



The Economic Reform Programme, Structural Reforms, COVID-19

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What I will talk about:

- ERP policy context
- COVID-19 impact on the ERP Policy Context
- Structural Reforms context

The European Semester

- Introduced in 2010.
- Enables the EU member countries to coordinate their economic policies throughout the year and address the economic challenges facing the EU.
- EU governments present to the Commission their:
 - National Reform Programme
 - Stability Programme - 3-year budget plan, for euro area countries, or
 - Convergence Programme - 3-year budget plan, for non-euro area countries.
- Specific policies each country will implement to boost jobs and growth and prevent/correct imbalances
- Plans to comply with the EU's country specific recommendations and fiscal rules.

MINISTERO DELL'ECONOMIA E DELLE FINANZE



DOCUMENTO DI ECONOMIA E FINANZA 2019

Sezione III Programma Nazionale di Riforma

are a reinforced analysis and including on the contribution of their delivery. also include a new annex setting States' SDG performance.

Commission will highlight towards del ensure the line with th

MAR APR MAY

European Council discusses economic policies based on ASGS

Commission invites Member States to take stock of progress made on the SDGs in their national reform programmes.

National reform programmes



VLADA REPUBLIKE HRVATSKE

Nacionalni program reformi 2019.

TRAVANJ, 2019.

In 2019

-herby recommends that Croatia take action in 2019 and 2020 to.....
- 1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies.
- 2. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance. Consolidate social benefits and improve their capacity to reduce poverty. Strengthen labour market measures and institutions and their coordination with social services. In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services.
- 3. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities. Increase the administration's capacity to design and implement public projects and policies.
- 4. Improve corporate governance in State-owned enterprises and intensify the sale of such enterprises and non-productive assets. Enhance the prevention and sanctioning of corruption, in particular at the local level. Reduce the duration of court proceedings and improve electronic communication in courts. Reduce the most burdensome parafiscal charges and excessive product and services market regulation.

In 2020

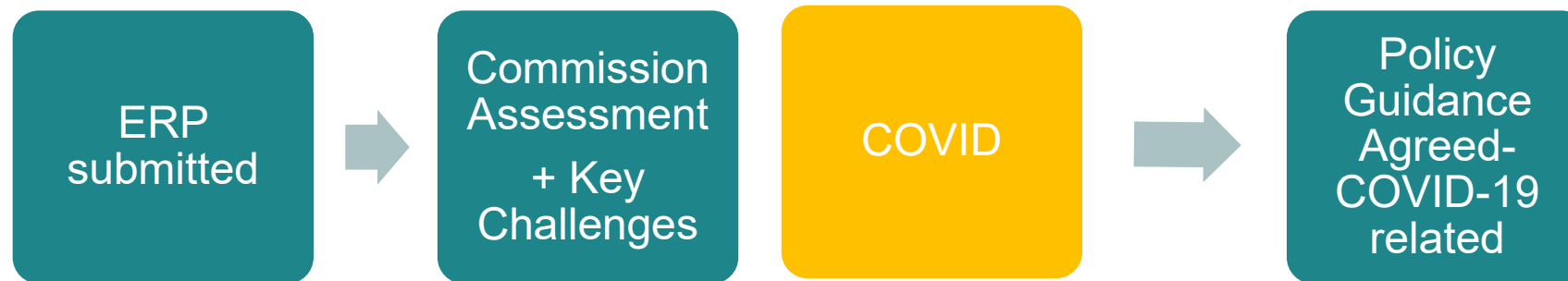
- A COVID-19 refocused set of proposals could be structured around two dimensions:
 - Providing an immediate economic policy response (short-term); and
 - Rebuilding the economy and putting growth back on track (medium-term) once the immediate impact of pandemics is over.

