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⁽¹⁾ Text with EEA relevance.

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(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

COMMUNICATION FROM THE COMMISSION

on Guidance for access to the labour market, vocational education and training and adult learning of people fleeing Russia's war of aggression against Ukraine

(2022/C 233/01)

1. INTRODUCTION

Since the beginning of Russia's war of aggression against Ukraine, over 6.5 million people have fled Ukraine and reached the EU; about 3 million have registered for temporary protection and the majority are women with children (¹). From the information available so far, only a relatively small number of those of working age has entered the EU labour market or registered with Public Employment Services. This could be due to physical and psychological traumas, ongoing acclimatisation in the host Member States, lack of information on the opportunities available or other barriers (such as language and childcare duties).

Despite the uncertainty about the number of people likely to stay in the EU and prospects for return, the number of people wanting to enter the labour market in the Member States is expected to rise.

Swift and effective integration into the labour market will be important both for the host communities and for the people fleeing Russia's war of aggression against Ukraine as they will be able to rebuild their lives and continue developing their skills. This will be for the benefit of the persons concerned, the EU and, eventually, for the reconstruction of Ukraine.

This Communication presents policy guidance for Member States' actions on access to the labour market, vocational education and training and adult learning for people fleeing Russia's war of aggression against Ukraine.

The present guidance complements and builds upon actions already undertaken at the EU level aimed at supporting those arriving in the EU. On 4 March 2022, the Council Implementing Decision (EU) 2022/382 (²) establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC ('Temporary

⁽²⁾ OJ L 71, 4.3.2022, p. 1.

⁽¹⁾ Most recent data obtained from the EU Migration Preparedness and Crisis Management Mechanism (Blueprint) Network.

Protection Directive'), and having the effect of introducing temporary protection (³) was adopted. The Commission presented Operational guidelines on the implementation of this Decision on 21 March (⁴) ('Operational guidelines'), a Communication on welcoming those fleeing war in Ukraine on 23 March (⁵) ('23 March Communication'), as well as a Commission Recommendation on the recognition of qualifications for people fleeing Russia's invasion of Ukraine on 5 April (⁶) ('Recommendation on the recognition of qualifications'). At the extraordinary Justice and Home Affairs Council of 28 March, the Commission, in coordination with the French Presidency of the Council, presented a 10-Point Plan for stronger European coordination on welcoming people fleeing the war from Ukraine (⁷). These key documents will be subject to updates as required to reflect changing circumstances and where supplementary guidance will be helpful.

Beneficiaries of temporary protection have the right to access the EU labour market, vocational education and training and adult learning. In its 23 March Communication, the Commission encouraged Member States to grant access to the labour market and to extend the provisions of Article 12 of the Temporary Protection Directive also to persons receiving adequate protection under national law, as provided for in Article 2(2) of the Council Implementing Decision (EU) 2022/382 ('adequate protection under national law'). In a similar vein, with the present Communication the Commission invites Member States, to the extent possible, to extend the provisions related to vocational education and training and adult learning under Article 14 of the Temporary Protection Directive also to persons receiving adequate protection under national law. This Communication therefore refers to people fleeing Russia's war of aggression against Ukraine who are eligible for temporary protection under the Temporary Protection Directive, as well as those who are eligible for adequate protection under national law.

The Commission is exchanging through a broad range of channels with national authorities, social and economic partners, the private sector, and civil society organisations involved in the reception and integration of those fleeing Russia's war of aggression against Ukraine. The Solidarity Platform (⁸) coordinates cooperation between Member States, for instance on the mapping of needs, resources, reception capacities and transfers, paying particular attention to the needs of the most vulnerable, in particular children. The Commission has set up a multilingual website providing information to people fleeing Russia's war of aggression against Ukraine about their rights, opportunities and procedures to follow once they arrive in the EU (⁹). Moreover, a series of initiatives at the EU level ensure that Member States can make full use of available EU funds, notably as part of the 'Cohesion's Action for Refugees in Europe' (CARE initiative) (¹⁰).

The scale and the speed of arrivals is unprecedented and requires an effective response at all levels. This document aims to provide policy guidance to Member States in view of facilitating the integration of people arriving from Ukraine into the labour market. It outlines concrete actions that can be taken by Member States based on lessons learnt and best practices gathered in the recent months and since the 2015-2016 migration crisis. Successful integration into the labour market depends also on measures taken in other areas such as access to accommodation, healthcare (including mental and reproductive healthcare), social protection and services, as well as, for parents, early childhood education and care and school education. The actions the Commission is undertaking in all of these areas (¹¹) are complementary.

- (⁷) Home Affairs Council: Ten-Point Plan (europa.eu)
- (*) Set up by the Commission based on Articles 24-27 of the Temporary Protection Directive.
- (*) Information for people fleeing the war in Ukraine | European Commission (europa.eu)
- (10) Ukraine: final adoption of CARE | European Social Fund Plus (europa.eu)

^{(&}lt;sup>3</sup>) As set out in the Operational guidelines and in the 23 March Communication, in addition to Ukrainian nationals, Article 2(1) of the Council Implementing Decision (EU) 2022/382 foresees that third country nationals or stateless persons benefiting from international protection in Ukraine and their family members should be granted temporary protection if they resided in Ukraine before or on 24 February 2022. For third country nationals residing in Ukraine before or on 24 February with a permanent residence permit and who cannot safely return to their country of origin, Member States shall apply either temporary protection or adequate protection under their national law (Article 2(2) of the Council Implementing Decision). Member States may also grant temporary protection to other third country nationals who were legally residing in Ukraine and are unable to return (Article 2(3) of the Council Implementing Decision). As set out in the Operational guidelines, temporary protection as introduced by the Council Implementing Decision lasts one year from the entry into force of the Decision, i.e. from 4 March 2022 until 4 March 2023, in accordance with Article 4(1) of Directive 2001/55/EC. If during this period the Council does not take a Decision, on a proposal from the Commission, to end the temporary protection, it will be extended automatically by six months, i.e. until 4 March 2024.

^(*) Communication from the Commission on Operational guidelines for the implementation of Council implementing Decision 2022/382 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ C 126 I, 21.3.2022, p. 1).

^{(&}lt;sup>5</sup>) COM(2022) 131 final.

^{(&}lt;sup>6</sup>) Commission Recommendation (EU) 2022/554 of 5 April 2022 on the recognition of qualifications for people fleeing Russia's invasion of Ukraine (OJ L 107 I, 6.4.2022, p. 1).

^{(&}lt;sup>11</sup>) Further action in these areas is ongoing - see for instance the initiatives to implement the 10-Point Plan, including the 'Safe Homes' initiative; on education, the Commission has prepared Policy guidance on supporting the inclusion of Ukrainian refugees in education: considerations, key principles and practices (schooleducationgateway.eu)

Member States are encouraged to implement the guidance in the present Communication in line with the principles of the European Pillar of Social Rights (¹²), which are essential for fair and well-functioning labour markets and social protection systems in Europe. Numerous actions included in the Commission's Action Plan on Integration and Inclusion for 2021-27 (¹³) are of particular relevance for people fleeing Russia's war of aggression against Ukraine. Attention should also be paid to non-discrimination and the specific vulnerabilities of particular groups at greater risk of discrimination, including Roma and people with a minority racial or ethnic background, persons with disabilities and the LGBTIQ community.

The EU will pursue its cooperation with the Ukrainian authorities to support measures ensuring that people fleeing Russia's war of aggression against Ukraine can exercise their rights. The Ukrainian diaspora in the EU plays a particular role in supporting those fleeing Russia's war of aggression against Ukraine.



2.1. Employment and self-employment

Fast and effective access to and integration into the labour market is crucial for the people fleeing Russia's war of aggression against Ukraine who are able and willing to work. They can engage in employed or self-employed activities which also allows them to be financially independent, rebuild their lives, and to contribute to and integrate into the local community during their stay in the EU. This will be for the benefit of the persons concerned, the EU and, eventually, for the reconstruction of Ukraine.

Beneficiaries of temporary protection shall be authorised to engage in employed or self-employed activities, subject to rules applicable to the profession. For reasons of labour market policies, Member States may give priority to EU citizens and citizens of States bound by the Agreement on the European Economic Area and also to legally resident third-country nationals who receive unemployment benefit. The general law in force in the Member States applicable to remuneration, access to social security systems relating to employed or self-employed activities and other conditions of employment shall apply.

In its 23 March Communication, the Commission recommended that Member States interpret the rights granted by the Temporary Protection Directive to access the EU labour market in the broadest possible way, applying exceptions to free movement in the internal market only in duly justified circumstances. The Commission encourages Member States to grant such access to their labour market also to beneficiaries of adequate protection under national law. In the Recommendation on the recognition of qualifications, the Commission also recommended that Member States do not introduce or maintain any requirement for companies to prove that they could not hire an EU national before recruiting a person enjoying temporary protection.

It is also important to avoid exploitation and undeclared work. The European Labour Authority supports the exchange of best practices via its Platform Tackling Undeclared Work (¹⁴), to fight against possible abuse or labour exploitation. In recent years, the Platform has promoted a comprehensive approach combining preventative measures (such as awareness-raising and providing information) and sanctions following workplace inspections (¹⁵).

Public Employment Services play a key role when it comes to integrating people into the labour market, providing information to those arriving and acting as matchmakers between jobseekers and employers. They cooperate and coordinate actions with other stakeholders, such as other national administrations, municipalities, social partners and civil society organisations, including migrant and Ukrainian diaspora organisations, to ensure timely and targeted support. Public Employment Services are also key providers of EURES services (¹⁶), some of which can be used by those fleeing Russia's war of aggression against Ukraine. The Commission stands ready to further facilitate exchanges and cooperation on these issues through the European Network of Public Employment Services.

^{(&}lt;sup>12</sup>) European Pillar of Social Rights | European Commission (europa.eu)

⁽¹³⁾ COM(2020) 758 final.

⁽¹⁴⁾ European Platform tackling undeclared work | European Labour Authority (europa.eu)

⁽¹⁵⁾ The ESF has also funded such projects, see e.g. Integrazione migranti Progetto PIU' SUPREME (lavoro.gov.it).

^{(&}lt;sup>16</sup>) EURES (europa.eu) is a European cooperation network of employment services, designed to facilitate the free movement of workers. See in particular the 'working and living' section.

Survey of Public Employment Services:



In March 2022, the Commission launched a survey among Public Employment Services, which showed that they have adjusted relevant processes quickly, through online information in multiple languages (sometimes including Ukrainian) and dedicated counsellors. In some countries, Public Employment Services have set up dedicated branch offices for jobseekers fleeing Russia's war of aggression against Ukraine and, in some cases, are advertising job offers specifically targeting them. Some Public Employment Services are already present at Welcome Centres and services, and some are involved in joint emergency response groups or taskforces for people fleeing Russia's war of aggression against Ukraine. Many Public Employment Services have gained substantial experience in recent years in registering, profiling, and supporting the integration of asylum seekers and refugees into the labour market, and are therefore encouraged to cooperate and exchange good practices through the European Network of Public Employment Services.

The Commission is also working with social and economic partners through the European Partnership for Integration (¹⁷) to advance the labour market integration of people fleeing Russia's war of aggression against Ukraine. Member States are encouraged to adopt also a multi-stakeholder approach at national level with economic and social partners, as they are key in ensuring the effective creation and availability of employment and self-employment opportunities with the necessary support.

The Commission invites Member States, when taking measures regarding access to employment and selfemployment, to:

- Make information available:
 - On available support to the people fleeing Russia's war of aggression against Ukraine. This goes beyond the legal obligation to provide them with information about their rights and concerns information about support, such as career guidance, counselling, mentoring, protection against discrimination (especially during pregnancy and early parenthood) and work-life balance measures. Information of this kind could be included in the document to be provided under Article 9 of the Temporary Protection Directive, ideally in the language of the recipient and also made available through dedicated websites, apps, or advertisements. Member States are encouraged to make a similar document and set of information available also to those eligible for adequate protection under national law.
 - About the rights of the beneficiaries of temporary and adequate protection under national law to integration service centres, local authorities, social security institutions, potential employers and social partners. This can be done through information and training sessions, and by encouraging them to participate in EU-level initiatives, such as the Pact for Skills (¹⁸).
- Facilitate the integration in the labour market of beneficiaries of temporary protection and, where relevant, of adequate protection under national law by:
 - Encouraging those arriving in the EU to register promptly with the local Public Employment Services, e.g. by providing such information upon arrival or in welcome centres and services.

^{(&}lt;sup>17</sup>) European Partnership for Integration (europa.eu) The Partnership includes the European Commission and the five social and economic Partners organisations (ETUC, Business Europe, SMEUnited, CEEP, Eurochambres). Since the launch of the Partnership in 2017, social and economic partners have implemented a wide range of actions in the field of labour market integration in more than 20 EU countries. The European Commission has co-funded several innovative projects to help refugees and other migrants integrate into the labour market. The Commission is working with the social and economic partners to reinforce the European Partnership for Integration and cover integration into the labour market of people fleeing Russia's invasion of Ukraine.

^{(&}lt;sup>18</sup>) The Pact for Skills is a shared engagement model for skills development in Europe. The Commission is mobilising the Pact's stakeholders to offer concrete training and employment opportunities for those fleeing Russia's invasion of Ukraine.

- Reflecting the needs of people fleeing Russia's war of aggression against Ukraine in the work of national authorities and Public Employment Services by:
 - Giving, in first instance, specific attention to occupations where beneficiaries of temporary protection and adequate protection under national law can support others fleeing Russia's war of aggression against Ukraine (e.g. doctors, nurses, teachers and trainers, early childhood education and care workers, labour market counsellors, as well as in the offices of Public Employment Services). This could be ensured by reducing the barriers to accessing such professions and cooperating with the Ukrainian authorities and diaspora.
 - Paying particular attention to labour market access for women, and, as a matter of priority, addressing the needs of women with children, also in relation to their rights to access to early childhood education and care and school education as this can help them take up employment opportunities.
 - Encouraging placements in sectors and occupations where there are labour market shortages in the host Member States. Cedefop's analysis of job vacancies across Europe (¹⁹) can help Member States to examine what skills are needed and where, including at the regional level. Moreover, the Shortage and Surplus Occupations (²⁰) report by the European Labour Authority can support Member States in identifying needs.
 - Raising awareness about diversity in the workplace and providing civic/social-cultural orientation courses, reflecting the needs of specific groups (e.g. women, persons with disabilities, minorities, etc.), and informing them on non-discrimination rights and what to do in case of a breach of these rights.

