

Citizens and institutions – the path to Europe's future

The Innovation Platform spoke to MEP Jose Gusmao about the role of EU citizens and institutions in achieving the UN's SDGs

The European Union is working to transition towards a more sustainable and resilient future. With the European Green Deal, as well as the Next Generation EU programme, there is every hope that the bloc will emerge from the COVID-19 pandemic stronger and more unified than ever before, and with frameworks in place that will go some way to ensuring that the effects of any future crises can be weathered in a more robust way.

However, for the UN's Sustainable Development Goals to be achieved, it is crucial that citizens are involved in the process, providing input and oversight to policy decisions and working alongside both the business sector and the European institutions.

The *Inter-Institutional Group 'SDGs For Well-Being and Consumers' Protection'* has been established to help provide answers to such questions as: What responses could EU consumer policy provide? What is the citizens' role in reaching the Sustainable Development Goals (SDGs) provided by the Agenda



Member States should be able to identify their main structural problems and then try to solve them using EU funds



This interview is part of an EU initiative focused on Sustainable Development Goals ideated by Cittadinanzattiva/Active Citizenship Network and realised in partnership with *The Innovation Platform*.

2030? What are the connections with European consumers' rights?

As part of a series of interviews with influential actors in this space and in partnership with Cittadinanzattiva/Active Citizenship Network (ACN), which is promoting the group, *The Innovation Platform's* Clifford Holt spoke to MEP Jose Gusmao about the role of both citizens and EU institutions in affecting this change.

The transition to a sustainable Europe must be based on the commitment that 'no one is left behind', as stated by the European Commission's President Ursula von der Leyen, and that everyone has to be involved in the achievement of this goal. To do so, social concerns should be addressed in full synergy with environmental and economic ones. In this context of a generalised crisis caused by the pandemic, do you think that enough is being done at a European level with the Next Generation EU? At what point is the definition of the Recovery Plan in your country, Portugal?

It was the European Parliament's view that we needed a much bigger financial instrument than what was eventually realised in the Next Generation EU package – the number we had proposed in our Resolution, and which was based on the positions of organisations such as the OECD, was €2 trillion; but Next Generation EU is worth just over a third of that. This therefore poses the question of whether this

package is up to the task of addressing the magnitude of the crisis.

The idea of associating the investment boosts that we need in order to respond to the economic and social crisis caused by COVID-19 with the 'green transition' is a positive one. And, indeed, we stand to create more jobs in the sectors that will help to fight climate change than we will lose in those that will be lost as a part of this transition. Yet, the size and design of the Next Generation EU programme are perhaps both cause for concern. That is, National Recovery Plans have to be aligned with a number of priorities which have been pre-defined by the European Commission, and I remain sceptical of that. Indeed, I voted down the technical support instrument in the Parliament as I was not happy with the so-called 'technical advice' given to countries by the Commission in recent adjustment programmes. I believe that Member States should be able to identify their main structural problems and then try to solve them using EU funds.

There is also a sense that, in many areas, a return to the past is constantly looming. Even in the Recovery and Resilience Facility (RRF) Regulation, which I was involved in, the perspective of macroeconomic conditionality and the return to the same kinds of fiscal rules that have essentially made the financial crisis even worse than it needed to be because of procyclical economic policies is a concern. The danger, even though we are doing some things right at the moment, is that when some of the more politically important countries recover from the pandemic and associated economic crisis, we will revert back to 'business as usual', despite the fact that we know this hasn't been hugely beneficial in the past.

A second issue concerns the struggle we experienced in establishing the RRF regulation – and this is something that also occurred in the Just Transition Fund – in terms of attempting to phase out any kind of funding and subsidies to the fossil fuel industry. Here, along with the Green and the Socialist parties within the European Parliament, we proposed to exclude these industries from funding Under the Next Generation EU programme. But this received significant opposition – mainly by the European People's Party (EPPPE), the European Conservatives and Reformists Group (ECR), and the far right.

In the end, an agreement was reached between the Socialists and the Right, which the Greens accepted, and this introduced the particularly vague 'do no significant harm' principle. This opens the door to all kinds of ambiguities, particularly given both this and previous European Commissions' track record of

insisting on making funding available to fossil fuel industries and infrastructure, on providing tax benefits to polluting industries and certain forms of mobility, and so on.

