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# WEBINAR

The EU Recovery Plan: bouncing back better together towards a green, digital and resilient Europe.  
What are the opportunities for Belgium?"

**THURSDAY 25 JUNE 13.00 – 14.00 H**



- 1. The European Semester: what's in a name?**
2. EU Recovery: diagnosis and treatment
3. Recommendations & opportunities for Belgium
4. Key messages

## European Semester & policy surveillance cycle

- **Annual** integrated cycle for **coordination** of Member States'
  - ✓ **Economic** policies
  - ✓ **Employment** policies
  - ✓ **Social** policies
- Includes surveillance of **fiscal policies (Stability and Growth Pact)** and **macro-economic imbalances**
- **Dynamic & agile instrument**
  - ✓ European Pillar of Social Rights
  - ✓ Strengthened link with cohesion policy
  - ✓ Refocus & enhanced role in response to COVID-19 crisis

## The European semester takes the form of a continuous dialogue



- Sets out **policy priorities**
- Analyses & monitors **economic & social developments** and assesses progress
- Addresses **country-specific recommendations**

- Submits **policy plans** (National Reform Programme)
- Submits **fiscal plans** as euro-area member (Stability Programme and draft budgetary plan)

## Competitive sustainability at the heart of the EU social market economy



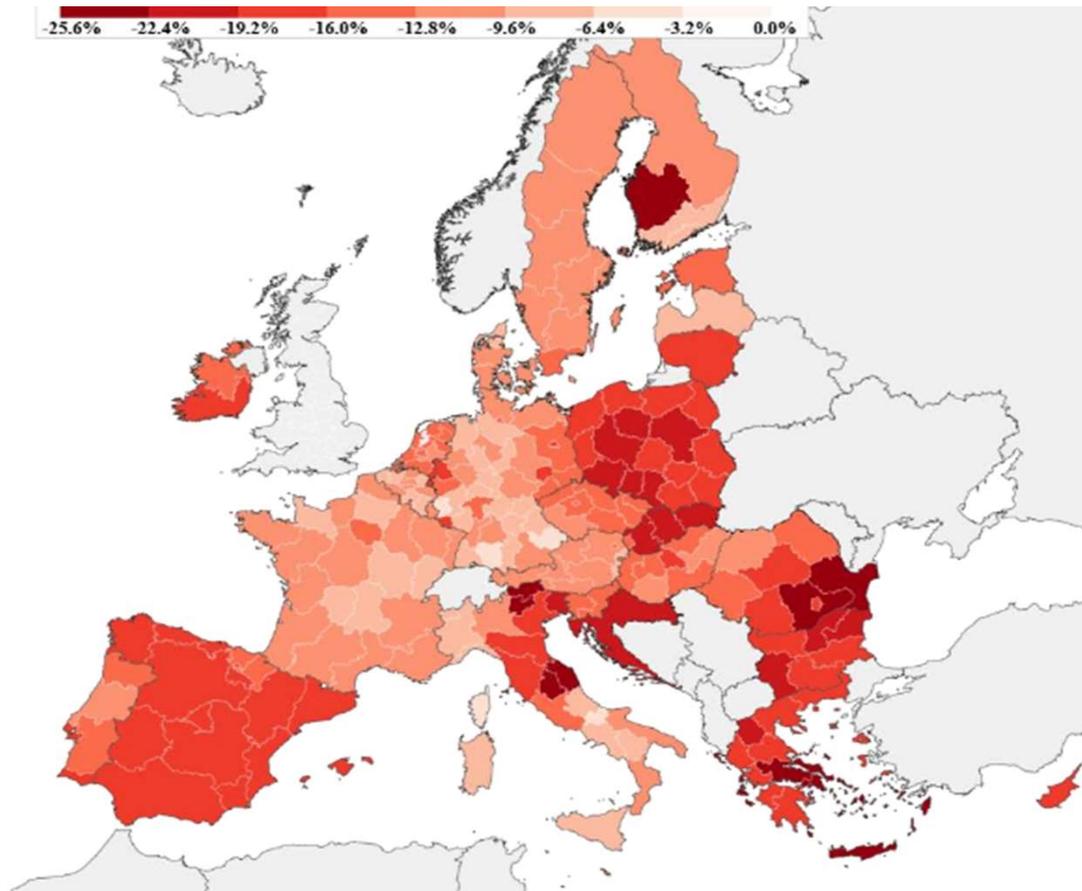
- ✓ Building an **economy** that **works for people and the planet**
- ✓ Help EU & Member States achieve UN **Sustainable Development Goals**
- ✓ On track for **climate neutrality** in 2050