- Reinforcing the enabling framework for accessing **employment and self-employment** by:

- Providing support to employers hiring people fleeing Russia's war of aggression against Ukraine and allowances for the creation of start-ups. Social economy businesses and networks can also support the integration efforts.
- Opening up entrepreneurship support programmes to people fleeing Russia's war of aggression against Ukraine, e.g. training, mentoring, coaching and networking support, as well as microfinance, or a combination of financial and non-financial support measures. The Better Entrepreneurship Policy Tool (²¹) can be used for this purpose.
- Promoting European entrepreneurship support programmes, such as Erasmus for Young Entrepreneurs (²²) and the Enterprise Europe Network (²³).
- Provide the broadest possible access to the labour market for those who pursue employed and self-employed activities by:
 - Addressing the risk of exploitation and undeclared work (²⁴), by ensuring cooperation between different actors, including law enforcement and labour inspectorates, in line with the holistic approach promoted in recent years by the Platform Tackling Undeclared Work, the EU Strategy on Combatting Trafficking in Human Beings (2021-2025) (²⁵) and the Common Anti-Trafficking Plan to address the risks of trafficking in human beings and support potential victims among those fleeing the war in Ukraine (²⁶).

⁽¹⁹⁾ Skills-OVATE | CEDEFOP (europa.eu)

⁽²⁰⁾ Analysis of shortage and surplus occupations 2021 | European Labour Authority (europa.eu)

^{(&}lt;sup>21</sup>) Homepage | The Better Entrepreneurship Policy Tool: developed by the Organisation for Economic Co-operation and Development and the Commission is an online tool designed for policy-makers and other interested parties at local, regional and national level who wish to explore how public policy can: support youth, women, migrants and the unemployed in business creation and selfemployment; support the development of social enterprises.

^{(&}lt;sup>22</sup>) Erasmus for Young Entrepreneurs (erasmus-entrepreneurs.eu): it helps provide aspiring European entrepreneurs with the skills necessary to start and/or successfully run a small business in Europe.

⁽²³⁾ Enterprise Europe Network (europa.eu): it helps businesses innovate and grow on an international scale. It is the world's largest support network for small and medium-sized enterprises (SMEs).

^{(&}lt;sup>24</sup>) See for instance Early Warning Notification - War in Ukraine: refugees arriving to the EU from Ukraine at risk of exploitation as part of THB | Europol (europa.eu)

⁽²⁵⁾ COM(2021) 171 final.

⁽²⁶⁾ A new Anti-Trafficking Plan to protect people fleeing the war in Ukraine (europa.eu)

- Not making use of the possibility under Article 12 of the Temporary Protection Directive to give priority to access the labour market to EU nationals and nationals of States bound by the Agreement on the European Economic Area or legally resident third-country nationals who receive unemployment benefits.
- Ensuring that actions on labour market always include the perspective of persons with disabilities, ensuring accessibility of information and services, in line with Principle 17 of the European Pillar of Social Rights and the commitments under the United Nations Conventions for the Rights of Persons with Disabilities (UNCRPD).

Examples of relevant EU-funded projects



EU funded projects (²⁷) can serve as inspiration and showcase good practices. For instance, **'fast-track' integration programmes**, with a dual focus on language and on-the-job training have proven particularly effective in integrating asylum seekers and refugees.

Fostering Opportunities of Refugee Workers (FORWORK) (²⁸) is an EaSI-funded pilot project targeting the labour market integration of asylum seekers and refugees hosted in reception centres (CAS) in Piedmont (Italy) and Albania. The project offers skills assessments and gender-specific mentoring services, combined with language and professional training, to develop an individualised integration plan.

Another EaSI-funded pilot project is **Fast track action boost (FAB)** (²⁹), which focused on a city-approach to fast-track integration pathways to the labour market for refugees and their families, with a special focus on female refugees. Its partnership brought together Belgrade, Berlin, Madrid, Milan, Stockholm and Vienna.

A successful example of multi-stakeholder partnerships is the project **Labour INT** (³⁰), which promotes multi-layered integration paths (from arrivals to the workplace, and including education, training and job placements) for asylum seekers and refugees, building on the interest and capacities of businesses, chambers of industry and commerce, trade unions and migrant associations.

Examples of ESF-funded projects focusing on the labour market integration of female migrants include **Stark im Beruf** (³¹) (Germany) for mothers with a migrant background, **Mirjam** (³²) for women arriving in Sweden, and **CIAO** (³³) (Luxemburg) for women with a migrant background.

2.2. Mapping skills and speedy recognition of qualifications

Beneficiaries of temporary protection and adequate protection under national law need to be able to demonstrate what skills and qualifications they have in order to be swiftly integrated into the labour market. Several Member States are putting in place procedures to assess the equivalence of studies and qualifications when the documentation is available and, when this is not the case, to validate skills and prior learning and experience (e.g. through tests, practical skills assessment or skills demonstrations, interviews, or online self-evaluation). It is important that those measures do not introduce unnecessary obstacles to enjoying effective access to the labour market, including for instance language requirements.

- (29) FAB
- (30) Labour-INT
- (³¹) Stark im Beruf
- (³²) Mirjam
- (33) CIAO

⁽²⁷⁾ Examples of projects can be found on: the ESF website, the ESF+ website and the European Website on Integration. The most recent good practice examples on integrating refugees and migrants are summed up in the final and thematic reports from the Mutual Learning Conferences 2021, 2020 and 2019.

⁽²⁸⁾ Forwork

To access regulated professions, such as different groups of health and teaching professions, an assessment and formal recognition of the foreign qualification is usually needed. The Recommendation on the recognition of qualifications provides guidance and practical advice to ensure a quick, fair and flexible recognition process, and further highlighted the importance of facilitating academic recognition, e.g. of university diplomas. Most learning programmes, however, including labour market and employer-based learning or certificates, are not linked to regulated professions. Moreover, many people may also have skills gained through work, running a business, or in other contexts such as volunteering. These skills can be very valuable in the labour market but risk going unrecognised and undervalued.

The Commission offers several skills-related tools for end-users and intermediaries such as the Skills Profile Tool for third country nationals (³⁴), now available in Ukrainian. The tool can support Ukrainian-speaking jobseekers and those who wish to continue their training and studies. The tool maps skills and collects evidence of qualifications and experience as part of a structured interview. The European Skills, Competences, Qualifications and Occupations classification (ESCO) (³⁵) will be also available in Ukrainian in June to facilitate the use of the Skills Profile Tool and similar tools used by private implementers. The ePortfolio of Europass (³⁶) was made available in Ukrainian at the end of April 2022. The Commission is also in the process of launching the EU Talent Pool Pilot initiative (³⁷) by piloting the development of an EU-wide web portal, enabling people that fled Ukraine to register their skills and interest in finding employment, thereby facilitating the mapping of the skills available amongst this community and potential matches with employers. The design of the pilot is advancing in discussion with Member States and key stakeholders.

To ensure that Ukrainian qualifications can be understood more easily across borders, by employers, education and training providers alike, the Commission has worked with the European Training Foundation (ETF), Ukrainian authorities (³⁸) and EU Member States to compare the Ukrainian national qualification framework and the European Qualifications Framework (EQF). The ETF has established a resource hub (³⁹) to help those fleeing Russia's war of aggression against Ukraine with information on how to continue education and training and seek assistance in getting their qualifications recognised, and others who need help in interpreting them. The Commission is also exploring the potential of European Digital Credentials for Learning to reissue diplomas digitally for those who, having fled the war, do not have the necessary documents.

The Commission invites Member States, when taking measures regarding mapping and recognition of skills and qualifications, to:

- Ensure that people's skills and qualifications can be valued, assessed and swiftly recognised, as necessary, whether or not documentation is available, e.g. through support with preparing CVs, testing skills, and retrieving missing qualifications. Cooperation between Public Employment Services, social partners, institutions responsible for validating and recognising qualifications such as National Academic Recognition Information Centres (40), as well as with Ukrainian authorities, is indispensable to support the swift, cost-free and simple mapping and recognition of skills and qualifications, and to ensure that information about these options is effectively available to those fleeing Russia's war of aggression against Ukraine.
- Encourage services responsible for assessing and recognising prior experience and learning, including non-formal and informal learning, to engage proactively with people fleeing Russia's war of aggression against Ukraine and the organisations supporting them to ensure that people from all skill backgrounds can be supported to identify and map their skills.

^{(&}lt;sup>34</sup>) Skills Profile (europa.eu): this multilingual tool is intended for use by organisations offering assistance to third country nationals. It helps to map the skills, qualifications and work experiences of the third country nationals and to give them personalised advice on further steps, e.g. a referral to recognition of diplomas, skills validation, further training or employment support services.

^{(&}lt;sup>35</sup>) Homepage (europa.eu): ESCO is the European multilingual classification of Skills, Competences and Occupations. It works as a dictionary, describing, identifying and classifying professional occupations and skills relevant for the EU labour market and education and training.

^{(&}lt;sup>36</sup>) Home | Europass: it is a set of online tools to help with creating CVs, cover letters and also help users to find jobs and courses in the EU.

^{(&}lt;sup>37</sup>) Steps for launching the pilot are set out in the Commission Communication 'Attracting skills and talent to the EU', 27 April 2022 (COM(2022) 657 final).

⁽³⁸⁾ Such as the Ministry of Education, the National Qualifications Agency, the National Agency for Quality Assurance in Higher Education, the ENIC NARIC Centre.

⁽³⁹⁾ Education and work information for Ukrainians and EU countries | ETF (europa.eu)

⁽⁴⁰⁾ Enic-Naric: the ENIC-NARIC network (European Network of Information Centres in the European Region-National Academic Recognition Information Centres in the European Union) developed the Erasmus+ Q-entry project, a database that covers Member States and non-EU countries and provides information on school-leaving qualifications giving access to higher education.

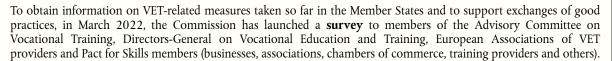
Examples of relevant EU-funded projects

In Belgium (Wallonia), '**Skills validation centres** (⁴¹)', supported by ESF funding, can help people fleeing Russia's war of aggression against Ukraine with professional experience to get their skills validated officially and free of charge. The official recognition helps to prove skills to an employer, resume training with a dispensation or gain access to a profession.

2.3. Initial vocational education and training

The Commission is cooperating with the European Training Foundation to support the continuation of learning by VET students via online means. In particular, the European Training Foundation cooperates with Ukrainian authorities and other partners in order to identify and collect online learning content and training resources, such as micro courses and short professional modules from Member States and partner countries, which could be broadly disseminated to provide displaced learners from Ukraine with learning opportunities leading to specific VET competences and micro-credentials.

Survey on VET-related measures



The preliminary results (⁴²) give an overview of Member States' actions to date and provide examples of good practices which can serve as inspiration to others. These include accelerated procedures, equivalence of studies and validation procedures, individual plans, mentoring and counselling, work-based learning, and preparatory classes including language and interpersonal skills.



The Commission invites Member States to:

Ensure swift access to initial VET including apprenticeships and, in cooperation with social and economic partners, expand the provision of quality work-based learning and apprenticeship opportunities, in line with the principles of the European framework for quality and effective apprenticeships (⁴³), including as regards remuneration.

⁽⁴¹⁾ CVDC | Site de la validation des compétences (validationdescompetences.be)

⁽⁴²⁾ Preliminary results: Survey on integration of Ukrainian refugees in Vocational Education and Training (VET) - Employment, Social Affairs & Inclusion - European Commission (europa.eu)

⁽⁴³⁾ Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships (OJ C 153, 2.5.2018, p. 1).

- Support VET providers through additional funding, increased flexibility in the adaptation of training programmes for the needs of learners fleeing Russia's war of aggression against Ukraine and by considering employing beneficiaries of temporary protection or adequate protection under national law who are vocational teachers and trainers.
- Recognise previous learning experiences and qualifications by using existing validation processes to correctly
 allocate specific learning paths; and involve social and economic partners to help young learners from Ukraine to
 undergo a professional examination in order to issue competence-based professional certificates.
- Explore possibilities to prolong ongoing Erasmus+ mobility stays of Ukrainian vocational learners who are unable to go back home and who may seek temporary protection.

Examples of relevant EU-funded projects

With First Room, a Bucharest-based project co-funded by the ESF, **Concordia Vocational School** (⁴⁴) provides training and counselling services to support the social integration of children and young people who have recently been under state protection systems. The Vocational School provides certification of their competences, as well as employment and job orientation. The integrated services also support young people who exited the system by renting housing and available rooms within the Concordia transit centre. It is currently also supporting people fleeing Russia's war of aggression against Ukraine.

2.4. Upskilling and reskilling opportunities for adults to ease access to the labour market

Beneficiaries of temporary protection must be granted access to educational opportunities for adults, vocational training and to practical workplace experience.Practical on-the-job training has proven very effective in integrating migrants and refugees.In addition, improving soft and hard skills (including entrepreneurship skills, self-development and computer literacy), in particular language training (including through work-based activities), is an essential element for successful participation in the labour market and society (also in terms of migrants' awareness and enjoyment of their rights). Moreover, by investing today in the skills of people fleeing Russia's war of aggression against Ukraine, Member States can deliver an important contribution to the future reconstruction of Ukraine.

The Commission invites Member States, when taking measures regarding education and training for adults, to:

- Provide, as quickly as possible, targeted upskilling and reskilling opportunities, vocational education and training and/or practical workplace experience for beneficiaries, taking into account the needs of specific groups (e.g. women, persons with disabilities, minorities) and supporting them in making effective use of such opportunities. Member States are encouraged to cooperate with education and training providers, social and economic partners and the private sector, to ensure that these opportunities are in line with labour market needs and skills gaps.
- Provide support measures and outreach to facilitate their uptake of up- and reskilling opportunities, including help with identifying appropriate programmes and financial support (such as training vouchers and individual learning accounts).

^{(&}lt;sup>44</sup>) Commissioner Schmit visits ESF-funded projects in Romania supporting refugees from Ukraine | European Social Fund Plus (europa. eu)

Examples of relevant EU-funded projects The Omnia Skills Centre (*5) (Finland), supported by ERASMUS+, provides services to immigrants in Espoo to increase their professional skills and promote employment. Among others, it organises training, coaching, counselling and provides Finnish language courses. The ESF-funded Bremen Integration Qualification (*6) (Germany) project focuses on access to learning and creating pathways to work for immigrants between 18 and 26, including through intensive language courses. Managed by the Red Cross, this project is already providing support to young people fleeing the war in Ukraine.

2.5. **Providing opportunities for adults to complete their education**

Member States may give adult beneficiaries of temporary protection access to the general education system. This can be helpful for people who could not complete their formal initial education and obtain an upper secondary qualification or where higher education studies had to be interrupted due to the invasion, or for people who did not have the opportunity to progress to higher education. These efforts will not only benefit of the persons concerned, but also the EU and, eventually, Ukraine.

