



The EU economic response to the COVID-19 crisis: an overview

#StrongerTogether #NextGenerationEU

Contents

1. A crisis without precedent
2. The EU economic response
3. Next Generation EU:
repare and prepare



A crisis without precedent

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A major recession, an incomplete recovery

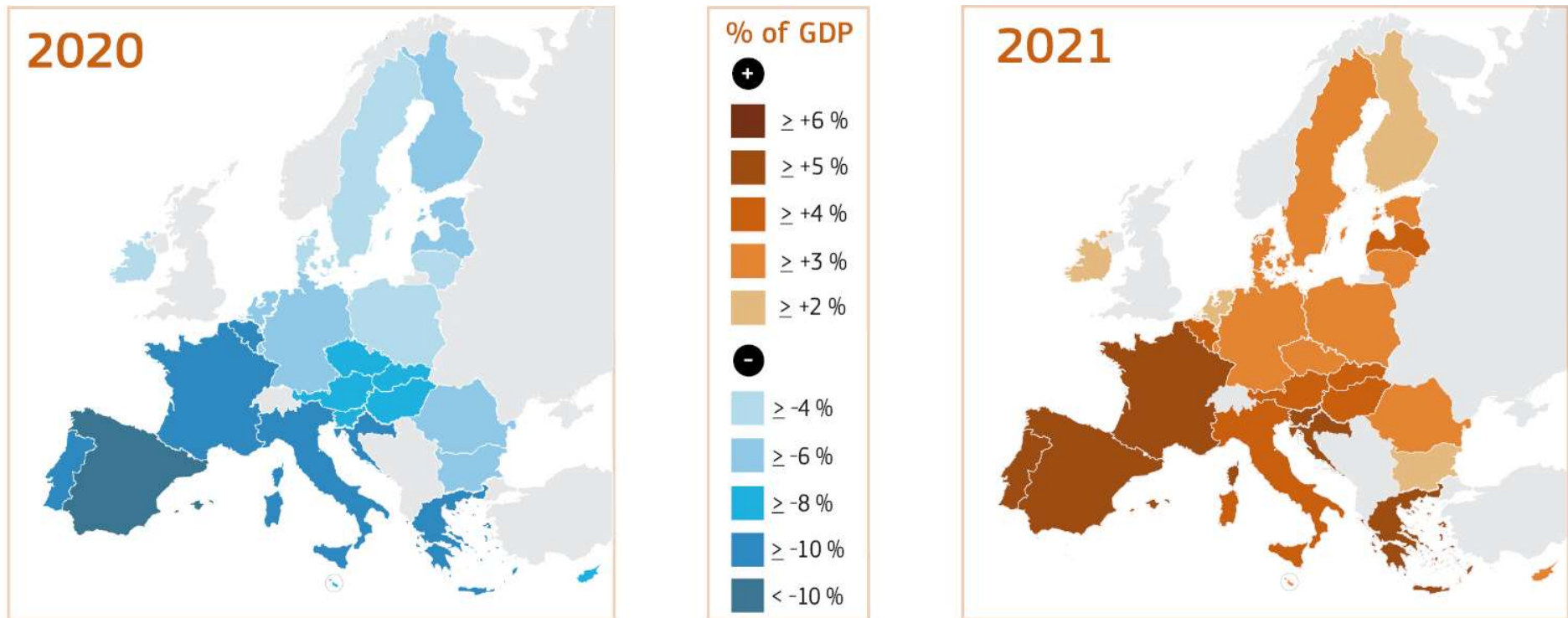
