

The European Semester for Economic Policy Coordination

The European Semester is a (approximately) six-month **cyclical period repeated every year**, when the EU and the Member States' budgetary, macroeconomic and structural policies are discussed at the EU level. It allows Member States to take the EU dimension into account during the rest of the year (the called "national semester"), in particular when national budgets and other aspects of economic policy making are defined at the national level.

The first European Semester was put into practice during the first half of 2011 and it was incorporated into EU law entered into force in December 2011¹. At the time, it has been recognised that "the strengthening of economic governance should include a closer and a more timely involvement of the European Parliament and the national parliaments²".

The scope of the European Semester is the integrated coordination of activities related to **three economic dimensions and procedures**:

1. the monitoring and enforcement of budgetary discipline of Member States, in accordance to the [Stability and Growth Pact](#) (SGP);
2. the prevention and correction of excessive [macro-economic imbalances](#) in Member States ;
3. the monitoring of the progress of each Member State towards the targets established in the context of [Europe 2020 Strategy](#) for smart, sustainable and inclusive growth.

The two main outcomes of the European Semester are:

- The [Annual Growth Survey](#) (AGS)
- The set of [Country-Specific Recommendations](#) (CSRs)

At the **country level**, the Semester should play an effective role in the national decision making-process. The AGS gives preliminary indications for the preparations of the stability (for Euro-area countries) or convergence (for non-Euro area countries) programmes (SCPs), as well as national reform programmes (NRPs)³. The CSRs constitute an important element of the SGP and the new Macroeconomic Imbalances Procedure (MIP): their non-implementation could trigger further procedural steps, even leading to sanctions in case of non-compliance.

The relevance of the CSRs has even increased following the conclusions of the [Euro Summit on 29 June 2012](#), which decided that the CSRs and the related commitments and timelines may also be used for assessing potential financial assistance requests.

¹ The so-called "[6-pack](#)" legislation

² Recital of each regulation in the 6-pack.

³ According to the upcoming legislation (the "two packs", currently under discussion), also the budgetary plans will be submitted by governments to the Commission before their discussion in national parliaments.

STAGES of the European Semester

1. In late autumn the Commission presents **AGS**, which sets out what the Commission considers as the EU's priorities for the upcoming year, in terms of economic and budgetary policies and reforms to boost growth and employment. The Commission also publishes also the "**Alert Mechanism Report**" (**AMR**), which identifies those Member States with potential macro-economic imbalances.
2. The Spring **European Council** (heads of State and Government) endorses the AGS and gives strategic guidance on the priorities to be pursued. It explicitly invites EU Member States to take account of these priorities in the drafting of their **fiscal plans** (SCPs) and **structural reform** plans (NRPs).
3. In April, **Member States** submit to the European Commission their SCPs and NRPs. This joint submission allows accounting for complementarities and spill-over effects between fiscal policy and structural reform.
4. In May/June, the Commission assesses these programmes, as well as the progress made in Member States towards the targets defined in Europe 2020, the strategy for smart, sustainable and inclusive growth. On the basis of such assessment, the Commission proposes **CSRs**, which are then discussed by different formations of the Council.
5. In June/July, the European Council endorses the country-specific recommendations, which are officially adopted by the Council, closing the annual cycle of the "European Semester".

