



MINISTRY
FOR NATIONAL ECONOMY

The European Semester and National Decision-making Processes and the Country-Specific Recommendations (CSRs)

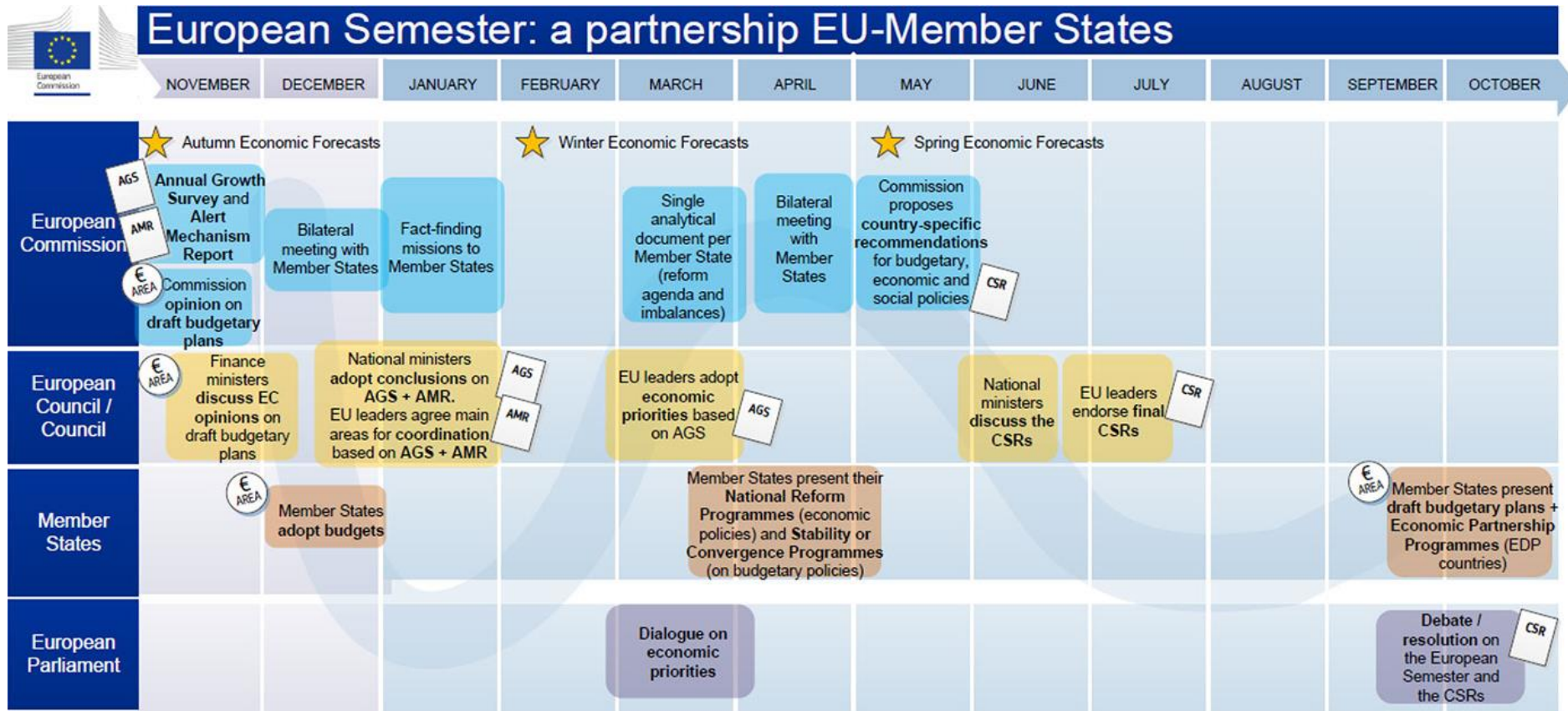
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The European Semester: Yearly cycle of economic policy coordination since 2011

European Semester: a partnership EU-Member States



GLOSSARY: AGS: Annual Growth Survey – AMR: Alert Mechanism Report – CSR: Country-Specific Recommendations – EDP: Excessive Deficit Procedure

The role of CSRs in national context

- Creates link between EU 2020 (LT) and the Semester (Y/Y)
- Useful, external mirror, if it is fair and objective
- Increasing national ownership is still an important goal
- **Stronger ownership>> more efficient implementation!**
- Better focus on formulation of policy goals - Leave more (flexible) room for implementation

The role of CSRs in national context

- Greater involvement of national parliaments
- Strengthening multistakeholder approach
- More time for preparations and expert dialogue between EC and national governments
- **Need for dialogue** – multilateral
- Common interest of MS and COM!

