



EUROPEAN COMMISSION

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Dear Speaker,

The Commission would like to thank the Riksdag for its Reasoned Opinion on the amended proposal for a Council decision on the System of Own Resources of the European Union' {COM(2020) 445 final}.

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 confirmed the 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.

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.

Decisive action to help all Member States repair crisis damage and prepare for a sustained recovery is therefore in the economic interest of all Member States. Following the request of the European Council on 23 April 2020, the Commission set out a bold and comprehensive plan for European recovery. It relies on the EU budget to mobilise investment and frontload financial support in the first years of recovery. A new temporary instrument 'NextGenerationEU' will raise money on financial markets and channel it through EU programmes and funds to underpin the immediate measures needed to protect livelihoods, get the economy back on its feet and foster sustainable and resilient growth. As requested by the European Council, the plan was based on a solid assessment of needs that was published together with the proposal.

*Mr Andreas NORLÉN
Speaker of the Riksdag
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NextGenerationEU is a one-off emergency instrument, put in place for a temporary period and used exclusively for crisis response and recovery measures. It will allow the EU budget to respond decisively to the most urgent challenges. It will allow all Member States to benefit from very favourable conditions that reflect the Union's high creditworthiness. The funds will be channelled through the EU budget to Member States to support investment and reform priorities, focusing on where it can make the difference, complementing and amplifying the actions of Member States.

A large part of this extraordinary support will be delivered through grants to Member States. Loans alone would not allow highly indebted countries to implement the reforms and investments that are absolutely needed to ensure a rapid recovery across the Union and a more resilient economy. The crisis is characterised by severe difficulties caused by exceptional occurrences beyond the Member States' control. It is therefore appropriate to make use of Article 122 of the Treaty on the Functioning of the European Union that provides for the possibility of measures appropriate to the economic situation and is decided in a spirit of solidarity between Member States. The objectives pursued by the Commission's recovery plan could not be sufficiently achieved by the Member States individually because of the scale of the measures that need to be taken.

The Commission strongly welcomes the unanimous agreement reached by the European Council on 21 July 2020 on the Multiannual Financial Framework 2021-2027 and recovery package. The agreement endorsed the approach put forward by the Commission, including the revision of the Own Resources Decision, 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.

More work is 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, national Parliaments will have an essential role to play in the ratification 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 Riksdag and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*