

Brussels, 12 January 2011

European semester: a new architecture for the new EU Economic governance – Q&A

What is the European semester?

The economic crisis has revealed a clear need for stronger economic governance and coordination at EU level. Until now, discussions between the EU and Member States on economic priorities and structural reforms were taking place through different processes. Reports were issued separately and decisions spread across the year with no clear synergies or linkages.

This is why the Commission proposed in May ([IP/10/561](#)) and June 2010 ([IP/10/859](#)) to create a European Semester. This new governance architecture was approved by the Member States on 7 September 2010.

The European semester means the EU and the euro zone will coordinate ex ante their budgetary and economic policies, in line with both the Stability and Growth Pact and the Europe 2020 strategy.

The EU Semester starts with the Annual Growth Survey, in which the Commission provides a solid analysis on the basis of the progress on Europe 2020 targets, a macro-economic report and the joint employment report, and sets out an integrated approach to recovery and growth, concentrating on key measures. This applies to the EU as a whole and will then be translated into country-specific recommendations.

This will allow ex ante economic coordination at EU level while national budgets are still under preparation (See Annex 1).

How does European semester work?

This new cycle has several stages (see Annex 2):

- The new six-month cycle will start each year in January when the Commission publishes the Annual Growth Survey (AGS), to be discussed by Council formations and the European Parliament ahead of the Spring meeting of the European Council in March.
- At the Spring Council, Member States, essentially on the basis of the Annual Growth Survey, will identify the main challenges facing the EU and give strategic advice on policies.
- Taking this guidance into account, the Member States will present and discuss their medium-term budgetary strategies through Stability and Convergence Programmes and, at the same time, draw up National Reform Programmes setting out the action they will undertake in areas such as employment, research, innovation, energy or social inclusion. These two documents will be then sent in April to the European Commission for assessment.

- Based on the Commission's assessment, the Council will issue country-specific guidance by June and July and possible country-specific guidance to countries whose policies and budgets are out of line (for instance, if their plans are not realistic in terms of macroeconomic assumptions or they don't address the main challenges in terms of fiscal consolidation, competitiveness, imbalances, etc).
- Each July, the European Council and the Council of ministers will provide policy advice before Member States finalise their draft budgets for the following year. Draft budgets will then be sent by Governments to the national Parliaments, which continue to fully exercise their right to decide on budget. In other words, this new framework represents in no way a limit to the sovereignty of national parliaments.

How is this new surveillance cycle related to the Economic governance legislative package?

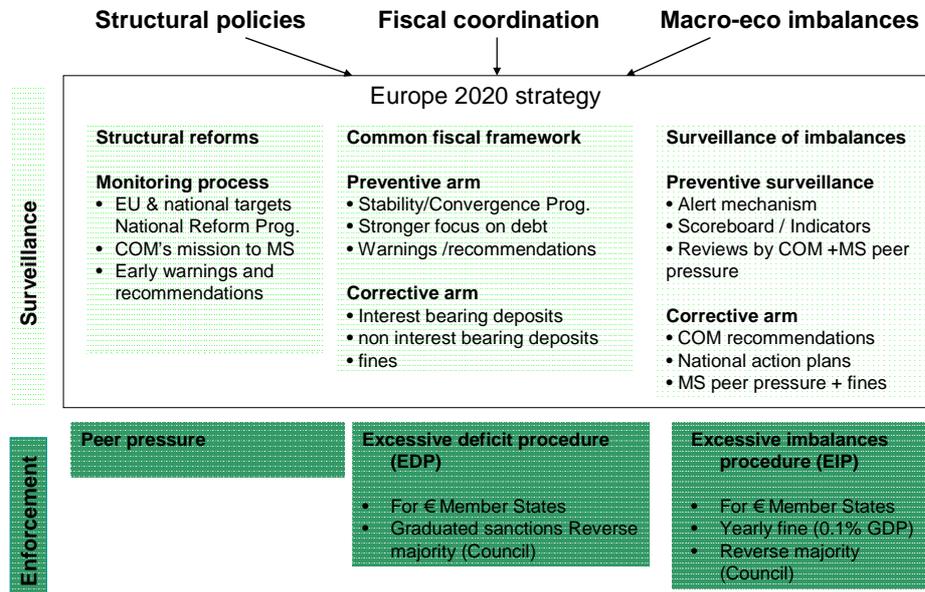
The Commission has made proposals to reinforce governance set of rules, including through stronger surveillance and enforcement mechanisms.

The elements of this more rigorous approach were outlined in the Commission's communication of 12 May and a concrete "toolbox" was presented in a second communication on 30 June. This was complemented by preparatory work and consultations with a broad range of stakeholders, in particular by the Task Force on Economic Governance chaired by President of the European Council Herman Van Rompuy.

