



Safeguarding macro & financial stability: Policy challenges

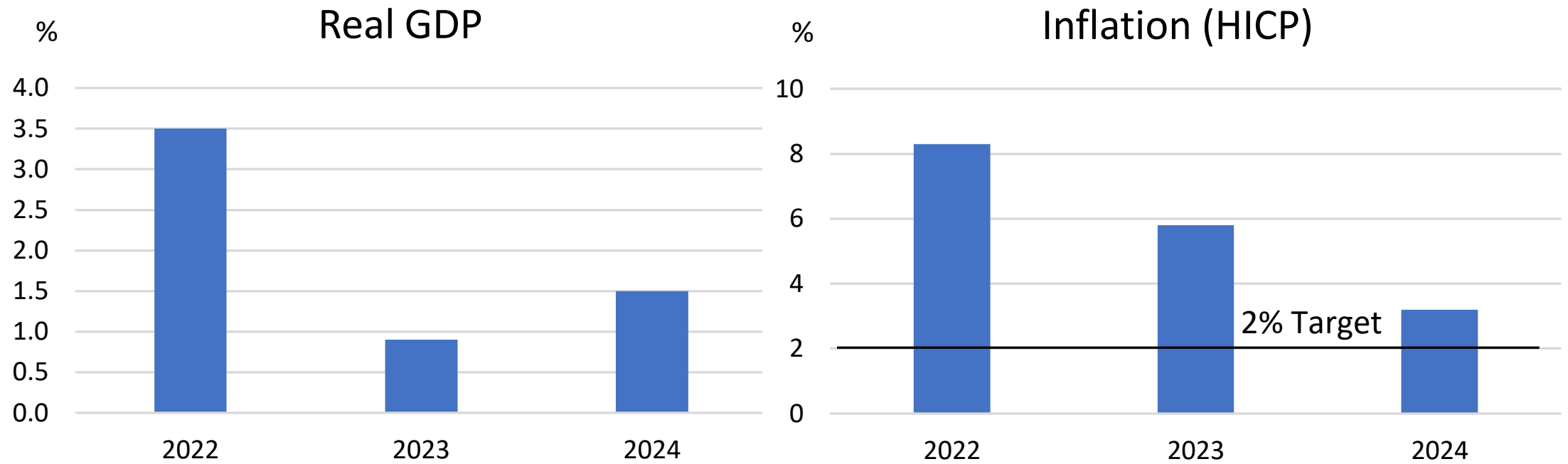
Filiz Unsal
Head of Structural Policy Analysis
OECD

SUERF ESM workshop
16 November 2023

The views expressed in this presentation are those of the presenter and not of the OECD or of its member countries.



