster collaboration between relevant policy areas, to create a network of national advisory services and to strengthen the dialogue between public and private actors.

Stepping up action for a Union of Equality

The EU is actively engaged in achieving a Union of Equality. This means putting in place policies and actions that challenge the stereotypes that are still too often present in society, and creating conditions for everyone to express their talents irrespective of sex, racial or ethnic origin, age, disability, sexual orientation or religious belief. A more equitable EU will also ensure that decision-making takes into account the needs of everyone in society.

On the 20th anniversary of the [Charter of Fundamental Rights of the European Union](#), in December, the Commission adopted a [new strategy](#) to improve how it is applied. The [Commission's report of June 2019](#) and the consultations undertaken to prepare the strategy highlighted that the charter is not used to its full potential in the Member States. People have little awareness of their rights, and they would like to know how to seek redress if their rights are violated. The strategy proposes ways to ensure that the charter is applied effectively, including by empowering courts and civil-society organisations, and to improve people's awareness of their rights.

Gender equality

Creating a Union of Equality is a top priority for the Commission, and a necessity for a fair, strong and prosperous EU for all women and men, girls and boys in all their diversity. To close gaps and allow the European Union to reach its full potential across society, including in education,

employment, business and politics, in March the Commission presented a [Gender Equality Strategy](#). It sets out a vision, policy objectives and actions to make real progress on gender equality in the EU and towards achieving the UN Sustainable Development Goals.

The [actions](#) outlined include an initiative to prevent and combat specific forms of gender-based violence, actions to challenge gender stereotypes, measures to enforce work–life balance and equal pay, and a push to achieve gender balance in decision-making and politics.

Lockdowns and restrictions on movement slowed down the spread of COVID-19, but in many situations they also confined people experiencing domestic violence with their abusers. While it is too early to have robust data, the World Health Organization [reported](#) a significant increase in domestic violence due to the confinement measures. The Commission organised online seminars with Member States on the gender-equality aspects of the pandemic. The events covered good practices on tackling domestic violence, gender-equality aspects of work and care, and gender balance in decision-making, all in the context of COVID-19. Almost €18 million in funds from the [Spotlight Initiative](#) were redirected to address violence against women and girls during the pandemic. The Spotlight Initiative was launched in 2017 with the United Nations, with an EU contribution of €500 million to work on the elimination of all forms of violence against women and girls.

Fighting racism

Although racism and racial discrimination [are forbidden in the EU](#), they still persist in many forms, sometimes combined with discrimination on grounds of religion or belief, gender, sexual orientation, age, disability or a migrant background. In September, the Commission presented the [2020–2025 EU Anti-racism Action Plan](#) to bring together actors at all levels to address racism, including structural racism, more effectively. It draws the attention of Member States to a more stringent application of the existing EU law. Moreover, it provides for the appointment of an EU coordinator for anti-racism, and for measures to support Member States in making policing more fair to prevent discriminatory attitudes, including racial and ethnic profiling. Member States will also have to present national plans to combat racism by the end of 2022.

Roma equality, inclusion and participation

According to a [2019 survey](#), 45 % of Roma people had experienced discrimination in the previous 12 months. Europe's largest ethnic minority continues to face intolerable discrimination and socioeconomic exclusion in their daily lives, and negative stereotypes and prejudice are still common. In October the Commission presented a [reinforced EU strategic framework](#) for Roma equality, inclusion and participation for the next 10 years.

All Roma people should have the opportunity to realise their full potential and to engage in political, social, economic and cultural life. The [previous framework](#) focused primarily on socioeconomic integration. The new EU Roma strategic framework sets a series of minimum [targets to be achieved by 2030](#). These will be met through a more comprehensive approach that complements the inclusion of marginalised Roma by fostering equality and promoting participation for all. The Commission also proposed to the Council a [recommendation](#) on Roma equality, inclusion and participation, with a list of specific measures to be taken by Member States in order to achieve the common EU-level objectives. The strategic framework ties in with the work of the Commission in other areas, including the [2021–2027 EU budget](#), the [2020–2025 EU Anti-racism Action Plan](#), the [EU Strategy on Victims' Rights](#) and the Gender Equality Strategy.

LGBTIQ equality

The Commission's first [LGBTIQ Equality Strategy](#), published in November, sets out EU actions to address the discrimination and challenges faced by lesbian, gay, bisexual, transgender, intersex and queer people. The Commission is planning an initiative to extend the list of Eurocrimes to include homophobic hate speech and hate crime, and proposes to support Member States in developing national action plans, organise EU-wide awareness-raising campaigns, fund civil-society organisations and mainstream LGBTI equality into EU policies.

