



The 2012 European Semester

Member States' economic policies are coordinated at EU level through the annual "European Semester". After Council approval of 2012-2013 country-specific recommendations, Member States have now to integrate them in their national budgetary procedures.

The European Semester

To [enhance](#) economic policy coordination amongst Member States (MS), the European Semester (ES) was [endorsed](#) by the Council on 7 September 2010 and launched with the 2011 cycle. The new governance structure provides a common [timeline](#) for EU policy guidance and assessment to influence MS budgets and encourage structural reforms.

On 23 November 2011, the Commission (EC) [kicked off](#) the second ES with its Annual Growth Survey (AGS), setting priorities [to boost](#) growth and labour-market participation.

2012 Priorities

Based on the [Europe 2020 Progress Report](#), [Macroeconomic Report](#) and [Joint Employment Report](#), the EC [set](#) five priorities. They include *differentiated growth-friendly [fiscal consolidation](#) to reduce government debt, [restoring lending](#) to avoid a brake on recovery, [promotion of growth and competitiveness](#) to enhance market confidence, [tackling unemployment](#) to counter the social impact of the crisis, and [modernising public administration](#) to relieve stretched public finances.*

The report [calls](#), *inter alia*, for sound budgetary policies, strengthened capital positions of banks, an EU digital economy and promotion of entrepreneurship and e-government.

2012 Recommendations

By end-April 2012, after European Council [endorsement](#) of the AGS, all MS had submitted their National Reform Programmes and Stability or Convergence Programmes for EC assessment. This [led](#) to country-specific recommendations to be achieved in the next 12-18 months, [endorsed](#) by the European Council in June and [adopted](#) by ECOFIN in July.

The EC [concluded](#) that MS are taking measures to correct imbalances in public finances, but doubts the measures' growth-friendliness and MS' commitment to the Europe 2020 targets. Recommendations include shifting taxation from labour to environment and consumption, promoting alternative sources of capital for small business, implementing the Services Directive more ambitiously, increasing labour market flexibility and improving the efficiency of civil justice.

The recommendations closed the 2012 ES monitoring exercise. MS, [stimulated](#) by peer or market pressure and possible sanctions for eurozone countries, are now to implement the agreed framework in their 2012-2013 economic policies and budgets during the [so-called](#) "National Semester".

Improving the European Semester

On 9 October 2012, ECOFIN [discussed](#) ES improvements based on the Council's [assessment](#). Whilst satisfied with the overall outcome for 2012, areas for improvement mentioned are the deadlines of different phases, MS ownership of policy advice, the level of stakeholder discussion on substance and the prescriptiveness of recommendations. Whilst critics [believe](#) 2011's non-prescriptive recommendations lacked results, 2012 brings more confidence given the more exacting methods behind the recommendations.

European Parliament

The EP's ECON Committee adopted a draft resolution on the implementation of the 2012 priorities. The draft [welcomes](#) the country-specific recommendations but underlines the importance of their coherence across different MS and the incorporation of both MS specificities and the Europe 2020 strategy. The draft report calls for more explicit recommendations and continuous monitoring. It urges the EC to enhance democratic legitimacy by involving a wider range of stakeholders. According to the ECON Committee, ES arrangements [need](#) less bureaucracy and more politics.