

# Press release – MEPs: Focus on crisis response when coordinating economic and budgetary policies



Economic and Monetary Affairs Committee (ECON) MEPs stressed that in order to become a proper recovery tool, the Commission's Country-Specific Recommendations (CSR) have to be implemented in the member states and must take into account a post-crisis reality.

Executive Vice-President Dombrovskis pointed to the resilience facility, the new recovery instrument designed to improve the implementation of the CSR. Commissioner Gentiloni explained that each country, together with the Commission, will have to prepare a tailor-made recovery and resilience plan, in which the member states' post-crisis priorities should be ensured.

## **Fiscal policy in times of crisis**

Other ECON MEPs were concerned about the general escape clause, which allows the excessive deficit procedure against a member state to be put on hold in times of a severe economic downturn. MEPs wanted to know when the procedure will kick in again and how to keep the right balance between debt sustainability and much-needed investments.

Mr Dombrovskis stressed that the Stability and Growth Pact has been put on hold until the economy is growing again; then the rules start to reapply. Commissioner Gentiloni called for the Council and the Parliament to come to an agreement quickly, so that funds can reach recipients on the ground and the economy can rebound.

Finally, MEPs asked about the connection between the rule of law and access to EU funds. Executive Vice-President Dombrovskis reminded MEPs that rule of law is a condition to access EU funding.

## **Social dimension of the recovery**

Commissioner for Jobs and Social Rights Nicolas Schmit said that the latest unemployment forecast for the EU in 2020 stands at 9 % and one out of four workers is currently on a short-time work schedule. Several Members from the Employment and Social Affairs Committee (EMPL) voiced their deep concern that the unemployment level for Europe's youth is nearly twice as high as that of all job seekers.

Commissioner Schmit underlined that fighting youth unemployment remains a priority and that the Commission will reinforce the youth guarantee to improve the prospects for young people.

The risk of creating a digital divide when demand for highly-qualified workers will increase, especially in the context of the digital and green transition, was another point of concern for MEPs, who noted that the measures in the context of the green deal could lead to job losses and exacerbate poverty and inequality.

According to Mr Dombrovskis, the green deal will actually have a positive effect on the economy and will create new jobs, with digital skills featuring prominently on the upcoming reinforced skills agenda.

## **Instruments for upwards social convergence**

MEPs also underlined that the crisis has exposed the shortcomings of our current social model and that the European Semester has to be at the service of recovery and a transformation that is social, economically fair and green. Commissioner Schmit highlighted that the social dimension is anchored in the European Semester by means of the social scoreboard and that the Commission tackles problems related to precarious work with initiatives such as fair and predictable working conditions, proposals for an EU minimum wage, working conditions of platform workers, and a child guarantee.

A recording of the debate is available by clicking [here](#).

## **Background**

The European Semester is the annual cycle for coordinating the economic and budgetary policies of the EU member states. Within the framework of the semester, the European Commission analyses the national budgets of EU countries and then issues recommendations, which the member states must take into account when drawing up their national budgets for the coming year.

In the context of the pandemic, the European Commission has adapted its recommendations: In the short-term, EU countries must focus fully on limiting the socio-economic consequences of the crisis, by safeguarding employment and businesses and through additional investments in public health. In the medium-term, the focus should be on investing in sustainable and inclusive growth that facilitates the green transition and the digital transformation.

Due to the deep uncertainty brought about by the extraordinary macroeconomic and fiscal impact of the pandemic, the Commission decided that it will not

start excessive deficit procedures against member states.

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