



EUROPEAN COMMISSION

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Dear Chair,

The Commission would like to thank the Assembleia da República for its Opinion on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Commission work programme 2022 Making Europe stronger together {COM(2021) 645 final}.

The Commission appreciates the analysis made by the Assembleia da República and takes careful note of the points set out in the Opinion. It welcomes the support to the Commission's determination to deliver on the six headline ambitions of the Political Guidelines. The Commission agrees with the point raised on new challenges brought on by the inflationary environment and the Russian war of aggression against Ukraine.

The Commission and the European Union Member States continue to work together at all levels to deliver humanitarian aid and civil protection to Ukraine and neighbouring countries. The European Union is stepping up its support for Ukraine and sanctions against Russia. Since 24 February, in a series of decisions, the European Union has adopted the largest ever set of sanctions, targeting Russia's financial system, its high-tech industries and its elite. In addition, the European Union is also targeting the Belarusian regime with sanctions.

The European Union is closely coordinating its actions with its partners and allies, including NATO, the G7, the United States, the United Kingdom, Canada, Norway, South Korea, Japan and Australia. These are unprecedented actions by the European Union and our partners in response to unprecedented aggression by Russia. The current situation shows the importance of the open strategic autonomy objectives for the European Union, notably in the fields of defence, energy and digital.

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In its summer forecast, the Commission recognises that many of the identified risks surrounding its earlier economic forecasts for 2022 have materialised. Russia's invasion of Ukraine has put additional upward pressures on energy and food commodity prices. These are feeding global inflationary pressures, eroding the purchasing power of households and triggering a faster monetary policy response than previously assumed. The ongoing deceleration of growth in the United States is adding to the negative economic impact of China's strict zero-COVID policy. Whereas the European Union economy started the year from a position of strength, having weathered through the previous crisis with a solid return to growth, we are facing challenges on multiple fronts from rising energy and food prices to a highly uncertain global outlook.

Overall, the European Union economy is set to continue expanding, but at a significantly slower pace than expected. The Summer 2022 (interim) Economic Forecast projects that the European Union economy will grow by 2.7% in 2022 and 1.5% in 2023. Growth in the euro area is expected at 2.6% in 2022, moderating to 1.4% in 2023. Annual average inflation is projected to peak at historical highs in 2022, at 7.6% in the euro area and 8.3% in the European Union, before easing in 2023 to 4.0% and 4.6%, respectively.

Against this background, it will be important to find the right balance between moving towards a more prudent fiscal stance and protecting the most vulnerable. We should also reduce our dependence on Russian fossil fuels. With the actions of the REPowerEU package that drastically accelerate the transition to clean energies and the Gas Demand Reduction Plan, the Commission has taken important steps to help reduce this dependence.

It will also be important to protect the most vulnerable households against the negative impact of the rising energy prices and inflation. In this context, the Commission has announced a new initiative on adequate minimum income schemes for the third quarter of 2022¹. In line with principle 14 of the European Pillar of Social Rights, it aims at modernising the existing European Union framework in response to the new economic and social realities as a consequence of the twin green and digital transitions.

The Single Market Emergency Instrument, announced by the 2022 Commission work programme for adoption this year, will also be an important feature to better equip the European Union for economic crises. It will help us react more quickly during future crises and support a smooth functioning of the single market when it is most needed and ensure the circulation of goods and people, access to vital supplies and services at all times.

The Commission looks forward to the involvement of the Assembleia da República on the proposals highlighted in the Opinion.

¹ The initiative will take the form of a proposal for a Council Recommendation building on Council Recommendation 92/441/EC and Commission Recommendation 2008/867/EC.

The Commission believes that the political dialogue with national Parliaments is essential for linking the Institutions and the citizens of the European Union and looks forward to continuing it with the Assembleia da República in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*