Daily News 05 / 06 / 2019

European Semester 2019 Spring Package: Commission issues recommendations for Member States to advance sustainable and inclusive economic growth

Vice-President **Dombrovskis**, Commissioner **Thyssen** and Commissioner **Moscovici** are presenting the European Commission's 2019 country-specific recommendations (CSRs), giving economic policy guidance to all EU Member States for the next 12 to 18 months. The Commission calls on Member States to build on the progress made in recent years in pursuing effective structural reforms, well-targeted investment strategies and responsible fiscal policies as a successful compass for modernising the European economy. The country-specific recommendations for 2019 include a stronger focus on identifying and prioritising investment needs at national level and pay special attention to regional and territorial disparities. The Commission also recommends closing the Excessive Deficit Procedure for Spain and adopts reports for Belgium, France, Italy and Cyprus under Article 126(3) of the Treaty on the Functioning of the EU (TFEU). It also adopts the third report for Greece under the Enhanced Surveillance framework. A press release in all languages is available here. A memo is available here*. (For more information: Annika Breidthardt – Tel.: +32 229 50055; Christian Wigand – Tel.: +32 229 62253; Annikky Lamp – Tel.: +32 229 56151; Enda McNamara – Tel.: +32 229 64976; Sara Soumillion – Tel.: +32 229 67094)*

COLLEGE MEETING: EU budget 2020: Commission focuses its proposal on jobs, growth and security

The European Commission has today proposed an EU budget of €168.3 billion for 2020 for a more competitive European economy, and for solidarity and security in the EU and beyond. This budget is the seventh and last one under the current 2014-2020 long-term EU budget and operates within the limitations set therein. It is designed to optimise funding for existing programmes as well as new initiatives and to boost the European added value in line with the Juncker Commission's priorities. Günther H. **Oettinger**, Commissioner for Budget and Human Resources, said: *"The draft 2020 EU budget is the last budget proposal of the Juncker Commission. It seeks to continue supporting EU's priorities- jobs, growth, young people, climate change, security and solidarity- and to prepare the transition to the next budgetary cycle. I invite the Council and the new Parliament to come to a timely agreement that would provide stability for the EU's future."* As per the Commission proposal, the money under the 2020 budget will go to the following priority areas: competitive economy and young people; and strengthening security and solidarity in the EU, climate change and beyond. More information is available online in the press release and MEMO. Follow the press point of Commissioner **Oettinger** with Members of the European Parliament live at 14.45 CET on EbS. *(For more information: Alexander Winterstein: Tel.: +32 229 93265; Andreana Stankova – Tel.: +32 229 57857)*

Rapport de la Commission européenne sur la charte des droits fondamentaux de l'UE, dix ans après

La Commission européenne publie aujourd'hui son rapport annuel sur la manière dont les institutions européennes et les États membres ont appliqué la charte des droits fondamentaux de l'UE. Cette année marque le 10e anniversaire de la charte et à cette occasion, la Commission publie également les résultats d'une enquête Eurobaromètre sur la connaissance qu'en ont les citoyens. Grâce à la charte, une culture des droits fondamentaux s'est développée dans les travaux des institutions européennes au cours des dix dernières années, toutefois, la charte n'est pas encore mise pleinement en application à tous les niveaux et reste mal connue. Frans **Timmermans**, Premier vice-président, a déclaré: *« Dix ans plus tard, la charte des droits fondamentaux est à la hauteur de ses promesses. Elle est le pilier de notre Union de valeurs et établit nos droits, nos libertés et nos principes. Pour que la charte soit la plus efficace possible dans la vie des citoyens, ces derniers doivent connaître leurs droits ainsi que les instances auxquelles s'adresser en cas de violation de ces droits. C'est pourquoi il importe de continuer à faire connaître la charte et d'informer les citoyens de ce qui leur appartient véritablement en tant qu'Européens. »* Věra **Jourová**, commissaire en charge de la justice, des consommateurs et de l'égalité des genres, a ajouté: *« La charte est citée par les juridictions et appliquée par l'UE dans le cadre de ses récentes initiatives visant à protéger les droits des citoyens. Néanmoins, seul un Européen sur dix sait ce qu'est la charte et les citoyens ne peuvent donc pas l'exploiter autant qu'ils le pourraient. C'est pourquoi j'appelle les gouvernements nationaux et l'ensemble de la société civile et des défenseurs des droits à mieux faire connaître la charte et à en faire une réalité pour l'ensemble des citoyens. »* Un communiqué de presse est disponible en ligne. *(Pour plus d'informations: Christian Wigand – Tél.: +32 229 62253; Sophie Dupin de Saint Cyr – Tél.: +32 229 56169)*

Mergers: Commission clears acquisition of control over AES Ballylumford and AES Kilroot Power by EPH

The European Commission has approved, under the EU Merger Regulation, the proposed acquisition of sole control over AES Ballylumford Limited and AES Kilroot Power Limited, both of Northern Ireland, by EP UK Investments Limited ("EPUK") of the UK, controlled by Energetický a průmyslový holding, a.s. ("EPH") of Czechia. AES Ballylumford operates the Ballylumford gas fired power station in Northern Ireland. AES Kilroot Power operates the Kilroot thermal dual coal/oil fired power station with a battery storage facility, also in Northern Ireland. EPUK is an energy company, primarily focusing on power generation from conventional and renewable sources in Great Britain. EPH is a utility company engaged in coal extraction, electricity and heat production, distribution and supply as well as gas supply in various EU Member States. The Commission concluded that the proposed transaction would raise no competition concerns, given the lack of overlaps between the companies' activities. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number

M.9372. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Tsoni – Tel.: +32 229 90526)*

Mergers: Commission clears acquisition of PeroxyChem by Evonik

The European Commission has approved, under the EU Merger Regulation, the acquisition of PeroxyChem Holdings L.P. ("Peroxychem") of the US by Evonik Industries AG ("Evonik") of Germany. Both Peroxychemand Evonik are globally active in the production and marketing of specialty chemicals, in particular of hydrogen peroxide ("H_2O_2") and peracetic acid ("PAA"). The Commission concluded that the horizontal overlaps and vertical relationships between the companies' activities resulting from the proposed transaction would raise no competition concerns in the European Economic Area, given the presence of several other well-established H_2O_2 and PAA suppliers. More information is available on the Commission's competition website, in the public case register under the case number M.9239. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Tsoni – Tel.: +32 229 90526)*

