



EU Economic Governance Review

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Webinar for Trade Union representatives from EU Member states

Directorate-General for Economic and Financial Affairs

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Content

- Economic Governance Review: **Motivation** and ongoing **Consultation**
- **Public debate**: state of play
- **Thematic discussions** with Member States: four main themes
- **Next steps**

Economic governance review: motivation

- 2011/2013 economic governance reform (**‘six- and two-pack’**): EU fiscal framework, macroeconomic imbalances procedure, financial assistance
- Commission launched **review** in February 2020
 - Legislation requires a review every five years
 - Economic context had changed since the adoption of the six- and two-pack
 - Public consultation put on hold in order to focus on the COVID-19 pandemic
- Commission **relaunched the debate** in October 2021
 - Pre-pandemic structural challenges are still relevant: ageing, low productivity, stubbornly high debt levels
 - Some challenges have become even more urgent: further increase in debt levels, challenges related to climate and digital transitions

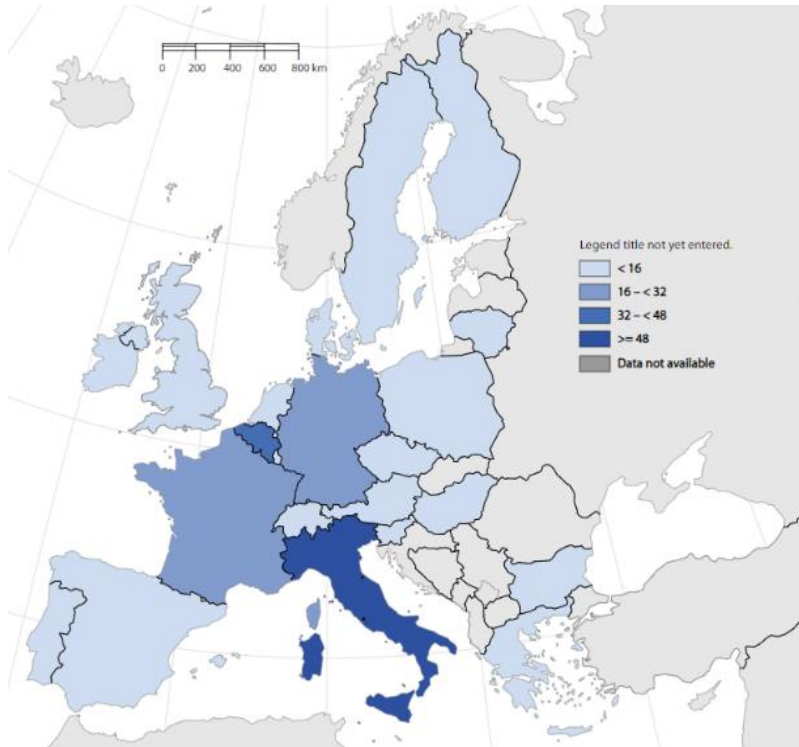
Economic governance review: consultation

- **Public debate** with institutions and stakeholders
 - Dedicated meetings and workshops
 - Online survey closed on 31 December 2021
- Ongoing **thematic discussions with Member States** in appropriate institutional setting (Economic & Financial Committee)
- **Key objective:** build a consensus on the way forward well ahead of the deactivation of the general escape clause at the beginning of 2023

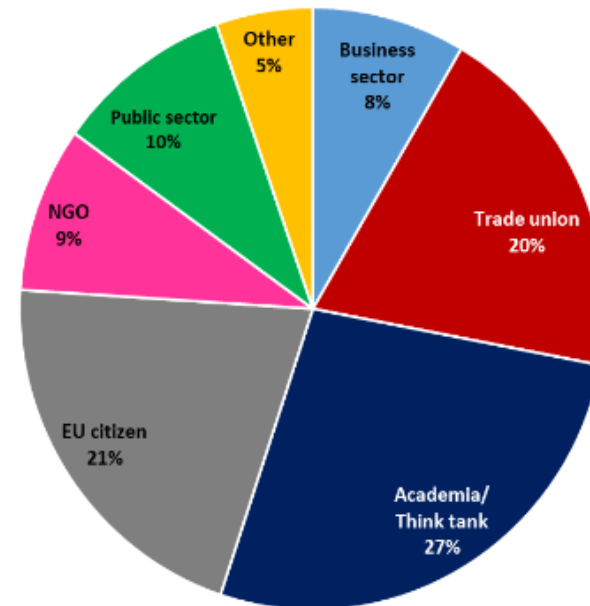
Public Debate: state of play

- **Online survey closed at end 2021** and Commission is now in the process of examining the 225 inputs received

