BRIEFING

Economic Dialogue and Exchange of Views with the President of the Council (ECOFIN)

ECON on 4 September 2019

Mika Lintilä, [Minister of Finance of Finland](), is participating in the ECON Committee in his capacity of President of the ECOFIN Council during the Finnish Presidency (July - December 2019). In accordance with the Treaty of the Union, "Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council".

This briefing provides an overview of the Finnish Presidency priorities in ECON matters and the Council's work relating to the implementation of the European Semester for economic coordination. References are also made to further reading relating to the state-of-play on the Banking Union, the implementation of the Stability and Growth Pact and the Macroeconomic Imbalance Procedure under the European Semester.

1. The Ecofin priorities of the Finnish Presidency

Finland took over from Romania the Council Presidency on the 1 of July 2019. It is the third time Finland holds a rotating Presidency of the Council since joining the EU in 1995. The current Trio of Presidencies includes also Romania and Croatia. Finland has built its Presidency priorities in ECON matters "towards an inclusive economic union" around the following points:

"Sustainable economic growth requires sound and focused policies. A well-functioning financial single market requires more resilient capital markets, a fully-fledged banking union and a robust crisis management framework. More transparency and simplicity is needed in economic policy coordination. The ultimate responsibility for economic policies, however, rests with the Member States.

Only a healthy banking sector can finance the investments needed in technological development and in actions to combat climate change. Determined efforts to reduce risks are therefore needed. Completing the banking union demands an ambitious approach. Discussions will continue on the basis of the agreed roadmap, including the issue of regulatory treatment of sovereign exposures. The Finnish Presidency will take forward the technical discussions on common deposit insurance.

Sustainable finance and diversification of risks in capital markets are other key focus areas in strengthening the Economic and Monetary Union. In this respect, a solution needs to be found to break the vicious circle between banks and sovereigns. Green finance is also needed to complement sustainable climate policy measures.

A budgetary instrument for convergence and competitiveness is being created within the EU budget to cater for the specific needs of the euro area, and the European Stability Mechanism is being strengthened to ensure financial stability.

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The ongoing discussions in the OECD on digital taxation will continue. We need to work harder to prevent harmful tax competition and tax evasion. Close cooperation within the EU should make it possible to take effective action in tackling aggressive tax planning and tax evasion and reducing harmful tax competition. These policy measures will make for a fairer and more predictable business environment. Finally, we must make sure that supervisors have sufficient powers and capacities to combat money laundering and terrorist financing."

Finland's Presidency will seek to finalise the Council negotiations on the next multiannual financial framework (MFF) in autumn 2019. The aim is a balanced financial framework that reflects both new priorities and traditional policies that contribute to the common European objectives, and within the jointly agreed ceilings. In addition, the Presidency will seek the greatest possible progress in the MFF-related sectoral proposals.

Enhanced action on climate change and the financial sector's resilience to hybrid threats will be key themes when the EU member states' finance ministers gather in Helsinki on 13–14 September for the informal ECOFIN meeting. Both action on climate change and countering hybrid threats are priorities for Finland's Presidency of the Council of the EU. The two-day meeting of ministers will also deal with other matters, such as the EU fiscal rules and the further development of the capital markets union.

On the fight against money laundering, the Finnish Presidency is expected, according to the draft Council agendas, to have an exchange of views in October 2019 on the AML Action Plan adopted in December 2018 and to adopt Ecofin conclusions in December on Strategic Priorities for Anti-Money Laundering. The Ecofin may also have an exchange of views in October regarding high-risk third countries. The draft agendas also feature the political agreement on the taxonomy for sustainable finance file at the December Ecofin.

The Finnish priorities are aligned with those of the Trio of Presidencies. One could note, however, that the Trio Work Programme refers additionally to simplifying the rules of the Stability and Growth Pact.

It must be noted that the Finish priorities outlined above might be adjusted should a no-deal Brexit take place (See Box 3).

Box 1: "Unfinished business" in ECON matters

There are a number of legislative files pending from the previous legislature, some of them where Council is still missing a negotiating mandate. Commission's proposals on (a) Credit servicers, credit purchasers and the recovery of collateral (linked to the NPL package), (b) EDIS (c) sovereign-bond backed securities (completing the Banking Union/Capital Markets Union/EMU strengthening), (d) statistics for macroeconomic imbalances, (e) files linked to the MFF, such as the European Investment stabilisation function or the regulation on the Reform support programme are still pending. The MFF-related files are joint competences of BUDG and ECON Committees in EP.

The file on the European Monetary Fund is also pending on the Council side, with the EP having adopted its Interim Report. However, the Member States of the Euro Area are instead working on amendments to the ESM Treaty.

In another set of legislative files, agreement with Council is pending. This comprises files such as crowdfunding service providers, the framework for recovery and resolution of central counterparties, country-by-country reporting or the framework to facilitate sustainable investment (taxonomy).

Box 2: Sustainable and green finance

The recommendations of the High-Level Expert Group on Sustainable Finance form the basis of the **action plan on sustainable finance** adopted by the Commission in March 2018.

Building on the key actions of the action plan the Commission adopted three proposals for sustainable finance on 24 May 2018. The proposal for a regulation on **a framework to facilitate sustainable investment** aims to establish a unified EU classification system (EU taxonomy) which will help determine whether an economic activity is environmentally sustainable and guide investors towards investing in environmentally sustainable activities. The two other proposals in the package aim at informing end-investors about the impact of their investments in sustainability by requiring **the disclosure of information on the sustainability of investments and sustainability risks**, and by establishing and governing the provision of **low carbon and positive carbon impact benchmarks** in order to enhance the transparency of the benchmark methodologies. The first proposal is still pending political negotiation (the EP has already adopted its position and work in the Council is ongoing), whilst the other two have already been politically agreed on. In the European Parliament ECON and ENVI Committees have been assigned jointly with this dossier.