Eurostat: Les prix à la production industrielle en baisse de 0,3% dans la zone euro, stables dans l'UE28

En avril 2019 par rapport à mars 2019, les prix à la production industrielle ont diminué de 0,3% dans la zone euro (ZE19) et sont restés stables dans l'UE28, selon les estimations d'Eurostat, l'office statistique de l'Union européenne. En mars 2019, les prix avaient diminué de 0,1% dans la zone euro et étaient resté stables dans l'UE28. En avril 2019 par rapport à avril 2018, les prix à la production industrielle ont augmenté de 2,6% dans la zone euro et de 2,9% dans l'UE28. Le communiqué de presse est disponible ici. *(Pour plus d'informations: Lucía Caudet – Tél.: +32 229 56182; Victoria Von Hammerstein – Tél.: +32 229 55040)*

Eurostat: Le volume des ventes du commerce de détail en baisse de 0,4% dans la zone euro, de 0,3% dans l'UE28

En avril 2019 par rapport à mars 2019, le volume des ventes du commerce de détail corrigé des variations a diminué de 0,4% dans la zone euro (ZE19) et de 0,3% dans l'UE28, selon les estimations d'Eurostat, l'office statistique de l'Union européenne. En mars 2019, le volume du commerce de détail était resté stable dans la zone euro et avait augmenté de 0,3% dans l'UE28. En avril 2019 par rapport à avril 2018, l'indice corrigé des effets de calendrier des ventes de détail a augmenté de 1,5% dans la zone euro et de 2,9% dans l'UE28. Un communiqué de presse est disponible ici. *(Pour plus d'informations: Lucía Caudet – Tél. +32 229 56182; Victoria Von Hammerstein – Tél.: +32 229 55040)*

ANNOUNCEMENTS

President Juncker in Slovenia to attend the Three Seas Initiative Summit and in Croatia for official visit

President Jean-Claude **Juncker** will participate in the Three Seas Initiative Summit on 5-6 June. The Three Seas Initiative, also known as the Baltic, Adriatic, Black Sea Initiative, is a forum of 12 EU Member States located in Central and Eastern Europe. It aims to promote more rapid development in the region, particularly on infrastructure, energy and digital interconnectivity, and to help foster cohesion and convergence in the EU as well as to strengthen transatlantic relations. This will be the 4th Summit following those that took place in Dubrovnik, Warsaw and Bucharest. On 5 June, President **Juncker** will attend the leaders' dinner hosted by the President of Slovenia, Borut Pahor. On 6 June in the morning, President **Juncker** will participate in the official Summit. At 12:30 CET, he will hold a joint press conference together with President Pahor, the President of Croatia, Kolinda Grabar-Kitarović, the President of Poland, Andrzej Duda, and the President of Romania, Klaus Iohannis. In the afternoon, President **Juncker** will travel to Dubrovnik, Croatia, where he is invited for a working dinner by the Prime Minister of Croatia, Andrej Plenković. In Zagreb, on 7 June, he will be received by Prime Minister Plenković. The meeting will be followed by a joint press conference at 11:30 CET. Finally, he will be received by President Grabar-Kitarović for a working lunch. The press conferences in Ljubljana and Zagreb will be broadcast live on EbS. Factsheets on the EU's support to Slovenia and Croatia are available. (*For more information: Margaritis Schinas – Tel.: +32 229 60524; Mina Andreeva Tel.: +32 229 91382*)

Commissioners Avramopoulos, Jourová and King in Luxembourg for Justice and Home Affairs Council

Commissioner for Migration, Home Affairs and Citizenship Dimitris **Avramopoulos**, Commissioner for Justice, Consumers and Gender Equality, Věra **Jourová** and Commissioner for the Security Union Julian **King** will attend the Justice and Home Affairs Council meeting in Luxembourg on 6 and 7 June. On Thursday, Justice Ministers are expected to adopt the Directive on insolvency and the Regulation on strengthening the security of ID cards and of residence documents. They are also expected to adopt the Council Decisions on the opening of negotiations for an EU-US agreement on cross-border access to electronic evidence and on negotiations on the Budapest convention. Commissioner **Jourová** will update Justice Ministers on the setting up of the European Public Prosecutor's Office (EPPO), will discuss the importance of judicial training on EU law to foster mutual trust as well as the way forward in the field of mutual recognition in criminal matters. Commissioner **Jourová** will then take part in a press conference at +/- 17.15 (CET) that you can follow live on EbS+. On Friday morning, Home Affairs Ministers together with Commissioners **Avramopoulos** and **King** will discuss the future of EU law enforcement and exchange views on cooperation between national authorities dealing with counter-terrorism, as well as on the implications of 5G in the area of internal security. Commissioner **Avramopoulos** will join Ministers over lunch for an exchange of views on future developments in the area of migration and asylum in the presence of UN High Commissioner for Refugees Filippo Grandi and Director General of the International Organisation for Migration António Vitorino. Ministers are then expected to reach a partial general approach on revised EU rules on return, as well as on the next long-term EU budget for 2021-2027 in the area of border management, migration and security (Border Management and Visa Instrument, Asylum and Migration Fund and Internal Security Fund). A press conference with the participation of

Commissioner **Avramopoulos** will take place on Friday +/- 17.30 (CET) and will be live streamed on EbS+. (*For more information: Natasha Bertaud – Tel.: +32 229 67456; Tove Ernst – Tel.: +32 229 86764; Christian Wigand- Tel.: +32 229 62253*)

Commissioner Stylianides visits Copenhagen: DEMA rescue centre and EU Saves Lives exhibition

Tomorrow, Commissioner for Humanitarian Aid and Crisis Management, Christos **Stylianides**, is in Copenhagen, to address the Annual Danish Top Executive Summit and discuss the UN global goals of sustainable development. He will also meet representatives from Danish humanitarian partner organizations. On Friday 7 June, the Commissioner will meet Danish Emergency Management Agency (DEMA) representatives, visit their rescue centre of greater Copenhagen and discuss the cooperation with the Danish authorities on EU civil protection and rescEU. In the afternoon, Commissioner **Stylianides** will visit the Commission's "EU Saves Lives" travelling exhibition, which is currently set up in the Field's shopping centre in Copenhagen. (*For more information: Carlos Martin Ruiz de Gordejuela – Tel.: +32 229 65322; Daniel Puglisi – Tel.: +32 229 69140)*

Commissioner Bieńkowska visits Canada to strengthen technology and innovation cooperation

