Country-specific recommendations 2015 - Speaking points of Vice-President Dombrovskis

Brussels, 13 May 2015

Today, we are presenting the first set of Country Specific Recommendations under the President Juncker Commission.

The European Semester, including country specific recommendations, is the main economic policy coordination mechanism in the European Union.

In June, country specific recommendations, which the Commission adopted today, will be discussed by different EU Council formations in time for endorsement by the European Council on 25-26 June and for final and formal adoption in the ECOFIN Council.

As Vice-President responsible for steering this process, I consider it important to increase the ownership of reforms in order to improve their rate of implementation.

We are supporting this process through stronger engagement and focus.

First, on engagement: one of the main novelties this year is to present our economic analysis in 'country reports' three months earlier than in the past. This has given more time for extensive dialogue with governments, parliaments and social partners across the EU before deciding and publishing today's recommendations.

Myself and my fellow Commissioners have used this time to visit Member States and engage in discussions, taking their contributions into account. As a result of this consultation process, we are increasingly seeing that Member States see their fiscal and macro-economic policies as an issue of common concern. We aim to continue visits to Member States and visit all Member States in the context of the European Semester.

Second, on focus: Today's recommendations aim to have a real impact on national policies. They focus on fewer and more specific macro-economic and social priorities than was the case in the past. They are tailored to each country's challenges.

To put it simply, if everything is priority, then nothing is a priority at the end of the day. It is therefore very important to focus our recommendations.

Our spring economic forecast shows an improvement in the European economic recovery. However, this is largely due to a number of temporary and external factors: low oil prices, steady global growth, the accommodative monetary policy of the European Central Bank and a weaker euro.

It is important that countries keep the reform momentum to ensure that this recovery is not just a temporary phenomenon.

Many Member States still face major challenges - from high public and private debt to low productivity and lack of investment. The result is high unemployment and worsening social conditions.

The Commission's response to address these challenges is set out in the Annual Growth Survey. It is based on three priorities: boosting investment, accelerating structural reforms and pursuing fiscal responsibility.

These three priorities are reflected in today's country-specific recommendations.

On investment, we are recommending that Member States improve access to finance, increase the efficiency of public administration and create a business-friendly environment. The Commission is also playing its part with the 315 billion euro Investment Plan for Europe.

On structural reforms, we are recommending reforms in product, services and labour markets to raise competitiveness and investment. This requires, for instance, reducing the tax burden on labour, improving labour market policies; matching education and training with the evolving labour market; increasing competition in services.

On fiscal responsibility, recommendations have been addressed to most Member States. There can be no lasting economic growth without sound public finances. A major challenge in some countries remains the need to improve the efficiency of tax systems, such as broadening the tax base and
fighting tax evasion. Recommendations also take into account the effects of an ageing population on public services and public finances.

Besides issuing country specific recommendations, we have also issued recommendations on the Euro Area. As in previous years, we are addressing a set of recommendations collectively to euro-area Member States. These recommendations are particularly important for a well-functioning Economic and Monetary Union.

Euro area countries should put particular emphasis on:

- implementing structural reforms to correct their imbalances and support investment;
- coordinating their fiscal policies to improve the quality and sustainability of public finances and with a view to the appropriate euro area fiscal stance;
- making the Banking Union fully operational and expand financing options for companies, particularly for SMEs, lessening the dependence on banks.
- And, taking forward work on deepening the Economic and Monetary Union.

Today, the Commission also decided on future steps under the Stability and Growth Pact and Macroeconomic Imbalances Procedure. We recommend closing the Excessive Deficit Procedure for Malta and Poland. We recommend the UK corrects its excessive deficit by 2016-2017. The Commission also prepared a report on Finland on its breach of the deficit and debt criteria of the EU Treaty.

Pierre will explain these decisions in more detail.

This is the fifth year of the European Semester. It has been instrumental in supporting urgently needed economic reforms during and in the aftermath of the crisis.

But it can do more. Today, just over half of the country-specific recommendations, 55% to be precise, have made at least "some" progress on implementation. This does not mean no progress, but it does mean Member States should step up their reform effort.

Our new approach of engagement, focus and streamlining the European Semester is designed to make this happen.

This year, we have strengthened social and employment dimension of the Semester and therefore, I pass floor to Marianne who can elaborate on this further.