Furthermore, the candidate for incoming Commission President Ursula von der Leyen committed in her political guidelines to submit a plan for a "Green Deal for Europe" and a European Climate Law within her first 100 days in office. She also announced plans for sustainable European investment (also through the partial conversion of EIB

Box 3: Brexit preparedness

The UK is due to become a third country on 1 November 2019, pending new adjustments to the set "leave" date. European institutions have been preparing for Brexit since UK announced its intention to leave.

The Commission published last 12 June its fifth preparedness report (a Communication) noting that a 'no-deal' scenario very much remains a possibility. The Commission has tabled 19 legislative proposals, adopted 63 non-legislative acts and published 93 preparedness notices. Having screened the whole framework, Commission concluded that there is no need to amend any measures on substance and that they remain fit for purpose and does not plan any new measures ahead of the withdrawal date (notably, on financial markets and services). On 9 July the Council adopted contingency measures for the 2019 budget in case UK leaves without an agreement. The European Parliament gave its consent to this contingency framework on 17 April 2019 and the relevant regulation was published in the Official Journal on 15 July. The regulation sets out the conditions allowing the UK and UK entities to continue being eligible in 2019 for any calls, tenders, contests or other procedures which may lead to financing from the EU budget and for the continued financing of beneficiaries in EU member states where their eligibility depends on the UK's membership of the EU. Such measures keep the relative shares of the EU27 member states in financing the 2019 EU budget unaffected.

2. Ongoing work on EMU governance

On 21 June 2019, the Euro Summit took stock of the work to strengthen the EMU, based on a letter of the President of the Eurogroup of 15 June 2019. The Euro Summit took note of the broad agreement:

- On the revision of the European Stability Mechanism (ESM) Treaty and mandated the Eurogroup to continue its work with a view of an agreement on a full package in December 2019;
- A budgetary instrument for convergence and competitiveness (BICC) for the euro area and ERM II Member States (the latter on a voluntary basis), to be set in the context of the Annual Financial Framework.

In addition, leaders looked forward to the continuation of the technical work on the further strengthening of the Banking Union.

The President of the Eurogroup took note of the report by the Chair of the High Level Working Group (HLWG) on the European deposit insurance system (EDIS) and mandated the HLWG to continue the work and report back by December 2019.

At its meeting of 8 July 2019, the Eurogroup, discussed the further work that is needed:

- On ESM reform, Eurogroup will aim to finalise the full package by December 2019 and start the ratification procedures in early 2020. In recent months Eurogroup have worked on mapping out what a steady state Banking Union should look like. This includes the design of EDIS, Home/Host supervisory issues, insolvency law and resolution as well as the regulatory treatment of sovereign exposures. As the Chair of the HLWG put it, "*progress will be needed in all areas and therefore a comprehensive approach building on a package of measures is needed*". More technical work will take place until December to set out a transitional path, including the so-called roadmap to start political negotiations;
- On the BICC, the Leaders asked Eurogroup to work further on all open issues and to report swiftly on the appropriate solutions for financing. Eurogroup aim is to deliver in October, to pave the way for a broader debate on the MFF that will follow. Within the same timeframe, Eurogroup will also look at the details of the allocation methodology, of the modulation procedure and of the governance aspects.

With respect to the **completion of the Banking Union**, ongoing work at the Council raises the question of the adequate sequencing of the measures and whether a comprehensive package would be needed for further headways. While some Member States consider that "risk reduction" that has progressively taken place in the Banking Union should go hand in hand with "risk sharing" (i.e. establishment of EDIS), others are of the view that further risk reduction measures and in particular a regulatory treatment of sovereign exposures should condition EDIS. The Finnish Presidency puts emphasis on the issue of regulatory treatment of sovereign exposures (See Section 1).

Further reading:

- EGOV Briefing "Banking Union: what next?" (July 2019)
- Summary of external papers: How could the Stability and Growth Pact be simplified? (April 2018).

3. Country Specific Recommendations - some stylised facts

Country-Specific Recommendations (CSRs) provide guidance to EU Member States on macro-economic, budgetary and structural policies in accordance with Articles 121 and 148 of the Treaty on the Functioning of the European Union (TFEU). These recommendations, issued within the framework of the European Semester for economic policy coordination since 2011, are aimed at boosting economic growth and job creation, while maintaining sound public finances and preventing excessive macroeconomic imbalances.

As a rule, the Council is expected to follow the Commission proposal for CSRs or explain its position publicly ("comply or explain" principle). After being endorsed by the European Council and formally adopted by the ECOFIN Council, CSRs are to be taken into account by Member States in the process of national decision making.

On 9 July 2019, the Council (ECOFIN) adopted its 2019 recommendations and opinions on the member states' economic, employment and fiscal policies. For the first time and following Greece's exit from its third economic adjustment programme in August 2018, the 2019 CSRs are addressed to all 28 member states. The Council did very limited modifications to the draft 2019 CSRS as proposed by the Commission (see separate EGOV table). This may reflect uncontroversial analyses of the economic challenges of the respective Member States, a close consultation of the respective Member States authorities during the preparatory stage, and/or that the annual recommendations due to their generic nature have attracted less political attention over time.