Autumn Economic Forecast, November 2020

GROSS DOMESTIC PRODUCT

	2019	2020	2021	2022
EURO AREA	1.3%	-7.8%	4.2%	3.0%
EU	1.5%	-7.4%	4.1%	3.0%

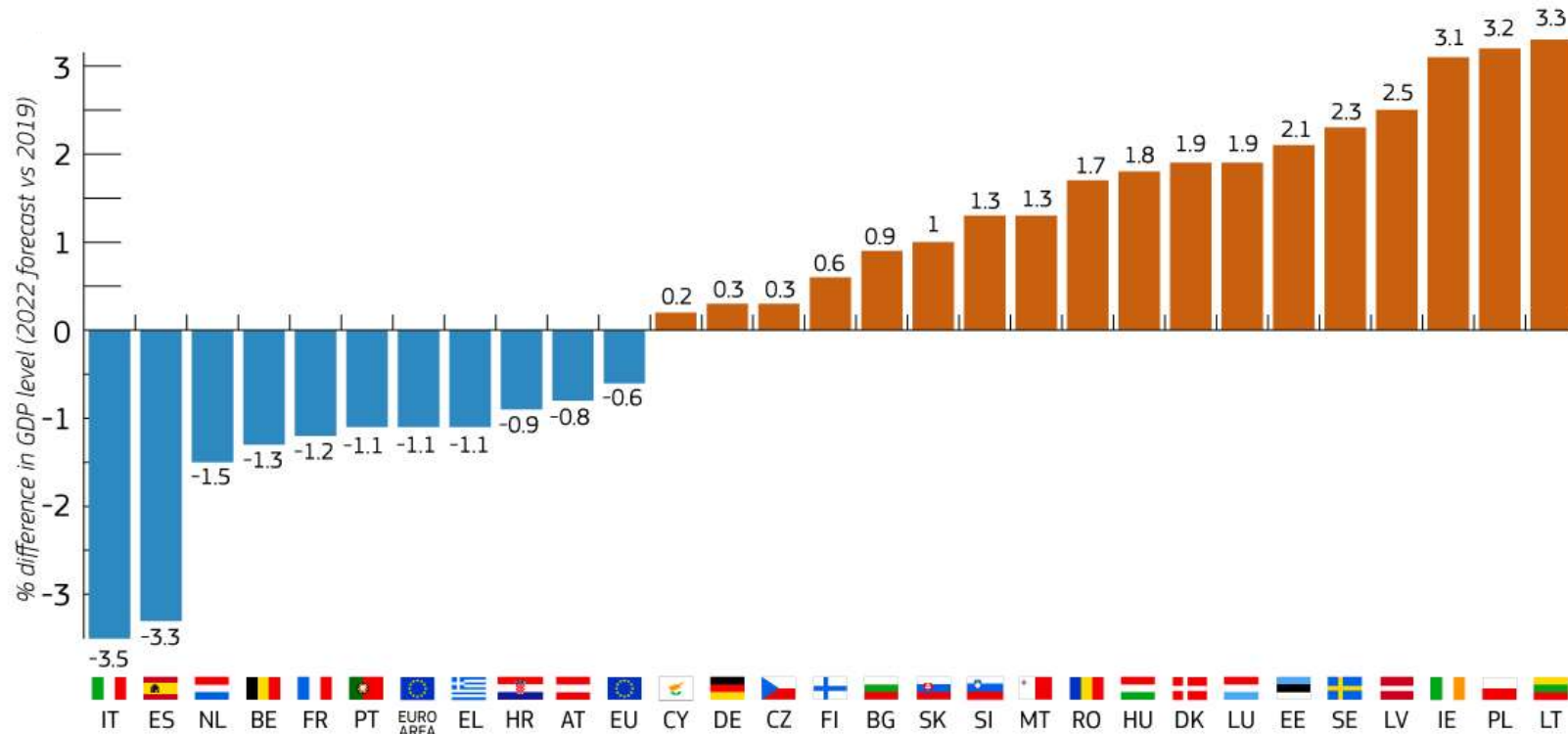
Divergences across countries (1)

Autumn Economic Forecast, November 2020



Divergences across countries (2)

GDP levels forecast for 2022 vs levels before the pandemic (2019)



