

European Semester 'Revamping' and 2016 priorities

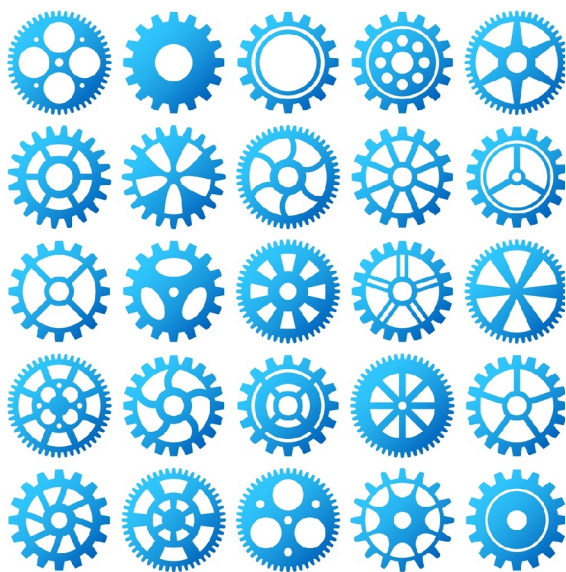
SUMMARY

The European Semester is the EU's annual cycle which provides policy guidance and surveillance. It is a key element of the EU's economic governance framework which aims to detect, monitor, prevent, and correct problematic economic trends such as excessive government deficits or public debt levels.

On 21 October 2015, the European Commission proposed to 'revamp' the European Semester process and better align the overall EU and euro-area recommendations with those regarding individual Member States. This reform also includes publishing specific recommendations for the euro area at the very start of the process.

On 26 November 2015, the European Commission published the Annual Growth Survey 2016 (AGS) and the Alert Mechanism Report 2016 (AMR), as well as its draft recommendations for the euro area as a whole. The recommendations address, inter alia, the need to support recovery and foster convergence; to implement reforms which combine flexible and reliable labour contracts; and to 'maintain a broadly neutral fiscal stance in 2016'. For the first time, the Commission made use of employment and social indicators in the AMR.

Three EP Committees have evaluated the new priorities for 2016. Own-initiative reports by the ECON, EMPL, and IMCO Committees, scheduled for plenary debate on 24 February 2016, also focus on the new euro-area recommendations.



In this briefing:

- Context
- EU legal framework on the European Semester
- The results of the 2015 cycle
- The Commission's 'revamping' initiative
- The priorities of the 2016 cycle
- The Parliament's assessment
- Main references

Context

The European Semester (ES) is a key element of the EU's economic governance framework which aims to detect, monitor, prevent, and correct problematic economic trends such as excessive government deficits or public debt levels. On 21 October 2015, the European Commission proposed to 'revamp' the ES process and better align the overall EU and euro-area recommendations with those applying to individual Member States. These changes also include publishing the specific recommendations for the euro area at the very start of the process.

MEPs have been evaluating the new priorities for 2016 for parallel own-initiative reports. Three EP reports, scheduled for plenary vote on 24 February 2016, focus on the euro-area recommendations for this year.

EU legal framework on the European Semester

The [European Semester](#) synchronises the timing of economic and fiscal policy reporting and evaluation at EU level, and introduces ex-ante coordination of national economic policies during a six-month period every year. In the [Commission's own words](#), the Semester combines different tools of economic governance 'in an overarching framework for integrated multilateral economic and budgetary surveillance'. The overall aim is to create better rules and to improve their enforcement.¹

Introduced in 2010 as part of an [economic governance](#) reform in response to the euro crisis, the European Semester has substantially [evolved](#). The [cycle](#) starts every November with two major reports by the European Commission, as well as its [opinions](#) on (euro area) Member States' draft budgetary plans: (i) the Annual Growth Survey ([AGS](#)) (listing policy priorities regarding economic, budgetary and labour policies) and (ii) the Alert Mechanism Report ([AMR](#)) (identifying risks of macro-economic imbalances in Member States, and calling for in-depth reviews if deemed necessary). The AMR initiates the macro-economic imbalance procedure ([MIP](#)). A third major report to kick off the Semester is (iii) a report on employment, called the [Draft Joint Employment Report](#) since it should eventually be endorsed jointly by the Commission and Council.