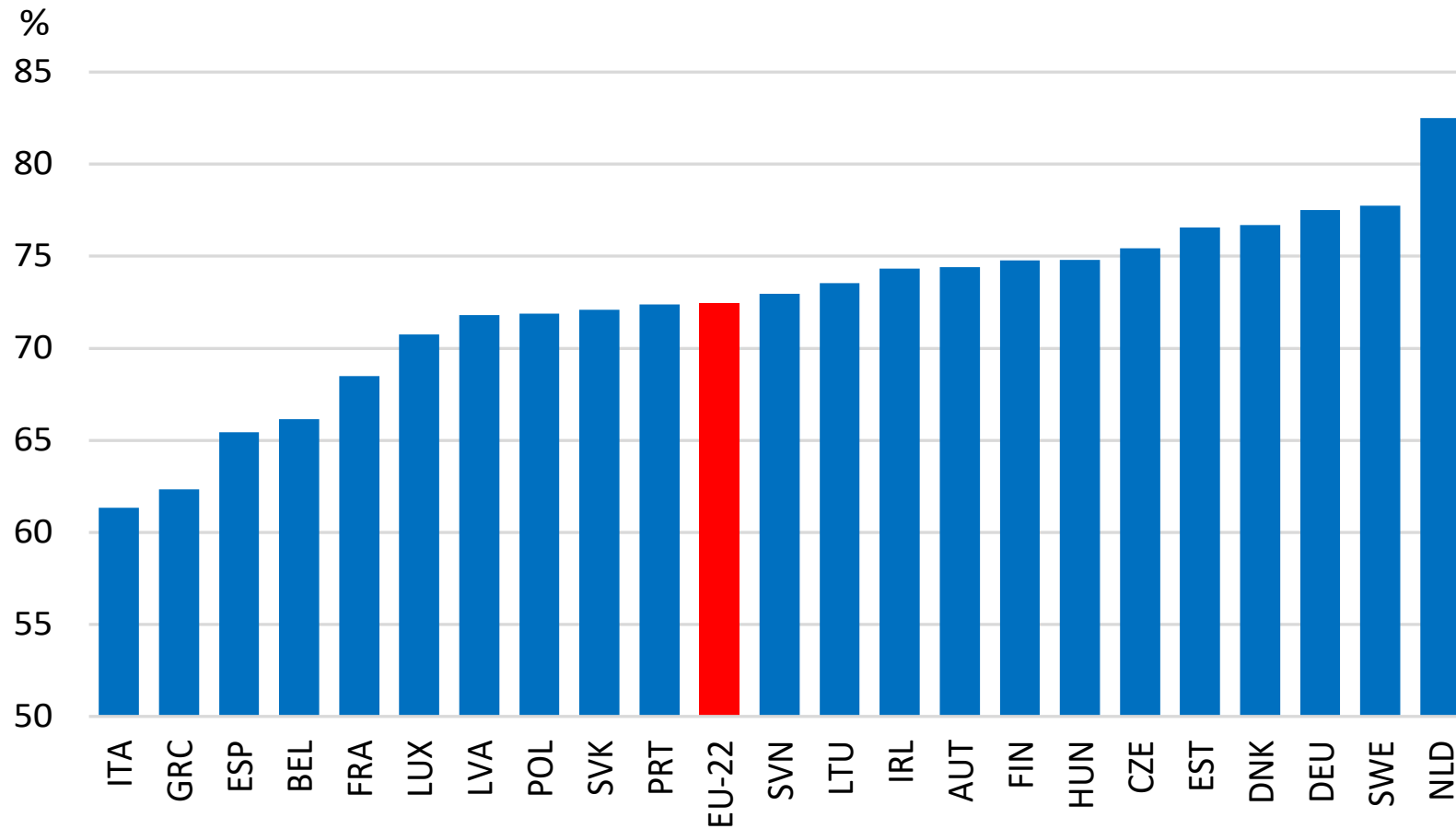
EU growth is recovering slowly while inflation remains high



Source: OECD Economic Outlook 113 database.



Employment rates differ widely across countries



Note: Data refer to 2023Q2. Ratio of employed to total population aged 15-64.

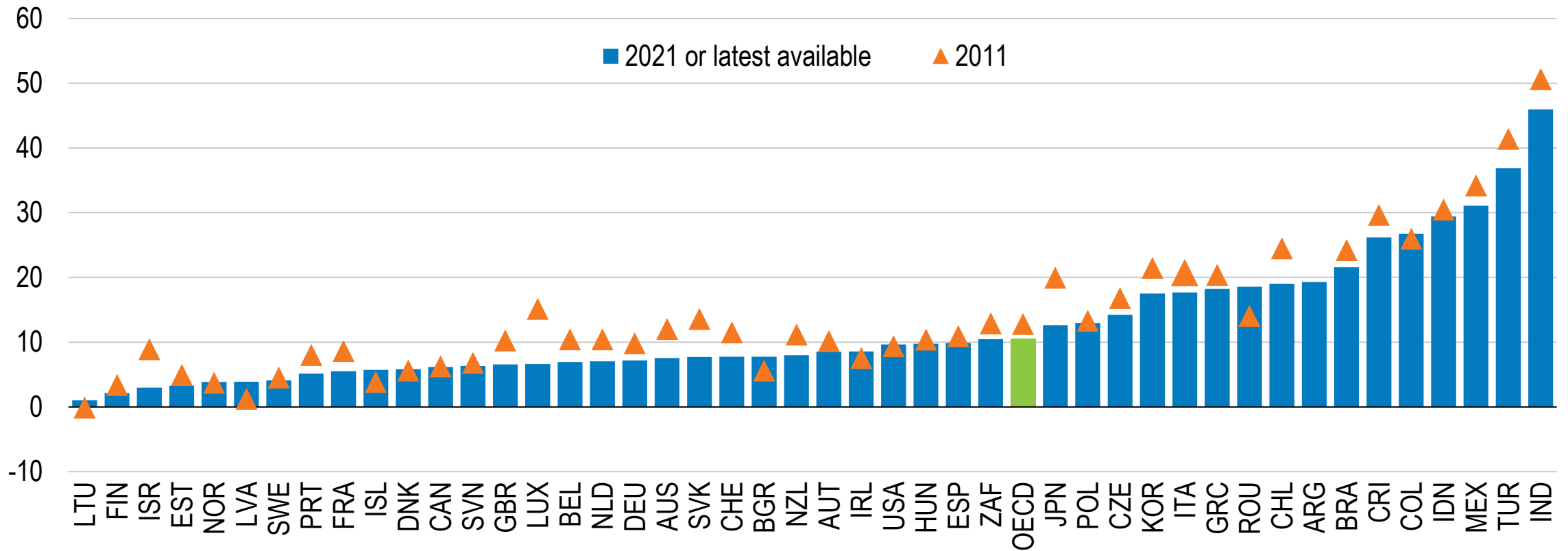
Source: OECD.



