

# European Semester

2012/2677(RSP) - 30/05/2012 - Follow-up document

**PURPOSE:** draft recommendation for a COUNCIL RECOMMENDATION on Greece's 2012 national reform programme and delivering a Council opinion on Greece's convergence programme for 2012-2015.

**BACKGROUND:** the European Commission has adopted a **package of recommendations for budgetary measures and economic reforms** to enhance financial stability, boost growth and create employment across the EU.

The recommendations are **country-specific**, taking account of the individual situation of each Member State. The Commission has also issued recommendations for the euro area as a whole. The country-specific recommendations put forward by the Commission give operational guidance for Member States while preparing their budgetary policies and for economic reforms that should be enacted over the coming twelve months to boost competitiveness and facilitate job creation.

The adoption of the recommendations marks the **concluding of the second phase of the European Semester** of economic policy coordination, which was launched with the Commission's [Annual Growth Survey](#) on 23 November 2011.

The basis for these recommendations is a thorough assessment of the implementation of those adopted in 2011, combined with a detailed analysis of the national reform programmes and stability or convergence programmes that Member States submitted by 30 April 2012. The analysis underpinning the recommendations is presented in 28 Commission staff working documents.

**CONTENT :** on 12 April 2012, **Greece** submitted its 2012 national reform programme and incomplete information regarding their budgetary plans.

**Adjustment programme :** on 21 February 2012, the Eurogroup agreed on a **second economic adjustment programme** for Greece. The implementation of the economic policies outlined in the Memorandum of Understanding on Specific Policy Conditionality will contribute to reducing the Greek public debt to **117% of GDP by 2020**. It was agreed that the official sector financing of the programme would amount to **EUR 130 billion until 2014**, additional to the amounts committed in the first financing programme.

The release of the tranches is based on compliance with quantitative performance criteria and a positive evaluation of progress made with respect to the policy criteria laid down in Council Decision 2011/734 /EU (as amended on 8 November 2011 and 13 March 2012) and the Memorandum of Understanding setting the economic policy conditionality, which was signed on 14 March 2012.

On 19 March 2012, the first instalment (EUR 5.9 billion) of the first tranche (EUR 14.5 billion) of the new financing programme was paid by the EFSF to Greece. Greece also received EUR 1.6 billion from the IMF. **By May 2012, Greece has received EUR 147.5 billion** from official financing under the first and the second programme.

**Progress and challenges :** in 2010 and 2011, Greece made partial progress towards the ambitious objectives of the adjustment programme. Several factors hampered implementation: political instability, social unrest and issues of administrative capacity and, more fundamentally, a recession that was much

deeper than previously projected. Important fiscal targets were missed, which led to the adoption of additional consolidation measures throughout 2010 and 2011. However, Greece achieved a substantial reduction in the general government deficit: from 15.8 per cent of GDP in 2009 to 9.1 percent in 2011.

The Commission notes that the economic crisis and subsequent fiscal consolidation measures have had an impact on the ability of Greece to achieve the Europe 2020 goals, especially the socially oriented ones. Nevertheless, the structural reforms, particularly those in the labour market, the liberalisation of several sectors and a number of measures to improve the business environment, will help promote competition, spur productivity, increase employment and reduce production costs, thus contributing to an increase in employment and limiting poverty and social exclusion in the medium term.

A **strategic re-programming of the Structural Funds is underway**, with a focus on support to youth employment and competitiveness (in particular SME's). The new measures strengthen actions in the areas of employment passport, training and professional qualifications and access to finance for small and medium enterprises.

On 18 April 2012, the Commission adopted a communication on 'Growth for Greece' **highlighting the positive impact that full and effective implementation of the economic adjustment programme can have**. This Communication recalls that Greece can draw strength and concrete support from its membership of the EU and of the euro area. It emphasises the readiness of Greece's partners, and in particular the Commission to identify ways to maximise the impact of early deliverables through swift actions and EU support.

In conclusion, it is **recommended that Greece** should implement the measures laid down in Council Decision 2011/734/EU of 12 July 2011, as amended on 8 November 2011 and 13 March 2012, and the Memorandum of Understanding on specific economic policy conditionality, which was signed on 14 March 2012.