Detailed country reports (iv), published by the Commission in February, are followed by policy guidance from the [European Council in March](#) (the 'Spring Council'). In April, the EU Member States present (v) National Reform Programmes (NRPs) on economic and employment policies and (vi) Stability or Convergence Programmes ([SCP](#)) on budgetary policies. These national reports clarify the measures Member States intend to take in order to achieve the overarching policy goals of the [Europe 2020](#) strategy (smart, sustainable and inclusive growth). In [May](#), the European Commission issues (vii) country-specific recommendations ([CSRs](#)) for all Member States in its 'chapeau' communication. After endorsement of the recommendations by the European Council, the Semester concludes in July, with the adoption of the CSRs to the Member States by the ECOFIN Council.

The European Parliament (EP) monitors the assessment twice: in late autumn, it expresses its opinion on the on-going ES cycle, and in February, on the AGS and the AMR. In addition, the EP holds several [Economic Dialogues](#) with other EU institutions and representatives of countries subject to CSRs (such as in the annual [European Parliamentary Week](#)). Dialogue with ECOFIN on the outcome of the 2015 cycle took place on 11 January 2016, and on the 2016 cycle (also including the Eurogroup) on 18 February.

The results of the 2015 cycle

Presented by the EC on [13 May 2015](#), endorsed by the European Council on [25-26 June](#) and formally adopted by the ECOFIN Council on [14 July](#), the [CSRs in 2015](#) focused on four areas relevant to economic growth: boosting investment, implementation of structural reforms (in product, service and labour markets), fiscal responsibility and improving employment policy. The CSRs addressed 26 Member States (the exceptions were Greece and Cyprus, which are undergoing economic adjustment programmes) and the euro area as a whole. For the [2014 cycle](#), the [European Commission](#) found that 47% of the [key issues addressed in the CSRs](#) showed only limited or no progress.

CSRs for the 2015 cycle covered a total of [seven policy areas](#). Apart from public finances and welfare systems, the financial sector, the labour market, product and service markets, and administration, the CSRs also dealt with other relevant [Europe2020 topics](#) such as education and social inclusion. The 2015 cycle saw the number of CSRs reduced from over 150 previously to 102, with CSRs generally shorter and containing fewer subthemes. These 102 country-specific recommendations comprise a total of 161 single policy recommendations. 61 of them² are considered relevant for the European Structural and Investment Funds, a number significantly lower than in 2014.

European Parliament on the implementation of 2015 priorities

In its [October report](#) on the 2015 European Semester (rapporteur [Dariusz Rosati](#), EPP, Poland), the Economic and Monetary Affairs (ECON) Committee welcomed the Commission's focus on investment, structural reforms, fiscal responsibility, and improving employment policy. The report also expressed concerns that economic recovery may be threatened by the EU's underlying structural weaknesses and regional differences, and noted a 'generally poor implementation record' of the CSRs.

- The report took note of the Commission's efforts to streamline the ES process through placing a stronger focus on a limited number of most important priorities and challenges. It called on Member States to better involve [national parliaments](#) as well as local and regional authorities (reaffirming EP resolutions of [22 October 2014](#) and [23 May 2013](#)). The report also recommended that major structural reforms advocated by the CSRs should be accompanied by a social impact assessment regarding their short- and long-term effects.
- It noted with concern the [insufficient implementation](#) of the 2015 CSRs which in some countries presented an obstacle to creating a growth- and investment-friendly environment. Therefore, in line with the EP's [review of the economic governance framework](#) of 17 June 2015, it called on the Commission not only to provide a 'comprehensive assessment of the state of implementation of CSRs in every Member State' but also to encourage more effective and consistent implementation.
- MEPs stressed that widening economic divergences within the Union and the euro area are threatening the coherence of European sectorial policies, and that poverty and widening income inequality were a threat to sustainable growth.
- Regarding structural reforms and employment, MEPs called for more ambition in 'implementing socially sustainable structural reforms'. Thus, improving competitiveness and efficiency in product and services markets needs to take into account the associated employment impacts. Similarly, more investment should be allocated to regions suffering from 'natural or demographic handicaps'.
- MEPs urged a better alignment of CSRs with recommendations from the Excessive Deficit Procedure (EDP). They also underlined the importance of social and

employment indicators in the Semester and requested that all related analysis regarding the implementation of the Stability and Growth Pact (SGP) and the Macro-Economic Imbalance Procedure (MIP) should be made public.

