IN-DEPTH ANALYSIS

European Parliament

Economic Dialogue with the European Commission on the 2020 European Semester Cycle

ECON/EMPL on 27 January 2020

Vice-President Dombrovskis and Commissioners Schmit and Gentiloni have been invited to an Economic Dialogue on the launch of the 2020 European Semester, in line with the relevant EU law. This briefing note covers the main elements of the 2020 European Semester Package proposed by the Commission. It gives an overview of the implementation of the previous Semester Cycles and of the on-going work to strengthen the governance and the resilience of Economic and Monetary Union. Further information is available in separate briefings on the implementation of the Stability and Growth Pact and on the Commission opinions on the 2020 Draft Budgetary Plans.

1. The 2020 Semester Package

The so called Autumn package, published by the Commission on 17 December 2019, marks the beginning of the new Semester cycle for economic policy coordination. Through it, the Commission sets out general economic priorities for the EU and provides EU countries with policy guidance for 2020. The package is composed of the following elements:

- The Annual Sustainable Growth Strategy (ASGS): in this report the Commission outlines the general economic priorities for the EU and offers policy guidance to EU governments for the following year. The Commission guidance for 2020 is built around 3 inter-connected strands: investment, structural reforms and fiscal consolidation (see below chapter 2). The European Parliament adopts a resolution each year addressing the Commission proposals. The Commission report is accompanied by a report assessing the functioning of the single market (the Single Market performance report);
- The Alert Mechanism report (AMR): the alert mechanism is a screening device, based on a scoreboard of indicators, which identifies countries that may be affected by macroeconomic imbalances and for which the Commission will undertake further in-depth reviews. It launches the annual round of the macroeconomic imbalances procedure (see below chapter 3);
- The Joint Employment report (JER): this report analyses the employment and social situation in Europe and the policy responses of national governments (see below chapter 4);
- The draft euro area recommendation (EAR): in its draft recommendation (for a Council recommendation), the Commission provides tailored advice to euro area Member States on issues relevant for the functioning of the euro area (see below chapter 5). It covers topics such as the policies related to investments in digital and green transition, Capital Markets Union and Banking Union and to the completion of the Economic and Monetary Union, notably, enhancing

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its democratic accountability;

- The Commission's opinion on Draft Budgetary Plans (DBPs) for euro area countries: the Commission assesses in these reports how much draft national budget plans for the coming year comply with the requirements of the SGP (see separate briefing).

Box 1: Council European Semester timeline

- In January 2020, two Council formations (ECOFIN and EPSCO) discuss the AMR and the ECOFIN Council adopts conclusions on the AMR in February;
- On 18-19 February 2020 the European Parliament hosts the European Parliamentary Week with representatives from national parliaments. The meetings include the European Semester Conference and the Inter-parliamentary Conference on Stability, Economic Coordination and Governance in the EU;
- In February 2020, the Commission publishes the annual Country reports, including their status with respect to the MIP;
- In March and May 2020, the ECOFIN Council discusses the implementation of the Country Specific Recommendations (CSRs), drawing on the AMR and the Country reports;
- In April 2020, the European Council discusses the economic situation, endorses the EAR and provides guidance to Member States for their 2020 National Reform Programmes and Stability or Convergence Programmes;
- In May, the Commission presents its proposals for the 2020 CSRs;
- In June, the various Council Committees (EFC, EPC, EMCO and SPC) will conduct preparatory work on the CSRs, and the ECOFIN Council draws conclusions on the MIP and on the IDRs and approves the Council opinions on the CSRs;
- In June, the European Council discusses and endorses the CSRs;
- In July, the ECOFIN Council formally adopts the CSRs.

Box 2: Review of the Semester

Based on a report by the two preparatory bodies of the ECOFIN Council (the Economic and Financial Committee and the Economic Policy Committee), on 10 October 2019 the ECOFIN Council took stock of the 'European Semester 2019'. The exchange of views among ministers focused in particular on:

- the main new features introduced in the 2019 European Semester exercise, namely the cross-country focus on investment in the country-specific recommendations, as well as the fact that the CSRs addressed issues related to aggressive tax planning and anti-money laundering;
- the future of the European Semester and the need to ensure that the Semester remains focused on key challenges;
- the importance of improving the degree of implementation of CSRs and of national ownership of the reforms.

The main legal texts related to the European Semester include a review clause that requires the Commission to assess the effectiveness and the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances. The review process is expected to start in early February 2020.

Speaking at the press conference following the Eurogroup January 2020 meeting, Commissioner Gentiloni reiterated that the Commission will be soon launching a review of the “six pack” and of the “two pack”, with consultations of the various stakeholders and proposals being put forward during summer 2020. The Commissioner underlined that the objective would be to make the rules simpler and to find consensus on how to facilitate investments and how to define what “green” is. The Commissioner also mentioned that the Commission is looking at different options to make green investing easier, but not focusing only on whether some rules may or may not apply.

Further reading:

- The European Semester for economic policy coordination: a reflection paper
- Country-Specific Recommendations - An overview
- How to further strengthen the European Semester

2. The Annual Sustainable Growth Strategy

The Annual Sustainable Growth Strategy 2020 (ASGS) sets out the Commission priorities for a new growth model respectful of the limitations on natural resources and that ensures job creation and prosperity. Following on President von der Leyen political guidelines, the priorities set out in the ASGS are centred on "*An economy that works for the people*".

