



# Launching the recovery

**Next  
Gen  
EU** 

*Next Generation EU  
a Recovery plan for Europe*

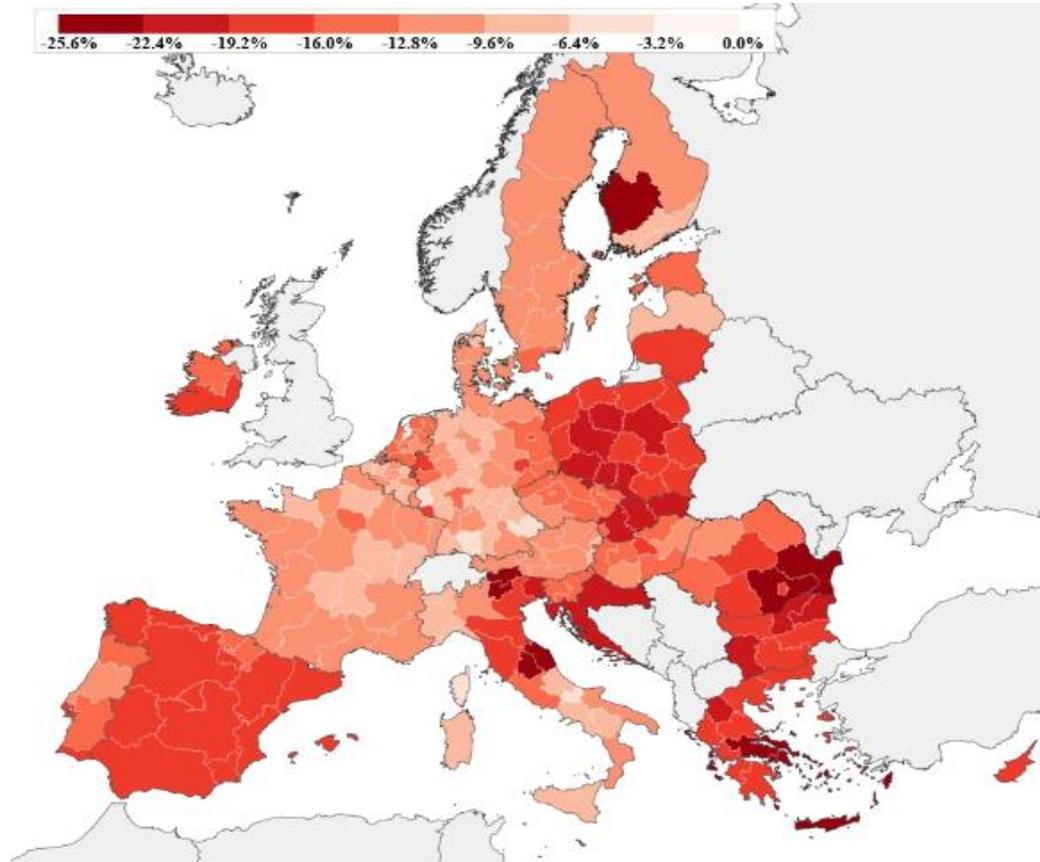
UCSIA webinar 10 September 2021

Xavier Vanden Bosch

European Commission

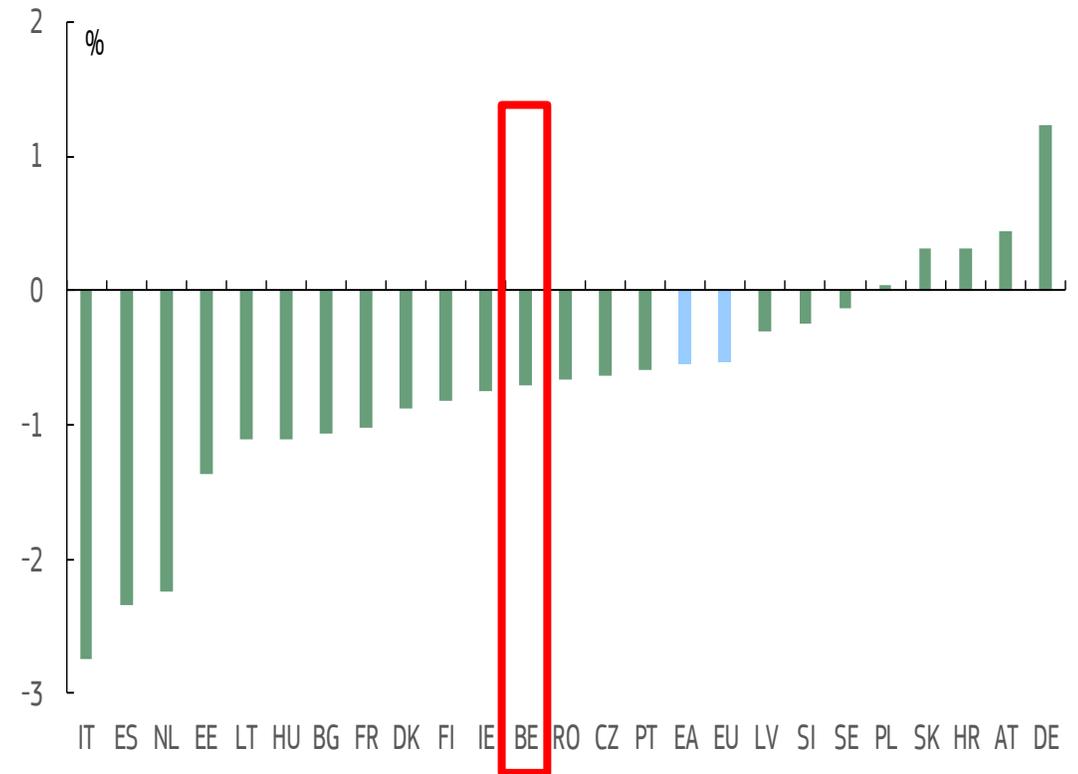
# WHY was a common EU economic response needed? (1/2)

Across the EU, COVID-19 caused a deep and uneven recession...



2020 GDP impact at regional level (excl. impact of policy measures) -  
Source: Commission services (Joint Research Center) (Spring 2020)

... and an uncertain and uneven recovery, across Member States and sectors