The Commission's 'revamping' initiative

Procedural and institutional changes

In line with stage 1 of the Five President's report of 22 June 2015 on ['Completing Europe's Economic and Monetary Union'](#), the European Commission presented concrete [steps to strengthen the EMU](#) on [21 October](#), including proposals for a 'Revamped European Semester'. These 'revamping' measures affect the EU-28 as well as the euro area. The document proposes to better integrate euro-area aspects and national dimensions and to address spill-over effects (such as contagion). In this light, the [euro-area recommendations 2016](#) were for the first time published at the very beginning of the Semester process in November 2015.

In terms of institutional change, the Commission's EMU package aims to improve [Economic Governance](#) tools through a [system of national Competitiveness Boards](#). In addition, the Commission decided to set up an advisory [European Fiscal Board](#), to focus on 'the horizontal consistency of the decisions and implementation of budgetary surveillance', and advise on the fiscal stance appropriate for the euro area. To better grasp the [social consequences](#) of economic adjustments, the revamped Semester will, starting in 2016:

- Encourage 'stronger involvement of social partners' during the drafting of NRPs and develop common benchmarks for upward convergence, e.g. measuring the quality of labour contracts;
- Make use of social impact assessments for Member States which are subject to a bail-out programme, as in the case of [Greece](#). Especially with regard to Member States 'under a macro-economic adjustment programme' and that engage in structural reforms, the Commission proposed on 26 November 2015 dedicated funding for the 2017-2020 period, in a new ['structural reform support programme'](#).³

In its [resolution](#) of 17 December 2015, the EP generally welcomed the Commission proposal but 'regretted' that it does not ensure sufficient parliamentary oversight.

Country-specific recommendations and macro-economic conditionality

Overall, the European Commission intends to improve the low [implementation quality](#) of CSRs by two measures: (i) through the increased use of benchmarking as well as 'cross-examination exercises' and (ii) through EU funds 'in support of key priorities highlighted' in the CSRs. The latter measure is closely related to the revision of cohesion policy in 2013 and the newly introduced element of ['macroeconomic conditionality'](#).⁴ During the negotiations, Article 23 of the common provisions on European Structural and Investment Funds ([Regulation \(EU\) No 1303/2013](#)) caused some controversy between the Commission and the EP: An [EP resolution](#) found that the new provision of macroeconomic conditionality might possibly 'penalise regions and social groups already weakened by the crisis, with a suspension of payments possibly having disproportionate effects in several Member States' (Pt 19, 8 October 2013). The EP [eventually agreed to the measures](#) after introducing amendments guaranteeing that it would be informed in detail about any planned measures, and would be able to scrutinise all decision-making procedures leading to the suspension of funds. Furthermore, the EP succeeded in introducing [amendments](#) ensuring that the

suspension of funds would be adjusted in line with the social and economic circumstances of the Member State concerned. In its resolution of [28 October 2015](#) on 'European Structural and Investment Funds and sound economic governance', the Parliament considered 'that Article 23 of the CPR must only be used as a last resort to contribute to an efficient implementation of the European Structural and Investment Funds' (Pts 3 and 25). In sum, the Parliament requested the Commission to 'immediately inform Parliament of the CSRs and Council recommendations that are relevant in the context of the ESI Funds', as well as 'any reprogramming request under Article 23'.

The Commission's aim to better link reforms in the Member States to European Structural and Investment Funds was also raised in a communication of [14 December 2015](#). Actual changes to the semester process remain vague but in the accompanying [annex II](#), the Commission examined the role that the European Structural and Investment Funds can play in achieving CSRs in the respective Member State. The general purpose seems to be the better use of EU funds to support structural reforms in the Member States.⁵

The priorities of the 2016 cycle

The [2016-2017 semester cycle](#) was launched on 26 November 2015 with the publication of the Annual Growth Survey (AGS), the Alert Mechanism Report (AMR), the draft Joint Employment Report, and, three months earlier than in previous years, the Commission's recommendations ['on the economic policy of the euro area'](#).

