

The European House - Ambrosetti

Yves Mersch

Member of the ECB Executive Board

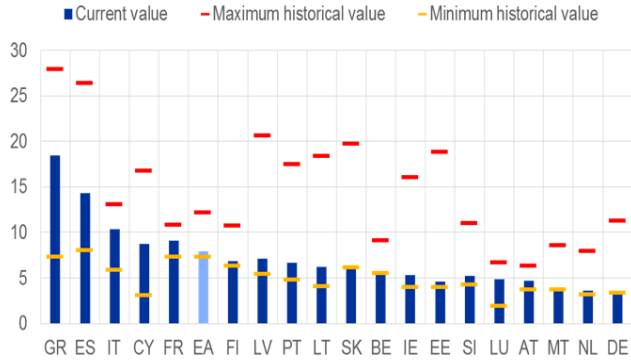
*THE OUTLOOK FOR THE
ECONOMY AND FINANCE*

**Competitiveness of
Europe and European
Financial Markets**

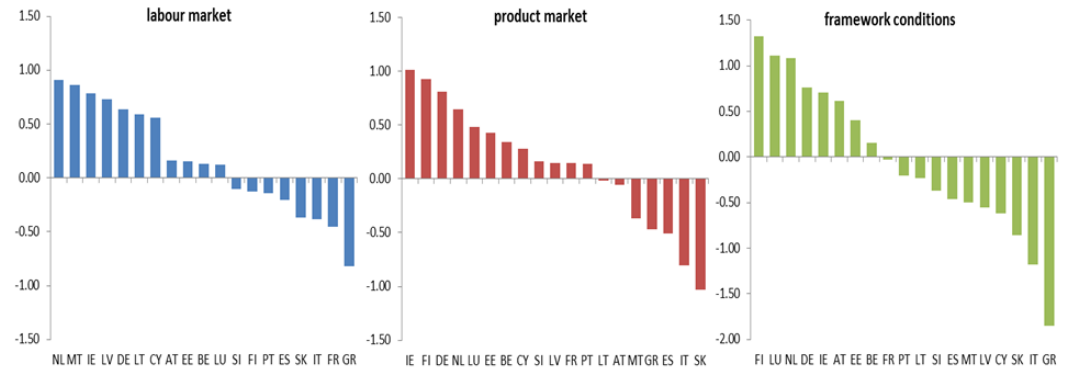
“Villa d’Este”, Cernobbio

April 5 and 6, 2019

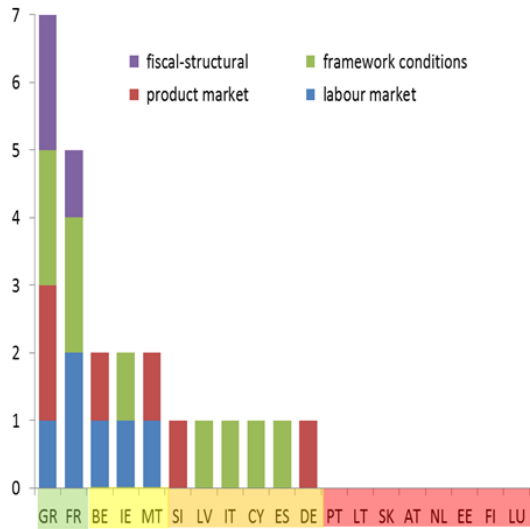
Unemployment rate (in percent of workforce)