The Commission invites Member States, when taking national measures regarding the completion of education of adults, to:

- Make available opportunities for adults fleeing Russia's war of aggression against Ukraine to access general education, including through second chance schooling. These opportunities would need to be flexible and targeted, taking into account the needs of beneficiaries of temporary protection and adequate protection under national law. For this Member States are invited to cooperate with stakeholders, including from civil society and community-based settings, to support individuals effectively making use of such opportunities.
- Make available opportunities for adults fleeing Russia's war of aggression against Ukraine interested in enrolling in higher education institutions to complete studies already begun or embark upon new programmes. To do so, Member States can encourage and support higher education institutions to enrol them or allow them to continue studying remotely, including for example through the promotion of cooperation between EU and Ukrainian higher education institutions also to facilitate reintegration into the Ukrainian system when appropriate.
- Provide access to infrastructure, such as examination centres and IT equipment, and co-operate with Ukrainian authorities, to enable displaced people to sit entrance examinations for access to Ukrainian higher education.

⁽⁴⁵⁾ Support and training for immigrants at the Omnia Skills Centre | Omnia

^{(&}lt;sup>46</sup>) Creating pathways to employment for immigrants through language learning | European Social Fund Plus (europa.eu)

3. SUPPORT FROM EU FUNDS



The actions outlined in this Communication can be supported by various EU funds and initiatives. Recent amendments to existing Regulations have focused on unspent funds under the 2014-2020 programming period, notably the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Fund for European Aid to the most Deprived (FEAD) and the Asylum, Migration and Integration Fund (AMIF).

The CARE initiative ('Cohesion's Action for Refugees in Europe'), by amending the Regulations governing the Funds (⁴⁷), has focused on providing greater flexibility to Member States to quickly mobilise EU Cohesion Funds, without changing their scope.

CARE initiative

The main changes introduced with the CARE Regulation are the following:

- Support for operations addressing the Ukraine crisis as of 24 February 2022, also for requests submitted after that date.
- Member States can use the ESF or ERDF to support actions eligible under the other Fund without any limitations. For example, ERDF resources earmarked for infrastructure projects can be reallocated to social inclusion, care and education for ESF type of measures, and, conversely, ESF resources can be used to finance equipment and infrastructure for refugees people fleeing Russia's war of aggression against Ukraine;
- Member States can benefit from a 100 % reimbursement of expenditure declared to the Commission up to 30 June 2022 (⁴⁸).
- In addition, Member States may also programme their REACT-EU allocation (up to €10 billion overall) to address the crisis.
- Member States received EUR 3.5 billion of additional REACT-EU pre-financing (benefitting especially those Member States that received the highest numbers of people fleeing Russia's war of aggression against Ukraine (⁴⁹)).
- Member States can use a new unit cost of EUR 40 per week per person, which will help to provide immediate relief while simplifying the rules on expenditure declaration (⁵⁰).



^(*7) Regulation (EU) No 1303/2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320) and Regulation (EU) No 223/2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p. 1).

⁽⁴⁸⁾ For the accounting period starting on 1 July 2021 and ending on 30 June 2022.

⁽⁴⁹⁾ Increase of the initial REACT-EU pre-financing of 11 % to 15 % for all Member States, and to 45 % for frontline Member States (HU, PL, RO, SK) and those with the largest numbers of arrivals compared to their population (above 1 % of their population on 23 March: AT, BG, CZ, EE, LT).

⁽⁵⁰⁾ Ukraine: making it easier and quicker for Member States to use cohesion funding to support immediate needs of refugees | European Social Fund Plus (europa.eu). This will apply to each of those who have been granted temporary protection under the Temporary Protection Directive, to be used for up to 13 weeks after their arrival.

Regulation (EU) 2022/585, adopted on 6 April (⁵¹), extends the implementation period for the Asylum, Migration and Integration Fund (AMIF), and the Internal Security Fund (ISF) Borders, Visa and ISF Police by one year (until June 2024) and releases 2014-2020 AMIF funds previously earmarked to specific purposes.

To help Member States to make the most of available funding possibilities and programming arrangements, the Commission has established an indicative list of eligible measures under the ESF, FEAD, ERDF, AMIF and ISF borders and Visa, and set up a Q&A webpage (⁵²), primarily but not exclusively accessible to programme authorities, to provide quick and coordinated replies to Member States.

The ESF can help fund most of the measures presented in the previous sections, including mentoring, career guidance, upskilling and reskilling, placements in work, apprenticeships and traineeships, support to Public Employment Services, as well as arrangements to avoid discrimination and ensure the accessibility of information for all workers. The ESF can also fund staff working with people fleeing Russia's war of aggression against Ukraine, either at the border or elsewhere in the Member States, as well as education for both children and adults, and access to health, housing and social services.

In addition, the ERDF can support access to mainstream non-segregated services in education, employment and training, housing, health and social care through accessible infrastructure development (e.g. building/refurbishing/extending) and related equipment. AMIF and the ISF Borders, Visa and ISF Police funds can cover first reception needs of people fleeing Russia's war of aggression against Ukraine, as well as – in the case of AMIF – their integration in host countries.

Complimentary to its core mission to improve employment opportunities in the long-term, the ESF can support emergency measures, such as food and basic material assistance, accommodation or transportation costs, provided those are combined with an individual integration pathway in the country providing assistance. The FEAD has an even broader scope and can be used irrespective of recipients' status and residence for basic material assistance, such as food, hygiene products, items for babies and children, etc.

Funding under InvestEU, notably under the Skills and Education Guarantee, can also be used to support people to improve their skills, or by education and training organisations to expand their provision, as well as in self-employment and support for enterprises which recruit and train displaced people. In addition, the Technical Support Instrument (⁵³) will be able, on request, to provide technical support to Member States to facilitate access to employment and training, social inclusion and education.

Erasmus+ funding opportunities have been mobilised thanks to the programme's in-built flexibility. For instance, teachers and trainers fleeing Russia's war of aggression against Ukraine can receive financial support to facilitate their integration and to help them gain the necessary skills to work within the EU education systems. Qualified staff may be sent, on a temporary basis, to regions where people fleeing Russia's war of aggression against Ukraine are accommodated. Pupils can also be welcomed quickly by education and training institutions involved in Erasmus+ cooperation projects. Project funds of Erasmus+ cooperation projects can be used flexibly to facilitate the integration of children fleeing Russia's war of aggression against Ukraine.

Finally, any needs related to the support of people fleeing Russia's war of aggression against Ukraine can still be taken into account in the ongoing work to prepare the 2021-2027 Cohesion programmes. Once adopted these programmes will also be used to fund measures supporting those fleeing Russia's war of aggression against Ukraine in the areas of employment, education and training, social inclusion, housing, health and social care, as well as food and basic material assistance (due to the merging of the FEAD into the ESF+) (⁵⁴). Expenditure under these programmes is eligible as from 1 January 2021.

^{(&}lt;sup>51</sup>) Regulation (EU) 2022/585, amending Regulations (EU) No 514/2014 laying down general provisions on the Asylum, Migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management, (EU) No 516/2014 establishing the Asylum, Migration and Integration Fund and (EU) 2021/1147 establishing the Asylum, Migration and Integration Fund.

^{(&}lt;sup>52</sup>) This is a semi-public webpage, primarily but not exclusively accessible to programme authorities.

^{(&}lt;sup>53</sup>) Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument.

⁽⁵⁴⁾ The Commission published a 'Toolkit on the use of EU funds for the integration of people with a migrant background for the 2021–2027 programming period' to foster the use of ERDF, ESF+ and AMIF in a complementary manner for the integration of people with a migrant background.

- The Commission invites Member States to:
- Make the best use of the available funds for all the actions on which the present Communication provides guidance.
- Coordinate between the various responsible authorities, including regional and local authorities, to ensure relevance and complementarity.
- **Coordinate with the Commission** and use the above-mentioned Q&A webpage.

4. CONCLUSION AND NEXT STEPS



Member States are invited to continue their efforts to support those fleeing Russia's war of aggression against Ukraine and facilitate their integration into the labour market, in line with the guidance in the present Communication and the other initiatives presented so far at the EU level. They are encouraged to cooperate with relevant stakeholders to ensure a comprehensive and coordinated response, and to make use of all available support at the EU level, including funding.

The Commission stands ready to further work with the national authorities and other relevant stakeholders, and will continue to provide guidance in the light of the evolving situation, including through the Solidarity Platform and the funds Q&A platform. The Commission will also continue to support mutual learning between Member States, collect information on the actions undertaken by the Member States (⁵⁵) in particular through the dedicated networks such as the European Network of Public Employment Services and the Advisory Committee on Vocational Training, and provide relevant information to those fleeing Russia's war of aggression against Ukraine through the dedicated web space (⁵⁶) and social media. Every euro and every effort spent today in the human development of people fleeing Russia's war of aggression against Ukraine is a contribution towards the future of the EU and Ukraine.

⁽⁵⁾ Making use of surveys and further monitoring activities such as those carried out by the agencies Eurofound, Cedefop and ETF.

^{(&}lt;sup>56</sup>) Information for people fleeing the war in Ukraine | European Commission (europa.eu)

III

(Preparatory acts)

EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 24 March 2022

on a proposal for amendments to Regulation (EU) No 575/2013 of the European Parleament and of the Council as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

(CON/2022/11)

(2022/C 233/02)

Introduction and legal basis

On 20 January and 21 January 2022 the European Central Bank (ECB) received requests from the European Parliament and the Council of the European Union, respectively, for an opinion on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (¹) (hereinafter the 'proposed amendments to the CRR').

The ECB notes that the proposed amendments to the CRR are closely linked to another proposal on which the ECB received a consultation request, namely the Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, environmental, social and governance risk, and amending Directive 2014/59/EU (²) (hereinafter the 'proposed amendments to the CRD').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union since the proposed amendments to the CRR contain provisions affecting the ECB's tasks concerning the prudential supervision of credit institutions in accordance with Article 127(6) of the Treaty and the European System of Central Banks (ESCB)'s contribution to the smooth conduct of policies relating to the stability of the financial system, as referred to in Article 127(5) of the Treaty. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

General observations

The ECB welcomes the Commission's proposals, which implement the outstanding Basel III reforms (³) in the EU, reinforce the EU Single Rulebook and enhance the prudential framework for credit institutions in various areas.

The ECB emphasises the importance of finalising the EU implementation of the Basel III reforms in a timely, full, and faithful manner. These reforms address key shortcomings present in the current framework, which were identified by past analyses carried out by both European and international bodies also in relation to European banks, and therefore these reforms are essential to ensure the soundness of the European banking sector.

⁽¹⁾ COM(2021) 664 final.

⁽²⁾ COM(2021) 663 final.

⁽³⁾ The Basel III reforms also known as the Basel III standards are standards adopted by the Basel Committee on Banking Supervision (BCBS). The consolidated standards are available on the website of the Bank for International Settlements at www.bis.org

A *timely* implementation of the Basel III reforms is important to swiftly address such shortcomings. The ECB therefore encourages the Union legislative bodies to conclude the legislative process promptly, and without unduly long implementation periods. This is important in order to ensure that banks may withstand future crises.

The ECB also considers it important to *fully* implement the Basel III standards. In this regard, the ECB appreciates that the Commission's proposal covers all the elements that were developed by the Basel Committee on Banking Supervision and agreed by the Group of Central Bank Governors and Heads of Supervision in December 2017.

Finally, the ECB is strongly attached to a *faithful* implementation of the Basel III reforms. This is important for financial stability, as well as for the EU's international credibility. A consistent implementation of these reforms serves to underline the EU's commitment to international financial cooperation, thus helping to underpin the functioning of the global financial system and confidence in EU banks. At the same time, a faithful implementation provides the best possible guarantee for a stable banking system, while the proposed deviations and implementation choices would leave pockets of risks insufficiently addressed in the banking sector. As explained below, these risks mainly arise in the proposed prudential treatment of real estate exposures, credit risk from unrated corporates, counterparty credit risk, equity exposures, and operational risk.

The following sections of the opinion provide detailed views on the main elements of the proposal and on the remaining risks that could be insufficiently covered if the EU decides to depart from Basel III standards.

It is also important that the prudential framework remains fit for purpose by closing identified gaps and by keeping up with innovation. The new definitions of key concepts of ancillary services undertakings and financial institutions proposed by the Commission are welcome, as they clarify the boundaries of the regulatory perimeter. The ECB also welcomes the mandate for the Commission to report on a new proposal on the prudential treatment of crypto assets.

The ECB also agrees with the Commission's view expressed in the explanatory memorandum of the proposal that there is no need for additional supervisory powers to be granted to competent authorities to impose restrictions on distributions by credit institutions in exceptional circumstances of serious economic disturbance. At the same time, the ECB observes that during such periods of economic and financial distress, credit institutions might not be willing to use their capital buffers (⁴). Looking forward, the ECB is of the view that further consideration should be given to removing disincentives to using capital buffers.

1. Introduction of the output floor

- 1.1. The output floor is an important element of the Basel III reforms. It reduces unwarranted variability of risk-weighted assets across institutions, thereby reinforcing the level playing field and strengthening the prudential framework. The ECB strongly welcomes that the Commission opted for the so-called single stack approach, regarding the implementation of the output floor, where banks only have one way of measuring their risk-weighted assets (³).
- 1.2. The ECB notes nevertheless that the proposal also includes significant transitional arrangements leading to lower risk weights than those envisaged in the Basel standards in some specific areas, namely (i) residential real estate exposures with low historical losses, (ii) exposures to unrated corporates, and (iii) the calibration of counterparty credit risk related to derivative exposures. The ECB considers that these deviations from the Basel III standards are not justified from a prudential and financial stability perspective and may leave pockets of risks unaddressed.
- 1.3. The transitional treatment of residential real estate ('RRE') exposures in particular poses several concerns. The transitional arrangement would weaken the backstop function of the output floor in relation to residential real estate lending an area that has the potential to endanger financial stability, as illustrated in recent reports from both the

^(*) See Opinion CON/2020/16 of the European Central Bank of 20 May 2020 on amendments to the Union prudential framework in response to the COVID-19 pandemic (OJ C 180, 29.5.2020, p. 4). All ECB opinions are published on EUR-Lex.

^{(&}lt;sup>5</sup>) For additional information on the 'single stack' approach for risk-based capital requirements, please see the Commission's Questions and Answers.