Real GDP-level in Q4 2021 vs Q4 2019  
Source: Commission services (Spring 2020)

## WHY was a common EU economic response needed? (2/2)

### Single market threatened

uneven depth of recession  
 depending on economic structures  
 and capacity to absorb & respond to  
 economic shock

### Deep interlinkages between EU economies

all EU industrial sectors rely on  
 complex supply chains spread  
 across several Member States

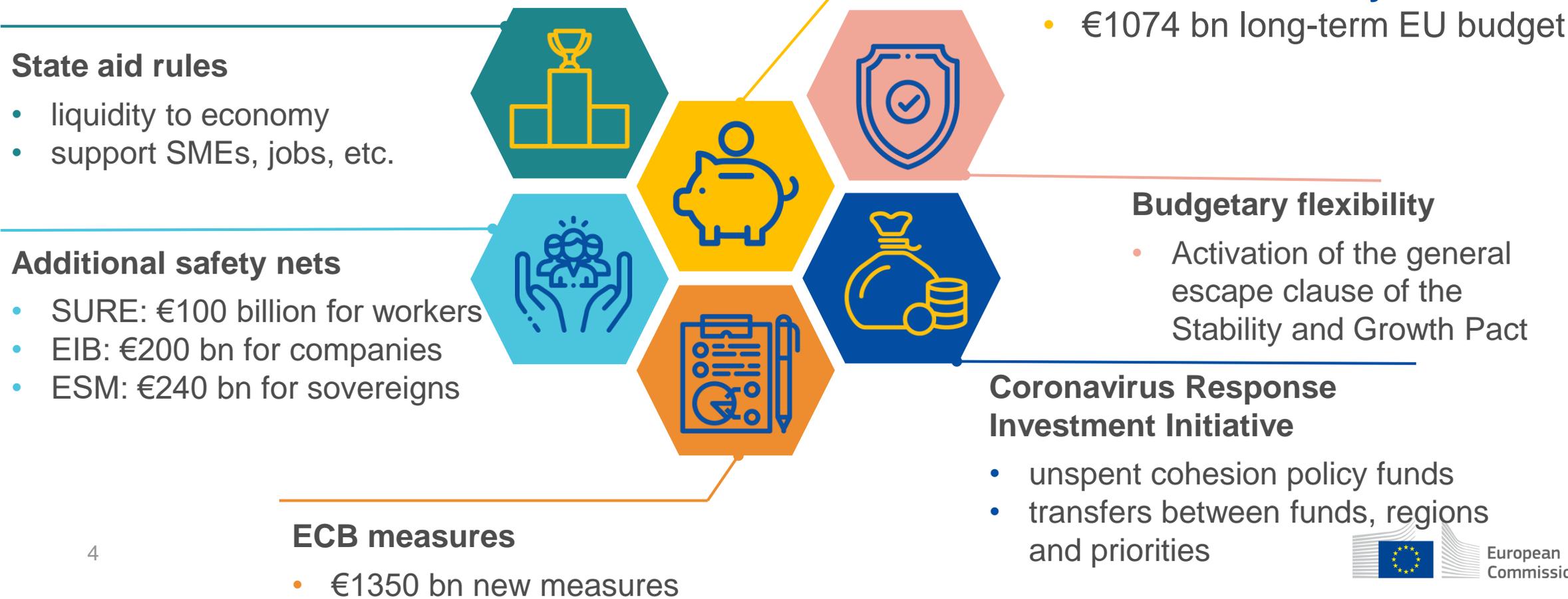
### Lessons learned from 2008-09 financial crisis