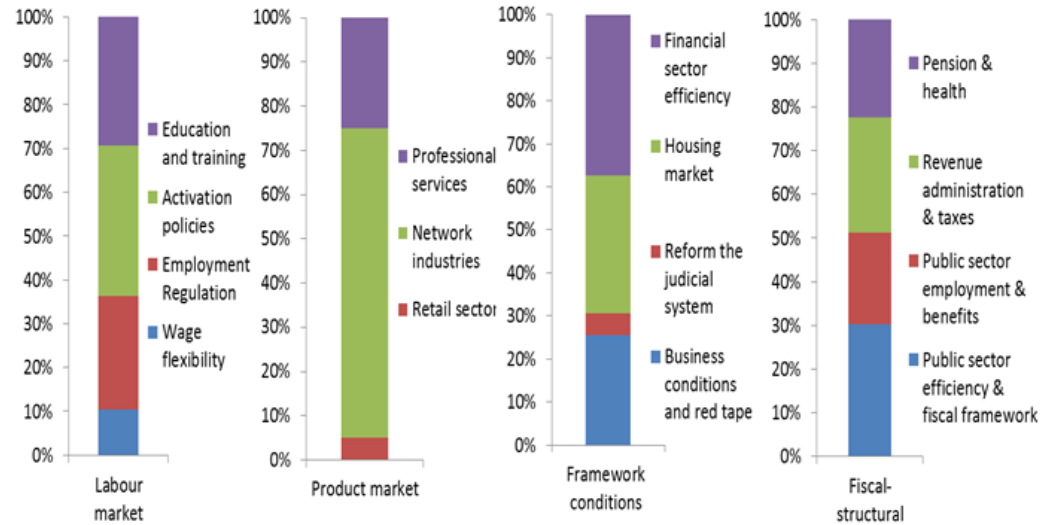
Significant gap in well-functioning of economic structures among euro area countries



