



EUROPEAN COMMISSION

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C(2020) 5940 final

Dear President,

The Commission would like to thank the Senat for its Opinion on the Communications “The EU budget powering the recovery plan for Europe” {COM(2020) 442 final} and “Europe’s moment: Repair and Prepare for the Next Generation” {COM(2020) 456 final}.

The Commission appreciates that the Senat welcomes its proposals for strengthening the EU’s economic recovery from the crisis caused by COVID-19 and will support the swift adoption of the legislative package.

As requested by the European Council, the recovery plan was based on a solid assessment of needs that was published together with the proposals. The needs assessment was carried out in line with best practices by other international organisations. There is no comparable analysis available at the level of the EU or individual Member States. The needs assessment has been broad in coverage and prudent in its estimates. All in all, the public and private investment gap and equity repair needs in the EU sum up to EUR 2.7 trillion in 2020-2021 alone.

This shows that the economic crisis triggered by the COVID-19 pandemic is unprecedented. The EU economy will experience a recession of historic proportions this year. The Commission’s recent Summer Forecasts pointed to an increasing intensity of the crisis and reinforced the need for an exceptional response. The pandemic has touched every part of the Union. However, its economic and social impacts differ between Member States and sectors, and so does the ability of Member States to absorb and respond to the resulting economic shock. Due to lower resilience and weaker fiscal positions, some Member States have been more constrained in their economic responses than others.

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A strong and coordinated European response is essential. Member State economies are strongly interconnected through the Single Market. All European industrial ecosystems rely on complex supply chains spread across several Member States. In the absence of a strong European response, some Member States may get stuck in a situation of sluggish growth, high unemployment and a permanently weakened corporate sector. This would result in growing divergences within the Union and put the single market under severe strain, threatening the Union's longer-term growth potential.

As regards the Senat's concern for sustained funding of cohesion and common agricultural policy, the Commission would like to stress that on top of the funds provided by the new multiannual financial framework, NextGenerationEU includes key instruments such as REACT-EU to increase cohesion support to Member States and additional funds for Rural Development and the Just Transition Fund to make economies more resilient and sustainable in the crisis repair phase. For the Commission, it is also of crucial importance to ensure a balanced recovery in the longer term, avoiding asymmetries and divergences of growth between and within Member States.

The Commission strongly welcomes the unanimous agreement reached by the European Council on 21 July 2020 on the multiannual financial framework 2021-2027 and the recovery package. The agreement endorsed the approach put forward by the Commission and is proof of Europe's ability to act, to show solidarity in times of crisis, and to keep the European promise of a better future.

Swift work is now needed before the funds can start flowing to Europe's regions, researchers, farmers and citizens. Following the Opinion of the European Parliament and the formal adoption of the revised Own Resources Decision by the Council, national Parliaments will have an essential role to play in the approval of the revised Own Resources Decision by Member States in accordance with their national constitutional requirements. It will be essential to complete this process quickly to ensure that NextGenerationEU can be launched on 1 January 2021.

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

Yours faithfully,

*Dubravka ŠUICA
Vice-president*