

# European Institute of Innovation and Technology and Strategic Innovation Agenda: EU co-legislators reach political agreement



Representatives of the Portuguese presidency of the Council today reached a provisional political agreement with the negotiators of the European Parliament on a package consisting of :

- amendments to the regulation on the European Institute of Innovation and Technology (EIT) and
- a decision on the future Strategic Innovation Agenda (SIA) of the EIT.

The key amendments to the existing EIT regulation concern financial sustainability and openness of Knowledge and Innovation Communities (KICs), stronger principles for monitoring and evaluation and the role of the member states in the governance of the EIT. More specifically, the EIT will establish performance-based mechanisms for the granting of financial contributions to KICs in order to enhance their capacity to attract other investments and to finance their activities independently of the EIT's contributions. The enforcement of these provisions will be supported by stronger monitoring and evaluation principles: the continuation of existing KICs will be subject to comprehensive assessment, which should include the monitoring of progress towards financial sustainability as well as openness to new members. A group of representatives of member states will be consulted on strategic decisions, such as the extension of partnership agreements with KICs.

The key features of the agreed SIA are the following :

- it requires Knowledge and Innovation Communities to become more open, inclusive and transparent;
- it clarifies the scope of the new pilot that will support the development of entrepreneurial and innovation capacity in higher education institutions;
- it defines eligibility criteria and the budget for activities under the Regional Innovation Scheme (RIS), aimed at widening the EIT's regional activities to modest and moderate innovator countries;
- it provides for a simplified performance-based funding model for the KICs;
- it introduces a continuous monitoring and evaluation system of the KICs, including closer monitoring of their openness;
- it clarifies the EIT's relations with KICs after the termination of the framework partnership agreement;
- it provides for a streamlined procedure for the launch of a new KIC in 2022 or 2023 in the field of cultural and creative sectors and

industries and of a second new KIC in the field of water, marine and maritime sectors and ecosystems in 2026, taking into account the strategic planning process of Horizon Europe.

## Background

The **European Institute of Innovation and Technology (EIT)** is an integral part of Horizon Europe, the future EU framework programme for research and innovation. The EIT's budget for the years 2021-2027 (as provided for in the Horizon Europe regulation) amounts to €2.96 billion. The EIT's leading mission since 2008 is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the member states and of the EU as a whole by addressing societal challenges through innovation-driven knowledge integration between higher education, research and innovation (knowledge triangle) It brings together leading universities, research labs and companies to form pan-European partnerships, the so-called Knowledge and Innovation Communities (KICs), to help innovators and entrepreneurs across Europe turn their ideas into products and services for the market. Since 2010, the EIT has over the years launched eight KICs, each of them focusing on a different societal challenge (Climate, Digital, Food, Health, InnoEnergy, Manufacturing, Raw Materials, Urban Mobility).

The **Strategic Innovation Agenda (SIA)** complements the legislative framework for the functioning of the EIT for the years 2021 to 2027. It sets out the priority fields and strategy of the EIT for the period 2021-2027 by defining the EIT's objectives, key actions, mode of operation, expected results and resources needed. The SIA also ensures the coherence of the EIT with Horizon Europe, the future EU framework programme for research and innovation for the period 2021-2027 and is expected to foster synergies with other EU programmes.

## Next steps

The agreed texts will be submitted to the relevant bodies of the Council and the Parliament for political endorsement shortly. Following such endorsement, the Parliament will proceed to the adoption of its position at first reading on the basis of these agreed texts (following legal linguistic scrutiny). The Council will then formally approve the Parliament's position and both legal acts will be deemed to have been adopted. This will take place after the Horizon Europe regulation has been adopted.

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## [European Social Fund Plus: Council and Parliament reach a provisional deal](#)



The Portuguese Presidency of the Council and members of the European Parliament reached a political agreement on the draft regulation establishing the European Social Fund Plus (ESF+) which is part of the 2021-2027 EU budget.

With an overall financial envelope of nearly EUR 88 billion (in 2018 prices), ESF+ will support investment in job creation, education and training, as well as social inclusion, access to healthcare, and measures for eradicating poverty in the EU.

The European Social Fund+ will make a decisive contribution to mitigate the negative consequences of the current crisis by promoting employment and reducing poverty levels, creating better opportunities for all, especially young people and children. The more vulnerable groups will also be favoured by ESF+.

*Nelson de Souza, Portuguese Minister for Planning*

The ESF+ was first proposed by the European Commission in 2018 as part of the 2021-2027 cohesion policy legislative package.

The draft regulation merges several instruments, including the fund for the most deprived and the programme to address youth unemployment. This gives EU member states greater flexibility and coherence between programmes, thereby reducing red tape.

It also aligns the ESF+ with the European Semester, since projects financed by the fund should address the challenges identified in the annual country-specific recommendations.

