

European semester for economic policy coordination: annual growth survey 2019

2018/2119(INI) - 04/03/2019 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Tom VANDENKENDELAERE (PPE, BE) on the European Semester for economic policy coordination: Annual Growth Survey 2019.

Members welcomed the Commission's Annual Growth Survey 2019, which reaffirms the importance of: 1) increasing high-quality investments; 2) reforms that increase productivity growth, inclusiveness and institutional quality; and 3) macro-financial stability and sound public finances.

They urged the EU and its Member States to take decisive and concerted action to deliver on the aim of inclusive and sustainable growth, and to prepare for demographic ageing by implementing socially-balanced structural reforms to reduce costs and enhancing productivity growth, and building the appropriate fiscal buffers. They also stressed the need for continued reforms and investments to facilitate the entry of young people and the long-term unemployed into the labour market.

Delivering high-quality investment

Noting that there is still an investment gap in the euro area, the report underlined that public and private investment play an important role in facilitating growth and convergence at European level. Increasing productivity growth requires investment in skills, innovation, automation, digitalisation, R&D, sustainable mobility and infrastructure. Member States need to distinguish between long-term productive public investment and current expenditure when using budgetary space.

Members considered that clear and enforceable rules, a level playing field and reduced compliance costs are crucial factors for attracting investment. They highlighted the urgent need for a fully-fledged capital markets union.

Focusing reform efforts on productivity growth, inclusiveness and institutional quality

Members urged Member States to implement productivity-enhancing and socially balanced structural reforms. They also stressed the urgent need to review both the adequacy and long-term financial sustainability of national public pension schemes.

The report recommended, inter alia:

- adopting measures encouraging the labour market integration of young people not in education, employment or training (NEETs) and refugees;
- a tax shift away from the high tax burden on labour in Europe;
- supporting inclusive and well-functioning labour markets and promoting job quality, as outlined in the European Pillar of Social Rights;
- reducing the barriers that prevent SMEs from harnessing the potential of the single European market, to address the unfair competitive and tax conditions that exist between SMEs and multinational companies and to continue the fight against fraud and tax evasion;

- removing unnecessary barriers to public and private investment at local and regional levels;
- deepening Economic and Monetary Union (EMU) in order to be able to face shocks likely to occur in the future.

Ensuring macroeconomic stability and sound public finances

Pointing out that macro-financial stability and sound public finances remain a precondition of sustainable growth, Members called for those Member States with high levels of deficits and public debt to undertake continuous efforts to reduce them. They acknowledged the efforts made by a number of Member States to consolidate their public finances, but regrets the fact that some have missed the opportunity to carry out the necessary reforms; points out that some Member States with good fiscal space have consolidated even further, thereby contributing to the euro area's current account surplus. Member States with large current account surpluses were asked to promote demand by increasing wage growth in line with productivity growth and to foster productivity growth by promoting investment.

The committee urged Member States to build the appropriate fiscal buffers for current and future generations, and called for a consistent implementation of and compliance with the Stability and Growth Pact (SGP), including its flexibility clauses.

National ownership

Recalling that the degree of implementation of the country-specific recommendations is too low, Members urged national and regional parliaments to debate country reports and country-specific recommendations and to engage with the relevant actors.