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Answer given by Mr Gentiloni
on behalf of the European Commission
(6.4.2021)

The activation of the general escape clause allows Member States to temporarily depart from the budgetary requirements of the Stability and Growth Pact (SGP) that would normally apply, provided this does not endanger fiscal sustainability in the medium term. As the clause does not suspend the procedures of the SGP, the Commission continues to operate the annual cycle of fiscal surveillance.

In its Communication of 3 March 2021¹, the Commission presented its view that the future decision on the deactivation of the clause or its continued activation be taken following an overall assessment of the state of the economy based on quantitative criteria. The level of economic activity in the EU or euro area compared to pre-crisis levels (end-2019) would be the key quantitative criterion. The Commission will assess the deactivation or continued application of the clause as part of its spring European Semester package based on the Commission forecast. At that moment, the Commission will also propose country-specific fiscal policy guidance for the period ahead.

The Commission communication on the review of the economic governance framework² identified some well-recognised challenges with the fiscal framework and its implementation. When the recovery takes hold, the Commission intends to relaunch the public debate on the economic governance framework. Relaunching the public consultation on the economic governance framework will allow the Commission to take into account also the new challenges posed by the COVID-19 crisis.

The Commission clarified how it intends to assess State aid measures under an existing Treaty provision (Article 107(3)(b), aid to remedy a serious disturbance of the economy of a Member State). That provision is not related to the SGP.

¹ Communication from the Commission to the Council on One year since the outbreak of COVID-19: fiscal policy response, https://ec.europa.eu/info/sites/info/files/economy-finance/1_en_act_part1_v9.pdf.

² The Communication and the accompanying staff working documents can be found here: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/economic-governance-review_en.