

# European Semester Winter Package: reviewing Member States' progress on their economic and social priorities

The European economy is expanding robustly and the positive economic outlook is matched by an improved labour market and social situation. This reflects the reforms undertaken by Member States in recent years and provides a window of opportunity to further strengthen the resilience of the EU's economies and societies. Nevertheless, the recovery is not benefitting everybody in society equally and structural weaknesses are holding back growth and convergence in some Member States. That is why EU countries should use this momentum to further strengthen the foundations of their economies.

Today's 27 Country Reports (for all Member States except Greece, which is under a stability support programme) provide the annual analysis by Commission staff on the economic and social situation in Member States, including progress made in implementing Country-Specific Recommendations over the years. This analysis builds on intense dialogue at technical and political level with the Member States, as well as with stakeholders at all levels, as part of the European Semester of policy coordination.

For 12 Member States selected last November for an in-depth review, the Country Reports include an assessment of possible macroeconomic imbalances and the package provides an update of the categorisation of countries under the so-called Macroeconomic Imbalances Procedure.

For the first time, the Country Reports put a special emphasis on mainstreaming the priorities of the [European Pillar of Social Rights](#), proclaimed in November 2017. A specific focus is put this year on analysing skills challenges and how social safety nets operate at national level. Data from the Social Scoreboard are also used to keep track of employment and social performances.

This European Semester 2018 winter package follows the publication in November of the [2018 Annual Growth Survey](#) and the [recommendation](#) on the economic policy of the euro area, which set the priorities for the year ahead at European level. It now shifts the focus to the national dimension of the Semester and provides the underpinning for Member States to develop their annual national programmes by mid-April. Together with the Country Reports, the national programmes will be the basis for the Commission's proposals for the next round of Country-Specific Recommendations in May.

Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, said: *"Strong economies are those that keep addressing their weaknesses, even when times are good. Now that Europe's economy is growing at its fastest pace for a decade, this is precisely what our strategy should be, both at EU and national level."*

Commissioner Pierre **Moscovici**, responsible for Economic and Financial Affairs, Taxation and Customs, said: *“Eleven EU countries are still experiencing macroeconomic imbalances, which makes them vulnerable in case of shocks. Today, the European Commission notes that these imbalances are being corrected thanks to ongoing reforms and economic recovery, making Europe stronger. This is good news! The number of countries under this procedure has been falling since the crisis and today, we reward progress in Bulgaria, France, Portugal and Slovenia with a positive change of category. More efforts are needed in all countries. For millions of Europeans, life remains a daily struggle, which is why all governments must do more to tackle inequality, unemployment and job insecurity.”*

Commissioner Marianne **Thyssen**, in charge of Employment, Social Affairs, Skills and Labour Mobility, said: *“With the proclamation of the European Pillar of Social Rights, we have put investing in skills, reducing inequalities, social fairness and inclusive growth on top of the agenda. We now need to keep track of the performance of the Member States on the principles and rights included in the Pillar, to make them a reality on the ground.”*

### **Progress with Country-Specific Recommendations**

As every year, the Country Reports assess Member States' progress in tackling their main economic and social challenges and in implementing past Country-Specific Recommendations (CSRs). Looking at progress over the years, Member States achieved at least “some progress” with regard to more than two-thirds of the recommendations.

Reform implementation has been solid in some key areas. Since the outset of the European Semester in 2011, Member States have made most progress in financial services and in fiscal policy and fiscal governance. Significant progress has also been made in addressing access to finance, in employment protection legislation and frameworks for labour contracts. Policy highlights for all Member States are included in the Country Reports.

Today, the Commission also adopted the [2018 Work Programme for the Structural Reforms Support Programme](#) (SRSP) that will provide support to Member States to carry out reforms, especially those prioritised in the Country-Specific Recommendations.

In 2018, more than 140 projects will be supported in 24 Member States.

### **Addressing macroeconomic imbalances**

Last [November](#), the Commission launched in-depth reviews for 12 Member States to analyse whether they were experiencing macroeconomic imbalances and to assess the gravity of these imbalances. The 12 Member States examined in depth this year were all identified to experience imbalances or excessive imbalances last year. The Commission has now concluded that 11 out of the 12 Member States examined are facing either imbalances (8) or excessive imbalances (3). The summary of the in-depth reviews outcome is as follows:

- **Croatia, Cyprus and Italy** are experiencing excessive economic

imbalances.

- **Bulgaria, France, Germany, Ireland, the Netherlands, Portugal, Spain and Sweden** are experiencing economic imbalances. For **Bulgaria, France and Portugal** this is a de-escalation from excessive imbalances last year.
- **Slovenia** is no longer experiencing economic imbalances.

For Bulgaria and Portugal the Commission underlined that further efforts remain necessary to achieve a sustainable correction of the imbalances.

## **European Pillar of Social Rights**

The social dimension of the European Semester has been further enriched this year by mainstreaming the priorities of the European Pillar of Social Rights. The Country Reports also make use of the data gathered via the [Social Scoreboard](#) to keep track of employment and social performances. Situations and priorities naturally vary, and the analysis takes account of this diversity. Areas of particular concerns in some Member States include the provision of adequate skills, persistent gender employment gap, high labour market segmentation and the risk of in-work poverty, the low impact of social transfers on poverty reduction, sluggish wage growth and ineffective social dialogue.

## **What next?**

The Country Reports provide the Commission's assessment of the situation in each Member State and a basis for all stakeholders to engage. The Council is expected to discuss the reports together with the results of the in-depth reviews. The Commission will hold bilateral meetings with the Member States on their respective reports. The Vice-Presidents and Commissioners will visit Member States to meet governments, national parliaments, social partners and other stakeholders and discuss the findings from the reports.

The next step for Member States is to present their economic and social policy priorities in their national reform programmes and stability and/or convergence programmes (setting out budgetary priorities) by mid-April in the light of the challenges identified, also taking into account the priorities of the 2018 Annual Growth Survey and the recommendation on the economic policy of the euro area. The Commission recommends that these programmes be drawn up with the support of National Parliaments and of all key stakeholders, such as social partners, regional and local authorities, and civil society organisations as appropriate.

The Commission will propose a new set of Country-Specific Recommendations in May.

## **Background**

The Winter Semester Package is part of the annual cycle of policy coordination at EU level, [the European Semester](#). It follows the publication in November of the [2018 Annual Growth Survey](#) and the [euro area recommendation](#), which set the priorities for the year ahead at European level. It now shifts the attention to the national dimension of the European

Semester.

It is based on the latest data from the Commission's [Winter Interim 2018 Economic Forecast](#) and it builds on the analyses and recommendations of the [European Semester Autumn Package 2017](#). The Country Reports provide the underpinning for the Member States to develop their national programmes by mid-April and for the Commission's upcoming Country-Specific Recommendations later in spring.

## **Further Information**

Memo: [European Semester Winter Package](#)

[Country Reports](#)

[Chapeau communication on the country reports](#)

[Specific monitoring reports under the MIP](#)

[SRSP 2018 Annual work programme](#)

[Annual Growth Survey 2018](#)

[Alert Mechanism Report 2018](#)

[Euro area recommendation 2018](#)

[Draft Joint Employment Report 2018](#)

[European Pillar of Social Rights](#)

[Visual presentation of the European Semester cycle](#)

[Thematic factsheets](#)

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