The Commission underlined in its proposals for 2019 CSRs the need for both a stronger reform momentum and the prioritisation of reforms aimed at sustainable and inclusive growth. This includes increasing the impact and scale of innovation and ensuring the quality and labour market relevance of skills. Fostering social inclusion and social protection, protecting and promoting investment, and raising the quality of public finances are key to smoothen the impact of slower growth on employment and inequality. The proposed CSRs place particular focus this year on facilitating investment and all Member States received a investment-related recommendation.

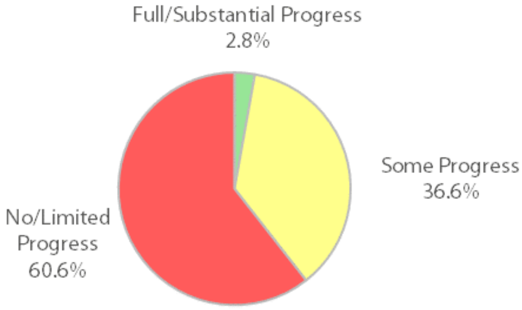
Table 1: CSRs - some stylized facts

European Semester	Total number of CSRs	Number of Member States	Minimum number of CSRs per Member State		Maximum number of CSRs per Member State	
2012	138	23	4	DE, SE	8	ES
2013	141	23	3	DK	9	ES, SI
2014	157	26	3	DK	8	ES, HR, IT, PT, RO, SI
2015	102	26	1	SE	6	FR, HR, IT
2016	89	27	1	SE	5	FR, HR, IT, CY, PT
2017	78	27	1	DK, SE	5	HR, CY
2018	73	27	1	DK, SE	5	CY
2019	97	28	2	DK, DE, EL, UK	5	CY, IT, RO

Source: EGOV based on CRS as adopted by the Council.

As indicated by Figure 1, EU Member States made at least some progress on about 39% of recommendations under the 2018 European Semester (as compared to 50% under the 2017 Semester cycle). Euro area Member States have had, taken together, a weaker implementation record than non-euro area Member States (this conclusion does not necessarily hold at individual country level).

Figure 1: Implementation of the 2018 Country Specific Recommendations



Source: EGOV calculations based on the Commission Country Reports (February 2019). Notes: Where applicable, this overall assessment does not include an assessment of compliance with the Stability and Growth Pact (SGP).

Further reading:

- Country-Specific Recommendations for 2018 and 2019 - A tabular comparison and an overview of implementation - August 2019
- Country-Specific Recommendations for 2019: A comparison of Commission and Council texts (‘comply or explain’ principle) - August 2019
- Implementation of the Macroeconomic Imbalance Procedure - August 2019

4. Implementation of the SGP - some recent developments

Latest Council and COM recommendations and decisions

On 9 July 2019, the Council adopted its 2019 Country Specific Recommendations (CSRs) and opinions on the Member States' economic, employment and fiscal policies. The adoptions are based on COM proposals within the latest European Semester package.

On 3 July 2019, the COM decided on the basis of **the additional fiscal effort announced by the Italian authorities on 1 July 2019 not to propose to the Council the opening of an EDP** for Italy's lack of compliance with the debt criterion at this stage (see Box 1 for further information).

On 14 June 2019, the Council took the following measures, on the basis of COM proposals within the latest European Semester package (the proposals are detailed in the following section):

(a) closed the **excessive deficit procedure (EDP) for Spain**, confirming that it has reduced its deficit below the EU's 3% of GDP reference value; Spain was the only remaining Member State subject to an EDP, compared to 24 Member States in 2011;

(b) adopted its **2019 Country Specific Recommendations** (CSRs) and opinions on the Member States' economic, employment and fiscal policies;

(c) decided, under the **Significant Deviation Procedure**, that **Hungary** and **Romania** have not taken effective action in response to the Council Recommendations of December 2018 which were requesting the correction of significant deviations from the adjustment path towards the Medium Term Budgetary Objective (MTO); as a consequence, it recommended for each of both countries (see here: Hungary, Romania) an annual structural adjustment of 1.0 % of GDP in 2019 and 0.75 % of GDP in 2020.

Box 4: Follow-up on Art. 126.3 report on Italy

On 11 June 2019, in accordance with Art. 126(4) of the TFEU, the Economic and Financial Committee, EFC) issued an **Opinion** on the COM report of 5 June 2019 on Italy. In its opinion, the EFC agreed with the COM conclusion to open a debt based EDP: "*taking into account the COM's overall analysis of the relevant factors as set out in its report of 5 June 2019, **the Committee is of the Opinion** that the debt criterion in the second paragraph of Article 126 should be considered as not complied with, and **that a debt-based EDP is thus warranted. Further elements that Italy may put forward could be taken into account by the Commission and the Committee**."* On this basis, taking into account potential arguments submitted by Italy to the COM, the subsequent steps are provided by Art. 126(5)-126(8) of the TFEU:

"5. *If the COM considers that an excessive deficit in a Member State exists or may occur, it shall address an opinion to the Member State concerned and shall inform the Council accordingly.*

6. The Council shall, on a proposal from the COM, and having considered any observations which the Member State concerned may wish to make, decide after an overall assessment whether an excessive deficit exists."

7. Where the Council decides, in accordance with paragraph 6, that an excessive deficit exists, it shall adopt, without undue delay, on a recommendation from the COM, recommendations addressed to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public."