I am therefore concerned about the prospect of significant amounts of EU finances going into fossil-based industries, not least because phasing out these subsidies, whether direct or indirect, is just as important as providing investment to the green transition.

The Portuguese Recovery Plan is essentially ready. However, I do not believe it is adequate, and this is something I have raised with the Portuguese Finance Minister, Mário Centeno. Portugal has the second weakest Recovery Package in the Eurozone. The weakest is Ireland's, and while Ireland cannot really be compared to Portugal because of things like the amount of direct foreign investments it receives, it *is* possible to compare Portugal to countries like Spain, Italy, and Greece, and it is clear that they all have Recovery Packages that are more ambitious than ours.

For many years, Portugal has had one of the lowest public investment ratios in the Eurozone, and this is being reflected in the Recovery Package. Even areas where Portugal has exceptional resources, such as solar power, for instance, and other renewables, we are lacking in ambition, and that needs to be addressed.

What do you hope the Inter-Institutional Group 'SDGs for Well-Being and Consumers' Protection' can achieve? What prompted you to support it? And how do you think it can support the dialogue between the European institutions and civil society at the European level?

It is incredibly important for the implementation of policies in the European Union to be scrutinised. There are many priorities that have a significant amount of citizen support, and they need to be brought out of political speeches and embedded into actual policies.

To return to the European Green Deal: I believe that the best way to ensure European institutions deliver on the many commitments that have been made but which are very often not backed up by concrete policies, is to have citizen surveillance over the policies being implemented.

Along with some other MEPs, I made a complaint about the fact that BlackRock, the world's largest investor in fossil fuels and the banks that support them, had been advising the European Commission

on some very significant aspects on the implementation of the Green Deal, including the new sustainable finance agenda for banks (something which has now been upheld by the European Ombudsman). It is things like this which give me cause for concern; while working in the European Parliament as an assistant when the push for regulation following the last financial crisis was taking place, I witnessed the process be drawn out for several years as financial lobbies worked to shift and dilute the regulatory drive that was present, at least in some political groups, to get the financial system in order. This resulted in a regulation system that, again, has to be suspended in times of crisis, when the objective was to implement a financial regulation system that would work at *all* times. I am concerned that we will see something similar with the Green Deal.

One of the only ways to counteract huge companies and the huge financial interests that exist in this sector is to have citizens that are both well informed and active; citizens need to know about what is happening in European institutions, and not just via a soundbite they have heard in the media, but through sound and official information. They will then be able to play an active role in putting pressure on the European institutions and ensuring that they do the right thing. Empowering citizens in this way is good for the European institutions, it is good for democracy, and it is obviously good for the citizens. As such, I wholeheartedly support such initiatives as the Inter-Institutional Group 'SDGs for Well-Being and Consumers' Protection'.

The promoters of the Inter-institutional Group strongly believe that citizen and consumer empowerment should be the pillar of the transition towards a more inclusive and sustainable Europe, in line with the 'New Consumer Agenda', which will allow consumers to play an active role in the green and digital transitions. In this regard, would you say that a greater commitment on the part of the relevant European institutions is necessary to stimulate greater dialogue and collaboration between companies and consumers?

It is important for citizens to be involved in discussions around the green transition in a general sense, but it is also important to see citizens as consumers. Indeed, the dialogue around the green transition often suggests that in order to effectively tackle climate change, people are going to have to make big sacrifices. While that might be true to some extent and in some areas, for the most part a

society that deals with the challenge of climate change will be a society where people will live better lives. That is not just in terms of reducing the impact of rising temperatures or of reducing the frequency of adverse weather events, but also in terms of an increase in the quality of life that people are able to experience. For instance, a city that has great public transport services and which has significantly reduced the number of cars on its streets will offer a better living environment than one which has not. Similarly, a global economy where at least some of the sectors of production have been localised will result in societies where not only the environment, but also things like workers' rights, and the quality of what we consume, will be better.

