

Hymn sheet: MFF & COVID-19 Recovery

[Economic rationale for recovery support]

- The COVID-19 crisis is hitting EU Member States hard, both socially and economically. It is clear that the EU needs a common recovery strategy to overcome this unprecedented crisis and to restore economic growth in all EU Member States. Only together are we able to come out stronger.

[We should tackle growing divergences as a result of the current crisis]

- The recovery package should be based on a proper needs assessment.
- A joint effort is crucial to address divergence in economic outlook between MS as it could endanger the EU's common objectives. The level playing field on the Single market should be restored.

[A commitment to reform is crucial for sustained recovery]

- Recovery support should ensure that all Member States are better prepared for the next crisis.
- We are willing to pay a fair share for recovery, provided there is a strong commitment by all MS to concrete structural reforms. This is essential to lift potential growth.
- We should use a substantially strengthened version of the BICC methodology for the EU recovery instrument. Access to investments would require a clear commitment to reforms as identified in the European Semester. Support should be made conditional on the implementation of the Country Specific Recommendations. Funding for investments should be made available in tranches depending on progress made.

[Recovery support should be temporary and focused on growth]

- The recovery package should be timely and temporary. Together with a modified MFF it should support economic convergence, enhance resilience and foster long-term growth and competitiveness.
- It should stimulate a green and digital recovery and focus on research and innovation. Integration of the Green Deal ambitions into recovery support is imperative to achieve a climate neutral, resilient and resource efficient economy in 2050.

[The Single Market should be restored and deepened]

- As part of the recovery effort, we need to restore and deepen the Single Market by setting a joint action agenda before 2021 to tackle the barriers and challenges identified in the Commission report on barriers (March package). We call for the establishment of a powerful Single Market Enforcement Taskforce centralized in the Commission with a strong mandate to identify and address barriers that arise due to improper application or enforcement. Intra-EU export restrictions that endanger the availability of critical goods and services should be banned.
- Relaxation of the current merger control Regulation must be avoided, the independence of competition rulings must be safeguarded, and there should be strong commitment in Council conclusions that a common innovation and industry policy is the way forward for strengthening the Internal Market and the Union's global competitiveness.
- Completion of Capital Markets Union is key for Single Market, cross-border capital flows, access to capital markets by (SME)businesses, and retail participation need to be better facilitated. Concrete steps need to be taken on the basis of upcoming CMU roadmap.

[The MFF should be modernized and financially sustainable]

- We should acknowledge the unprecedented support that has already been delivered (ECB, ESM, EIB, SURE and current EU budget).
- The upcoming MFF should be efficient. Crisis shows need for modernized budget. No need for a permanent increase of the MFF, which would add to all MS' budgetary burdens.
- The MFF proposal of 21 February 2020 must be the baseline. Still room in this proposal for adjustments and reprioritization. Existing programmes and flexibility should be redirected to activities that can contribute most to kick-starting the recovery.
- We will have to agree on the MFF and the recovery fund as a package. Maintaining the current permanent rebates as discussed in February is an essential part of the deal.

[Steps towards mutualisation of debt must be avoided]

- We have great concerns with issuing debt to finance the EU budget ("loans for grants"). It is not in line with budgetary principles in the EU Treaty (EU-budget must be in balance, no debt-financing) and sets an undesirable step towards debt-mutualization. It will create substantial repayment obligations for all MS in the coming years and decades. Also, ESM has recently concluded that all Member States have a sustainable debt. In line with the ESM Treaty and international practices, if Member States were to face debt sustainability issues, they would need to restructure to receive EU support.
- We remain reluctant towards new own resources as they make financing of the budget less transparent, more complex, and risk increasing the tax burden on our citizens and companies.