Rise in unemployment despite strong measures

Autumn Economic Forecast, November 2020

UNEMPLOYMENT RATE

	2019	2020	2021	2022
EURO AREA	7.5%	8.3%	9.4%	8.9%
EU	6.7%	7.7%	8.6%	8.0%

Since the autumn

Positive news

Progress on vaccination

Final deal on future EU budget

Brexit deal

Negative news

Impact and duration of the pandemic

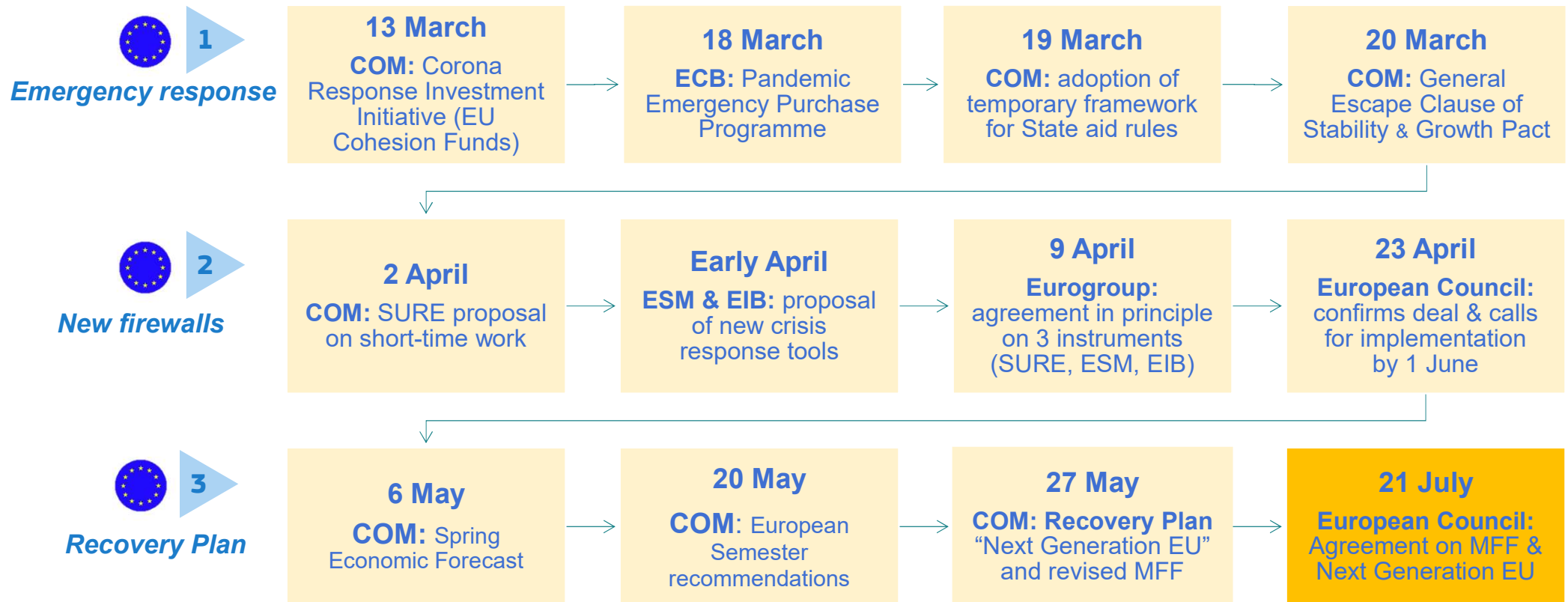
Emergence of new strains

Necessity of severe lockdown measures

The EU economic response

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Three immediate steps



Overview of the EU response

State aid & financial rules

- liquidity to economy
- support to SMEs & jobs
- insolvency frameworks, etc.

Additional safety nets

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

ECB measures

Recovery Plan for Europe

- €750 bn Next Generation EU
- €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

Overview of national responses

circa 4% GDP of fiscal stimulus
(discretionary budgetary support)



