European Commission - Speech
[Check Against Delivery]

Opening remarks by Commissioner Gentiloni at the read-out of the College meeting and press conference on the European Semester Autumn Package

Brussels, 18 November 2020

Good morning. Our Autumn Package is based on the economic forecast we presented a couple of weeks ago.

Our view is that we are not having a "v-shaped" recovery.

We had a strong recovery in the third quarter, but that was interrupted by the resurgence of the pandemic this autumn.

We will have an incomplete and uneven recovery over the coming two years with persistently high uncertainty and multiple risks.

We are working to avoid the risk of a double dip recession.

The priorities of our guidance are very clear.

First, to continue with short-term policies that address the crisis and support the recovery. We know more about the crisis now, that it is affecting some service sectors, person-to-person services. The manufacturing sector is doing better in living in coexistence with the pandemic. Some sectors still need strong support.

The second pillar is to pursue investments and reforms to strengthen economic and social resilience and make a success of the green and digital transition.

Emergency response and transformation should go hand in hand.

The euro area recommendation reflects these messages.

The euro area, at the end of 2022, will not be at the level of GDP that it had at the end of 2019.

The recommendation contains a clear message about the policy stance and its sequencing: keep supportive fiscal and other policies for now; continue to coordinate measures; and when conditions allow, phase out the support measures in a way that doesn't stop the recovery in its tracks or harm those most affected.

The recommendation also confirms the approach that we take with the Recovery and Resilience Facility in order to mitigate the risk of further divergence and enhance economic and social resilience in the euro area.

It's about walking on two legs: implementing reforms that strengthen productivity and employment and increasing the level of public and private investment.

It also reiterates that well-functioning markets, smart, inclusive employment policies and fair taxation are integral parts of the overall strategy.

Finally, the recommendation, which is shorter than previous years for obvious reasons, puts more emphasis on public administration, justice, health systems and insolvency frameworks. Because the better these function, the more successful we will be with the necessary transformations that our economies face. And because they are key to ensuring the swift and efficient absorption of the huge amounts of funding that will start flowing next year under NextGenerationEU.

An 'Alert Mechanism' could be an understatement considering the position we are in!

The Alert Mechanism Report helps us detect risks, prevent and correct imbalances. The forward-looking assessment of risk is crucial in this situation where the pandemic has aggravated some existing imbalances, which had been correcting, and could lead to new risks emerging.

While the report highlights potentially risky developments in a number of Member States, in-depth reviews will only be prepared for the 12 Member States already identified last year with imbalances or excessive imbalances.

Finally, the fiscal package consists primarily of the 19 Opinions on the euro area countries' 2021 Draft Budgetary Plans.

Given the activation of the general escape clause of the Stability and Growth Pact, the fiscal recommendations issued by the Council in July were different to usual with no quantitative fiscal targets set for next year.

Today's Opinions therefore are also different. They are qualitative in nature. They conclude that the draft budgetary plans are overall in line with the fiscal recommendations issued by the Council. We have positive Opinions for each of these 19 draft budgets.

We address two particular issues. One is measures that appear not to be temporary. This is something we address especially for measures set out in the plans of France, Italy, Slovakia and, to a different extent, Lithuania.

I want to clarify that this does not mean that we are not approving or supporting, or are considering as negative these measures.

The problem we are addressing is that of their non-temporary nature.

They could be very positive measures, but we ask Member States to take note of the fact that they are not temporary.

At the same time, we ask especially Belgium, France, Greece, Italy, Portugal and Spain to consider the fiscal sustainability in the medium-term of their situation.

Overall, the euro area fiscal stance in 2021 continues to be supportive. This is the right stance at this time and helpful for achieving a more balanced policy mix in the euro area. Of course, given the resurgence of the pandemic, the envisaged withdrawal of emergency measures in 2021 is subject to increased uncertainty. We will see. We are not telling governments to withdraw. We are even telling them the opposite, to be careful not to withdraw these measures prematurely. So, Member States may need to extend further emergency support to provide a lifeline to the economy. To this end, I think that the SURE mechanism was very useful and positive. We have now an 18th Member State joining that club.

Lastly, we have published a working paper explaining how the Commission is taking forward our commitment to the 2030 Agenda for Sustainable Development.

We should keep in mind, in these difficult times, the importance of this.

I will not repeat what Valdis has said on Greece and Romania.

In conclusion, of course the EU and Member States' decisions have made a real difference in recent months.

For this reason, agreement on the biggest steps that we took – NextGenerationEU – is of the essence.

We all know that a swift entry into force of NextGenerationEU is crucial.

Let me conclude with a call to all Member States to show a strong sense of responsibility to their own citizens and all Europeans at this crucial moment to get this recovery plan over the line.

I am confident that we will be able to reach this goal. Thank you.

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