

NINETY-FIRST INTERNATIONAL ATLANTIC ECONOMIC VIRTUAL CONFERENCE

Covid-19, Single European Market, Next Generation
EU, the Future of Europe and Fiscal Policy
Response

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The 2021-2027 Financial Program, to boost the Single Market

- On 28 April 2021 the European Parliament and the Council of the EU adopted the European Commission's proposal for a SEM Program. Endowed with 4.2 billion euro over the period of 2021-2027;
- It provides an integrated set of measures in order to support and strengthen the governance of the SEM, including for financial services.
- The pandemic has put into evidence the importance of a well-functioning SEM to ensure the resilience of the EU's economy

The 2021-2027 Financial Program, to boost the Single Market

- In brief, the new SEM Program will support:
- Making SEM better including an improved surveillance, a range of problem solving support to citizens and business like SOLVIT and the “Your Europe Portal”, as well as through enhanced competition policy contributing to a better level playing field;
- Improving the competitiveness of businesses, especially SMEs to complement financial support offered through Invest EU;
- Ensuring the European standardization and development of international financial and non-financial reporting and auditing standards;
- Ensuring a high level of consumer protection and product safety;
- A high level of health for humans, animals and plants;
- The production and communication of high-quality statistics on Europe, in cooperation with National Statistical Offices.

Small and medium-sized enterprises

- Financing business
- The EU's response in relation is centered on financial support for SMEs through the COSME program (Competitiveness of Enterprises and SMEs);
- COSME boosts the existing Loan Guarantee Facility (LGF) with additional resources from the European Fund for Strategic Investments;
- This enables the banking system to offer bridge financing for SMEs, including long-term working capital loans (of 12 months or more), as well as allowing for delayed repayments of existing loans;
- Furthermore, the European Scale-up Action for Risk capital (ESCALAR) program supports venture capital and growth financing to help promising companies scale-up.

Small and medium-sized enterprises

- Access to markets
- COSME provides support to European enterprises so that they can benefit from the SEM and from opportunities offered by export markets;
- COSME funds the Enterprise Europe Network (EEN) consisting of over 600 offices in more than 50 countries;
- It also funds web tools specifically designed for enterprises development such as Your Europe Business Portal or the SME Internationalization Portal.

Small and medium-sized enterprises

- *Encouraging entrepreneurship*
- COSME is encouraging entrepreneurship through a wide range of activities: mobility exchanges, research, best practices diffusion and pilot projects in areas such as entrepreneurship education, mentoring or the development of guidance and support services for new and potential entrepreneurs, including young, women and senior entrepreneurs;
- One of the most peculiar is Erasmus for Young Entrepreneurs. It is a cross-border exchange scheme aiming to help new and aspiring entrepreneurs to acquire relevant skills, to run and grow a business by working with an experienced entrepreneur in another country for one to six months.

Next-Generation EU

- The majority of funds from NGEU (€672.5 billion) will be spent through the Recovery and Resilience Facility (RRF) programme.
- The RRF consists of large-scale financial support to public investments and areas such as green and digital projects. The support will be given out in the form of loans (€360 billion) and grants (€312.5 billion).

Next-Generation EU

- *NGEU dimension*
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- *Recovery and Resilience Facility (RRF)*

- To raise the necessary funds for NGEU, the Commission will borrow on the capital markets on behalf of the EU, for a total up to €750 billion (in 2018 prices).
- The timing, volume and maturity of the bonds issued will depend on the needs of the EU and its Member States. The funds raised will be repaid from future EU budgets or by the Member states concerned, starting after 2027 and by 2058 at the latest.

Future of Europe

- The EU intends to shape its future by giving substance to the voice of its citizens, calling them to propose common policies that are more advanced than the current ones.
- The Conference is the areas where the EU can already act, as stated in the Declaration instituting the Conference. This excludes any modification of the treaties. A constraint, but also a guarantee of respect for citizens' proposals.
- The Declaration lists the major areas of the Conference. Those part of the priorities of the von der Leyen Commission, as well as in the NGEU, therefore health, ecology, digitization, the role of Europe in the world and so on. Giving citizens full freedom to raise further issues that are important to them.
- The Conference started on 9 May and will last one year.
- It is going to be essentially an on-line conference through a dedicated portal;
- futureu.europa.eu

EU fiscal policy response

- Communication of the Commission on how to coordinate at EU level the conduct of fiscal policy;
- To take to the next phase the concerted approach of addressing the pandemic, sustaining the economy, supporting a sustainable recovery and maintaining fiscal sustainability in the medium-term;
- The Communication specifies that fiscal policy should remain agile and adjust to the evolving situation. It warns against a premature withdrawal of fiscal support, which should be maintained this year and next;
- Once health risks diminish, fiscal measures should gradually pivot to more targeted and forward-looking measures that promote a resilient and sustainable recovery;
- Fiscal policies should take into account the impact of the RRF. Finally, fiscal policies should take into account the strength of the recovery and fiscal sustainability considerations.