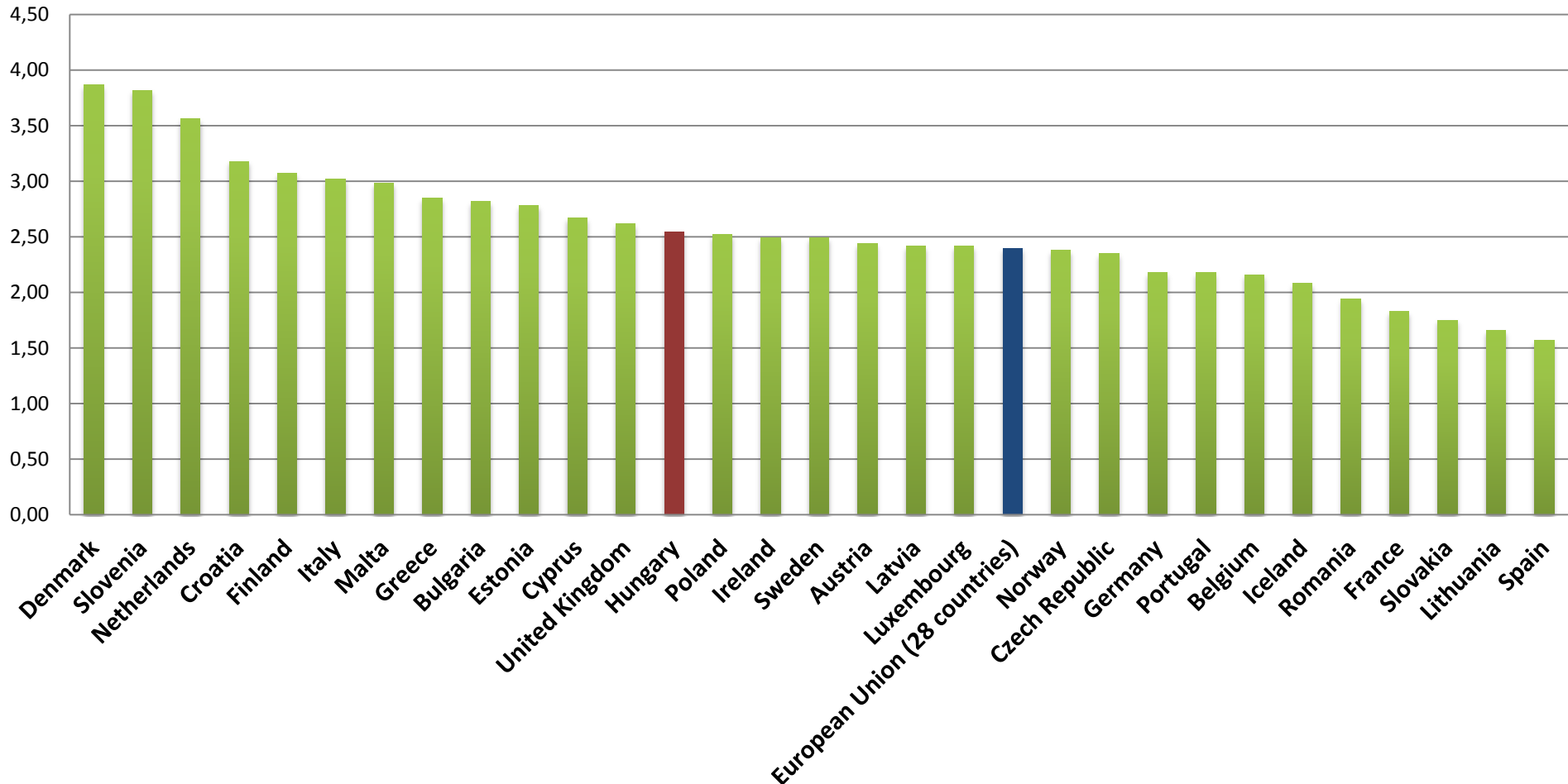
CSR 2014 HUN

- Specific Hungarian CSR in 2014:
- „Reduce the tax wedge for low-income earners, inter alia by improving the efficiency of environmental taxes”

Environmental fiscal reform

- **Greening** (economic and environment policy integration) of EU Semester
- Might help easing the „trade-offs“: between short-termism and long-term ecological perspective
- Excellent main report and case studies by the EC on environmental fiscal reforms in 14 Member States
- The European Commission’s continuous main message in this field:
 - *Tax shifting from labour to consumption and environment related taxes*
- OECD approach: Getting prices right, taxing „bads“ and not „goods“
- Key challenge: Smarter use of **Polluter Pay Principle** and **User Pay Principle** taking into consideration distributional impacts

Environmental tax revenues (percentage of GDP) (Source: Eurostat, 2012)



Green Tape : “Environmental regulations may not cost as much as governments and businesses fear”

(The Economist, published on 3rd January 2015)

- The article based on 2 OECD recent studies on impacts of environmental policies on competitiveness and productivity growth
- Conclusion: environmental taxes play an important role to provide signals and change the behaviour of the polluters but environmental regulation and well-designed mix of both can contribute to achieving environmental policy objectives
- Quality of regulation matters: burdensome vs competition friendly.





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Thank You for Your Attention!
