



EUROPEAN COMMISSION

*Brussels, 17.1.2020
C(2020) 97 final*

Dear President,

The Commission would like to thank the Senat for its Opinion on the proposal for a Regulation of the European Parliament and of the Council on a governance framework for the Budgetary Instrument for Convergence and Competitiveness for the euro area {COM(2019) 354 final}.

The Commission welcomes the general support of the Senat for the proposal and takes note of its concerns.

With a view to strengthening the Economic and Monetary Union, at the Euro Summit of 14 December 2018 (held in inclusive format at 27), the EU leaders mandated the Eurogroup to work on the design of a Budgetary Instrument for Convergence and Competitiveness (BICC) for the euro area, and Exchange Rate Mechanism II (ERM II) Member States on a voluntary basis, based on the relevant Commission proposal {COM(2018) 391 final} to be amended if necessary. The instrument will be included in the Reform Support Programme. In line with this mandate, the Eurogroup (in inclusive format) defined the main elements of the BICC on 14 June and 9 October 2019 through two Term Sheets. The instrument aims to promote convergence and cohesion within the Union by providing euro area Member States and ERM II Member States on a voluntary basis with financial support for reform and investment packages.

The proposed Regulation to which the Senat's Opinion refers aims to establish a governance framework for the BICC. It aligns with the Euro Summit Statements of 14 December 2018 and 21 June 2019 as well as the Eurogroup's June Term Sheet and represents an additional act allowing the euro area Member States to have some autonomy of decision as regards the BICC. The proposed Regulation will allow for the establishment of annual strategic orientations, as part of the Recommendation on the economic policy of the euro area, on the investment and reform priorities to be undertaken by the euro area Member States and to be financed by the BICC in line with the overall economic policy coordination framework of the Union. Since such strategic orientations are specific to Member States whose currency is the euro, only members of the Council representing Member States whose currency is the euro should take part in the adoption of the strategic orientations as part of Recommendation on the economic policy of the euro area.

*Mr Teodor-Viorel MELESCANU
President of the Senat
Calea 13 Septembrie nr. 1-3, sector 5
RO – 050711 BUCHAREST*

The Eurogroup (in inclusive format) held on 9 October 2019 also agreed that appropriate arrangements should be defined for non-euro area Member States not participating in the BICC. These arrangements should take the form of a dedicated instrument or a financial arrangement to address their full financial liability in relation to the BICC, depending on the circumstances of each Member State, and should be reflected in the negotiating box.

In the light of the above, equal treatment between the euro and non-euro Member States will be ensured, since two instruments will exist, one aimed at euro-area Member States and one for non-euro-area Member States. The modalities of the BICC and of a dedicated instrument for non-euro area Member States not participating in the BICC and their governance structures have to be distinct in order to cater for their different economic realities (euro-area vs. non-euro-area Member States), but both instruments will be enshrined in the European Semester of economic policy coordination. In addition, a Technical Support Instrument (the successor of the current Structural Reform Support Programme) will be available to all EU Member States.

The Commission hopes that these clarifications address the issues raised by the Senat and looks forward to continuing this dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Valdis Dombrovskis
Executive Vice-President*