



A ROADMAP FOR RECOVERY

Towards a more resilient, sustainable and fair Europe

Introduction

As a result of the Covid-19 pandemic, the EU is facing an unprecedented crisis with huge effects on every aspect of our society. It must manage its response with determination, unity and solidarity. This calls for imagination in harnessing all the resources of the Member States and of the EU. There is no place for business as usual.

The Joint Statement of the Members of the European Council adopted on 26 March called for a coordinated exit strategy, a comprehensive recovery plan and unprecedented investment and invited both the President of the European Council and the President of the Commission, in consultation with other institutions, especially the European Central Bank, to start work on a Roadmap to this end.

On the basis of this mandate, on 15 April the two Presidents presented, as a first step, a Joint European Roadmap towards lifting Covid-19 containment measures. The document presented today addresses the second part of the mandate, namely the need for a comprehensive recovery plan and unprecedented investment that will help us relaunch and transform our economies. It has been drawn up after consulting other institutions, social partners as well as Member States.

It is now time to chart the path towards a comprehensive recovery plan, with the ultimate objective of building a more resilient, sustainable and fair Europe.

Principles

1. The shock of the pandemic is symmetric; it is important to avoid the recovery becoming asymmetric. Not all have suffered in the same way, not all have the same leverages to use and not all regions will be able to restart their economies quickly. The EU's recovery plan must therefore be based on **solidarity, cohesion and convergence**. We must ensure a level playing field for all. A functioning Single Market is beneficial to all EU citizens.
2. This roadmap focuses on what can be done at the EU level given what we currently know. The pandemic is not over and we do not yet know exactly how it will affect us all. Our approach to this recovery must therefore be **flexible and agile and will need to evolve over time**.
3. The recovery must be **inclusive and co-owned** by all involved. It will be a team effort, from EU institutions to Member States, regions, business, civil society, social partners and other stakeholders, while respecting the principle of subsidiarity. The Union can strengthen the actions taken by Member States.
4. The EU is based on a set of **values and rights** that are fundamental to the integrity of our model and way of life. While crisis situations require exceptional measures, these values must be upheld at all times. This and the full respect of the rule of law are not negotiable.

Key areas for action

The economic impact of this crisis is and will be considerable. As a first line of defence, Member States have undertaken a major fiscal effort to prevent companies from going out of business and to preserve jobs. The flexibility created under the Stability and Growth Pact and the State aid regime as well as the determined action of the ECB have created space for national action to prevent the collapse of the economy and to protect businesses, jobs and livelihoods. This paves the way towards exiting the constraints and a comprehensive recovery when the conditions are right.

At its meeting on 9 April the Eurogroup agreed on an important package of safety nets for citizens, companies and sovereigns, and the European Council will give guidance for the further work on a Recovery Fund and its link with the Multiannual Financial Framework (MFF).

In the medium to longer term, a successful recovery requires further collective and determined action in the following four areas.

A fully functioning and revitalised Single Market

It is vital to restore and to further deepen the **Single Market** as a key component of our **prosperity** and **resilience**. Value and supply chains that have been disrupted must be re-established.

The **Green transition** and the **Digital transformation** will play a central and priority role in relaunching and modernising our economy. Investing in clean and digital technologies and capacities, together with a circular economy, will help create jobs and growth and allow Europe to make the most of the first-mover advantage in the global race to recovery. It will also help make us more resilient and less dependent by diversifying our key supply chains.

We must ensure the **strategic autonomy** of the EU through a dynamic industrial policy, support for SMEs and start-ups, and an effective screening of foreign direct investment. The Covid-19 pandemic has shown the pressing need to produce critical goods in Europe, to invest in strategic value chains and to reduce over-dependency on third countries in these areas. There is a need to build more resilient infrastructure to deal with unforeseen events, in particular in the health sector. Particular attention will have to be paid to the socio-economic sectors and ecosystems that have suffered most from the crisis and to strengthening future crisis management. To this end a thorough analysis of the needs of the different ecosystems and most affected sectors would allow for a targeted response.

