

European semester for economic policy coordination: annual growth survey 2019

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The European Parliament adopted by 589 votes to 54 with 23 abstentions, a resolution 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, since the old-age dependency ratio in the EU is predicted to increase, in the absence of policy changes, from 29.3 % in 2016 to 52.3 % by 2080, which amounts to fewer than two working-age people for every elderly person. 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, Parliament 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 underlined the need to reform the pension systems in the Member States concerned so as to ensure long-term sustainability. Higher productivity growth and inclusiveness should be an important objective of national reforms.

The resolution 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, Parliament called for those Member States with high levels of deficits and public debt to undertake continuous efforts to reduce them. It acknowledged the efforts made by a number of Member States to consolidate their public finances, but regretted the fact that some have missed the opportunity to carry out the necessary reforms. 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.

Parliament Urged the EU and its Member States to take responsibility for future generations, and to ensure intergenerational fairness through the sustainability and adequacy of public finances and our social security systems and, in so doing, to secure the future of Europe's welfare states. It called for a consistent implementation of and compliance with the Stability and Growth Pact (SGP), including its flexibility clauses, in order to safeguard responsible public finances.

National ownership

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