ESRB (⁶) and the ECB (⁷). Household indebtedness and RRE overvaluation are increasing in several EU Member States, adding to the build-up of medium-term vulnerabilities and concerns over a debt-fuelled housing bubble. This could in turn leave some banks with own funds that are not commensurate to the potential losses stemming from the materialisation of these risks. The transitional arrangement may also lead to further fragmentation inside the EU banking market, insofar as institutions may be subject to different capital requirements for similar risks, depending on Member State implementation. Given these concerns, the ECB considers that there should be no such preferential treatment of RRE. If retained, this mechanism should be of a strictly temporary and limited nature.

- 1.4. Furthermore, the ECB is also concerned about the transitional provisions pertaining to unrated corporates. Under the Basel standards, lending to such corporates comes with a higher risk weight, which reflects the higher uncertainty about their actual riskiness. Lowering the risk weight based on a bank's own risk estimates weakens the purpose of the output floor, which is to protect against the underestimation of risks by institutions' own models, as institutions could rely on their own probability of default ('PD') estimates for attributing a lower risk weight to corporates. The Commission proposes to make the application of a 65 % risk weight conditional on an estimated one-year probability of default that could be as high as 0,5 %. The ECB considers that this is too broad, as it could cover corporates with elevated risk profile. Given the risks involved, the ECB therefore considers that no such exception for unrated corporates should be made. If retained, this mechanism should remain of a strictly temporary and limited nature. Finally, the ECB fully supports the efforts to increase rating coverage amongst European corporates in the medium to long term, which could additionally provide an important contribution to the Capital Markets Union project.
- 1.5. The ECB cautions against any change to the treatment of counterparty credit risk related to derivative exposures in the context of the output floor, be it temporary or permanent. The ECB is concerned that any change in the calibration of the standardised approach for measuring counterparty credit risk exposures ('SA-CCR') would leave some prudential risks uncovered and would underestimate the exposure amount for counterparty credit risk.
- 1.6. As regards the level of application of the output floor, the Commission has proposed to apply it at the highest level of consolidation. Within banking groups, this is coupled with a re-distribution mechanism of the impact incurred at the highest level of consolidation across the parent and the subsidiaries (8). This mechanism allows EU banking groups which are bound by the output floor to allocate capital within the group more effectively compared to an application at individual level, while still reflecting the respective riskiness of the group's presence in each Member State. However, the introduction of output-floor specific requirements at the Member State sub-consolidated level may still incentivise banking groups to reorganise activities so as to minimise the output floor impact on individual parts of the group in ways that could potentially be misaligned with established organisational structures or sound risk management. In addition, it would freeze more capital at local level, leaning against the objective of enabling free movement of capital within European banking groups, which is an important precondition of financial integration. An alternative option would be to apply the output floor at both the highest consolidated level in the EU and at the Member State subconsolidated level, without the distribution mechanism. This would already simplify the framework for banks compared to the Commission's proposal and ensure proper capitalisation in each Member State, although it would lock-in also capital at this sub-consolidated level. A second option would be to apply the output floor at the highest level of consolidation only, which would be coupled with an obligation for banks and competent authorities to ensure that the capitalisation of standalone entities is adequate (?). This approach would not only be simpler and reduce fragmentation of the European banking sector but also duly reflect the fact that the output floor was calibrated to reduce the undue variability of risk-weighted assets at the level of the banking group, rather than at the level of each entity. This last approach is preferred by the ECB.
- 1.7. Finally, the ECB notes that the CRD proposal includes provisions on the interactions between the output floor, supervisory requirements and macroprudential capital buffers. These matters will be addressed in the separate opinion on the proposed amendments to the CRD (¹⁰).

^(*) European Systemic Risk Board, Vulnerabilities in the residential real estate sectors of the EEA countries, February 2022.

⁽⁷⁾ European Central Bank, Financial Stability Review, November 2021.

⁽⁸⁾ Please see the Commission's explanatory memorandum.

^{(&}lt;sup>9</sup>) In accordance with SCO 10 of the Basel principles.

⁽¹⁰⁾ See the Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, environmental, social and governance risk, and amending Directive 2014/59/EU.

2. Credit risk framework – standardised approach

- 2.1. The ECB welcomes the proposals to implement the new standardised approach for credit risk, as it will render those institutions that do not rely on internal models more resilient and their capital requirements more risk sensitive. However, the ECB notes with concern that the proposal also contains several new deviations from Basel III standards, especially as regards (i) specialised lending exposures, (ii) equity exposures, (iii) retail exposures and (iv) the methodology for collateral valuation for exposures secured by immovable property. In addition, some existing deviations have been maintained (e.g. for small and medium-sized enterprises (SMEs) and infrastructure) which should be reassessed by the co-legislators. The ECB considers that these deviations may altogether reduce the consistency and safety of the new standardised approach and leave certain risks uncovered. This could in turn leave banks without sufficient available capital in case risks materialise in these market segments. More specifically, the Basel III framework was calibrated to reflect the riskiness of specialised lending exposures and any change, such as the creation of a new category for high-quality object finance or the changes to the criteria for high-quality project financing, could leave risks uncovered, notably during the pre-operational phase of projects, and thus lower the protection for banks. Moreover, standardised risk weights should not be based on the sole judgement of institutions without model approval as to whether object financing might meet 'high quality' criteria similar to the internal ratings based ('IRB') slotting approach.
- 2.2. Equity exposures are inherently riskier because they are by definition subordinated to all other claims in case of default. The Basel III proposals reflect this by requiring higher capital charges for equity exposures. The ECB is therefore concerned about the deviations from this sound principle in a number of areas, as it could expose banks to greater risks in their balance sheet. This holds in particular for (i) equity exposures to other members of the same group - including those holdings in financial sector entities that banks are allowed not to deduct from their own funds, (ii) institutional protection schemes, and (iii) long-term equity exposures lasting already for six years or longer, which also have an impact on the adequacy of risk weights on a consolidated level. This would not only lock in existing very low risk weights which do not reflect the inherent riskiness of equity exposures, but it would also prolong the absence of commensurate loss-absorption capacity within the group. Furthermore, (iv) the ECB considers that the lower risk weight for equity exposures under legislative programmes should be applicable if it is accompanied by the Basel requirement of investment restrictions (11) which can be taken into account in a comprehensive assessment of these programmes as well. Moreover, (v) the transitional provision applicable to equity exposures under the IRB Approach creates undue benefits as banks may apply risk weights that are not only lower than the ones currently applicable, but transitionally even lower than those which will finally be required. The ECB therefore suggests avoiding this transitional extraordinary drop in own funds requirements for equity exposures of institutions with permission for the IRB Approach below the level that will be permanently required in the future (¹²).
- 2.3. The ECB considers that the lower risk weight for retail exposures should be restricted to natural persons with total exposures below EUR 1 million, which should be determined by considering money already owed by clients and also undrawn credit lines. In addition, the necessary correction to own funds requirements for unconditionally cancellable credit lines should not be further delayed.
- 2.4. The Commission proposal also puts forward some changes to the revaluation methodologies for real estate properties, which would not be in line with the Basel standards. The ECB considers that any such revaluations should be conducted on a sound basis, in order to duly reflect changes in the valuation of the immovable collateral. Applying statistical methods for property valuation (instead of relying on a qualified independent valuer) could convey an inaccurate sense of safety. It could lead to a structural overestimation of the actual value not just of the individual properties but of the entire portfolio subject to the revaluation, which in turn lowers banks' resilience against overheating real estate markets. Also, increasing property values on the basis of average past values may imprudently allow banks to continue to rely on an increase in property values that might not be sustainable. This applies for instance quite clearly in the current environment of increasing overvaluation. These changes would add to the unwarranted effects of the transitional mechanism related to low-risk mortgage lending in the context of the output floor (as mentioned in paragraph 1.3) and could further increase banks' vulnerabilities in the real estate markets.

^{(&}lt;sup>11</sup>) Please see CRE 20.59 of the Basel principles.

^{(&}lt;sup>12</sup>) Capital requirements of bank-led financial conglomerates are also impacted by the provisions under points (iii) and (v) due to the so-called Danish compromise, according to which banks' holdings of capital instruments issued by insurance undertakings belonging to the same financial conglomerate may be risk weighted rather than deducted.

2.5. The Basel III framework has recalibrated its treatment of the specificities of SME and infrastructure investments through the application of risk weights empirically calibrated on data across the different institutions. The ECB therefore considers that the EU should adhere to the revised calibration.

3. Operational risk

- 3.1. The ECB welcomes the Commission's decision to implement the new standardised approach for operational risk in accordance with the Basel III framework, which aims to increase the comparability and simplicity of the calculation of own funds requirements.
- 3.2. While the ECB acknowledges that the Basel III framework offers the possibility to disregard historical losses for the calculation of capital requirements for operational risks, it regrets that the Commission did not opt for a recognition of these losses. The ECB considers that taking into account the loss history of an institution would entail more risk-sensitivity and loss coverage of capital requirements, addressing the divergence of risk profiles of institutions in highly sensitive issues such as conduct risk, money laundering or cyber incidents, and would provide greater incentives for institutions to improve their operational risk management. The ECB would therefore favour an implementation where the internal loss multiplier is determined by historical losses incurred by the institution and gradually introduced.
- 3.3. The ECB notes that supervisors already now are required to take into account the quality of risk management including loss history when defining the risk profile and capital requirements under the 'Supervisory Examination and Review Process' (SREP). In this regard, the usefulness of the proposed narrow obligation for supervisors to monitor at least every three years the quality of institutions' collection of historical losses should be assessed in light of the ultimate use of these historical losses in the framework, also given the fact that data quality is only one of many key considerations for managing operational risk.

4. Market risk

- 4.1. In its Opinion of 8 November 2017 on amendments to the Union framework for capital requirements of credit institutions and investment firms (¹³) (¹⁴), the ECB called for a sufficiently long implementation phase of the Basel standards on market risk resulting from the fundamental review of the trading book, taking also into account further changes to Basel standards. As internationally agreed rules have now been finalised, the ECB welcomes the Commission's proposal to turn the existing reporting requirement into own funds requirements.
- 4.2. The ECB notes that the proposal enables the Commission to change the calibration of capital requirements under the new market risk framework, as well as to postpone by two further years the implementation of this framework. This could allow the reduction of capital requirements, thus diverging from the Basel III standards. The ECB favours limiting these powers under the current proposal. The ECB considers it important that these standards are applied consistently at international level and calls for a faithful implementation of these internationally agreed standards by 2025. This would be important to provide clarity to institutions and ensure the soundness of the EU Single Rulebook, whilst avoiding negative implications for institutions' internal implementation plans and the application and approval process for internal models. Notwithstanding the above, it could be considered to have a Commission report on the implementation of the fundamental review of the trading book in other jurisdictions in 2025, which could serve as the basis for the Union legislators to prepare possible follow-up steps for ensuring a global level playing field.

^{(&}lt;sup>13</sup>) See footnote 1 in SCO30.5.

^{(&}lt;sup>14</sup>) Opinion CON/2017/46 of the European Central Bank of 8 November 2017 on amendments to the Union framework for capital requirements of credit institutions and investment firms (OJ C 34, 31.1.2018, p. 5).

4.3. The ECB welcomes the clarity provided by the Commission proposal on the minimum frequency applicable under the look-through approach when collective investment undertakings are included in internal models. At the same time, the ECB is concerned that such a treatment might lead to some risks not being included in the internal model, and therefore suggests to add a separate requirement to identify, measure and monitor the relevant risks in case no daily look-through approach is used.

5. Credit valuation adjustment (CVA) risk

- 5.1. The ECB notes with concern that the Commission's proposal does not reconsider existing exemptions adopted by the Union and recalls that these exemptions were assessed as a material non-compliance in the previous regulatory consistency assessment programme of the Basel Committee in 2014 (¹⁵). The ECB considers that these deviations are not justified from a prudential perspective, and leave institutions exposed to uncovered risks from their derivatives transactions with exempted counterparties (¹⁶).
- 5.2. The ECB nevertheless acknowledges the efforts made by the Commission to address issues stemming from open hedges for CVA of EU-exempted counterparties by allowing institutions to voluntarily include these counterparties in their regulatory CVA (¹⁷) and setting new reporting requirements for EU-exempted counterparties. While the latter might help foster better risk-management practices by institutions, it will neither improve their prudential situation nor induce any market discipline. To achieve the latter, a disclosure requirement should be implemented. Should the Union legislative bodies opt to maintain the existing exemptions, these proposals help to mitigate somewhat the negative effects of such exemptions, although they do not materially reduce the risks that these exposures entail for banks' balance sheets.

6. IRB approach

- 6.1. The ECB welcomes the proposed changes to the IRB approach for credit risk, in accordance with the final Basel III package (¹⁸), as they are deemed necessary to maintain risk sensitivity whilst significantly reducing the scope for unwarranted risk-weighted exposure amount (RWEA) variability. The ECB supports the proposal to disallow (i) the use of the advanced IRB ('A-IRB') approach for exposures to large corporates, exposures to credit institutions and investment firms and to financial institutions treated as corporates and (ii) the use of IRB for equity exposures. Likewise, the ECB supports the implementation of the input floors on risk parameters, which will ensure a minimum level of conservatism in model parameters, while reducing undue RWEA variability.
- 6.2. Moreover, the ECB supports the additional clarifications and enhancements related to the estimation of PD, loss given default (LGD) and credit conversion factors (CCF).
- 6.3. Nevertheless, the ECB would like to highlight some inconsistencies within the proposal, which may hinder the overall correct implementation of the requirements. In particular, in order to reduce the risk of misinterpretation, the ECB recommends to further align, across different articles of the amended CRR, the terms used to identify the size of corporate obligors, such as 'turnover', 'revenue' and 'sales' (¹⁹).
- 6.4. Furthermore, consistency needs to be ensured between default definition and the estimation and implementation of risk parameters. In particular, with regard to the implementation of the IRB approach at exposure **class level**, as introduced in the amended Article 148, the ECB would like to stress that, for retail exposures, this change creates the

^{(&}lt;sup>15</sup>) Basel Committee on Banking Supervision (2014) Regulatory Consistency Assessment Programme (RCAP) - Assessment of Basel III regulations - European Union, available on the website of the Bank for International Settlements at www.bis.org.

^{(&}lt;sup>16</sup>) This was also highlighted by the European Banking Authority (2019) Policy advice on the Basel III reforms on credit valuation adjustment (CVA) and market risk, Recommendation CVA2: CVA exemptions, p. 9, available on the EBA website at www.eba.europa. eu

^{(&}lt;sup>17</sup>) Please see the Commission's explanatory memorandum.

⁽¹⁸⁾ Please see in particular Basel III: Finalising post-crisis reforms (bis.org).

