

Procedure file

Basic information		
INI - Own-initiative procedure	2012/2150(INI)	Procedure completed
European Semester for economic policy coordination: implementation of 2012 priorities		
See also 2012/2677(RSP)		
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		30/05/2012
		PPE GAUZÈS Jean-Paul	
		Shadow rapporteur	
		ALDE GOULARD Sylvie	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets (Associated committee)		17/07/2012
		S&D TRAUTMANN Catherine	
	EMPL Employment and Social Affairs (Associated committee)		14/06/2012
		Verts/ALE CORNELISSEN Marije	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
IMCO Internal Market and Consumer Protection		10/07/2012	
	ECR HARBOUR Malcolm		
REGI Regional Development	The committee decided not to give an opinion.		
AFCO Constitutional Affairs		05/09/2012	
	PPE RANGEL Paulo		
FEMM Women's Rights and Gender Equality		30/05/2012	
	PPE MATERA Barbara		
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	3189	09/10/2012
	Employment, Social Policy, Health and Consumer Affairs	3188	04/10/2012
	General Affairs	3187	24/09/2012
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	REHN Olli	

Key events			
13/09/2012	Committee referral announced in Parliament		
13/09/2012	Referral to associated committees announced in Parliament		
24/09/2012	Debate in Council	3187	Summary
04/10/2012	Debate in Council	3188	
09/10/2012	Debate in Council	3189	
09/10/2012	Vote in committee		
12/10/2012	Committee report tabled for plenary	A7-0312/2012	Summary
25/10/2012	Debate in Parliament		
26/10/2012	Results of vote in Parliament		
26/10/2012	Decision by Parliament	T7-0408/2012	Summary
26/10/2012	End of procedure in Parliament		

Technical information	
Procedure reference	2012/2150(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
	See also 2012/2677(RSP)
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/09626

Documentation gateway					
Committee draft report		PE492.923	18/07/2012	EP	
Amendments tabled in committee		PE496.316	13/09/2012	EP	
Committee opinion	IMCO	PE496.396	18/09/2012	EP	
Committee opinion	AFCO	PE494.649	19/09/2012	EP	
Committee opinion	BUDG	PE494.682	19/09/2012	EP	
Committee opinion	EMPL	PE494.647	20/09/2012	EP	
Committee opinion	FEMM	PE494.472	21/09/2012	EP	
Committee report tabled for plenary, single reading		A7-0312/2012	12/10/2012	EP	Summary
Text adopted by Parliament, single reading		T7-0408/2012	26/10/2012	EP	Summary
Commission response to text adopted in plenary		SP(2012)868/2	04/03/2013	EC	

European Semester for economic policy coordination: implementation of 2012 priorities

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.

European Semester for economic policy coordination: implementation of 2012 priorities

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Jean-Paul GAUZES (EPP, FR) on the European Semester for economic policy coordination: implementation of 2012 priorities.

The committee notes that the European Semester framework was finally codified in Regulation (EU) No 1175/2011 and has an essential role to play, leading the Union in taking further steps towards the completion of the Economic and Monetary Union (EMU). It also notes that this is the first time that the European Semester has been fully implemented and the necessary lessons must be drawn in order for it to reach its full potential.

Members are concerned to note that, in many Member States, national parliaments, social partners and civil society were not involved in the European Semester process. It urges the Commission to ensure that more democratic legitimacy be given to the process through the

involvement of national parliaments, social partners and civil society.

Lauding the economic dialogue held so far between European Parliament and national representatives, the report emphasises the importance of this dialogue with a view to achieving a fully operational European Semester framework and attaining the necessary level of democratic accountability with regard to all those involved.

Members take stock of the various European Semester economic policy coordination proposals agreed at EU level and then translated into action at in each Member State. They note several areas in which the Commission and Member States could improve coordination.

They welcome the measures that have been proposed but stress the need for proper coherence within and among the different Member States recommendations, for better use of the macroeconomic scoreboard and for account to be taken of the negative spill-over effects of individual members economic policies. The report notes that most of the structural reforms are concentrating on a small number of areas, such as labour markets, the taxation system, the banking sector, the pension system, the services sector, liberalising certain industries, improving the efficiency and quality of public expenditure, cutting red tape, removing unnecessary layers of government, combating tax evasion, and reforming mortgage and real estate markets. However, the committee expresses its concern about the fact that no recommendations have been made on the Europe 2020 objectives to those Member States with a financial assistance programme. It calls on the Commission to assess the impact of the economic adjustment programme on progress towards the Europe 2020 headline targets and to propose modifications designed to bring the adjustment programme into line with the Europe 2020 objectives.

The report urges the Commission:

- to avoid taking a one-size-fits-all approach to the recommendations given to Member States and to ensure that such recommendations are made according to the specific needs of the Member State concerned;
- to be more explicit in its recommendations, to continue to monitor recommendations made in the past, including detailed explanation and evaluation in those cases where the Commission thinks a country has only partially followed the recommendations and to take full account of the different economic and social realities of each Member State;
- to make recommendations to Member States on how to minimise the negative spill-over effects of their internal policies and facilitate compliance of other Member States.

