



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Annual Growth Survey 2013: Charting the course to recovery**

Brussels, 28 November 2012 – The European Commission today adopted the 2013 Annual Growth Survey (AGS), setting out five priorities designed to guide Member States through the crisis to renewed growth. The AGS kick-starts the European Semester for economic policy coordination, which ensures Member States align their budgetary and economic plans with the Stability and Growth Pact and the Europe 2020 strategy.

Commenting on the priorities, José Manuel Barroso, President of the European Commission, said: "It is crucial to stick to our strategy of growth-friendly fiscal consolidation, economic reforms and targeted investments. This is the only way to restore confidence and create lasting growth. I understand that these reforms are difficult, painful and may have social consequences, which is why the Commission is doing its best to make the recovery as job-rich as possible. The Annual Growth Survey provides Member States with policy guidance, ensuring that the burden of reform is shared fairly and that the most vulnerable are protected."

The main message of the AGS this year is that while EU policies are beginning to show results – deficits are coming down, tensions in financial markets are easing and there are signs that competitiveness is improving in some Member States – continued reform is needed to generate sustainable growth and jobs. That is why the Commission considers that the five priorities outlined in last year's AGS (see [MEMO/11/821](#)) remain valid. **The five priorities are: pursuing differentiated, growth-friendly fiscal consolidation; restoring normal lending to the economy; promoting growth and competitiveness for today and tomorrow; tackling unemployment and the social consequences of the crisis; and modernising public administration.**

**Each of the five priorities is focused on delivering growth and jobs, with a special emphasis on fairness.** There is no "one-size-fits-all" agenda to boost growth and jobs, but there are common goals and a range of reforms to consider. Targeted support for research in the public and private sectors, better performing education and training systems to raise overall skill levels, and a simpler legal regime for business start-ups – all of these measures can help to boost competitiveness and therefore growth. The Single Market and the further development of network industries (transport, energy and internet infrastructures) also offer opportunities for businesses to develop and for consumers to benefit from better services and products.

**The adoption of a Compact for Growth and Jobs by the Heads of State or Government at the June 2012 European Council should galvanise the efforts of the EU and Member States to mobilise the growth levers they have at hand** - from the implementation of the Single Market Acts to the more targeted use of EU Structural Funds. The Commission has also recently proposed a strategy to improve the functioning of energy markets, as well as measures for a reinforced industrial policy. Moreover, finding an overall agreement on the EU's multi-annual financial framework for 2014-2020 will be essential in restoring growth and competitiveness across Europe and in achieving our Europe 2020 goals.

**The AGS underlines that the labour market situation calls for an urgent response.** Over the last 12 months, the number of unemployed people has increased by 2 million and there are now more than 25 million people without a job. Long-term unemployment has reached alarming highs and the situation of young people has dramatically deteriorated in many countries. The AGS outlines priorities to prepare for a job-rich recovery, to improve employability levels and to promote social inclusion. Faced with a rise in the number of jobseekers, Member States should boost public employment services and step up "active labour market policies", including jobseekers' assistance, apprenticeships, support for entrepreneurs and quality traineeships.

**The situation of young people is particularly worrying, with youth unemployment hitting 50% in many countries.** The Commission has set up action teams to assist the eight Member States with the highest youth unemployment levels in redirecting EU funds for job training and support programmes (see [MEMO/12/100](#)). The AGS also invites Member States to develop a "youth guarantee", whereby every person under the age of 25 receives an offer of a job, further study or a traineeship within four months of leaving formal education or becoming unemployed. The Commission will present a full proposal on youth guarantees in its Youth Employment Package on 5 December.

**The AGS places the emphasis on protecting the most vulnerable.** Income taxes and social security contributions should be reduced, particularly for the lower paid, and reforms should be stepped up to simplify employment legislation and develop flexible working arrangements, as well as to make sure wage developments support job creation. Additional efforts are also needed to ensure the effectiveness of social protection systems and develop active inclusion strategies to counter the effects of the crisis.

**Alongside the AGS, the Commission is publishing the second Alert Mechanism Report on macroeconomic imbalances** (see [IP/12/1275](#)). The AMR provides an initial reading of Member States' economic policies (excluding those under an EU-IMF programme) against a scoreboard of 11 indicators that focus on developments in competitiveness, indebtedness, asset prices, adjustment and links with the financial sector. The 2013 AMR presents evidence that the adjustment of macroeconomic imbalances is progressing. Current account deficits are narrowing in the countries with the largest external imbalances, supported by gradually improving export performance and competitiveness gains, and the correction in the housing market is ongoing. The 2013 AMR calls for in-depth reviews of developments related to the accumulation and unwinding of macroeconomic imbalances in 14 EU Member States: Belgium, Bulgaria, Denmark, Spain, France, Italy, Cyprus, Hungary, Malta, the Netherlands, Slovenia, Finland, Sweden and the United Kingdom. Only after the in-depth reviews are completed next spring will the Commission conclude whether imbalances or excessive imbalances exist, and propose appropriate policy recommendations.

**The Commission is also publishing its first Annual Report on Single Market Integration** (see [MEMO/12/913](#)), which monitors the functioning of the Single Market in the European Semester process. Annexed to the AGS are the Macroeconomic Report, which gives an overview of the economic situation, and the Draft Joint Employment Report (see [MEMO/12/914](#)), which analyses the employment and social situation in Europe. All of these reports provide important information and analysis to the Commission in the lead-up to the Country-Specific Recommendations, which will be issued in the spring.

### **Next steps:**

In the coming weeks and months, the different Council formations will discuss the AGS and report to the March European Council so that it can adopt appropriate policy guidance for the Member States. This guidance should be incorporated into Member States' national budgetary and economic plans, which are sent to the Commission in April. Having analysed these programmes, and with the AGS priorities in mind, the Commission will issue Country-Specific Recommendations in May, in time for these to be endorsed by the June European Council. The Member States should then incorporate this policy guidance into their annual budgets and sectoral legislation.

### **Background:**

The AGS sets out what the Commission believes should be the overall economic and social priorities for the coming year. It provides Member States with policy guidance to boost growth and employment in line with the EU's long-term growth strategy, Europe 2020. And it kick-starts the European Semester, the EU's calendar for budgetary and economic policy coordination, where national policies are reviewed collectively and endorsed at the EU level to ensure Member States are moving in the same direction. The AGS applies to the EU as a whole, but will be translated into Country-Specific Recommendations later in the Semester. This is the third AGS since the European Semester was introduced in 2010.

### **For further information:**

Europe 2020 website: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

[MEMO/12/910](#) The 2013 Annual Growth Survey: Frequently Asked Questions

[IP/12/1275](#) Alert Mechanism Report 2013: Underpinning macroeconomic adjustment in the EU

[MEMO/12/912](#) Second Alert Mechanism Report on macroeconomic imbalances in EU Member States

[MEMO/12/913](#) Report on the State of the Single Market integration (2013) – Frequently Asked Questions

[MEMO/12/914](#) Joint Employment Report: Q&A

[MEMO/12/915](#) The 2013 Annual Growth Survey: Towards fair and competitive tax systems

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