



[Check Against Delivery]

Remarks by Commissioner Gentiloni at the press conference on the European Semester Spring Package

Brussels, 20 May 2020

Good morning. Indeed, we are facing a shock without precedent since the Great Depression. Its economic and social consequences pose policy challenges unlike any we have seen in our lifetimes.

The inflation rate is further evidence of this. Data released this morning shows the inflation rate at just 0.3%. In April last year, it was 1.7%.

This is the first time that I present our country-specific recommendations, but it is in fact the tenth set of recommendations that the Commission has presented.

The first time was in 2011, when Europe was in the depths of a very different crisis – in the aftermath of the Great Recession – to the one we face today.

And because, as they say, this time it's different, so are the recommendations we present today. They are different. They come one week before the recovery plan and these are strictly linked steps.

Our recommendations present, first and foremost, the immediate challenges we are confronted with as a direct result of the pandemic: strengthening our healthcare systems; supporting our workers; and saving our companies.

At the same time, the sustainability and competitiveness challenges we faced before the crisis have not gone away.

Our climate is still suffering, our environment is still hurting. People in cities around the world have experienced clear skies and clean air, in many cases for the first time in their lives – but we know that this is just a pleasant side-effect of a dreadful, yet temporary situation.

If millions of people have been able to carry on working while locked down, including the staff of the Commission, it is a reminder of the huge task Europe faces to be competitive in the digital age.

So as we look to the future, our investment and reform objectives must remain focused on making a success of the green and digital transitions, as well as on social sustainability. I think it is very important that we are speaking today after having adopted the SURE instrument. The Sustainable Development Goals of the United Nations are and must remain our compass.

Let me now make four specific points.

First, in terms of fiscal policy, our message is crystal clear: there needs to be a supportive fiscal stance in all Member States and we recommend that all Member States *"take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery"*.

When it comes to the question of excessive deficit procedures, our conclusion – which is that *"at this juncture a decision on whether to place Member States under EDP should not be taken"* – is fully coherent with the decision taken two months ago to activate the general escape clause.

Finally, we underline that public expenditure and investment are important to support the green and digital transition. Once fiscal policy normalises, it will be vital to avoid making the mistakes of the past: in the fiscal consolidation of ten years ago, investment was the first victim. To repeat this approach would be to sacrifice our long-term priorities.

Second, the fight against Aggressive Tax Planning again features in our recommendations and I must say this is an even clearer priority than in the past. All Member States, especially in the recovery situation, must be able to rely on their fair share of tax revenues to implement the fiscal support needed to get through this crisis.

Third, our European Union is also a Union in which the rule of law is of paramount importance. Also on economic grounds. When the rule of law is questioned, it impacts on the business environment and investment climate. Our recommendations this year also clearly highlight this issue.

We have also adopted today the latest enhanced surveillance report for Greece.

The report concludes that, considering the extraordinary circumstances posed by the coronavirus pandemic, the country has taken the necessary actions to deliver on its specific reform commitments.

I expect this report to pave the way for a positive decision by the Eurogroup on the next tranche of debt relief measures worth €748 million.

We also adopted streamlined post-programme reports for Spain and Cyprus.

In conclusion, before passing the floor to Nicolas. I have mentioned the Great Depression and the Great Recession. We must ensure that this crisis will not be remembered as the Great Fragmentation, in which a symmetric shock leads to asymmetric outcomes for countries, sectors, regions, individuals and generations.

This is why we need to help individuals and companies absorb the shock. We need to repair the shortfall in investment and equity. And we need to transform our economies, with a new growth model embracing the green and digital transition.

In a nutshell, we need a well-funded recovery plan. We will present it next week.

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