Number of significant structural reforms since 2017 Surveillance Report



Share of overall actions by national governments by policy area

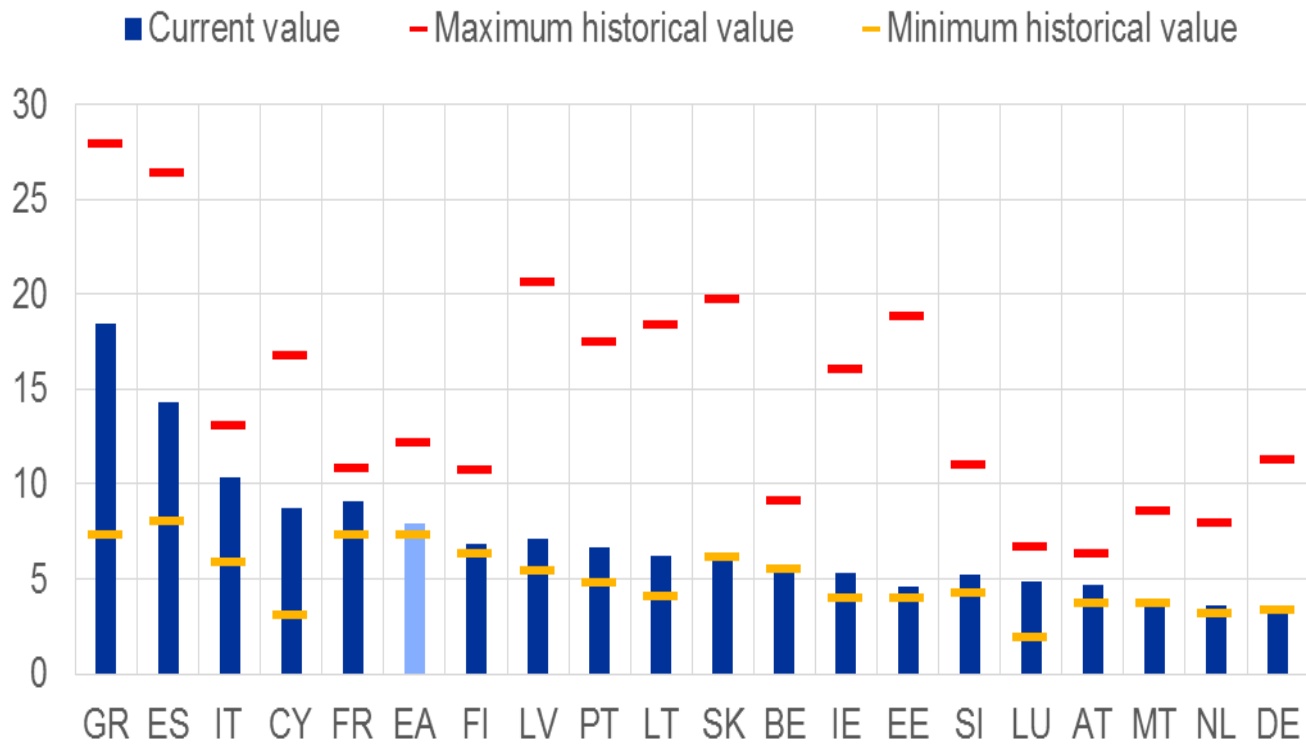


Vulnerabilities prevail despite adjustment

While unemployment rate still elevated in some countries, in others it is close to historical low.

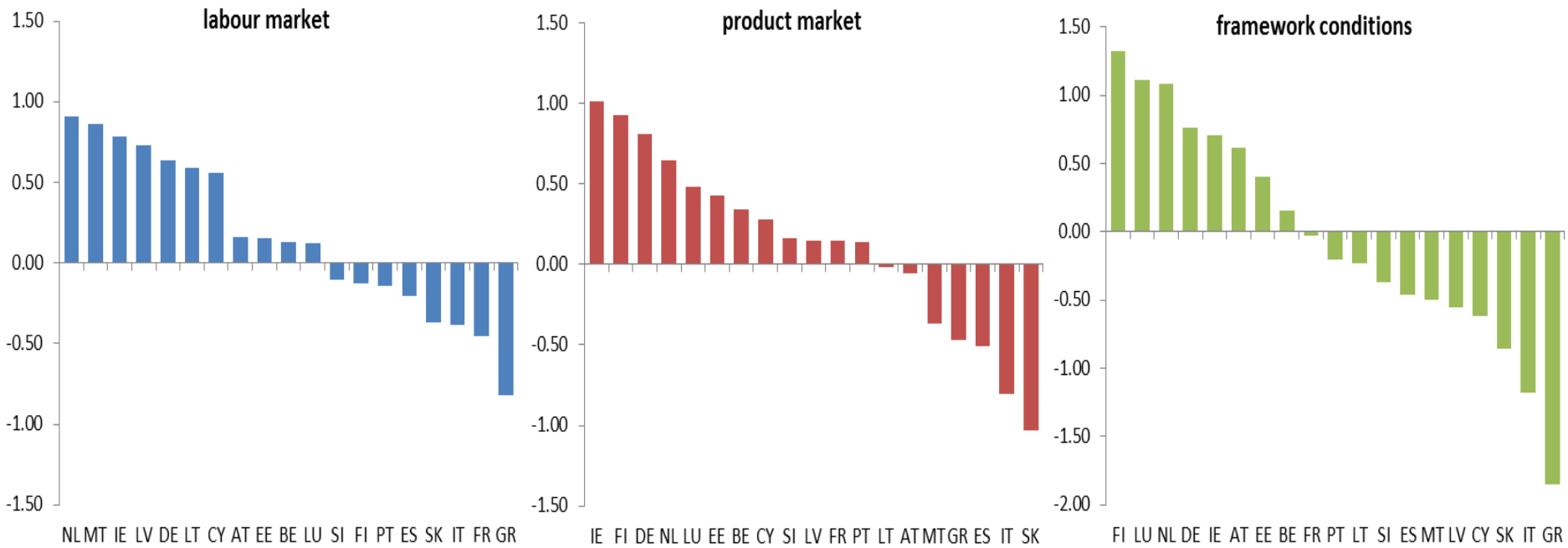
Unemployment rate

(in percent of workforce)