Rights of persons with disabilities

Persons with disabilities can face a higher risk of poverty, lower educational attainment, barriers that hinder their full participation in society and a lack of independence and autonomy that may compromise their dignity and fundamental rights. The COVID-19 pandemic has further exacerbated these inequalities. In November, the Commission published its [evaluation of the 2010–2020 European Disability Strategy](#). It found that, while there is room for improvement, the strategy had a positive impact on the inclusion of disability issues in EU legislation and policy. Examples include the adoption of the [European Accessibility Act](#), the [Web Accessibility Directive](#) and [legislation on the rights of passengers](#).

EU Strategy on Victims' Rights

In June, the Commission published the first [EU Strategy on Victims' Rights](#). The main aim is to ensure that all victims of crime can fully rely on their rights, no matter where in the EU the crime took place, or in what circumstances. The strategy proposes action to enable victims to report crimes, seek compensation and overcome the consequences of the crime, as well as promoting training for judicial and law-enforcement authorities. The [report on the implementation](#) of the [Victims' Rights Directive](#), published in May, revealed shortcomings in most Member States as regards rights such as access to information, support services and protection, which the strategy aims to overcome.

Anticipating future challenges to make the EU more resilient

A culture of anticipation and preparedness is crucial to face the challenges of tomorrow. In its first [Strategic Foresight Report](#), the Commission concentrates on embedding strategic foresight into EU policymaking, setting out a Commission-wide framework, and proposes strategic foresight as a tool for enhancing EU resilience across four dimensions: social and economic; geopolitical; green; and digital. Anticipating future trends is essential to ensure that policymakers take account of long-term issues, such as demographic challenges.

Demographic change is transforming European society. In June, the Commission published its first-ever [report](#) on the impacts of demographic trends across the EU. It highlights the links between demographic trends and impacts and the potential to recover from the coronavirus crisis. The report launches the Commission's work in this area, and will help identify how the people, regions and communities most affected can best be supported. It also serves as the foundation for the green paper on ageing and long-term vision for rural areas, expected in 2021. Turning democratic challenges into opportunities will help bring about the green and digital transformations that are vital to a prosperous and sustainable future. It will mean examining healthcare, welfare, public budgets and access to services in the light of the changing demographic landscape, to better adjust policies to the needs and realities on the ground.

Chapter 6

Promoting European interests and values in the world

Building stronger and deeper cooperation with Africa

2020 saw growing momentum in relations with Africa, a top priority for the EU. In late February, President von der Leyen and most of the Members of the Commission participated in the 10th [EU–African Union Commission-to-Commission meeting](#) in Addis Ababa, Ethiopia.

The meeting was part of the ongoing dialogue with the African Union and, in addition to launching preparations for the sixth summit in 2021, it provided an opportunity to discuss common challenges such as peace and governance, climate change, sustainable jobs and investments, digitalisation, and mobility and migration.

In March, the Commission and the High Representative, Josep Borrell, issued a joint communication, '[Towards a comprehensive Strategy with Africa](#)', which aims to bring the partnership between the two continents to the next level. It proposed stronger partnerships in five key areas: green transition, digital transformation, sustainable growth, peace and governance, and migration and mobility.

In November, the European Commission took a major step forward in boosting investment in Africa and the EU neighbourhood, helping to stimulate global recovery from the pandemic by concluding [10 financial guarantee agreements worth €990 million](#) with partner financial institutions. Together, these guarantees are expected to generate up to €10 billion in overall investment. These guarantees are part of the Team Europe response to the COVID-19 pandemic.

Enlarging the EU

The EU's enlargement policy gained fresh momentum in February, when the Commission presented its [proposals to strengthen the accession process](#) in order to make it more credible, predictable and dynamic, with a renewed focus on fundamental reforms and a stronger political steer. The EU took a historic step in March by deciding to open [accession negotiations](#) with Albania and North Macedonia. Member States reaffirmed their unequivocal support for the European perspective of the western Balkans at the [EU–Western Balkans Summit](#) in May.

To support long-term economic recovery and to speed up convergence with the EU, in October the Commission put forward an Economic and Investment Plan for the Western Balkans, mobilising up to €9 billion in grants, while a new Western Balkans Guarantee Facility should boost investments by up to €20 billion. The plan also promotes strong regional integration through a Common Regional Market, which the leaders of the western Balkans endorsed at the Sofia Summit in November within the framework of the [Berlin Process](#).