^{(&}lt;sup>19</sup>) For example, in point (5a) of Article 142(1) 'large corporate' is defined by reference to the metric 'sales', while in the new Article 5(8) 'small and medium-sized enterprise' is defined by reference to the metric 'turnover'.

possibility to use the IRB approach for at least one of the exposure classes referred to in the new points (d)(i), (d)(ii), d(ii), (d)(ii), (d)(iv) of Article 147(2). At the same time, for retail exposures, the ECB notes that the existing Article 178(1) allows institutions to apply the definition of default at the level of an individual credit facility rather than in relation to the total obligations of a borrower. In this regard, where the definition of default for retail exposures is defined at obligor level, the ECB recommends restricting the possibility to use the IRB approach either for all or for none of the exposure classes referred to in points (d)(i), (d)(ii), d(iii), (d)(iv) of Article 147(2), without prejudice of the possibility to request permanent partial use under the conditions specified in Article 150.

6.5. Moreover, as regards the new requirements for PD estimates, the ECB considers that further specification of the time horizon for rating assignments, as proposed by the final Basel III standards, would ensure adequate risk differentiation despite adverse economic conditions and increase the risk-weighted asset comparability across institutions. In addition, some differences between the requirements for PD estimates for retail exposures and the requirements for PD estimates for exposures to corporates and institutions have been introduced in the proposal, which may hinder a correct interpretation by institutions. In this context, the ECB recommends further streamlining the requirements in relation to these exposure types.

7. Pillar III disclosures and reporting

- 7.1. The ECB welcomes the objective of the new integrated hub managed by the European Banking Authority (EBA) for Pillar III disclosures by credit institutions, which aims to reduce the burden for institutions and to facilitate the use of Pillar III information by all stakeholders. Supervisors would benefit from a centralised disclosure hub as it would facilitate their role in ensuring the quality of Pillar III information. However, the ECB notes that the proposal applies different approaches in relation to the quantitative public disclosure of small and non-complex institutions ('SNCIs') and larger institutions. For SNCIs, the EBA will use supervisory reporting to compile the corresponding quantitative public disclosure on the basis of a pre-defined mapping. For larger institutions, a new reporting process for disclosures would need to be developed, which would lead to double reporting of data points, as Pillar III data requirements overlap with supervisory reporting. The EBA will then receive those new templates 'in electronic format' and will need to publish them on the same day it receives them. The ECB considers that the SNCIs approach for quantitative disclosures could be applied to all institutions, regardless of their size and complexity, with a view to reducing the reporting burden of all institutions. The ECB also notes that the timeline for the EBA to publish Pillar III information on the centralised hub does not allow for a reconciliation between supervisory reporting and Pillar III disclosure information to be performed, which could lead to additional workload for supervisors and confusion for investors and other users of Pillar III information. Under the same logic, to ensure consistency, the policy on resubmissions to the EBA envisaged in the amended Article 434a should not be limited to public disclosures but should also cover supervisory reporting.
- 7.2. Moreover, qualitative disclosures and some quantitative disclosures (²⁰) cannot be extracted from supervisory reporting on the basis of the pre-defined mapping. This issue concerns both SNCIs and other institutions. Therefore, the process to submit such disclosures to the EBA should be clarified. Also, the ECB anticipates potential difficulties for the EBA to aggregate and compare qualitative information, due to its unstructured nature.
- 7.3. The ECB notes that the proposed amendments to the CRD envisage an amendment to Article 106 of the CRD to empower competent authorities to require non-SNCIs to submit the disclosure information to the EBA for its publication on a centralised EBA website. This amendment to the CRD would become superfluous if the CRR text is amended in the direction proposed in paragraph 7.1.

8. Environmental, social and governance risks

8.1. A better integration of environmental, social and governance ('ESG') risks into the prudential framework is crucial to increase the resilience of the banking sector. The ECB's comprehensive comments on the proposals concerning ESG risks will be provided in its opinion on the proposed amendments to the CRD (²¹). Specifically, as regards the proposed amendments to the CRR, the ECB welcomes the Commission's proposal to introduce harmonised

⁽²⁰⁾ For instance, with reference to ESG and IRRBB disclosures.

^{(&}lt;sup>21</sup>) See footnote 10.

definitions of ESG risks and values the stated intention to align the definitions with those proposed by the EBA in its report on management and supervision of ESG risks for credit institutions and investment firms (²²). However, the ECB observes some divergences in the wording of the proposed definitions vis-à-vis the wording used by the EBA. The definitions of the EBA are broader, covering any negative impact and not just losses. Consequently, they more faithfully reflect the nature of ESG risks, which materialise, amongst others, via strategic and reputational risk. These risks can, for instance, drive lower business volumes and affect the sustainability and viability of the institution. Hence, the ECB proposes refinements to the wording of the definitions in order to ensure closer alignment with those proposed by the EBA.

- 8.2. The ECB welcomes the proposal to amend Article 430 requiring institutions to report their exposure to ESG risks to their competent authorities. As the reporting of relevant qualitative and quantitative information on ESG risks facilitates the supervision of these risks, the ECB invites the Union legislative bodies and the EBA to ensure that the proposed reporting requirement is implemented as soon as possible. The ECB notes that such reporting will be subject to the principle of proportionality as specified in recital 40 of the proposed amendments to the CRR.
- 8.3. The ECB agrees with recital 40 of the proposed amendments to the CRR which mentions that the exposure to ESG risks is not necessarily proportional to an institution's size and complexity. It is therefore imperative that markets and supervisors obtain adequate data from all entities exposed to those risks, independently of their size. Hence, the ECB strongly supports the proposal to apply the disclosure requirements concerning ESG risks under Article 449a to all institutions. The ECB supports the Commission's proposal to tailor the frequency and detail of the disclosure requirements to the size and complexity of the institutions in order to duly take into account the proportionality principle. The ECB notes that it is important to ensure adequate consistency between the disclosure requirements on ESG risks for institutions and other initiatives in the area of disclosures (e.g., the Corporate Sustainability Reporting Directive), in the sense that such initiatives should put institutions in a better position to adequately assess their risks and to comply with their own disclosure obligations.
- 8.4. The ECB also strongly supports the proposal to bring forward the deadline by which the EBA must submit its report on the prudential treatment of exposures subject to impacts from environmental and/or social factors under Article 501c. The ECB strongly supports this work and considers that bringing forward this report would further support the EU's contribution to the international policy debate on these matters.

Where the ECB recommends that the proposed amendments to the CRR are amended, a specific drafting proposal is set out in a separate technical working document accompanied by an explanatory text to this effect. The technical working document is available in English on EUR-Lex.

Done at Frankfurt am Main, 24 March 2022.

The President of the ECB Christine LAGARDE

⁽²²⁾ European Banking Authority (2021) EBA Report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18) available on the EBA's website at www.eba.europa.eu

OPINION OF THE EUROPEAN CENTRAL BANK

of 11 April 2022

on the Proposal for a Directive of the European Parliament and of the Council on measures for a high common level of cybersecurity across the Union, repealing Directive (EU) 2016/1148

(CON/2022/14)

(2022/C 233/03)

Introduction and legal basis

On 16 December 2020 the European Commission adopted the Proposal for a Directive of the European Parliament and of the Council on measures for a high common level of cybersecurity across the Union, repealing Directive (EU) 2016/1148 (¹) (hereinafter the 'proposed directive'). On 3 December 2021 the Council of the European Union agreed its general approach on the proposed directive (²). The competence of the European Central Bank (ECB) to deliver an opinion is based on the second subparagraph of Article 127(4) of the Treaty on the Functioning of the European Union, as the proposed directive contains provisions falling within the ECB's fields of competence, in particular, the promotion of the smooth operation of payment systems, the contribution to the smooth conduct of policies pursued by competent authorities relating to the stability of the financial market system, and the ECB's tasks concerning the prudential supervision of credit institutions pursuant to the fourth indent of Article 127(2), and Articles 127(5) and 127(6) of the Treaty. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

General observations

The ECB strongly supports the objectives of the proposed directive to increase the level of cyber resilience across all relevant sectors, reduce inconsistencies across the internal market and improve the level of situational awareness and the collective capability to prepare and respond by ensuring efficient cooperation in the Union.

The ECB acknowledges the importance of maintaining strong links between the proposed directive and the financial sector, which should remain part of the network and information systems (NIS) ecosystem to promote the consistent assessment of risks related to information and communications technology (ICT) across the Union and foster effective cross-sectoral information exchange and collaboration when dealing with cyber threats. To that end, it should be possible for the competent authorities under the proposed regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (³) (hereinafter 'DORA') to participate in the strategic policy discussions and the technical workings of the NIS Cooperation Group, as well as to exchange information and further cooperate with the single points of contact and the national Computer Security Incident Response Teams referred to in the proposed directive (⁴).

1. **Scope of the proposed directive**

1.1. The ECB understands that, in relation to financial sector entities, DORA will be regarded as sector-specific legislation introducing requirements on cybersecurity risk management and incident notification that are at least equivalent in effect to those laid down in the proposed directive (⁵). Therefore, the provisions of the proposed directive that relate to cybersecurity risk management, reporting obligations, information sharing, and supervision and enforcement will not apply to any financial entities covered by DORA (⁶). As clarified in the recitals of the proposed directive,

⁽¹⁾ COM(2020) 823 final.

⁽²⁾ Available on the Council website at www.consilium.europa.eu

^{(&}lt;sup>3</sup>) COM(2020) 595 final.

^(*) See paragraph 1.5 of Opinion CON/2021/20 of the European Central Bank of 4 June 2021 on a proposal for a regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (OJ C 343, 26.8.2021, p. 1). All ECB opinions are published on EUR-Lex. Articles 17(5) and 42 of DORA; Article 11 of the proposed directive.

⁽⁵⁾ Article 2(6) of the proposed directive.

^(°) Recital 13 and Article 2(6) of the proposed directive.

the provisions of DORA that relate to ICT risk management measures, management of ICT-related incidents and incident reporting, digital operational resilience testing, information-sharing arrangements and ICT third-party risk should apply instead of those of the proposed directive (⁷).

1.2. The ECB also notes that the Council, in its general approach on the proposed directive, puts forward an amendment to exclude 'entities that carry out activities in the areas of judiciary, parliaments or central banks' (⁸) from the application of the proposed directive. The ECB understands that the proposed amendment would extend to all the basic tasks and competences of the European System of Central Banks (ESCB), as set out in Article 127(2) of the Treaty and in Article 3.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), such as the promotion of the smooth operation of payment systems. In this regard, Eurosystem-owned and operated financial market infrastructures, such as TARGET2 and TARGET2-Securities, are considered as falling under the Council's proposed exclusion of central banks from the application of the proposed directive.

2. **ESCB and Eurosystem oversight competences**

- 2.1. Alongside the ESCB's primary objective of maintaining price stability, and in accordance with Article 127(2) of the Treaty, one of the basic tasks to be carried out through the ESCB is to promote the smooth operation of payment systems (⁹). In the performance of this basic task, the ECB and the national central banks may provide facilities, and the ECB may make regulations, to ensure efficient and sound clearing and payments systems within the Union and with other countries (¹⁰). In the exercise of its oversight role, the ECB adopted Regulation of the European Central Bank (EU) No 795/2014 (ECB/2014/28) (¹¹) (hereinafter the 'SIPS Regulation'), which translates the CPSS-IOSCO Principles for Financial Market Infrastructures (¹²) into directly applicable law. The SIPS Regulation sets out requirements for both large-value and retail payment systems of systemic importance, whether public or privately owned. The requirements under the SIPS Regulation already include, among others, operational risk management and the establishment of a cyber resilience framework (¹³).
- 2.2. In addition to systemically important payment systems, Eurosystem oversight covers non-systemically important payment systems, electronic payment instruments, schemes and arrangements, and other infrastructures and critical service providers, as set out in the Eurosystem oversight policy framework (¹⁴). Payment systems and other arrangements subject to Eurosystem oversight are not expressly included in the scope of the proposed directive (¹⁵). At the same time, given that the proposed directive is a minimum harmonisation instrument (¹⁶), implementing legislation adopted by the Member States could eventually overlap with the Eurosystem's oversight competence. To avoid this, the ESCB's competences under the Treaty and the Statute of the ESCB, and the Eurosystem's competences under the SIPS Regulation and generally under the Eurosystem oversight policy framework, should be expressly acknowledged in the recitals of the proposed directive.

⁽⁷⁾ Recital 13 of the proposed directive.

⁽⁸⁾ Article 2(3a), first subparagraph, point (b) of the Council general approach on the proposed directive.

⁽⁹⁾ Article 127(2) TFEU, as mirrored in Article 3.1 of the Statute of the ESCB.

^{(&}lt;sup>10</sup>) Article 22 of the Statute of the ESCB.

^{(&}lt;sup>11</sup>) Regulation of the European Central Bank (EU) No 795/2014 of 3 July 2014 on oversight requirements for systemically important payment systems (ECB/2014/28) (OJ L 217, 23.7.2014, p. 16).

^{(&}lt;sup>12</sup>) See Committee on Payment and Settlement Systems (CPSS) and Technical Committee of the International Organization of Securities Commissions (IOSCO), Principles for Financial Market Infrastructures, April 2012, available on the Bank for International Settlements website at www.bis.org. Responsibility D thereof states that 'all CPSS and IOSCO members are expected to apply the principles to the relevant FMIs in their jurisdictions to the fullest extent allowed by the legal framework in their jurisdiction'.

⁽¹³⁾ Article 15 of Regulation (EU) No 795/2014 (ECB/2014/28).

⁽¹⁴⁾ Eurosystem oversight policy framework, revised version (July 2016), available on the ECB website at www.ecb.europa.eu

⁽¹⁵⁾ Article 2 of the proposed directive and Annexes I and II to the proposed directive.

^{(&}lt;sup>16</sup>) Article 3 of the proposed directive.

