

# European recovery fund: an historic moment for the Union and Italy.

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After a long and fractious summit, European Union leaders finally reached a deal on the recovery fund for the countries affected by the coronavirus pandemic. A generous stimulus package will be available to anyone who will need it to boost their economic recovery, and Italy will be one of the main recipients.

In an unprecedented show of solidarity, the European Commission will now be able to raise billions of euros on capital markets, de facto borrowing as a single entity, and then allocate them to the countries that need them the most. To address the effects of the coronavirus induced recession, the EU created a 750 billion euros recovery fund and approved its new 2021-2027 budget. Grants will amount to more than half of the fund's cap - 390 billion - while what remains will be loaned cheaply, with many countries enjoying substantially lower interest rates than their own.

Such an arrangement is surely an Italian success, as Rome was one of the first to propose to issue common debt way back in March when not everyone foresaw what the following would bring. Sure enough, it is not a clear-cut victory, as the recovery fund is still born out of a political compromise, and all the countries had to get their due.

Italy fought hard to safeguard the role and powers of European institutions, shielding them from a power struggle among the Member States that would have probably ensued if they could have used their veto power concerning the fund's governance.

Italy will get 208.8 billion, of which 81.4 as grants and 127.4 in loans, a significant increase when compared to the initial proposal of 173.4 billion. Italy will also commit to its reform program focused on digitalization, bureaucratic reform, and climate change mitigation to avoid the use of an "emergency brake" that could slow down the fund use. Resources will be available starting in 2021; however, the money can be used to finance previously implemented measures if strictly connected to the objectives of each country's reform program.

Italy also came out on top from the negotiation over the new European budget. While Rome will still be a net contributor, it will get more money from the European cohesion fund and other benefits, concerning how flexible will be the money's terms of use, for example.

It may not be the Hamiltonian moment some anticipated, but 21 July will be a historic date. It was the day when European solidarity finally came through, and countries recognized the importance of coordinated response in the face of the new challenges brought by these unforeseeable circumstances. "It is now time to put back the seed of hope at the centre of the European garden", as the Italian Prime Minister Giuseppe Conte said, quoting former President of the European Commission Jacques Delors.

