

THE EUROPEAN SEMESTER: AN INTRODUCTION

OSE-EPSU Social Dialogue Project

**“Modernising public administration:
the implications for collective bargaining and social dialogue”**

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Outline of the presentation

- 1) The basic features of the European Semester: the “three pillars”**
- 2) The procedures (2011-2014)**
- 3) The current cycle and the proposals of the European Commission for the next cycles**

1) The basic features of the European Semester: the “three pillars”

The European Semester is a **yearly policy coordination cycle** implemented by the European Union (EU) since 2011 with a view to **synchronizing and coordinating instruments and procedures** related to **budgetary** and **macro-economic** policies and **structural reforms** in a number of policy domains.

Three pillars:

- 1) The **Europe 2020** strategy (structural reforms in various policy fields)
- 2) The **reformed Stability and Growth Pact** (fiscal policy)
- 3) The **Macro-economic imbalances procedure** (macro-economic policy)

Europe 2020 (1)

Medium-term strategy launched in 2010

3 “overarching priorities”:

‘smart growth’ (“developing an economy based on knowledge and innovation”)

‘sustainable growth’ (“promoting a more resource efficient, greener and more competitive economy”)

‘inclusive growth’ (i.e., “fostering a high-employment economy delivering social and territorial cohesion”)

Thematic coordination in a number of policy areas, including:

Research and development; climate change and energy sustainability; the business environment; employment; education and training; social inclusion.

Europe 2020 (2)

✓ **5 EU ‘Headline targets’** (+ national targets):

1) Employment: 75% of adults should be employed);

2) R&D: 3% of the EU’s GDP should be invested in R&D

3) Climate change and energy sustainability: a) greenhouse gas emissions 20% lower than 1990; b) 20% of energy from renewables; c) 20% increase in energy efficiency;

4) Education: a) reducing the rates of early school leaving below 10%; b) at least 40% of 30-34-year-olds completing third level education;

5) Poverty and social exclusion: at least 20 million fewer people in or at risk of poverty and social exclusion)

Europe 2020 (3)

✓ **7 ‘Flagship initiatives’**

✓ **Reporting and monitoring** through the European Semester

- Annual Growth Survey, National Reform Programmes, Country-specific recommendations

✓ **No sanctions, but ‘peer pressure’**

The (reformed) Stability and Growth Pact

✓ Reformed by the 'Six-Pack' (2011) and the 'Two-Pack' (2013)

✓ Areas: **fiscal policy**

✓ 'Preventive arm':

'Stability and Convergence Programmes' (illustrating member states' budgetary objectives and measures for the next three years) assessed by the European Commission. Country-specific recommendations and 'warnings'

✓ 'Corrective arm':

'Excessive deficit procedure' (possibly leading to financial sanctions for the member states of the euro-area)

✓ **Common budgetary timeline and ex-ante examination of the budgetary plans of the countries of the euro-zone (Two-Pack)**

The Macro-economic imbalance procedure

- ✓ **'Six-Pack' (2011)**
- ✓ **Areas:** macro-economic policies (goal: early identification, monitoring and correction of a number of macro-economic conditions likely to affect the economic stability and the competitiveness of the member states and of the EU)
- ✓ **'Early warning system:** 'Alert Mechanism report' and 'In-depth review'
- ✓ **Preventive actions:** Country-specific recommendations
- ✓ **Corrective actions:** 'Excessive imbalance procedure' (possibility leading to financial sanctions for the euro-area)

Summing up:

The European Semester as “**the coordination of coordination**” (Armstrong 2012), bringing together:

- **various coordination processes** (EU 2020, reformed SGP, MIP).
- **with different enforcement mechanisms** (sanctions vs. ‘soft governance’) **and legal bases,**
- **concerning a number of policy areas** (macro-economic and fiscal policies, employment, education, social inclusion, R&D, etc.)

“The interplay between the different components of the Semester gives to EU institutions an unprecedented capacity of policy formulation, guidance and monitoring on virtually the entire spectrum of Member States’ economic and social policies” (Costamagna 2013)

2) The procedures (2011-2014)

Who does what and when?

- **Annual Growth Survey (AGS)**
- Alert Mechanism report (AMR) [MIP]
- Stability or Convergence Programmes (SCP) [SGP]
- **National Reform Programmes (NRP)**
- In depth review (IDR) [MIP]
- **Country specific recommendations (CSR)**
- (Budgetary plans euro-area*)

The Annual Growth Survey (1)

✓ **Period:** November

✓ **Actors:**

- drafted by the European Commission;
- discussed by the Council of Minister and the European Parliament;
- endorsed by the European Council (March).

✓ **Function:**

- The AGS identifies the main economic challenges facing the EU and recommends priority measures to address those challenges in the coming year.
- The AGS covers fiscal and macro-economic policies as well as thematic coordination in the policy fields of Europe 2020.