The financial sector will play an important role in ensuring access to finance. Completing the Banking Union and the Capital Markets Union becomes all the more important. Innovative partnerships and ways of unlocking finance, including through digital platforms, should be encouraged. Europe can also support efforts to prevent insolvency of viable businesses across our Union.

An Unprecedented Investment Effort

The European Union needs a Marshall-Plan type investment effort to fuel the recovery and modernise the economy. This should be a coordinated effort drawing on public investment at European and national levels and on mobilising private investment. It should be targeted on our commonly agreed objectives and on where it is most needed.

This means investing massively in the Green and Digital transitions and the circular economy, alongside other policies such as **cohesion** and the Common agricultural policy. The European Green deal will be essential as an inclusive and sustainable growth strategy in this respect. The crisis has also shown the potential of digital for the functioning of our economies. Investing in digital capacities, infrastructure and technologies will therefore be a key element of the recovery effort.

The Coronavirus Response Investment Initiative and other such joint measures have helped in the emergency situation, but much more must be done towards full recovery:

- The future MFF will be a key instrument to support a lasting recovery and a fully functioning and modernised Single Market. It will have to take into account the effects of the crisis on regions and affected sectors, including by revamping key programmes to maximise their contribution to repair and recovery and tapping market financing. It should provide support to Member State recovery plans, as well as a framework for sustained investment in the EU's strategic objectives. The new MFF should be agreed as soon as possible to avoid delays in essential investment and solutions should be found to ensure resources can be directed to where they are needed as quickly as possible.
- The EIB group, as the largest public investment bank in the world, has a major responsibility in the coming years to provide finance at favourable rates. It is crucial to provide it with the tools, support and capital needed to fulfil this responsibility while retaining its triple-A status.

The amount, the specific objectives, the timeframe and the nature of this investment effort should be defined as part of a comprehensive recovery package with the EU budget at its heart. The Commission will present proposals in this respect.

Acting globally

The pandemic being a global phenomenon, it is clear that the EU cannot act in isolation. The virus knows no borders and strikes all nations, be they small or big, poor or rich, and regardless of political affiliations. The EU as a global actor has a particular responsibility to help frame a global response through multilateralism and a rules-based international order, with its partners in the UN, in the WTO, in the G20 and in the G7. In this context, re-establishing trade flows and supply routes is of the utmost importance. At the same time the EU must provide assistance to countries in need.

Particular attention should be devoted to the Union's immediate neighbourhood. A strong partnership should be developed with Africa. The Union should help consolidate health defences in the short term and invest in infrastructure in the longer term. We invite other public and private actors to alleviate debts.

A functioning system of governance

A functioning system of governance is a key requisite for overcoming the crisis and ensuring recovery.

(1) The EU must be more resilient. It should draw lessons from the crisis. Institutions and Member States must work together in the most effective manner and in full respect of the principle of subsidiarity.

(2) The EU must be more efficient and more effective; this means becoming better at developing its executive capacity and at managing crises in a coordinated fashion.

(3) The core principles and values on which the Union is based must remain at the centre of our approach. Respect for the rule of law and human dignity is the best way to ensure a strong, robust and inclusive recovery of our societies.

More generally, the Union will need to reflect on its own rules and ways of functioning in the light of the experience gained during the crisis.

Conclusion

The magnitude of the crisis confronts the EU with an unprecedented challenge. There will be no easy solutions. The framework presented here will, however, enable it to create a sense of determination and confidence and to harness all the resources in a spirit of unity and solidarity. This roadmap will be complemented by a more detailed Action Plan setting out the measures to be taken with the appropriate timings.

In order for this strategy to succeed, we need to ensure buy-in from governments and parliaments, from social partners and from citizens. We pledge to listen to their concerns, to consult widely and to create the conditions for a permanent dialogue with all stakeholders.

The European Council will monitor progress on all the elements of the roadmap in close cooperation with other EU institutions.