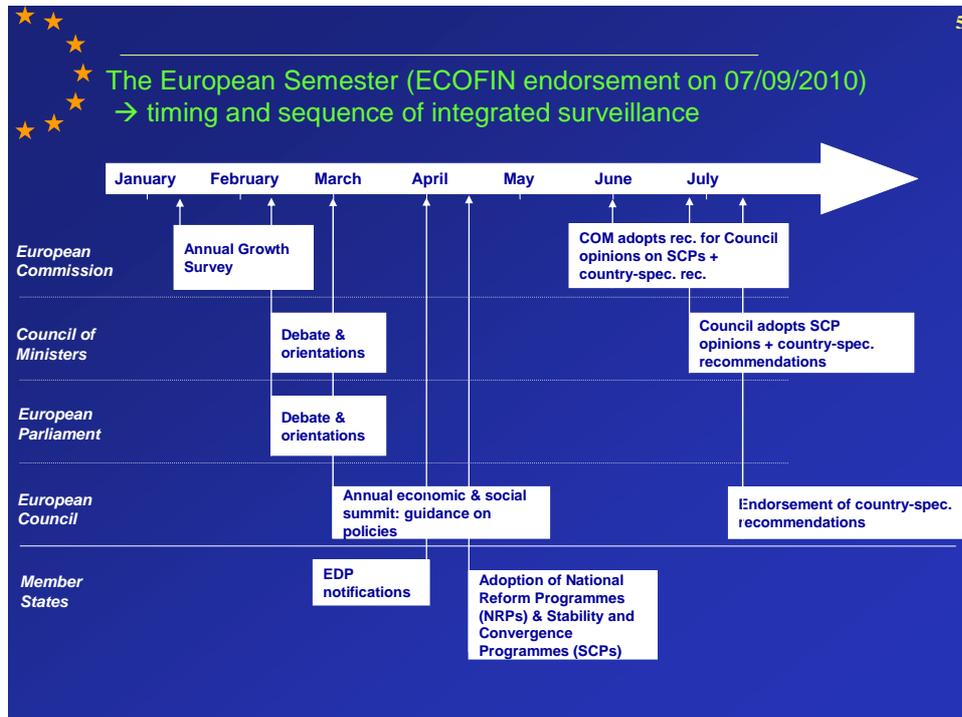
On 29 September, Commission presented a legislative package. The core elements of Commission proposals on Economic governance are the reinforcement of the Stability and Growth Pact (SGP), extending surveillance to macroeconomic imbalances and the setting up a wider range of incentives and sanctions, which would kick in at an earlier stage ([IP/10/1199](#) and [MEMO/10/454](#), [MEMO/10/455](#) and [MEMO/10/456](#)). These proposals were welcomed by the European Council in October and December. Commission, European Parliament and Council have agreed that they should be "fast-tracked" and adopted by Summer 2011, and thus be part of the new governance cycle.

ANNEX 1

European semester: Integrated economic Surveillance/Governance



ANNEX 2



ANNEX 3

ROADMAP ON THE IMPLEMENTATION OF THE EUROPEAN SEMESTER

The success of the first European Semester requires Member States and the Commission to make all efforts to complete their tasks in due time, so that the first European Semester can be finalised by endorsing the country-specific opinions and recommendations by Mid 2011. The European Parliament will also play a key role in this process.

FIRST PHASE: preparation of the March European Council

12 January	Commission to adopt its first Annual Growth Survey
18 January	Economic and Financial Affairs Council
31 January	General Affairs Council
4 February	EUROPEAN COUNCIL
14 February	Education, Youth, Culture and Sport Council
15 February	Economic and Financial Affairs Council (Macroeconomic and fiscal guidance)
28 February	Transport, Telecommunications and Energy Council (Energy)
7 March	Employment, Social Policy, Health and Consumer Affairs Council
10-11 March	Competitiveness Council
14 March	Environment Council
15 March	Economic and Financial Affairs Council
21 March	General Affairs Council
24-25 March	EUROPEAN COUNCIL (Adoption of conclusions providing EU level guidance to Member States on the Stability and Convergence Programmes and the National Reform Programmes)

SECOND PHASE: after the March European Council

Mid-April	Member States submit their finalised National Reform Programmes as well as their Stability and Convergence Programmes
End May- Early June	Commission presents its proposals for the country opinions
6 June	Employment, Social Policy, Health and Consumer Affairs Council
15 June	Economic and Financial Affairs Council
24 June	EUROPEAN COUNCIL