Number of responses by country

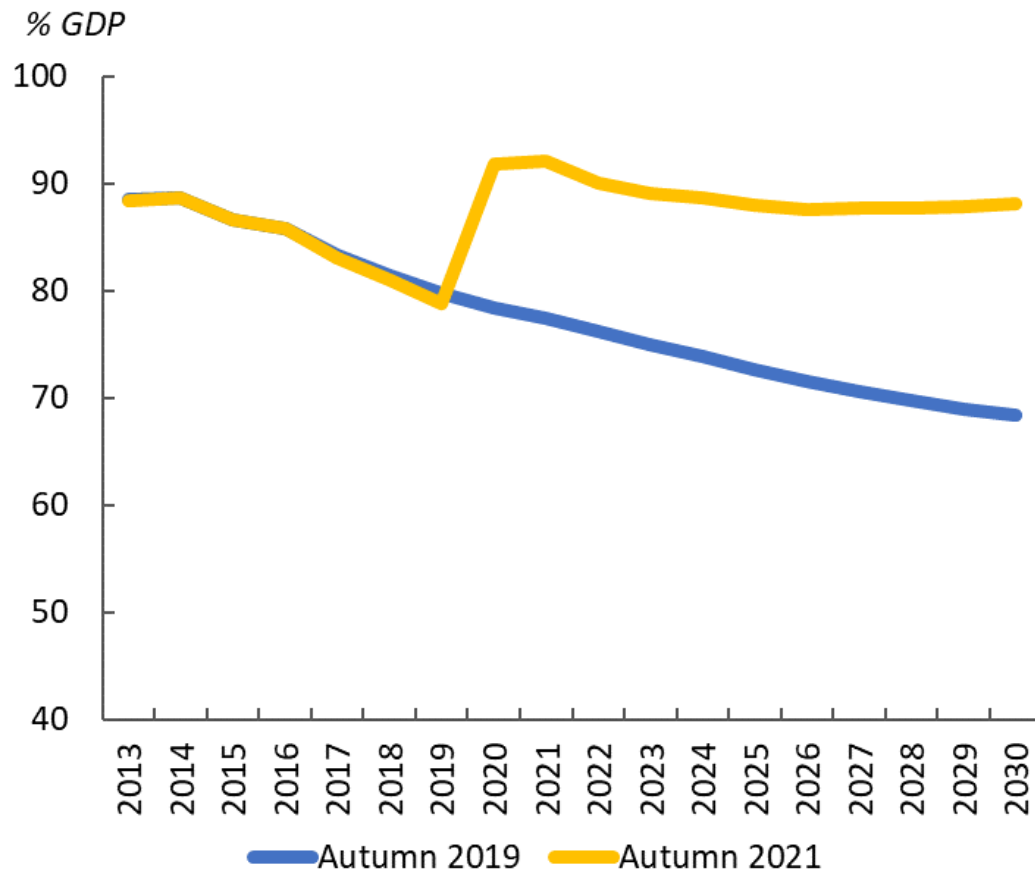


Response rate by affiliation

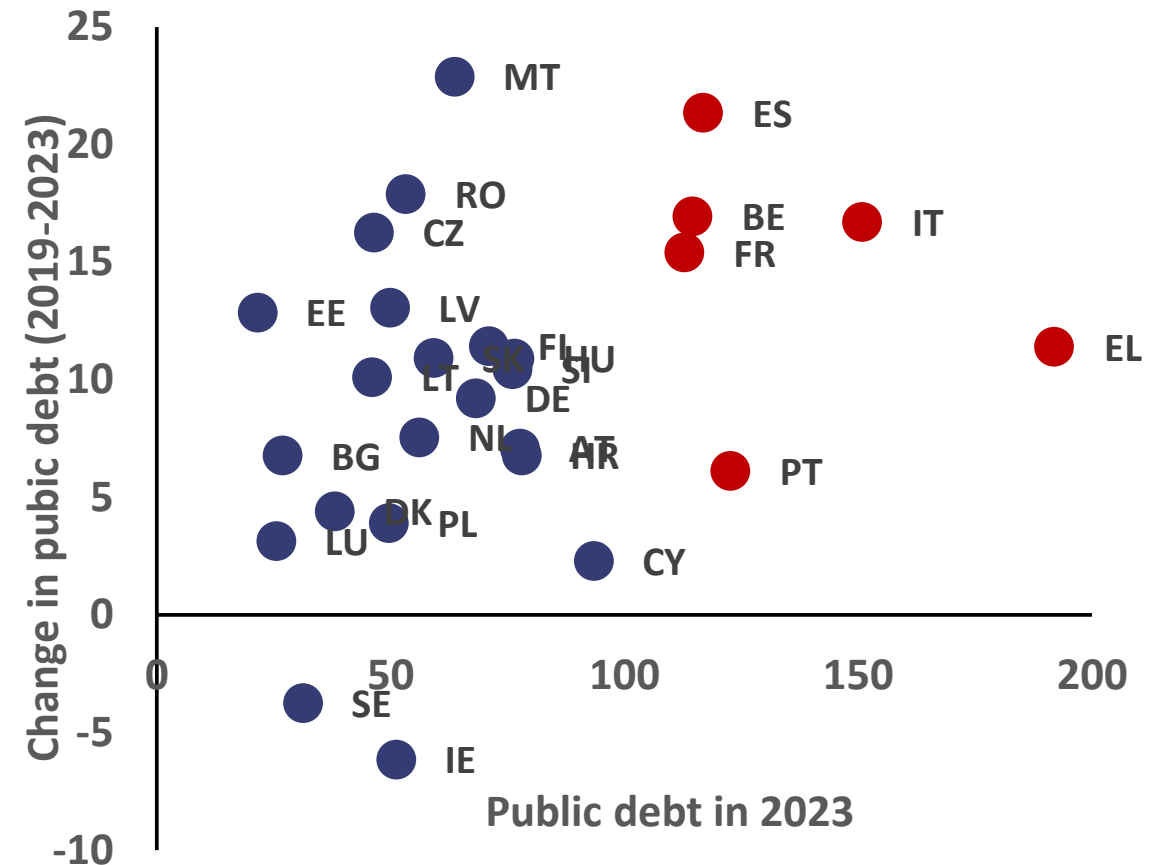


Thematic Discussions: ensuring fiscal sustainability