The three proposed priorities of the **Commission's Annual Growth Survey** are, to 'relaunch investment' (['Member States' Investment Challenges'](#)); to 'pursue structural reforms to modernise our economies'; and to engage in 'responsible fiscal policies'. Regarding the above-mentioned element of macro-economic conditionality in relation to EU funding, the AGS reaffirmed the Commission's position of October 2015:

'To support structural reforms, the Commission will seek to enhance the use of the European Structural and Investment Funds in support of the implementation of the country-specific recommendations, including through the use of the measures linking effectiveness of these Funds to sound economic governance'. (page 10)

For the [euro area](#), the Commission proposes four recommendations:⁶

- Pursue policies that support the recovery, foster convergence, facilitate the correction of macro-economic imbalances and improve adjustment capacity.
- Implement reforms that combine (i) flexible and reliable labour contracts that promote labour market transitions and avoid a [two-tier labour market](#); (ii) comprehensive lifelong learning strategies; (iii) effective policies to help the unemployed re-enter the labour market; (iv) modern social protection systems; and (v) open and competitive product and services markets.
- Maintain the planned broadly neutral fiscal stance in 2016. With a view to 2017, reduce public debt to restore fiscal buffers while avoiding pro-cyclicality,⁷ in full respect of the Stability and Growth Pact.
- Facilitate the gradual reduction of banks' non-performing loans and improve insolvency proceedings for businesses and households.

A central part of the macro-economic imbalance procedure, the **Alert Mechanism Report** serves to monitor a variety of economic indicators, using a [scoreboard approach](#). A novelty in 2016 is the inclusion of three employment indicators in the exercise: [activity rate, long-term unemployment and youth unemployment](#). Such a widening of the scoreboard beyond purely macro-economic indicators has long been advocated by

civil society actors and trade unions.⁸ However it will not, as the Commission stresses,⁹ 'change the focus of the MIP', although the need for greater 'socialisation' of the European Semester is now increasingly acknowledged at both the EU and national levels.¹⁰ During the [European Parliamentary Week 2016](#), Commission President Jean-Claude Juncker affirmed the importance of such indicators, to display the 'social reality' of European economies. The AMR identifies Member States that may be affected by imbalances that call for policy action. For such action, the Commission's in-depth reviews will address a total of [18 Member States](#) with two additions to those of the previous year: Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Portugal, Romania, Slovenia, Spain, Sweden and the United Kingdom. For Austria and Estonia, in-depth reviews will be prepared for the first time. In **Estonia**, the Commission finds risks and vulnerabilities linked to a renewed build-up of demand pressures. Regarding **Austria**, the in-depth review will focus on issues related to the financial sector, notably its high exposure to developments abroad and their impact on credit provided to the private sector. In-depth reviews will not be undertaken for Cyprus and Greece, as they are subject to macro-economic adjustment programmes. Taking into account feedback from ECOFIN and the Eurogroup, the Commission is scheduled to present country-specific in-depth reviews in mid-February.

The **draft Joint Employment Report** provides an annual overview of the main employment and social developments in the EU as a whole, as well as Member States' reform actions. According to the 2016 report's findings, the employment and social situation is slowly improving but signs of divergence among and within EU Member States persist. Key employment and social indicators indicate further divergence across the EU in relation to at-risk-of poverty and inequality. 'Wage-setting has been overall displaying wage moderation'. Investment in human capital through education and training has been predominantly focused on the young, and some countries have also engaged in broad efforts to reform their education systems or vocational training opportunities. 'Member States sustained their efforts to support youth employment and address high levels of those not in employment, education or training'. Finally, despite the fact that women are increasingly well qualified, they continue to be under-represented in the labour market.

On [15 January 2016](#), the ECOFIN Council adopted conclusions concerning the annual growth survey and the alert mechanism report. It also [modified](#) the Commission's draft recommendation on the economic policies of the euro area. [Most significantly](#), the Council's revised draft recommendations stress the importance of structural reforms and further work towards the completing the Economic and Monetary Union. The recommendations will be referred to the European Council in February, with a view to adoption by ECOFIN on 8 March 2016. Regarding the AGS, the [Council 'agrees'](#) on the policy priorities of the Commission. However as for the new inclusion of employment indicators into the AMR, the [Council 'expresses concern'](#). For ECOFIN, 'social and labour market indicators are not relevant for identifying macro-financial risks ...'