In 2020, ESF+ was adapted to the recovery package to enhance, among other things, support for youth employment and for short modular training aimed at providing people with skills tailored to the labour market and, in particular, to the needs of the green and digital transitions.

The text also includes a provision covering temporary measures allowing for the use of the fund in exceptional and unusual circumstances.

More specifically, the negotiating teams of the co-legislators agreed on the requirements regarding the allocation of ESF+ resources at national level according to the fund's policy objectives, such as social inclusion, addressing material deprivation, supporting young people not in employment, education or training, and alleviating child poverty.

## **Next steps**

The political agreement will be submitted for endorsement by the member states' ambassadors to the EU (Coreper) and to the European Parliament plenary for approval. Then work will continue at technical level to finalise the full text of the regulation.

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## EU presidency: Portugal focuses on Europe's recovery and chairs activities in the field of drugs

This month, [Portugal](#) took over the rotating [presidency of the Council of the EU](#) with the motto 'Time to deliver: a fair, green and digital recovery'. Over the next six months, Portugal will lead work at all levels of the Council, building co-operation, agreement and solidarity between EU Member States.

The presidency will focus on three key [priorities](#):

- promoting a European recovery, boosted by the green and digital transitions;
- implementing the European Pillar of Social Rights;
- strengthening the strategic autonomy of a Europe open to the world.

A central theme of the presidency will be strengthening the European social model. The aim will be to ensure that the climate and digital transitions are achieved in an inclusive way, whilst addressing the social dimension of the COVID-19 pandemic.

In May, an EU Social Summit will be hosted in Porto focusing on employment, qualifications and social protection. The event will be divided into: a High-Level Conference (7 May) – involving EU institutions, Member States, social partners and civil society – and an Informal Meeting of European Leaders (8 May). The presidency will also support the creation of a European Health Union, which strengthens the capacity to respond to public health crises and to produce and distribute safe vaccines, in Europe and beyond. It will also help ensure that the process of vaccination against COVID-19 takes place simultaneously in all Member States.

In the area of external action, attention will be paid to relations with EU neighbouring countries, to EU relations with Africa and Latin America and to transatlantic relations, including a revised agenda with the new US administration. An Informal Meeting of European Leaders with the Prime Minister of India will also take place to give momentum to stronger political and economic dialogue.

### **Portuguese presidency and drugs**

In the field of drugs, Portugal now chairs the Council's Horizontal Working Party on Drugs (HDG), with six meetings scheduled with the EU Member States and additional dialogues on drugs with relevant international partners (including Brazil, [China](#) and the United States). The HDG will be presided over by Dr João Goulão, Portugal's national drug coordinator and Director-General of the General-Directorate for Intervention on Addictive Behaviours

and Dependencies ([SICAD](#)).

The HDG is responsible for leading and managing the Council's work in the drugs domain and carries out legislative and general policy work in the areas of supply reduction and demand reduction. Its main goals are to: develop EU strategies, action plans and other relevant documents in the drugs field; exchange information between Member States and with third countries on national policies; and coordinate measures taken by EU Member States in Europe and beyond.

Continuing the work of the outgoing German Presidency, and based on the new EU drugs strategy for 2021–25, Portugal will have as one of its main objectives the preparation of the next action plan on drugs, based on information that is scientific, evidence-based and measurable. Portugal will also lead the EU and its Member States at the 64th session of the UN Commission on Narcotic Drugs (Vienna, 12–16 April 2021).

The current Portuguese presidency, running from 1 January to 30 June 2021, is the fourth held by Portugal, following those of 1992, 2000 and 2007.

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## [Press release – Portuguese Presidency outlines priorities to EP committees](#)



Portugal holds the Presidency of the Council until the end of June 2021. The first set of hearings takes place between 25 and 28 January. A second set of hearings will take place the following week. This press release will be updated regularly.

## Foreign Affairs

On 26 January, **Foreign Affairs Minister Augusto Santos Silva** outlined a range of external action priorities to the Foreign Affairs Committee. He spoke of the importance of reviving the transatlantic dialogue between the EU and the new Biden administration, promoting stronger ties between the EU and the Asia-Pacific region, notably India, as well as intensifying EU cooperation with Africa and the African Union, for example when it comes to finalising a new Post-Cotonou Partnership Agreement.

MEPs quizzed the minister on several topics, such as the EU's strategy vis-à-vis China, the Presidency's approach to Russia, and migration issues. They welcomed the initiative to hold the EU-India summit in Porto this year as well as Portugal's readiness to further engage in enlargement efforts. MEPs also questioned Mr Santos Silva on how the EU will guarantee respect for social, environmental and human rights in its commercial policy with third countries.