8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the Council may make its recommendations public."

On **1 July 2019, the Italian government adopted its mid-year budget for 2019 as well as a decree-law, which include a correction for 2019**: As a result, Italy's headline deficit is expected by the Italian government to reach 2.04% of GDP in 2019, compared to 2.5% in the COM 2019 spring forecast, which was the target enshrined in the 2019 budget as adopted by the Italian Parliament. The correction in structural terms is slightly greater, amounting to 0.45% of GDP, leading to an improvement in the structural balance of around 0.2% of GDP (compared to a deterioration of 0.2% in the COM 2019 spring forecast). The difference compared to the nominal amount is due to the lower-than-expected one-off revenues from the tax amnesty, which worsen the fiscal target in nominal but not in structural terms. These figures do not take into account the 0.18% flexibility provisionally granted to Italy for 'unusual events' related to the collapse of the Morandi Bridge and to hydrogeological risks, which will need to be confirmed ex-post based on the outturn data for 2019.

Taking into account the measures adopted on 1 July by the Italian government, the COM expects Italy to **be broadly compliant with the required effort under the preventive arm of the SGP in 2019, bridging the 0.3% of GDP gap estimated on the basis of the COM spring forecast**. Moreover, the additional fiscal effort delivered by the government for 2019 is such that it also partially compensates the deterioration in the structural balance recorded in 2018.

Finally, as regards 2020, the Italian government has reiterated its commitment to achieve a structural improvement in line with the requirements of the SGP, notably through a new spending review and revision of tax expenditures, as well as improved no-policy change projections reflecting the favourable trends observed so far in 2019. This information was set out in a letter sent on 2 July to the Commission from Prime Minister Giuseppe Conte, and Economy and Finance Minister Giovanni Tria.

On 3 July 2019, the **COM assessed that the additional fiscal effort announced by the Italian authorities on 1 July 2019 was sufficient not to propose to the Council the opening of an EDP** for Italy's lack of compliance with the debt criterion at this stage.

Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said:

"*We will carefully monitor the implementation of these measures in the second half of the year. Moreover, we stand ready to ensure that the 2020 draft budget to be presented this autumn will be compliant with the Pact. I have no doubt that we will work seamlessly in this context with the next COM.*"

Economic situation

On 7 May 2019, the COM published its spring 2019 economic forecast. GDP growth in **the euro area** has been **revised down compared to the autumn 2018 forecast**: according to the new figures, growth reached **1.9% in 2018** and it is forecast to amount to **1.2% in 2019 and 1.5% in 2020**, while the autumn 2018 forecast included growth figures of 2.1% in 2018, 1.9% in 2019 and 1.7% in 2020.

The **significant downward revision for 2019 reflect inter alia** slowing growth outside the EU, fading global trade momentum and some domestic factors that have lasted longer than expected (including car-related distortions in the manufacturing sector).

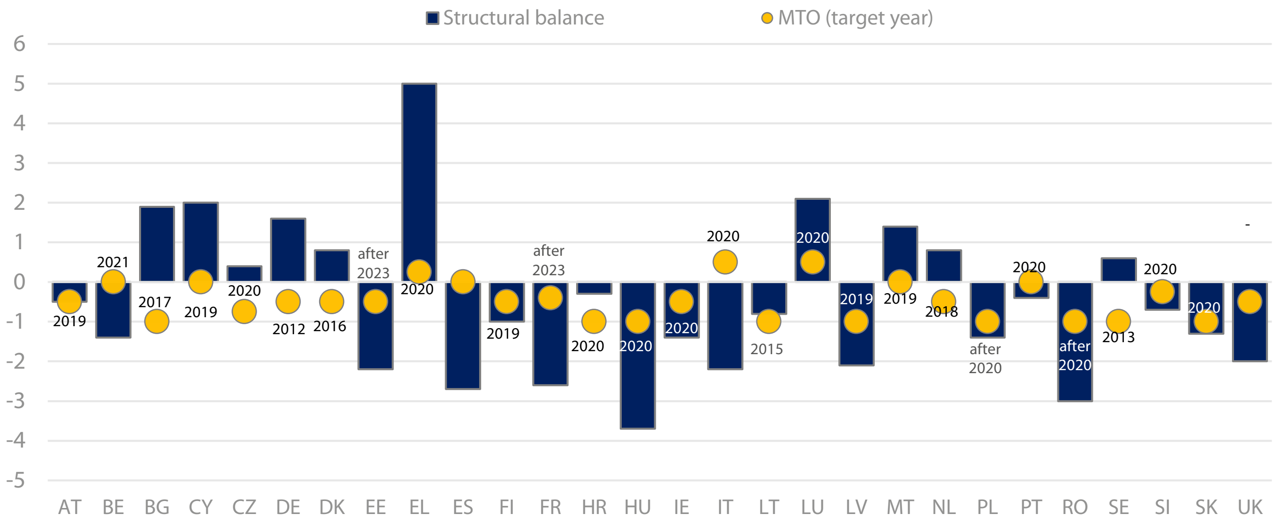
On 10 July 2019, the COM published its summer 2019 economic forecast which covers only GDP and inflation data; it does not include figures on public finances. According to it, euro area GDP growth in 2019 remains unchanged at 1.2%, while for 2020 it has been lowered slightly to 1.4% following the more moderate pace expected in the rest of this year (spring forecast: 1.5%). The GDP forecast for the EU remains unchanged at 1.4% in 2019 and 1.6% in 2020.

