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***European Economic and Social Committee***

***Directorate B –Legislative Work***

***Section for Economic and Monetary Union and Economic and Social Cohesion***

**ECO Priorities for 2018 and beyond**

**Executive summary**

# **Economic governance and deepening EMU**

* Putting the European economy on the track of sustained convergence, growth and employment will remain the highest priority of the ECO section over the next few years. A gradual process of **deepening and completing EMU** is the key to a sustainable and balanced recovery.
* Persisting imbalances as well as the creation of trust and confidence across Europe require more effective and democratic economic governance, notably in the euro area, especially given the additional uncertainty brought about by **Brexit**.
* To that end, **in the short run concrete steps which are possible within the framework of the current Treaty** should be undertaken to improve the European semester, the Investment Plan for Europe, the design of structural reforms, the Banking Union and Capital Markets Union, and the involvement of stakeholders in the decision-making process.
* **In the medium-long term a revision of the Treaty** should bring the institutional provisions in line with the indispensable requirements of a **real economic, financial, social and political Union**, including through a new Constitutional convention with the active involvement of civil society representatives.

# **Stability of financial markets and the financing of the economy**

* **Investment shortages** should be tackled head-on by increasing and diversifying the funding sources for Europe's businesses and long-term projects, along the lines of *the Capital Markets Union (CMU) Action Plan*.
* The **lack of access to finance** many businesses are confronted with is to be taken very seriously. In particular SMEs' financing needs to be tackled as a priority.
* A **resilient and well-functioning financial system and financial stability** are essential for stable and sustainable economic growth.
* **Completing Banking Union** and supporting that **further risk sharing** in the Banking Union is to be complemented by further risk reduction are therefore primordial.
* For the EESC, a holistic and integrated approach is important in the reforms.
* Furthermore, the specific features and possibilities of small and non-complex banks and investment firms have to be sufficiently taken into account (proportionality).
* The departure of the United Kingdom from the EU will have a major impact and will have repercussions on policies aimed at safeguarding financial stability in the EU.

# **Taxation**

* The EESC fully supports the European Commission and the OECD in fostering **tax transparency** and in the fight against aggressive tax planning and backs the European Commission programme to **combat tax avoidance**.
* The EESC will pay specific attention to the taxation of the collaborative economy to guarantee that all global and technology-based companies pay their fair share of tax in Europe.
* The relaunch of the **common consolidated corporate tax base** (CCCTB), **taxing profits at the place they are made**, an improved **business environment**, greater tax transparency and **better coordination within the EU** are the main topics that the ECO Section will prioritise through its work on taxation taking into account also the additional difficulties caused by Brexit.
* The EESC will also continue to work on the EU VAT rate structure with a view to advancing towards a definitive VAT regime.

# **EU Budget and own resources**

* The EU has to be given the wherewithal to pursue its strategic priorities without increasing the fiscal burden on the public and businesses.
* The EU Budget must be increasingly geared to results and should have a leverage effect and achieve, amongst other things, complementarity and economies of scale.
* The EESC considers that the next **Multiannual Financial Framework** (MFF) covering the period **after 2021** should be used to orient the EU budget further towards jobs, growth and competitiveness.
* Resources should be directed towards programmes that can relaunch economic, social and environmental development, employment, innovation and competitiveness on the one hand, and respond to the migration and refugee crisis, to internal security issues, external emergencies and the crisis in the agricultural sector on the other hand.
* **The departure of the United Kingdom** will be a major factor in the design of the EU Budget beyond 2025, in terms of net-balances and in how EU policy and its priorities will develop.

# **Cohesion and urban policy**

* The EESC strongly believes that a **genuine and profound partnership** greatly improves the effectiveness and overall success of the **EU's cohesion policy**.
* A **simple, accessible strategy and objectives** and a single, long-term project for Europe are vital (EU 2030-50 strategy) and the legal and **financial instruments** (in particular the European Structural and Investment Funds as well as the European Fund for Strategic Investment) must be consolidated in order to ensure a **strong central, development-oriented governance**.
* The EESC supports the implementation of the EU **Urban Agenda** and will continue its mission in which the underutilised potential of European cities is exploited.
* The EESC will continue stressing the **importance of the macro-regional strategies** having an increasing role to play in the future of the EU.

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