Gender inequalities persist in labour markets

Gender employment gap

% point difference in employment rates between 15-64 year-old males and females

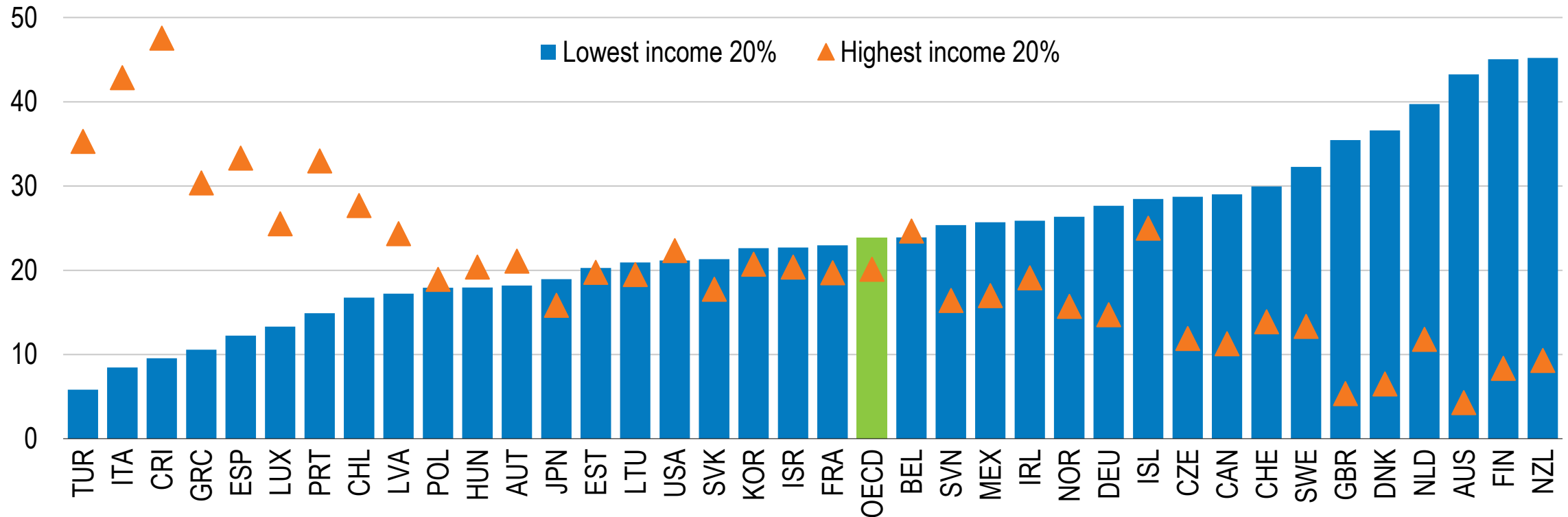


Source: OECD Labour Force Statistics Database.



The coverage and targeting of social protection is limited in many countries

Share of public cash transfers received by working-age individuals by income group
%, 2020 or latest available



Note: All public cash transfers are measured at the household level, including any old-age pensions that are available for this age group. Income groups refer to disposable incomes. All incomes are adjusted for household size.

