WORKING GROUP THE LAUNCH OF THE 2019 EUROPEAN SEMESTER CYCLE

The European Semester for economic policy coordination from a parliamentary perspective

With the participation of EU National Parliaments’ administrations

PROCEEDINGS
Executive summary

This paper gives an overview of the topics discussed during the first Working Group meeting on the launch of the 2019 European Semester cycle, which was organised by the IPOL -Economic Governance Support Unit (EGOV) with the support of the Directorate for Relations with National Parliaments of the European Parliament. This format aims to enhance the co-operation among EU Parliaments administrations on the technical aspects (procedures and underlying tools) of the European Semester process. A first meeting took place in July 2018, during a Summer Seminar.

The working group for EU national parliaments’ staff on the “European Semester for economic policy coordination from a parliamentary perspective” took place on 22 November 2018 in the European Parliament’s premises in Brussels, and brought together 27 officials and parliament’s representatives dealing with the European Semester in the national parliaments of and at the European Parliament. The programme was designed in close cooperation with EU national parliament administrations, with the objective to provide an opportunity to discuss with European Commission services the latest developments.

Main issues presented and discussed in the working group were:

- THE 2019 ANNUAL GROWTH SURVEY (AGS)
- THE 2019 ALERT MECHANISM REPORT (AMR)
- THE DRAFT JOINT EMPLOYMENT REPORT 2019
- THE DRAFT 2019 RECOMMENDATION ON THE ECONOMIC POLICY OF THE EURO AREA
- THE 2018 ANNUAL REPORT by the European Fiscal Board
- FURTHER COOPERATION AND CAPACITY BUILDING

The main outcomes of the working group were to have a better understanding of the Commission proposals to kick-start the 2019 Semester Cycle and take-stock on future co-operations modalities among Parliaments administrations, in view of learning from each other experiences.
Introduction

This Summary of proceedings was prepared by the Economic Governance Support Unit (EGOV) of the European Parliament. EGOV provides in-house expertise to support the European Parliament and its relevant committees and bodies, notably in their scrutiny-related activities on the economic governance and banking union frameworks. The EGOV Unit is part of the Directorate-General for Internal Policies of the Union (DG IPOL).

The Working Group meeting on the launch of the 2019 European Semester cycle took place on 22 November 2018 in the European Parliament’s premises in Brussels, and brought together 27 officials dealing with the European Semester from 18 countries and 23 parliamentary chambers. The following EU countries’ parliaments were represented: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Malta, The Netherlands, Portugal, Spain and Sweden.

The objectives of the work-shop were:

- to strengthen cooperation and capacity building, at administrative level, among the European Parliament and EU national Parliaments, as well as
- to improve the understanding of the European Semester process, through knowledge sharing and exchange of best practices, from both the European and the national perspectives.

The programme was designed in close cooperation with EU national parliament administrations to ensure a timely discussion of the 2019 kick-off of the European Semester in order to bring parliaments closer to the European economic coordination process. As the surveillance of the Member States actions under the Semester is mainly based on the analysis of the European Commission, commission officials gave highly valuable presentations during the work-shop.

The European Semester, set in 2010, consists of an annual cycle of policy guidance, coordination and surveillance of national economic and social policies. The European Semester process has evolved over the years, mainly in view of increasing the political ownership of the decisions taken. Such ownership - at both EU and national levels - is considered as indispensable for the legitimacy and effectiveness of the whole economic governance framework.

The organisers would like to thank the active participation of colleagues from the European Commission services and from the EU national parliaments. During the seminar, participants had also the opportunity to network and provide feedback and ideas for possible follow-up.

Background material, presentations and list of participants is available at:

OPENING OF THE SUMMER SEMINAR

Kajus HAGELSTAM, Wolfgang LEHOFER and Nicolas POND-HUBERT (from the European Parliament services) opened the event and welcomed the participants. They appreciated the possibility to meet on a regular basis, in order to get to know each other better and learn from national experiences. They highlighted also the different roles played by the European Parliament and the national parliaments in the parliamentary perspective of the European Semester process. They outlined that this working group meeting was continuing the process established at the Summer Seminar in July 2018 to add a new dimension to the cooperation among Parliaments administrations, through knowledge sharing and exchange of practices concerning the European Semester.

THE ANNUAL GROWTH SURVEY AND THE LAUNCH OF THE 2019 SEMESTER CYCLE

Marcel Haag (Director SG, European Commission) emphasised the role of the AGS as a package of coherent political priorities aimed at bolstering the current economic trend, while protecting the Union from potential upcoming uncertainties. Issues such as the reduction of the investment gap, as well as exploiting the favourable growth momentum to build up fiscal buffers, are integral part of this strategy.

The survey is the result of an evidence-based economic and social analysis bringing together in-depth technical country knowledge tailored for each country’s situation. Also, this European Semester package is the first ever to cover 28 Member States, after Greece left the adjustment program earlier this year.