reforms & investment essential for  
 recovery & long-term growth

### Risks of Social fragmentation

unravelling of progress in fostering  
 social cohesion in the EU

# Overview of the EU economic response



## State aid rules

- liquidity to economy
- support SMEs, jobs, etc.

## Additional safety nets

- SURE: €100 billion for workers
- EIB: €200 bn for companies
- ESM: €240 bn for sovereigns

## ECB measures

- €1350 bn new measures

## Recovery Plan for Europe

- €750 bn Next Generation EU – cornerstone: **Recovery and Resilience Facility**
- €1074 bn long-term EU budget

## Budgetary flexibility

- Activation of the general escape clause of the Stability and Growth Pact

## Coronavirus Response Investment Initiative

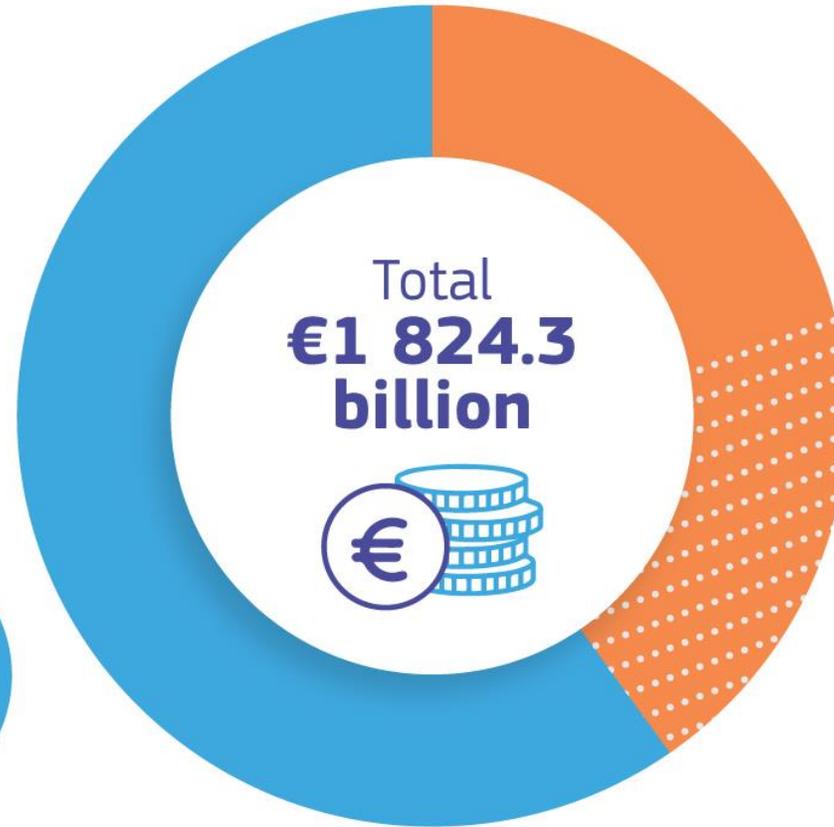
- unspent cohesion policy funds
- transfers between funds, regions and priorities