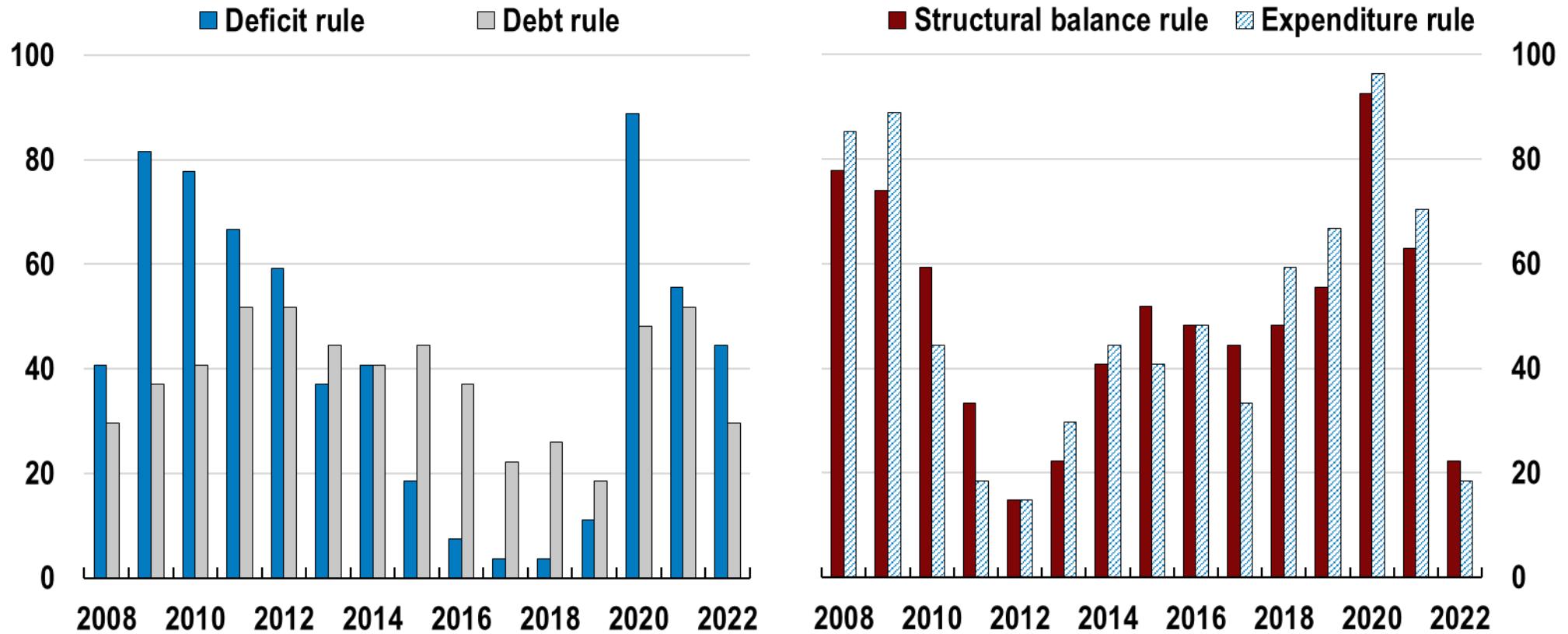
Source: OECD Income Distribution Database.