During the previous Commission, the Annual Growth Survey (AGS) emphasized the 'virtuous triangle' of boosting investment, pursuing structural reforms and ensuring responsible fiscal policies is delivering results.

Figure 1. The main objectives of AGS and ASGS

Annual Growth Survey (AGS)	Annual Sustainability Growth Strategy (ASGS)
"virtuous triangle" of 1) Boosting investment, 2) Pursuing structural reforms and 3) Ensuring responsible fiscal policies	"four complementary dimensions" of 1) Environment 2) Productivity 3) Stability 4) Fairness

Source: EGOV based on AGS and ASGS

At the heart of the new EU growth strategy as proposed by the Commission, are four complementary dimensions:

Environment: our efforts should focus on leading the transition to a nature-friendly and climate neutral continent by 2050, while ensuring that everyone can take advantage of the opportunities that this will bring along. Circular economy, renewable energy, energy-efficient buildings and low-emission transport should introduce growth opportunities and provide a foundation for a new more sustainable and competitive economic model. Funding for achieving environmental sustainability should come from several sources, both public and private. On the public financing side, significant contributions should come from the InvestEU, the European Investment Bank (EIB) and increasing revenues from the EU emissions trading system.

Productivity: by developing new technologies and sustainable solutions, Europe can be at the forefront of future economic growth and become a global leader in an increasingly digitalised world, including in key areas for its technological sovereignty such as cybersecurity, artificial intelligence and 5G. Digital technologies are essential for increasing productivity and can substantially contribute to green economy. "*Europe needs a strong in industrial base ... to be able to produce domestically the technologies it needs to stay at the forefront of global competition [and it] ... also needs to remain technologically sovereign by investing in innovative technologies ... to allow data sharing and data usage. [These] ... are major drivers for innovation that can help us to find solutions to societal challenges, from health to farming and food production, from security to manufacturing*". Completion of Capital Markets Union will be crucial for ensuring sufficient funding for innovation, job creation and growth. As well as, reforms and far reaching investment in education and skills development should be ensured.

Stability: the Union needs to complete its EMU to ensure that all economic tools are ready and available should there be a significant adverse economic shock. Ensuring macroeconomic stability in the EU should be achieves through several venues as well. First, by better coordination of national fiscal policies and full respect of the SGP (given the window of opportunity provided by low interest rate environment, countries with high public debt levels should put their public debt on a downward path to reduce vulnerability to shocks, while countries with favourable budgetary situation should support growth by boosting investment and productive spending). Efforts for improving the quality of public finances should be made on both the revenue and the expenditure sides. Second, by completing Banking and Capital Markets Unions (some of the remaining issues that should be addressed are EDIS, non-performing loans, bank- sovereign nexus, insolvency laws, further financial integration). It is also crucial that the financial system is made more resilient to cyber and climate change threats. Lastly, by strengthening the international role of the euro.

Fairness: the new economic agenda must ensure that the transition is fair and inclusive and puts people first. It must pay particular attention to the regions, industries and workers who will have to make the largest transitions. The European Pillar of Social Rights remains one of the top EU's priorities. Improving inclusiveness and quality of education, stepping up reforms to address all forms of irregular employment, promoting transitions towards open-ended full-time contracts, ensuring fair wage, closing gender employment rate and pay gap, and promoting effective work-life balance policies are several topics among the important policy objectives. Furthermore, to strengthen "fairness" axe, both tax systems should be reviewed and optimised to strengthen incentives for labour market participation, increase fairness and transparency and ensure financial sustainability; and tax evasion, tax avoidance and aggressive taxation practices should be tackled.

According to the ASGS 2020, "***economic governance and democratic accountability*** *must go hand in hand. The European Parliament should have a stronger voice on the EU economic governance. To this end, the Commission will engage in a dialogue with the European Parliament on how to make this operational going forward. As a first step, Members of the Commission in charge of economic matters will come to the European Parliament before each key stage in the European Semester cycle. This enhanced democratic accountability of the European Semester should help to enhance ownership and therefore reform implementation. More broadly, the Commission will continue the dialogue with Member States, and invites the Member States to involve national parliaments, social partners and all other relevant stakeholders."*

The ECON and BUDG Committees of the EP are working on an own-initiative report on the ASGS 2020. The draft report, together with related information, is available here.

