



## Progress on the European Semester in 2011

The sovereign debt crisis has pushed the EU to strengthen its economic governance rules. An important aspect is the alignment of budgetary surveillance to wider economic planning, under a new annual cycle called the European Semester.

### Context

The European Semester is a new system for economic policy coordination between the EU and its Member States (MS). The Semester now brings EU-level macro-economic planning and assessment of countries' budgets together under the same timeline. Importantly, under the EU's newly agreed 'six-pack' of economic governance measures, new tougher sanctions for excessive imbalances should operate on the same cycle, as well.

As part of this, the Parliament will play a new role in holding EU institutions to account for implementing these policies, through new instruments like the **economic dialogue**.

### The Semester in 2011

The European Semester began on 12 January 2011, with the publication by the European Commission of the first [Annual Growth Survey](#) (AGS). The AGS placed budgetary priorities for MS within a broad policy context; taking account of policy goals under [Europe 2020](#).

Once endorsed by the European Council, the AGS formed the basis for specific Programmes which MS must submit by April. These programmes are of two types: Stability or Convergence Programmes (SCPs) - dealing with budgetary aspects under the Stability & Growth Pact; and National Reform Programmes (NRPs) - showing each country's aims in line with Europe 2020 targets.

On this basis, on 7 June, the Commission [issued](#) recommendations, specific to each MS. For countries subject to the excessive deficit procedure, the recommendations referred to ongoing procedures under Article 126 TFEU. The recommendations

were [endorsed](#) by the summer European Council and [adopted](#) by the Council of the EU in July. From this point, it is up to the MS to implement the recommendations, with a review of their progress expected in June 2012, within the next cycle. Though not binding, the Commission hopes the Semester will aid budgetary peer review among MS.

### Criticism

The Semester has been criticised for lacking clarity on how it interacts with other aspects of the EU's economic governance, e.g. recommendations issued under the new Excessive Imbalance Procedure (EIP). Commentators have also noted that although the Semester's final recommendations have been public for months now, there is little evidence that these conclusions have informed the debate on lending to MS in fiscal difficulty.

On a procedural level, some MS have also expressed [concern](#) over insufficient time between the Commission's publication of recommendations (7 June), and their endorsement by the European Council (23-24 June), not giving countries the opportunity to engage with the proposed recommendations.

Analysts have also called for a wider role for the Parliament, to address legitimacy concerns.

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