Tomorrow, Commissioner Elżbieta **Bieńkowska**, responsible for Internal Market, Industry, Entrepreneurship and SMEs will begin her two-day visit to Canada to promote the cooperation of business networks – also called clusters – between the EU and Canada. As part of this objective, Commissioner **Bieńkowska** and the Honourable Navdeep Bains, Canada's Minister of Innovation, Science and Economic Development, will take part in the signing ceremony of an Administrative Arrangement on Cluster Cooperation, which will be formally signed by the European Commission and the Canadian Department of Industry. The agreement will help SMEs to pursue transatlantic trade opportunities and foster innovation-led growth on both sides by facilitating linkages and exchange of best practices between EU and Canadian cluster representatives and policy-makers. The EU-Canada Comprehensive Economic and Trade Agreement (CETA), which provisionally applies since September 2017, offers a favourable environment for such an enhanced cooperation. Ahead of the visit, Commissioner **Bieńkowska** said: *"The EU and Canada are natural partners for clusters. Companies from both sides of the Atlantic can pool their knowledge and innovation potential to build a strong industrial foundation. We have an interest to intensify our cooperation in a more strategic and sustainable manner – not the least to fully use the opportunities offered by CETA."* By boosting trade between the partners, CETA creates jobs, growth and new opportunities for businesses. CETA also has some of the strongest commitments ever included in a trade deal to promote labour rights, environmental protection and sustainable development. The signature of the Administrative Arrangement on Cluster Cooperation will take place tomorrow during the 3 day EU-Canada Cluster Matchmaking event at Humber College in Toronto, where the Commissioner will also deliver a keynote speech, hold a bilateral meeting with Minister Bains and participate in a roundtable discussion on opportunities for EU-Canada business development. At the event, 26 European clusters will join the Commissioner with companies from 16 countries, which will attend alongside Canada's 5 innovation Superclusters and other key counterparts. On the second day, the Commissioner will visit the MaRS District, an innovation hub that helps start-ups to grow, create jobs and solve societal challenges. *(For more information: Lucia Caudet – Tel.: +32 229 56182; Victoria Von Hammerstein-Gesmold – Tel.: +32 229 55040)*

Le commissaire Gabriel à Paris pour participer à la Cyber Week

Demain, la commissaire à l'économie et à la société numériques, Mariya **Gabriel**, participera à la Cyber Week de Paris, en France. Celle-ci réunira des acteurs numériques et des experts de divers secteurs industriels pour débattre de la transformation numérique, en particulier en ce qui concerne les questions de confiance et de sécurité. La commissaire **Gabriel** prononcera un discours liminaire sur divers actions en faveur du marché unique numérique, en mettant l'accent sur les efforts de l'UE visant à renforcer la cybersécurité et à garantir un cadre éthique et juridique approprié pour l'intelligence artificielle. Elle présidera et prononcera un discours lors du déjeuner avec des entrepreneurs européens du secteur de la cybersécurité sur la nécessité d'attirer plus de femmes et de populariser les contributions des femmes expertes en cybersécurité. L'Union européenne a mis en place un large éventail d'instruments destinés à renforcer la cybersécurité dans l'UE, notamment la directive sur la sécurité des réseaux et des systèmes d'information, l'Acte sur la cybersécurité et les nouvelles règles encadrant les télécommunications visant à renforcer la coopération et l'action collective entre les Etats membres pour protéger l'économie et la société contre les cyber menaces. En mars, la Commission européenne a publié une recommandation invitant les États membres à prendre des mesures concrètes pour évaluer les risques de cybersécurité sur les futurs réseaux 5G et renforcer les mesures d'atténuation des risques. En outre, afin de suivre l'évolution constante des cyber menaces, la Commission a proposé de créer un centre européen de recherche, de technologie et de cybersécurité, ainsi qu'un réseau de centres de compétence pour la cybersécurité, afin de mieux cibler et coordonner les fonds disponibles pour la coopération, la recherche et l'innovation en matière de cybersécurité. Plus d'informations sur les actions de l'UE en matière de cybersécurité sont disponibles ici. (*Pour plus d'informations: Nathalie Vandystadt – Tél.: +32 229 67083*; Marietta Grammenou – Tél.: +32 229 83583*)*

Upcoming events of the European Commission (ex-Top News)

Draft EU Budget 2020 – Questions and Answers

1. What are the priorities of the draft budget for 2020?

The goal of the proposed 2020 EU budget is to contribute to a more competitive European economy, and to ensure solidarity and security in the EU and beyond. It is designed to optimise funding for existing programmes as well as new initiatives and to boost the European added value in line with the Juncker Commission’s priorities.

21% of the overall proposed budget for 2020 will go to tackle climate change. This aligns with the ambitious target of spending 20% of EU’s current long-term budget on activities that address climate change.

APPROPRIATIONS BY MFF HEADING (and in % of total EU budget in CA)	Draft Budget for 2020 (In billion EUR)		Difference with 2019 budget (in %)	
	CA[1]	PA[2]	CA	PA
1. Smart and inclusive growth: (49.5%)	83.3	72.2	3.3%	6.8%
1a.Competitiveness for growth and jobs	24.7	22.1	5.5%	7.7%
1b.Economic, social and territorial cohesion	58.6	50.0	2.5%	6.4%
2. Sustainable Growth: natural resources (35.7%)	60.0	58.0	0.6%	1.1%
Market related expenditure and direct aids	43.5	43.5	0.8%	0.9%
3. Security and Citizenship (2.2%)	3.7	3.7	-1.5%	5.6%
4. Global Europe (6.1%)	10.3	9.0	-8.9%	-4.0%
5. Administration (6.1%)	10.3	10.3	3.8%	3.8%
Other special Instruments (0.3%)	0.6	0.4	-32.5%	-40.6%
Total appropriations	168.3	153.6	1.3%	3.5%
In % of EU-28 GNI	0.99%	0.90%		

2. What are commitments and payments?

Commitments are the total volume of promises for future payments that can be made in a given year. Commitments must then be honoured with payments, either in the same year or, particularly in the case of multi-annual projects, over the following years.

Payments are the actual money paid in a given year from the EU budget to cover commitments of current and previous years.

For instance, when the EU decides to co-fund the building of a bridge, the total amount which the EU agrees to cover is a commitment. The bills for the work done are the payments. The commitment is made in year X. The payments from the EU budget may follow in the same year X, but also in year X+1, X+2, X+3, etc.