According to the COM spring 2019 forecast, the **aggregate government deficit** in the euro area is expected to rise in the euro area, from 0.5% of GDP in 2018 to 0.9% in 2019 and to remain unchanged in 2020, assuming no policy change. The increase in 2019 is mainly due to slower GDP growth and expansionary fiscal policies in some Member States. In the EU, the government deficit is projected to rise from 0.6% of GDP in 2018 to 1% in both 2019 and 2020.

Assuming no policy change, the **aggregate debt-to-GDP** ratio of the euro area is forecast to fall from 87.1% in 2018 to 85.8% in 2019 and 84.3% in 2020. In the EU, it is projected to fall from 81.5% in 2018 to 80.2% in 2019 and 78.8% in 2020.

While, in 2017, the **structural budget balance** improved in 18 Member States, it has improved in only 9 Member States in 2018. Further improvement is needed, since in 2018 only 13 out of 28 Member States were close or at the MTO *(see below Figure)*, out of which eight were euro area countries (Austria, Cyprus, Germany, Greece, Malta, Netherlands, Lithuania and Luxembourg) and five non euro area countries (Bulgaria, Czech Republic Denmark, Croatia, Sweden).

Figure 2: **Comparison of structural balances in 2018 with the MTOs and their target years**



Note: Sources: Table 41 of the statistical annex to the COM spring 2019 forecast (structural balances), Country Specific Recommendations 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and Stability and Convergence Programmes 2012-2019 (levels and target years of the MTOs; the one for the UK is the minimum MTO calculated by the COM - see page 92 of the 2019 edition of the Vade mecum on the SGP, since the UK did not submit a MTO) .

In 2019, the number of Member States close or at MTO is not expected to increase according to the COM spring 2019 forecasts; improvements of the structural balance are only expected for Estonia, Ireland, Latvia, Austria, Denmark, Hungary and the UK.

The **fiscal policy stance for the euro area**, as measured by the change in the structural balance, is expected to turn from slightly contractionary last year to mildly expansionary in 2019, given that the structural balance in the euro area amounted to -0.9% of GDP in 2017, to -0.7% of GDP in 2018 and is expected to amount to -0.9% of GDP in 2019.

Further reading:

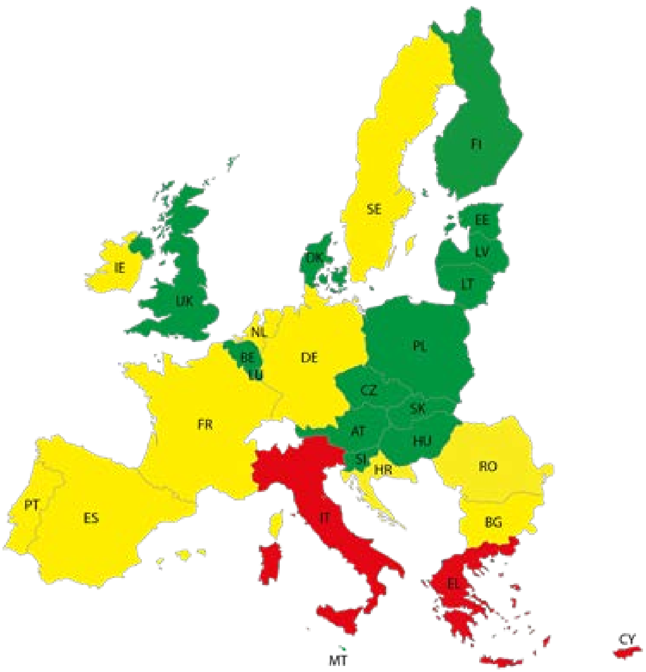
- Implementation of the Stability and Growth Pact - August 2019
- Structural budget balances in EU Member States – August 2018
- Public finances in Euro Area Member States: selected indicators - June 2019

5. Implementation of the MIP - some recent developments

In February 2019, the COM published its Communication on the "*2019 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews*" and the related "Country reports", which analyse the economic, fiscal and social situation in each Member State.

Based on the "In-depth-reviews" (included in the Country reports for those Member States considered at risk of macroeconomic imbalances), the Commission concluded that:

- **3** Member States are considered being in a situation of **"excessive macroeconomic imbalances":** Greece, Italy and Cyprus;
- **10** Member States are considered being in a situation of "**macroeconomic imbalances**": Bulgaria, Croatia, France, Germany, Ireland, Romania, Spain, the Netherlands, Portugal and Sweden**;**
- The other **15** Member States are not considered at risk of **"macroeconomic imbalances"**.



Source: EGOV based on Commission assessment.

All countries with imbalances are subject to specific monitoring, which is tighter for countries with excessive imbalances, and consists in dialogues with the national authorities, expert missions and regular progress reports, which should help monitoring of the implementation of the CSRs in the Member States concerned.

According to the COM, the correction of macroeconomic imbalances continues, but some sources of imbalances remain unaddressed and new risks have emerged. The COM focuses on the external imbalances, noting that current account deficits have been corrected in several countries, but surpluses still persist in other Member States. Private, public and external debt levels remain high in some Member States, and the COM recommend declining debt, to reduce vulnerabilities. The COM also notes increases in house prices in a growing number of Member States.

From the procedural standpoint, the COM has not recommended opening the **excessive imbalance procedure** for any country, despite the opinions expressed by several institutions (the Council, the ECB, the IMF and the Court of Auditors).

