



Euro-area priorities in RRP's

Presentation to the EWG

24 September 2021

Consistency between RRPs and euro-area recommendations

Policy priorities of the EAR 2021

1. Ensuring a policy stance which supports the recovery
2. Further improving convergence, resilience and sustainable and inclusive growth
3. Strengthening national institutional frameworks
4. Ensuring macro-financial stability
5. Completing the EMU and strengthening the international role of the euro

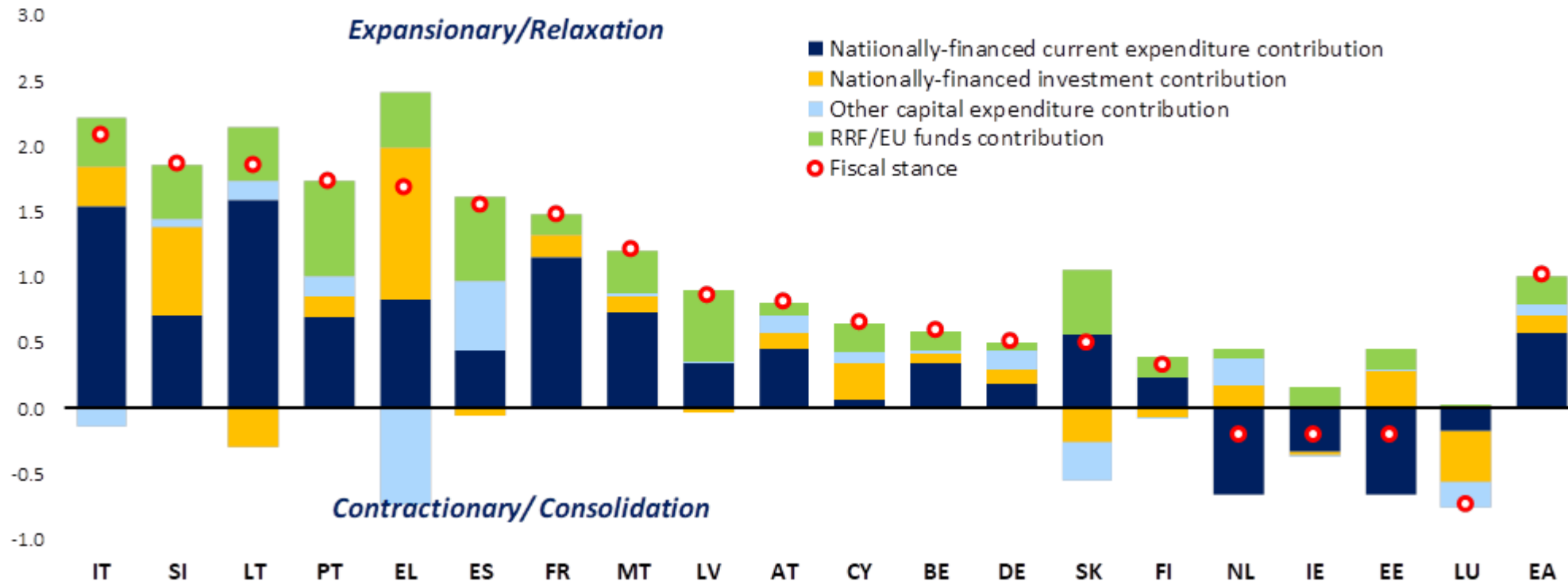
Coverage of EARs 2021 in the RRP

Main reforms in RRP

EAR 1	Ensuring a policy stance which supports the recovery	The additional fiscal space provided by the RRF is balanced by measures to achieve prudent medium-term fiscal positions, such as spending reviews and improving the quality and sustainability of public finances (including pension reforms).	✓
EAR 2	Further improving convergence, resilience and sustainable and inclusive growth	Facilitating the twin transitions, strengthening productivity and employment, labour market reforms, combatting aggressive tax planning. Improving the effectiveness, accessibility and resilience of health care systems.	✓
EAR3	Strengthening national institutional frameworks	Modernizing and digitizing public administration and justice systems, removing barriers to investment and strengthening the anti-money laundering framework.	✓
EAR 4	Ensuring macro-financial stability	The creation of NGEU/RRF has given a clear overall boost to macro-financial stability in the EA. RRP address inter alia constraints in credit availability for companies and high volumes of NPLs and private indebtedness	✓

