



EUROPEAN COMMISSION

Brussels, 13.8.2020

C(2020) 5622 final

Dear President,

The Commission would like to thank the Senat for its Opinion regarding the Commission proposal for a Decision of the European Parliament and of the Council on providing Macro-Financial Assistance to enlargement and neighbourhood partners in the context of the COVID-19 pandemic crisis {COM(2020) 163 final}.

This macro-financial assistance package forms part of the EU's robust and targeted response strategy to support partner countries' efforts in tackling the coronavirus pandemic. The macro-financial assistance will help partners cover part of the external financing needs for the period 2020-2021, thereby reducing the economy's short-term balance of payments and fiscal vulnerabilities. The assistance is consistent with the principles governing the use of the instrument of macro-financial assistance, including its exceptional character, political preconditions, complementarity, conditionality and financial discipline.

The Commission welcomes the Senat's support for the aims of the macro-financial assistance package and is pleased that discussions between the Commission and the co-legislators concerning the proposal were constructive and efficient, leading to an agreement on 25 May 2020 (Decision (EU) 2020/701). The quick adoption of this macro-financial assistance package by the Council and the European Parliament is an important demonstration of the EU's solidarity with partner countries at a time of unprecedented crisis.

The main objective of macro-financial assistance is to help restore a sustainable external financial situation in partner countries, while encouraging economic adjustments and structural reforms aiming to return the beneficiary country's economy to a sustainable long-term path. Macro-financial assistance generally takes the form of loans, for which the Commission borrows the necessary funds in capital markets and on-lends them to the

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beneficiary country. The lending volume of the Commission is limited, as there need to be sufficient provisions foreseen in the EU budget.

The macro-financial assistance package includes ten countries: five candidate countries, two countries of the Southern Neighbourhood and three of the Eastern Partnership. The largest share of loans offered under the package goes to the Eastern Partners, in total € 1,450 million of €3 billion. The selection of countries followed an assessment of urgent financing needs in the context of the COVID-19 crisis. However, the situation is still evolving and the crisis could become increasingly challenging in other countries. In this context, the Commission confirms that macro-financial assistance will continue to be available for other eligible countries in situations of balance-of-payments difficulties that may appear later.

The Commission will keep the European Parliament and the Council informed on all developments regarding the implementation of macro-financial assistance in each of the beneficiary country.

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,

Member of the Commission