circa 40 million workers filing
for short-time work schemes



circa 20% GDP in guarantees
and liquidity measures



Next Generation EU: repair and prepare

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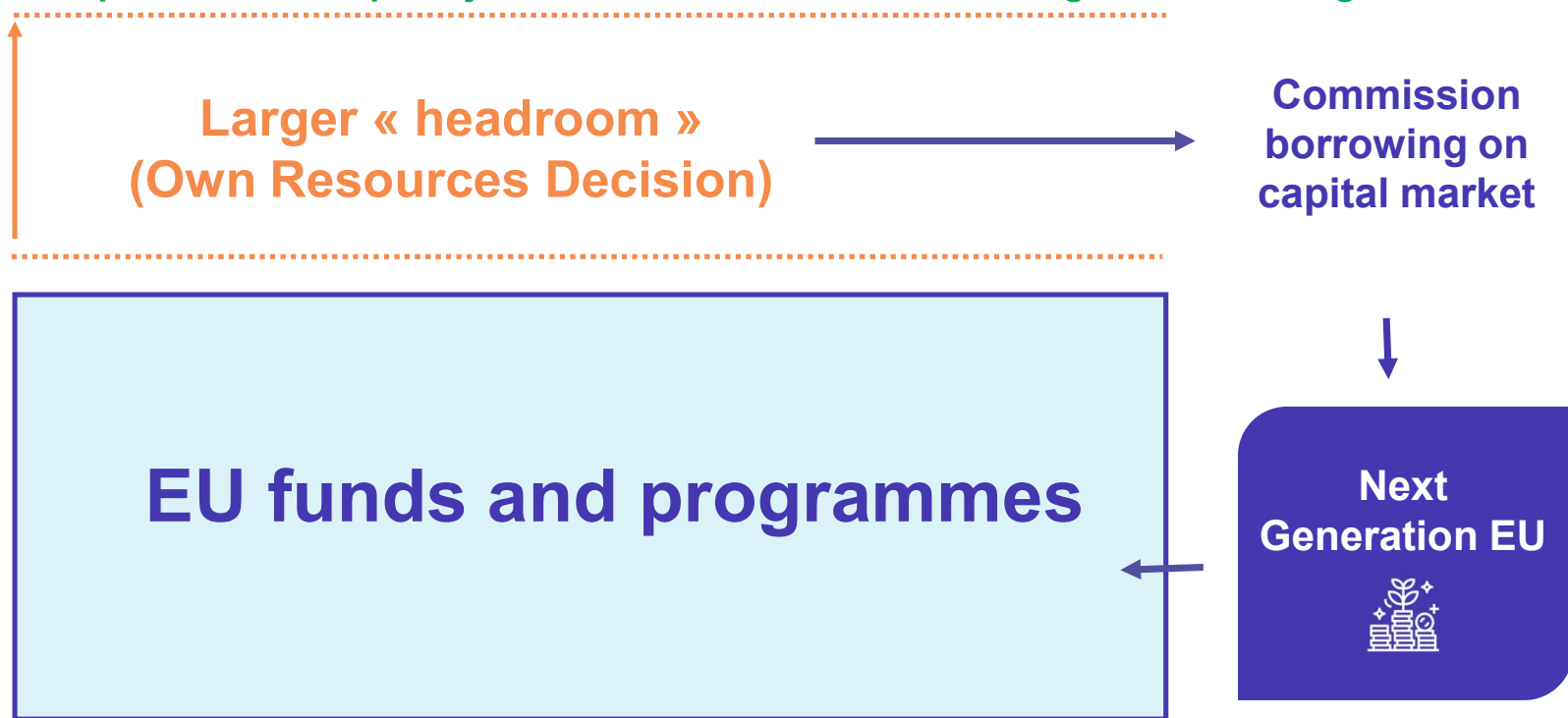
MFF* 2021-2027 total allocations per heading

2018 prices, EUR billion

	MFF	Next Generation EU	TOTAL
1. Single Market, Innovation and Digital	132.8	10.6	143.4
Horizon Europe	75.9	5.0	80.9
InvestEU fund	2.8	5.6	8.4
2. Cohesion and Values	377.8	721.9	1099.7
Cohesion Policy	330.2	47.5	377.7
Recovery and Resilience Facility (incl. Technical Support)	0.8	672.5	673.3
- Of which LOANS	-	360.0	360.0
- Of which GRANTS	-	312.5	312.5
Union Civil Protection Mechanism (rescEU)	1.1	1.9	3.0
Health programme, EU4Health	1.7	-	1.7
3. Natural Resources and Environment	356.4	17.5	373.9
Common Agricultural Policy	336.4	7.5	343.9
Of which Pillar II (Rural Development)	77.9	7.5	85.4
Just Transition Fund	7.5	10.0	17.5
4. Migration and Border Management	22.7	-	22.7
5. Security and Defence	13.2	-	13.2
6. Neighbourhood and the World	98.4	-	98.4
Neighbourhood, Development and International Cooperation	70.8	-	70.8
Humanitarian Aid	9.8	-	9.8
7. European Public Administration	73.1	-	73.1
TOTAL MFF	1 074.3	750.0	1 824.3

Financing the needs

Exceptional and temporary increase of own resources ceiling of the EU budget



Estimated impact

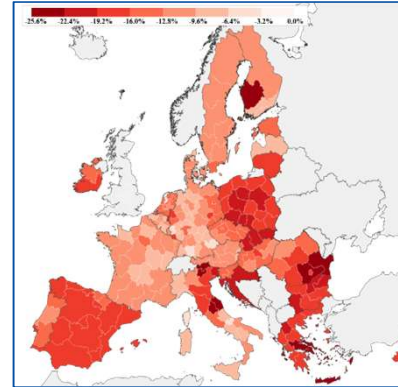
Results of a macroeconomic simulation for Next Generation EU (see November 2020 [estimates](#))



**Up to 2% extra GDP
in years of operation,
positive impact for
all Member States**



**Up to 2 million
additional jobs**



**Strong positive
effects on
convergence**



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

Next steps

Several instruments in place under the current framework, the new MFF and Next Generation EU

New regulations entering into force, updating of guidance and focus on delivery

Member States to ratify new Own Resources Decision to enable the European Commission to borrow

Member States to prepare national recovery and resilience plans by end April 2020 (as a rule)

Keep in touch



ec.europa.eu/coronavirusresponse



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Thank you



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