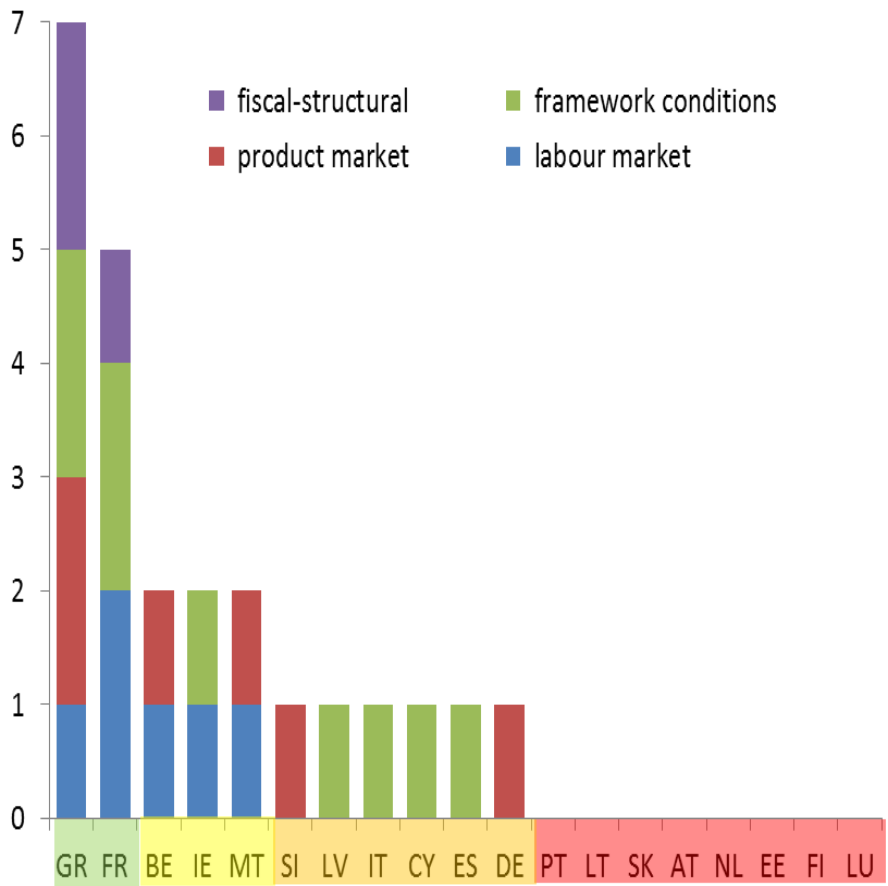
Source: Eurostat.
Notes: Maximum and minimum historical values refer to period since 1999.

Significant gap in well-functioning of economic structures among euro area countries