3. The Alert Mechanism Report

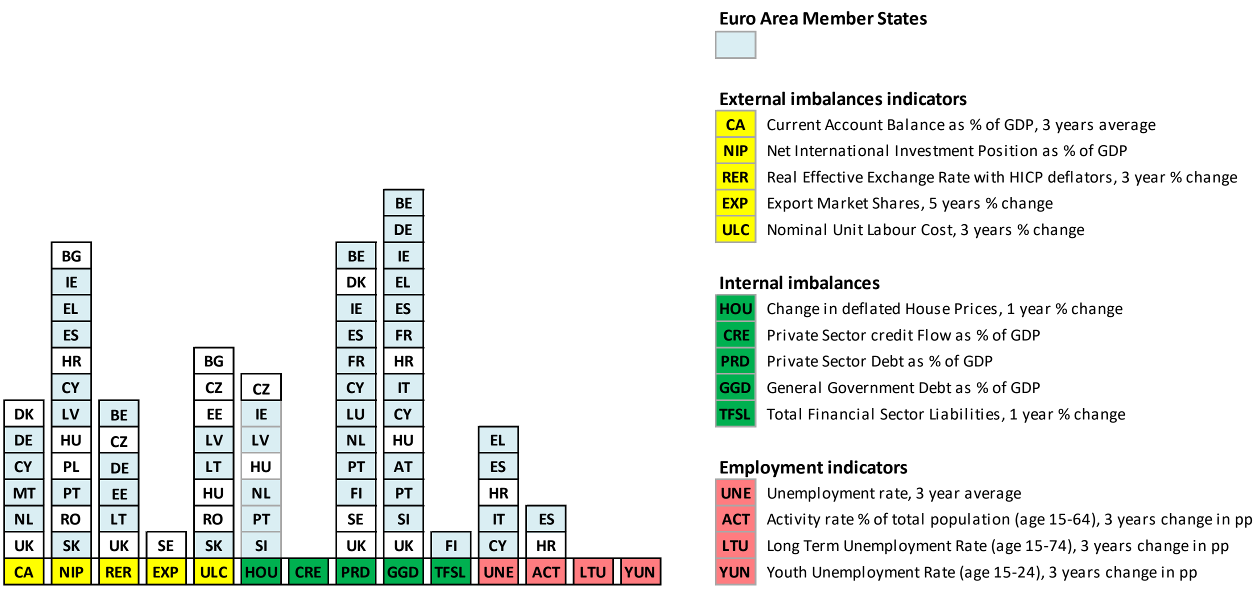
The 2020 Alert Mechanism Report initiates the ninth annual round of the Macroeconomic Imbalance Procedure (MIP).

The Commission notes that the EU economy is still in an expansionary phase, even if expansion is weakening: in 2019, growth is estimated at 1,4% in the EU and 1,1% in the euro area, implying a deceleration compared with 2% and 1,9% in 2018 respectively. For 2020, GDP is forecast to grow by 1,2% and the euro area.

The Commission points to some risks of macroeconomic imbalances, namely related to current accounts and external positions, increased labour costs and house prices. On current accounts and external positions in the euro area, the Commission notes "*In the current economic context, rebalancing in the euro area of both current account deficits and surpluses is pressing and would be beneficial for all Member States.*"

On the basis of an economic reading of the "MIP scoreboard" (see Figure 2 below and Annex 2) and its auxiliary indicators, the Commission identified 13 Member States for which it will undertake in-depth reviews, namely Greece, Cyprus and Italy (that were experiencing excessive macroeconomic imbalances during the 2019 cycle), as well as Bulgaria, France, Germany, Cyprus, Ireland, the Netherlands, Portugal, Romania, Spain and Sweden (that were experiencing macroeconomic imbalances during the 2019 cycle). These detailed reviews will be published in February 2020, together with the "Country reports": the Commission will then assess which Member States are to be considered as experiencing macroeconomic balances, and therefore submitted to specific monitoring.

Figure 2. MIP scoreboard - Member States with values beyond the thresholds



Source: EGOV based on 2020 Alert Mechanism Report, values for 2018.

From the MIP's inception until the 2015 round, an increasing number of countries had been classified as having excessive imbalances, but the trend seems to be reversed in the latest rounds. More specifically, the number of Member States:

- subject to an in-depth review (IDR) increased from 12 to 19 between 2012 and 2016, declined to 12 in 2018, was 13 in 2019 and stabilised at 13 in the context of the 2020 European Semester cycle;
- considered as experiencing imbalances rose from 12 to 16 between 2012 and 2015, fell to

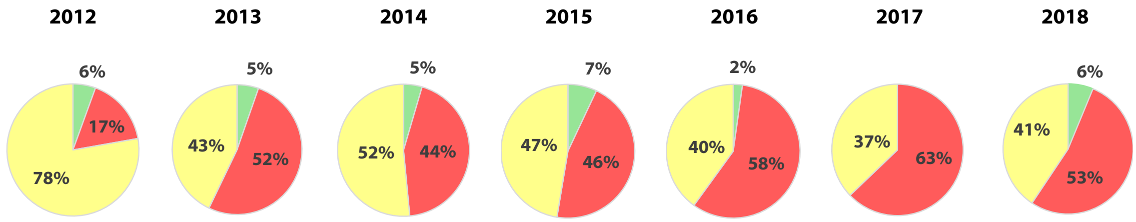
11 in 2018 and 10 in 2019;

- considered as experiencing excessive imbalances increased from 0 to 6 between 2012 and 2017, but fell to 3 in 2018 and stabilised to 3 in 2019.

The Commission has not yet proposed to open the Excessive Imbalance Procedure.

The credibility of the MIP, as part of the European Semester, depends *inter alia* on countries' implementation of the CSRs, which is measured by their implementation track record. With regard to the implementation of the CSRs legally underpinned by the MIP, Figure 3 below shows the implementation rate of MIP-specific CSRs. The percentage of CSRs showing limited/no progress decreased in 2018, after a continuous increase from 2014 to 2018. The percentage of CSRs showing full/substantial progress also increased to 6 in 2018, compared to none in 2017[1].