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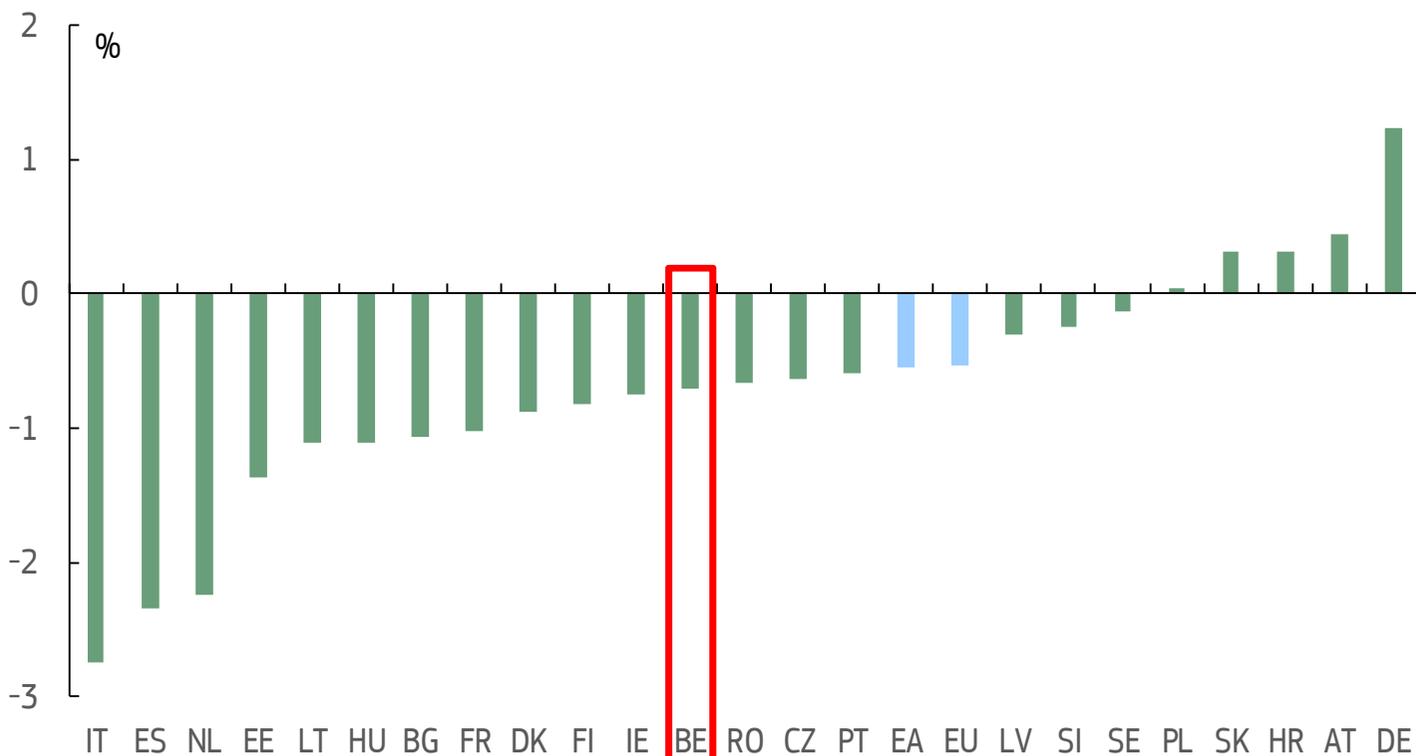
## Across the EU, COVID-19 causes a deep and uneven recession...