Most of the **2019 CSRs** addressed to Member States considered at risk of macroeconomic imbalances are underpinned by the MIP (see a separate EGOV note on the MIP procedure). Among the 39 CSRs targeting the thirteen Member States with macroeconomic imbalances, 36 have the MIP as a legal basis.

So far, the **implementation of the CSRs based on MIP** appears to be rather weak: in fact, only two of the MIP-related 2018 CSRs have been **fully implemented** (by Cyprus and the Netherlands)**.** Only 41% of the MIP-based CSRs have been implemented with at least 'some progress', and for the remaining 53% the COM has assessed 'limited' or 'no progress' implementation. Table 3 depicts the situation of Member States with respect to MIP since its inception in 2012. Croatia and Italy have experienced *excessive imbalances* for six consecutive years. It can also be noted that one Member States (Sweden) has been experiencing *imbalances* since 2012.

Table 2: Commission's conclusions under MIP

No Imbalances								Imbalances								Excessive imbalances							
2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**208**	**2019**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
CZ*	CZ*	CZ*	CZ*	BE	BE*	BE*	BE*	BE	BE	BE	BE	DE	DE	BG	BG		ES	**HR**	**BG**	**BG**	**BG**	**HR**	**IT**
DE*	DE*	DK	DK*	CZ*	CZ*	CZ*	CZ*	BG	BG	BG	DE	IE	IE	FR	FR		SI	**IT**	**FR**	**FR**	**FR**	**IT**	**CY**
EE*	EE*	EE*	EE*	DK*	DK*	DK*	DK*	DK	DK	DE	IE	ES	ES	DE	DE			SI	**HR**	**HR**	**HR**	**CY**	**EL**
LV*	LV*	LV*	LV*	EE	EE*	EE*	EE*	ES	FR	IE	ES	NL	NL	IE	HR				**IT**	**IT**	**IT**		
LT*	LT*	LT*	LT*	LV*	LV*	LV*	LV*	FR	IT	ES	HU	SI	SI	ES	IE				**PT**	**PT**	**PT**		
LU*	LU*	LU	LU*	LT*	LT*	LT*	LT*	IT	HU	FR	NL	FI	**SE**	NL	ES					**CY**	**CY**		
MT*	AT*	MT	MT*	LU*	LU*	LU*	LU*	CY	MT	HU	RO	**SE**		PT	NL								
NL*	PL*	AT*	AT*	HU	HU*	HU*	HU*	HU	NL	NL	SI			**SE**	PT								
AT*	SK*	PL*	PL*	MT*	MT*	MT*	MT*	SI	FI	FI	FI				**SE**								
PL*		SK*	SK*	AT	AT*	AT*	AT*	FI	**SE**	**SE**	**SE**				RO								
SK*				PL*	PL*	PL*	PL*	**SE**	UK	UK	UK												
				RO	RO*	RO*	SK*	UK															
				SK*	SK*	SK*	SI*																
				UK	UK*	SI	FI*																
					FI	FI*	UK*																
						UK																	

Sources: EGOV based on European Commission.
Note: The table refers only to the streamlined categories applied from the 2016 cycle onwards. (*) Countries not considered at risk of macroeconomic imbalances, therefore not subject to in-depth reviews according to the Alert Mechanism Report.