EU government debt over the medium term, before and after the COVID-19 crisis

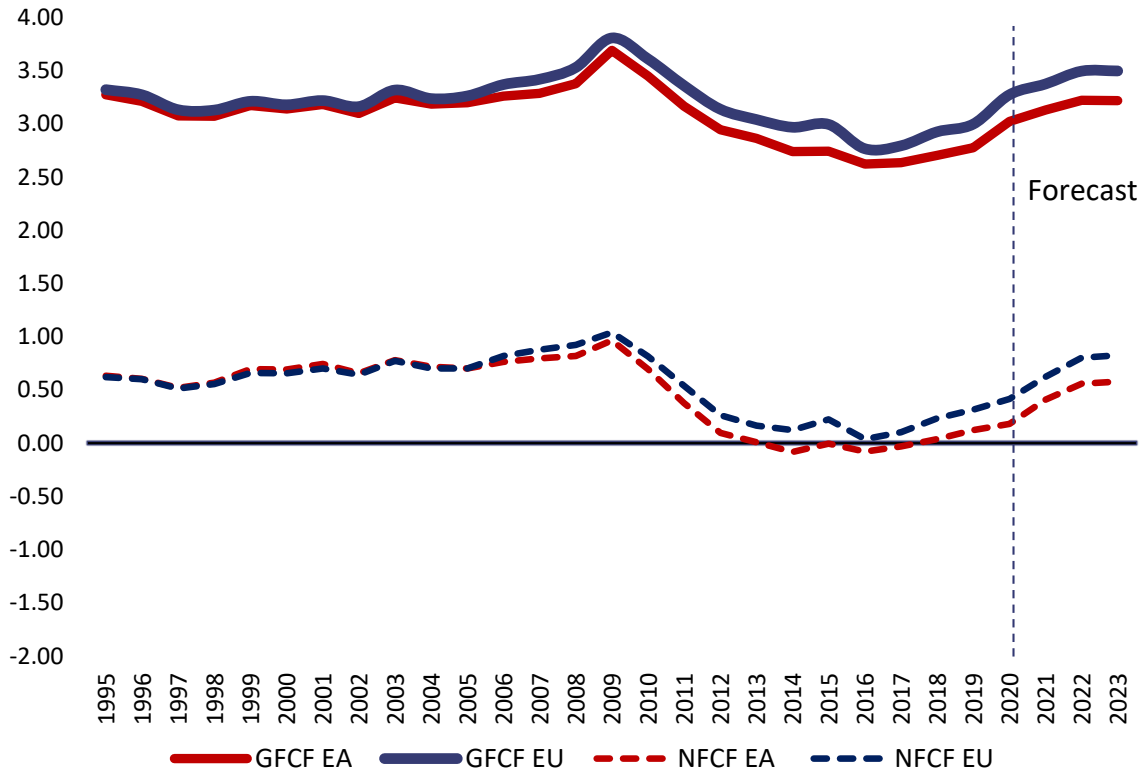


Change in public debt in the EU (2019-2023, % of GDP)