3. What is the long-term EU budget?

The long-term EU budget, also referred to as Multiannual Financial Framework (or ‘MFF’), provides a stable framework for implementing the EU’s annual budgets. It translates the Union’s political priorities into financial terms for a period of several years and sets annual maximum amounts (‘ceilings’) for EU expenditure as a whole and for the main categories/priorities of expenditure ('headings'). It allows the EU to complement national budgets by funding policies with a European added value.

The long-term EU budget provides a framework for financial programming and budgetary discipline by ensuring that EU spending is predictable and stays within agreed limits. Indeed, the commitments and the payments for a given year need to respect the ceilings for that year set out in the MFF (see the table below). At the same time, it gives certainty to beneficiaries of EU funds, such as small and medium-sized enterprises, regions catching up, students, researchers, farmers or civil society organisations, as well as to national, regional, and local authorities. It also foresees some special instruments which provide some flexibility and allow, if need be, to respond to unforeseen budgetary needs.

The current MFF was decided by the European Parliament and the Member States only in December 2013, very late ahead of the start of current 2014-2020 period. On 2 May 2018, the Commission proposed a pragmatic, modern, long-term budget for the 2021-2027 period.

4. Where does the money come from in the current long-term budget?

The revenue sources of the EU budget have remained the same over the last decades: customs duties, contributions from the Member States based on value added tax (VAT) and those based on gross national income (GNI). After a gradual decrease of customs duties, the GNI contributions became the predominant source of funding the EU budget (at about 80%, together with VAT-based contributions).

– Customs duties are levied on economic operators, collected at the external borders of the EU and go directly to the EU budget. Member States currently retain 20% of the amount as collection costs;

– The current VAT bases of all Member States are harmonised through a statistical process before a uniform rate of 0.3% is levied on each Member State, with some exceptions;

– The GNI Own Resource finances the part of the budget not covered by other revenues. The same percentage is levied on each Member State's GNI. The rate is fixed as part of the annual budgetary procedure. Some Member States benefit from a reduction.

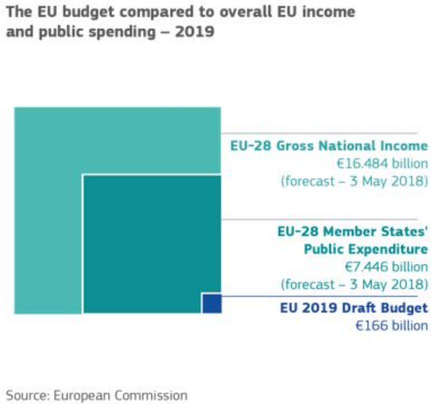
Other sources of revenue include taxes and other deductions from EU staff salaries, bank interest, contributions from non-EU countries to certain programmes, and interest on late payments and fines.

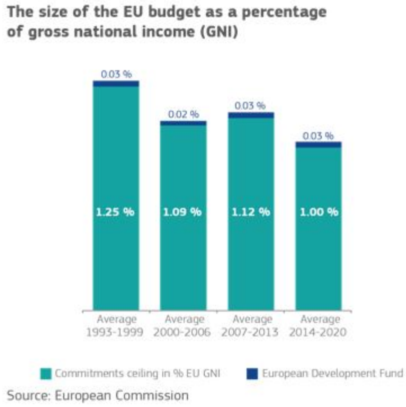
As part of it proposal of 2 May 2018 for the long-term budget for the 2021-2027 period, the Commission also proposed to modernise and simplify the current overall financing system and diversify the budget's sources of revenue.

5. What is the relative size of the EU budget?

The EU budget has remained a small part of total public expenditure in the

EU, accounting for less than 1% of EU income and only around 2% of EU public expenditure. This share has declined over time. This decline has put an increased pressure on the EU budget to be more efficient, to focus on the areas where its impact is greatest and to ensure that burdensome rules and procedures do not get in the way of results.





The proposed EU budget for 2020 is €168 billion in commitments and €154 billion in payments.

6. How is the EU budget spent?

Each year, the amounts for each of the main categories of expenditure (‘headings’) are set based on the expected needs for the following year and with respect to the long-term budget.

Some 94% of the EU budget is spent on projects – in Member States and beyond. The money goes to citizens, regions, cities, farmers, businesses, universities, NGOs and more. The EU budget finances the policies of the European Union, which have a positive impact on the lives of all EU citizens and of many people across the world. It funds areas like employment, regional development, research and education, environment, humanitarian aid and many others (see some concrete examples are available here). Only around 6% of the budget goes to administration (buildings, equipment, salaries, social security and pensions for all EU Institutions).

These 6% might look substantial at first sight. But not if considered in a broader perspective. The EU administration works for EU’s 500 million citizens and stands behind achievements such as the highest data protection standards in the world, cheap phone calls for people travelling abroad, no extra fees when people use their credit cards to shop in the supermarket. European taxpayer actually gets a true “return on investment”.

7. How is the EU budget managed?

About three quarters of the EU budget is managed by the authorities in the Member States. The remaining one quarter is implemented under direct management (by the Commission) or indirect management (via third parties, such as the European Investment Bank).

8. Why are payments increasing in 2020?

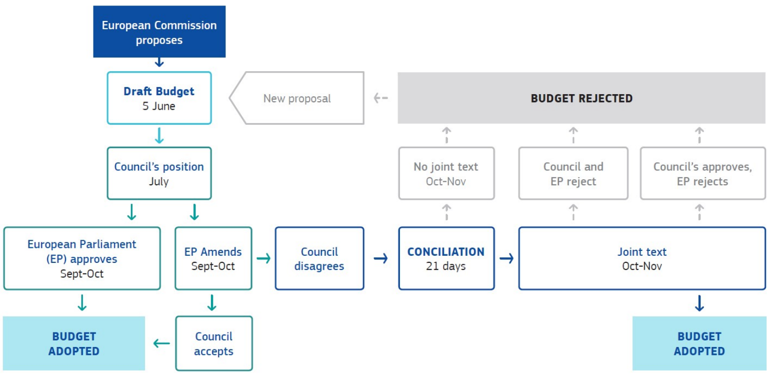
The proposed level of payments is €154 billion. This gives an overall increase of +3.5% compared to the 2019 budget. The most substantial increase of 6.8% is in the area of smart and inclusive growth – both for competitiveness by 7.7% and for cohesion by 6.4%. The highest increase is for the new cohesion programmes (13.7%) which is a sign that the programmes under the current programming period 2014-2020 are being implemented, projects are being put in place so payments are following. Money in the area of security and citizenship is also increasing by 5.6%. It goes to priority projects like strengthening the European Border and Coast Guard Agency (Frontex) as a follow up on the agreement of the European Parliament and the Council to set up a standing corps of 10,000 border guards by 2027, as well as the new rescEU programme – an upgrade of the existing Civil Protection Mechanism – to better respond to earthquakes, wildfires and other disasters.