Back to ERP-> Policy Guidance

2019



2020



JOINT CONCLUSIONS OF THE ECONOMIC AND FINANCIAL DIALOGUE BETWEEN THE EU AND THE WESTERN BALKANS AND TURKEY

May 2019

- Put in place and apply transparent and consistent procedures for business inspections implemented by inspectorates with clear mandates. Create a register of para-fiscal charges on central and local level. Reduce the time and costs of commercial disputes by strengthening the institutional capacity of civil courts.
- Ensure the implementation of the Action Plan for Formalisation of the Informal Economy 2018-2020 in accordance with the timeline.
- Implement the Youth Guarantee in the whole territory with an emphasis on underdeveloped regions by ensuring sufficient and qualified human resources of the Employment Agency, and the participation of relevant stakeholders. Strengthen the governance in the education sector in order to accelerate the modernisation of the education system at all levels through improving infrastructure, curricula and teachers' qualifications. Adopt and implement the new social protection legislation for improving the impact of social transfers on poverty reduction.

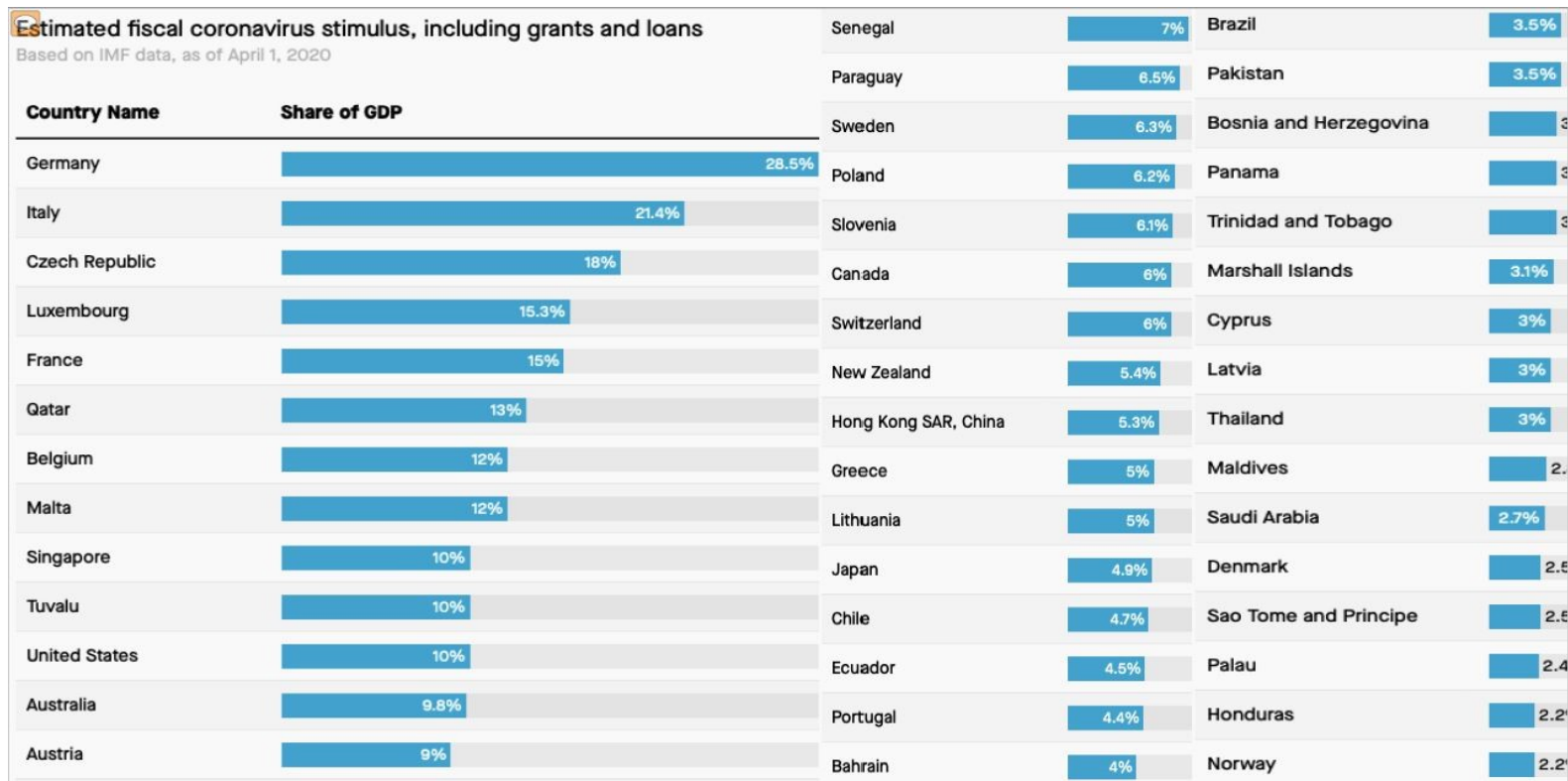
May 2020

- Ensure a whole-of-government approach and a cross-sectoral coordination across public administration to effectively respond to Covid-19. Maintain continuous dialogue with business organisations, social partners and civil society on all measures in response to the crisis. Take necessary actions to ensure easy access to digital public services for citizens and businesses.
- With a view to mitigate the economic consequences of Covid-19 pandemic and to stimulate economic recovery, establish an effective and transparent mechanism to support the businesses affected by the crisis, in particular micro, small and medium-sized enterprises and self-employed. Extend social protection coverage and provide incentives for businesses and employees in the informal economy sector to register and to facilitate their transfer to the formal economy. Create a register of para-fiscal charges to streamline their use and further decrease the administrative and regulatory burden of companies.
- Continue taking measures to preserve employment by ensuring short-time work schemes and flexible working arrangements. Increase the capacity of and cooperation between the Employment Agency and Centres for Social Work to provide integrated services and measures for inclusion in the labour market including training and upskilling. Ensure adequate and sustainable funding to strengthen the health care sector with an aim to improve access to quality public health care for all citizens.

Structural reforms and Key challenges

Response to COVID

- Fiscal, Monetary and Structural
- Supply and Demand shock -> expansionary fiscal and monetary policy
- Limits
- Different fiscal stimulants creates even more uneven competitiveness structure
- STRUCTURAL REFORMS