# WHAT is Next Generation EU?

## Multiannual Financial Framework (MFF)

The EU's 7-year budget

**€1 074.3  
billion**



**€750  
billion**

## NextGenerationEU (NGEU)

COVID-19 recovery  
package

- €390 billion grants
- €360 billion loans

€672.5 billion allocated  
to EU countries' Recovery  
and Resilience plans

## Financing the largest EU stimulus package ever: transformative effect on capital markets

- **€800 billion to be raised** (current prices) by end 2026 (€150 billion/yr on average)
- Up to €250 billion as **green bonds** (30% climate target)
- 2022 budget: **€167.8 billion** + NextGenEU: **€338.3 billion**
- EU budget **new revenue sources**, incl. a national contribution based on non-recycled plastic packaging waste

# A roadmap towards new sources of revenue to help repay the borrowing

By June 2024, the Commission will propose new sources of revenue, such as:



a carbon border adjustment mechanism



a Financial Transaction Tax



a digital levy



a financial contribution linked to the corporate sector



the EU Emissions Trading System



a new common corporate tax base

# Recovery and Resilience Facility

up to EUR 672.5 bn

Grants

up to EUR 312.5 bn

Loans

up to EUR 360 bn

## Reforms and Investments

27  
Plans

- Lasting impact
- Contribution to addressing country-specific recommendations
- Contribution to 6 RRF pillars

min. 37% Green

min. 20% Digital

each measure:  
do-no-significant-harm principle

# The Facility has six policy pillars, directly impacting our daily lives

## Recovery and Resilience Facility



**Green Transition**



**Digital Transformation**



**Social and Territorial  
Cohesion**



**Smart, Sustainable and  
Inclusive Growth**



**Health, Economic, Social  
and Institutional  
Resilience**



**Policies for the next  
Generation**

# State of play – Submissions of national Recovery and Resilience Plans

12 Plans before or on 30 April



13 Plans submitted after 30 April or with an extension request



2 Other plans



\* Plans submitted with an extension of the assessment period



23 June 2021:

EU Commission  
greenlights BE plan

## Decision and Commission assessment of plans

### Council Implementing Decision (CID)

- Legal agreement between the European Union and Belgium on the plan
- Proposed by Commission and adopted by the Council

### Council Implementing Decision

- Outline of the reforms and investments and their timeline for implementation (milestones and targets)
- “Roadmap and timeline” for implementation, which will trigger regular disbursements

### Staff Working Document

- Outline and detailed explanations of the findings of the CID
- Annex listing the climate and digital contributions per investment

# Overview of the Belgian Recovery and Resilience Plan



**17** components



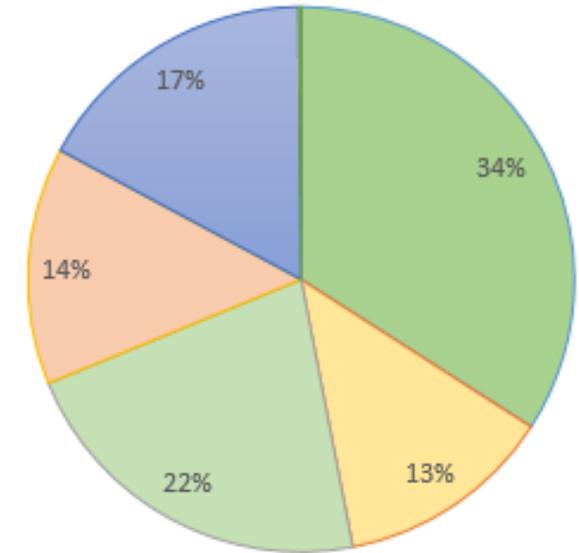
**140** measures  
**35** reforms  
**105** investments



**210**  
Milestones &  
Targets



**€5,9 bn** in  
grants



- 1. Climate, sustainability and innovation
- 2. Digital transformation
- 3. Mobility
- 4. Social and living-together
- 5. Economy of the future and productivity
- 6. Public finances