Figure 3. Implementation of CSRs based on MIP (2012-2018)



Total MIP-CSRs	**36**	**56**	**66**	**57**	**45**	**35**	**32**
Member States	12	13	14	16	13	12	11

Source: EGOV based on European Commission assessments.
Note: The assessment grid of CSRs implementation is as follows: full/substantial progress, some progress and limited/no progress.

Further reading:

- Implementation of the Macroeconomic Imbalance Procedure: State of play
- Member States with Excessive Macroeconomic Imbalances
- Implementation of Country-Specific Recommendations under the MIP

[1] Macroeconomic imbalances typically take several years to correct, as different types of structural reforms produce the expected effects over variable time horizons; an IMF study shows that reforms in labour market may have a negative impact in the short term, while reforms in goods and services markets are visible in a shorter time lag.

4. The Draft Joint Employment Report

In the Joint Employment Report (JER) published on 17 December 2019, the Commission provides an overview of key employment and social developments in Europe and individual Member States. The report focuses on the recent developments, reform actions[2] and performance in relation to the Social Scoreboard[3] (see Annex 3).

Overall, the EU is making progress in improving labour market and social trends, as 9 out of the 14 headline indicators were positive in 2018 and the remaining 5[4] remained stable or recorded only a slight negative development compared to the previous year. Moreover, for more than half of headline indicators, convergence was observed among Member States. Despite positive progress and the window of opportunity created by the economic recovery to step up labour market and social reforms, all Member States (except the Netherlands) still face challenges, as at least one of the headline indicators is significantly below the EU average, or is experiencing a negative trend (14 Member States have at least one headline indicator in the "critical situation" category and "net earnings of a single worker earning the average wage" is the indicator posing the most challenges).

On 14 January 2020, the Commission presented to the Parliament its roadmap on a Social Europe for a Just Transition. The communication describes the multiple challenges Europe is facing: climate action, digitalisation and demographic change, and puts forward relevant initiatives. The aim is to take advantage of the opportunities that these provide: Europe needs an ambitious social policy, moving forward by facilitating a broad discussion with all EU countries, regions, and partners on how to deliver progress at EU, national, regional and local level. It includes a public consultation (which will be open until November 2020) to prepare the way for an Action Plan to further implement the European Pillar of Social Rights.

On the same day, the Commission launched the first-stage consultation on the possible "*actions*" to address the challenges of achieving fair minimum wages in the EU. The consultation requests social partners to voice their options, in particular whether EU action is needed to address the adequacy and coverage of minimum wages among Member States; the need to promote collective bargaining in setting minimum wages; or the need to ensure that there are clear national mechanisms for the adjustment of statutory minimum wages. It will also examine whether the social partners want to take up the subject in full or only certain aspects, in order to negotiate a collective agreement. The objective of the Commission is to ensure that the principle of a minimum wage is as "*inclusive as possible*" on the one hand, and to ensure that the mechanism for setting the minimum wage is operational on the other.

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[2] Such reform actions are measured against Guidelines for the Employment Policies of the Member States, namely, on the following 4 Guidelines: boosting demand for labour, enhancing labour supply and improving access to employment, skills and competences, enhancing the functioning of labour markets and the effectiveness of social dialogue, and promoting equal opportunities for all, fostering social inclusion and combatting poverty.

[3] The Social Scoreboard was set up to monitor progress under the European Pillar of Social Rights in three areas: i) equal opportunities and access to the labour market, ii) fair working conditions, and iii) social protection and inclusion

[4] Referring to early leavers from education or training, gender employment gap, impact of social transfers on poverty reduction, income quintile share ratio and self-reported unmet needs for medical care.

5. The draft euro area recommendation

This section first addresses the main elements of the Commission proposal for a euro area recommendation (EAR) and then presents an assessment of the follow up of the 2019 EAR by the relevant institutions.

The draft EAR (together with a Staff Working Document - SWD) was published on 17 December 2019 as part of the Autumn Package.

The 2020 draft EAR reflects the Commission priorities for the euro area, along four policy areas (similarly to the 2019 EAR):

- Structural reforms: product, services and labour markets (recommendations 1 and 3);
- Fiscal policies (recommendation 2);
- Financial sector/Banking Union (recommendation 4);
- Deepening of the Economic and Monetary Union (EMU) (recommendation 5).

Compared to the 2019 EAR as adopted by Council, the 2020 draft EAR is longer and provide more granular policy orientations. On these more granular policy orientations, one can highlight:

- A call for enhancing democratic accountability of the EMU (EAR 5)5;
- An alert that Member States need to be attentive to the economic outlook and stand ready to deliver a supportive fiscal stance at the aggregate level (respecting the SGP and national specific circumstances and avoiding pro-cyclicality) (EAR 2)6;
- Strong emphasis on digital and environmental challenges, in line with the President Ursula von den Leyen political guidelines, and a concern to ensure that social policies take these dimensions into account (in particular in EAR 3);
- Different focus on the Capital Markets Union: insofar the current project seems to be finalised, the Commission proposes in the EAR to "renew efforts" to complete the Capital Markets Union[7] (EAR 4).