Compliance with fiscal rules has been partial

Share of European Union countries non-compliant with EU fiscal rules

Per cent

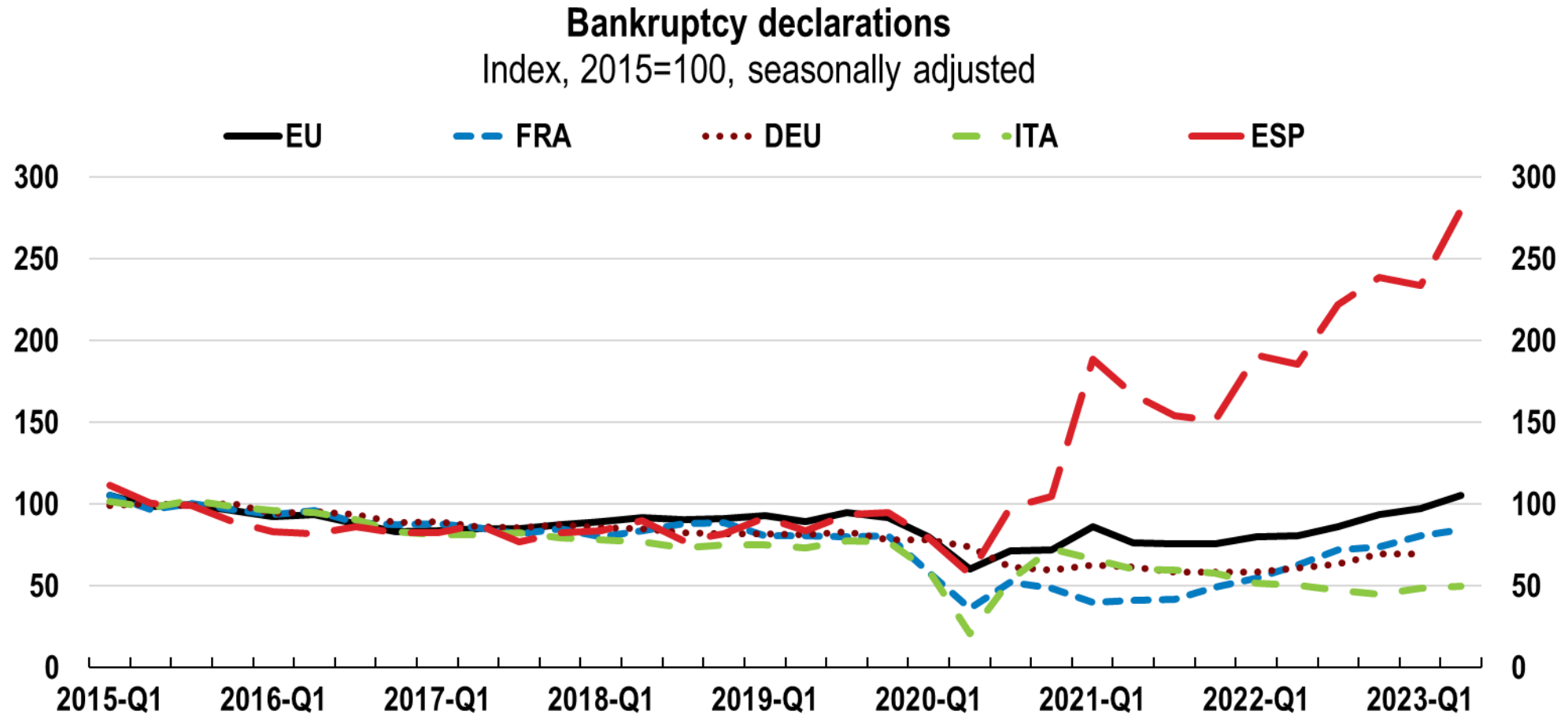


Note: Data refer to the 27 EU Member countries. Compliance rules are: (i) deficit rule, a country is compliant if the budget balance of the general government is equal or larger than -3% of GDP or, if the -3% of GDP threshold is breached, the deviation remains small and limited to one year; (ii) debt rule, a country is compliant if the debt-to-GDP ratio is below 60% or if the excess above 60% has been declining by 1/20 on average over the past three years; (iii) structural balance rule, a country is compliant if the structural budget balance is at or above the medium-term objective (MTO) or, if the MTO has not been reached yet, the annual improvement of the structural budget balance is at least 0.5% of GDP; (iv) expenditure rule, a country is compliant if the annual growth of primary government expenditure, net of discretionary revenue measures and one-offs, is at or below the ten-year average of the nominal potential output growth.

Source: EU Compliance Tracker, https://commission.europa.eu/business-economy-euro/economic-and-fiscal-policy-coordination/european-fiscal-board-efb/compliance-tracker_en; and OECD calculations.



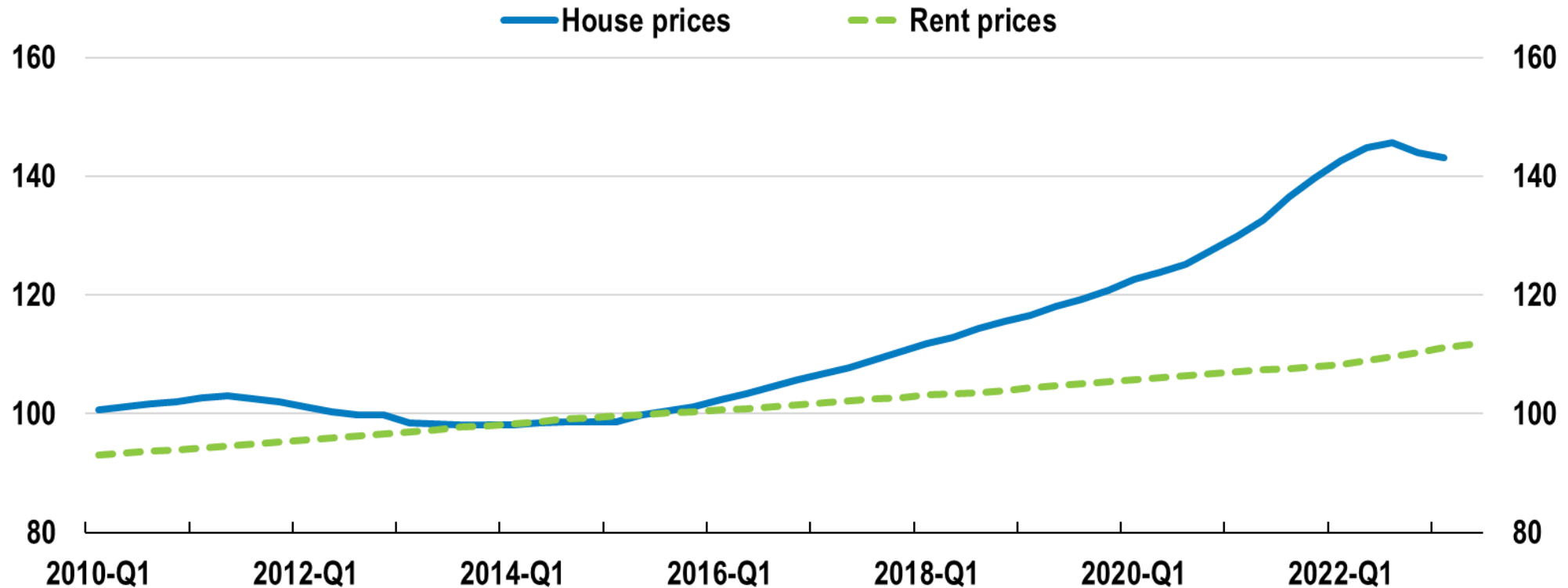
Bankruptcies have risen, adding to financial risks