The Parliament's assessment

To contribute to the definition of economic policy priorities for the 2016 European Semester process, the European Parliament's Economic and Monetary Affairs Committee (ECON) drew up an own-initiative report [\(2015/2285\(INI\)\)](#). This report is complemented by reports on employment and social aspects [\(2015/2330\(INI\)\)](#), from the

Employment and Social Affairs Committee (EMPL), as well as on single market governance ([2015/2256\(INI\)](#)), by the Internal Market and Consumer Affairs Committee (IMCO). Plenary votes on all three reports are scheduled for 25 February 2016.

ECON: Annual Growth Survey 2016

On 27 November 2015, rapporteur [Maria João Rodrigues](#), (S&D, Portugal) tabled her draft report to the ECON Committee on the Annual Growth Survey 2016. Opinions were delivered by the Committee on [Budgets](#), on Environment, Public Health and Food Safety ([ENVI](#)) and Regional Development ([REGI](#)). The draft [text](#) was adopted with amendments on 18 February 2016 (37 in favour, 18 against, 1 abstention).

Policy mix

The ECON report 'welcomes the 2016 AGS package', especially the aim to 'further promote higher growth levels and strengthen European recovery and upward convergence' (Pt 1). With regard to drivers of economic recovery, the adopted report 'considers that macro-economic imbalances should be addressed through a coordinated effort involving all Member States, building on relevant reforms and investments'; it also 'notes that high current account surpluses imply the possibility of greater domestic demand'. In this regard, 'high public and private debt levels represent an important vulnerability' (Pt 4). As to structural reforms, the report notes that steps should be taken 'towards stimulating quality job creation and creating resilient labour markets with reduced segmentation' and 'sustainable and effective welfare systems' (Pt 14). In view of fiscal responsibility, the report insists on the 'implementation of the Stability and Growth Pact, while making full use of its existing flexibility clauses ... 'inter alia to support greater investment and structural reforms as well as to deal with security threats and refugee inflows' (Pt 19).

Specific focus on the euro area

The report emphasises that 'the euro area is an economic entity where convergence towards best performers must be promoted and supported by stronger coordination of national policies'. It 'calls therefore for an in-depth assessment of these macro-economic imbalances and spill-overs to complement the assessment of each country's specific vulnerabilities' (Pt 23). While the report welcomes the 'increased attention to the euro area's aggregate fiscal stance', it also 'calls for regular monitoring of whether the aggregate fiscal stance is appropriate in view of the existing investment gap' (Pt 24). The Committee notes that the euro area's high current account surplus is a welcome sign of the euro area's external competitiveness. However, 'its current level also reflects lack of internal investment' (Pt 26). In addition, the report 'welcomes the increased attention to three employment-related indicators' ... and 'asks the Commission to put them on an equal footing with the others' (Pt 29).

More effective European Semester with stronger democratic accountability

According to the Committee's report, the implementation of country-specific recommendations would improve if priorities at European level were 'clearly articulated' as well as supported by 'genuine public debate, political willingness and commitment at national level' (Pt 30).

In the *explanatory statement*, the rapporteur makes clear that the report aims to discuss the right mix of fiscal, monetary, and structural policies. Moreover, it puts forward measures to deepen euro-area coordination but equally to render the Semester priorities more democratic, a change which would help to improve CSRs' implementation quality. She reaffirmed that the EU's policy mix 'needs to strengthen

the recent economic recovery while addressing structural challenges and contributing to a long-term strategy for sustainable growth'. In her view, 'domestic demand', and its link to income and wealth inequalities should be given more consideration. In this view, structural reforms should not only be associated with 'reducing the state's role in the economy' but rather – as 'second generation' structural reforms – with a focus on the 'growth potential through higher employment and productivity'.

EMPL: Employment and Social Aspects in the Annual Growth Survey 2016

On 15 December 2015, [Sofia Ribeiro](#), (EPP, Portugal) presented her draft report on employment and social aspects of the European Semester. The draft [text](#) was adopted with amendments on 17 February 2016 (38 in favour, 9 against, 8 abstentions). It reiterates that there are 23 million unemployed Europeans, about half of them long-term unemployed.