2020 GDP impact at regional level (excl. impact of policy measures)



... and an uncertain and uneven recovery, across Member States and sectors

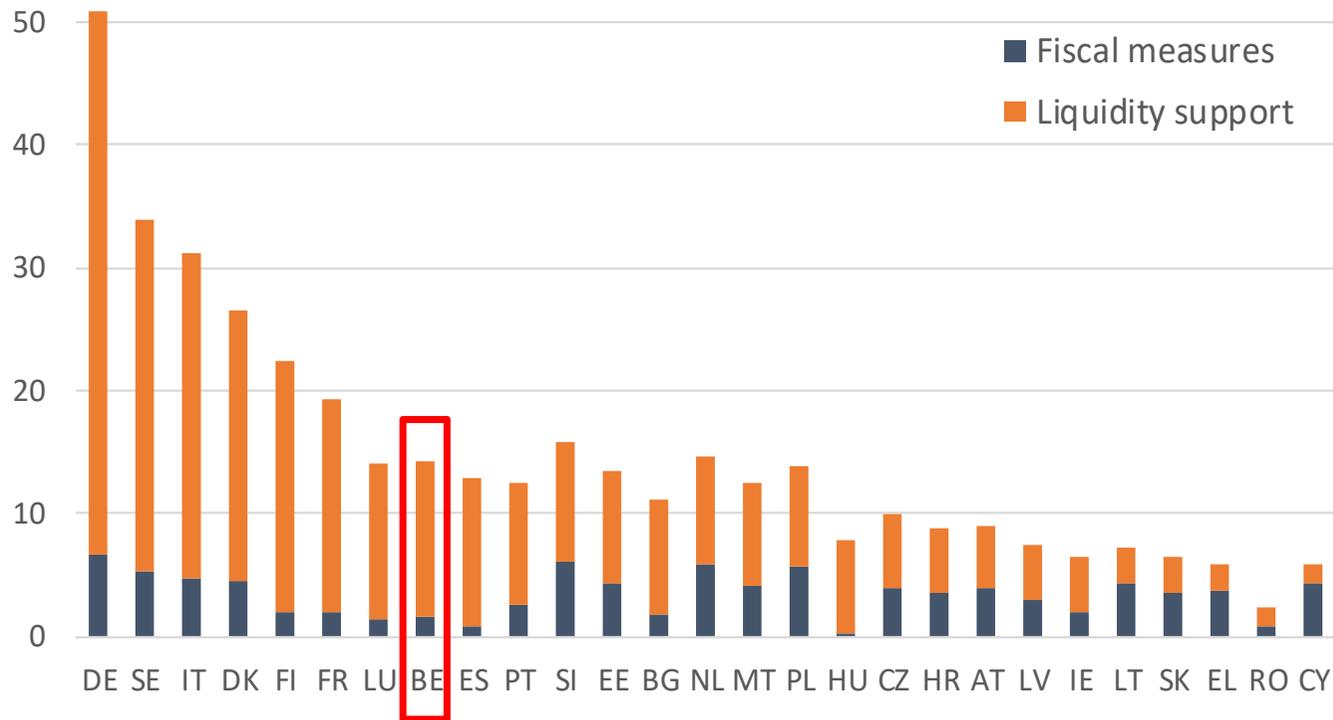
Real GDP-level in Q4 2021 vs Q4 2019



Source: Commission services

## Some countries can provide more generous support, potentially fuelling divergence

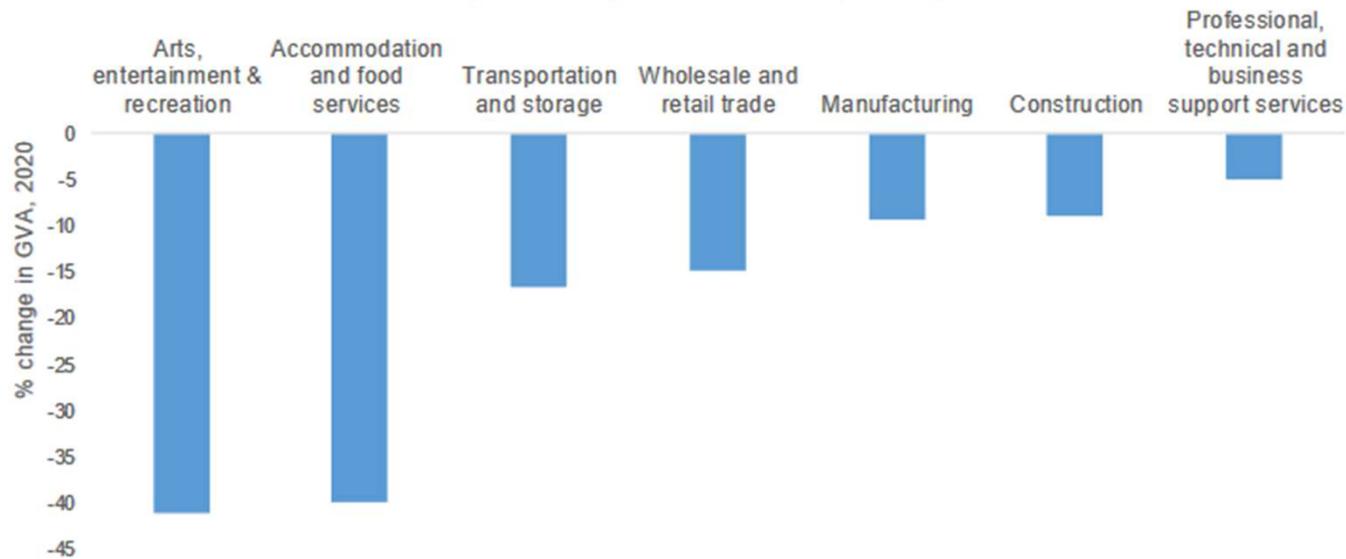
Estimation of fiscal & liquidity measures by Member State, 2020  
(% GDP)



Source: best knowledge Commission services' estimates – 12.06.2020

## Equity repair needs are significant & vary across sectors

Real gross value added by industry, % change over 2019



- ❑ Equity repair needs est. €720 bn to €1.2 trn in 2020
- ❑ without support, **25-35% of firms** to experience **financing shortfalls** by end 2020

Source: Commission services

## Investment gaps are considerable



Source: Commission services

## Common EU response with investment focus needed

### **Single market threatened**

uneven depth of recession  
depending on economic structures  
and capacity to absorb & respond to  
economic shock

### **Deep interlinkages between EU economies**

all EU industrial sectors rely on  
complex supply chains spread  
across several Member States