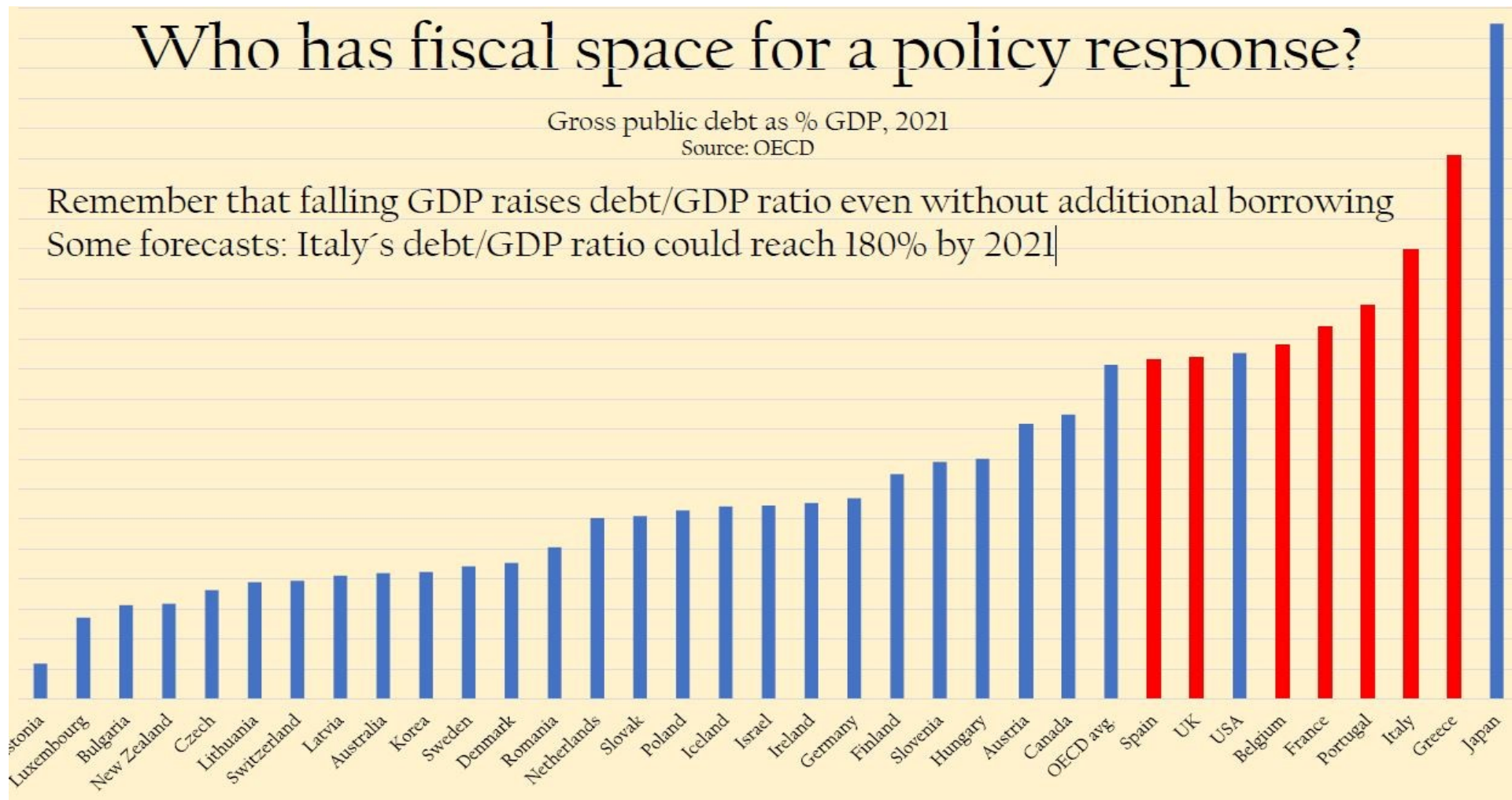


Who has fiscal space for a policy response?

Gross public debt as % GDP, 2021

Source: OECD

Remember that falling GDP raises debt/GDP ratio even without additional borrowing
Some forecasts: Italy's debt/GDP ratio could reach 180% by 2021



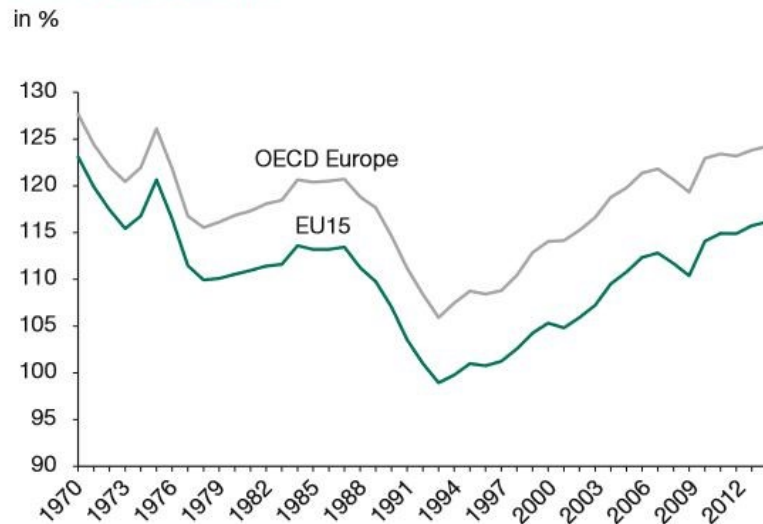


- ‘One of the most powerful things countries can do, almost around the world, is take actual actions to improve their policies, so that the prospective growth rate for their countries can be faster. Rather than think of it as a temporary stimulus, think of it as an investment by the world in growth. ‘

World Bank Group President David Malpass

....25 years of Swedish reforms....