That is one of the reasons why we need to connect the green priority with other agendas that are relevant to consumers such as, for instance, food safety. Indeed, as a result of the coronavirus pandemic and the dialogue around the Green Deal, a debate has emerged around free trade agreements, and these have a significant role to play. To take the EU-Mercosur trade agreement as an example: this is important in terms of ensuring things like food safety standards and competition and good regulatory practices, as well as in terms of promoting sustainable development, strengthening worker's rights, fighting climate change, and increasing environmental protection. Regarding food safety, unfettered international trade can add pressures to food safety standards; Mercosur countries do not have the same standards as we have in the EU, and so this can be extremely dangerous – both because without such an agreement food would reach the EU that does not meet those standards, and also because of the pressure that this would put on the European Union and its Member States to begin relaxing food safety standards from within.

I am unconvinced that issues such as these can be solved simply through a direct dialogue between companies and consumers. Rather, I believe that we need strong regulations alongside strong public arbitration systems.

Such a system is in place in Portugal and it works very well. As such, this could perhaps be exported and increased at the EU level. But, of course, a consumer protection legislation framework also needs to be in place that, in the context of the European Union, is very strongly based on European legislation. Because we have an internal market, we have internal market rules, and so consumer protection has to be very strongly based in EU law.

The transition to a sustainable and efficient economy requires radical changes in consumption habits, which we have just discussed, but also production models. What can the European Parliament do here? What remains to be done in terms of the need for stronger legislation, which you have mentioned, and what barriers are there?

To use the example of transport: we need people to abandon individual transportation in favour of one of the different modes of public transport, particularly within big urban centres. Achieving that will require the implementation of restrictive measures, such as limiting the number of cars in urban environments, or at least limiting their access etc. But that in turn requires viable alternatives to be in place to meet citizens' needs.

In many instances, individual consumer behaviour is used to cover what are essentially policy mistakes. In Portugal, for instance, billions of euros gained from European funding were used to create a system of highways across the country, rather than on the development of a fit-for-purpose railway network. This mistake is now becoming apparent as the behaviour of citizens in Portugal is not sustainable and, moreover, the EU's emphasis is now being placed on public transport. Yet, it is not the citizens who are to blame; they are merely using the infrastructure that was provided to them.

For us to be able to change unsustainable behaviour, we have to provide the alternatives, and often that is in the form of infrastructure. Then, we need to have the courage to implement restrictive measures that will nudge people in the right direction (a significant part of which will be ending the subsidies provided to the oil industry).

An important precondition to ensuring that companies integrate new consumer behaviour into their business strategies and, moreover, that companies and sectors alike adapt their approaches to consumers' consumption of goods and services, is perhaps the strengthening of dialogue between and a recognition of the respective roles of the business world and those who represent consumer rights. What do you feel needs to be done to strengthen this dialogue and what role can the European Parliament play?

The financial situation resulting from COVID-19 pandemic crisis has differed from the past financial crises. Aside from the clear health impacts, the

coronavirus pandemic has not just been an economic crisis from the demand side; there has also been a crisis on the supply side, with the pandemic disrupting international production chains and thus the supply of certain products and services that economies relied upon.

While these initial effects were negative, there were perhaps also positive impacts, too. Namely that, in numerous markets, people were forced to switch to local solutions, and that can now be looked to as a guide for the way in which we have to restructure our economies for the future.

The (re)localisation of industries and many of the economic sectors is something that environmental organisations have been calling on for some time, and the shift towards short distribution circuits that we saw for certain products in countries like Portugal during the pandemic is a positive development that could be significantly reinforced if public institutions were to adopt this strategy in a permanent way.

Of course, this is something that will need to be considered in terms of the internal market because if we are serious about diminishing the carbon footprint of the things that we consume, then this will have implications in terms of the way that we see the internal market and the internal market rules. Thus, if we really want people to consume locally, then we need to allow for certain restrictions to the internal market that will force companies and then also local authorities to make their purchases as close to home as possible.

Of course, the recently-approved farm-to-fork strategy works on this idea. But for that strategy to be effective, it has to mean something in terms of internal market rules; it has to allow for member states and local authorities to implement these kinds of policies, both public and private, without fearing the possibility of competition losses because they are in violation of competition rules within the internal market.

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