

# EU summit: Angela Merkel warns of possible no deal on recovery aid

European Union talks on a shared coronavirus stimulus package reconvene on Sunday after the failure to agree on what strings to attach to the aid. The German chancellor said the third day would be “decisive.”



German Chancellor Angela Merkel warned on Sunday that it is still possible European Union leaders could fail to reach an agreement on the controversial multi-billion post-coronavirus recovery plan and long-term budget for the shattered EU economy.

“I still cannot say whether we will find a solution,” Merkel said as the summit was extended into Sunday for the third day. “There is a lot of willingness, but there are many different positions... It is possible that there won’t be a result today.”

The talks, in Brussels, were convened to agree on an unprecedented €1.85 trillion (\$2.1 trillion) EU budget and economic recovery package.

But leaders remain deadlocked on what strings should be attached to the aid component meant to help the bloc’s 27 members repair the damage caused by the pandemic.

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European Council spokesperson Barend Leyts wrote on Twitter that the meeting will now reconvene at 12 p.m. (1000 UTC/GMT) on Sunday.

An EU official, who wished to remain anonymous because the talks were ongoing, said late Saturday that summit host Charles Michel was “tying up some ends now” before breaking for the night and reconvening with a new proposal early Sunday.

### **‘Frugal four’ seek smaller aid package**

The size of the recovery package has been the biggest bone of contention as the Netherlands, along with Austria, Denmark, Sweden — the so-called “Frugal Four” — as well as Finland have put their weight behind a smaller fund and smaller portion of grants.

They demanded that any loans or grants should be accompanied by strict conditions to ensure the countries that are under heavy debt carry out labor market reform.

Germany and France have been pushing for an ambitious package of loans and subsidies to member states, and have repeatedly appealed for a compromise.

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### **Franco-German walkout**

Tensions heightened Saturday evening when Merkel and French President Emmanuel Macron got up and walked out of a meeting.

The Franco-German alliance is seen as vital to any major deal within the 27-nation bloc.

When asked what he thought, Dutch Prime Minister Mark Rutte said: “They ran off in a bad mood. We will continue tomorrow.”

Nevertheless, he remained hopeful. “The fact that we continue talking shows we all have optimism. But if we will succeed, we have to wait and see,” he added.

Austrian Chancellor Sebastian Kurz added: “It is of course, as you would expect, a

tough struggle, a tough negotiation, but we're moving in the right direction, and that is the most important thing."

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### **Fresh plan wasn't enough**

On Saturday, a revised plan was presented to the 27 leaders to try to break the deadlock. The proposal would see a reduction in the share of the free grants issued to EU states, and an "emergency brake" on the disbursement of funds.

The plan would also increase rebates on the core EU budget for Austria, Denmark, and Sweden.

A lot is at stake for the leaders' first face-to-face summit since the pandemic was declared. The bloc faces its worst-ever recession and countries need cash fast to shore up their economies from pandemic-induced crises.

The 27-nation bloc's economy is estimated to contract 8.3% this year, according to the latest predictions.

### **Old resentments resurface**

As Sunday's talks prepared to resume, Hungarian Prime Minister Viktor Orban accused Rutte of hating him personally and wanting to "punish" his country.

Hungary, along with Poland and Slovenia, is resisting possible strings tied to EU aid, including over rule of law violations. Speaking to reporters, however, Orban insisted he was not opposed to reform, only that it would take time. He then launched into a tirade against the Dutch leader.

"I don't know what is the personal reason for the Dutch prime minister to hate me or Hungary. But he is attacking so harshly and making very clear that because Hungary in his opinion does not respect the rule of law it must be punished financially," Orban said. "That's his position, which is not acceptable because there is no decision about what is the rule of law situation in Hungary," he added.

Orban said he initiated a proposal during the summit "to ask the Germans to give a guarantee that the European Council of EU will negotiate and make a decision on the rule of law procedure against Hungary."

mvp/mm (AFP, AP, Reuters)

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