9. What happens next?

The European Commission now submits the draft 2020 EU budget to the European Parliament and the Council which together take the final decision.

The Council usually adopts its position during the summer months and the Parliament expresses its opinion in autumn.

A specific Conciliation Committee is convened usually in November to reconcile the positions of the Parliament and the Council. It has to agree within 21 days on a common budget, which both institutions should afterwards approve. This year, the period runs between 29 October and 18 November.



For More Information:

– [Draft EU budget 2020](#) (press release of 05/06/2019)

– [Draft EU budget 2020 documents](#)

European Semester 2019 Spring Package

explained

The European Commission has taken the next steps in the 2019 cycle of the European Semester of economic policy coordination.

The package includes:

Country-specific recommendations

What are the country-specific recommendations?

Country-specific recommendations provide tailored advice to individual Member States on how to boost jobs, growth and investment, while maintaining sound public finances. The Commission publishes them every spring, as part of the European Semester, the EU's annual cycle for economic policy coordination. The recommendations adapt priorities identified at EU level in the Annual Growth Survey and at the euro area level in the recommendation for the economic policy of the euro area. They give guidance on what can realistically be achieved in the next 12-18 months to make growth stronger, more sustainable and more inclusive.

What is new in the 2019 European Semester and country-specific recommendations?

In line with the Commission's analysis on Member States' investment needs and bottlenecks in the country reports, the 2019 country-specific recommendations include a stronger focus on investments.

Building on the findings of the 2019 country reports, this year there is also an investment-related recommendation for each Member State. These recommendations refer to regional and territorial disparities and aim to identify specific investment needs to ensure a more even economic and social development. This guidance is set to inform the programming of the EU Cohesion Policy Funds in the period 2021-2027.

What progress have Member States made on the country-specific recommendations?

Since the start of the European Semester in 2011, Member States have made at least 'some progress' with more than two thirds of the country-specific recommendations and the progress continues at a steady pace.

Regarding the recommendations addressed to them in July 2018, Member States have made at least 'some progress' with 4 in 10 CSRs. Reform implementation continues to be strong on financial services, even if progress is somewhat slower than the bold steps taken in the immediate aftermath of the crisis. On the other hand, progress remains limited in addressing recommendations about broadening the tax base and strengthening competition in services. In view of the remaining economic and social challenges and prominent downside risks to the economic outlook, stronger reform implementation is crucial to strengthen the resilience of EU economies.

The progress with the correction of macroeconomic imbalances continues, but further policy action is needed. The large euro area current account surplus remains broadly unchanged, reflecting on the one hand aggregate domestic demand lagging behind economic activity, and improved competitive position with sustained exports on the other. Further rebalancing requires differentiated responses. Member States with current account deficits or high external debt need to sustain improvements in competitiveness, while Member States with large current account surpluses should strengthen the conditions that support higher wage growth and investment. For all Member States, measures to enhance productivity and investment are key to promoting growth.

What are the key objectives of these recommendations?

The overall objective is to encourage the Member States to increase their growth potential by modernising their economies and further strengthening their resilience. Given the current slowdown, all Member States should prioritise reforms aiming at sustainable and inclusive growth. Moreover, our increasingly digitalised and globalised economies require smarter investments in relevant infrastructure, innovation, education and skills. Furthermore, the changing labour market and ageing population require additional measures to ensuring sustainable and inclusive social welfare systems.

How is the Commission helping Member States to implement recommendations?

The Commission promotes reform implementation by engaging in an open dialogue with Member States, by using the available tools to identify opportunities and vulnerabilities and by providing support to Member States.

The continuous policy dialogue with Member States has intensified over the past few years as part of the Commission's overhaul of the Semester. Like last year, the Commission consulted Member States on the analytical parts of their country reports prior to their publication.

The Commission is also making sure that EU funding is steered towards EU and national priorities. The European Structural and Investment Funds and the European Fund for Strategic Investments – the heart of the Juncker Plan – are two of the Commission's most important financing programmes, providing grants and loans to projects across a range of strategically important sectors in the EU.

In addition, the Commission provides technical support to Member States through the Structural Reform Support Service (SRSS). Countries can request tailor-made technical support to prepare, design, and implement growth-enhancing reforms. This covers strategic and legal advice, studies, training and in-country missions by experts. Since it was created in 2015, the service has provided support to more than 760 reform projects, in 26 Member States.

What are the priorities for public finances?

Public debt is declining, but progress is uneven among Member States, with some having insufficient fiscal buffers while others have reached sound budgetary positions. Government debt remains high in several Member States.

The impact of an ageing population poses additional challenges for the sustainability of public finances in the EU, and calls for reforms of the pension, healthcare and long-term care systems.

The strengthening of fiscal sustainability of the euro area and its Member States requires differentiated national fiscal policies. The country-specific recommendations set a required fiscal adjustment effort consistent with the Stability and Growth Pact for Member States that have not yet reached their medium-term budgetary objective. Member States with adequate scope are also recommended to use fiscal and structural policies within the rules of the Stability and Growth Pact to increase public investment to support growth and facilitate economic rebalancing.

Improving the quality of public spending could enhance the ability of public finances to support growth. Fiscal policy that favours investment in education and skills, quality infrastructure and innovation is a means to increase growth potential.

How is Aggressive Tax Planning addressed?

This year, several country-specific recommendations directly address the topic of Aggressive Tax Planning. Tax avoidance reduces national revenues, disrupts fair competition and negatively impacts growth.As the European Semester is about coordinating national policies to ensure convergence and a strong, competitive and social Europe, fighting Aggressive Tax Planning and working towards tax coordination is an essential step to protect Europe’s citizens and competitiveness. This is also reflected in the euro area recommendation issued by the Council on 22 January.

What should Member States do to improve the labour market?

Labour market conditions keep improving. Employment is at a record high in the EU, and unemployment is at a record low. At the same time, there are still considerable divergences between countries, regions and population groups. In order to improve the functioning of the labour market, targeted investment is needed to strengthen the effectiveness of active labour market policies and/or to reinforce the capacity of employment services.