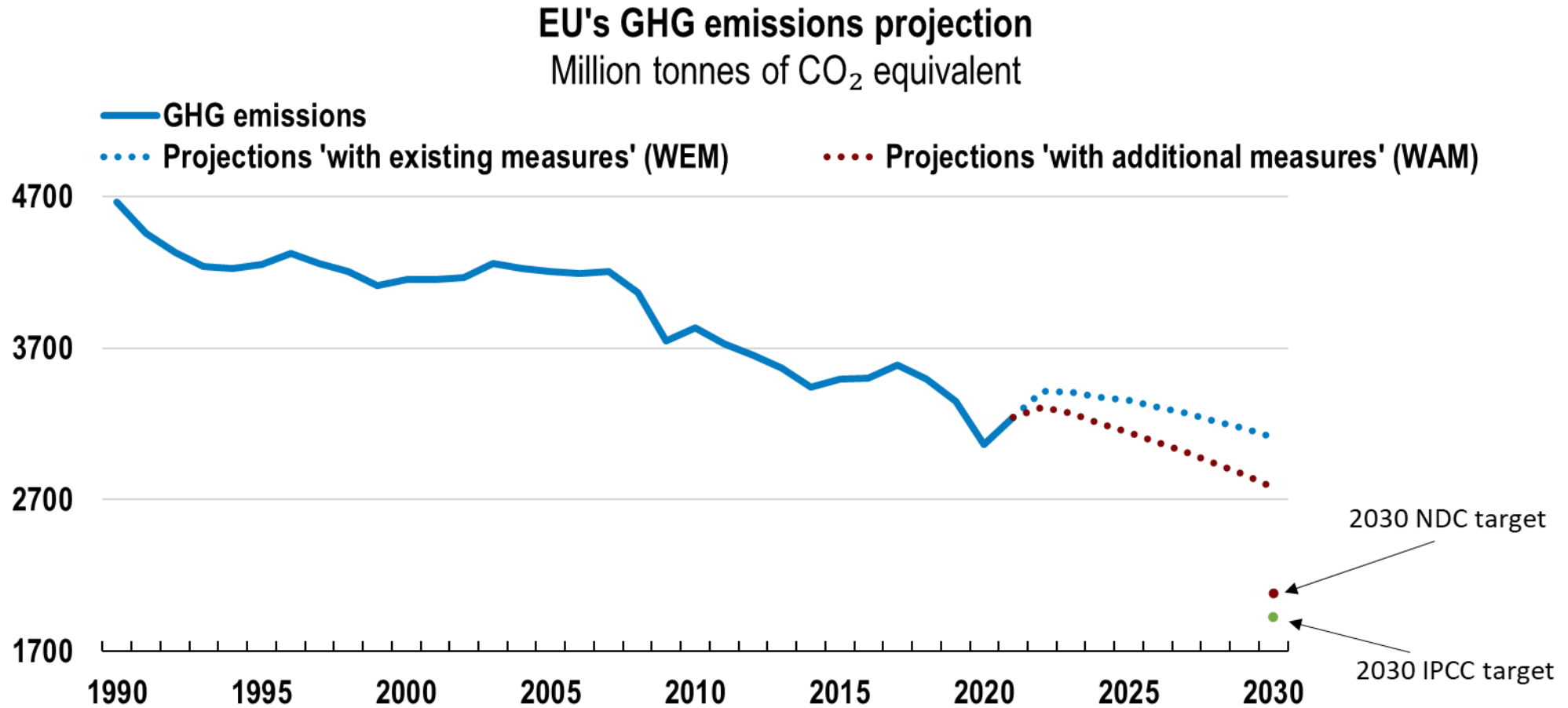
Risks from elevated house prices must be monitored