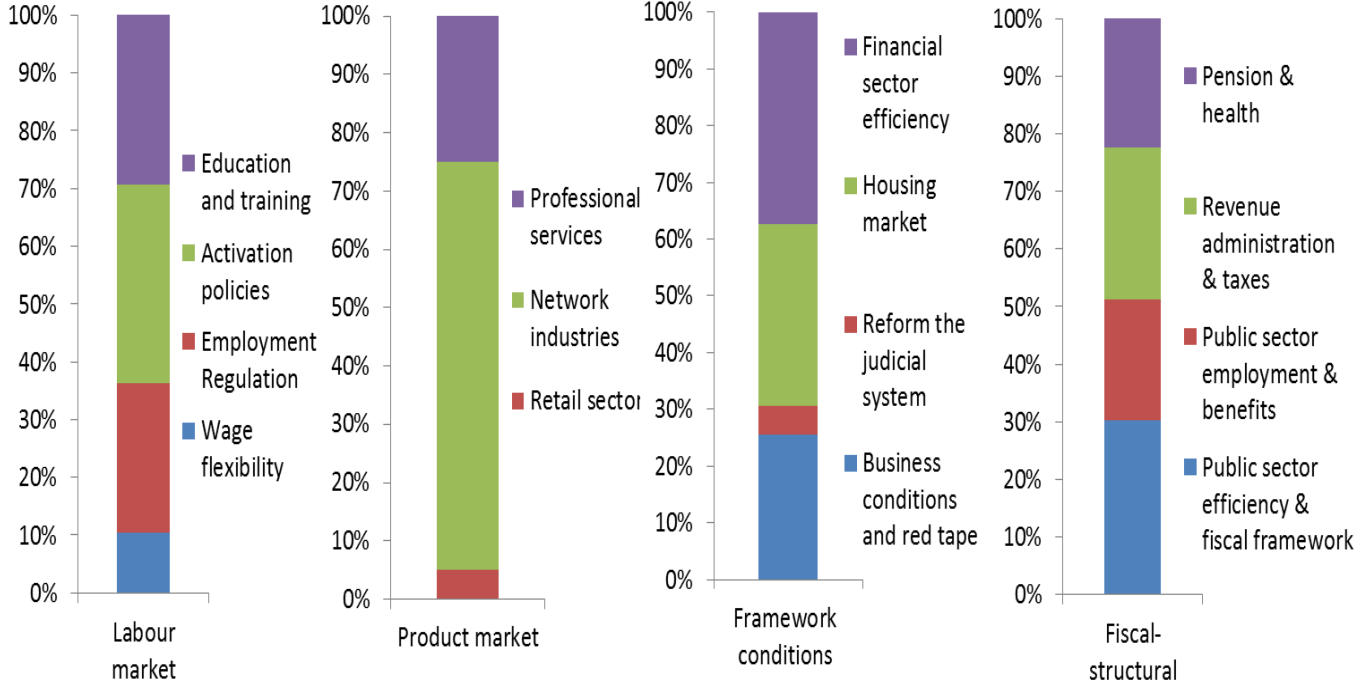
Notes: The three composite indicators are an unweighted average of a set of indicators compiled by international organisations describing law and quality of labour and product market adaptability as well as the efficiency of framework conditions of doing business. Before averaging all indicators are transformed into z-scores. The composite labour market gap indicator contains the OECD EPL, the Heritage labour market efficiency, the Fraser labour market regulation and the World Economic Forum labour market flexibility indices. The composite product market gap indicator contains the OECD Product Market Regulation, the Fraser Business Regulation, the World Economic Forum Domestic Competition, and the Heritage Business Freedom indices. The composite framework conditions gap indicator contains the four World Bank Governance Indicators (regulatory quality, government effectiveness, absence of corruption, rule of law, political stability), the World Bank Doing Business, the World Economic Forum public institutions, and the Heritage corruption freedom and property rights indices.
Sources: OECD, World Bank, Heritage foundation, World Economic Forum.