## Green transition

50% of plan allocated to **climate** objectives

50%



### Key reforms

- Zero-emission company car scheme
- Legislative frameworks for e-mobility in the 3 regions
- Improved energy renovation subsidy schemes

### Key investments

- Sustainable transport (€1,3bn)
- Renovation wave (€1bn)
- H2 production and transport, offshore island and CO2 capture and transport (€0.6bn)
- Biodiversity and climate adaptation (€0.4bn)

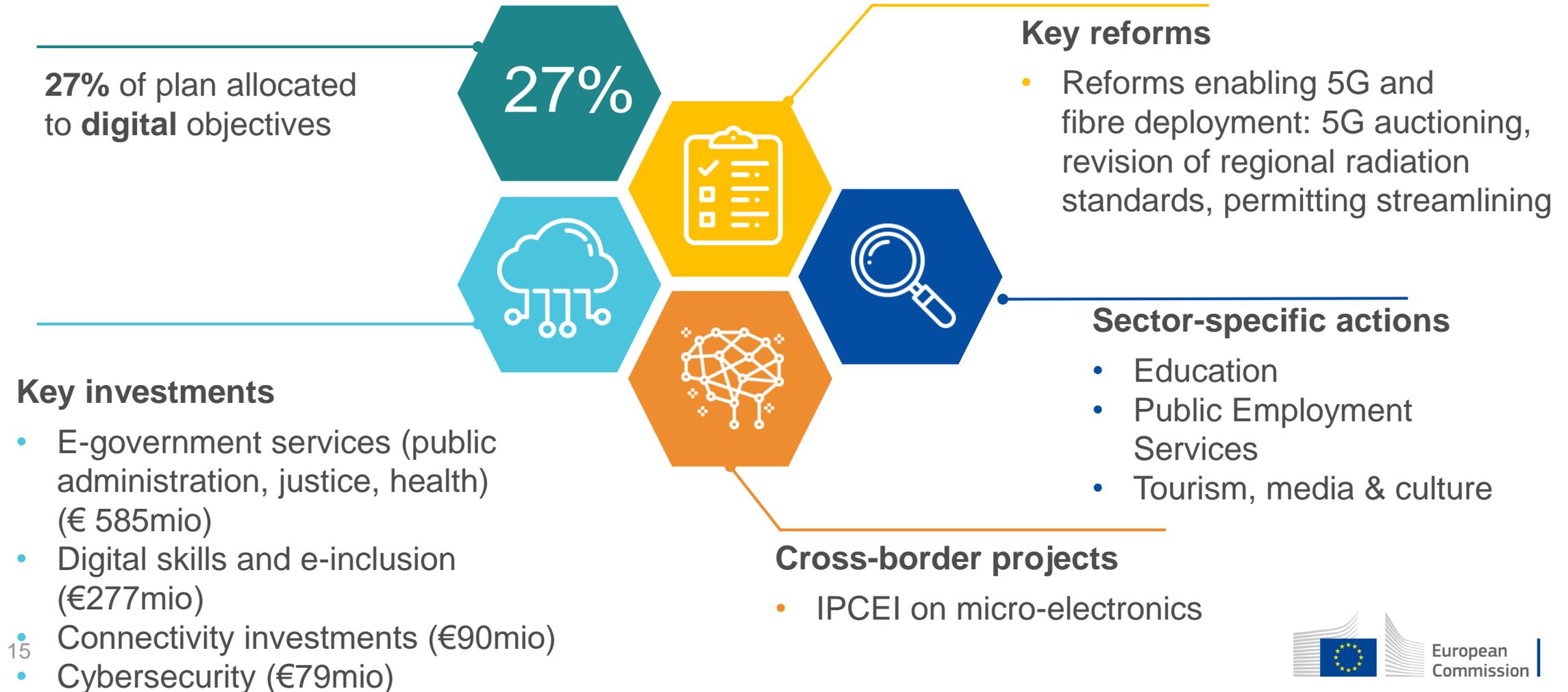
### Do No Significant Harm:

No measure in the plan harms environmental objectives

### Cross-border projects

- IPCEI on hydrogen

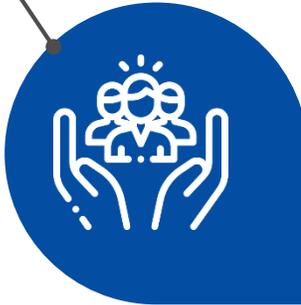
# Digital transition



# Resilience

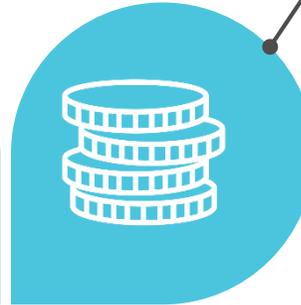
## Labour market

- Boosting training and coaching
- Education 2.0
- Labour reforms



## More resilient public finances

- Spending reviews at all levels of government
- Reform for more sustainable and fair pension system



## Improving business environment

- E-government, including 'only once principle'
- Digitalisation of justice
- Support to research & innovation
- Cybersecurity

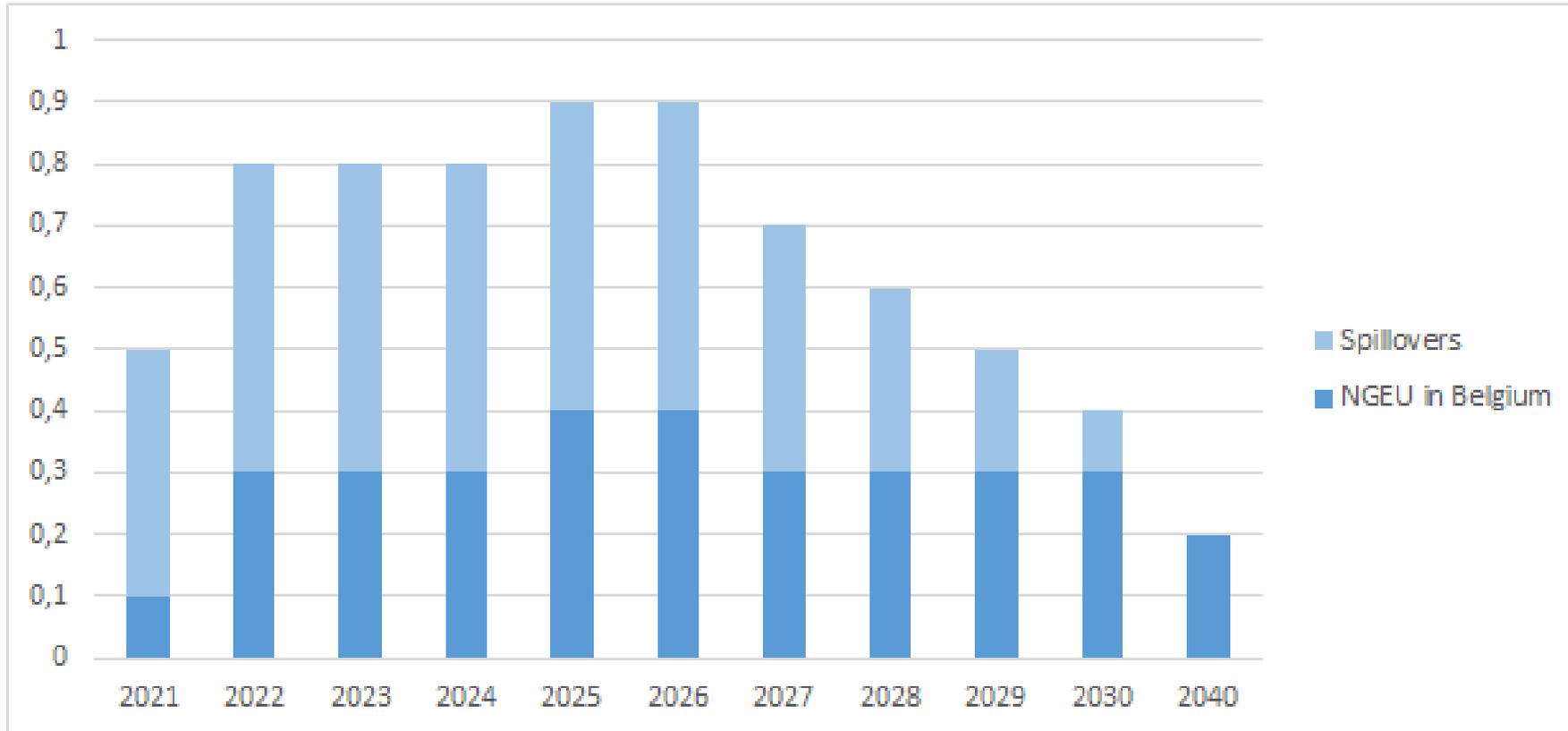


## Future-proof economic activities

- Investments in emerging energy technologies
- Circular economy

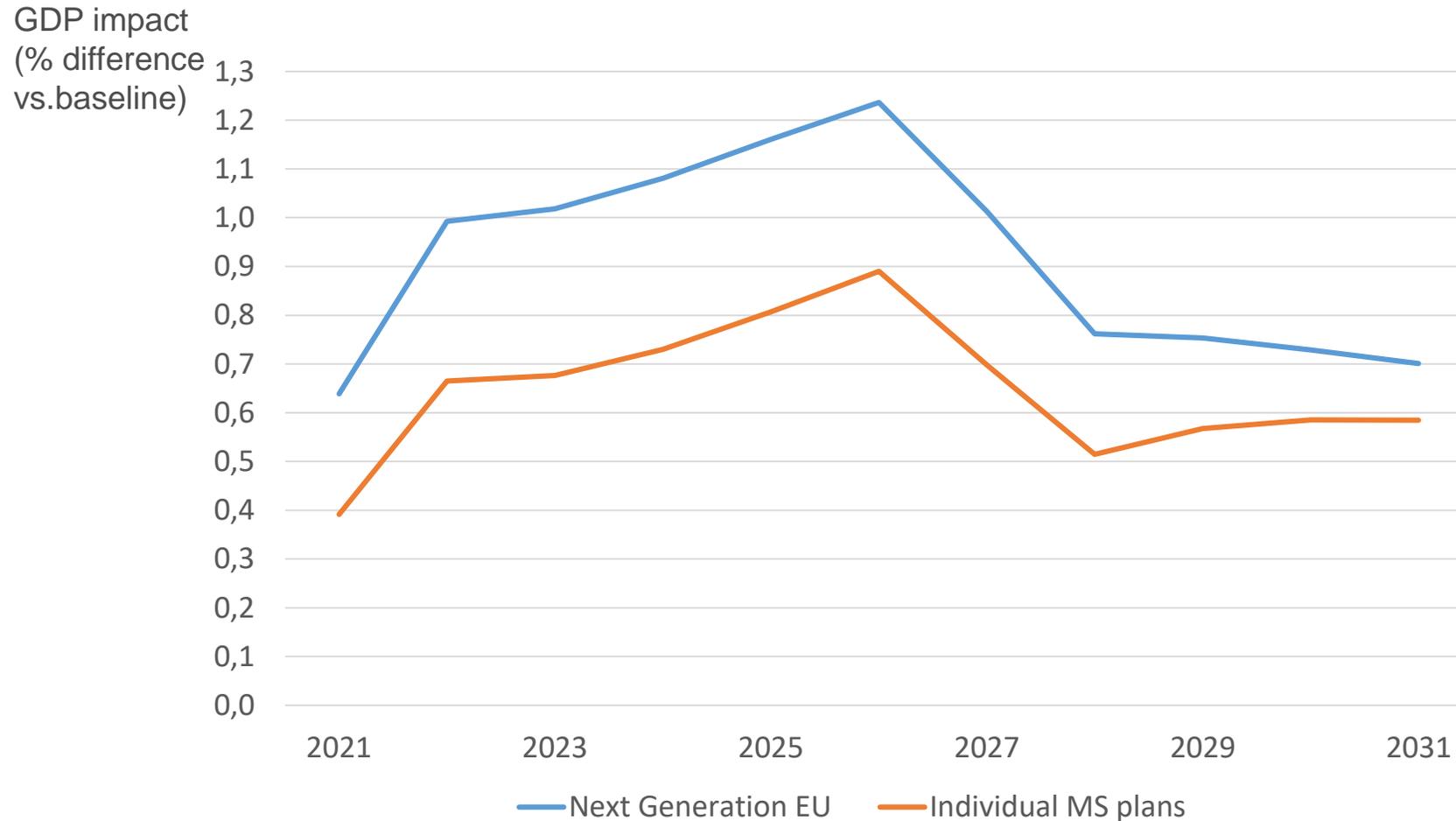


## NGEU impact on Belgium GDP level (%)



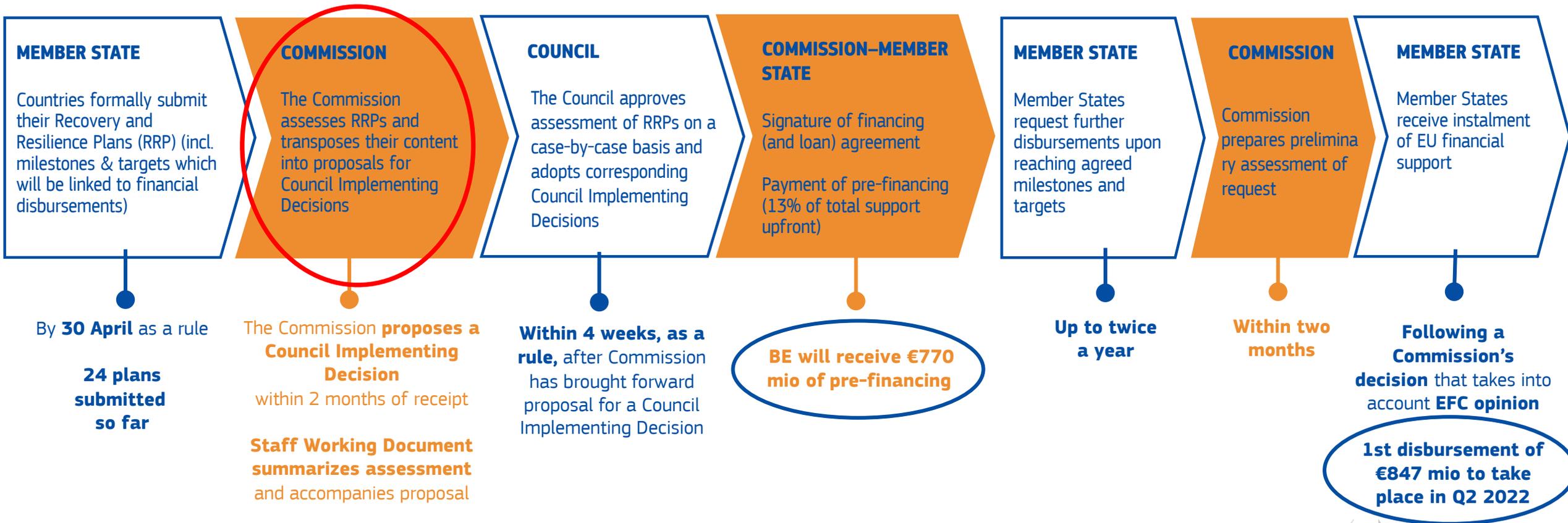