In accordance with the Council "European Semester 2020 roadmap" and the draft Council agendas, the draft EAR has been submitted for an exchange of views among Ministers in the January meeting (Eurogroup and Ecofin). In February, the Council preparatory bodies will discuss and possibly modify the Commission proposals for submission to the EG and ECOFIN on 17/18 February. The draft EAR will be then presented to the March European Council for endorsement and final adoption by a later Council.

Follow up of the 2019 euro area recommendation

Most of the actions covered by the EAR need implementation at national level (in particular, the EAR covering fiscal and structural issues) even if such national actions are to be coordinated by the

[5] Although such reference is not fully clear, recital 16 of the draft EAR refers: "*Additionally, the move towards intergovernmental solutions has not been matched by appropriate accountability at EU level. Therefore, improvements in the governance of the euro area bodies would be instrumental to increase democratic accountability.*". Likewise, the SWD accompanying the draft EAR states "*it would also be important to integrate the intergovernmental agreements into Union law and under the European Parliament's oversight*".

[6] The SWD helps clarifying the Commission concerns here. Looking at the economic outlook, the Commission points out that Member States may be required to pursue expansionary discretionary fiscal policies. The Commission recalls the European Economic Recovery Plan and favourably assesses its impacts to counteract the effects of the 2007/2008 economic, financial and sovereign crisis. Nevertheless, the Commission highlights that such actions need to be "timely, targeted and temporary" and, in the draft EAR, further conditions expansionary measures to their compliance with the SGP, country specific circumstances and avoiding pro-cyclicality.

[7] In that regard, the Commission proposals are aligned with the Council conclusions on CMU, adopted in December 2019, and follow up on the Commission mandate for a High Level Forum on CMU.

Eurogroup (EG) within the EMU economic governance framework[8]. As proxies to understand what is done at European level, one can look at (a) the publicly available information on EG discussions and (b) Commission's analysis.

To evaluate the follow up of the EAR 2019 by the EG, an indirect instrument is constituted by the summaries and conclusions of the debates held in the EG and addressing the four policy areas covered by the EAR. Following the Euro Summits of December 2017 and June 2018, the subjects discussed in the EG meetings during 2019 (as it was the case in 2018) concentrated on moving forward issues such as the deepening of the EMU and the Banking Union (the latter with less emphasis than in 2018). In particular, one can note that:

- Deepening of the EMU was discussed in almost all EG meetings, with the involvement of non-euro area Member States, as it was the case in 2018;
- the euro area fiscal policies were often discussed and referred to in the EG and Ministers affirmed their readiness to take measures if risks to the downside materialise;
- Ministers held thematic discussions (with the assistance of expert notes and speakers) on topics related to housing markets and their impact on macroeconomic stability, quality of public finances, competitiveness developments, inequality in the euro area and investment in innovation and research;
- No information was found on whether the EG discussed issuers related to taxation or composition of fiscal revenues (although taxation is, nevertheless, focused in 2019 EAR 2 and 3).

The Commission provided in its SWD accompanying the 2020 EAR a *qualitative* assessment of the implementation of the 2019 EAR[9]. The Commission concludes that:

- Some progress was achieved on reforms aimed to increase potential growth, competitiveness and productivity (namely with progress in the areas of research and innovation). In network industries and sustainability, reform progress has been slower; most Member States improved their business environment scores, but large differences remain and no significant improvement in quality of public finances could be identified;
- Progress has stalled on the fiscal recommendation; the Commission considers there continues to be lack of differentiation in Member State's fiscal policies;
- The labour market and social situation continues to improve, but challenges remain, namely in relation to labour market segmentation and in-work poverty;
- Resilience of the financial sector has improved through a number of actions (the backstop to the Single Resolution Fund, work on the European Deposit Insurance Scheme, etc), but further progress is needed, namely on reduction of non-financial corporates debt levels;
- Progress was slow on deepening the EMU, in particular in what concerns a euro area wide stabilisation function and euro area governance, thus hindering the international role of the euro.

The Commission also signals that the 2021 SWD on the EAR will provide a more complete review of progress in implementing the EAR, based on a methodology to be elaborated and discussed with

[8] In fact, the EA recommendations include, after the recitals and preceding the recommendations themselves, a sentence stating that the Council recommends "*EA Member States take action within the Eurogoup, individually and collectively, (...)*". This is a clear mandate for Member States to reflect the EA recommendations in their economic policies, to consider them as a matter of common concern and pointing to a coordination and monitoring role by the Eurogroup.

[9] The assessment is based on reforms undertaken at national and European levels and takes into account policy outcomes at euro level and available assessments at country level. If a specific recommendation is addressed to a number of Member States, only those addressees are considered for the purpose of assessing implementation.

the euro area Member States and institutions in the relevant committees. The review would provide an overview of progress for the EA as a whole in implementing previous year's EAR.

One may note that in the proposed governance framework for the budgetary instrument for competitiveness and convergence (BICC) that the Commission put forward in July 2019, it is foreseen that the Commission will annually assess the implementation of the specific EAR[10] setting out the strategic orientations on the reform and investment priorities for the euro area.

Further reading:

- Recommendations on the economic policy of the euro area under the European Semester

[10] See article 4(2) of the proposed regulation.