## Fisheries

On 26 January, **Maritime Affairs Minister Ricardo Serrão Santos** told the Fisheries Committee that the Presidency is committed to advancing negotiations on quotas with the UK and reaching a deal on this with Norway. MEPs complained about the uncertainty around fishing conditions following Brexit and how the Brexit Reserve Adjustment is to be distributed among countries.

They also highlighted the importance of concluding the regulation on the European Maritime and Fisheries Fund, obtaining a general agreement on the new Fisheries Control, and concluding fishing deals with third countries, like Mauritania, Guinea-Conakry and Madagascar. Serrão Santos assured them that these are all priorities for the Portuguese Presidency.

## Transport and Tourism

On 26 January, **Infrastructure and Housing Minister Pedro Nuno Santos** and **Secretary of State for Tourism Rita Marques** stressed that tourism and transport are two of the sectors hit hardest by the pandemic, which will also recover last from this crisis. Therefore, the Presidency will strive to contribute to a swift recovery and transformation of the transport sector, to make it more resilient, greener and smarter. The focus will then turn to the railway sector, implementing a new EU mobility strategy and further work on Single European Sky and Eurovignette draft rules.

Transport Committee MEPs welcomed the Presidency's focus on sustainable mobility, rail and their attempt to support, in particular, passengers as well as companies working in the transport and tourism sectors. They urged the Presidency to advance further on the Connecting Europe Facility, air passenger rights and alternative aviation fuels draft rules.

## **Culture and Education**

**Culture Minister Graça Fonseca** told the Culture and Education Committee on 26 January that supporting the recovery of the cultural and creative sectors is a priority, as is strengthening social security for artists, authors and other workers. MEPs called on the minister to earmark at least 2% of the recovery funds for cultural and creative sectors, and to make it binding for all member states to invest in the social protection of workers.

**Education Minister Tiago Brandão Rodrigues** and **Science, Technology and Higher Education Minister Manuel Heitor** stressed their commitment to reducing inequalities in access to education, as well as on re-training and up-skilling of professionals of all ages. MEPs noted that young people find it hard to enter the labour market, and asked for the European Youth guarantee to be strengthened.

## **Agriculture and Rural Development**

Concluding the talks on the Common Agricultural Policy (CAP) reform is one of the Presidency's top priorities, **Agriculture, Forestry and Rural Development Minister Maria do Céu Antunes** told the Agriculture Committee on 26 January. An agreement should be reached in April, the Minister said. The Presidency will focus on promoting structural development within the food system, sustainability in rural areas, digital growth and supporting organic farming. Other priorities include the Farm to Fork strategy and fostering more sustainable and biodiverse agriculture.

Negotiations on the CAP reform should be finalised as quickly as possible, but not at any cost, MEPs said. They called on member states to come closer to Parliament's position, which is more ambitious than the Council's, and stressed that the future CAP must be greener, ensure a level playing field and a fair income for EU farmers, and guarantee food security for EU citizens.

## **Women's Rights and Gender Equality**

On 26 January, **Mariana Vieira Da Silva, Minister of State for the Presidency** reminded the **Women's Rights and Gender Equality** Committee that women are particularly affected by the COVID-19 crisis. They are on the front line in combatting the pandemic, are hit harder by the economic crisis and are facing an increase in domestic violence during periods of confinement. The Presidency will organise a conference on violence against women and aims to create an EU-wide single hotline to report domestic violence, she announced.

The Minister also said that they will work on reaching a consensus on the Women on Boards Directive, blocked for years in the Council. In addition to this legislation, MEPs called for the Anti-discrimination Directive, which has been in a deadlock for 12 years, to be unblocked. Some MEPs expressed

concern that certain EU countries are moving away from democracy and not upholding respect for gender equality. They called on the Presidency to highlight the strong link between the rule of law mechanism and respect for gender equality.

## **Environment, Public Health and Food Security**

On 25 January, **Environment and Climate Action Minister João Pedro Matos Fernandes** told the Environment, Public Health and Food Security Committee that Portugal will promote the EU as a leader in Climate Action. The presidency is prioritising a green recovery and getting a deal on the EU Climate Law. MEPs raised questions on issues such as the EU Climate Law, biodiversity, the CAP reform, hydrogen, CO2 emissions from shipping and the need for a green industrial strategy and green investments. They also stressed the importance of the upcoming UN climate change conference in Glasgow.

On 26 January, **Agriculture Minister Maria do Céu Antunes** emphasised the need for a green and sustainable recovery from the COVID-19 crisis, which includes a follow-up on the Farm to Fork strategy. Council conclusions in spring 2021 will shape the EU's position for the COP26 in Glasgow. MEPs quizzed the Minister on a number of topics including biodiversity, desertification, food waste, animal welfare, the reduction of pesticides and biological control agents.

