



**The Parliament of Romania
Senate**

Bucharest, 30 March 2018

Courtesy translation

OPINION of the ROMANIAN SENATE

to the Autumn Package of the European Semester:

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS
AND THE EUROPEAN INVESTMENT BANK -**

COM (2017) 690 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC
AND SOCIAL COMMITTEE - Report on the alert mechanism 2018**

COM (2017) 771 final

**DRAFT COMMON REPORT FROM THE COMMISSION AND THE COUNCIL ON
EMPLOYMENT accompanying the Commission Communication on the Annual Growth
Survey 2018**

COM (2017) 674 final

Recommendation of

COUNCIL RECOMMENDATION on the economic policy of the euro area

COM (2017) 770 final

The Romanian Senate, pursuant to art. 67, art. 148 (2) and (3) of the Romanian Constitution and the Protocol no.2 annexed to the Treaty of Lisbon amending the Treaty on European Union and the Treaty on the Functioning of the European Union, signed in Lisbon in 13rd December 2007, has examined the Autumn Package of the European Semester:

Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - COM (2017) 690 final; REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE - Report on the alert mechanism 2018 COM (2017) 771 final; DRAFT COMMON REPORT FROM THE COMMISSION AND THE COUNCIL ON EMPLOYMENT accompanying the Commission Communication on the Annual Growth Survey 2018 COM (2017) 674 final;

Recommendation of COUNCIL RECOMMENDATION on the economic policy of the euro area COM (2017) 770 final.

Having in view the report of the Committee for European Affairs from 2nd March 2018, **the Romanian Senate**, issued on March, 12, 2018 an OPINION, as follows:

(1) Notes to be founded non-introduction of Romania in the category of countries for which an in-depth analysis will be carried out in the context of the Macroeconomic Imbalances Procedure, given that in the last 5 years (2012-2016), in Romania, the net international investment position (% of GDP) improved by 17,5 percentage points, from -67.4% of GDP in 2012 to -49.9% of GDP in 2016. In this context, there are favorable prospects in the coming years for compliance of the specific indicator threshold from the procedure (-35.0% of GDP).

(2) Draws attention to the fact that, although the EU economic situation is optimistic due to economic growth, falling unemployment, recovery of investment and improving public finances, there is still high youth unemployment, internal migration, insufficient funding for education and Research & Development, increasing the gap of the minimum and maximum incomes, as well as the gaps between peripheral European regions and those in central and western Europe.

(3) Welcomes the fact that the Annual Growth Survey for 2018 recognizes the need for efficient and fair tax systems to ensure sustainable finance and reverse the current trend of reducing capital income taxation.

(4) Recalls that, while many member states have limited tax leverage to implement sustainable and growth-friendly structural reforms, some member states still have considerable surpluses that should be used to support investment and growth across the EU .

It also recalls the importance of public investment to stimulate and favor investment in the EU. The current level of investment affects local and regional authorities, threatening their ability to deliver quality public services.

(5) Points out that an additional fiscal mechanism - in addition to the existing one and not reallocations that would undermine the vital role currently played by the structural funds and cohesion policy – represents a necessary tool for increasing incentives for convergence and deal with asymmetric or symmetric economic shocks.

(6) Stresses the importance of wage growth at European level in order to stimulate private consumption as the main driver of growth. It is therefore necessary to pay attention to the interaction between monetary, fiscal and revenue policies (including the evolution of wages and profits), rather than on tax issues.

It also stresses that the European Semester and country-specific recommendations should meet the objectives set out in the Social Rights Pillar. In addition, **it stresses that** the role of the member states is to guarantee access to quality education and training.

(7) Considers that the euro is not a single currency, but a common currency acting as a sponge which absorbs added value from the poorer member states towards the richest, emphasizing the divergence between Member States.

In addition, although we have an economy without frontiers (called the Single Market and considered the most important achievement of the Union), **border indicators** (national indicators) **are used** to develop policies and evaluate the results of their implementation. Analyzing the revenue structure, it is distinguished a worrying reality: although the profit

convergence is excellent in Romania, for example, over 80% of the European average, household income, on the other hand, is only 32%.

(8) Proposes the extension of the assessment based only on the MTO and Maastricht criteria by analyzing the balance of payments, especially if there are significant surpluses, because the surplus of some member states is in fact the deficit of other single market member states.

It also **proposes** to take into account the most important indicator to measure imbalances - the share of GDP in labor, namely capital - and its introduction into the overall assessment system alongside the 14 indicators that look at macroeconomic and labor market conditions or country reports in the European semester.

(9) Supports an extended reform of the Stability and Growth Pact (SGP) to improve its flexibility and efficiency.

(10) Insists on the democratic component, both the role of the European Parliament and the national parliaments must be strengthened so as to ensure the legitimacy of decisions and the control of their implementation.

p. President of the Senate



Adrian TŢUŢIANU