



# Product Market Regulation in the European Semester

Lukas Vogel

Economics of structural reforms and investment (B2), DG ECFIN, European Commission

*OECD-EC Workshop 27 March 2023*

# 1. What is the European Semester (ES)?

- Procedural framework for country surveillance (fiscal policy & structural policies), taking into account cross-country interdependencies notably within EMU
- Origins: macro-economic governance package ('Sixpack') of 2010
  - Strengthening of budgetary surveillance (SGP implementation, fiscal frameworks)
  - Prevention and correction of macroeconomic imbalances (MIP)
- Regulations of the 'Sixpack' introduce European Semester (ES) to strengthen co-ordination of economic and budgetary policies

## 2. Structural surveillance in the ES

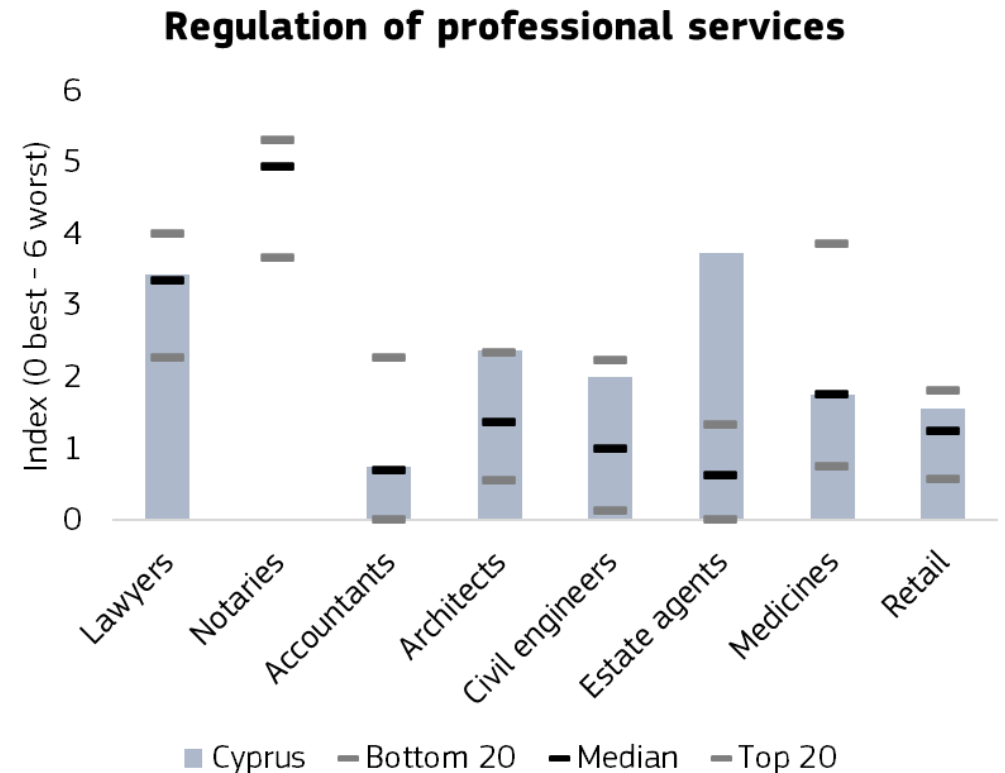
- Integrated way of structural surveillance with clear time frame:
  - Spring:
    - Member States: national reform programmes + budget plans
    - Commission: **country reports & country-specific recommendations (CSRs)** that analyse economic and social developments and challenges facing Member States
  - Autumn:
    - Member States (EA): draft budgetary plans
    - Commission: assessment against SGP requirements and CSRs

### 3. Why are PMR indicators consulted in ES?

- **Understanding challenges** related to product market regulation, state-owned enterprises, and utilities:
  - PMR as a starting point for country assessment and comparison, and
  - CSRs drawing strongly on OECD analysis.
- **Monitor progress:** CSR → progress? (evolution of indicators such as PMR)
- **Cross-country consistency** of:
  - Assessment (instead of simply counting legal acts), and
  - Recommendations (similar PMR scores → similar recommendations?)

## 4. Technical assistance and benchmarking in ES

- European Semester **technical assistance** to country teams.
- PMR indicators incorporated in **structured products** like the Business Environment Scoreboard.
- Used in **ad hoc requests**, putting countries in context (e.g. when drafting Country Reports).
- Help with the interpretation of these indicators (beyond the naked scores).