Number of significant structural reforms since 2017 Surveillance Report



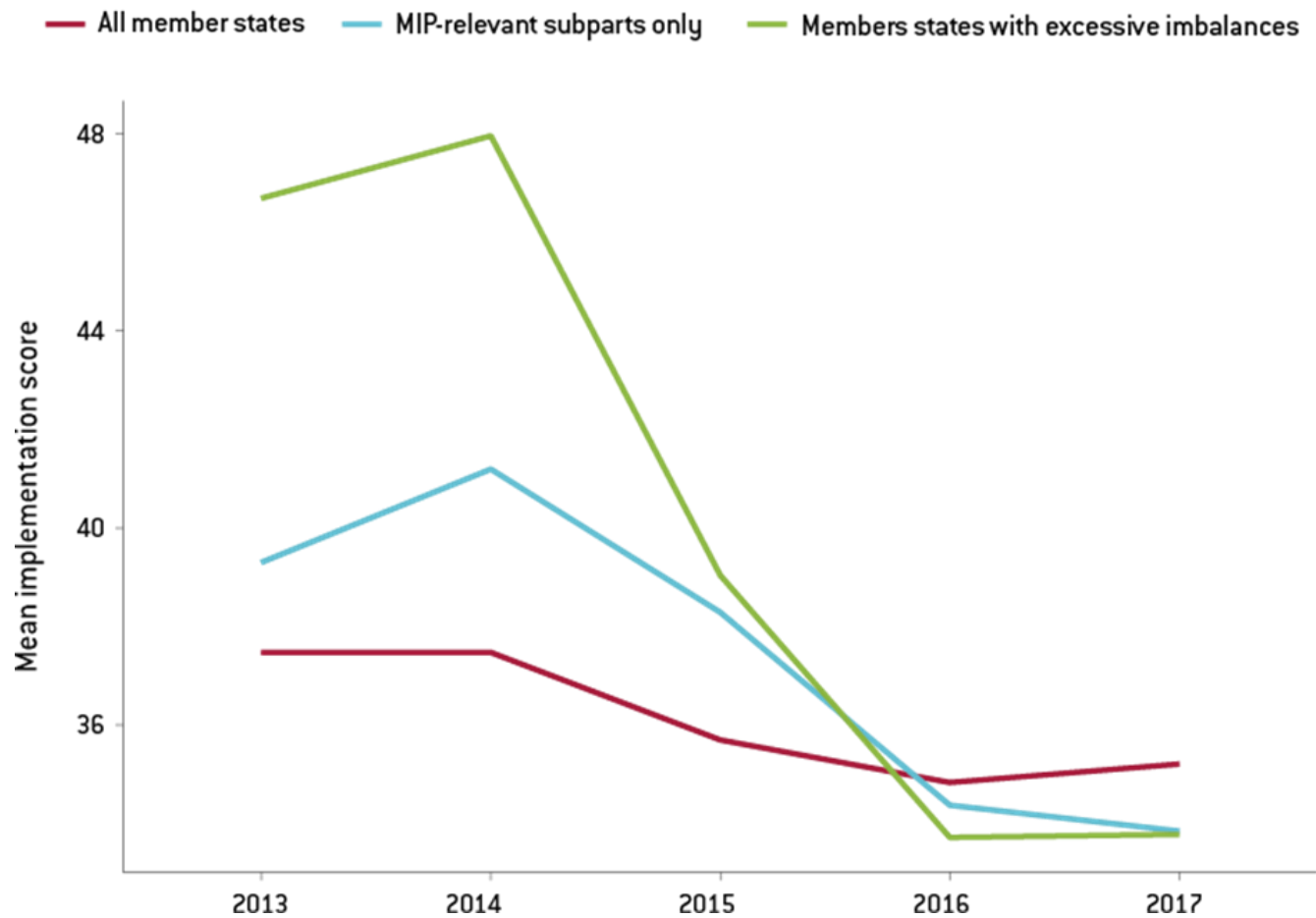
Source: Eurosystem.

Share of overall actions by national governments by policy area



Source: Eurosystem.

Country specific recommendations (CSR) AVERAGE IMPLEMENTATION SCORE, BY YEAR



Country specific recommendations (CSR)

Table 2: Comparison of the implementation of MIP-CSR and non-MIP-CSR in EU MSs

	Progress	MIP-CSR	Non MIP-CSR
2016	Full/Substantial	2%	3%
	Some	40%	46%
	No/Limited	58%	51%
2017	Full/Substantial	0%	2%
	Some	37%	59%
	No/Limited	63%	39%
2018	Full/Substantial	6%	0%
	Some	41%	33%
	No/Limited	53%	67%

Table 2 shows some figures that allow the comparison of the implementation status between the MIP-CSR and the other CSRs (those exclusively related to the Stability and Growth Pact or the so-called “Integrated Guidelines”) in 2016, 2017 and 2018. In 2018, MIP-CSR seemed implemented more than non-MIP-CSR, contrary to what was observed in 2017 and 2016.