Investing in people

The report 'stresses that the need to invest in social developments is not just a means of guaranteeing that sustainable and inclusive economic development and convergence can be achieved, but must also be a specific target itself'; it highlights the importance of employment, poverty and inequality indicators (Pt 1). The Committee report also 'welcomes the Commission's proposal to enhance the Youth Guarantee at national, regional and local level, and stresses its importance for school-to-work transitions'. It does regret however that 'the Youth Guarantee has not been effectively implemented in many Member States' (Pt 9).

Structural reforms in a social and responsible way

The Committee 'notes that the EU as whole and many of its Member States continue to suffer from structural problems that need to be addressed urgently'; it is 'concerned about the social impact of those fiscal adjustment policies which focus on cutting expenditure and stresses that economic policies should guarantee compliance with Article 9 TFEU' (Pt 14).

It also 'calls on the Member States to actively participate in the Undeclared Work Platform', since undeclared work 'jeopardises both the quality of work and workers' access to social protection systems and national public finances and creates unfair competition between European enterprises' (Pt 18).

Boosting sustainable growth by relaunching investment

The text underlines the need to give enterprises in the social economy more support, 'especially as regards access to the different forms of financing, including European funds' (Pt 40). According to the Committee report, social economy enterprises employ around 6.5% of workers in the EU (Pt U).

Better use of European funds to foster social and geographical cohesion

The report points out 'that investment priorities must be oriented to infrastructural projects where these are clearly needed in order to ensure greater cohesion, social fairness, human capital development or enhance sustainable inclusive growth' (Pt 43). The Committee supports the Commission's enhanced use of the European Structural and Investment Funds to support CSR implementation (Pt 47). It 'agrees on the need to develop a process of upward economic and social convergence' but calls for social dialogue to play a key role therein (Pt 48).

Social inclusion as a challenge for society

The document stresses the increased 'pertinence of the Europe 2020 strategy' and 'considers it necessary to start projecting a post-Europe 2020 scenario' (Pt 52). Social protection systems need to 'offer an adequate standard of living for the unemployed and those at risk of poverty and social exclusion, while guaranteeing that such mechanisms do not perpetuate social dependency and provide access to education, training and opportunities to enter the labour market' (Pt 54).

Better coordination of the European Semester

The Committee 'welcomes the Commission recommendation on the euro area' (Pt 63) and 'stresses the need for closer coordination between the European institutions in the design, implementation and evaluation of the European strategy for sustainable and inclusive growth' (Pt 68).

IMCO: Single Market governance within the European Semester 2016

On 24 November 2015, [Catherine Stihler](#), (S&D, UK), presented her draft report on single market aspects of the European Semester process. The Internal Market and Consumer Protection Committee (IMCO) adopted the [text](#) with amendments on 25 January 2016 (27 in favour, 1 against, 2 abstentions).

The Single Market as an important tool in boosting EU competitiveness and delivering jobs and growth

The Committee stresses that 'for the European Semester to successfully foster economic growth and stabilise Member States' economies it must equally encompass the Single Market and policies aimed at its completion' (Pt 1), given that the Single Market is 'the backbone of Member States' economies and the European integration project as a whole' (Pt 2). The report 'urges the Commission to carry out systematic monitoring of implementation and enforcement of the Single Market rules through the CSRs' (Pt 3) and 'notes the recent work of Commission services on identifying and mapping challenges to investment and elaborating country-specific investment profiles' (Pt 5). Furthermore, Committee Members reiterate their plea to include a Single Market pillar in the European Semester, 'with a system for regular monitoring [and] identification of the country-specific barriers' (Pt 8). As many of these barriers and 'identified challenges to investment' relate to the transposition and implementation of Single Market law, the report asks the Commission to 'engage in regular structured compliance dialogue with Member States' (Pt 11). IMCO Members consider the involvement of the EP in 'any review process' of the European Semester relevant 'not only to increase the ownership of the European Semester but also to increase the level of implementation of the CSRs' (Pt 12).

Untapped potential of the Single Market

IMCO members 'regret that in several Member States there are significant deficiencies as regards the implementation of the Services Directive, covering activities representing more than 45% of the EU's GDP and employment' (Pt 16). The report however welcomes the modernisation of the Professional Qualifications Directive (Pt 17) and with regard to public procurement, 'asks the Commission to support' transparency of public procurement in the public sector and cross-border competition (Pt 19).