Although employment is at a record high in Europe, there are significant differences between countries, regions and population groups, ranging from almost 93% employment for the high-skilled in the capital region of Lithuania to below 30% for the low-skilled in north east Bulgaria. In particular, Member States should choose policies to empower disadvantaged groups such as low-skilled workers, the young, older people, people with disabilities and people with a migrant background so that they can better grasp labour market opportunities.

To increase overall participation in the labour market, it is also important to provide better care services (childcare as well as healthcare and long-term care services), facilitate work-life balance and remove disincentives to work.

What should Member States do to improve the education system?

Investing in education and skills is essential to sustain innovation and productivity growth, especially in a rapidly changing world of work with rising skills shortages. Inequality in education represents a threat to social cohesion and the long-term prosperity of European societies. Equal access to quality education is also essential for disadvantaged groups. In some cases this may require to pay teachers more. And since the world of work changes fast, stronger investments in lifelong learning are needed – currently only 10% of the European population participates in adult learning.

What should Member States do to improve social inclusion and to tackle inequalities?

The social situation continues to improve, but gaps in coverage of social protection systems and access to services persist. Poverty and income inequality are declining, but they remain high in some Member States. In-work poverty is also a challenge in several Member States.

To address this, policy measures should promote and facilitate high-quality permanent jobs. This would contribute to reducing inequalities and poverty risks. Access for all to high-quality education and training is particularly important in this respect. Raising skill levels and preparing people for the jobs of tomorrow best address inequalities – enshrined in the first principle of the European Pillar of Social Rights.

In addition, the tax and benefit systems need to be examined. Tax reforms are needed to protect the revenue for adequate social protection and to improve the capacity of the welfare system to reduce poverty and inequalities. The main competence in this area lies with the Member States.

What should Member States do to improve healthcare?

Reforms of the health systems are ongoing in several countries to ensure the accessibility of healthcare for all, while enhancing their cost effectiveness and sustainability. Member States should continue their efforts, giving priority to the careful design of comprehensive measures and to stepping up the adoption and implementation of health service delivery reforms. Further investment is often necessary to support and implement reforms in the health systems.

How does the Social Scoreboard for the European Pillar of Social Rights feed into the Semester?

The Commission attaches great importance to employment and social priorities. This is reflected in the increasing focus on these issues in the European Semester. In 2019, almost half of the country-specific recommendations address employment, education and social issues.

This trend has been reinforced through the European Pillar of Social Rights proclaimed at the Social Summit for Fair Jobs and Growth in Gothenburg on 17 November 2017 by the European Parliament, the Council and the European

Commission. This set of country-specific recommendations puts a renewed emphasis on the three areas of the Pillar:

1) equal opportunities and access to the labour market;

2) fair working conditions; and

3) social protection and inclusion.

The Social Scoreboard is used as a 'screening device' that allows for a wider and careful assessment of the situation in each Member State.

What should Member States do to boost investment?

Developing a comprehensive EU investment policy agenda remains crucial to address current and future growth. The Commission has made boosting investment its top priority already since President Jean-Claude Juncker's Political Guidelines.

Since the launch of the Investment Plan for Europe, substantial private and public funds have been and continue to be mobilised for investments across strategic sectors of the EU economy, which gave a substantial boost to growth and job creation. As of May 2019, the Juncker Plan is set to mobilise almost €400 billion in investments and to create around 750 000 jobs. In addition to unlocking investments, the Juncker Plan created relevant project pipelines and focused on measures making the business environment more conducive to investment. The Commission has addressed and will continue to address regulatory and administrative barriers, at national and at EU level, together with initiatives from Member States.

Member States should also use EU Cohesion Policy Funds in an optimal way to enhance investments in the relevant policy areas and this year's European Semester cycle puts particular emphasis on this element.

The country-specific recommendations build and expand on the emphasis given to investment needs in the country reports of February: first, the recommendations refer to the investment needs of the whole economy, irrespective of how they will be addressed (private funding, national public funding, or EU co-financed public funding). Second, they include non-financial policies for improving the general business climate in their approach to investment-related economic policy. This focus should help the discussion on how the EU Cohesion Policy Funds under the next programming period 2021-2027 can address investment priorities in the Member States.

How are the country-specific recommendations linked to EU funding?

Country-specific recommendations provide guidance to EU Member States to pursue a policy mix of effective reforms, well-targeted investment strategies and responsible fiscal policies While EU funds cannot address all investment needs, they provide considerable opportunities to address the concrete investment gaps identified in the country-specific recommendations. The Commission is making strong efforts to better align EU funds with the European Semester recommendations to improve results and strengthen the

European added value of EU funds like InvestEU, Connecting Europe Facility, Horizon Europe and the Cohesion Policy Funds, including the European Social Fund Plus (ESF+).

The Commission has just started the dialogue with national authorities on how better to target Cohesion Policy Funds at national level for the period 2021-2027. The country reports and country-specific recommendations provide the analytical and policy framework for successful programming.

What is the difference between the investment-related country-specific recommendations (CSRs) and the investment guidance annexes to the country reports?

The country reports, published as part of the Winter Package on 27 February, analysed each country's investment needs based on an expert reading of the latest socio-economic trends, with a focus on sectoral competitiveness. Regional and territorial disparities were taken into account where relevant. Detailed annexes (one per Member State) offered guidance on the best use of Cohesion Policy Funds. Together with the other analytical findings of the country reports, the annexes have already been presented to Member States at formal events that kick-started the informal dialogue with Member States on programming Cohesion Policy Funds for 2021-2027.

The investment-related CSRs of the Spring Package refer to the investment needs of the whole economy, irrespective of where they arise or how they will be addressed (private funding, national public funding, or EU co-financed public funding). They are not only broader than the guidance and findings of the country reports but they include non-financial policies to improve the general business climate. They may therefore differ, in scope and detail, from the respective investment guidance annexes, which focus exclusively on that part of the investment needs that the EU Cohesion Policy Funds can co-finance.

What is the European Public Sector Accounting Standards (EPSAS) report published by Eurostat today?

Eurostat has today also published a report on the progress made as regards European Public Sector Accounting Standards (EPSAS). The EPSAS initiative aims to provide harmonised accruals-based public sector accounting and a firmer basis for understanding the financial position and performance of the public sector. The report shows that the use of accrual accounting for the public sector has increased in the EU and this trend is expected to continue at global level.

Fiscal development and decisions: what has the Commission decided today?