Annex: Member State's progress towards the EU2020 targets

	Employment rate (*% of population aged 20 to 64*)				**R&D Target** (*% of GDP*)				**Greenhouse Gas Emissions**[1] (*For EU28 index 1990 = 100 For Member States index 2005=100*)				**Renewable Energy** (*% of final energy consumption*)			
Member states	2016	2017	2018	Target: >	2016	2017	2018	Target: >	2016	2017	2018	Target: <	2016	2017	2018	Target: >
EU (28 Countries)	71.1	72.2	73.2	**75**	2.04	2.06	n.a.	**3**	77.8	78.3	n.a.	**80**	17.0	17.5	n.a.	**20**
Belgium	67.7	68.5	69.7	**73.2**	2.55	2.58	n.a.	**3**	92.2	90.2	n.a.	**85**	8.6	9.1	n.a.	**13**
Bulgaria	67.7	71.3	72.4	**76**	0.78	0.75	n.a.	**1.5**	115.7	117.9	n.a.	**120**	18.8	18.7	n.a.	**16**
Czech Republic	76.7	78.5	79.9	**75**	1.68	1.79	n.a.	**1**	101.9	103.8	n.a.	**109**	14.9	14.8	n.a.	**13**
Denmark	77.4	76.9	78.2	**80**	3.10	3.05	n.a.	**3**	82.6	81.3	n.a.	**80**	32.6	35.8	n.a.	**30**
Germany	78.6	79.2	79.9	**77**	2.92	3.02	n.a.	**3**	95.1	97.3	n.a.	**86**	14.9	15.5	n.a.	**18**
Estonia	76.6	78.7	79.5	**76**	1.25	1.29	n.a.	**3**	114.6	110.1	n.a.	**111**	28.6	29.2	n.a.	**25**
Ireland	71.4	73	74.1	**69**	1.19	1.05	n.a.	**2**	93.1	93.6	n.a.	**80**	9.3	10.7	n.a.	**16**
Greece	56.2	57.8	59.5	**70**	0.99	1.13	n.a.	**1.2**	71.8	70.7	n.a.	**96**	15.1	16.3	n.a.	**18**
Spain	63.9	65.5	67	**74**	1.19	1.20	n.a.	**2**	84.1	84.7	n.a.	**90**	17.4	17.5	n.a.	**20**
France	70	70.6	71.3	**75**	2.25	2.19	n.a.	**3**	88.4	89.1	n.a.	**86**	15.9	16.3	n.a.	**23**
Croatia	61.4	63.6	65.2	**62.9**	0.86	0.86	n.a.	**1.4**	92.0	92.3	n.a.	**111**	28.3	27.3	n.a.	**20**
Italy	61.6	62.3	63	**67**	1.37	1.35	n.a.	**1.53**	80.9	80.4	n.a.	**87**	17.4	18.3	n.a.	**17**
Cyprus	68.7	70.8	73.9	**75**	0.53	0.56	n.a.	**0.5**	98.3	103.2	n.a.	**95**	9.3	9.9	n.a.	**13**
Latvia	73.2	74.8	76.8	**73**	0.44	0.51	n.a.	**1.5**	106.6	108.0	n.a.	**117**	37.1	39.0	n.a.	**40**
Lithuania	75.2	76	77.8	**72.8**	0.84	0.89	n.a.	**1.9**	105.1	107.4	n.a.	**115**	25.6	25.8	n.a.	**23**
Luxembourg	70.7	71.5	72.1	**73**	1.30	1.26	n.a.	**2.3**	84.0	85.4	n.a.	**80**	5.4	6.4	n.a.	**11**
Hungary	71.5	73.3	74.4	**75**	1.20	1.35	n.a.	**1.8**	87.6	91.2	n.a.	**110**	14.3	13.3	n.a.	**13**
Malta	71.1	73	75	**70**	0.57	0.54	n.a.	**2**	119.2	128.3	n.a.	**105**	6.2	7.2	n.a.	**10**
Netherlands	77.1	78	79.2	**80**	2.00	1.99	n.a.	**2.5**	79.3	79.1	n.a.	**84**	5.9	6.6	n.a.	**14**
Austria	74.8	75.4	76.2	**77**	3.13	3.16	n.a.	**3.76**	89.0	90.2	n.a.	**84**	33.0	32.6	n.a.	**34**
Poland	69.3	70.9	72.2	**71**	0.96	1.03	n.a.	**1.7**	110.4	113.8	n.a.	**114**	11.3	10.9	n.a.	**15**
Portugal	70.6	73.4	75.4	**75**	1.28	1.33	n.a.	**2.7**	85.6	85.8	n.a.	**101**	28.4	28.1	n.a.	**31**
Romania	66.3	68.8	69.9	**70**	0.48	0.50	n.a.	**2**	96.9	98.3	n.a.	**119**	25.0	24.5	n.a.	**24**
Slovenia	70.1	73.4	75.4	**75**	2.01	1.86	n.a.	**3**	95.0	93.2	n.a.	**104**	21.3	21.5	n.a.	**25**
Slovakia	69.8	71.1	72.4	**72**	0.79	0.88	n.a.	**1.2**	86.0	86.0	n.a.	**113**	12.0	11.5	n.a.	**14**
Finland	73.4	74.2	76.3	**78**	2.74	2.76	n.a.	**4**	92.4	90.6	n.a.	**84**	39.0	41.0	n.a.	**38**
Sweden	81.2	81.8	82.6	**80**	3.27	3.40	n.a.	**4**	75.0	75.2	n.a.	**83**	53.8	54.5	n.a.	**49**
United Kingdom	77.5	78.2	78.7	**n.n.t.**	1.68	1.66	n.a.	**n.n.t.**	79.9	79.4	n.a.	**84**	9.2	10.2	n.a.	**15**

Source: Eurostat 2020 indicators (extraction date: 30/08/2019), Europe 2020 Targets by the Commission; n.n.t. = no national target, or national target differently specified.