3. ICT third-party risk, management of large-scale incidents and crises, information-sharing and national cybersecurity strategy

3.1. ICT third-party risk management

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- 3.1.1. The proposed directive empowers competent authorities, when exercising their enforcement powers in relation to essential entities, to issue binding instructions or an order requiring those entities to remedy the deficiencies identified or the infringements of the obligations of the proposed directive (¹⁷). At the same time, the 'Lead Overseer' designated under DORA may address recommendations to critical ICT third-party service providers to manage the potential systemic risks entailed by outsourcing practices and ICT third-party concentration (¹⁸).
- 3.1.2. Considering that an essential entity under the proposed directive may also be designated a critical ICT third-party service provider pursuant to DORA, the ECB reiterates (¹⁹) that the issuance of conflicting recommendations and binding instructions should be avoided. In this regard, the ECB welcomes the Council's general approach on the proposed directive. According to that approach competent authorities are to inform the 'Oversight Forum', established under DORA, when exercising their supervisory and enforcement powers in relation to an essential entity designated as a critical ICT third-party service provider under DORA (²⁰).
- 3.2. Management of large-scale incidents and crises
- 3.2.1. In accordance with the proposed directive (²¹), Member States must designate one or more competent authorities responsible for the management of large-scale incidents and crises. As the recitals of the proposed directive clarify, a large-scale incident should mean an incident with a significant impact on at least two Member States or whose disruption exceeds a Member State's capacity to respond to it. Large-scale incidents may turn into fully-fledged crises, disrupting the proper functioning of the internal market (²²).
- 3.2.2. While the competent authorities designated under DORA remain responsible for the management of cybersecurity incidents concerning financial entities, cooperation with the structures and authorities established pursuant to the proposed directive will be critical to ensuring a coordinated response across the Union. To this end, the ECB would welcome the participation of competent authorities designated under DORA, including the ECB, in the European Cyber Crises Liaison Organisation Network (EU-CyCLONe) (²³), when large-scale cybersecurity incidents and crises affect the financial sector.
- 3.3. Information-sharing
- 3.3.1. As indicated above, the ECB strongly supports cooperation between competent authorities designated under DORA with the structures and authorities established pursuant to the proposed directive. In particular, information sharing among authorities may enable cross-sectoral learning, contribute to the prevention and effective management of cyberattacks, and promote the consistent assessment of ICT-related risks across the Union. Nonetheless, the ECB emphasises that information exchange should take place where there are clearly established classification and information-sharing mechanisms, coupled with adequate safeguards to ensure confidentiality (²⁴). The ECB welcomes the Council's general approach on the proposed directive, which proposes the regular exchange of

^{(&}lt;sup>17</sup>) Article 29(4), point (b) of the proposed directive.

⁽¹⁸⁾ Article 31 of DORA.

^{(&}lt;sup>19</sup>) See paragraph 1.2 of Opinion CON/2021/20.

⁽²⁰⁾ Article 29(10) of the Council general approach on the proposed directive.

^{(&}lt;sup>21</sup>) Article 7(1) of the proposed directive.

^{(&}lt;sup>22</sup>) Recital 27 of the proposed directive.

^{(&}lt;sup>23</sup>) Article 14 of the proposed directive.

^{(&}lt;sup>24</sup>) See paragraph 1.5 of Opinion CON/2021/20.

relevant information between authorities (25), the establishment of cooperation arrangements specifying a mechanism for the exchange of information (26), and the automatic and direct forwarding of incident notifications (27). In this respect, it should be ensured that information that is confidential pursuant to the provisions on professional secrecy under DORA (28) or the relevant sector-specific legislation (29) can be exchanged with the competent authorities referred to in the proposed directive only where that exchange is needed for the competent authorities to apply the provisions of the proposed directive (30).

- 3.4. National cybersecurity strategy
- 3.4.1. Under the proposed directive, Member States are required to adopt national cybersecurity strategies to define the strategic objectives and appropriate policy and regulatory measures with a view to achieving and maintaining a high level of cybersecurity (³¹). As clarified in the recitals of the proposed directive, Member States should continue to include the financial sector in their respective cybersecurity strategies (³²). Indicatively, as part of their national cybersecurity strategies, Member States should adopt policies addressing cybersecurity in the supply chain for ICT products and services used by entities for the provision of their services. Insofar as the financial sector is concerned, national cybersecurity strategies should be consistent with the regulatory framework that emanates from DORA. In this respect, the ECB considers that further clarifications are needed to ensure that national cybersecurity strategies are consistent with sector-specific legislation.

Where the ECB recommends that the proposed directive is amended, a specific drafting proposal is set out in a separate technical working document accompanied by an explanatory text to this effect. The technical working document is available in English on EUR-Lex.

Done at Frankfurt am Main, 11 April 2022.

The President of the ECB Christine LAGARDE

⁽²⁵⁾ Article 11(5) of the Council general approach on the proposed directive.

^{(&}lt;sup>26</sup>) Recital 23a of the Council general approach on the proposed directive.

^{(&}lt;sup>27</sup>) Recital 13 of the Council general approach on the proposed directive.

⁽²⁸⁾ Article 49 of DORA.

^{(&}lt;sup>29</sup>) Articles 53 to 62 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

^{(&}lt;sup>30</sup>) Articles 2(5) and 11(4) of the proposed directive.

^{(&}lt;sup>31</sup>) Article 5 of the proposed directive.

^{(&}lt;sup>32</sup>) Recital 13 of the proposed directive.

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

COUNCIL

COUNCIL DECISION

of 13 June 2022

appointing four members of the Management Board of the European Medicines Agency

(2022/C 233/04)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Union procedures for the authorisation and supervision of medicinal products for human use and establishing a European Medicines Agency (¹), and in particular Article 65(1) thereof,

Having regard to the list of candidates submitted to the Council by the European Commission on 27 January 2022,

Having regard to the views expressed by the European Parliament by letter dated 24 May 2022,

Whereas:

- (1) Pursuant to Article 65(4) of Regulation (EC) 726/2004, the term of office of the members of the Management Board of the European Medicines Agency ('Management Board') currently in office will expire on 14 June 2022. The members of the Management Board whose term of office is to start on 15 June 2022 are to be appointed in accordance with the procedure for nomination and appointment laid down in Regulation (EC) 726/2004.
- (2) Article 65(1) of Regulation (EC) No 726/2004 requires that the Management Board also include two representatives of patients' organisations, one representative of doctors' organisations and one representative of veterinarians' organisations.
- (3) Those members are to be appointed by the Council in consultation with the European Parliament on the basis of a list drawn up by the Commission which is to include appreciably more names than there are posts to be filled. Their term of office is to be three years and can be renewed.
- (4) The Commission has drawn up and submitted a list of candidates to the Council on 27 January 2022. The candidates included in the list submitted by the Commission have been selected following a call for expression of interest and on the basis of their specialist qualifications, their broad spectrum of relevant expertise as well as their relevant expertise in management and experience in the field of medicinal products for human or veterinary use.

^{(&}lt;sup>1</sup>) OJ L 136, 30.4.2004, p. 1.

(5) The list submitted by the Commission has been examined with a view to appointing the four members of the Management Board representing civil society on the basis of the documentation provided by the Commission and in light of the views expressed by the European Parliament. The appointment of those members, by means of this Decision, further secures that the highest levels of specialist qualifications, a broad spectrum of relevant expertise and the broadest possible geographic spread within the Union, as well as relevant expertise in management and experience in the field of medicinal products for human or veterinary use, is available within the Management Board,

HAS ADOPTED THIS DECISION:

Article 1

The following persons are hereby appointed members of the Management Board of the European Medicines Agency for a period of three years from 15 June 2022:

PATIENTS' ORGANISATIONS	DOCTORS' ORGANISATIONS	VETERINARIANS' ORGANISATIONS
Mr Marco GRECO Ms Virginie HIVERT	Mr Denis LACOMBE	Ms Despoina IATRIDOU

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Luxembourg, 13 June 2022.

For the Council The President M. FESNEAU

EUROPEAN COMMISSION

Euro exchange rates (1)

15 June 2022

(2022/C 233/05)

	Currency	Exchange rate		Currency	Exchange rate
USD	US dollar	1,0431	CAD	Canadian dollar	1,3498
JPY	Japanese yen	140,49	HKD	Hong Kong dollar	8,1883
DKK	Danish krone	7,4392	NZD	New Zealand dollar	1,6706
GBP	Pound sterling	0,86328	SGD	Singapore dollar	1,4519
SEK	Swedish krona	10,6278	KRW	South Korean won	1 346,86
CHF	Swiss franc	1,0435	ZAR	South African rand	16,7111
ISK	Iceland króna	137,50	CNY	Chinese yuan renminbi	7,0013
			HRK	Croatian kuna	7,5245
NOK	Norwegian krone	10,3868	IDR	Indonesian rupiah	15 361,97
BGN	Bulgarian lev	1,9558	MYR	Malaysian ringgit	4,6037
CZK	Czech koruna	24,703	PHP	Philippine peso	55,627
HUF	Hungarian forint	397,96	RUB	Russian rouble	
PLN	Polish zloty	4,6690	THB	Thai baht	36,529
RON	Romanian leu	4,9427	BRL	Brazilian real	5,3164
TRY	Turkish lira	18,0465	MXN	Mexican peso	21,4763
AUD	Australian dollar	1,5051	INR	Indian rupee	81,5142

1 euro =

^{(&}lt;sup>1</sup>) Source: reference exchange rate published by the ECB.

Summary of European Commission Decisions on authorisations for the placing on the market for the use and/or for use of substances listed in Annex XIV to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

(Published pursuant to Article 64(9) of Regulation (EC) No 1907/2006 (1))

(Text with EEA relevance)

(2022/C 233/06)

Decision granting an authorisation

Reference of the decision (1)	Date of decision	Substance name	Holder of the authorisation	Authorisation number	Authorised use	Date of expiry of review period	Reasons for the decision
C(2022) 3678	9 June 2022	Chromium trioxide EC No. 215-607-8, CAS No. 1333-82-0 Sodium dichromate EC No. 234-190-3, CAS No. 7789-12-0, 10588-01-9	Noord, The Netherlands	, , ,	Use of chromium trioxide for passivation of electrolytic tinplate (ETP) Use of sodium dichromate for passivation of electrolytic tinplate (ETP)	2027	In accordance with Article 60(4) of Regulation (EC) No 1907/2006, the socio-economic benefits outweigh the risk to human health from the use of the substance and there are no suitable alternative substances or technologies.

(1) The decision is available on the European Commission website at: Authorisation (europa.eu)

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16.6.2022

Summary of European Commission Decisions on authorisations for the placing on the market for the use and/or for use of substances listed in Annex XIV to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

(Published pursuant to Article 64(9) of Regulation (EC) No 1907/2006 (1))

(Text with EEA relevance)

(2022/C 233/07)

Decision granting an authorisation

Reference of the decision (1) Date	e of decision	Substance name	Holder of the authorisation	Authorisation number	Authorised use	Date of expiry of review period	Reasons for the decision
C(2022) 3685 9 Ju		EC No. 215-607-8,	Safran Aircraft Engines, 2, boulevard du Général- Martial-Valin, 75724 Paris Cedex 15, France		Industrial use of chromium trioxide-based mixtures for the surface treatment of legacy spare parts of military aircraft engines, including safety-critical parts whose failure endangers airworthiness		In accordance with Article 60(4) of Regulation (EC) No 1907/2006, the socio- economic benefits outweigh the risk to human health from the use of the substance and there are no suitable alternative substances or technologies.

(1) The decision is available on the European Commission website at: Authorisation (europa.eu).

(¹) OJ L 396, 30.12.2006 , p. 1

EN

C 233/30

Explanatory Notes to the Combined Nomenclature of the European Union

(2022/C 233/08)

Pursuant to Article 9(1), point (a), of Council Regulation (EEC) No 2658/87 (¹), the Explanatory Notes to the Combined Nomenclature of the European Union (²) are hereby amended as follows:

On page 405, the following explanatory note is inserted:

'9405 31 00

and Lighting strings of a kind used for Christmas trees

9405 39 00

These subheadings cover lighting strings/light chains of a kind used for Christmas trees.

The objective characteristics of these articles, such as the length of the chain, the type of lights, the distance between the lamps, the form of the "light-bulbs" (standard or having a connection with the Christmas season), easy handling for putting them on the Christmas tree, indicate that they are intended to be used mainly/principally to decorate a Christmas tree by lighting.

"Light-bulbs" having a connection with Christmas may have the form of snowflakes, stars or icicles or other images of the winter season; a connection based on long-standing traditions is not required.

Examples of products that are to be classified in subheadings 9405 31 00 and 9405 39 00 as "lighting strings of a kind used for Christmas trees":





A light net consisting of dark green electric cables incorporating 160 clear mini filament lamps (1,5 V/0,5 W), joined together so as to form a net of 320×150 cm. The size of the net enables it to be easily placed over a Christmas tree. The colour of the cables and the 19×19 cm individual meshes, that allow the net to be pulled inwards over the outer tips of the branches, ensure that, when the lamps are lit, the wires and lamps are concealed while the lights shine through to the outside, providing for a uniform decorative effect.

A 55 m long light chain consisting of an electric cable incorporating 240 mini filament lamps (2,5 V/0,25W). The distance between each lamp is 21 cm. The light chain is made for both outdoor and indoor use.

 ^{(&}lt;sup>1</sup>) Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

⁽²⁾ OJ C 119, 29.3.2019, p. 1.

These subheadings exclude lighting strings that are not designed to be mainly used for a Christmas tree and that are intended to be used for various decorative purposes throughout the year, for example, for decorating houses, balconies, wedding party locations, gardens or for decorating smaller items such as a wreath, a flowerpot or a table.

Also, lighting strings with lamps designed as e.g. pumpkins or hearts do not fall under this subheading, because the lamps do not have any connection with Christmas.

Examples of products that are to be classified in subheading 9405 4x as "Other electric luminaires and lighting fittings":





LED curtain lights in the form of a garland (existing in various lengths), made of two insulated electric cables, with strands of various lengths (30-70 cm long) hanging from it at intervals of approximately 15 cm. The strands are fitted with approximately 200 LED light sources in total. The garland comes with a connection cable and a transformer.



Micro LED light chain, of a total length of 240cm, consisting of a metal wire and 40 light sources with a spacing of 5 cm, battery powered.



Micro LED light chain, of a total length of 860 cm (of which 500 cm is a connecting cable), consisting of a metal wire and 360 light sources with a spacing of 1 cm. The light chain comes with a transformer.'

Explanatory Notes to the Combined Nomenclature of the European Union

(2022/C 233/09)

Pursuant to Article 9(1), point (a), of Council Regulation (EEC) No 2658/87 (¹), the Explanatory Notes to the Combined Nomenclature of the European Union (²) are hereby amended as follows:

On page 394, the following explanatory note is inserted:

'9113 Watch straps, watch bands and watch bracelets, and parts thereof

This heading covers all kinds of watch straps, watch bands and watch bracelets used for fastening all kinds of watches to the wrist (see also the Harmonised System Explanatory Notes to heading 9113). This includes straps, bands and bracelets for:

- watches and so called "smart-watches" of headings 9101 and 9102; and
- so-called "smart-watches" of heading 8517 (including straps, bands and bracelets equipped with special adaptors or proprietary fastening devices for attaching solely to a specific "smartwatch").