Figure 2
Swedish real GDP per capita (PPP) relative to EU15 and OECD Europe



Source: Data extracted on 12 Sep 2015 from OECD.Stat.

Figure 3
Consolidated public sector financial savings
in % of GDP

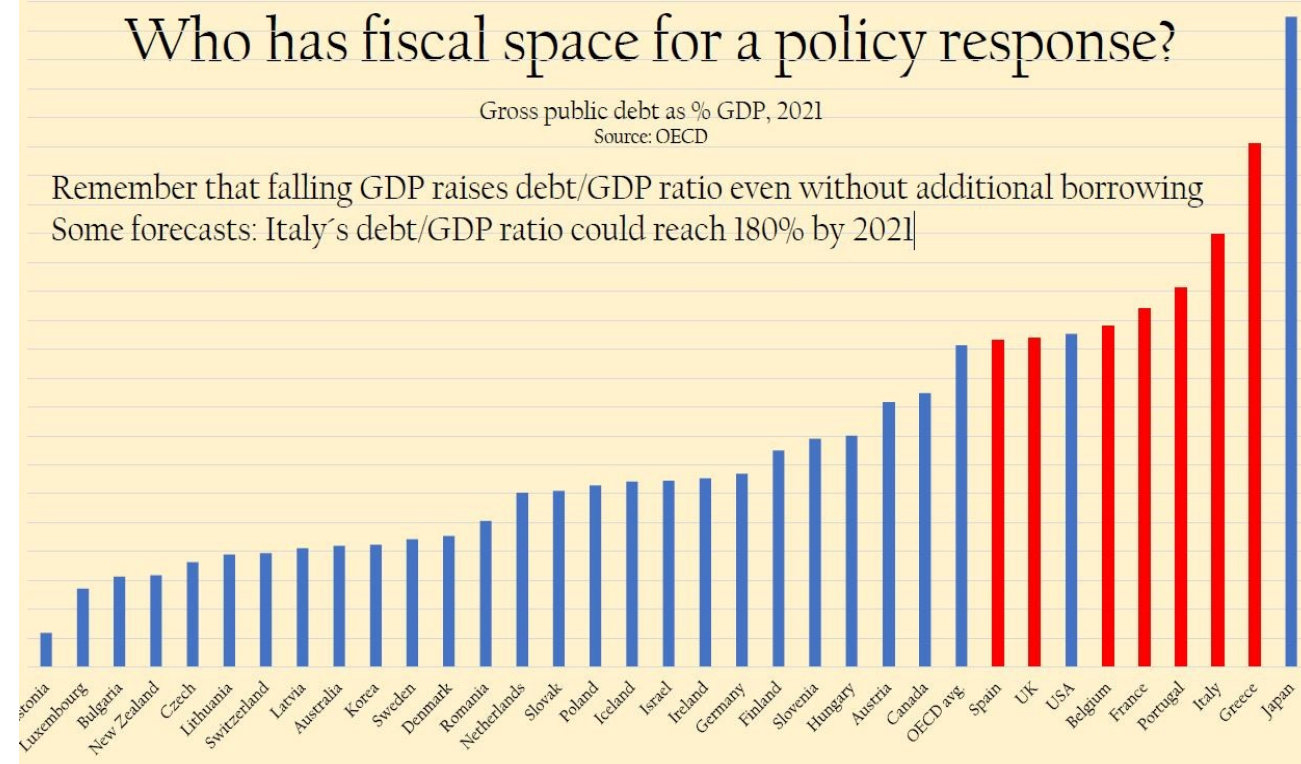
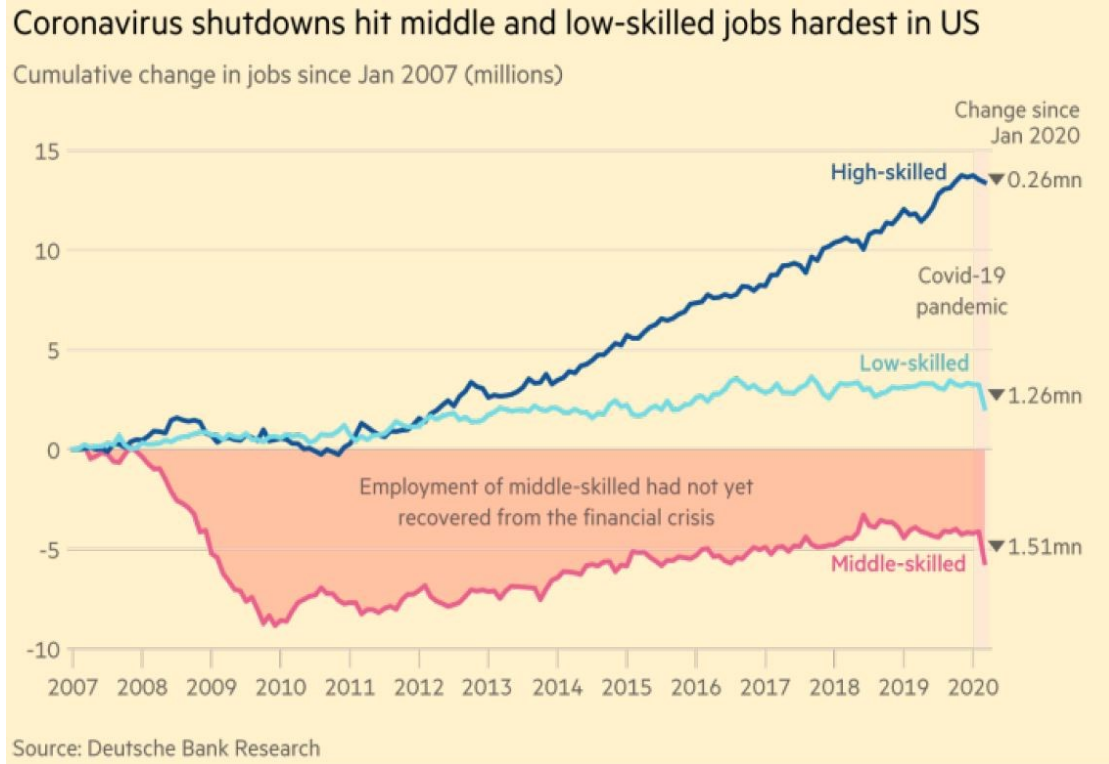