In November, at the [Western Balkans Summit in Sofia](#), important steps were taken to strengthen regional cooperation to boost socioeconomic recovery and convergence when western Balkans leaders committed to further strengthening regional cooperation as a way to advance on their path towards the EU.

In the wake of the coronavirus crisis, the EU provided a €3.3 billion assistance package for the western Balkans to address the health emergency and mitigate its socioeconomic impact. For Turkey, €98 million was mobilised to provide urgently needed protective equipment and support the most vulnerable refugees.

In February, the EU-led international donor conference ‘Together for Albania’ took place in Brussels to support reconstruction efforts after the earthquake that struck the country in November 2019. The EU, Member States and the European Investment Bank contributed €400 million to the total pledge of €1.15 billion.

Neighbourhood policy

EU action in its Eastern and Southern Neighbourhoods needs to have flexible and connected long-term policy objectives that can respond to new priorities. The joint communication by the Commission and the High Representative, Josep Borrell, on Eastern Partnership policy published in March points the way forward to strengthening resilience to address common challenges, foster sustainable development and deliver results for citizens. When leaders from EU Member States and Eastern Partnership countries met in June, they affirmed the strategic nature of this partnership, confirming their commitment to achieving further integration and delivering more tangible benefits to people. Over €1 billion in grants has been redirected to support the EU’s eastern neighbours in tackling the COVID-19 pandemic.

In the Southern Neighbourhood, the EU continued to support structural reforms, foster inclusive economic development and job creation and strengthen good governance, democratic institutions, the rule of law and the fight against corruption.

The EU has prioritised the response to the health crisis and its economic impact in the region, developing new programmes and redirecting funding from existing ones. These packages aim to mitigate the impact of the pandemic, especially on the most vulnerable people, and form part of the EU’s contribution to the ‘Team Europe’ COVID-19 response that includes the EU, its Member States, their national development finance institutions, the European Investment Bank and the European Bank for Reconstruction and Development.

The Commission adopted a package of €3 billion in macrofinancial assistance to 10 enlargement and neighbourhood partners to help them limit the economic fallout of the coronavirus pandemic. The funds are set to be provided as follows: Albania (€180 million), Bosnia and Herzegovina (€250 million), Georgia (€150 million), Jordan (€200 million), Kosovo (€100 million), Moldova (€100 million), Montenegro (€60 million), North Macedonia (€160 million), Tunisia (€600 million) and Ukraine (€1.2 billion).

In 2020, the EU continued to respond to the crises in Libya and Syria by assisting both refugees and host communities, in particular through the two dedicated trust funds. Since 2014, EU financial support to Libya has amounted to more than €0.5 billion, while support for Syrian refugees and their host communities has amounted to more than €2.2 billion.

The EU also launched a new military operation in the Mediterranean, EUNAVFOR Med Irini, which implements the UN arms embargo on Libya contributing to the peace process in the country.

Other key issues in 2020

Throughout 2020, the EU continued to give priority to the geopolitical developments of the countries and regions bordering it by pulling together all its tools in support of conflict management and resolution. This included, for example, continuing to politically support [Ukraine](#)'s sovereignty and territorial unity, strengthening the healthcare system in [Libya](#) and supporting civil society in [Syria](#).

The stability and prosperity of the EU's partners are crucial for the countries themselves and for the people who live there, but they are also essential for the EU's security and strategic interests. The EU's efforts to promote peace and stability extends to the [Sahel](#) region (Burkina Faso, Chad, Mali, Mauritania and Niger), a good example of the EU mobilising diplomacy, civilian and military missions and humanitarian and development aid through an integrated approach. A case in point is the EU's provision of support to the mediation efforts following the military coup in Mali.

The [Cotonou Agreement](#) that governs relations between the EU and the member states of the Organisation of African, Caribbean and Pacific States was initially due to expire on 29 February 2020. Following a temporary extension, Commission succeeded in reaching a [political agreement with the organisation](#) on 3 December that will take the partnership to the next level, with an enhanced focus on the different regions and updated standards in a large number of areas, ranging from sustainable development and growth to human rights, migration, peace and security. The formal conclusion and signature of the agreement is expected in 2021.

