

Macroeconomic dialogue with the social partners, 6 November 2017

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The Council presidency, the European Central Bank and the European Commission met with European social partners on 6 November 2017 to discuss the **macroeconomic outlook** and the further development of the EU's **economic and monetary union** (EMU).

In his opening statement, **Toomas Tõniste, minister for finance of Estonia and president of the Council** said: "Today's discussion with the social partners was constructive and fruitful. The dialogue is valuable, in particular in the light of the current economic outlook which is positive but at the same time poses challenges, such as continued high levels of youth unemployment. Our continued cooperation is necessary to reach our common goal: a strong European financial architecture that fosters economic growth."

Commission vice-president Valdis Dombrovskis said: "Economic activity in the EU and the euro area is surpassing expectations. But we still have persistent economic and social divergences and the recovery is not felt equally by all European citizens. We are working towards sustainable and inclusive growth and to restart real convergence, where the social partners have an important role to play."

European Trade Union Confederation (ETUC) general secretary Luca Visentini commented: "We welcome tentative improvements in employment rates but there is still nevertheless not enough work to go around, as shown by the significant slack in labour markets. Strong measures are still needed to boost a recovery which is rich in terms of quality job creation. The role of the macroeconomic dialogue is to consider the recent positive developments in the EU/EMU economic situation, but at the same time to take into account the lack of improvement in terms of full-time equivalent employment rates and labour market participation. More equality and social rebalancing have to be included in the 'Deepening the EMU' package to be published in December, and new tools for investment and social justice have to be foreseen in the European Semester and economic governance."

Speaking on behalf of the Confederation of European Business, **BusinessEurope, director general Markus J. Beyrer** commented: "Businesses across the EU are benefiting from a strengthening EU economy. Our latest forecast for EU growth of 2.3% in 2017 is 0.4 percentage points higher than we expected in the

spring, with 2.1% growth expected in 2018. However, with the recovery supported by temporary factors, further reforms at both national and EU level are required to raise long-term growth.”

For the CEEP, the **European Centre of Employers and Enterprises providing Public Services**, general secretary **Valeria Ronzitti** said: “The European economy needs a strong impetus. After years of crisis we finally see positive signs of stabilisation for growth and on the employment front. However, this is not enough as we need to reinforce the architecture of the economic and monetary union. The first priority remains the banking union, the flagship initiative to deepen the EMU for which we call for swift adoption by the co-legislators. Then we need to ensure that our institutions are ready to enable upward convergence and structural reforms that are both economically and socially fair. The European Semester, empowered by the pillar of social rights, and a real dedication to investment in social infrastructures are the main tools to accomplish our common objectives.”

Speaking on behalf of Europe’s SMEs, **European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)** secretary general **Veronique Willems** agreed with the need for a further deepening of the monetary union and asked “for a better involvement of social partners in the governance process to create ownership of reforms”. On fiscal rules she asks “for a quality approach, which supports structural reforms and investment in future growth and not only focusing on quantitative data” . Finally, on a financial stabilisation function, Ms Willems doubts “that such a project will get the political support before reaching more convergence between member states” and insisted “that such an instrument has to be conditional on the implementation of jointly agreed reforms in order to avoid moral hazard”.

For the future **Bulgarian presidency** (January to June 2018), **minister for finance Vladislav Goranov** remarked: “The European economy has continued its recovery which is expected to continue at a largely steady pace in the next year. However, policy uncertainty remains high and some imbalances and vulnerabilities persist. Therefore, more ambitious implementation of structural reforms is needed to complement the impact of fiscal initiatives in order to ensure that growth strengthens in a sustainable and inclusive way. The benign economic and political circumstances provide a favourable window of opportunity to take steps necessary for deepening and completing the economic and monetary union. All EU member states and beyond will benefit from a reformed and more stable euro area that can endure crises and that generates healthy economic growth.”

For the future **Austrian presidency** (July to December 2018), **minister for finance Hans Jörg Schelling** remarked: “The macroeconomic dialogue is an important forum for exchanging views between those responsible for monetary, fiscal and wage policies with the aim of fostering a common understanding of current challenges and adequate policy reactions – not least for laying the ground for high growth and employment. As conditions are favourable right now, we have to push our economies towards more resilient and forward-looking structures via bold structural reforms and sustainable public finance. That would drive convergence and automatically feed into a better-functioning EMU. Against this background, implementing the agreed rules and switching from

cleaning up to an ambitious 'reform mode' is essential. For this, we do not need a fiscal capacity at European level. For this, we need political commitment and adequate incentives to reform.”

The next macroeconomic dialogue will be organised under the Bulgarian presidency.

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