THE 2019 ALERT MECHANISM REPORT

Jonas Fischer (Head of Sector, DG ECFIN, European Commission) firstly explained the process of the Macroeconomic Imbalance Procedure (MIP) including the role of the In-depth-reviews (IDRs), recommendations, monitoring and enforcement. He then focused on the 2019 Alert Mechanism Report, which is ‘based around an economic reading of a scoreboard of indicators with thresholds’. He also presented the macroeconomic context and the short-term and medium-term risks, with the help of several graphs showing the development of various indicators of the scoreboard, such as current account balances, unit labour costs, private debt, house prices, Non-Performing-Loans and government debt.


THE DRAFT EMPLOYMENT REPORT

Jeroen Jutte (Head of Unit EMPL, European Commission), presented the draft Joint Employment Report, which monitors Member States’ performance relative to the European Pillar of Social Rights and provides guidelines regarding the labour market.

He highlighted the positive developments of the euro area, such as record levels of employments and job creation, converging and increasing household income, and poverty reduction. But he also emphasised the challenges that lay ahead in 2019, and presented the main points that were raised by the report.

- GDP is outgrowing household income, and productivity gains are skewed towards capital.
- Digital and demographic changes. The rapid rise of the gig economy, which provides no pensions and social security guarantees, calls for regulation and analysis. An aging population furthermore requires women and elderly to reenter the labour force.
- Low-skilled workers face higher unemployment than high- or medium-skilled workers do. A higher level of educational attainment is necessary.
- Non-EU citizens and labour market segmentation.

Mr. Jutte discussed then the “Social scoreboard”, which consists of a number social indicators and shows Member States progress. Although almost all indicators scored better than in the previous year, many countries still face critical situations. The most important aim of the social scoreboard is to make a fair and balanced assessment of existing problems, which recommendations can be based on.


COMMISSION’S DRAFT 2019 RECOMMENDATIONS FOR THE EURO AREA

Zenin Kontolemis (Deputy Head of Unit, DG ECFIN, European Commission) presented the main objectives of the Commission’s draft 2019 recommendations for the euro area. The draft recommendations cover 5 areas, which he explained in turn.

- Growth, resilience and rebalancing: Although growth has been positive for six consecutive years, the economy has lost potential growth capacity during the crisis, and reforms to boost productivity and investment are necessary. In this respect the deepening of the Single Market is also relevant.
• Fiscal policy: Further rebuilding of fiscal buffers, fiscal consolidation and a decline in structural deficits are all important for increasing the resilience of the euro area. These steps should be undertaken in a growth-friendly way, without cut-backs on investment. The forecast predicts that the euro area fiscal stance will be slightly more expansionary in 2019.

• Labour market policy: The recommendations come with three main messages: shifting taxes away from labour, addressing labour market segmentation, and improving social protection systems.

• Strengthening of the financial sector: The main emphasis of the recommendations is on decreasing NPLs and increasing capital buffers. Adopt the banking package, including setting-up a European Deposit Insurances Scheme and a backstop to the Single Resolution Fund.

• Deepening of the EMU, including completing the architecture of the financial sector and make progress on the Commission proposals related to the Multiannual Financial Framework.


THE 2018 ANNUAL REPORT BY THE EUROPEAN FISCAL BOARD

Eloise Orseau, from the Secretariat of the EFB, gave a broad overview of the 2018 Annual Report content, highlighting the implementation of the Stability and Growth Pact. In 2017, the Euro Area and the EU performed markedly better than the forecasts suggested in terms of GDP growth. On the aggregate level, the fiscal stance of the Euro Area was appropriate, while several countries did not exploit the favourable conditions to reduce the stock of debt, as well as create fiscal buffers. She also presented the role of independent fiscal institutions in the 2017 fiscal surveillance cycle in 9 countries. Finally, she informed about the proposal to simplify the SGP rules in the future, as included in the EFB Annual Report.


SESSIONS AMONG NATIONAL PARLIAMENT AND EUROPEAN PARLIAMENT ADMINISTRATIONS

Participants discussed the proposal to launch a pilot project among a set of interested colleagues from national parliaments, to take stock of the practical arrangements in national parliaments relating to the European Semester process, in view to enhance the common understanding of the parliamentary dimension. The EP services will prepare some outlines for these potential activities for further consultation. Further staff level working group meetings may be organised during 2019 Semester Cycle, including a summer event in July 2019.