China

In 2020, the EU sought to consolidate its partnership with [China](#) by cooperating whenever possible, negotiating whenever needed and being assertive and speaking firmly when necessary. The EU has worked to put the relationship on a more solid footing, with greater reciprocity and a level playing field in relation to the economy, trade, investment relations and other issues. The political agreement on a [Comprehensive Agreement on Investment](#) reached on 30 December is a first step towards rebalancing the relationship. The [EU–China Summit](#) and the two Leaders' Meetings in [September](#) and [December](#) were opportunities to deepen cooperation – from the coronavirus crisis to climate action – and to discuss disagreements, including on human rights and on the situation in Hong Kong. The EU expressed its concern to China on both these issues on several occasions throughout the year and continued to pursue its robust and realist approach and to implement the actions proposed in the 2019 communication '[EU–China – A strategic outlook](#)'.

Lebanon

The city of Beirut suffered a [devastating explosion](#) on 4 August. The EU showed its solidarity with the Lebanese people by mobilising the [Civil Protection Mechanism](#) and providing an immediate humanitarian and crisis response totalling €63 million. Seventeen Member States, plus Norway and Turkey, deployed search-and-rescue personnel, and medical teams provided substantial life-saving assistance.

Belarus

Following the presidential elections in Belarus on 9 August and the ensuing protests, the EU [made it clear](#) that it did not recognise the results and that it would fully support the country's democratic aspirations, including through [sanctions](#) against those responsible for electoral fraud and the subsequent violence. Since then, the EU has imposed sanctions on 55 individuals deemed responsible for violence, unjustified arrests and the falsification of election results, including former

President Alexander Lukashenko. The Commission has redirected [the funding it provides to Belarus](#) to direct support for civil society and free media, while the Member States have agreed on a [review of EU–Belarus relations](#) and have tasked the Commission with preparing a comprehensive economic support package for a democratic Belarus. The EU remains committed to supporting the rights of peaceful protesters and stands by its call for the Belarusian authorities to end violence and repression, release all detainees and political prisoners, respect media freedom and civil society and start an inclusive national dialogue.

Eastern Mediterranean

In the eastern Mediterranean, the tensions with Turkey continued to rise throughout the year. While the EU acts in full solidarity with Greece and Cyprus to stop the escalation, EU–Turkey relations remain of deep mutual interest. Provided constructive and sustained efforts to stop illegal activities towards Greece and Cyprus are maintained, the European Council [agreed](#) to pursue a positive EU–Turkey agenda. If, however, unilateral actions or provocations in breach of international law should recur, the EU is ready to use all the instruments and options at its disposal to defend its interests and those of its Member States.

The EU remains fully committed to the [2016 EU–Turkey Statement](#), which continued to be implemented, including after increased migratory pressure at the EU border with Turkey in February and March 2020. The statement has delivered concrete results in reducing the flow of irregular migrants from Turkey, the loss of lives in the Aegean and the pressure on EU borders. It has also provided safe and legal pathways to the EU for more than 28 000 people in need of international protection through resettlement. Urgent progress is still needed on the resumption and acceleration of migrant returns from the Greek islands. On all these issues, the lines of communication with Turkey remained open and active.

United States

The outcome of the November presidential elections presented a once-in-a-generation opportunity to design a new transatlantic agenda for cooperation based on common values, interests and global influence. This [new partnership](#), presented in the December joint communication ‘[A new EU–US agenda for global change](#)’, will allow the EU and the United States to work together on health, democracy, climate change and economic prosperity, and technology and trade.

The EU and the United States are also primary trade partners. In August, they agreed to [remove or reduce tariffs](#) on €168 million worth of trade. The package represents the first tariff cuts in their trade relations in more than two decades, and represents a first step towards de-escalating trade tensions, paving the way for broader measures to facilitate trade between the two blocs.

Promoting human rights and democracy worldwide

The values of respect for human rights, democracy and the rule of law guide the EU’s actions across the world.

After a [proposal](#) from the Commission and the High Representative, Josep Borrell, in March, a new [EU Action Plan on Human Rights and Democracy](#) for 2020 to 2024 was endorsed by the Council in November. The plan focuses on protecting and empowering individuals, on building resilient, inclusive and democratic societies and on promoting a global system for human rights and democracy. The Member States did not agree on facilitating qualified majority voting for decisions implementing the plan. More concretely, the EU will support and protect those who defend human

rights, will work to abolish the death penalty and will develop tools to respond quickly when existing rights and freedoms are threatened. One major new initiative in the action plan is the establishment of an [EU Global Human Rights Sanctions Regime](#), which was adopted by the Council in December on the basis of legal acts proposed by the High Representative, Josep Borrell, and the Commission..