Sources: Swedish National Institute of Economic Research; and Swedish Government Budget Bill 2015.

- <https://www.reforminstitutet.se/wp/wp-content/uploads/2014/03/Twentyfiveyearsofreform140301.pdf>

So why structural reforms?

- Economies more resilient to shocks and ability to fight them

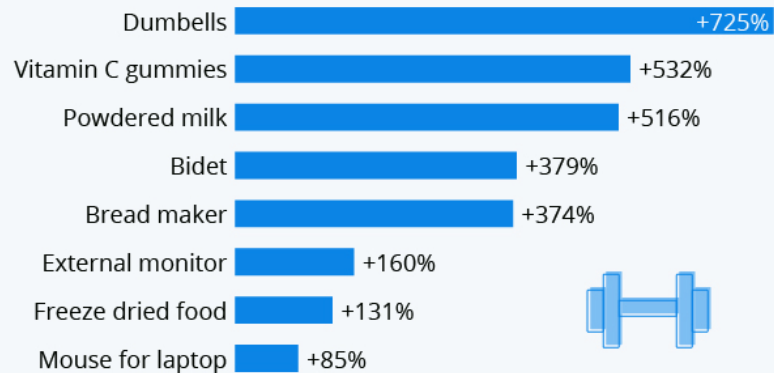


Seizing the opportunities?

- On-shoring?
- Production?

Products Suddenly Interesting During a Lockdown

Change in online interest in selected products over the past 30 days (as of March 31)



Interest is gauged via "hundreds of millions of consumer behavior signals from across the web".