## **Legal Affairs**

On 27 January, the Legal Affairs Committee held a debate with **Justice Minister Francisca Van Dunem**, in which digitalisation and access to legal recourse, the protection of vulnerable adults, environmental crimes, the fight against illegal and online hate speech, and women and children's rights figured prominently. MEPs underlined the importance of tackling the negative impact of COVID-19 on the justice sector. To increase citizens' trust in EU justice systems, member states should provide support, and systems and proceedings should be simplified and made more inclusive and comprehensible, explained Van Dunem.

Members asked about the Presidency's position on the Digital Services and Digital Markets Acts, particularly in relation to removing illegal or harmful content while respecting fundamental rights. In response to questions from MEPs regarding the state of play of the Non-Financial Reporting and Women on Boards directives, as well as public country-by-country reporting files, the Minister expressed hope for progress in these areas.

## **Constitutional Affairs**

On 28 January, the Constitutional Affairs Committee met with **Secretary of State for European Affairs Ana Paula Zacarias** and stressed the need to quickly finalise the joint declaration on the Conference on the Future of



Europe. They also asked the Presidency to commit to the prospect of treaty changes. Ms Zacarias reiterated the Presidency's intention to make progress on the reform of the Ombudsman Statute, Parliament's rights of inquiry and initiative, and the accession of the EU to the European Convention on Human Rights.

MEPs welcomed the Presidency's commitment to protecting EU values and asked Ms Zacarias for more information on ongoing Article 7 procedures and the new mechanism to protect the EU budget. They also raised the creation of an independent EU ethics body, the rules on financing European political parties and foundations, Parliament's role in the governance of the agreement with the UK, and transparency concerns regarding the Council's activities.

## **Security and Defence**

On 28 January, **National Defence Minister João Gomes Cravinho** told the Subcommittee on Security and Defence that the Presidency will continue promoting EU strategic autonomy and work on developing the common European Strategic Compass. It will pay particular attention to EU relations with Africa, maritime security in key areas such as the Gulf of Guinea and the Atlantic, transatlantic relations, military mobility and cyber defence. Other priorities include activating the European Defence Fund (EDF), he said.

MEPs questioned the Minister on several topics, such as the European Peace Facility (EPF), Russia and China's hostile activities, the situation in the Eastern Mediterranean and issues with Turkey, as well as relations with the UK.

## **International Trade**

Following **Foreign Affairs Minister Augusto Santos Silva's** presentation in the International Trade committee, most MEPs were concerned that ongoing talks with Mercosur countries must include further reassurances on environmental, labour and social standards. MEPs reiterated that the deal in its current form is unacceptable for Parliament, due to continued concerns about deforestation, biodiversity loss and human rights.

MEPs welcomed the Presidency's intention to revive talks on an EU-India investment agreement, but emphasised that including clauses on environmental, labour and social obligations is vital. Likewise, most MEPs underlined that China must commit to ending forced labour in light of the EU-China investment agreement. They also asked the Presidency about its plans to unblock talks on the international procurement instrument, a helpful tool to ensure a level playing field in EU-China relations.

## **Internal Market and Consumer Protection**

In the Internal Market and Consumer Protection Committee on 28 January, **Economy and Digital Transition Minister Pedro Siza Vieira** stressed that the

Presidency will focus on the EU making a resilient and fair recovery from the pandemic. They will do this by making as much progress as possible on Next Generation EU, as well as approving and executing national recovery plans. He emphasised the impact that recovery plans will have on both digital and green transitions, including increased EU strategic autonomy and a diversification of production.

As the single market plays an important role in all these areas, the Presidency aims to reduce regulatory barriers and fragmentation, especially to services. It will focus on improving the single market for SMEs. With regard to digital goods and services, the Minister stressed the importance of improving digital skills and digitising public administration (including electronic ID), as well as the Digital Services Act.

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## **ESMA UPDATES EMIR Q&A'S**

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today updated its [Questions and Answers](#) document on practical questions regarding reporting issues under the European Markets Infrastructure Regulation (EMIR).

The updated Trade Repository (TR) Q&A 3b explains how to report the direction of derivatives in specific cases that are described.

A new Q&A for Trade Repositories clarifies the steps to be taken for the due termination of derivatives when the reporting counterparty ceases to exist. It also specifies how to deal with non-terminated reports of inactive (dissolved) counterparties to ensure that accurate information is provided to the authorities.

This document aims at ensuring that the supervisory activities of the competent authorities under the Regulation converge along the lines of the responses adopted by ESMA. It should also help investors and other market participants by providing clarity on EMIR requirements.

The purpose of the Q&A document is to promote common supervisory approaches and practices in the application of EMIR. It provides responses to questions posed by the general public, market participants and competent authorities in relation to the practical application of the Regulation.

Next steps

ESMA will periodically review these Q&A and update them where required.