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Basic information		
INI - Own-initiative procedure	<a href="#">2023/2063(INI)</a>	Procedure completed
European Semester for economic policy coordination 2024		
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 <a href="#">Economic and Monetary Affairs</a>	 <a href="#">REPASI René</a>	30/05/2023
		Shadow rapporteur	
		 <a href="#">STAVROU Eleni</a>	
		 <a href="#">HLAVÁČEK Martin</a>	
		 <a href="#">PETER-HANSEN Kira</a>	
		<a href="#">Marie</a>	
		 <a href="#">JURZYCA Eugen</a>	
		 <a href="#">GUSMÃO José</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	 <a href="#">Budgets</a> (Associated committee)	 <a href="#">MARQUES Margarida</a>	19/12/2023
European Commission	Commission DG <a href="#">Economic and Financial Affairs</a>	Commissioner GENTILONI Paolo	

Key events			
11/05/2023	Committee referral announced in Parliament		
11/05/2023	Referral to associated committees announced in Parliament		
22/02/2024	Vote in committee		

28/02/2024	Committee report tabled for plenary	<a href="#">A9-0063/2024</a>	Summary
13/03/2024	Results of vote in Parliament		
13/03/2024	Debate in Parliament		
13/03/2024	Decision by Parliament	<a href="#">T9-0156/2024</a>	Summary

### Technical information

Procedure reference	2023/2063(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55; Rules of Procedure EP 57_o
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/11759

### Documentation gateway

Committee draft report		<a href="#">PE757.014</a>	04/12/2023	EP	
Amendments tabled in committee		<a href="#">PE757.857</a>	14/12/2023	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE756.095</a>	15/02/2024	EP	
Committee report tabled for plenary, single reading		<a href="#">A9-0063/2024</a>	28/02/2024	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T9-0156/2024</a>	13/03/2024	EP	Summary

## European Semester for economic policy coordination 2024

The Committee on Economic and Monetary Affairs adopted the own-initiative report by René REPASI (S&D, DE) on the European Semester for economic policy coordination 2024.

According to the Commissions 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 report 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 report 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.

Furthermore, Members stressed that both government revenues and government spending are essential to guarantee the sustainability of public finances. In this regard, they called on the Member States to take action to tackle tax fraud, tax avoidance, tax evasion and money laundering.

### European Semester and the Recovery and Resilience Facility (RRF)

The report called for stronger national ownership in the European Semester by the Member States, for example through their local and regional authorities.

Members share 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. The Commission is called on to link the CSRs more closely to the respective country reports. 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 report 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 report 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.

The report stressed that providing for the necessary level of public investment is crucial to achieve the main objectives of the reform of the economic governance framework and to address the current and future priorities of the Union. Members are concerned that some Member States will not have the financial capacity to finance the just green and digital transitions on their own.

#### Parliaments increased role

Members emphasised the role of the European Parliament in the EUs economic governance framework and advocates for an increased engagement of the European Parliament in the European Semester. They 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. They consider 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.

## European Semester for economic policy coordination 2024

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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 Commissions 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 EUs ability to cope with existing challenges, including the just green and digital transitions, and they will increase the EUs 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 Commissions 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.

#### Parliaments 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.