



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: COUNCIL EXPLANATORY NOTE Accompanying document to Council
Recommendations to Member States under the European Semester 2022

Delegations will find here attached the post EFC version of the Explanatory note accompanying the Council recommendations to Member States under the European Semester 2022.

Explanatory note

*- Accompanying document to Council Recommendations
to Member States under the European semester 2022*

Article 2ab)(2) of Regulation 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, which makes part of the section on "Economic dialogue", states that "*The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly*".

In respect of this "comply or explain rule" the Council hereby presents the following explanations to changes agreed to Commission Recommendations for Country-Specific Recommendations (CSRs) on Member States in the context of the 2022 European semester on which the Commission is in disagreement.

The Council (Ecofin) has also agreed to a number of additions as well as factual or technical changes to recommendations with the full support of the Commission.

Extract of CSR 1

For all Member States except Romania

Commission text:

Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds.

Agreed text:

Expand public investment for the green and digital transition, and for energy security taking into account the REPower EU initiative, including by making use of the RRF and other EU funds.

Explanation:

In line with previous practice, the text was amended to reflect that the REPowerEU plan, including its financing, has not yet been adopted by the Council. The CSRs should not prejudice the outcome of legislative procedures that are to be decided on a different (legislative) legal basis, and involving also the European Parliament. At the same time, the Council (Ecofin) recalls that in the Versailles declaration, the Leaders invited the Commission to propose such a plan, to rapidly reduce dependency on Russian fossil fuels and to accelerate the energy transition, to achieve a more resilient energy system and a well interconnected Energy Union. In the conclusions of its special meeting on 30 and 31 May 2022, the European Council calls on the Council to rapidly examine the Commission proposals to deliver on the REPowerEU objectives. The agreed change does not alter in a substantive way the recommendation, nor the relevance attributed by the Council to the initiative, but only intends to highlight that the Council is still examining the REPowerEU, including the different legal texts involved.

Recital 3

For all Member States

Commission text:

Russia's invasion of Ukraine, in the wake of the global pandemic, has significantly altered the geopolitical and economic context. The impact of the invasion on Member States' economies has been felt for example through higher energy and food prices and weaker growth prospects. The higher energy prices weigh particularly on the most vulnerable households, experiencing or at risk of energy poverty. The EU is also seeing an unprecedented inflow of people fleeing Ukraine. In this context, on 4 March 2022, the Temporary Protection Directive was triggered for the first time, granting displaced persons from Ukraine the right to legally stay in the EU, as well as access to education and training, the labour market, healthcare, housing and social welfare.

Agreed text:

Russia's invasion of Ukraine, in the wake of the global pandemic, has significantly altered the geopolitical and economic context. The impact of the invasion on Member States' economies has been felt for example through higher prices for energy, food and raw materials, and weaker growth prospects. The higher energy prices weigh particularly on the most vulnerable households experiencing or at risk of energy poverty as well as on firms most vulnerable to energy prices hikes. The EU is also seeing an unprecedented inflow of people fleeing Ukraine. The economic effects stemming from the Russia's war of aggression have impacted Member States asymmetrically. In this context, on 4 March 2022, the Temporary Protection Directive was triggered for the first time, granting displaced persons from Ukraine the right to legally stay in the EU, as well as access to education and training, labour market, healthcare, housing and social welfare.

Explanation:

It was agreed that, while the Russia's war of aggression against Ukraine is a common shock affecting the EU as a whole, a reference to the differing impact across Member States should be included. This is in line with the Commission Spring Forecast of 16 May 2022, which also points out that "within the EU, Member States have different degrees of exposure to some of the channels of transmission of the impact of the war namely, the channels for trade commodities and financial markets".