Based on the assessment of the 2019 Stability and Convergence Programmes, the Commission has also taken a number of steps under the Stability and Growth Pact:

- The Commission recommends that the Excessive Deficit Procedure be closed for Spain. As a result, from the peak of 24 countries under EDP in 2011, no EU Member State is left under the Procedure.

- The Commission has also adopted reports under Article 126(3) TFEU for Belgium, France, Italy and Cyprus, in which it reviews their compliance with the debt criterion of the Treaty. For Italy, the report concludes that a debt-based Excessive Deficit Procedure is warranted.
- The Commission has addressed a warning to Hungary and Romania on the existence of a significant deviation from the adjustment path toward the medium-term budgetary objective in 2017. The Commission recommends to the Council to recommend the two Member States correct the significant observed deviation.

When will Spain move to the preventive arm of the Stability and Growth Pact?

EU economic and finance ministers will discuss the Commission's recommendations in the Economic and Financial Affairs Council (ECOFIN). If and when the ECOFIN Council decides to abrogate the EDP, Spain will move from the corrective to the preventive arm of the Stability and Growth Pact as from this year.

Under the preventive arm of the Stability and Growth Pact, Spain should progress towards its medium-term budgetary objective at an appropriate pace, including respecting the expenditure benchmark, while complying with the deficit and debt criteria. Spain would have to comply with the rules of the preventive arm of the Stability and Growth Pact as of this year.

What is a report under Article 126(3) of the Treaty?

The Article 126(3) report represents the first step in assessing the case for launching a possible Excessive Deficit Procedure. It assesses the Member State's deficit and/or debt position. A Member State is non-compliant with the deficit requirement if its general government deficit is above 3% of GDP, unless the excess over the reference value is only exceptional and temporary and the deficit ratio remains close to the reference value. As regards debt, the criterion for non-compliance is a general government debt level greater than 60% of GDP and not declining at a satisfactory pace.

The Stability and Growth Pact defines a satisfactory pace as a reduction of the gap between a country's debt ratio and the 60% of GDP reference value of the Treaty by 1/20th annually on average over three years. If a Member State does not meet one or both of the criteria, the Commission prepares a report under Article 126(3) of the Treaty, which considers in detail a series of factors and assesses the case for opening an EDP.

What is a Significant Deviation Procedure and how does it differ from the Excessive Deficit Procedure?

The Significant Deviation Procedure is part of the preventive arm of the Stability and Growth Pact. Under the preventive arm, all EU countries are expected to reach a predefined medium-term budgetary objective (MTO) or to be heading towards it by adjusting their structural budgetary position at a rate of 0.5% of GDP per year as a benchmark. These medium-term budgetary objectives are set to ensure sound fiscal health.

If the fiscal policies of a Member State result in a significant deviation from their MTO or the adjustment path towards it, the Stability and Growth Pact foresees that the Commission shall recommend the Council to open a so-called Significant Deviation Procedure.

The excessive deficit procedure is part of the corrective arm of the Stability and Growth Pact. It aims to ensure that Member States adopt appropriate policy responses to correct excessive deficits and/or debts. Following Article 126 of the Treaty and the Stability and Growth Pact, Member States are required to limit the general government deficit to at most 3% of GDP and public debt to at most 60% of GDP (or to ensure that it sufficiently decreases towards 60%). In case any one or both of these conditions is breached, the Commission assesses the case for launching an excessive deficit procedure based on all relevant factors.

What are the next steps in the implementation of the budgetary decisions?

Today, the Commission has adopted reports under Article 126(3) for 4 Member States (Belgium, Italy, France and Cyprus), in which the Commission assesses their compliance with the debt or deficit criterion of the Treaty. As an immediate next step, the Economic and Financial Committee is expected to formulate its opinion on the reports within two weeks. The various procedural steps are described in Article 126 of the Treaty.

Third Enhanced Surveillance Report for Greece

The Commission adopted the third Enhanced Surveillance Report for Greece.

The Commission activated the Enhanced Surveillance framework for Greece, effective as of the conclusion of the European Stability Mechanism stability support programme on 20 August 2018. The Enhanced Surveillance framework facilitates continued support for the completion, delivery and implementation of reforms agreed under Greece's stability support programme, in line with the commitments made by the Greek authorities.

What are the conclusions of the Report?

The report notes that Greece has made a reasonable start to the post programme environment since August 2018, but finds that reform implementation in Greece has slowed in recent months, and that the consistency of some measures with commitments given to European partners is not assured and may pose risks to agreed fiscal targets.

For further information:

Press release on the European Semester 2019 Spring package

Chapeau Communication on the country-specific recommendations 2019

Country-specific recommendations 2019

[Abrogation of the Excessive Deficit Procedure for Spain]

[Reports under Article 126(3) TFEU for Belgium, France, Italy, Cyprus]

[Significant Deviation Procedure for Hungary and Romania]

Factsheet: Situation under the Macroeconomic Imbalances Procedure and the Stability and Growth Pact

Factsheet: Overview of policy areas covered in the country-specific recommendations 2018

Factsheet: Key employment and social figures

[European Economic Forecast Spring 2019]

[European Semester timeline]

[Recommendation for the Euro Area 2019]

[European Semester Winter Package 2019]

[European Semester Autumn 2018 Package]

[European Pillar of Social Rights]

[The EU Economic Governance Explained]

Follow Vice-President Dombrovskis on Twitter: [@VDombrovskis]

Follow Commissioner Thyssen on Twitter: [@mariannethyssen]

Follow Commissioner Moscovici on Twitter: [@Pierremoscovici]

Follow DG ECFIN on Twitter: [@ecfin]

[EU budget 2020: Commission focuses its proposal on jobs, growth and security]

The Commission has today proposed an EU budget of €168.3 billion for 2020 for a more competitive European economy, and for solidarity and security in the EU and beyond.

This budget is the seventh and last one under the current 2014-2020 long-term EU budget and operates within the limitations set therein. It is designed to optimise funding for existing programmes as well as new initiatives and to boost the European added value in line with the Juncker Commission's priorities.

Günther H. **Oettinger**, European Commissioner for Budget and Human Resources, said: "*The draft 2020 EU budget is the last budget proposal of the Juncker Commission. It seeks to continue supporting EU's priorities- jobs, growth, young people, climate change, security and solidarity- and to prepare the transition to the next budgetary cycle. I invite the Council and the new Parliament to come to a timely agreement that would provide stability for the EU's future.*"

As per the Commission proposal, the money under the 2020 budget will go to the following priority areas: competitive economy and young people; and strengthening security and solidarity in the EU, climate change and beyond.