The Commission adopted its new [Gender Action Plan for 2021–2025](#) in November, to accelerate progress on gender equality and women’s empowerment in the EU’s external actions. It provides an operational roadmap for the EU to work together with all stakeholders – including multilateral, regional and national partners, partner governments, civil society and the private sector – in promoting gender equality and women’s empowerment for a gender-equal world as being an essential component to achieve an equitable, sustainable and inclusive global recovery, along with growth and prosperity.

Development and humanitarian aid

The Commission’s budget for development assistance in 2020 totalled €15 billion. Mitigating the impact of COVID-19 in the most vulnerable countries was this year’s top priority; however, the EU also committed itself on other fronts, such as in the fight against the [desert-locust outbreak in East Africa](#) or [debt relief](#) for some of the world’s poorest and most vulnerable countries.

The €5.1 billion [European External Investment Plan](#) is set to generate investment of over €50 billion in countries neighbouring the EU and in Africa. It is already benefiting individuals, communities and small businesses, and in 2020 the plan was refocused to help respond to the COVID-19 pandemic. This included €400 million in guarantees for the [COVID-19 Vaccine Global Access Facility](#), the global initiative to provide fair and equitable access to COVID-19 vaccines.

Despite many challenges this year, EU humanitarian aid continued to reach millions of vulnerable people. €2 billion was spent on such aid, with the biggest share going to sub-Saharan Africa, where more than 18 million people are currently in need of humanitarian assistance, followed by Syria, where more than 11 million people are in need. Together with the Member States, the EU has remained the world’s leading contributor of humanitarian aid.

Trade

Trade-policy review

The response to new global challenges and the lessons learned from the coronavirus crisis must guide the EU’s approach to trade. In this light, the summer saw the Commission launch a [review](#) of current [trade policy](#), which included a public consultation and which aims to build a consensus around a fresh, medium-term strategy for EU trade.

A strong trade and investment policy is essential in order to support economic recovery, create quality jobs and protect companies in the EU from unfair practices at home and abroad. It also supports broader priorities in the areas of sustainability, climate change, the digital economy and security. The EU is a strong advocate of a rules-based trading system. In 2020, it led the setting-up of a [multi-party interim appeal](#) arrangement so that the members of the World Trade Organization can continue to resolve disputes even though its appellate body is still unable to function. The arrangement became effective in April, and by the end of 2020, 23 World Trade Organization members, plus the EU, had signed up to it.

Enforcement of trade policy

In July, the Commission appointed its first [Chief Trade Enforcement Officer](#) to strengthen the EU's implementation and enforcement agenda, both inside the EU and globally. The Officer will ensure that partners deliver fully on their commitments and that EU exporters, especially small and medium-sized enterprises, can benefit fully from EU trade deals. They will also strengthen the enforcement of sustainable-development commitments, particularly in relation to the climate and labour rights.

In July, the EU updated a [package of measures](#) to safeguard the EU's steel industry. The safeguards – resulting from a 2018 review – aim to protect the industry from the possible effects, among other issues, of foreign steel producers diverting excess production to the EU following US import restrictions on steel and aluminium.

The EU and Mexico

On 28 April, the EU and Mexico concluded the [negotiations](#) on a [new trade agreement](#). The agreement is still to be signed and ratified by the EU and Mexico.

Mexico is the EU's number one trade partner in Latin America, with bilateral trade in goods worth €66 billion (2019) and trade in services of €19 billion (2018). EU–Mexico trade in goods has nearly tripled since the original agreement entered into force in 2001, with EU goods exports reaching nearly €40 billion a year.

Under the new EU–Mexico agreement, almost all trade in goods between the EU and Mexico will be duty-free. The new agreement includes progressive rules on sustainable development and a commitment to implement the [Paris Climate Agreement](#) effectively. It is also the EU's first agreement with a Latin American country that includes investment protection. The trade agreement is part of a broader [EU–Mexico Global Agreement](#), which also covers human rights and political and development cooperation. It is the first EU trade agreement to include provisions on fighting corruption, with measures to act against bribery and money laundering.

EU–Vietnam trade deal

On 1 August, the EU's [agreement](#) with Vietnam entered into force. The trade agreement will gradually scrap duties on 99 % of all goods traded between the two economies, and EU companies will now be able to invest in Vietnam and pitch for government contracts on an equal footing with their local competitors. The agreement also includes strong, legally binding and enforceable provisions on sustainable development to guarantee the respect of labour rights, environmental protection and the implementation of the Paris Climate Agreement.

