

2020 Recommendations on the economic policy of the Euro Area: A comparison of Commission and Council texts (the 'comply or explain' principle)




This document compares the draft 2020 Recommendation for the economic policy of the Euro Area proposed by the [European Commission](#) on **17 December 2019** with the 2020 Euro Area recommendation approved by the [Council](#) (ECOFIN) on 18 February 2020.

The formal adoption of the text by the Council should take place after the endorsement by the European Council in **March 2020**.

The comparison is provided in order to facilitate the assessment of the "*comply or explain*" rule stipulated in Article 2-ab(2) of EU Regulation No **1175/2011**: "*The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly*".

Note: In the table, the **green** underlined text was **added**; the **yellow** stricken through text was **deleted** by the Council, as compared to the text proposed by the Commission.



Euro Area 	Commission Recommendation As proposed on 17 December 2019	Council vs. Commission Text Modifications	Council Recommendation As approved by the Council (ECOFIN) on 18 February 2020
	<p>1. In euro area Member States with current account deficits or high external debt, pursue reforms to boost competitiveness and reduce external debt. In euro area Member States with large current account surpluses, strengthen the conditions that support wage growth, while respecting the role of social partners, and implement measures that foster public and private investment. In all Member States, foster productivity by improving the business environment and the quality of institutions, enhance resilience by improving the functioning of goods and services markets especially by deepening the Single Market. Support a fair and inclusive transition towards a competitive green and digital economy through tangible and intangible investment, both public and private.</p>	No modifications	<p>1. In euro area Member States with current account deficits or high external debt, pursue reforms to boost competitiveness and reduce external debt. In euro area Member States with large current account surpluses, strengthen the conditions that support wage growth, while respecting the role of social partners, and implement measures that foster public and private investment. In all Member States, foster productivity by improving the business environment and the quality of institutions, enhance resilience by improving the functioning of goods and services markets especially by deepening the Single Market. Support a fair and inclusive transition towards a competitive green and digital economy through tangible and intangible investment, both public and private.</p>
	<p>2. In Member States with high debt levels, pursue prudent policies to put public debt credibly on a sustainable downward path. In Member States with a favourable fiscal position, use it to further boost high-quality investments. In case of a worsening outlook, deliver a supportive fiscal stance at the aggregate level, while pursuing policies in full respect of the Stability and Growth Pact, taking into account country-specific circumstances and avoiding pro-cyclicality to the extent possible, and stand ready to coordinate</p>	<p>2. In Member States with high <u>While pursuing policies in a manner that fully respects the Stability and Growth Pact, support public and private investment and improve the quality and composition of public finances.</u> In Member States with high public debt levels, pursue prudent policies to put public debt credibly on a sustainable downward path. In Member States with a favourable fiscal position, use it to further boost high-quality investments. In case of a worsening outlook, deliver a, <u>while preserving the long-term</u></p>	<p>2. While pursuing policies in a manner that fully respects the Stability and Growth Pact, support public and private investment and improve the quality and composition of public finances. In Member States with high public debt levels, pursue prudent policies to put public debt credibly on a sustainable downward path. In Member States with a favourable fiscal position, use it to further boost high-quality investments, while preserving the long-term sustainability of public finances. If downside risks were to materialise,</p>

<p>policies in the Eurogroup. Improve the effectiveness of national fiscal frameworks and the quality of public finances and adopt growth-friendly tax and other relevant budgetary measures that foster a sustainable economy. Support and implement EU actions to combat Aggressive Tax Planning and address a race to the bottom in corporate taxation.</p>	<p>sustainability of public finances. If downside risks were to materialise, fiscal responses should be differentiated, aiming for a more supportive fiscal stance at the aggregate level, while pursuing policies in ensuring full respect of the Stability and Growth Pact. taking into account Country-specific circumstances should be taken into account and avoiding pro-cyclicality avoided, to the extent possible and. Member States should stand ready to coordinate policies in the Eurogroup. Improve the effectiveness of national fiscal frameworks and the quality of public finances and adopt growth-friendly tax and other relevant budgetary measures that foster a sustainable and inclusive economy. Support and implement EU actions to combat Aggressive Tax Planning and address avoid a race to the bottom in corporate taxation.</p>	<p>fiscal responses should be differentiated, aiming for a supportive stance at the aggregate level, while ensuring full respect of the Stability and Growth Pact. Country-specific circumstances should be taken into account and pro-cyclicality avoided, to the extent possible. Member States should stand ready to coordinate policies in the Eurogroup. Improve the effectiveness of national fiscal frameworks and the quality of public finances and adopt growth-friendly tax and other relevant budgetary measures that foster a sustainable and inclusive economy. Support and implement EU actions to combat Aggressive Tax Planning and avoid a race to the bottom in corporate taxation.</p>
<p>3. Strengthen education and training systems and investment in skills. Increase the effectiveness of active labour market policies that support labour market integration and successful labour market transitions, including to more digital and green jobs. Promote participation in the labour market, including that of women, and shift taxes away from labour, in particular for low-income and second earners. Foster quality job creation, fair working conditions and address labour market segmentation. Improve access to adequate and sustainable social protection systems. Enhance</p>	<p>3. Strengthen education and training systems and investment in skills. Increase the effectiveness of active labour market policies that support labour market integration and successful labour market transitions, including to more digital and green jobs. Promote participation in the labour market, including that of women and vulnerable groups, and shift taxes away from labour, in particular for low income and second earners. Foster quality job creation, fair working conditions, promote work-life balance, and address labour market segmentation. Improve access to adequate and sustainable social protection systems. Enhance the</p>	<p>3. Strengthen education and training systems and investment in skills. Increase the effectiveness of active labour market policies that support labour market integration and successful labour market transitions, including to more digital and green jobs. Promote participation in the labour market, including that of women and vulnerable groups, and shift taxes away from labour, in particular for low income and second earners. Foster quality job creation, fair working conditions, promote work-life balance, and address labour market segmentation. Improve access to adequate and sustainable social protection systems. Enhance</p>

