



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Senat for its Opinion on the European Semester 2020 Package {COM(2020) 55 final}, {COM(2019)651 final}, {COM(2019)653 final} and {SWD(2020) 522 final}.

The Commission Recommendations for Council Recommendations on the 2020 National Reform Programmes of all 27 Member States were adopted in the framework of the coordination of economic and employment policies at the European level. As underlined in the Treaty on the functioning of the European Union, Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council. The European Semester 2020 Package is part of the coordination cycle initiated in December 2019 with the publication of the Commission's Annual Sustainable Growth Strategy. The country-specific recommendations have meanwhile been adopted by the Council.

As the Senat rightly observes, this coordination cycle has been disrupted by the outbreak of the coronavirus-pandemic between the publication of the Country Reports and the adoption of our recommendations for country-specific recommendations. The Commission has taken this disruption duly into account, reorienting the recommendations to adequately address the shifting socio-economic priorities. The latter now focus on the immediate fiscal, economic, employment and social crisis response as well as on the medium-term reform and investment priorities to put our European economies back on track towards sustainable and inclusive growth, integrating the green and digital transitions.

The Commission also shares the Senat's concerns about the asymmetric economic impact of the crisis across Member States, regions and sectors. It is indeed in everybody's interest that we reduce divergences in the Union so as to preserve the integrity of the Single Market and create equal opportunities for all citizens and

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businesses. For this reason, the adopted Package emphasises the need to preserve employment, tackling social impacts, supporting businesses, with a focus on SMEs, ensuring liquidity provision and stability in the financial sector and preserving the Single Market and ensuring the flow of critical goods.

The Commission shares the view that post-crisis measures should adequately target the most affected groups, including those already identified as vulnerable before the crisis. The 2020 Spring Package indeed calls for a renewed focus on activation support, upskilling and reskilling, access to social protection and social services to foster an inclusive recovery.

The Commission takes seriously the concerns expressed by the Senat with respect to the indicators used to underpin the analyses developed in the Country Reports. While indicators are indispensable as a first input for any analysis, our services are conscious of their inherent limits which can only be overcome by in-depth country knowledge gained through a constructive dialogue with Member States' authorities as well as other stakeholders. The Commission agrees that large-scale financial support to reforms and investments is required to mitigate the economic and social impact of the coronavirus pandemic and strengthen the EU economies.

The rising pressure on national healthcare systems and the contraction in the economic activity associated to the lockdown requires a response via the EU budget. The Commission rapidly addressed these new needs with its recovery plan proposal. Moreover, a temporary suspension of the obligation to respect the material rules of the Stability and Growth Pact was approved in March. The Commission also reacted swiftly with initiatives such as the Coronavirus Response Investment Initiatives, the Emergency Support Instrument helping the EU healthcare systems or the Temporary Framework for State aid measures.

The proposed recovery plan, consisting of the recovery instrument Next Generation EU, tightly linked to a revamped long-term EU budget, will support Member States with investments and reforms, incentivise private investments and reinforce other traditional EU policies. Additional resources will be dedicated to priorities such as health, digital and green transitions, research and innovation, migration or border management, in line with the European Council's strategic agenda. This proposal is also realistic in means and considers that the EU has lost an important contributor to the budget with the departure of the United Kingdom.

An important element of the recovery plan is the new Recovery and Resilience Facility proposed by the Commission on 28 May 2020. The Facility will help Member States to address the challenges identified in the European Semester, in areas such as competitiveness, productivity, environmental sustainability, education and skills, health, employment, and economic, social and territorial cohesion. It will also ensure adequate focus of these investments and reforms based on the green and digital transitions, to help create jobs and sustainable growth and make the Union more resilient.

The final programmes, their structure and their budgetary envelopes are subject to the final outcome of the discussions between the European Parliament and the Council on all elements of the recovery package (in particular the Own Resources Decision, the MFF Regulation, the Interinstitutional Agreement, and sectoral legislation), in accordance with their respective adoption procedure.

The Commission believes that an ambitious recovery plan with the EU budget at its heart will give the Union the best possible chance of success. A timely agreement on all elements of the recovery plan will allow the new programmes to kick off immediately and help the post-crisis recovery and resilience efforts.

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

Yours faithfully,

*Nicolas Schmit
Member of the Commission*