6. Implementation of the Country Specific Recommendations during the past years

Country-Specific Recommendations (CSRs) provide guidance to EU Member States on macroeconomic, 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 2019 CSRs place particular focus on facilitating investment and all Member States received an investment-related recommendation.

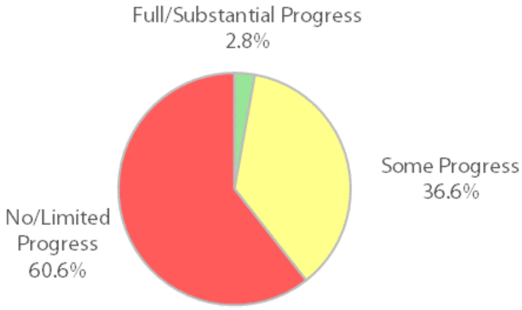
Table 1. CSRs - some stylized facts

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 4, EU Member States made at least some progress on about 39% of the 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 4. 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 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

7. The EU Green Deal and the EU2020 Strategy for growth and jobs

The "Green Deal" and its financing

Commission President von der Leyen announced the "European Green Deal" as one of her political priorities, laying the foundations for a climate-neutral European Union economy by 2050: it will gear towards green and sustainable growth, and be based on the three pillars of sustainable development as understood by the UN: the environmental pillar, the economic pillar and the social pillar. The announcement was complemented by a roadmap, according to which a proposal on a European climate law will be introduced by March 2020, to enshrine in a legal text the objective of climate neutrality by 2050.

The European Investment Bank (EIB) modified its lending strategy with the launch of its ambitious new climate strategy and Energy Lending Policy in November 2019. Ahead of the UN COP25 Climate Change Conference in Madrid 2-16 December 2019, the European Parliament had adopted a resolution declaring a climate and environmental emergency in Europe and globally.

Making the European Union to become the first climate-neutral bloc in the world by 2050 requires significant investment from both the EU and the national public sector, as well as the private sector. In January 2020, the Commission presented the following proposals:

- The 'Investment Plan for a Sustainable Europe', which aims to mobilise public investment and help to unlock private funds through the EU financial instruments, notably InvestEU, which would lead to at least €1 trillion of investments;
- The Just Transition Mechanism, which aims to provide targeted support to help mobilise at least €100 billion over the period 2021-2027 in the most affected regions, to alleviate the socio-economic impact of the transition.

On January 2020, the EP adopted a resolution on the European Green Deal.

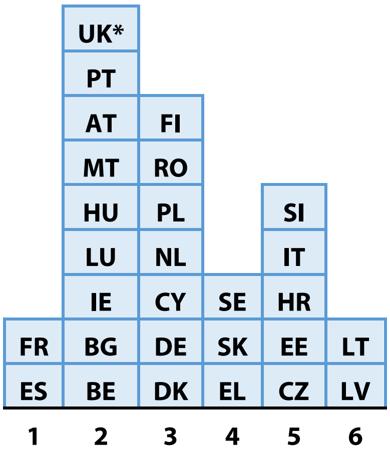
The EU 2020 Strategy for growth and jobs: where do we stand?

On 17 June 2010, the European Council adopted the EU2020 strategy, which followed the Lisbon strategy, and put forward 3 mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

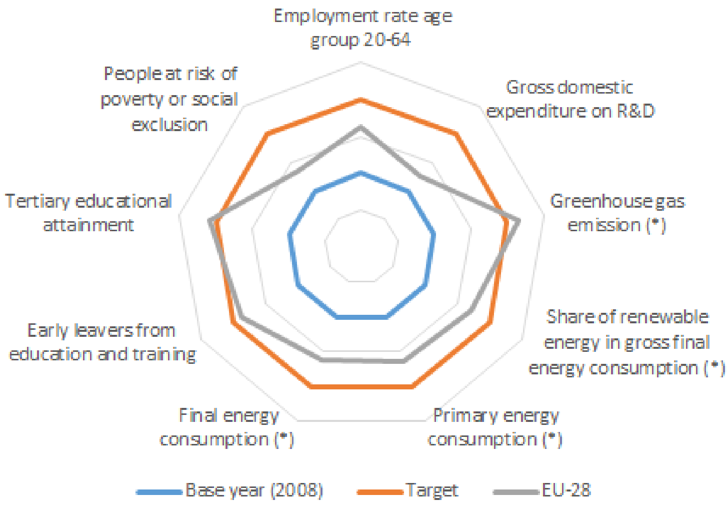
The strategy emphasised a smart, sustainable and inclusive growth as a way to strengthen EU economy and prepare its structure for possible challenges. The EU adopted 8 targets in the following five thematic areas: employment; education; poverty and social exclusion; climate change and energy; and R&D and innovation. The EU2020 strategy was also integrated in the European Semester. The objectives are measured against Member State specific targets, whose achievement was expected by the end of 2020. As the strategy is approaching its conclusion, and despite considerable progress, some of the headline indicators remain far away from their targets and there is high dispersion among Member States.

Figure 5. Number of EU2020 strategy individual targets achieved by Member States



Number of EU2020 achieved targets
* For the UK, 5 out of 8 targets are not set

Figure 6. EU 2020 headline indicators



(*) Data from 2017.

Source: EGOV based on Eurostat.