The Annual Growth Survey (2)

Priorities in the Annual Growth Surveys 2011-2014

2011

- 1) MACRO-ECONOMIC PREREQUISITES FOR GROWTH
- 2) MOBILISING LABOUR MARKETS, CREATING JOB OPPORTUNITIES
- 3) FRONTLOADING GROWTH-ENHANCING MEASURES

2012 – 2013 – 2014

- 1) PURSUING DIFFERENTIATED GROWTH-FRIENDLY FISCAL CONSOLIDATION
- 2) RESTORING NORMAL LENDING TO THE ECONOMY
- 3) PROMOTING GROWTH AND COMPETITIVENESS FOR TODAY AND TOMORROW
- 4) TACKLING UNEMPLOYMENT AND THE SOCIAL CONSEQUENCES OF THE CRISIS
- 5) **MODERNISING PUBLIC ADMINISTRATION**

- In addition: publication of the Alert mechanism report (November) and of the 'In-depth review (March) [MIP]

The National Reform Programmes

✓ **Period:** April

✓ **Actors:**

- Member States

✓ **Function:**

The NRPs illustrate:

- strategies and measures implemented or planned by the member states in order to translate into national policies the Integrated Guidelines of the Europe 2020 strategy and the policy orientations provided into the AGS;
- progress towards the targets of Europe 2020;
- actions undertaken to address the Country-specific recommendations;
- Initiatives related to the Macro-economic imbalances procedure.

- Simultaneously (in order to ensure coherence): publication of the Stability and Convergence Programmes [SGP].

The Country-specific recommendations (1)

Draft Country-specific recommendations

- ✓ **Period:** May

- ✓ **Actors:**
 - European Commission (collaboration between various Directorates General)

- ✓ **Function:**
 - Tailor-made recommendations to the member states in areas deemed as priorities for the next 12-18 months.
 - They may concern budgetary and macro-economic policies, and structural reforms related to Europe 2020.

- **Staff Working Documents accompanying the Country-specific recommendations:** this documents explain, for each member state, the rationale for the CSRs.

The Country-specific recommendations (2)

- The European Commission gathers information from a variety of sources (NRPs and SCPs, bilateral contacts with the member states, country-desks, **European Semester officers** in the member states).

Final Country-specific recommendations:

✓ **Period:** June-July

✓ **Actors:**

- Council of Ministers (various formations): it can adopt or amend the proposals of the Commission.
- European Council: it endorses the Country-specific recommendations.

Summing up:

Main steps of the European Semester 2011 – 2014 (excluding MIP, SGP, and coordination of the budgetary plans for the euro-area).

Document	Main functions	Timing	Main actor(s)
Annual Growth Survey	EU challenges and priorities	November	European Commission (+ Council of Ministers, European Parliament, European Council)
National Reform Programmes	Member states' strategies and measures to implement EU guidance in domestic policies/ progress towards EU 2020/ implementation CSRs	April	Member States
Country-Specific Recommendations	Tailor-made recommendations related to the policy areas of the Semester	May (draft) June/July (final)	European Commission, Council of Ministers (+European Council)

3) The current cycle and the proposals of the European Commission for the next cycles

The European Semester 2015:

- New Commission.
- AGS and AMR published in November.
- NRPs and SCPs submitted in April.
- The European Commission is elaborating the draft CSRs.

AGS 2015:

- a) **3 integrated pillars** (instead of 5 priorities)
- b) **Some proposals aimed at streamlining and reinforcing** the process (some of them already implemented in the current cycle)

The AGS 2015: 3 Integrated Pillars

1. A COORDINATED BOOST TO INVESTMENT

- An Investment Plan for Europe

2. A RENEWED COMMITMENT TO STRUCTURAL REFORMS

- Removing key barriers at the EU level
- Structural reforms at the member states' level

3. PURSUING FISCAL RESPONSIBILITY

- "Responsible growth-friendly fiscal consolidation"

Structural reforms at the member states' level:

1. Improving the dynamics in labour markets and tackling the high level of unemployment.
2. Pension reforms
3. Modernising social protection systems
4. Improving the flexibility of product and services markets.
5. Improving framework conditions for business investment.
6. Improving the quality of research and innovation (R&I) investment.
7. **Improving efficiency in public administration.**

The AGS 2015: Commission's proposals

1) Simplifying Commission outputs and allowing for more feedback on Commission analysis:

- Publication of “**Country reports**” (late February/March) containing: a) the analysis of member states' economic situation and of the policy areas for reform identified in the AGS (former Commission Staff Working Documents); b) the 'in-depth review of countries at risk of macro-economic imbalances.
- More time to provide feedback on Commission's analysis before the publication of the draft CSRs (May).