The committee encourages Member States to follow strictly the rules set by the Stability and Growth Pact, as modified by the six-pack, by pursuing differentiated growth-friendly fiscal consolidation taking into account country-specific circumstances, and to render public finances more resilient and reduce pressure from the banking sector.

Members turn to democratic scrutiny, and note with concern that the European Parliament has been constantly marginalised in the main economic decisions resulting from the crisis. They consider that it must be involved in order to increase the legitimacy of decisions that affect all citizens. They recall that the European Parliament must be recognised as the appropriate European democratic forum for providing an overall evaluation at the end of the European Semester. As a sign of this recognition, representatives of the EU institutions and the economic bodies involved in the process should provide information to Members of the European Parliament when asked to do so.

Sectoral contributions to the European Semester 2012

Employment and Social Policies: the committee deplores the fact that, despite their political commitment during the 2012 Spring European Council and the Commissions guidance in the Employment Package, most Member States did not submit a National Job Plan (NJP) as part of their 2012 NRPs. They urge the Commission to call on Member States to deliver their NJPs as soon as possible, and make some recommendations on the content of NJPs, including comprehensive measures for job creation and green employment. The Commission is asked to follow up its plan for a labour market monitoring system based on objective data and for an individual tracking scheme for countries that do not comply with country-specific recommendations.

Budgetary Policies: the report urges the Commission, in its next Annual Growth Survey to underline the role of the EU budget in the European Semester process by providing concrete data on its triggering, catalytic, synergetic and complementary effects on overall public expenditure at local, regional and national levels. It believes, moreover, that funding at EU level can generate savings for the Member States budgets and that this should be emphasised.

Members go on to urge the Council, during negotiations on the 2013 EU budget, to accept a political and public debate on the level of appropriations needed to implement the Compact for Growth and Jobs adopted at the June 2012 European Council. They express strong concern at the position repeatedly taken by the Council to reduce artificially the level of payment appropriations available in the EU budget, which would jeopardise the EUs ability to meet its legal and political commitments. The report calls on the Council to agree with Parliament and the Commission on a common method to assess real payment needs.

Member States are asked to seize the possibilities agreed in the Compact for Growth and Jobs to consider reallocations within their national structural and cohesion fund envelopes (EUR 55 billion) in support of research and innovation, SMEs (including facilitating their access to EU funds) and youth employment; calls on the Commission to provide, in its AGS 2013 to be published in November 2012, a full and complete picture of what has been achieved in that respect.

Internal market: Members urge the Commission to make single market governance a key priority, since it contributes substantially to reaching the targets of the European Semester. They take the view that the Commissions country-specific recommendations should offer the Member States more practical solutions for improving the functioning of the single market, so that stronger public support and political commitment are created to encourage the completion of the single market. The Council and the Commission are asked to link the European Semester to the Single Market Act in order to secure the coherence of European economic policy and the creation of sustainable growth. Members also want the Commission to step up its actions in ensuring the proper implementation and enforcement of EU legislation in the Member States by making determined use of all its powers;

Gender Equality: lastly, Members reiterate their call to integrate a gender equality perspective into the European Semester process, calling on the Commission to propose to a uniform format and criteria for integrating a gender equality perspective into the NRPs.

European Semester for economic policy coordination: implementation of 2012 priorities

The European Parliament adopted by 430 votes 90 with 8 abstentions a resolution on the European Semester for economic policy

coordination: implementation of 2012 priorities.

It notes that the crisis and the increasing disparities in competitiveness since the introduction of the euro have highlighted the need for enhanced coordination of economic and employment policies and improved budgetary practices. The European Semester framework was finally codified in Regulation (EU) No 1175/2011 and has an essential role to play, leading the Union in taking further steps towards the completion of the Economic and Monetary Union (EMU). Parliament also notes that this is the first time that the European Semester has been fully implemented and the necessary lessons must be drawn in order for it to reach its full potential.

Members welcome the Council's country-specific recommendations for the euro area, recalling that this is the first time that those recommendations have had a macroeconomic scenario of the euro area as a whole, but have not yet reached their full potential. They are concerned to note that, in many Member States, national parliaments, social partners and civil society were not involved in the European Semester process. Parliament urges the Commission to ensure that more democratic legitimacy be given to the process through the involvement of national parliaments, social partners and civil society. Lauding the economic dialogue held so far between European Parliament and national representatives, Parliament emphasises the importance of this dialogue with a view to achieving a fully operational European Semester framework and attaining the necessary level of democratic accountability with regard to all those involved.

Members take stock of the various European Semester economic policy coordination proposals agreed at EU level and then translated into action at in each Member State. They note several areas in which the Commission and Member States could improve coordination.

They welcome the measures that have been proposed but stress the need for proper coherence within and among the different Member States recommendations, for better use of the macroeconomic scoreboard and for account to be taken of the negative spill-over effects of individual members economic policies. They also welcome the emphasis on resource efficiency programmes, which have significant employment potential while also benefiting the environment, providing sustainable jobs and offering a clear return on investment for both public and private finances.