Source: Glimpse



statista

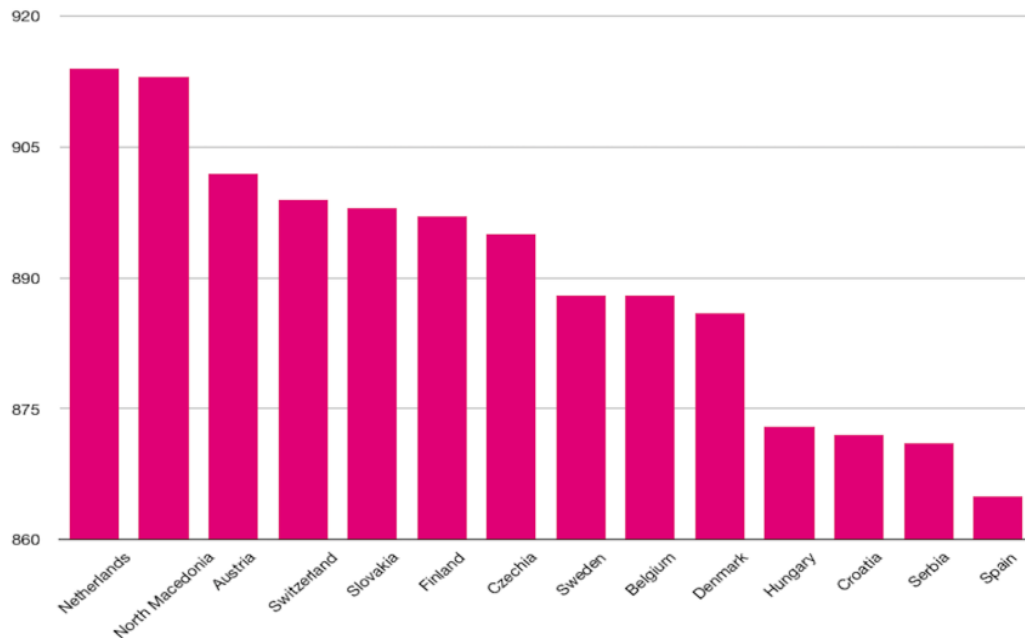
- 40% American multinationals were either considering or in the process of relocating manufacturing or sourcing outside of China.
- 24% were planning to adjust their sourcing outside of China as a result of COVID-19.



Seizing the opportunities?

Digital?

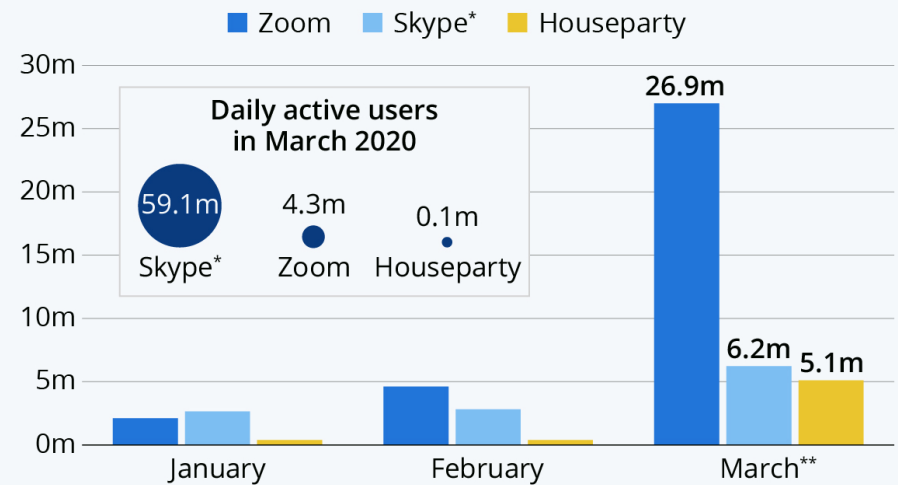
North Macedonia ranks 2nd in Europe for quality of mobile services finds Germany's Connect



