



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Explanatory note - Accompanying document to Council recommendation
on the economic policy of the euro area 2023

Delegations will find here attached the post EFC and EWG version of the explanatory note accompanying the Council recommendation on the economic policy of the euro area.

Explanatory note

- Accompanying document to Council recommendation
on the economic policy of the euro area 2023

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 the Commission Recommendations for a Council recommendation on the economic policy of the euro area in the context of the 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.

EAR 2

Commission text:

Sustain a high level of public investment needed to boost economic and social resilience and support the green and digital transition, including for greater energy efficiency and for the transition to renewable energy sources. Implement the cohesion policy programmes and recovery and resilience plans, ensuring the timely delivery of reforms and investment, and ensure that updates to the plans are targeted and do not reduce the overall ambition. Take further steps, including through REPowerEU plan, to accelerate the clean energy transition and increase Union's energy independence.

Agreed text:

Sustain a high level of public investment and promote private investments, which are needed to boost economic and social resilience and support the green and digital transition, including for greater energy efficiency and for the transition to renewable energy sources. Implement the cohesion policy programmes and recovery and resilience plans, ensuring the timely delivery of reforms and investment, and ensure that updates to the plans are targeted, taking into account the evolving economic situation, while not reducing the overall ambition. Take further steps, including through REPowerEU plan and through national energy and climate plans, to accelerate the energy transition and increase Union's energy independence.

Explanation:

The only change for which the Commission is in disagreement is the one related with the deletion of the word "clean". The change aims to avoid ambiguity, as the term "clean energy" is not clearly defined. Further, the term "clean energy" is not broadly supported by the Council as a way of describing the EU's energy transition. The agreed text aims to ensure that the focus is on the broad range of energies/technologies that are environmentally sound and socially acceptable.