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Executive Vice-President

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Commissioner for the Economy

Mr Roberto Gualtieri  
Minister of Finance  
Rome, Italy

Brussels, 6 March 2020  
*Ares(2020)1622807*

Dear Minister,

Thank you for your letter of 5 March informing the European Commission of Italy's latest fiscal decisions, notably in relation to the outbreak of Coronavirus COVID-19.

We would like to reiterate our sincere condolences to the victims of the epidemic in Italy and our full solidarity with all those who are currently suffering. The Commission commends the efforts of the Italian government and its citizens, which are contributing in an important manner to contain the spread of the COVID-19 outbreak across the European Union. The Commission is working on all fronts to support efforts to tackle the epidemic. This includes ongoing coordination with Member States to share information, assess needs and ensure a coherent EU-wide response. In relation to this, a European Coronavirus response team was created on 2 March under the leadership of Ursula Von der Leyen, President of the European Commission.

We take note of the Italian government's intention to revise its fiscal targets in 2020 in order to issue a package of support measures worth of EUR 6.3 billion, leading to Italy's general government deficit target being revised upwards from 2.2% of GDP to 2.5% of GDP.

We also take note that the government expects that the headline deficit target for 2020 could still change by the time of the submission of Italy's 2020 Stability Programme, notably in relation to the estimated macroeconomic impact of the COVID-19 outbreak. Once it is submitted, the Commission will assess Italy's 2020 Stability Programme based on its 2020 spring forecast to be released on 7 May.

As regards the announced package of support measures, any one-off budgetary spending, incurred in relation to the response to the outbreak, would be excluded by definition from the computation of the structural balance and not taken into account when assessing compliance with the required fiscal effort under the existing rules. Additionally, we would like to stress that our fiscal rules framework provides for flexibility to cater for “unusual events outside the control of government”, while being mindful to the preservation of fiscal sustainability.

The Commission will carry out a preliminary assessment of Member States’ requests of allowances under the “unusual events clause” once they are submitted, ideally via the 2020 Stability Programme. When assessing the 2020 Stability Programme, the Commission will be mindful of Member States’ need to implement urgent measures to safeguard the wellbeing of citizens and mitigate the negative effects on economic growth of the Coronavirus outbreak.

We remain fully available to support you in the process of preparing the 2020 Stability Programme.

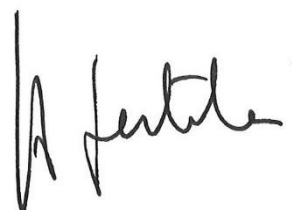
We take this opportunity also to recall that the next Eurogroup on 16 March will reassess the situation in the EU and further steps, commensurate with the developments, as they unfold.

Yours sincerely,



Valdis Dombrovskis

Executive Vice-President



Paolo Gentiloni

Commissioner for the Economy