Source: Connect.de

Video Chat Apps Rise to Prominence Amid Pandemic

Global downloads of video chat apps for Android and iOS



* excluding Skype for Business

** March data as of March 26

Source: Priori Data

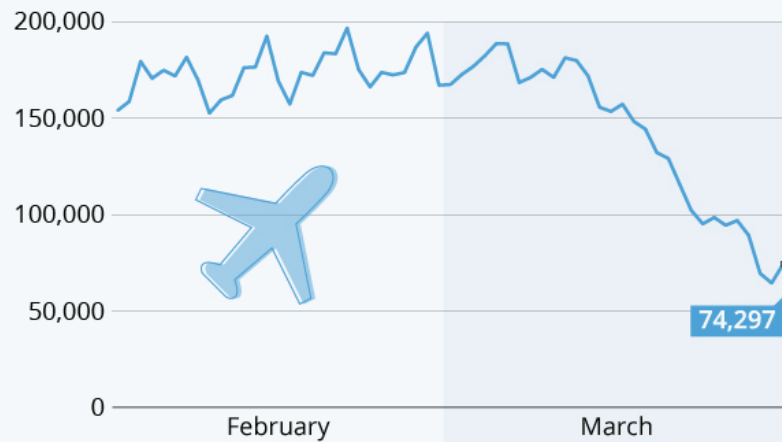


Seizing the opportunities?

Tourism? –Trust is the new currency!

COVID-19: Unprecedented Decline In Air Traffic

Number of flights tracked daily worldwide
(01 Feb-30 Mar, 2020)



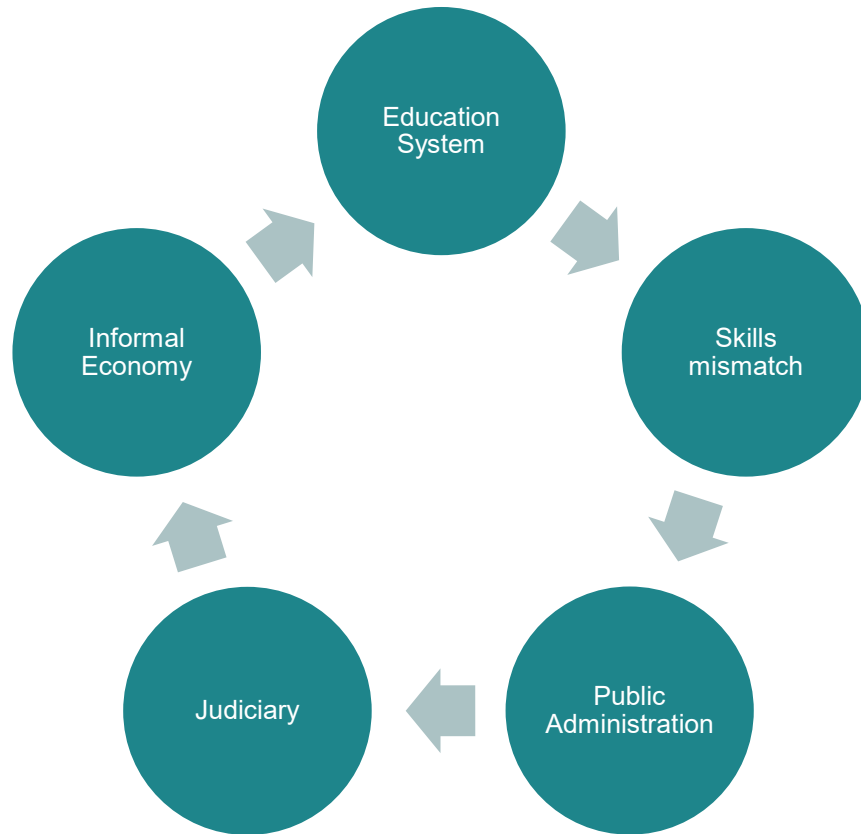
Source: Flightradar24



statista



Seizing opportunities and becoming more resilient



Yes, but it takes time!

Thank you