21% of the overall proposed budget for 2020 will go to tackle climate change. This aligns with the ambitious target of spending 20% of EU's current long-term budget on activities that address climate change.

Investing in a competitive economy and young people

More than €83 billion in commitments will boost economic growth, European regions and will support young people. Of them:

- €13.2 billion for research and innovation across Europe under Horizon 2020 – the biggest and final tranche of the EU research and innovation programme (+6.4% compared to 2019) – including the final pilot phase of the European Innovation Council to support top-class innovators, small companies and scientists with the potential to scale up rapidly in Europe and globally;
- €2.8 billion for education under Erasmus+;
- €117 million for the Youth Employment Initiative (YEI) to support young people living in regions where youth unemployment is high (bringing the total funding for YEI between 2014 and 2020 to €4.5 billion);
- €1.2 billion (+75% compared to 2019) for Europe's own global satellite navigation system Galileo – to enable it to continue expanding its market uptake from the current 700 million users around the world to reach 1.2 billion by the end of 2020.;
- €255 million for the European Defence Industrial Development Programme (EDIDP) to incentivise European companies to work together to develop defence products and technology. The EDIDP allows defence cooperation at EU level to be tested under this budget period until a fully-fledged European Defence Fund is in place as of 2021.

Strengthening security and solidarity in the EU and beyond

Many of Europe's challenges know no borders. The EU has repeatedly used all flexibility in the budget to respond to disasters, address migration challenges and strengthen the EU's external borders. By mobilising its various instruments, the 2020 EU budget will continue to invest in solidarity and security in Europe and beyond:

- €420.6 million (+34.6% compared to 2019) for the European Border and Coast Guard Agency (Frontex) following the agreement reached by the European Parliament and the Council in March 2019 to set up a standing

corps of 10 000 border guards by 2027;
- €156.2 million for the new rescEU programme (an upgrade of the existing Civil Protection Mechanism) to better respond to earthquakes, wildfires and other disasters. This will help to build up a reserve of response capacities at EU level, for example forest fighting planes and helicopters, as well as emergency medical capacities;
- €560 million for people in need inside Syria as well as refugees and their host communities in the region. This is the budgetary response to a pledge made at the Brussels III Conference on the future of Syria in 2019 (the EU budget for 2019 already foresees funding for Syria of €2.01 billion);
- Continued support for the development of the Entry-Exit System, the European Travel Information and Authorisation System, the upgraded Schengen Information System and the European Fund for Sustainable Development, with the overall objective of making EU information systems more interoperable to keep EU citizens safe.

A budget enabling results

Making sure that every euro from the EU budget creates an added value for the EU citizens is a key priority for the Commission. This is also a key objective of the Commission proposal for EU's next long term budget for the period 2021–2027.

Together with the draft budget, the Commission has today published a performance overview for each of the programmes financed by the EU budget. It shows that the EU budget is delivering concrete results for the people in the EU and beyond.

Background

The draft 2020 EU budget includes two amounts for each programme to be financed – commitments and payments. "Commitments" refers to the funding that can be agreed in contracts in a given year; "payments" to the money actually paid out. The proposed 2020 EU budget amounts to €168.3 billion in commitments (+1.3% compared to 2019) and €153.7 billion in payments (+3.5% compared to 2019).

The EU budget is primarily an investment budget. Amounting to roughly 1% of EU GNI, and representing around 2% of all EU public spending, it aims to complement national budgets and implement priorities which all EU members have agreed upon.

The 2020 EU budget is the last budget under EU's current multiannual financial framework running between 2014 and 2020. The proposal is based on the assumption that the UK will participate fully in the implementation and financing of the 2020 EU budget as if it were a Member State.

The Commission published its proposals for the EU's next long-term EU budget – which runs between 2021 and 2027 – in the spring of 2018. The 2020 budget and the long-term budget will be negotiated in parallel between the Member States and the newly elected European Parliament.

For More Information

– Draft EU budget 2020 – Questions and Answers

– Draft EU budget 2020 documents

– Programmes' Performance Overview (2018)

– Factsheet – Draft EU budget 2020

– Factsheet – Programmes' Performance Overview

– Commission proposal for EU's next long-term budget

– EU budget at a glance

Paying tribute to 25 years of EU-OSHA and its network of partners

EU-OSHA – known also as 'the Bilbao Agency' – welcomes its network of partners, dignitaries and staff past and present to the event, held in the city that the Agency is proud to call home. EU-OSHA pays tribute to all its collaborators and their commitment over the past 25 years, with speeches and panel discussions.

> Marianne Thyssen, European Commissioner for Employment, Social Affairs, Skills and Labour Mobility, offers her congratulations and sums up the importance of this milestone for EU-OSHA: *'25 years ago we established EU-OSHA to make sure that everyone, and most importantly workers and employers, are aware of health and safety legislation and of good practices to implement it.'*

Two panel discussions give attendees a chance to reflect on the successes achieved in occupational safety and health (OSH) in Europe over the past 25 years, as well as looking to the future. Topics include the rationale behind EU-OSHA's foundation, its proactive approach to digital technology, the challenges and opportunities presented by the EU's enlargement and the revolutionary nature of the European Pillar of Social Rights. Participants also reflect on the success of EU-OSHA's flagship projects, such as the Healthy Workplaces Campaigns, OiRA and ESENER, particularly their vital roles in supporting micro, small and medium-sized enterprises.

> Dr Christa Sedlatschek, EU-OSHA's Executive Director, remarks, *'One of EU-OSHA's big achievements is that it is now so well connected*

> *to businesses throughout Europe. Flagship projects such as ESENER help to strengthen this by identifying the needs of enterprises and their workers.'*

The importance of continued support and of tackling current and future OSH challenges is emphasised by former EU-OSHA Director Dr Jukka Takala, who echoes one of the Agency's key messages: *'Good occupational safety and health equals economic success. We need to get that message across to politicians, change attitudes and change long-term thinking.'*

All agree that the Agency's pan-European partnerships and tripartite way of working are key to its success. As Mr Hans-Horst Konkolewsky, former EU-OSHA Director, comments, *'The Agency has proved that the concept on which it was based – a tripartite agency, with a network of focal points and partners in Member States and partner countries – was an effective one. This concept was instrumental in building a common understanding of where we want to go in protecting workers.'*

Live stream available on Wednesday 5 June at 15.30 CET

Watch the video message from Commissioner Thyssen

Keep up to date with our 25th anniversary celebrations through our dedicated web section