



EUROPEAN SEMESTER 2018

EURO AREA RECOMMENDATION

Recommendation in five parts for the euro area as a whole. Based on the Commission's analysis of key issues for euro area functioning.

Presented in November to allow for an early and focused discussion of common challenges.



Pursue policies that support sustainable and inclusive growth and improve resilience, rebalancing and convergence. Make significant progress towards completing the Single Market, particularly in services. All Member States should prioritise reforms that increase productivity and growth potential. Member States with current account deficits or high external debt should additionally aim at containing growth in unit labour costs (ULCs). Member States with large current account surpluses should additionally promote wage growth, foster investment and support domestic demand.



Aim at a broadly neutral overall fiscal stance to strike the appropriate balance between ensuring the sustainability of public finances and supporting the economic recovery. Support investment and improve the quality and composition of public finances. Implement measures to fight aggressive tax planning.



Implement reforms that promote quality job creation, equal opportunities and access to the labour market, fair working conditions, and support social protection and inclusion. Shift taxes away from labour, in particular for low-income and second earners.



Push ahead with work to complete the Banking Union in relation to risk reduction and risk sharing, including a European Deposit Insurance Scheme (EDIS) and a fully-operational common backstop for the Single Resolution Fund (SRF). Strengthen the European supervisory framework to prevent the accumulation of risks. Progress with measures to accelerate the reduction of non-performing loans (NPLs) on the basis of the agreed Council (ECOFIN) Action Plan. Enhance the integration and development of EU capital markets.



Make swift progress on completing the economic and monetary union, in full respect of the Union's internal market and in an open and transparent manner towards non-euro area Member States.