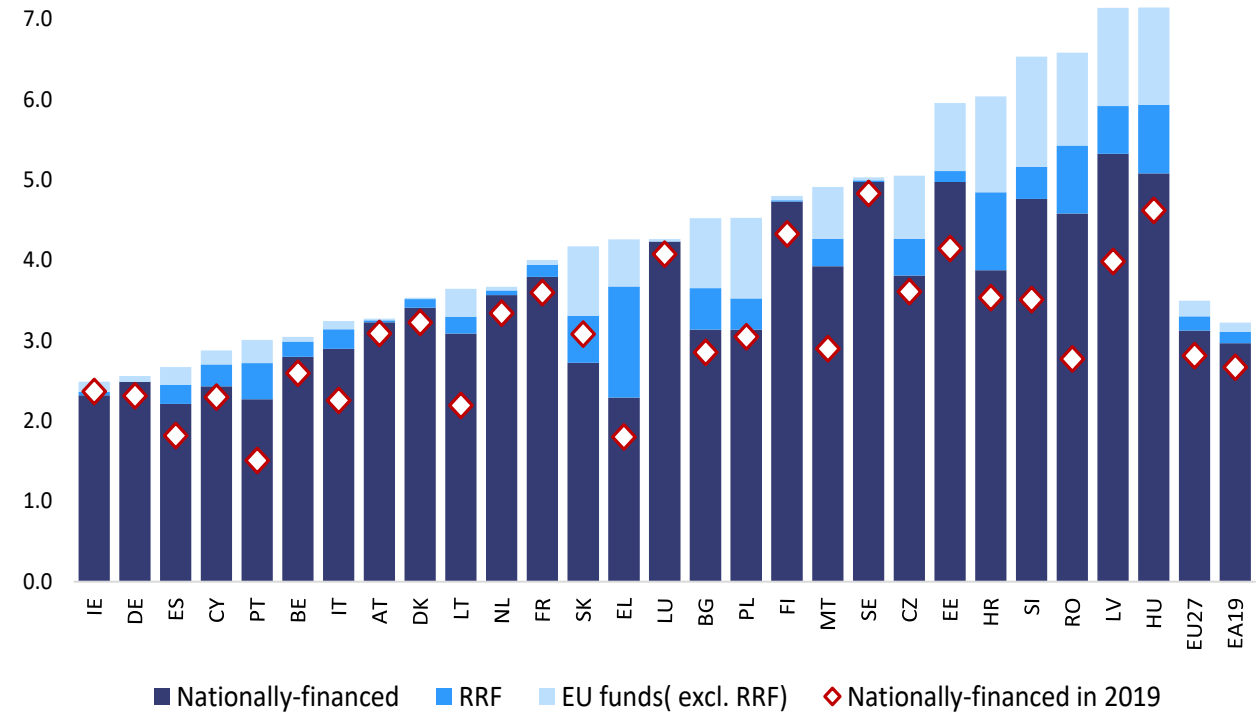


Thematic Discussions: incentivising investment

General government investment in the EU/EA
(1995-2023, % of GDP)