# 5. Recovery & resilience programmes (RRPs)

- Economic impact: investment + structural measures
- Country-specific fiches (OECD) with PMR-related changes
- Limitations of PMR use:
  - Reacts on implemented policies rather than just announcements
  - Plans often not specific enough to quantify impact on PMR scores

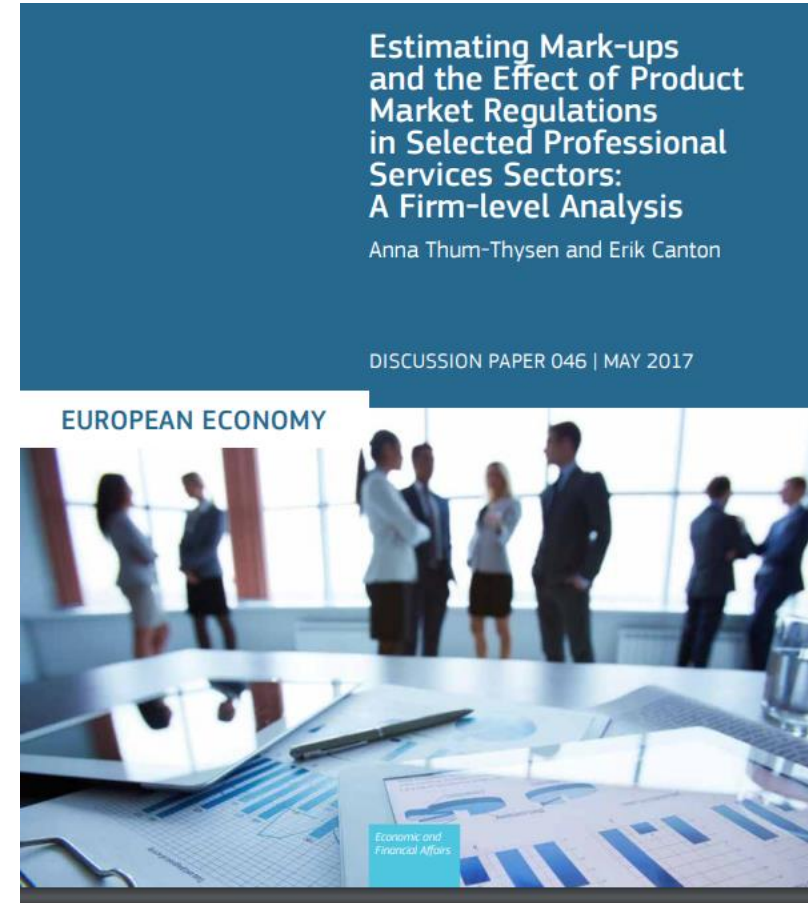


**Assessment of the links between the European National Recovery and Resilience Plans and the OECD Product Market Regulation Indicators**



# 6. Economic effects of structural reforms

- PMR and market power (mark-ups):
  - Economy-wide indicator
  - Sector-specific data
- Macro effects of structural reforms:
  - Closing-the-gap approach: quantifying scope for reforms by country
  - Economic governance reform proposal

