



Parlamentul României Senat

Bucharest, April 14, 2021

Courtesy translation

OPINION of the ROMANIAN SENATE on the Autumn Package for the European Semester 2021:

Communication from the Commission to the European Parliament, the Council and the European Central Bank on the 2021 Draft Budgetary Plans: Overall Assessment – COM(2020) 750

Recommendation for a Council Recommendation on the economic policy of the euro area - COM(2020) 746

Report from the Commission to the European Parliament, the Council, the European Central Bank and the European Economic and Social Committee - Alert Mechanism Report 2021 (prepared in accordance with Articles 3 and 4 of Regulation (EU) No 1176/2011 on the prevention and correction of macroeconomic imbalances) - COM(2020) 745

Proposal for a Joint Employment report from the Commission and the Council – COM(2020) 744

Communication from the Commission to the Council - Fiscal situation in Romania – COM(2020) 752

The Romanian Senate examined the Autumn Package for the European Semester 2021, according to the provisions of the Treaty of Lisbon (Protocol no.1).

Taking into account the report of the Committee for European Affairs, **the plenum of the Senate**, during its session of April 6, 2021,

1. Notes that:
 - a. the European Commission's assessments were made in a context of uncertainty caused by the economic shock caused by the pandemic, the social services and health sectors, being subjected to unprecedented pressures;
 - b. the same system of analysis criteria specific to a normal period is maintained, although we are in a pandemic situation, thus distorting reality.
2. Expresses some reservations about the European Commission's assessments because:
 - a. many of the recommendations made during the European Semester have opposite effects, there is no unitary vision of the document; the analyzes and recommendations developed

- within the European Commission's economic directorates contradict those coming from the social directorates;
- b. regarding the ULC analysis, it should be emphasized that no further substantial salary increases are planned in the budgetary sector, the pressures in the sense of increasing ULC being limited. In particular, for 2020, taking into account the fiscal stimulus granted to firms through government support schemes indicates a more moderate increase in ULC compared to statistical data;
 - c. the current account deficit is projected by the National Commission for Strategy and Forecast to decrease slightly in 2021. However, the adjustment is not expected to be strong even due to the dynamics of investments. Thus, the slightly positive dynamics of the FBCF (gross fixed capital formation) expected to manifest in 2021 is expected to stimulate imports, amid the anticipated acceleration of the FBCF, the latter being stimulated by the inflows of European funds and the partial return of inflows of foreign direct investment (FDI) to levels close to those of the pre-pandemic period. Thus, the current account deficit will adjust more slowly due to the dynamics of the investment component;
 - d. regarding the banking sector, the position of the NPL indicator (non-performing loans) is a comfortable one, and the risks generated by the Covid-19 pandemic are mitigated through the measures adopted by the Government and the Central Bank.

President of the Senate
Anca Dana DRAGU

