

AT A GLANCE

Broad Economic Policy Guidelines and Employment Guidelines

This short note gives an overview of the Broad Economic Policy Guidelines (BEPGs) and the Guidelines for Employment Policies. It provides details on the background, the process of adoption and key elements of the guidelines.

The Integrated Guidelines

The [Broad Economic Policy Guidelines \(BEPGs\)](#) and the [Guidelines for Employment Policies](#) lay down the scope and the direction of policy coordination of EU Member States. At the same time, they intend to support the goals of the EU2020 strategy, which form part of the European Semester.

Concerning the **legal basis**, the [Treaty on the Functioning of the European Union \(TFEU\)](#) contains two separate articles on BEPGs and on employment guidelines, Article 121 and Article 148 respectively. Given the two distinct articles, two **legal instruments** are used for their presentation: a Council Recommendation on BEPGs and a Council Decision on employment guidelines.

The **process of the adoption** of the guidelines is as follows. The Council, on the basis of a proposal from the Commission and on the basis of the conclusions of the European Council, adopts the decisions. In terms of the BEPGs, the Council must inform the European Parliament about the outcome, while in terms of the employment guidelines, Article 150 of the TFEU stipulates that the European Parliament must be consulted before their adoption. While the BEPGs remain valid for an indefinite period, the employment guidelines need to be drawn up and approved each year through the same procedure.

These so-called "integrated guidelines" form part of the guidance and monitoring in the context of the European Semester. The national reform programmes (submitted to the Commission each spring) are based on the guidelines. Therefore, they also serve as a reference for the Country Specific Recommendations, which are addressed to Member States following the assessment of their programmes. If the Commission finds that the economic policies of a Member State do not comply with the BEPGs or there is a risk they could compromise the functioning of the EMU, the Commission may issue a warning. The same does not apply to the employment guidelines. However, on the basis of the results of the examination, the Commission and the Council prepares a joint annual report on the employment situation in the EU, which includes a part on the implementation of the employment guidelines.

Draft 2015 Integrated Guidelines

The [proposals for BEPGs](#) and the [employment guidelines](#) were published by the Commission on 2 March 2015, after which, the preparatory committees of the Council reviewed them and made a number of changes to them. The EPSCO and the ECOFIN approved the guidelines, on 18 and 19

June respectively, and agreed to forward them to the European Council for endorsement. Based on the [drafts of 29 May](#) and [12 June](#), the key elements of the guidelines are the following:

1. **Boosting investment:** Member States' efforts should focus on mobilising finance for investment, making finance reach the real economy and improving the investment environment.
2. **Enhancing growth by the implementation of structural reforms:** Structural reforms should be properly implemented by Member States in product and labour markets and social welfare systems to sustain recovery and public finances. In addition, stronger efforts should be made towards streamlining the regulatory environment and modernizing research and innovation systems.
3. **Removing key barriers to growth and jobs at EU level:** The Single Market needs to be further integrated. To make the EU's economy stronger and more competitive, a well-functioning Digital Single Market, a genuine Capital Markets Union and a strong Energy Union should be established.
4. **Improving the sustainability and growth-friendliness of public finances:** Long-term control over deficit and debt levels should be ensured by Member States, while making use of fiscal space where available to support growth and investment. Shift towards more growth-friendly taxes, while ensuring compliance with the Stability and Growth Pact, could be helpful.
5. **Boosting demand for labour:** Member States should help job creation by reducing barriers for business, promote entrepreneurship and support the creation and growth of small enterprises. The tax burden should be shifted away from labour to other sources of taxation.
6. **Enhancing labour supply and skills:** The necessary investments should be made in education and training to improve the competences and skills of the workforce. Also, barriers to labour market participation should be reduced especially for women, older workers and young people and the national Youth Guarantee should be fully implemented.
7. **Enhancing the functioning of labour markets:** It is essential to reduce labour market segmentation and fight undeclared work. A suitable environment for recruitment should be provided and protection for the employed and those seeking employment should be offered. It is important to promote the mobility of workers to exploit the full potential of the labour market.
8. **Ensuring fairness, combating poverty and promoting equal opportunities:** Member States should modernise their social protection systems to provide effective and adequate protection throughout all stages of an individual's life.

Next steps

- The EP will adopt its opinion on the employment guidelines at the plenary session of 6-9 July.
- The BEPGs and the employment guidelines are to be adopted by the Council in July.

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