2) Streamlining reporting requirements of member states:

- Need to “refocus” member states' NRPs (more targeted national inputs at an early stage) and to involve the national Parliaments and social partners in their elaboration.

The AGS 2015: Commission's proposals

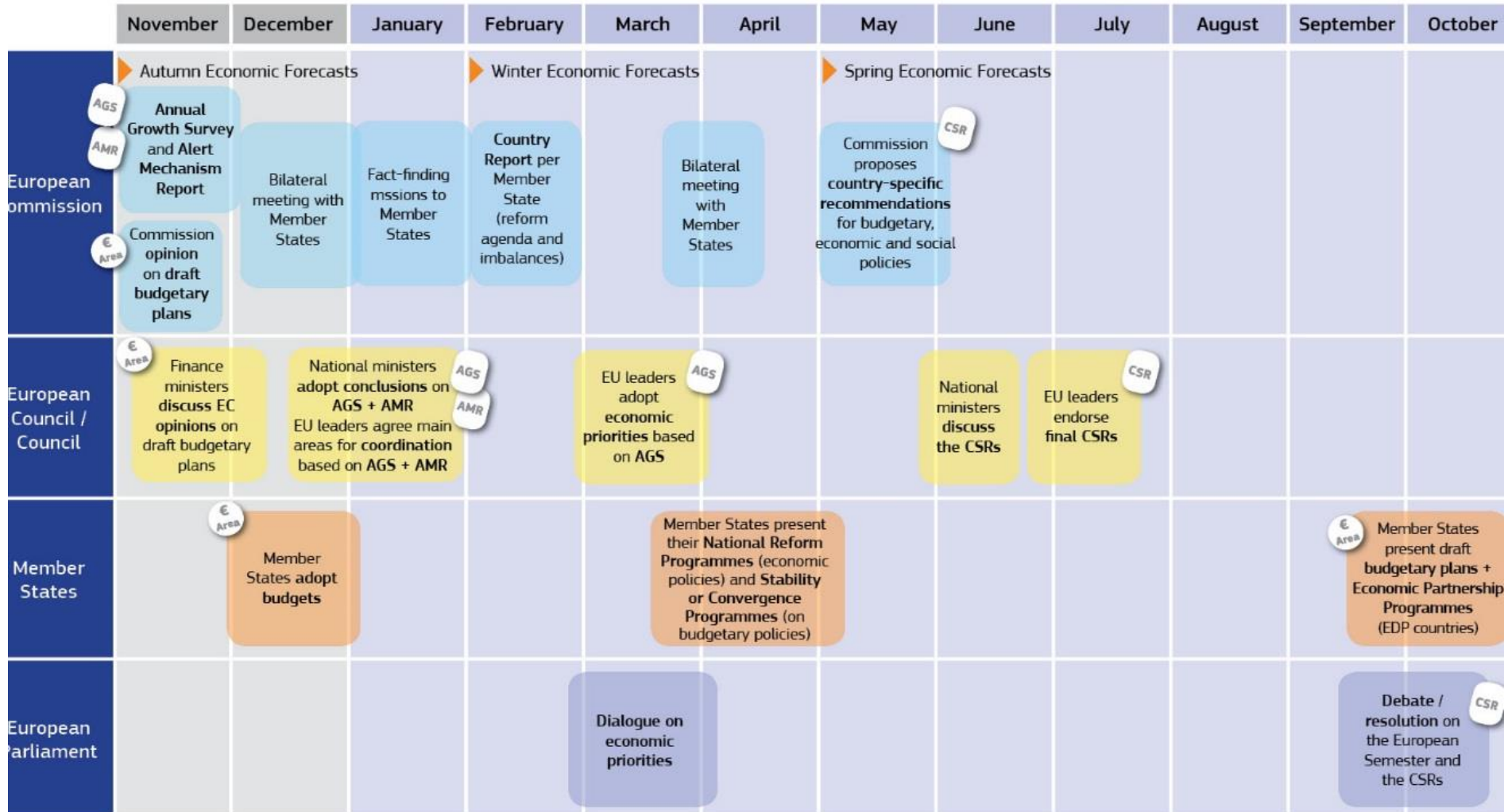
3) Enhancing the multilateral nature of the process:

- Cross-examination of member states' performance.
- Bilateral meetings with the member states and 'fact-finding missions' (December/January).

4) Opening up the process and increasing engagement with other actors:

- Exchanges European Commission/European Parliament and social partners before the publication of the AGS and after its adoption.
- Exchanges European Commission/social partners to receive feedback on "topical" CSRs.

EUROPEAN SEMESTER: A PARTNERSHIP EU-MEMBER STATES



Legend: **AGS**: Annual Growth Survey - **AMR**: Alert Mechanism Report - **CSR**: Country-Specific Recommendations

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