[Opening remarks by Vice-President Dombrovskis on the European Semester Winter Package]

Good afternoon everybody,

Our college meeting has just finished and we are of course here to talk about the European Semester Winter Package. But before going there let me outline three other agenda points we discussed today.

First, President Juncker is just back from the first European Union-League of Arab States Summit, which took place last Sunday and Monday and he debriefed us on the interesting sessions he participated in and on conversations held during the summit.

Secondly, we have decided to register a European Citizen's Initiative. Without analysing the substance itself, we found it is legally admissible. This is a European Citizen's Initiative, which calls for a common EU framework to ensure the right to inclusive education for children and adults with disabilities. And its title is "Europe Cares: Inclusive Quality Education for Children with Disabilities".

And thirdly, we have adopted practical guidelines for Commission staff who wish to participate in this year's European Election Campaign. These guidelines are based on the existing rules of our staff regulations and they complement the guidelines for College members, which we adopted earlier this month.

More information on the citizen's initiative and staff guidelines have been published in the meantime, if you are looking for more details.

And now let me move to the European Semester.

Europe's economy is in its seventh year of uninterrupted growth.

Employment is at record highs. Unemployment has fallen to record laws.

So we see that overall, our strategy of three economic policy priorities – boosting investment, pursuing structural reforms, and fiscal responsibility – has paid off.

Yet growth is moderating and external risks are mounting. The economies of emerging markets, including China's, have been slowing down, while global trade tensions are on the rise.

There are also domestic reasons. Incomplete structural reforms have held back growth in some EU countries, stopping them from fully reaping the gains of the economic growth.

It is worrying that some countries with high debt levels have not used good times to build up fiscal buffers.

Many unresolved structural issues continue to hamper productivity growth. There are still too many barriers to investment.

And while overall Europe’s financial sector is in better shape, pockets of weakness persist in the banking sectors of some EU countries.

Our country reports also address social developments and challenges in Member States and Marianne will talk more on this.

How this slowdown of economic growth affects us will depend on what policies we pursue. We need effective reforms, well-targeted investments and responsible fiscal policies to ensure the resilience of our economies and lasting prosperity for our people.

How to support reforms and investment for the sake of competiveness and convergence is also part of the discussions on the euro area budget instrument. We do think that there is a possibility of amending our current proposal on the Reform Delivery Tool to serve this purpose. But of course any instrument should preserve incentives to reform.

Well-targeted investment and growth-enhancing spending on Research and Development, education and innovation are indeed crucial to boost productivity. This is why we are strengthening the link between the use of EU funds for next multiannual financial framework 2021-2027 and the coordination of economic policies. Our Country Reports identify priority areas for public and private investment in the Member States, providing the analytical basis for the new programming of cohesion policy funds.

Sustaining reform momentum is not easy. Reforms often require strong political will to confront vested interests.

They also require administrative capacity and technical know-how.

That’s why we set up the Structural Reform Support Service.

Today, the College has adopted the 2019 Work Programme for the Service, which will allow us to support the design and implementation of more than 260 new reform projects in 26 Member States.

This will bring the total number of projects handled by the Structural Reform Support Service to over 760 – an impressive achievement given the service was established only 3 and a half years ago.

Dear Colleagues,

Let me now turn to the Macro-economic Imbalances Procedure:

The country reports also include in-depth reviews for 13 countries. And our conclusion is that 10 countries experience imbalances. These are: Bulgaria, Croatia, Ireland, France, Germany, The Netherlands, Portugal, Romania, Spain, and Sweden.

Let me just briefly mention some of those country cases.

Romania, a country that exited the Macroeconomic Imbalances Procedure some time ago, is again experiencing imbalances. These relate to losses in competitiveness and a widening current account deficit in the context of expansionary and procyclical fiscal policy and weakening reform implementation.

For Croatia, while still experiencing imbalances, these are no longer assessed as ‘excessive’. This is good news for Croatia, in particular in light of preparations for participation in ERM II and, eventually, euro area membership.

Three countries – Cyprus, Greece and Italy – experience ‘excessive imbalances’.

Let me say a few words about Italy. We remain concerned that the public debt ratio is not expected to decline in the coming years, due to the weak economic outlook and the government’s fiscal plans. Broadly speaking, reform momentum has stalled. There have even been some reversals in the context of the 2019 budget, notably in pension reform.

The Commission will therefore remain vigilant and closely monitor developments in Italy. In our Spring package we will assess policy steps and commitments to address imbalances, in particular the level of ambition of the National Reform Programme.

Finally, today we have also adopted a second report under Enhanced Surveillance for Greece. The conclusion is that while Greece has made considerable progress implementing its specific reform commitments, the pace of some reforms has been slow and has led to delays in related key reforms.

Greece faces the important task of restoring its banking sector to robust health.

There is no way around it.

Healthy and robust banks are needed to finance the real economy, companies and households alike.

The liquidity situation of Greek banks has improved and the reduction of non-performing loans has continued. But this needs to be built upon. It is important that the direction of travel is not changed.

In this context, a proposal of the Greek authorities for a new system of protection of primary residences raises concern. We fully share the objective of the Greek authorities to protect the most vulnerable households. However, currently, the legislative proposal has a large number of design and technical details, which need to be settled so as to ensure that the scheme is genuinely temporary, properly targeted, and can be operational in the near future and improves the payment culture in Greece by not protecting strategic defaulters.

I will stop here. Thank you and I will now pass the floor to Pierre.