Over the decade since the launch of the strategy, the EU has managed to reach employment, greenhouse emission and higher education headline indicator targets (targets respectively: 75% of the population aged 20-64 should be employed; greenhouse gas emissions should be reduced by 20% compared to 1990; and at least 40% of 30-34 years old should have completed a tertiary or equivalent education) and is also well on track with the renewable energy, energy efficiency and early school leavers targets (targets respectively: the share of renewable energy sources in final energy consumption should reach 20%; energy efficiency should improve by 20%; and share of early school leavers should be under 10%). Nevertheless, considerable progress is still needed for fighting poverty and social exclusion and stimulating investment in research and innovation (targets in respective order: number of people in the risk of poverty or social exclusion should be reduced by at least 20 million and 3% of the EU's GDP should be invested in R&D).

See Annex 1 for information on the EU Member States progress towards the EU 2020 Strategy indicators.

8. Strengthening the governance and the resilience of EMU

The deepening of the Economic and Monetary Union has been progressing on the basis of the orientations set since December 2017 by the Euro Summit, and evolving ever since. Progress was based on discussions at the Eurogroup (mostly working in inclusive format, with Finance Ministers of all the EU Member States). Three specific areas have been addressed: completion of the Banking Union, reform of the European Stability Mechanism (ESM) and the establishment of a budgetary instrument for the euro area. These points are further developed below.

Completion of the Banking Union

Completing the Banking Union has been a continuous endeavour during the last Juncker Commission, and various stakeholders have been contributing to the debate. In recent papers, e.g. the Annual Sustainable Growth Strategy 2020, the new Commission reiterates that concern.

During 2019, the Eurogroup mostly discussed the outcome of deliberations of the so called "High Level Working Group on EDIS" (HLWG), set up by the Eurogroup following its December 2018 meeting. After an initial report in June 2019, the Chair of the HLWG on EDIS reported back to Eurogroup in December 2019 through a letter that sets out a programme for actions in the various dimensions necessary for a fully-fledged Banking Union (i.e. full implementation of EDIS with loss coverage; diversification of banks' portfolios of sovereign exposures; significant reduction of banks non-performing loans (NPLs) and its appropriate monitoring; well integrated banking sector operating efficiently and safely across borders; appropriate crisis management framework). Based on previous discussions, the work plan foresees a preparatory and negotiating phase and an implementation phase. The first two could last from 2019 to 2024, and the implementation phase going further. In the preparatory and negotiating phases, the work will continue on the set-up and features of EDIS, on bank's sovereign exposures, on the crisis management framework and on financial integration. Ministers have mandated the HLWG to continue working and report back by June 2020.

Reform of the European Stability Mechanism

In June 2019, the Eurogroup reached a broad agreement on revising the text of the ESM treaty, covering issues such as the common backstop for bank resolution, the precautionary instruments and debt sustainability, as well as institutional aspects, including the cooperation between the ESM and the European Commission (within and outside financial assistance programmes). Later, in their December meeting, Ministers reached an agreement in principle, subject to national procedures, on the package of draft documents related to the ESM reform: those relating to the common backstop to the Single Resolution Fund[11], those relating to the amendments to the ESM precautionary financing instruments and those on the terms of reference and explanatory note of single limb Collective Action Clauses (CACs) to be introduced by the 1st of January 2022[12]. Ministers greeted the agreement reached between the Commission and ESM on their future cooperation arrangements and the finalisation of a working document on a common methodology on debt sustainability analysis.

A Budgetary Instrument for the euro area

The Budgetary Instrument for Convergence and Competitiveness" (BICC) is a proposed budgetary tool aimed at financing structural reforms and public investments in euro area Member States,

[11] Ministers agreed on a Backstop Guideline and three Board of Governors resolutions (one determining the nominal cap and setting out the provisions on the permanence of the legal framework; a resolution granting the backstop facility and determining the key financial terms and conditions thereof and for the termination of the backstop facility; a third resolution confirming that that the Direct Recapitalisation Instrument (DRI) of the ESM will be cancelled at the time the common backstop is introduced). One additional guideline on pricing policy is also available.

[12] The PEG letter notes, nevertheless, that the legal status of such terms of reference are to be clarified ahead of signing the ESM treaty amendment.

strengthening potential growth of their economies and the resilience of the single currency against economic shocks. The general features of the BICC were agreed by the Eurogroup in October 2019 and compiled in a BICC term sheet that details the (1) governance; (2) financing and (3) funds allocation and modulation. Previously, in June, the Eurogroup had already agreed on general principles, key features, financing and governance.

According to currently available information, the BICC will be part of the EU budget, under discussion in the context of the Multiannual Financial Framework (MFF) proposed by the Commission in May 2018. More specifically, it will be integrated into the Commission proposals for a Reform Support Programme. It will be interlinked with and within the European Semester for economic policy coordination. Following up on the agreements at the June 2019 Eurogroup and Euro Leaders' requests for codifying the BICC governance framework in an "*additional act*", in July 2019 the Commission put forward a legislative proposal for a regulation on a governance framework for BICC, which would secure the euro area Member States autonomous decision.