EU–Japan Economic Partnership Agreement: one year on

1 February was the first anniversary of the [EU–Japan Economic Partnership Agreement](#), and it has already boosted trade, with EU exports to Japan rising by 5 % year on year in the first 12 months of implementation (to the end of January 2020). The agreement removes most of the €1 billion in duties that Japan imposed each year on imports from the EU. From day one, more than 90 % of the EU's exports were able to enter Japan duty-free. Once the deal is fully implemented, Japan will have scrapped customs duties on 97 % of imports from the EU, and trade between the EU and Japan could increase by nearly €36 billion a year.

Other ongoing trade negotiations

The EU continued its negotiations for trade agreements with [Australia](#) and [New Zealand](#), holding four and three rounds of talks respectively. The EU held one round of negotiations with [Indonesia](#) for a trade agreement, and three rounds of negotiations with [Comoros](#), [Madagascar](#), [Mauritius](#), [Seychelles](#) and [Zimbabwe](#) to deepen its existing economic partnership agreement with them.

The EU as a multilateral partner

To address the ever increasing number of global challenges, the EU needs an effective and reinforced multilateral system. While multilateralism has been undermined in recent years, the EU remains a staunch supporter of an international rules-based order, with [the UN at its core](#).

2020, the 75th anniversary of the UN, was a key year in this respect, as the worldwide impact of the pandemic demonstrated the need to scale up international cooperation between scientists, economists and policymakers at the UN, the World Health Organization and the International Monetary Fund, and within the G7, the G20 and other international forums.

The EU [supported](#) the call by UN Secretary-General António Guterres for a global ceasefire in view of the COVID-19 pandemic, and continued to take a leading role in mobilising the international community on situations of concern, co-organising major conferences on [Sudan](#), [Syria](#) and [Venezuela](#).

The health policies of the EU and the World Health Organization [complement each other](#), as they work together on COVID-19, the prevention of future pandemics and other health challenges. For example, cooperation extends to areas such as the fight against cancer, innovation in health systems and food safety.

The EU is also sponsoring a root-and-branch [reform](#) of the World Trade Organization, precisely to enable Europe to continue reaping the opportunities of global openness and integration while addressing the vulnerabilities of our economic and political systems.

Chapter 7

Building a new relationship with the United Kingdom

It was worth fighting for this deal because we now have a fair and balanced agreement with the UK, which will protect our European interests, ensure fair competition and provide much needed predictability for our fishing communities. Finally, we can leave Brexit behind us and look to the future. Europe is now moving on.

President of the European Commission Ursula von der Leyen, Brussels, 24 December 2020

The United Kingdom [left the European Union](#) on 31 January 2020, following the ratification of the [Withdrawal Agreement](#) by the EU and the United Kingdom. The agreement, which sets out the terms of the United Kingdom's orderly departure from the EU in accordance with Article 50 of the Treaty on European Union, entered into force on 1 February 2020. It marked the start of a transition period until 31 December 2020, during which the United Kingdom remained a member of the Single Market and the Customs Union. This aimed to provide time to negotiate a new and fair partnership for the future, based on the [Political Declaration](#) agreed between the EU and the United Kingdom in October 2019.

On 25 February, the Council gave the [go-ahead](#) for talks with the United Kingdom to start, formally nominating the Commission as the EU's negotiator and adopting the negotiating directives which set the scope of the future partnership, covering areas such as trade, fisheries, security and defence, law enforcement and judicial cooperation in criminal matters. Michel Barnier, Head of the European Commission's [Task Force for Relations with the United Kingdom](#), continued his role as the EU's chief negotiator.

Negotiations between the EU and the United Kingdom started in Brussels on 2 March, for most of the topics covered under the Political Declaration, except foreign and security policy, on which the United Kingdom refused to enter into discussions. Negotiations continued despite the difficulties caused by the outbreak of the coronavirus pandemic; the negotiating rounds in April, May and in June took place by video conference.

On 18 March, the Commission published a [draft legal agreement](#) for an ambitious, modern and comprehensive future EU–UK partnership, which translated the Council's mandate of 25 February into a legal text.

In parallel to the negotiations on the future EU–UK partnership, the EU continued its work to ensure that all businesses, citizens and public administrations were [prepared](#) for the unavoidable disruptions that would be caused on 1 January 2021 by the United Kingdom's decision to leave the EU Single Market and Customs Union.