<p>the effectiveness of social dialogue and promote collective bargaining.</p>	<p>effectiveness of social dialogue and promote collective bargaining.</p>	<p>the effectiveness of social dialogue and promote collective bargaining.</p>
<p>4. Complete the Banking Union by starting political negotiations on the European Deposit Insurance Scheme, taking steps to improve crisis management and making provisions for liquidity in resolution and the backstop for the Single Resolution Fund operational. Strengthen the European regulatory and supervisory framework, including by reinforcing the supervision and enforcement of anti-money laundering rules. Promote orderly deleveraging of large stocks of private debt including by removing debt bias in taxation. Continue to enable the swift reduction of the level of nonperforming loans by banks in the euro area and prevent their build up. Renew efforts to complete the Capital Markets Union.</p>	<p>4. <u>Complete Follow up on the Euro Summit statement of 13 December 2019 to further strengthen the Banking Union, with a view to its completion, by starting political negotiations on the European Deposit Insurance Scheme, taking steps to improve crisis management continuing to work, without delay, and making provisions for liquidity in resolution and with the same level of ambition, on all elements, including those discussed in the High Level Working Group on EDIS. Finalise the work on the ESM package of reforms, including the introduction of a backstop for the SRF. Make the backstop for the SRF operational and anticipate this, provided sufficient progress has been made in risk reduction. Work further on solutions for overcoming limitations in the current set-up for liquidity provision in resolution.</u> Strengthen the European regulatory and supervisory framework, including by <u>reinforcing the ensuring consistent and effective</u> supervision and enforcement of anti-money laundering rules. Promote orderly deleveraging of large stocks of private debt including by <u>removing reducing</u> debt bias in taxation. Continue to enable the swift reduction of the level of nonperforming loans by banks in the euro area and prevent their build up. Renew efforts to <u>deepen complete</u> Capital Markets Union.</p>	<p>4. Follow up on the Euro Summit statement of 13 December 2019 to further strengthen the Banking Union, with a view to its completion, by continuing to work, without delay, and with the same level of ambition, on all elements, including those discussed in the High Level Working Group on EDIS. Finalise the work on the ESM package of reforms, including the introduction of a backstop for the SRF. Make the backstop for the SRF operational and anticipate this, provided sufficient progress has been made in risk reduction. Work further on solutions for overcoming limitations in the current set-up for liquidity provision in resolution. Strengthen the European regulatory and supervisory framework, including by ensuring consistent and effective supervision and enforcement of anti-money laundering rules. Promote orderly deleveraging of large stocks of private debt including by reducing debt bias in taxation. Continue to enable the swift reduction of the level of nonperforming loans by banks in the euro area and prevent their build up. Renew efforts to deepen the Capital Markets Union.</p>

	<p>5. Make ambitious progress on deepening the Economic and Monetary Union, delivering swiftly on the actions identified in the Statement of the Euro Summit of December 2019 and advancing on all other aspects with the perspective to strengthen the international role of the euro and to project Europe’s economic interests globally. Deepen the Economic and Monetary Union and enhance its democratic accountability while fully respecting the Union’s internal market and in an open and transparent manner towards non-euro area Member States.</p>	<p>5. Make ambitious progress on deepening the Economic and Monetary Union, <u>in particular by</u> delivering swiftly on the actions identified in the Statement of the Euro Summit of December 2019, <u>including as regards the Budgetary Instrument for Convergence and advancing on all Competitiveness (BICC), and discussing other aspects with the perspective to strengthen. Progress in this area will also enhance</u> the international role of the euro and <u>to project</u> Europe’s economic interests globally. <u>Deepen the Economic and Monetary Union,</u> and enhance <u>its democratic accountability while should</u> fully <u>respecting respect</u> the Union’s internal market and <u>be pursued</u> in an open and transparent manner towards non-euro area Member States.</p>	<p>5. Make ambitious progress on deepening the Economic and Monetary Union, in particular by delivering swiftly on the actions identified in the Statement of the Euro Summit of December 2019, including as regards the Budgetary Instrument for Convergence and Competitiveness (BICC), and discussing other aspects. Progress in this area will also enhance the international role of the euro and project Europe’s economic interests globally, and should fully respect the Union’s internal market and be pursued in an open and transparent manner towards non-euro area Member States.</p>
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