

European Semester for economic policy coordination 2024

2023/2063(INI) - 13/03/2024 - Text adopted by Parliament, single reading

The European Parliament adopted by 420 votes to 123, with 41 abstentions, a resolution on the European Semester for economic policy coordination 2024.

According to the Commission's winter 2024 forecast, economic activity in 2023 is estimated to have expanded by only 0.5 % in both the EU and the euro area in the face of high inflation and tighter financing conditions, after a strong recovery in 2022. Expected GDP growth has been revised down to 0.9 % (from 1.3 %) in the EU and 0.8 % (from 1.2 %) in the euro area for 2024.

The EU labour market continued to perform strongly in the first half of 2023, despite the slowdown in economic growth. As regards inflation, this is projected to fall from 6.3 % in 2023 to 3.0 % in 2024 and 2.5 % in 2025 in the EU.

The resolution highlighted that fiscal policy needs to support monetary policy in reducing inflation and safeguarding fiscal sustainability, while providing sufficient space for additional investments and supporting long-term growth.

Economic prospects for the EU

Members expressed their concerns about the economic situation, persistent uncertainty, weak growth, competitiveness and productivity in the EU. They called on the Member States to take further steps to overcome those difficulties and to implement targeted measures to ensure fair competition in the single market and address persistent inflationary pressures.

The resolution also stressed that the lack of public and private investments in certain Member States is hindering the potential of socially balanced and sustainable growth. These investments are crucial for the EU's ability to cope with existing challenges, including the just green and digital transitions, and they will increase the EU's resilience and long-term competitiveness during upcoming challenges.

Parliament stressed that further deepening the single market and removing barriers to investment, including through reforms that streamline and digitalise planning, permitting and other administrative procedures, would help boost private investment.

Member States are invited to conduct spending reviews as a regular part of the (multi)annual budgetary process, which would help improve the efficiency and quality of public expenditure. Parliament concurs with the Commission's recommendation in the 2024 Annual Sustainable Growth Survey that Member States should wind down crisis-related energy support measures and phase out fossil fuel subsidies as soon as possible.

European Semester and the Recovery and Resilience Facility (RRF)

Parliament called for stronger national ownership in the European Semester by the Member States, for example through their local and regional authorities. It shared the view that the 2024 country-specific recommendations (CSRs) need to be focused on specific criteria. They must serve to promote sound and

inclusive economic growth, enhance competitiveness and macroeconomic stability, promote the green and digital transitions and ensure social and inter-generational fairness. Country-specific recommendations should take account of social vulnerabilities and unemployment.

Noting the role played by the RRF in addressing global challenges stemming from the green transition and the digital transformation of the economy, the resolution called on the Member States to use the RRF to transform their economies and make them more competitive. Members recalled the importance of verifying that the funds reach the real economy and SMEs and underlined the importance of accountability and transparency for bodies that receive EU funding.

The resolution supports streamlining EU cohesion policy programmes with investment needs identified under the RRF and in CSRs.

In addition, Members underlined that coordination between the relevant authorities, including between national governments and regional and local authorities, is essential to manage the RRF and to overcome administrative barriers and bureaucracy.

Parliament took note of the provisional political agreement reached between the co-legislators on 10 February 2024 on the reform of the EU economic governance framework, which aims to ensure the effective coordination of economic policies and the sustained **convergence of the economic and social performance** of the Member States.

Parliament's increased role

The resolution advocated for an **increased engagement** of the European Parliament in the European Semester. It underlined that an increase in discretionary power for the Commission in the development process for the medium-term fiscal-structural plans must be accompanied by increased compliance with the rules under the scrutiny of the European Fiscal Board, as well as increased accountability and an increase in the flow of information towards the European Parliament. Members considered that proper accountability would require that the European Parliament have instruments that allow it to apply consequences based on its assessment of the performance of the European Semester, in accordance with the Treaties.