The classification at the subheading level is determined by their constituent material. Straps, bands and bracelets consisting of different materials are classified according to the constituent material which gives them the essential character within the meaning of general rule 3 (b).'

On page 352, the following explanatory note is inserted:

'8517 79 00 Other

This subheading does not cover separately presented straps, bands and bracelets used for fastening so-called "smart-watches" of heading 8517 to the wrist (heading 9113). Even if equipped with special adaptors or proprietary fastening devices for attaching solely to a specific so-called "smartwatch" device the bands, straps and bracelets remain classified in heading 9113.

See the explanatory note to heading 9113.'

^{(&}lt;sup>1</sup>) Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

⁽²⁾ OJ C 119, 29.3.2019, p. 1.

NOTICES FROM MEMBER STATES

Announcement pursuant to Article 13 of Directive 2001/24/EC of the European Parliament and of the Council on the reorganisation and winding up of credit institutions concerning the liquidation and subsequent winding-up of Sberbank Europe AG (Austrian credit institution in liquidation)

(2022/C 233/10)

INVITATION TO LODGE A CLAIM. PLEASE OBSERVE THE TIME LIMITS

At the general meeting of 21 April 2022 a decision was taken pursuant to Section 203(1)(2) of the Federal Law on public limited-liability companies (*Aktiengesetz* — AktG) to liquidate Sberbank Europe AG (registered office and business address: Schwarzenbergplatz 3, 1010 Vienna; Austrian Commercial Register entry number FN 161285i). This credit institution (which has a branch in Germany, also referred to as 'Sberbank Direct') is at the liquidation stage under Austrian law.

The current directors – Sonja Sarközi, Pavel Barchugov, Alexander Witte and Aleksei Mikhailov – remain in their positions, although now as liquidators.

Creditors of the institution are invited to lodge a claim with the liquidators Sonja Sarközi, Pavel Barchugov, Alexander Witte and Aleksei Mikhailov (all at Schwarzenbergplatz 31, 1010 Vienna).

Sonja SARKÖZI, Pavel BARCHUGOV, Alexander WITTE and Aleksei MIKHAILOV Sberbank Europe AG, in liquidation V

(Announcements)

ADMINISTRATIVE PROCEDURES

EUROPEAN PERSONNEL SELECTION OFFICE

NOTICE OF OPEN COMPETITION

(2022/C 233/11)

The European Personnel Selection Office (EPSO) is organising the following open competition:

EPSO/AD/400/22 – Administrators (AD 7) and experts (AD 9) in the fields of defence industry and space

The competition notice is published in 24 languages in Official Journal of the European Union C 233 A of 16 June 2022.

Further information can be found on the EPSO Internet: https://epso.europa.eu/

PROCEDURES RELATING TO THE IMPLEMENTATION OF COMPETITION POLICY

EUROPEAN COMMISSION

Prior notification of a concentration (Case M.10748 – MACQUARIE / BCI / NATIONAL GRID / NATIONAL GRID GAS) Candidate case for simplified procedure

(Text with EEA relevance)

(2022/C 233/12)

1. On 8 June 2022, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (¹).

This notification concerns the following undertakings:

- Macquarie Infrastructure and Real Assets (Europe) Limited, part of Macquarie Group Limited ('Macquarie', Australia),
- British Columbia Investment Management Corporation ('BCI', Canada),
- National Grid plc ('National Grid', UK),
- The gas transmission and gas metering businesses of National Grid ('National Grid Gas', UK).

Macquarie, BCI and National Grid will acquire within the meaning of Article 3(1)(b) and 3(4) of the Merger Regulation joint control of National Grid Gas.

The concentration is accomplished by way of purchase of shares.

- 2. The business activities of the undertakings concerned are the following:
- Macquarie is a global provider of banking, financial, advisory, investment and funds management services,
- BCI is an agent of the Government of British Columbia in Canada that invests across a range of asset classes on behalf of
 public sector clients in British Columbia,
- National Grid owns and operates regulated electricity and gas infrastructure in Great Britain and north-eastern United States,
- National Grid Gas has two principal business activities: (i) owner and operator of the gas National Transmission System in Great Britain; and (ii) owner and operator of a gas metering business, National Grid Metering.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of the Merger Regulation. However, the final decision on this point is reserved.

Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 (²) it should be noted that this case is a candidate for treatment under the procedure set out in the Notice.

⁽¹⁾ OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation').

⁽²⁾ OJ C 366, 14.12.2013, p. 5.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. The following reference should always be specified:

M.10748 – MACQUARIE / BCI / NATIONAL GRID / NATIONAL GRID GAS

Observations can be sent to the Commission by email, by fax, or by post. Please use the contact details below:

Email: COMP-MERGER-REGISTRY@ec.europa.eu

Fax +32 22964301

Postal address:

European Commission Directorate-General for Competition Merger Registry 1049 Bruxelles/Brussel BELGIQUE/BELGIË

OTHER ACTS

EUROPEAN COMMISSION

Publication of an application for approval of an amendment, which is not minor, to a product specification pursuant to Article 50(2)(a) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

(2022/C 233/13)

This publication confers the right to oppose the amendment application pursuant to Article 51 of Regulation (EU) No 1151/2012 of the European Parliament and of the Council (¹) within three months from the date of this publication.

APPLICATION FOR APPROVAL OF AN AMENDMENT TO THE PRODUCT SPECIFICATION OF PROTECTED DESIGNATIONS OF ORIGIN/PROTECTED GEOGRAPHICAL INDICATIONS WHICH IS NOT MINOR

Application for approval of an amendment in accordance with the first subparagraph of Article 53(2), of Regulation (EU) No 1151/2012

'Scalogno di Romagna'

EU No: PGI-IT-1539-AM01- 11.1.2021

PDO() PGI(X)

1. Applicant group and legitimate interest

Group: Consorzio Scalogno di Romagna [Scalogno di Romagna Protection Association]

Address: C/o Comune di Riolo Terme, Via Aldo Moro 2, 48025 Riolo Terme - Ravenna, Italy

Email: consorzioscalognodiromagna@gmail.com

The 'Consorzio Scalogno di Romagna' is entitled to submit an amendment application pursuant to Article 13(1) of Ministry of Agricultural, Food and Forestry Policy Decree No 12511 of 14 October 2013.

2. Member State or Third Country

Italy

3. Heading in the product specification affected by the amendment(s)

- \Box Name of product
- Description of product
- ☑ Geographical area
- Proof of origin
- Method of production
- 🗷 Link
- ☑ Labelling
- ☑ Other [to be specified]

⁽¹⁾ OJ L 343, 14.12.2012, p. 1.

4. Type of amendment(s)

- □ Amendment to product specification of a registered PDO or PGI not to be qualified as minor in accordance with the third subparagraph of Article 53(2) of Regulation (EU) No 1151/2012.
- Amendment to product specification of registered PDO or PGI for which a Single Document (or equivalent) has not been published not to be qualified as minor in accordance with the third subparagraph of Article 53(2) of Regulation (EU) No 1151/2012

5. Amendment(s)

Description of product

Article 2:

'The indication "Scalogno di Romagna" refers exclusively to the onion bulb of the Allium ascalonicum species.'

has been amended and supplemented as follows:

'The indication "Scalogno di Romagna" refers exclusively to the onion bulb of the Allium ascalonicum species, Romagna ecotype.

The bulbs of the "Scalogno di Romagna" have an elongated, flask-like shape, with a tough outer skin, the colour of which may vary from yellow to tan, tawny, brown or grey, while the fleshy inner part ranges from white to striped purple.

The Romagna ecotype has long folded roots and light green, tapered leaves.

When harvested, the bulbs are joined together in a bunch, with varying numbers of bulbs attached to each other by their roots.

They have a pungent odour. The taste is sweet and delicate, more like onion than garlic. Their aromatic characteristics are close to those of the liliaceae family and are influenced by the considerable quantities of sulphur that they absorb from the soil, a mesoelement that characterises its taste and odour.

They are consumed fresh or dried, and often preserved in oil.

All these characteristics clearly distinguish them from other types of shallot.'

These amendments indicate more precisely the type of product represented by the Romagna ecotype, which is also included in the integrated production specification of the Region of Emila Romagna.

The additions concern characteristics which make the 'Scalogno di Romagna' easily recognisable and clearly differentiate it from any other type of shallot.

These characteristics have always been specific to the product, and have also been documented photographically. They are now being described in a better way so as to make it easier for consumers to recognise the shallot and to facilitate the task of those responsible for quality control.

This amendment also concerns point 5b) of the summary and applies to point 3.2 of the single document.

Geographical area

The specification contains an amendment to the name of the Province of Forlì, which has been renamed 'Province of Forlì-Cesena'; this change does not affect the production area.

This amendment also concerns point 5c) of the summary and applies to point 4 of the single document.

Proof of origin

The original text of Article 5 mentions legislation no longer in force; the article on proof of origin is therefore replaced by the following:

'Each stage in the production process is monitored, with all inputs and outputs recorded. The traceability of the product is guaranteed in this way, as well as by entering the land registry plots on which the product is grown and the producers and packers in lists managed by the inspection body, and by declaring the quantities produced to the inspection body. All natural and legal persons entered on the relevant lists shall be subject to inspection by the inspection body in accordance with the product specification and the associated inspection plan.'

Method of production

— The conditions relating to the ban on stubble sowing are specified more succinctly.

The sentence 'At least 5 years must have passed before Scalogno can be grown on the same plot of land' is sufficient to express that prohibition. The phrase 'Stubble sowing is not allowed' is therefore redundant and has been deleted.

- Clarification is given on crop succession practices in order to avoid any possible doubt about their interpretation, reformulating in a clearer way what has already been stated in the specification, i.e. that the 'Scalogno di Romagna' cannot be grown successively with solanaceous plants, beets and cabbages. The reworded sentence is as follows: 'It is also prohibited to cultivate it successively with solanaceous plants, beets and cabbages.'
- Concerning sowing methods, the use of bulbs of the species Allium ascalonicum, Romagna ecotype, is mandatory because, in line with what is indicated in the section on the link with the area of origin, 'Scalogna di Romagna' can be grown only by replanting bulbs of the specific ecotype. The sentence 'Planting must take place from November to December, while harvesting will be carried out from June of the following year' is therefore supplemented as follows: 'Planting must take place from November to December, using bulbs of the species Allium ascalonicum, Romagna ecotype, while harvesting will be carried out from June of the following year.'
- Finally, the maximum unit production, already indicated at 6-8 tonnes per hectare, is precisely defined (8 tonnes per hectare) in order to facilitate checks.

This amendment also concerns point 5e) of the summary.

Link with the environment

The text concerning the link with the environment is not included in the current specification, dating from 1997. A text has therefore been drawn up describing the link with the environment already included in the documentation lodged on DOOR, supplemented by other historical information concerning the reputation of 'Scalogno di Romagna'.

Moreover, in addition to what has already been stated in the specification and the summary, we note the fundamental trait of not forming flower heads, a characteristic specific to the 'Scalogno di Romagna'.

The text of the specification is therefore supplemented as follows:

'The link between "Scalogno di Romagna" and the geographical area is based on the product's reputation. "Scalogno di Romagna" is known to be a particular ecotype of shallot with its own characteristics which are different from other types on the market.'

The land suitable for growing 'Scalogno di Romagna' is hilly with medium-texture to clayey soils, dry, rich in potassium and organic matter, well-exposed and well-drained. These soils are characteristic of the chalk ridge known as 'La Vena dei Gessi Romagnola' [the Romagna Chalk Vein], which passes through a large part of the production area and characterises and influences the entire area, giving the soils a certain alkalinity. The territory of the production area is also known as a spa area characterised by the sulphuric components of the soil and water.

The aromatic qualities of the liliaceae family are thus influenced by these environmental characteristics in the sulphuric components.

The microbial flora of the soil, which, with its continued enzymatic activity during storage or drying, leads to the development of the typical sweet and delicate aroma of 'Scalogno di Romagna', but also of the pungent odour.

A distinguishing feature of 'Scalogno di Romagna' is that it does not form flower heads; the only possible and authorised method of growing it is therefore by replanting the bulbs. This characteristic has maintained its genetic heritage and the characteristics of the specific ecotype over the centuries, as there is no natural or forcible exchange of pollen with other species, meaning that it has not undergone the crossings or genetic interventions typical of the other varieties on the market.

The 'Scalogno di Romagna' has never been found in the wild, which means that the Celtic peoples who brought it to Romagna cultivated an original and authentic product, which could in no way be exchanged, confused or replaced with any other bulb of the liliacea family.

There is a clear link between the 'Scalogno di Romagna' and the local area: its producers, including those who grow a few square metres of shallots in their own kitchen garden; thanks also to them, the ability to pass on this valuable tribute to the generous earth of Romagna has not been lost. The producers' skills are also very important in selecting the bulbs, something they do with excellent craftsmanship. Part of the harvested bulbs are intended for consumption and, normally, those which have a medium size and a more curved shape are used for replanting.

A number of writers mention this product, such as Corrado Contoli, who was born and lived in Lugo. In his 1963 book 'Guida alla veritiera cucina romagnola' [Guide to genuine Romagna cuisine], the chapter on 'Pork dishes' features a panegyric to the shallot that is both pioneering and evocative. Graziano Pozzetto quotes other testimonies regarding the description of the product and its use in countless recipes from the last century in his book "Lo scalogno di Romagna. Cibo per Venere" [Scalogno di Romagna - Food for Venus], published in 2001. Several local chefs have used the "Scalogno di Romagna" in the preparation of various dishes, including Tarcisio Raccagni of the former restaurant "Gigiolè" in Brisighella; he aimed to recapture medieval cuisine in the dinners staged for the famous Medieval Festivals in Brisighella.

There are also online citations documenting the reputation of "Scalogno di Romagna" and its use as a seasoning for the preparation of various dishes or preserved in oil, on websites such as Giallo Zafferano, La Gazzetta del Gusto, Buonissimo, Geisha Gourmet and Taccuini Gastrosofici.

The story of the "Scalogno di Romagna" is a beautiful and exemplary one, achieved thanks to the leading role of the Proloco di Riolo Terme association, which in 1993 created the first "Fiera dello Scalogno di Romagna", a festival still held each year at the end of July.'

This amendment also concerns point 5f) of the summary and applies to point 5 of the single document.

Checks

The text on checks, which is not included in the current specification, is worded as follows:

'Compliance with the product specification is verified in accordance with Article 37 of Regulation (EU) No 1151/2012. The control body charged with verifying the specification is Check Fruit, based in Via Dei Mille 24, 40121 Bologna, Italy, Tel. +39 0516494836, Fax + 39 0516494813, Email: info@checkfruit.it.'

This amendment also concerns point 5(g) of the summary.