On 24 December, EU and UK negotiators [reached an agreement](#) on the text of a new Trade and Cooperation Agreement to govern their relations.

On 29 December, the Council [adopted the decision](#) on the signing of the [EU–UK Trade and Cooperation Agreement](#) and its provisional application from 1 January 2021, pending the consent of the European Parliament and its conclusion by a Council decision.

On 30 December 2020, the [agreement was signed by the two parties](#): European Commission President Ursula von der Leyen and European Council President Charles Michel signed in Brussels on behalf of the European Union ahead of full EU ratification in 2021, while Prime Minister Boris Johnson signed in London on behalf of the United Kingdom.

While the new EU–UK Trade and Cooperation Agreement will by no means match the level of cooperation that existed while the United Kingdom was an EU member, it goes well beyond traditional free trade agreements and provides a solid basis for preserving our long-standing friendship and cooperation going forward.

It consists of:

1. an unprecedented free trade agreement;
2. ambitious cooperation on economic, social, environmental and fisheries issues as an integral part of the new economic partnership;
3. a close partnership for citizens' security; and
4. an overarching governance framework.

The agreement reflects the fact that the United Kingdom is leaving the EU's ecosystem of common rules, supervision and enforcement mechanisms, and can thus no longer enjoy the benefits of membership of the Single Market.

The agreement confers rights and obligations on each party, while fully respecting their regulatory and decision-making autonomy.

At the United Kingdom's request, the agreement does not cover cooperation on foreign policy, external security and defence, even though this was initially provided for in the Political Declaration.

As [agreed](#) by the European Council in July, in December the Commission [proposed](#) the creation of a [Brexit Adjustment Reserve](#) with an overall budget of €5 billion, to help counter adverse economic and social consequences in the worst-affected Member States and sectors.

Chapter 8

Institutional and budgetary developments

The COVID-19 pandemic

In the first half of 2020, the European Parliament and the Council focused on pandemic-related decisions, mostly taken via remote meetings. Leaders met by videoconference throughout the year to coordinate the EU's coronavirus response, and many crucial proposals were adopted in record time. In addition, the European Council held several meetings in person to discuss the pandemic response and other issues, including the EU's long-term budget, EU–UK relations, security, climate change and foreign affairs.

For the Parliament, some of the decisions adopted in record time included approving the [Coronavirus Response Investment Initiative](#) and emergency financial support for the healthcare sector, while ensuring that the [EU Solidarity Fund](#) covers public-health emergencies. Starting in March, all plenary sessions took place in Brussels. From October the meetings were hybrid, with participants not based in Brussels joining remotely those present in the chamber. The Commission was always physically present in these sessions. Videoconferences replaced many physical meetings of the Council during the first half of the year. The Committee of Permanent Representatives met in person throughout the year to ensure the continuity of the Council's work. Both the Parliament and the Council acted with extraordinary speed to enact measures that had an immediate positive impact on citizens, businesses and regions.

The pandemic crisis also strongly affected the work of the European Economic and Social Committee and the European Committee of the Regions. Both committees adopted several relevant opinions, and in April 2020 the Committee of the Regions launched an [exchange platform](#) to foster cooperation between regions and cities across Europe. The European Economic and Social Committee launched its [Civil Solidarity Prize](#) to honour 28 initiatives tackling the consequences of the coronavirus crisis.

Agreement on the long-term EU budget for 2021–2027 and NextGenerationEU

In the late autumn of 2020, the European Parliament and the Council, with the support of the European Commission, [agreed and subsequently adopted](#) the largest package ever financed through the EU budget, amounting to €1.8 trillion. Addressing the COVID-19 crisis and its consequences, the package will help rebuild a greener, more digital and more resilient Europe, which is better prepared for current and forthcoming challenges.

Some key facts and figures.

- [A long-term budget for 2021–2027](#) of €1.074 trillion (in 2018 prices), combined with the temporary recovery instrument, NextGenerationEU, of €750 billion.