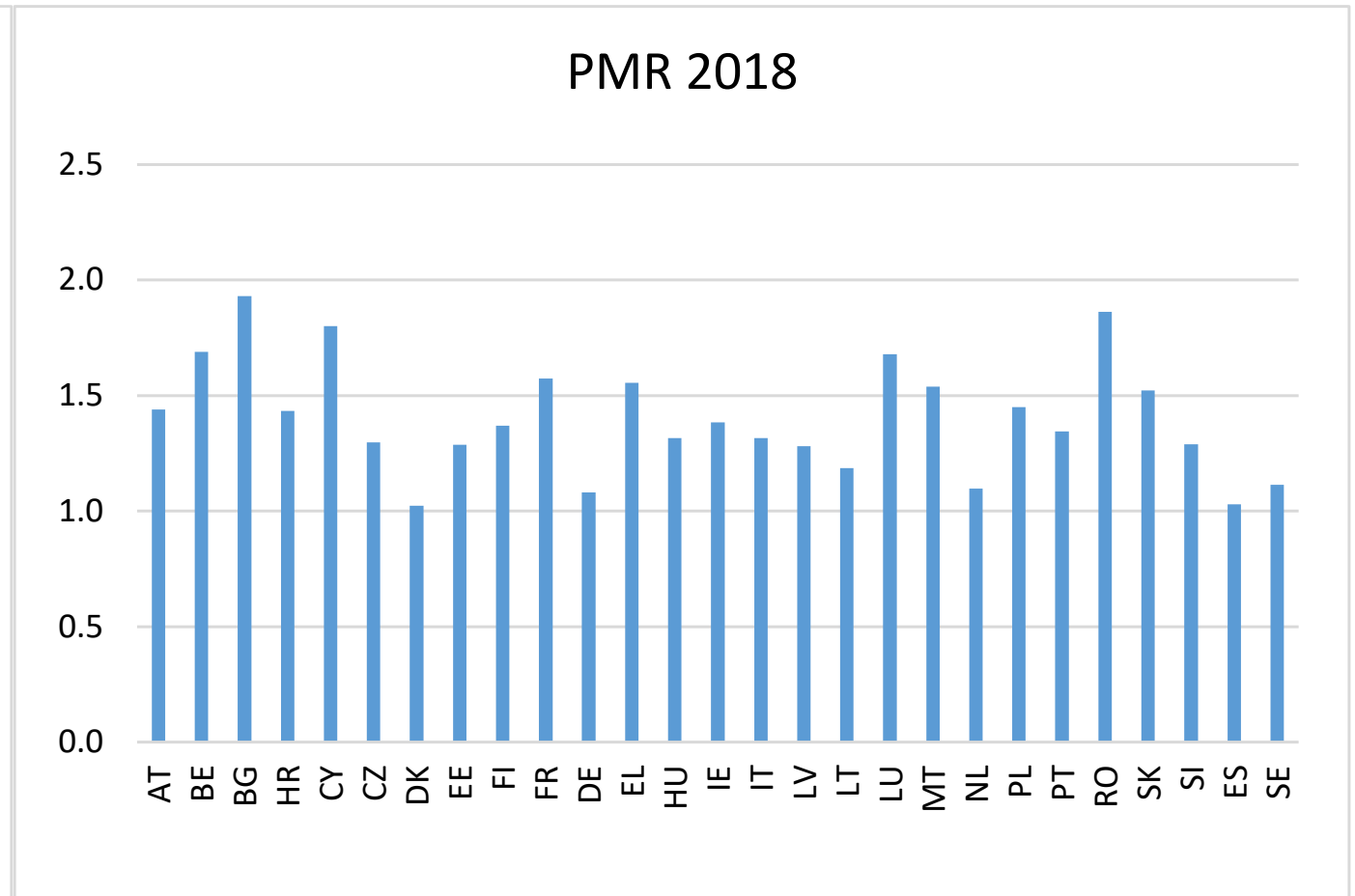
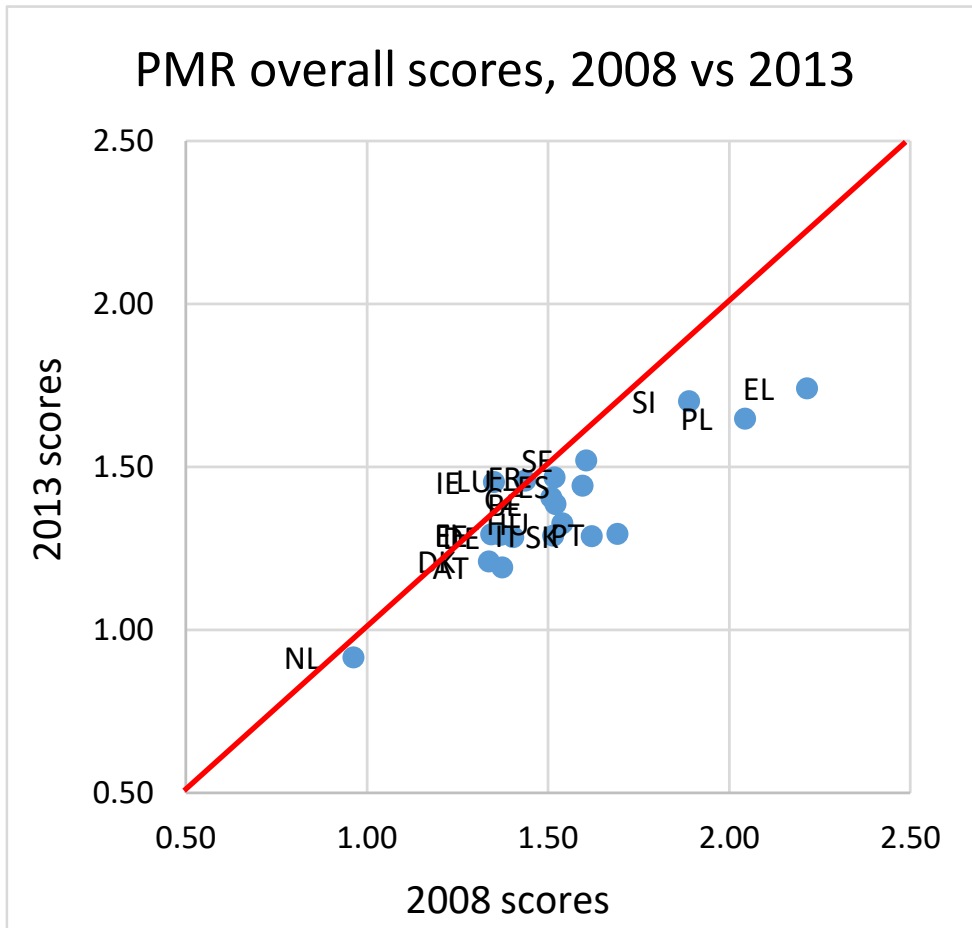


# 7. Preconditions for using PMRe in policy work

- PMR indicators available also for non-OECD EU countries
- Comparability:
  - Across countries (country mapping), and
  - Across time (progress measure)
- More frequent updates would help surveillance purposes (annual reports), if without loss in quality (surveys)
- Reform simulator as attractive tool (reform → PMR score)
- PMR score convergence across MS may diminish relevance of the indicators for designing product market reforms



# 8. Evolution of EU countries' PMR scores



# Thank you



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

Slide xx: **element concerned**, source: **e.g. Fotolia.com**; Slide xx: **element concerned**, source: **e.g. iStock.com**