Labelling

Article 7 is amended as follows:

1.

— The sentence:

'In all cases containers must be sealed so as to prevent the contents from being removed without breaking the container.'

has been amended as follows:

'In all cases the packaging must be sealed so as to prevent the contents from being removed without breaking the packaging.'

The word 'contenitore' [container] has been replaced (in the original Italian) by the more appropriate word 'confezione' [packaging].

— The sentence:

'The containers must bear the words "Scalogno di Romagna", immediately followed by the words "Indicazione Geografica Protetta" [Protected Geographical Indication], in print of the same size.'

has been amended to read:

'The packaging, braids or bunches must bear a tag with the words "Scalogno di Romagna", immediately followed by the words "Indicazione Geografica Protetta" [Protected Geographical Indication], in print of the same size.'

The obligation to use a tag containing information on all the types of packaging now applies. The tag contains the necessary information and is easily adapted to the different types of packaging provided for in the specification.

The sentence:

'Each type of packaging must be authorised by the Emilia Romagna Region.'

has been deleted because it is incompatible with current legislation.

The sentence:

'At the request of the producers concerned, a graphic symbol may be used. This symbol shall correspond to the graphic image, including any reference colours, of the figurative or specific and unambiguous logo, which must always be used in conjunction with the geographical indication."

has been amended as follows:

'The distinctive logo below must be featured according to the graphic image indicated.'



INDICAZIONE GEOGRAFICA PROTETTA

FONT

SCRITTA ALTA RICURVA - ARIAL BLACK 12PT HEX(#83191A) - RGB(131,25,26) CMYK(0,81,80,49) - HSL(359.4, 67.7%, 30.4%) SCRITTA IN BASSO - TRAJAN PRO REGULAR 8PT

HEX(#83191A) - RGB(131,25,26) CMYK(0,81,80,49) - HSL(359.4, 67.7%, 30.4%)

STELO SCALOGNO HEX(#33603C) - RGB(51,96,60) CMYK(47,0,37,62) - HSL(133, 31.1%, 29%)

STEMMA ARALDICO RIOLO TERME

GEMMA SCALOGNO HEX(#F3E565) - RGB(243,229,101) CMYK(0,6,58,5) - HSL(54, 84.3%, 67.5%)

BULBO SCALOGNO

PARTI MARRONI HEX(#B95738) - RGB(185,87,56) CMYK(0,53,70,27) - HSL(14.3, 53.7%, 47.5%) PARTI BIANCHE HEX(#FFFFF) - RGB(255,255,255) CMYK(0,0,0,0) - HSL(0, 0%, 100%)

RADICE SCALOGNO

HEX(#E67D43) - RGB(230,125,67) CMYK(0,46,71,10) - HSL(21.3, 76.5%, 58.2%)

It is therefore mandatory to use a graphic symbol, including the technical file describing its characteristics.

The sentence:

'The wording "Prodotto in Italia" [Produced in Italy] must also appear on batches intended for export.'

has been amended to read:

'The wording "Prodotto in Italia" [Produced in Italy] must also appear.'

The use on labels of the words 'Produced in Italy' is compulsory for all batches, not only for those intended for export, to emphasise also to the benefit of the Italian consumer that it is a product grown in Italy.

This amendment also concerns point 5h) of the summary and applies to point 3.6 of the single document.

Other

Packaging

2. Article 6:

'When released for consumption, "Scalogno di Romagna" must have the following characteristics:

- A) fresh product: bunches of approximately 500 grams tied above the collar, tied with raffia at the end.
- B) *dry* product:
- 1) bunches of bulbs weighing approximately 500 g. The bunches must be composed of homogeneous large-sized bulbs. They are tied with raffia above the top of the bulb, very tightly, and with the leaves chopped 5 cm above the tie.
- 2) braids. The bulbs must be sorted, braided either with the leaves alone or using raffia.
- 3) dried bulbs in a small plastic net of 100 g.'
- has been amended as follows:

'When released for consumption, "Scalogno di Romagna" must have the following characteristics:

- A) fresh product:
- bunches of between 100 g and 1 kg tied with raffia or other fibre of vegetable origin.
- B) dried product:
 - bunches of between 100 g and 1 kg tied at the end with raffia or other fibre of vegetable origin. The bunches must be composed of homogeneous bulbs. They must be tied above the top of the bulb, very tightly, and with the leaves chopped 5 cm above the tie.
 - 2) braids of selected bulbs, of homogeneous size, braided either with leaves alone or with raffia or other vegetable fibre.
 - 3) sealed nets, bags or crates: dried bulbs of varying size and with no roots may be packed in sealed nets, bags or crates of material suitable for the packaging of foodstuffs, weighing between 100 g and 5 kg.

The products described above may also be released for consumption in packaging made of wood, plastic, paper, cardboard or natural vegetable materials in accordance with the legislation in force.

It is also permitted to sell the product at the point of sale in portions from sealed packaging or crates provided that the product has been placed in specific compartments or containers prominently displaying the same information required for the packaging referred to in the product specification.

The bulbs intended for processing may also be delivered in bulk, in packages or containers which comply with the legislation in force and are marked legibly and visibly on at least one side with the words "Scalogno di Romagna" PGI intended for processing'.

The article on packaging has been updated to adapt it to current market requirements, simplify the presentation procedure and provide for bundles of between 100 g and 1 kg and the addition of packaging in nets, bags or crates.

In addition to providing information on the packaging that makes more types of packaging available to the consumer, the handling of the product intended for processing alone has been simplified. Indeed, it is customary to use the product preserved in oil or to enrich certain food products or preparations with the 'Scalogno di Romagna'. This amendment allows the product intended for processing to be packaged 'in bulk'.

This amendment also concerns point 5(h) of the summary and applies to point 3.5 of the single document.

Editorial changes

— The article titles have been included in the specification in order to better define the content of each article.

SINGLE DOCUMENT

'Scalogno di Romagna'

EU No: PGI-IT-1539-AM01 - 11.1.2021

PDO() PGI(X)

1. Name(s) [of PDO or PGI]

'Scalogno di Romagna'

2. Member State or Third Country

Italy

3. Description of the agricultural product or foodstuff

3.1. Type of product

Class 1.6. Fruit, vegetables, cereals, fresh or processed

3.2. Description of the product to which the name in (1) applies

The indication 'Scalogno di Romagna' refers exclusively to the onion bulb of the Allium ascalonicum species, Romagna ecotype.

The bulbs of the 'Scalogno di Romagna' have an elongated, flask-like shape, with a tough outer skin, the colour of which may vary from yellow to tan, tawny, brown or grey, while the fleshy inner part ranges from white to striped purple.

The Romagna ecotype has long folded roots and light green, tapered leaves.

When harvested, the bulbs are joined together in a bunch, with varying numbers of bulbs attached to each other by their roots.

They have a pungent odour. The taste is sweet and delicate, more like onion than garlic. Their aromatic characteristics are close to those of the liliaceae family and are influenced by the considerable quantities of sulphur that they absorb from the soil, a mesoelement that characterises its taste and odour.

They are consumed fresh or dried, and often preserved in oil.

All these characteristics clearly distinguish them from other types of shallot.

3.3. Feed (for products of animal origin only) and raw materials (for processed products only)

3.4. Specific steps in production that must take place in the identified geographical area

All the stages of producing the 'Scalogno di Romagna' up to the harvesting of the product must be carried out exclusively within the geographical area identified in point 4.

3.5. Specific rules concerning slicing, grating, packaging, etc. of the product the registered name refers to

When released for consumption, 'Scalogno di Romagna' must have the following characteristics:

- A) fresh product:
 - bunches of between 100 g and 1 kg tied with raffia or other fibre of vegetable origin.
- B) dried product:
 - 1) bunches of between 100 g and 1 kg tied at the end with raffia or other fibre of vegetable origin. The bunches must be composed of homogeneous bulbs. They must be tied above the top of the bulb, very tightly, and with the leaves chopped 5 cm above the tie.

- 2) braids of selected bulbs, of homogeneous size, braided either with leaves alone or with raffia or other vegetable fibre.
- 3) sealed nets, bags or crates: dried bulbs of varying size and with no roots may be packed in sealed nets, bags or crates of material suitable for the packaging of foodstuffs, weighing between 100 g and 5 kg.

The products described above may also be released for consumption in packaging made of wood, plastic, paper, cardboard or natural vegetable materials in accordance with the legislation in force.

It is also permitted to sell the product at the point of sale in portions from sealed packaging or crates provided that the product has been placed in specific compartments or containers prominently displaying the same information required for the packaging referred to in the product specification.

The bulbs intended for processing may also be delivered in bulk, in packages or containers which comply with the legislation in force and are marked legibly and visibly on at least one side with the words 'Scalogno di Romagna PGI intended for processing'.

3.6. Specific rules concerning labelling of the product the registered name refers to

When marketed for consumption, 'Scalogno di Romagna' must be packaged in such a way as to allow any specific marks to be affixed. In all cases the packaging must be sealed so as to prevent the contents from being removed without breaking the packaging.

The packaging, braids or bunches must bear a tag with the words 'Scalogno di Romagna', immediately followed by the words 'Indicazione Geografica Protetta' [Protected Geographical Indication], in print of the same size.

The name, business name and address of the packager, as well as the original gross weight, must appear in the same field of vision.

The words 'Indicazione Geografica Protetta' may be repeated anywhere else on the container or the label, including as an acronym I.G.P. [PGI].

The distinctive logo below must be featured according to the graphic image indicated.

The wording 'Produced in Italy' must also appear.



INDICAZIONE GEOGRAFICA PROTETTA

FONT SCRITTA ALTA RICURVA - ARIAL BLACK 12PT HEX(#83191A) - RGB(131,25,26) CMYK(0,81,80,49) - HSL(359.4, 67.7%, 30.4%) SCRITTA IN BASSO - TRAJAN PRO REGULAR 8PT HEX(#83191A) - RGB(131,25,26)

CMYK(0,81,80,49) - HSL(359.4, 67.7%, 30.4%)

STELO SCALOGNO HEX(#33603C) - RGB(51,96,60) CMYK(47,0,37,62) - HSL(133, 31.1%, 29%)

STEMMA ARALDICO RIOLO TERME

GEMMA SCALOGNO HEX(#F3E565) - RGB(243,229,101) CMYK(0,6,58,5) - HSL(54, 84.3%, 67.5%)

BULBO SCALOGNO PARTI MARRONI HEX(#95730) - R6B(185,87,56) CMYK(0,53,70,27) - HSL(14.3, 53.7%, 47.5%) PARTI BIANCHE HEX(#FFFFF) - R6B(255,255,255) CMYK(0,0,0,0) - HSL(0, 0%, 100%)

RADICE SCALOGNO HEX(#E67D43) - RGB(230,125,67) CMYK(0,46,71,10) - HSL(21.3, 76.5%, 58.2%)

4. Concise definition of the geographical area

The production area comprises the part of the Emilia-Romagna Region suitable for the cultivation of Allium ascalonicum and covers the following municipalities:

- Province of Ravenna: Brisighella, Càsola Valsenio, Castelbolognese, Faenza, Riolo Terme and Solarolo;
- Province of Forlì-Cesena: Modigliana and Tredozio;
- Province of Bologna: Borgo Tossignano, Casalfiumanese, Castel del Rio, Castel Guelfo di Bologna, Dozza, Fontanelice, Imola and Mordano.

5. Link with the geographical area

The link between 'Scalogno di Romagna' and the geographical area is based on the product's reputation. 'Scalogno di Romagna' is known to be a particular ecotype of shallot with its own characteristics which are different from other types on the market.

The land suitable for growing 'Scalogno di Romagna' is hilly with medium-texture to clayey soils, dry, rich in potassium and organic matter, well-exposed and well-drained. These soils are characteristic of the chalk ridge known as 'La Vena dei Gessi Romagnola' [the Romagna Chalk Vein], which passes through a large part of the production area and characterises and influences the entire area, giving the soils a certain alkalinity. The territory of the production area is also known as a spa area characterised by the sulphuric components of the soil and water.

The aromatic qualities of the liliaceae family are thus influenced by these environmental characteristics in the sulphuric components.

The microbial flora of the soil, which, with its continued enzymatic activity during storage or drying, leads to the development of the typical sweet and delicate aroma of 'Scalogno di Romagna', but also of the pungent odour.

A distinguishing feature of 'Scalogno di Romagna' is that it does not form flower heads; the only possible and authorised method of growing it is therefore by replanting the bulbs. This characteristic has maintained its genetic heritage and the characteristics of the specific ecotype over the centuries, as there is no natural or forcible exchange of pollen with other species, meaning that it has not undergone the crossings or genetic interventions typical of the other varieties on the market.

The 'Scalogno di Romagna' has never been found in the wild, which means that the Celtic peoples who brought it to Romagna cultivated an original and authentic product, which could in no way be exchanged, confused or replaced with any other bulb of the liliacea family.

There is a clear link between the 'Scalogno di Romagna' and the local area: its producers, including those who grow a few square metres of shallots in their own kitchen garden; thanks also to them, the ability to pass on this valuable tribute to the generous earth of Romagna has not been lost. The producers' skills are also very important in selecting the bulbs, something they do with excellent craftsmanship. Part of the harvested bulbs are intended for consumption and, normally, those which have a medium size and a more curved shape are used for replanting.

A number of writers mention this product, such as Corrado Contoli, who was born and lived in Lugo. In his 1963 book 'Guida alla veritiera cucina romagnola' [Guide to genuine Romagna cuisine], the chapter on 'Pork dishes' features a panegyric to the shallot that is both pioneering and evocative. Graziano Pozzetto quotes other testimonies regarding the description of the product and its use in countless recipes from the last century in his book 'Lo scalogno di Romagna. Cibo per Venere' [Scalogno di Romagna - Food for Venus], published in 2001. Several local chefs have used the 'Scalogno di Romagna' in the preparation of various dishes, including Tarcisio Raccagni of the former restaurant 'Gigiolè' in Brisighella; he aimed to recapture medieval cuisine in the dinners staged for the famous Medieval Festivals in Brisighella.

There are also online citations documenting the reputation of 'Scalogno di Romagna' and its use as a seasoning for the preparation of various dishes or preserved in oil, on websites such as Giallo Zafferano, La Gazzetta del Gusto, Buonissimo, Geisha Gourmet and Taccuini Gastrosofici.

The story of the 'Scalogno di Romagna' is a beautiful and exemplary one, achieved thanks to the leading role of the Proloco di Riolo Terme association, which in 1993 created the first 'Fiera dello Scalogno di Romagna', a festival still held each year at the end of July.

Reference to publication of the specification

http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/3335

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