	Energy Efficiency[2] (Primary energy consumption - in Mtoe)				Early School Leaving (% pop aged 18-24 with at most lower secondary)				Tertiary Education (% of pop aged 30-34 with tertiary educ. attainment)				Poverty/Social exclusion[3] (people at risk of poverty or social exclusion, in thousands)			
Member states	2016	2017	2018	Target: <	2016	2017	2018	Target: <	2016	2017	2018	Target: >	2016	2017	2018	Target: <
EU (28 Countries)	1546.9	1561.6	n.a.	**1,483**	10.7	10.6	10.6	**10**	39.2	39.9	40.7	**40**	118.065	112.979	n.a.	**96,070**
Belgium	49.3	49.1	n.a.	**43.7**	8.8	8.9	8.6	**9.5**	45.6	45.9	47.6	**47**	2335	2296	2250	**1,814**
Bulgaria	17.7	18.3	n.a.	**16.9**	13.8	12.7	12.7	**11**	33.8	32.8	33.7	**36**	2890	2767	2315	**3,161**
Czech Republic	40.1	40.4	n.a.	**39.6**	6.6	6.7	6.2	**5.5**	32.8	34.2	33.7	**32**	1375	1267	1264	**1,466**
Denmark	17.4	17.7	n.a.	**17.4**	7.2	8.8	10.2	**10**	47.7	48.8	49.1	**40**	951	980	1011	**865**
Germany	297.7	298.3	n.a.	**276.6**	10.3	10.1	10.3	**10**	33.2	34.0	34.9	**42**	16035	15516	n.a.	**n.a**
Estonia	5.9	5.6	n.a.	**6.5**	10.9	10.8	11.3	**9.5**	45.4	48.4	47.2	**40**	318	305	n.a.	**255**
Ireland	14.6	14.4	n.a.	**13.9**	6.0	5.0	5.0	**8**	54.6	54.5	56.3	**60**	1160	1088	n.a.	**850**
Greece	22.8	23.1	n.a.	**24.7**	6.2	6.0	4.7	**10**	42.7	43.7	44.3	**32**	3789	3702	3349	**2,596**
Spain	119.2	125.6	n.a.	**119.8**	19.0	18.3	17.9	**15**	40.1	41.2	42.4	**44**	12827	12236	n.a.	**9,386**
France	240.2	239.5	n.a.	**219.9**	8.8	8.9	8.9	**9.5**	43.6	44.3	46.2	**50**	11463	10771	n.a.	**9,482**
Croatia	8.1	8.3	n.a.	**11.15**	2.8	3.1	3.3	**4**	29.3	28.7	34.1	**35**	1159	1085	n.a.	**1,220**
Italy	148.0	149.0	n.a.	**158**	13.8	14.0	14.5	**16**	26.2	26.9	27.8	**26**	18137	17407	n.a.	**12,882**
Cyprus	2.4	2.5	n.a.	**2.2**	7.6	8.5	7.8	**10**	53.4	55.9	57.1	**46**	234	215	n.a.	**154**
Latvia	4.3	4.5	n.a.	**5.4**	10.0	8.6	8.3	**10**	42.8	43.8	42.7	**34**	554	544	543	**619**
Lithuania	6.0	6.2	n.a.	**6.5**	4.8	5.4	4.6	**9**	58.7	58.0	57.6	**48.7**	871	843	n.a.	**740**
Luxembourg	4.2	4.3	n.a.	**4.5**	5.5	7.3	6.3	**10**	54.6	52.7	56.2	**66**	114	126	n.a.	**65**
Hungary	23.7	24.5	n.a.	**24.1**	12.4	12.5	12.5	**10**	33.0	32.1	33.7	**34**	2541	2465	1887	**2,344**
Malta	0.7	0.8	n.a.	**0.7**	19.2	17.7	17.5	**10**	32.0	33.5	34.2	**33**	90	87	89	**74**
Netherlands	64.8	64.5	n.a.	**60.7**	8.0	7.1	7.3	**8**	45.7	47.9	49.4	**40**	2797	2864	n.a.	**2,332**
Austria	31.7	32.6	n.a.	**31.5**	6.9	7.4	7.3	**9.5**	40.1	40.8	40.7	**38**	1542	1563	1512	**1,464**
Poland	94.8	99.1	n.a.	**96.4**	5.2	5.0	4.8	**4.5**	44.6	45.7	45.7	**45**	8221	7273	n.a.	**9,991**
Portugal	21.8	22.8	n.a.	**22.5**	14.0	12.6	11.8	**10**	34.6	33.5	33.5	**40**	2595	2399	n.a.	**2,557**
Romania	30.6	32.4	n.a.	**43**	18.5	18.1	16.4	**11.3**	25.6	26.3	24.6	**26.7**	7694	7040	6360	**8,535**
Slovenia	6.5	6.6	n.a.	**7.3**	4.9	4.3	4.2	**5**	44.2	46.4	42.7	**40**	371	345	326	**321**
Slovakia	15.4	16.2	n.a.	**16.4**	7.4	9.3	8.6	**6**	31.5	34.3	37.7	**40**	950	856	n.a.	**941**
Finland	32.3	31.9	n.a.	**35.9**	7.9	8.2	8.3	**8**	46.1	44.6	44.2	**42**	896	849	894	**770**
Sweden	46.9	46.5	n.a.	**43.4**	7.4	7.7	9.3	**7**	51.0	51.3	52.0	**45**	1799	1765	n.a.	**n.a.**
United Kingdom	179.8	176.8	n.a.	**177.6**	11.2	10.6	10.7	**n.n.t.**	48.2	48.3	48.8	**n.n.t.**	14359	14325	n.a.	**n.a.**

[1] The EU as a whole aims to reduce GHG emissions by 20 % compared to 1990 levels; hence, the index for EU28 uses 1990 as its base year. The Member State targets, set out in the Commission Decision 406/2009, covering only sectors not included in the EU Emissions Trading System (EU ETS), are relative to 2005 levels. Thus, the index for emissions from these sectors uses 2005 as its base year. Moreover, these national targets are presented in terms of an index rather than percentage deviation from the 2005 target as specified in the above-mentioned Commission Decision. By 2020, the national targets will collectively deliver a reduction of around 10 % in total EU emissions from the non-EU ETS sectors and a 21 % reduction in emissions for the sectors covered by the EU ETS, both compared to 2005 levels. This will accomplish the overall emission reduction goal of a 20 % cut below 1990 levels by 2020. [2] Member States have set indicative national targets based on different indicators translated into absolute levels of primary energy consumption in million tonnes of oil equivalent (Mtoe); [3] Note that there is a break in the time series in 2014; [4] Most of the Member States have set national targets based on a reduction in the number of people living in poverty or social exclusions, in most cases compared to 2008 levels; some Member States, whose target is not included in this column, have set national targets based on different indicators related to the reduction in poverty/social exclusion, e.g. reduction in long-term unemployment for Germany, reduction in the at risk poverty rate after social transfers for Estonia, reduction to a certain absolute number of persons at risk of poverty and social exclusion for Croatia and Finland, reduction to well below 14% the percentage of women and men aged 20-64 not in the labour force, long-term unemployed or on long-term sick leave for Sweden, reduction of the child poverty for UK.