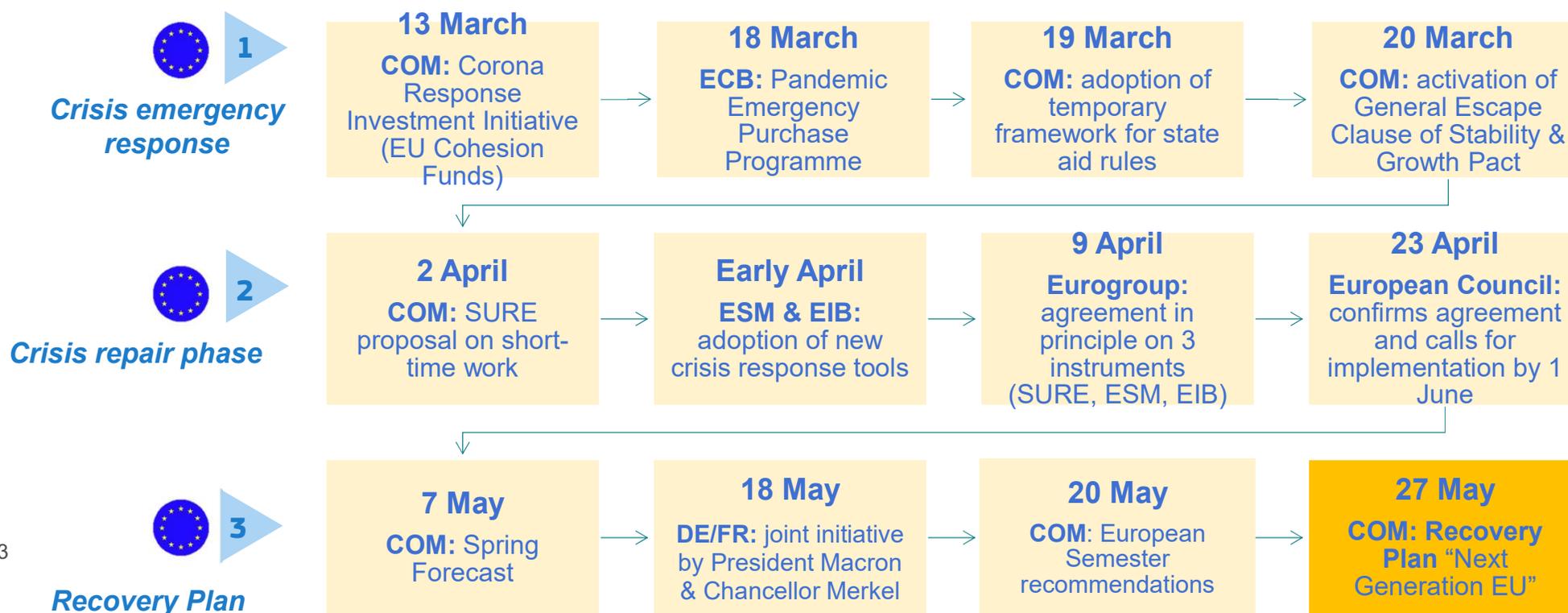
### **Lessons learned from 2008-09 financial crisis**

reforms & investment essential for  
recovery & long-term growth

### **Risks of Social fragmentation**

unravelling of progress in fostering  
social cohesion in the EU

# EU economic response so far



# Commission proposal for EU Recovery Plan, anchored in EU budget

Exceptional and temporary increased own resources ceiling

Larger Headroom



Commission borrowing €750bn on capital market



## Repayment of the market finance raised

- Funds raised will be **repaid after 2027 & by 2058 at the latest**
- Commission will propose **additional new own resources** at a later stage of the 2021-2027 financial period
- **Options** include:

 Extension of the Emissions Trading System-based own resources to the maritime and aviation sectors to generate €10 billion per year

 Own resource based on operations of companies, that draw huge benefits from the EU single market, which, depending on its design, could yield around €10 billion per year

 Carbon border adjustment mechanism to raise €5 billion to €14 billion per year

 Digital tax on companies with a global annual turnover of above €750 million to generate up to €1.3 billion per year

# European Semester plays central role in « Next Generation EU » proposal

## Investing in a green, digital and resilient Europe

### Supporting Member States to recover



- Recovery and Resilience Facility EUR **510** bn
- Recovery Assistance for Cohesion and the Territories of Europe - REACT-EU EUR **50** bn
- Reinforced rural development programmes EUR **15** bn
- Reinforced Just Transition Fund EUR **30** bn

