Economy: amid an unfolding crisis in Europe the Commission sets the abacus aside

“The coronavirus pandemic and the necessary containment measures have dealt a brutal blow to Europe’s economies", said **Paolo Gentiloni**. “The Coronavirus has hit us like an asteroid and left a crater-shaped hole in the European economy”, stressed his colleague Commissioner **Valdis Dombrovskis**. The "country-specific recommendations" for the Economic Semester (economic and financial programming cycle) presented by the EU executive in Brussels on 20 May are marked by concern. The picture is gloomy, recession is “global”. For this reason the EU Commission is loosening the grip on the purse, providing "qualitative" guidelines to EU Member States, avoiding "quantitative" nit-picking on deficit and debt overruns. There will be time to meet the parameters, no infringement procedures for now, but plenty of encouragement to invest public money and to mitigate the social damage linked to rising unemployment.

" The priorities today are to strengthen our healthcare, support our workers, save our businesses." European Economic Affairs Commissioner Paolo Gentiloni commented on the package of recommendations. "The shock is unprecedented, with an economic recession weighing heavily on society. Yet the challenges we faced before this crisis have not gone away. 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 and ensuring social fairness. That also means everyone must pay their share: there can be no place for aggressive tax planning in a Europe of solidarity and fairness.”

The recommendations are structured around two objectives: “in the short-term, mitigating the coronavirus pandemic's severe negative socio-economic consequences; and in the short to medium-term, achieving sustainable and inclusive growth which facilitates the green transition and the digital transformation.” The recommendations cover areas such as investing in public health and resilience of the health sector, preserving employment through income support for affected workers, investing in people and skills, supporting the corporate sector (in particular small and medium-sized enterprises) and taking action against aggressive tax planning and money laundering. *Valdis Dombrovskis, Vice-President of the EU Commission, spoke of a "deep crisis" that is affecting the whole world in both the health and economic sectors.* "In a few months the scenario has changed completely. Until February economies were progressing, and employment was on very good levels." Recovery will be difficult, "it will depend on us, but it will differ in every country also according to the initial circumstances." "The crisis has exposed our interdependence and hence coordinated measures are needed". **Remarks on Italy.** The Commission's Reports on the Economies of the EU Countries “take into account the negative impact of the coronavirus pandemic on national public finances.” The Commission considers that at this juncture “a decision on whether to place Member States under the excessive deficit procedure should not be taken.” The recommendations set out in the documents released by the Executive specifically refer to Italy, France, Spain, Belgium, Cyprus and Greece. The Commission proposes the ways forward: investments in manufacturing sectors most severely affected by the crisis; investments in innovation and digital technology; a stronger and more effective social welfare. Italy is requested to improve the efficiency of the judicial system and the effectiveness of public administration, pursue prudent fiscal policies. *The Country is called to “provide adequate income replacement and access to social protection, notably for atypical workers.”* Flexible working arrangements are needed along with active support to employment and measures to provide liquidity to the real economy, including to small and medium-sized enterprises, and the self-employed. With regard to public finances, when economic conditions allow, Italy is invited to “pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability.”