Beat: Politics

The EU proposes a recovery plan after the pandemic with 750,000 million Euros

More 250,000 million more in loans

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USPA NEWS - The European Union proposed on Wednesday a recovery plan after the Coronavirus pandemic, endowed with half a billion Euros in transfers for investments and reforms, and another 250,000 million Euros in loans for capitals. To finance this plan, the EU will launch a debt issue unprecedented in the history of the Union. Of that amount, Spain could receive up to 77,324 million Euros in transfers and 63,122 in loans, for a total of 140,446 million, 11% of the national GDP.

Italy would be the country most benefited by this economic injection of the Twenty-seven, since it would receive 172,745 million Euros. Of that amount, 81.8 billion would correspond to subsidies and another 90.9 billion would come in the form of loans. Spain and Italy will be the most benefited countries, given their affectation by the pandemic. The rest of the EU countries are far away: Poland would receive 37,693 million and Germany 28,806 million, although it would receive nothing in loans, being the largest net contributor to the Union.

To the 750,000 million proposed by the Commission must be added the 540,000 million of a triple safety net already approved by the Eurogroup and the European Council, and which include up to 100,000 million in credits for unemployment reinsurance; € 200 billion in loans through the European Investment Bank; and up to 240,000 million for direct and indirect healthcare expenditure at an interest rate of 0.115% through the Mede, the European Stability Mechanism.

This is "a Recovery Fund of 750,000 million that joins the common instruments already launched, a turning point to face an unprecedented crisis," said Commissioner for Economic Affairs, Paolo Gentiloni, in Brussels on Wednesday. The plan was commissioned by the Heads of State and Government of the 27 and will now have to be debated by the Commission and the European Parliament, which has to approve the proposal or make changes.

Europe is concerned about the design of the recovery after the pandemic. Not surprisingly, the EU economy is expected to contract more than 7% in 2020. However, the worst case scenario, with a second wave and extended containment measures, could lead to a drop in GDP of up to 16% this year," point community technicians. With a rise in unemployment to 9% across the Union. The purpose is to take advantage of the AAA rating of the Commission, increasing the fiscal margin.

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