

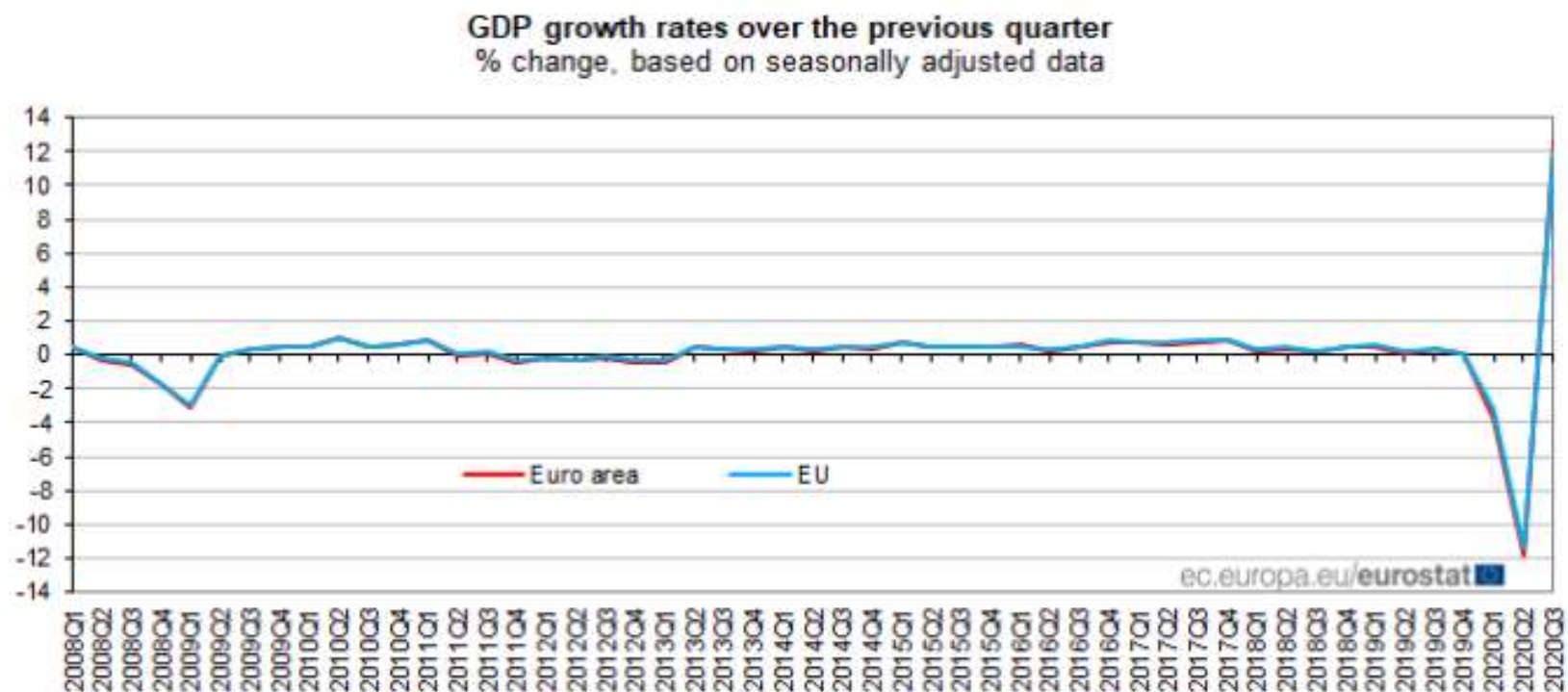


Powering Europe's recovery

Andris Kužnieks, Acting Head of the European Commission Representation in Latvia

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European economy rebounded strongly in the third quarter



Putting the economic recovery at risk...

➔ **The pandemic is still with us and could last longer than previously expected**

... warranting **more stringent and lasting** social distancing measures

... and possibly **leaving permanent scars** in the labour market and business fabric

➔ **Divergences across countries could become entrenched**

... and distort the internal market

➔ **Policy support is protecting workers and incomes**

...but what to expect if and when the support measures expire?



Overview of the EU response

State aid rules

- liquidity to economy
- support SMEs, jobs, etc.

Additional safety nets

- SURE: €100 billion for workers
- EIB: €200 bn for companies
- ESM: €240 bn for sovereigns

ECB measures

- €1350 bn new measures

Recovery Plan for Europe

- €750 bn Next Generation EU – cornerstone: **Recovery and Resilience Facility**
- €1074 bn long-term EU budget

Budgetary flexibility

- escape clause of the Pact
- maximum flexibility

Coronavirus Response Investment Initiative

- unspent cohesion policy funds
- transfers between funds, regions and priorities



The Recovery and Resilience Facility

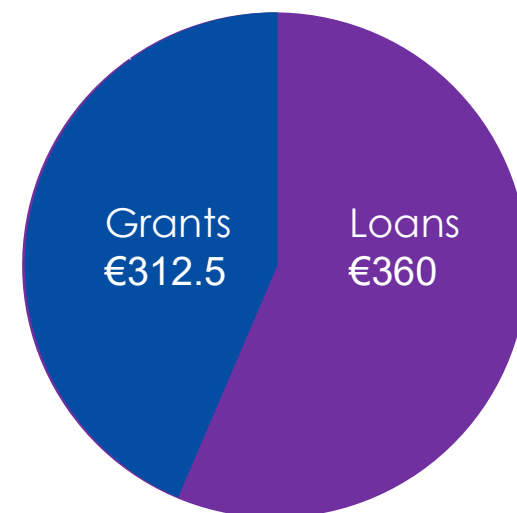
Despite a swift and decisive public response, the EU economy will experience a recession this year.