House and rent prices in the euro area
Index 2015=100, seasonally adjusted





Emission reductions need to accelerate to meet targets

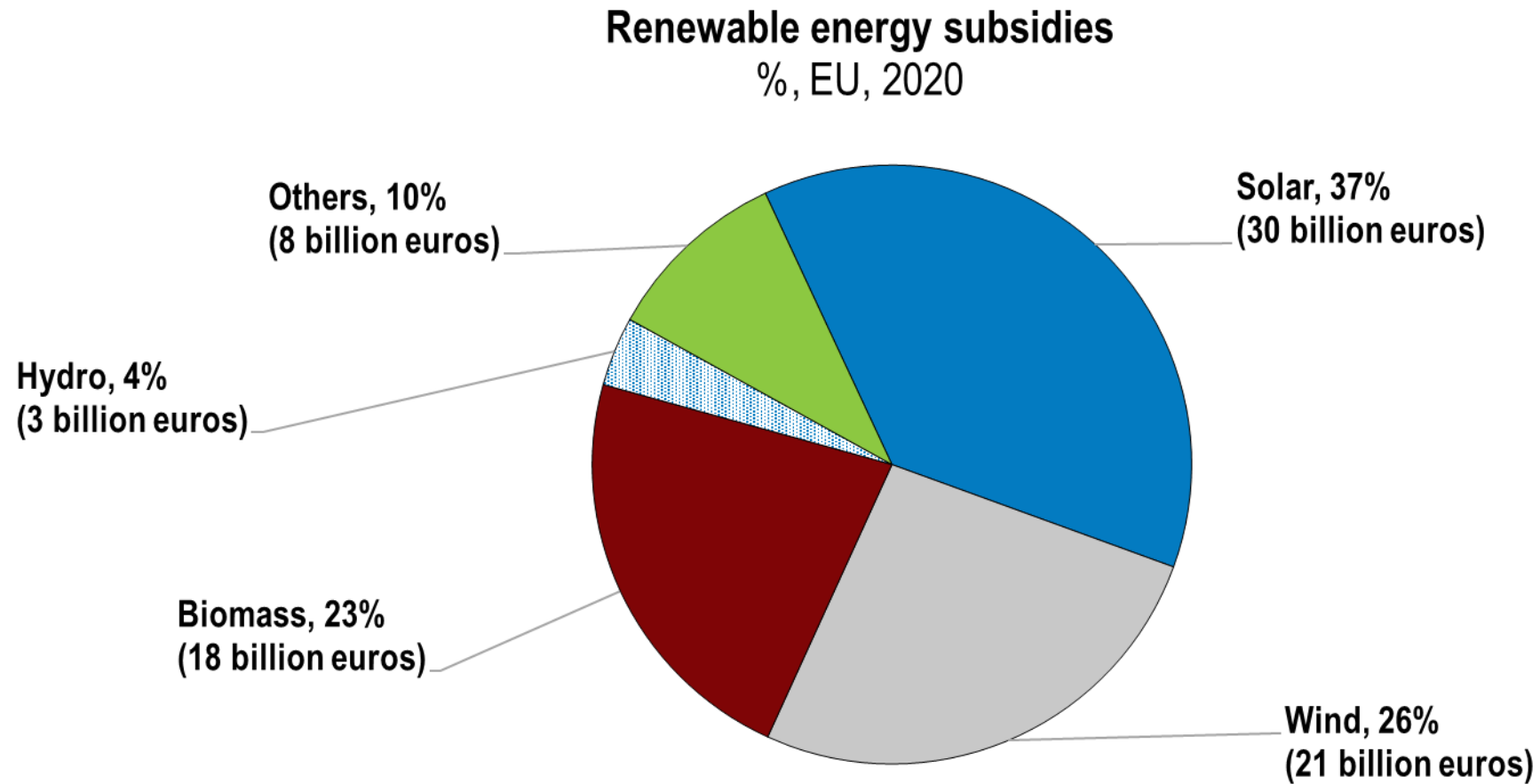


Note: Greenhouse gas (GHG) emissions include those from the land use/land use change and forestry sector (LULUCF). Projections “with existing measures” (WEM) refer to 2019 EU policies and “with additional measures” (WAM) to new policies under more the ambitious FIT for 55 package. GHG emissions as projected by the respective country. NDC stands for Nationally Determined Contributions under the 2015 Paris Agreement. IPCC stands for Intergovernmental Panel on Climate Change. The IPCC target is equivalent to a 43% reduction compared to 2019 emissions, which is needed to limit global warming to around 1.5°C according to the IPCC (2022).

