

The EU plans to build back better

The President of the Commission has supported Italy in banning exports of the Astra vaccine to Australia and said she will approve more of the same if she continues to disagree with Astra's actions. She has confirmed her view that the EU is right to control the vaccine supply and regulation, on the grounds that small countries would otherwise have lost out. She is not happy that Hungary has approved a Russian vaccine and that Slovakia and the Czech Republic are also keen to allow Sputnik. The European Agency is currently evaluating the Russian product but needs more data. She has drawn attention to the way the anti pandemic measures have hit female employment and income more, and promised policies to help redress this as the EU moves into the recovery phase.

The EU wants to help refashion EU economies coming out of lockdown and moving to rise from the damage done by anti virus policies. The EU has published the details of its new 7 year multi annual budgets and added the Euro 750 bn booster package of loans and grants called Next Generation EU from the additional EU level borrowing arrangement. The central feature of the new money is a large cohesion and resilience fund offering loans and grants to countries for projects which will mitigate the damage done by CV 19 and will encourage more sustainable and resilient development. 30% of all the money to be spent over the next seven years by the EU will be related to climate change policies.

The Next Generation fund will allow Euro 338 billion of direct grants to member states. Italy and Spain will get the most at around Euro 69 bn each, with Poland, France and Germany also receiving some of the bigger totals, though more modest in relation to the size of their populations and economies. It will be interesting to see what these grants will be spent on and how they operate under state aid rules.

Global commentaries and forecasts imply a disappointing rate of growth and recovery for many parts of the EU economy compared to Asia or the Americas. Germany, the motor of the whole, has to adjust to a large transition from its very successful diesel and petrol cars to electric vehicles. The EU is considering hydrogen technology for both vehicles and heating as well as electric systems. As more biting targets for fossil fuel reduction loom into view there needs to be decisions on which will be the key technologies to drive the change so they can be scaled up to meet the size of the challenge.