

Macroeconomic dialogue with the social partners on 13 May 2024

The Council presidency, the European Central Bank and the European Commission met European social partners today to discuss recent developments of the economic situation, as well as a thematic topic chosen by the presidency: “strengthening the economic base: challenges and opportunities.

European households and businesses have faced various economic challenges over the last couple of years, deteriorating European competitiveness and increasing the gap with major global players. It’s clear that urgent action is needed, where we focus on sustainable solutions to build a resilient and competitive economy for the future. A competitive single market is, after all, the pride of our Union. We need to ensure its successfulness by deepening its function both in theory and in practice. This will require our political courage, with tackling the productivity growth gap at the heart of its action.

The Macroeconomic Dialogue at the political level has laid a fruitful foundation for the work ahead. For the next legislature it will be crucial to prioritise measures that enhance productivity across industries, starting with skills and knowledge sharing to bridge the knowledge gap. By fostering innovation, investing in skills development, improving our market attractiveness, facilitating green and digital transition in both public and private sectors, the EU can reposition itself as a global leader.

Vincent Van Peteghem, Deputy Prime Minister and Minister of Finance of Belgium, which currently holds the presidency of the Council

While economic growth is set to improve this year and next, our future growth is limited by labour and skills shortages as well as subdued investment. This highlights the importance of working together to boost the EU’s competitiveness and resilience, and of promoting innovation and industry. While the single market is one of Europe’s greatest achievements, it remains fragmented as a result of diverse tax rules, different regulatory and supervisory approaches, and insufficient spending on common priorities. For example: if Europe is to create and retain innovation, we must make access to risk capital as easy as it is in the United States. The next steps to take for deepening the single market will be complex and require political courage. They also need to be fair for all Member States, regions and workers. We have done a lot over the past years to secure the EU’s continued prosperity, but there is still work to do. The report by Enrico Letta, as well as the forthcoming one from Mario Draghi, bring a sense of urgency as well as specific proposals to build on. They set the scene for the next institutional mandate, so that we can look forward to the next five years with renewed ambition and working closely with social partners.

Valdis Dombrovskis, Executive Vice-President, European Commission

The macroeconomic dialogue discussion today was most useful and timely. Ministers are already fully engaged in planning for budgets for 2025 so it was great to have the opportunity to hear directly from the social partners. The euro area economy has been resilient despite multiple challenges. In particular, the labour market has been a real source of strength so it was opportune to hear the perspectives from both employee groups and employers. We have made huge progress in bringing down inflation and there are good prospects for growth picking-up in the second half of the year but we also need to bring borrowing levels down further. The special focus on competitiveness and ways to bridge the knowledge gap is particularly welcome and timely as the Eurogroup is also actively engaged in looking at these issues as part of its work on euro area competitiveness.

Paschal Donohoe, President of the Eurogroup

Shaping our economic and monetary policy to deliver quality jobs requires decisive action to channel and mobilise investment. To address the defining challenges of our time, the EU must equip itself with a permanent investment instrument that measures up.

Working people are facing a social justice emergency in which their real incomes have fallen while corporate profits have soared. To restore trust in the European project, our institutions must tax excess wealth and windfall profits. There can also be no more blank cheques to corporations and strong social conditionality is needed to make sure every cent of public money is leveraged to maintain and create quality jobs.

Esther Lynch, General Secretary of the European Trade Union Confederation (ETUC)

2023 was the seventh time in the last ten years that US growth has exceeded that in the EU. Strengthening Europe's competitiveness must be at the forefront of the next political cycle, with a reboot of European policies vital to tackling structural weaknesses. Only through strengthening its economy and improving its attractiveness as an investment location will the EU be able to play a strong role in a changing world and to achieve its environmental and social goals in the coming years.

Markus J. Beyrer, Director General of BusinessEurope

European productivity growth has remained subdued, and, since the sovereign debt crisis, public investment has been weaker compared with the US. To address our competitiveness and productivity gap, the Single Market must respond to labour and skills shortages in all enterprises of services of general interest, which currently prevent them from fully engaging in their transformation and modernisation. We need to ensure that future legislation supports SGIs and provides clear instructions and guidance to help them understand new regulatory requirements, making it easier for them to operate within the Single Market.

Public investment plays a pivotal role in our quest to improve productivity gains. It's crucial that the new economic governance lives up to its promise of balancing debt sustainability, investments, and structural reforms. We urge member states to ensure they include well-designed and well-planned public investments in their medium-term fiscal structural plans to address, despite the pressure of higher interest rates, the consequences of demographic ageing in Europe.

Valeria Ronzitti, General Secretary of SGI Europe

The latest SME barometer provides a quite negative outlook for small companies. Investments are still mainly on hold due to high interest rates, and increasing wages create a further pressure on profitability in the labour-intensive sectors. Next to these direct cost factors, SMEs face stagnating productivity due to administrative and regulatory demands and ineffective public administration. To incentivise investments in R&D and skills development, SMEs need time for training and innovating by reducing administrative and reporting burdens. Moreover, sufficient programs to support innovation must be offered at national and regional level. Finally, SMEs must have better access to finance for riskier projects and their green investments.

Véronique Willems, SMEunited Secretary General

An outstanding question of strengthening our economies and ensuring their sustainability is to tackle the EU-wide phenomenon of ageing population. It is evident that an urgent policy intervention is needed to realign current demographic trends. Accordingly, addressing demographic challenges is one of the priorities of the Hungarian presidency also with a view to strengthen the productivity and the competitiveness of the European Union.

Gábor Szócs, Deputy State Secretary for Macroeconomic and European Affairs of Hungary - (incoming Hungarian presidency of the Council: July-December 2024)

Security will be an overarching theme of the 2025 Polish presidency. This means not only financing of the EU strengthened defence capabilities, but also the completion of the EU single market that constitutes the foundation of our economic security and long-term competitiveness.

Andrzej Domański, Minister of Finance of Poland - (future Polish presidency of the Council: January-June 2025)

The next macroeconomic dialogue will be organised under the Hungarian presidency of the Council.

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