THE ORGANIZERS WARMLY THANK ALL PARTICIPANTS AND SPEAKERS, AND HOPE TO COOPERATE AGAIN AND MEET IN FUTURE EVENTS!
Programme of the seminar

The launch of the 2019 Semester Cycle (sessions together with European Commission services)

10.00-10.15
WELCOME AND INTRODUCTION
• (Kajus Hagelstam, Wolfgang Lehofer and Nicolas Pond-Hubert)

10.15-11.00
THE ANNUAL GROWTH SURVEY AND THE LAUNCH OF THE 2019 SEMESTER CYCLE
• Chair: Kajus Hagelstam
• Presentation by Marcel Haag, Director, SG, European Commission
• Exchange of views

11.00 - 11.45
THE 2019 ALERT MECHANISM REPORT
• Chair: Alice Zoppè, EGOV
• Presentation by Jonas Fischer, Head of Sector, DG ECFIN, European Commission
• Exchange of views

11.45-12.30
THE DRAFT EMPLOYMENT REPORT
• Chair: Wolfgang Lehofer, EGOV
• Presentation by Jeroen Jutte, Head of Unit, DG EMPL, European Commission
• Exchange of views

Lunch break

13.30 - 14.15
COMMISSION’S DRAFT 2019 RECOMMENDATIONS FOR THE EURO AREA
• Chair: Cristina Dias, EGOV
• Presentation by Zenon Kontolemis, Deputy Head of Unit, DG ECFIN, European Commission
• Exchange of views

14.15 - 15.00
THE 2018 ANNUAL REPORT BY THE EUROPEAN FISCAL BOARD
• Chair: Jost Angerer, EGOV
• Presentation by Eloïse Orseau, SG, European Commission
• Exchange of views

Sessions among National parliament and European Parliament administrations

15.00 - 15.30
• Pilot project: parliamentary involvement in the various stages of the Semester

15.30 - 16.00
• Follow-up, upcoming events and conclusions
List of participants from EU national parliaments

**BELGIQUE / BELGIË / BELGIUM**

Chambre des représentants / Kamer van Volksvertegenwoordigers

Mr Dries BERGEN, Official of National Parliament

Sénat / Senaat

Mr Roeland JANSOONE, Official of National Parliament, Flemish Parliament

Mr Pierre-André RIXHON, Official of National Parliament, Parliament of Wallonia

**ČESKÁ REPUBLIKA / CZECH REPUBLIC**

Poslanecká sněmovna / Chamber of Deputies

Ms Dasa SMETANKOVA, Official of National Parliament

Senát / Senate

Ms Dita VOLESKA, Official of National Parliament

Ms Eva TETOUROVA, National parliament representative (based in Brussels)

**DANMARK / DENMARK**

Folketinget

Mr Martin JØRGENSEN, Official of National Parliament

**DEUTSCHLAND / GERMANY**

Bundestag

Ms Vesna POPOVIC, National parliament representative (based in Brussels)

**ΕΛΛΑΔΑ / GREECE**

Βουλή των Ελλήνων / Hellenic Parliament

Ms Evangelia SPANOUĐAKI, Official of National Parliament

Ms Eleni SIANNA, National Parliament representative (based in Brussels)

**EIRE / IRELAND**

Dáil Éireann / House of Representatives

Ms Michelle GRANT, Official of National Parliament

Ms Cait Hayes, National parliament representative (based in Brussels)

**ΕΣΠΑΝΙΑ / SPAIN**

Congreso de los diputados / Congress of Deputies

Ms Mónica MORENO FERNÁNDEZ-SANTÁ CRUZ, Official of National Parliament

Senado / Senate

Ms Maria Teresa GONZÁLEZ ESCUDERO, Official of National Parliament

**ITALIA / THE ITALIAN REPUBLIC**

Camera dei Deputati / Chamber of Deputies

Ms Maria SCHININA, National Parliament representative (based in Brussels)

Senato della Repubblica

Ms Beatrice GIANANI, National Parliament representative (based in Brussels)

**LIETUVA / LITHUANIA**

Seimas

Ms Rasa Ona DUBURAITE, Official of National Parliament

**FRANCE / THE FRENCH REPUBLIC**

Assemblée nationale

Mr Séverin SCHNEPP, Official of National Parliament

Mr Pierre BOSSE, National parliament representative (based in Brussels)

**MAGYARORSZÁG / HUNGARY**

Országgyűlés / National Assembly

Mr Csaba HUSZÁR, National Parliament representative (based in Brussels)
MALTA
Kamra tad-Deputati / House of Representatives
Ms. Rodianne SPITERI, National Parliament representative
(based in Brussels)

NEDERLAND / THE NETHERLANDS
Eerste Kamer / Senate
Tweede Kamer / House of Representatives
Ms. Wietske BOSKMA, National Parliament representative
(based in Brussels)

ÖSTERREICH / AUSTRIA
Nationalrat
Mr. Petra GSCHIEL, Official of National Parliament

PORTUGAL / THE PORTUGUESE REPUBLIC
Assembleia da República
Mr. Bruno Alexandre DIAS PINHEIRO, Official of National Parliament

SUOMI / FINLAND
Eduskunta
Ms. Tiia TAKALO, National Parliament representative (based in Brussels)

SVERIGE / SWEDEN
Riksdagen
Mr. Jakob NYSTRÖM, Official of National Parliament