The Single Market in the 21st century

The report emphasises the fact that since economies are changing rapidly 'owing to digital and technological advances', thus 'blurring the lines between products and services', the 'single market regulatory frameworks need to embrace these

transformative developments' (Pts 33, 34). In this regard, the report also recognises the 'enormous potential for innovation' of new business models in the sharing economy (Pt 35).¹¹ IMCO Members welcome Commission actions on the [Single Market Strategy](#), but find that these aspects 'should be addressed more in the ES process' (Pt 37).

Governance of the Single Market

In order to 'achieve stronger single market governance and ownership', the report calls for a 'clarification of division of tasks between those levels and frameworks providing better incentives and clear accountability for the implementation and enforcement of single market laws' (Pt 45). In addition, the report 'calls on the Commission to ensure that Single Market rules are consistently enforced by the Member States' (Pt 47), and asks that surveillance authorities be strengthened (Pt 52). In this regard, it also 'notes the benefits' of SOLVIT,¹² and requests it to be 'better connected to Commission services' (Pt 51).

In the *explanatory statement*, the rapporteur emphasises that the report, building on previous IMCO resolutions, 'strongly supports including a Single Market pillar in the European Semester'. Such a pillar should monitor and evaluate integration and competitiveness on an annual basis. These 'annual reports should be systematically taken into account in Member States' economic and fiscal evaluation and feed into specific sections in the AGS'. In view of the untapped potential of the Single Market, the rapporteur points to the 2014 estimates of the European Parliamentary Research Service, which suggested that completing the Single Market could entail economic gains ranging from €651 billion to €1.1 trillion per year, equivalent to a range of 5% to 8.63% of EU GDP.¹³

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Endnotes

¹ Hufeld, Ulrich: §22 Das Recht der Europäischen Wirtschaftsunion, in: Müller-Graff, Peter-Christian (Ed.): *Europäisches Wirtschaftsordnungsrecht* (EnzEuR Bd. 4), Nomos: Baden-Baden, 2015, Pt. 40-51, p. 1321.

² European Commission: [Delivering the EU's investment policy: Impact and benefits of the European Structural and Investment Funds](#), panorama inforegio, Brussels, December, p. 22.

³ On institutional changes within the Commission; see Savage, James; Verdun, Amy: [Strengthening the European Commission's budgetary and economic surveillance capacity since Greece and the euro area crisis: a study of five Directorates-General](#), in: *Journal of European Public Policy*, Vol. 23, No. 1, 2016, pp. 101-118.

⁴ 'Macro-economic conditionality' implies that if a Member State does not comply with European economic governance recommendations, the Commission can request a change in national cohesion policy strategic documents.

⁵ On the level of flexibility for the Commission while scrutinising CSRs, see e.g. Bekker, Sonja: [Is there flexibility in the European Semester process?](#), Swedish Institute for European Policy Studies, January 2016.

- ⁶ The accompanying Commission [staff working document](#) SWD(2015) 700 final. To compare with the 2015 euro area recommendations: Hradský, Martin: [Euro area recommendations under the European Semester: An Overview](#), European Parliament, IPOL, Economic Governance Support Unit, Brussels, 9 December 2015.
- ⁷ 'Pro-cyclicality' refers to policies that are expansionary in booms and contractionary during recessions.
- ⁸ See Vanhercke, Bart; Zeitlin, Jonathan: [Further Socializing the European Semester? Moving Forward for the 'Social Triple A'?](#), European Social Observatory (OSE), Brussels, December 2015.
- ⁹ This was also put forward by Commissioner Pierre Moscovici during the inter-parliamentary meeting of the European Parliamentary Week, Brussels, 16 February 2016.
- ¹⁰ Istituto per la Ricerca Sociale: [Mainstreaming Employment and Social Indicators into Macroeconomic Surveillance](#), European Parliament, Policy Department, Brussels, February 2016, p. 125.
- ¹¹ See also Goudin, Pierre: [The Cost of Non-Europe in the Sharing Economy](#), European Parliament, EPRS, European Added Value Unit, Brussels, January 2016.
- ¹² ['SOLVIT – Solutions to problems with your EU rights'](#), a network of national authorities for citizens and businesses.
- ¹³ Pataki, Zsolt: [The Cost of Non-Europe in the Single Market](#), European Parliament, EPRS, European Added Value Unit, Brussels, September 2014.

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