Impact of the RRF on the fiscal stance

Fiscal stance, 2021-2022 (average, % of GDP)

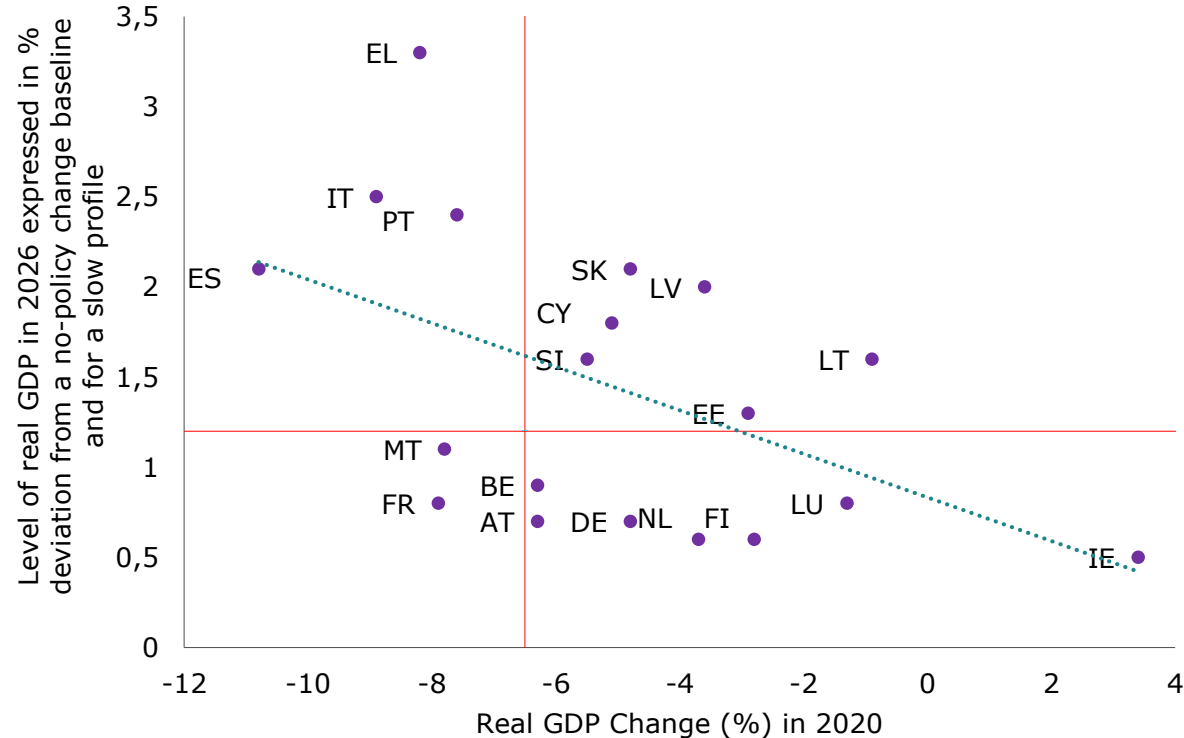


Note: The graph shows the fiscal stance and its components based on net expenditure growth relative to 10-year potential growth. It excludes the phasing out of COVID-19 temporary emergency measures.

Source: European Commission 2021 spring forecast.

The RRF will boost growth & convergence

Impact of NGEU on GDP



Additional policy action needed to ...

... address emerging risks

- **bankruptcy/insolvency** risks;
- expected developments in **NPLs**;
- need to ensure and broaden **access to finance** in the recovery phase, also towards supporting the twin transition.

RRPs partly respond to these, through e.g. insolvency and broader judicial reforms, set-up of publicly-backed equity funds.

... deepen BU and CMU

Capital Markets Union

- Implementation of the 2020 CMU Action Plan

Banking Union

- Review of the bank crisis management framework, EDIS

Thank you



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