\*This QUEST stylised scenario does not include **the impact of structural reforms**

## Strong growth effects of joint action at EU level





## Next steps





- ✓ NextGenEU offers an **unprecedented common EU response** to help power the EU recovery
- NextGenEU will **accelerate the green and digital transitions in Belgium**, stimulate **growth** and make the country even better **prepared for the future**
- ✓ To make NextGenEU real, **effective implementation** on the ground will be key, requiring continued involvement of **all stakeholders**, incl. social partners

# Further information

- **Next Generation EU**

- Next Generation EU: [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en](https://ec.europa.eu/info/strategy/recovery-plan-europe_en)
- Recovery and Resilience Facility: [https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en)

- **EU Commission assessment of Belgian Recovery and Resilience Plan**

- [Commission endorses Belgium's €5.9 billion plan \(europa.eu\)](#)

- **Country-specific recommendations to Belgium**

- 2019 Country specific recommendations for Belgium: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0501&from=EN>
- 2020 Country specific recommendations for Belgium: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020H0826\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020H0826(01))

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- 2021 Recommendation for Country specific recommendation for Belgium : [https://ec.europa.eu/info/sites/default/files/economy-finance/com-2021-501\\_en\\_act\\_part1\\_v3\\_0.pdf](https://ec.europa.eu/info/sites/default/files/economy-finance/com-2021-501_en_act_part1_v3_0.pdf)

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