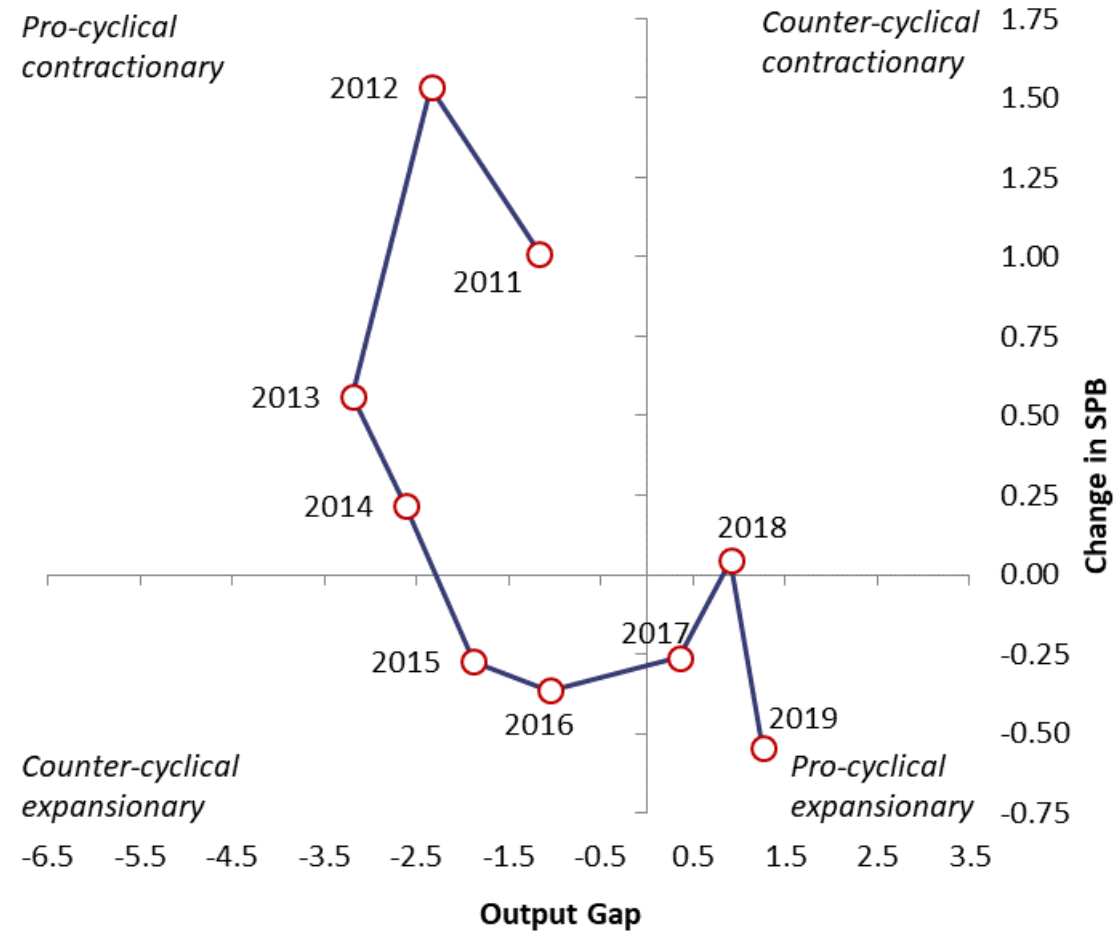
Public investment and source of financing
(2022, % of GDP)



Thematic Discussions: economic stabilisation

Fiscal policy has remained pro-cyclical

Euro area fiscal stance 2011-2019



Thematic Discussions: improving governance and compliance

- **Simplification**

- Multiplicity of benchmarks (DRB – MTO) and indicators (SB-EB)
- Reliance on variables subject to large volatility
- Proliferation of exceptions (escape clauses, flexibility provisions, ad hoc exceptions)

- Strengthening **ownership**: how do EU fiscal rules impact national practices and the domestic policy debates?

- Improving **compliance and enforcement**

- Right balance between EU rules and national frameworks
- Strong national fiscal frameworks and Independent Fiscal Institutions can contribute to an effective economic governance framework

Next steps

- The Commission will present its **proposals on the way forward** when the debate has closed and it has digested the outcomes (around the middle of 2022)
- In the coming weeks (beginning of March), the Commission will provide guidance for fiscal policy for 2023 and the period ahead
 - Facilitate the coordination of fiscal policies and the preparation of Member States' Stability and Convergence Programmes
 - Serve as a bridge during ongoing discussions regarding the economic governance framework
 - Guidance will reflect the EU wide economic situation and the specific situation of each Member State

Thank you



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