

European Semester for economic policy coordination: implementation of 2012 priorities

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The Council took stock of lessons learned from the 2012 European Semester monitoring exercise and possible improvements for 2013. The European Semester involves simultaneous monitoring of the Member States' economic, fiscal, employment and social policies, in accordance with common rules, over a six-month period every year. It was first organised in 2011.

Although the outcome of this year's exercise was considered satisfactory overall, implementation is now being reviewed. The process has been made more challenging by strengthened rules on economic governance.

The main themes discussed were the following:

Focus on results: during this first phase, the Council could focus on an implementation review which would require preparation both by the Commission, in cooperation with individual Member States, and the Council preparatory bodies. In this regard, the Council could welcome the proposal of the Commission to organise a series of bilateral meetings in October, to take stock of planned actions to implement the 2012 recommendations.

Holistic approach:

- The General Affairs Council(GAC) has maintained an overview, notably through the semester roadmap, the synthesis report on Council discussions on the Annual Growth Survey, and approval of Country-specific Recommendations (CSR) in their entirety before EC endorsement. In 2013, while maintaining the broad involvement of Council formations, the role of Coreper could be better exploited.
- For 2013, **the distribution of tasks between the different Council configurations could be better articulated** through stronger involvement of the Presidency, on the basis of discussion at Coreper and the GAC. Given the integrated nature of the semester and the number of cross-cutting issues, **the division of labour between the Economic and Financial Affairs Council (ECOFIN) and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO)** is an issue.
- The **Competitiveness Council** plays a key role in a number of policy areas, notably the **Single Market**. Its importance for the European semester is highlighted by the Commission decision to issue, from 2013, annual reports on the integration of the Single Market as an annex to the AGS. A stronger highlight could be given to the issues dealt with the COMPET Council which are directly relevant to the European semester.

Dialogue:

- Deeper dialogue from **a very early stage**, including through higher level and political contacts, could provide better information on CSR implementation. The Council could welcome the Commission proposal to organise three series of bilateral meetings at key moments in the preparatory cycle, in October, December/January, and April.

- In the next cycle, starting with autumn 2012, **thematic discussions on overarching issues at committee and Council level**, could help prepare for CSR handling. In this regard, the Council could welcome the willingness of the Commission to further pursue multilateral surveillance of CSRs throughout the year.
- Given the time constraints on CSR, Member States could explore how to **better involve** national parliaments and, where relevant, social partner organisations, in the first phase of the semester.

CSR Handling:

- Properly addressing the time constraints would require an **overhaul of Commission and Member States' calendars** for statistics, budget preparation etc, including changes in the six-pack. However, this could only be considered for the future.
- In the same context it could be assessed whether the CSR exercise should be organised in a **longer cycle**, for example every two years.
- Under current constraints, Member States could improve the situation by submitting their National Reform Programmes and Stability or Convergence Programmes **by mid-April**, facilitated by the Commission commitment to provide earlier guidance on National Reform Programme structure and content. Subsequently, the Commission could consider a somewhat earlier presentation of the CSR.
- The **Macroeconomic Imbalance Procedure (MIP)** was not fully synchronised with the rest of the semester.
- The Council could welcome the Commission's intentions to adopt the Alert Mechanism Report (AMR) together with the Annual Growth Survey(AGS) and the in-depth reviews by end-March.

The Councils ECOFIN and EPSCO will continue work on the question during their meetings on 4 and 9 October respectively.