Parliament notes that most of the structural reforms are concentrating on a small number of areas, but expresses its concern about the fact that no recommendations have been made on the Europe 2020 objectives to those Member States with a financial assistance programme. It calls on the Commission to assess the impact of the economic adjustment programme on progress towards the Europe 2020 headline targets and to propose modifications designed to bring the adjustment programme into line with the Europe 2020 objectives.

Parliament urges the Commission:

- to avoid taking a one-size-fits-all approach to the recommendations given to Member States and to ensure that such recommendations are made according to the specific needs of the Member State concerned;
- to be more explicit thorough and coherent in its recommendations, to continue to monitor recommendations made in the past, including detailed explanation and evaluation in those cases where the Commission thinks a country has only partially followed the recommendations and to take full account of the different economic and social realities of each Member State;
- to make recommendations to Member States on how to minimise the negative spill-over effects of their internal policies and facilitate compliance of other Member States.

Parliament encourages Member States to follow strictly the rules set by the Stability and Growth Pact, as modified by the six-pack, by pursuing differentiated growth-friendly fiscal consolidation taking into account country-specific circumstances, and to render public finances more resilient and reduce pressure from the banking sector.

Members turn to democratic scrutiny, and regret that parliamentary scrutiny plays only a minor role in the process, and stress that the European Semester must in no way jeopardise the prerogatives of the European Parliament and the national parliaments. They note with concern that the European Parliament has been constantly marginalised in the main economic decisions resulting from the crisis. They recall that the European Parliament must be recognised as the appropriate European democratic forum for providing an overall evaluation at the end of the European Semester. As a sign of this recognition, representatives of the EU institutions and the economic bodies involved in the process should provide information to Members of the European Parliament when asked to do so.

The Commission is called upon to report on the progress made regarding the call issued by Parliament in its [resolution of 1 December 2011](#) for the Commission to ask civil society and social partners to contribute an annual shadow report on the progress of the Member States regarding the headline targets and the implementation of measures proposed in the National Reform Programmes (NRPs).

Sectoral contributions to the European Semester 2012

Employment and Social Policies: Parliament deplores the fact that, despite their political commitment during the 2012 Spring European Council and the Commissions guidance in the Employment Package, most Member States did not submit a National Job Plan (NJP) as part of their 2012 NRPs. It urges the Commission to call on Member States to deliver their NJPs as soon as possible, and make some recommendations on the content of NJPs, including comprehensive measures for job creation and green employment. The Commission is asked to follow up its plan for a labour market monitoring system based on objective data and for an individual tracking scheme for countries that do not comply with country-specific recommendations.

Budgetary Policies: Parliament urges the Commission, in its next Annual Growth Survey to underline the role of the EU budget in the European Semester process by providing concrete data on its triggering, catalytic, synergetic and complementary effects on overall public expenditure at local, regional and national levels. It believes, moreover, that funding at EU level can generate savings for the Member States budgets and that this should be emphasised.

The resolution urges the Council, during negotiations on the 2013 EU budget, to accept a political and public debate on the level of appropriations needed to implement the Compact for Growth and Jobs adopted at the June 2012 European Council. It expresses strong concern at the position repeatedly taken by the Council to reduce artificially the level of payment appropriations available in the EU budget, which would jeopardise the EUs ability to meet its legal and political commitments. Parliament calls on the Council to agree with Parliament and the Commission on a common method to assess real payment needs.

The Member States are invited to fully seize the possibilities agreed in the Compact for Growth and Jobs to consider reallocations within their national structural and cohesion fund envelopes (EUR 55 billion) in support of research and innovation, SMEs (including facilitating their access to EU funds) and youth employment.

Parliament is of the opinion that Member States should seek to maximise the growth potential offered by other already agreed EU initiatives financed by the EU budget, such as the pilot phase for project bonds, the various existing EU innovative financial instruments in place since 2007 in the field of research innovation, support to SMEs or microcredit schemes. If properly combined and implemented, all these measures could form the foundations of an EU investment programme for the years to come with a dramatically positive effect on GDP and employment in the EU-27, with some academics estimating a GDP increase of 0.56 % and 1.2 million additional jobs.

Internal market: Members urge the Commission to make single market governance a key priority, since it contributes substantially to reaching the targets of the European Semester. They take the view that the Commission's country-specific recommendations should offer the Member States more practical solutions for improving the functioning of the single market, and the Council and the Commission are asked to link the European Semester to the Single Market Act in order to secure the coherence of European economic policy and the creation of sustainable growth. Members also want the Commission to step up its actions in ensuring the proper implementation and enforcement of EU legislation in the Member States by making determined use of all its powers;

Gender Equality: lastly, Members reiterate their call to integrate a gender equality perspective into the European Semester process, calling on the Commission to propose a uniform format and criteria for integrating a gender equality perspective into the NRPs.