#### Within European Semester framework

- Supporting reforms and public investments
- Supporting a just transition

### Kick-starting the economy and helping private investment



- Solvency Support Instrument EUR **26** bn
- Strategic Investment Facility EUR **15** bn
- Strengthened baseline InvestEU programme EUR **15,3** bn

- Supporting key sectors and technologies
- Investing in key value chains
- Solvency support for viable companies

### Learning the lessons from the crisis



- New Health programme EUR **7,7** bn
- Reinforced rescEU EUR **2** bn
- Reinforced programmes for:
  - research: Horizon EUR **13,5** bn
- external action:
  - NDCI EUR **10,5** bn
  - Humanitarian Aid EUR **5** bn

- Supporting key programmes for future crises
- Supporting global partners

## Kick-starting the economy and helping private investment (Pillar II)

- **Upgrade of InvestEU**, Europe's flagship investment programme
- New **Strategic Investment Facility** (built into InvestEU) to reinforce strategic autonomy & resilience of EU economy in key areas, generating investments of up to €150bn (e.g. key green & digital technologies, critical healthcare)
- New **Solvency Support Instrument** providing temporary equity support to viable businesses to address solvency concerns due to crisis, mobilising up to €300bn from private resources

## Recovery & Resilience Facility – key features



Embedded in **European Semester** via **National Recovery & Resilience Plan**



To be used for:

**Public sector investments & reforms**, incl. in green and digital transition, consistent with Country-Specific Recommendations



Budget:

**€560 billion** of Next Generation EU budget: €310 billion for **grants** & €250 billion for **loans**



Distribution key:

Available to **all Member States**, focus on most affected countries

### Grants

#### Allocated based on

- Population
- GDP per capita
- Unemployment rate

### Loans

When needed

Up to **4.7%** of Member State  
**Gross National Income**

## All Member States benefit from EU Recovery Plan

Impact of EU Recovery Instrument on GDP & government debt ratios compared to baseline (pps.)



Source: Commission services



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## Recommendations under European Semester and opportunities under Recovery & Resilience facility



Taking all necessary measures to effectively address pandemic, sustain economy and support ensuing recovery



Strengthening resilience of health system



Mitigating employment and social impact of crisis



Ensuring effective implementation of measures supporting liquidity of firms and further improving business environment



Focusing investment on green and digital transition as well as on research and innovation



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## Key messages

To **bounce back better**  
towards a **green, digital & more resilient Europe**

- We **urgently** need a **common EU response with investment focus** to
  - avoid fragmentation of internal market and EU social cohesion
  - address considerable equity needs
  - close significant investment gap
  
- The **European Semester** is at the **heart** of the **EU Recovery Plan proposal**, offering a swift, ambitious & targeted common EU response
  
- The **EU Recovery Plan proposal** offers important **opportunities** for Belgium to accelerate **reforms & investments** that
  - kickstart economic repair and recovery
  - render its economy more resilient for future generations
  - with the twin green & digital transition as a compass

## Further information

- **European Semester:**

- 2020 Country Report Belgium: [https://ec.europa.eu/info/sites/info/files/2020-european\\_semester\\_country-report-belgium\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2020-european_semester_country-report-belgium_en.pdf)
- 2020 Country specific recommendations for Belgium: [https://ec.europa.eu/info/sites/info/files/2020-european-semester-csr-comm-recommendation-belgium\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2020-european-semester-csr-comm-recommendation-belgium_en.pdf)
- Spring 2020 Forecast: [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2020-economic-forecast-deep-and-uneven-recession-uncertain-recovery\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2020-economic-forecast-deep-and-uneven-recession-uncertain-recovery_en)

- **EU Corona response:**

- Overview: [europa.eu/info/live-work-travel-eu/health/coronavirus-response\\_en](europa.eu/info/live-work-travel-eu/health/coronavirus-response_en)
- Recovery Plan for Europe: [https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe\\_en](https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_en)
- Commission Staff working document identifying Europe's recovery needs: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0098&from=EN>

## Contact & Connect

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