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### Beyond the crisis – Conditions for the relaunch

The Covid crisis has put a heavy strain on the European economies. The slump in GDP in the first half of 2020 is of historic proportion. While current economic indicators point to activity moving towards pre-crisis levels in many sectors, uncertainty about the further course of the pandemic and thus the economic recovery remains.

The EU and its Member States have responded to the challenges with unprecedented determination and speed. In the area of financial and economic policy, we have activated the general escape clause in the Stability and Growth Pact so that Member States can take timely, temporary and targeted action to deal with the social and economic consequence of the pandemic. At the same time, the EU Commission adopted a Temporary Framework for State Aid Measures. With the pandemic crisis support of the ESM, liquidity support from the EIB and SURE as a temporary support instrument to mitigate unemployment risks in an emergency, we have adopted first building blocks of a Covid shield for Europe. In July, we achieved another major breakthrough with the European Council's agreement on the recovery programme Next Generation EU with its main spending tool, the Recovery and Resilience Facility (RRF), which goes beyond emergency measures, balancing the need for immediate economic support with the need to provide sustainable and inclusive growth. A key project of the German Council Presidency will be to finalise the RRF and make it operational.

Governments of individual member states, EU institutions and the EU as a whole have assumed a special and extensive role in this specific situation. In the acute phase of this crisis, governments stepped in to provide companies with liquidity, to keep people in employment and, overall, secure the confidence of people and companies. With these measures, governments help to build a bridge over the deep crisis, avoiding long-term damages to the economy and laying the fundamentals for sustainable and inclusive growth. To enable a swift recovery, we will also need to improve the access of companies to financing via more integrated financial markets. This will also be a key priority of our Presidency.

It is now important to take the right decisions to strengthen the resilience of our economies and the EU and more specifically to increase Europe's growth potential. I am convinced that there is higher acceptance for change in the current crisis. We have to make use of the momentum and make the European economies fit for the future.

Challenges that already existed before the crisis are still relevant today: in particular, the need to address climate change in the context of a broader sustainability agenda as well as digitalisation. Demographic change and its effects on, among other things, the sustainability of public finances will also continue to concern us in the coming decades. We have started to address the question of strengthening investment and future orientated spending already before the crisis. This is about high quality public investment, but also about the right institutional setup for private investment. The crisis has highlighted weaknesses in our economies and structural framework. Nevertheless, it has also accelerated transformation processes; just think of the increase in cashless payments, smart working and video conferencing.

How can we get there? With the significant funds of the Recovery and Resilience Facility, we should address country-specific challenges identified for each country in the context of the European Semester. If we strengthen the forces of sustainable growth, a major step towards recovery and greater resilience will be possible.

The combination of national and European measures now gives us an opportunity that we have to seize. For all the suffering that this virus has brought upon us, it has also clearly shown that we stand and are stronger: Together. For Europe's recovery. ●