The Commission proposed the Recovery and Resilience Facility in May as the centrepiece of the **Next Generation EU** recovery instrument.

→ *To be operational as of 1 January 2021; support under the Facility until 2026*

Effective implementation of Next Generation EU can deliver **2% of additional GDP by 2024** and create 2 million jobs.

Total Budget
€672.5 billion



National recovery and resilience plans

- Access to the Facility based on National Plans, drawn up and submitted by Member States
- Strategic orientations for the preparation of national recovery and resilience plans is set out in the Commission's 2021 Annual Sustainable Growth Strategy
- Detailed guidance and standard template
- Drafts to be submitted as of 15 October 2020 (final deadline: 30 April 2021)
- Member States are already engaging with the Commission on the preparation of their recovery and resilience plans



Assessing the national plans

Commission's assessment will consider whether the plans:



- contribute to effectively addressing challenges identified in the relevant **country-specific recommendations**;



- contain measures that effectively contribute to the **green** and **digital transitions**;



- contribute to **strengthening the growth potential**, job creation and economic and social resilience of the Member State.

→ Commission's assessment will be approved by the Council

Objectives I: Supporting the green transition

Member States should focus on reforms and investments that:

- Decarbonise the industry
- Promote a more circular economy
- Protect and restore biodiversity
- Strengthen sustainable mobility

Each recovery and resilience plan has to include a minimum of **37%** of climate-related expenditure.

Do no significant harm principle governing all expenditure



Objectives II: Supporting the Digital transition

Member State should focus on reforms and investments that:

- Improve **connectivity**
- Help citizens develop **digital skills**
- Deploy **cutting edge technologies** such as artificial intelligence and high performance computing
- Improve **cyber security**

The Commission proposes that each recovery and resilience plan includes a minimum level of **20%** of expenditure related to digital.



Objectives III: Strengthening social and economic resilience

The recovery and transition process needs to be **fair for all Europeans**.

Member States are encouraged to:



- take measures to **ensure equal opportunities**, inclusive education, fair working conditions and adequate social protection,



- ensure the provision of **high quality health care services**.

Improving the quality of public finances will be important to boost growth potential and support the economic transformation.



RECOVERY AND RESILIENCE FACILITY

FLAGSHIP AREAS FOR INVESTMENTS AND REFORMS

POWER UP

CLEAN TECHNOLOGIES AND RENEWABLES

RENOVATE

ENERGY EFFICIENCY OF BUILDINGS

RECHARGE AND REFUEL

SUSTAINABLE TRANSPORT AND CHARGING STATIONS

CONNECT

ROLL-OUT OF RAPID BROADBAND SERVICES

MODERNISE

DIGITALISATION OF PUBLIC ADMINISTRATION

SCALE-UP

DATA CLOUD CAPACITIES AND SUSTAINABLE PROCESSORS

RESKILL AND UPSKILL

EDUCATION AND TRAINING TO SUPPORT DIGITAL SKILLS

#EUSolidarity #StrongerTogether

The green and digital transition - examples

- **Green transition:** Renovation wave of buildings, decarbonisation of industry, development of renewable energy capacities, investments to support the climate-proofing of European forest, infrastructure and land, participation in financing initiatives to develop alternative energy sources etc.
- **Digital transition:** Investments in secure networks and other infrastructures to address market failures, financing of digital skills and education programmes, funding of Digital Innovation Hubs, Funding of material tracking systems and databases etc.

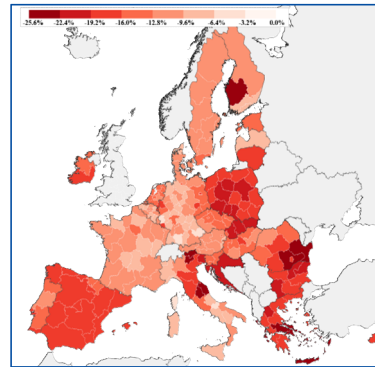
Estimated impact of Next Generation EU



**GDP growth:
positive for all
Member States and
the EU as a whole**



**2 million
additional jobs
compared
to baseline**



**Strong positive
effects on
convergence**



**Debt-to-GDP ratio
reduced on average,
notably for higher-
debt countries**

State of play negotiations

- **In May**, the Commission presented its **legislative proposal**
- The **European Councils** of 17-21 July and 1-2 October took a number of important decisions, inter alia related to the timing of the financial support and to the spending on climate and digital issues.
- **In the Parliament**, various Committees are currently discussing the Regulation. The Parliament is expected to take a position in November.
- **Trilogues** between Parliament, Council and Commission to be held from November.
- Aim: for the Facility to be **operational from 1 January 2021**

Thank you