Source: IPCC (2022), United Nations (2022).

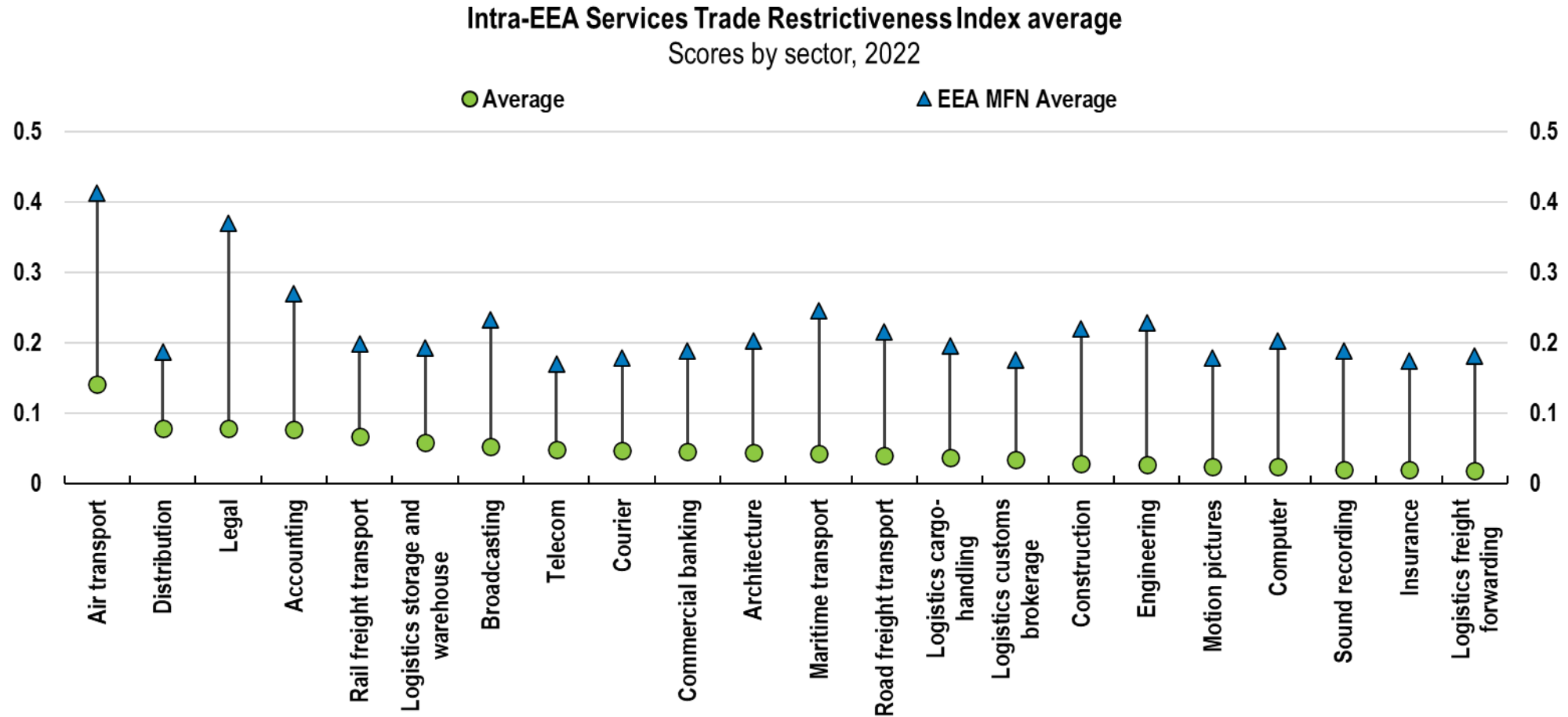


Government support for renewables mostly benefits cost-competitive biomass, solar and wind





Trade barriers in some services sectors could be lowered



Note: The STRI indices take values between zero and one, one being the most restrictive. The intra-EEA STRI quantifies barriers to services trade within the Single Market of the EEA. By contrast, the STRI database records measures on a Most Favoured Nations (MFN) basis, where preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The Intra-EEA STRI regulatory database covers 24 EEA members.

Source: OECD Intra-EEA Services Trade Restrictiveness Index (STRI) database.