- More than 50 % of the budget amount will support modernisation through policies that include research and innovation, via Horizon Europe; fair climate and digital transitions, via the Just Transition Fund and the Digital Europe programme; and preparedness, recovery and resilience, via the Recovery and Resilience Facility, rescEU and a new health programme, EU4Health.
- Long-standing policies such as cohesion and the common agricultural policy will be modernised and will continue to receive significant EU budget funds, with the objective of supporting the green and digital transitions.
- 30 % of the EU's funds under both NextGenerationEU and the long-term budget need to be spent on fighting climate change. The package also pays specific attention to biodiversity protection and gender mainstreaming.
- Key programmes, including Erasmus+, EU4Health and Horizon Europe, will be reinforced, compared to the agreement at the July 2020 special European Council, to the tune of €15 billion.

For the first time, the EU will have a specific mechanism to protect its budget against breaches of the rule of law: the Regulation on a general regime of conditionality for the protection of the Union budget. It will offer an additional layer of budget protection. The Commission will adopt guidelines on certain aspects of the application of the regulation. In the meantime, the regulation applies as from 1 January 2021. Final beneficiaries of EU funding in the Member State concerned will not be negatively affected by this mechanism.

In parallel, work progressed on the sectoral legislation establishing the new EU programmes. Political agreements were found in late 2020 on a majority of initiatives, including the Recovery and Resilience Facility, Horizon Europe, the Neighbourhood, Development and International Cooperation Instrument and the new EU4Health programme. The programmes are expected to be formally adopted in early 2021.

Institutional affairs

In the Council, the Presidency passed to Croatia and then Germany. The Croatian Presidency successfully ensured the swift adoption of COVID-19-related proposals as part of the immediate response to the crisis, including the Coronavirus Response Investment Initiatives, the Support to mitigate Unemployment Risks in an Emergency initiative and the Council recommendation on non-essential travel into the EU. The opening of accession negotiations with Albania and North Macedonia in March was another key milestone in the first half of the year. Under the German Presidency, the finalisation of the multiannual financial framework/recovery package and the conclusion of the UK trade-deal negotiations were key successes. The European Council also reached an agreement on a more ambitious 2030 climate target and addressed the tense situation in Belarus, imposing three rounds of sanctions.

After the summer, the Parliament's attention turned towards institutional affairs, starting with President von der Leyen's first [State of the Union address](#) on 16 September. In October, the Parliament approved [Mairead McGuinness's](#) replacement of Phil Hogan after his resignation from the Commission. She is now the Commissioner for Financial Services, Financial Stability and Capital Markets Union.

2020 was a year of renewal for the European Committee of the Regions and the European Economic and Social Committee. They reduced in size from 350 to 329 members each following Brexit, and

approximately 40 % of their membership was renewed. Apostolos Tzitzikostas was elected President of the European Committee of the Regions on 12 February, and Christa Schweng was elected the President of European Economic and Social Committee on 28 October.

The members of the European Commission in December 2020

First row: Commissioner **Paolo Gentiloni, Economy**; Commissioner **Mariya Gabriel, Innovation, Research, Culture, Education and Youth**; Vice-President **Maroš Šefčovič, Interinstitutional Relations and Foresight**; Commissioner **Jutta Urpilainen, International Partnerships**; Commissioner **Johannes Hahn, Budget and Administration**.

Second row: Commissioner **Elisa Ferreira, Cohesion and Reforms**; Executive Vice-President **Valdis Dombrovskis, An Economy that Works for People**; Vice-President **Věra Jourová, Values and Transparency**; Executive Vice-President **Margrethe Vestager, A Europe Fit for the Digital Age**; Vice-President **Margaritis Schinas, Promoting our European Way of Life**.

Third row: Commissioner **Didier Reynders, Justice**; High Representative/Vice-President **Josep Borrell, A Stronger Europe in the World**; President **Ursula von der Leyen**; Commissioner **Helena Dalli, Equality**; Commissioner **Janusz Wojciechowski, Agriculture**.

Fourth row: Commissioner **Nicolas Schmit, Jobs and Social Rights**; Commissioner **Kadri Simson, Energy**; Executive Vice-President **Frans Timmermans, European Green Deal**; Commissioner **Mairead McGuinness, Financial services, financial stability and Capital Markets Union**; Commissioner **Virginijus Sinkevičius, Environment, Oceans and Fisheries**; Commissioner **Adina Vălean, Transport**.

Fifth row: Commissioner **Stella Kyriakides, Health and Food Safety**; Commissioner **Thierry Breton, Internal Market**; Vice-President **Dubravka Šuica, Democracy and Demography**; Commissioner **Janez Lenarčič, Crisis Management**; Commissioner **Ylva Johansson, Home Affairs**; Commissioner **Olivér Várhelyi, Neighbourhood and Enlargement**.