In parallel with the BICC, Ministers also discussed a possible instrument for the non-euro area Member States (the Convergence and Reform Instrument (CRI)), to support the convergence of non-euro area Member States towards the euro area, by providing financial support for structural reforms. It is aimed at non euro area countries with structural challenges, as evidenced by income per capita below the euro area average.

The Finnish Presidency MFF negotiating box foresees limited amounts available for BICC and CRI.

Further reading:

- The European Stability Mechanism: Main Features, Instruments and Accountability
- The 2019 proposed amendments to the Treaty establishing the European Stability Mechanism
- What do we know about the BICC today?

Annex 1: 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] (1990 = 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	2,12	**3**	78,11	77,81	78,34	**80**	17.0	17.5	n.a.	**20**
Belgium	67.7	68.5	69.7	**73.2**	2.55	2.58	2,76	**3**	81,18	80,28	79,73	**85**	8.6	9.1	n.a.	**13**
Bulgaria	67.7	71.3	72.4	**76**	0.78	0.75	0,75	**1.5**	60,68	58,23	60,53	**120**	18.8	18.7	n.a.	**16**
Czech Republic	76.7	78.5	79.9	**75**	1.68	1.79	1,93	**1**	64,8	65,81	65,31	**109**	14.9	14.8	n.a.	**13**
Denmark	77.4	76.9	78.2	**80**	3.10	3.05	3,03	**3**	70,45	73,53	70,51	**80**	32.6	35.8	n.a.	**30**
Germany	78.6	79.2	79.9	**77**	2.92	3.02	3,13	**3**	73,77	74,23	74,1	**86**	14.9	15.5	n.a.	**18**
Estonia	76.6	78.7	79.5	**76**	1.25	1.29	1,4	**3**	45,09	48,85	51,95	**111**	28.6	29.2	n.a.	**25**
Ireland	71.4	73	74.1	**69**	1.19	1.05	1,15	**2**	109,3	113,06	112,94	**80**	9.3	10.7	n.a.	**16**
Greece	56.2	57.8	59.5	**70**	0.99	1.13	1,18	**1.2**	93,02	89,78	93,64	**96**	15.1	16.3	n.a.	**18**
Spain	63.9	65.5	67	**74**	1.19	1.20	1,24	**2**	119,97	116,69	121,83	**90**	17.4	17.5	n.a.	**20**
France	70	70.6	71.3	**75**	2.25	2.19	2,2	**3**	85,75	85,84	86,59	**86**	15.9	16.3	n.a.	**23**
Croatia	61.4	63.6	65.2	**62.9**	0.86	0.86	0,97	**1.4**	76,04	76,53	78,72	**111**	28.3	27.3	n.a.	**20**
Italy	61.6	62.3	63	**67**	1.37	1.35	1,39	**1.53**	84,99	84,76	84,08	**87**	17.4	18.3	n.a.	**17**
Cyprus	68.7	70.8	73.9	**75**	0.53	0.56	0,55	**0.5**	141,72	150,57	155,67	**95**	9.3	9.9	n.a.	**13**
Latvia	73.2	74.8	76.8	**73**	0.44	0.51	0,64	**1.5**	43,75	43,97	44,32	**117**	37.1	39.0	n.a.	**40**
Lithuania	75.2	76	77.8	**72.8**	0.84	0.89	0,88	**1.9**	42,07	42,12	42,66	**115**	25.6	25.8	n.a.	**23**
Luxembourg	70.7	71.5	72.1	**73**	1.30	1.26	1,21	**2.3**	88,6	87,88	90,78	**80**	5.4	6.4	n.a.	**11**
Hungary	71.5	73.3	74.4	**75**	1.20	1.35	1,53	**1.8**	65,12	65,58	68,49	**110**	14.3	13.3	n.a.	**13**
Malta	71.1	73	75	**70**	0.57	0.54	0,55	**2**	110,38	98,76	112,23	**105**	6.2	7.2	n.a.	**10**
Netherlands	77.1	78	79.2	**80**	2.00	1.99	2,16	**2.5**	91,67	91,72	90,93	**84**	5.9	6.6	n.a.	**14**
Austria	74.8	75.4	76.2	**77**	3.13	3.16	3,17	**3.76**	101,86	102,98	106,23	**84**	33.0	32.6	n.a.	**34**
Poland	69.3	70.9	72.2	**71**	0.96	1.03	1,21	**1.7**	82,6	84,45	87,65	**114**	11.3	10.9	n.a.	**15**
Portugal	70.6	73.4	75.4	**75**	1.28	1.33	1,35	**2.7**	116,98	114,37	122,8	**101**	28.4	28.1	n.a.	**31**
Romania	66.3	68.8	69.9	**70**	0.48	0.50	0,51	**2**	47,09	46,27	46,13	**119**	25.0	24.5	n.a.	**24**
Slovenia	70.1	73.4	75.4	**75**	2.01	1.86	1,95	**3**	90,4	94,94	93,79	**104**	21.3	21.5	n.a.	**25**
Slovakia	69.8	71.1	72.4	**72**	0.79	0.88	0,84	**1.2**	56,91	57,62	59,22	**113**	12.0	11.5	n.a.	**14**
Finland	73.4	74.2	76.3	**78**	2.74	2.76	2,75	**4**	79,04	83,08	79,52	**84**	39.0	41.0	n.a.	**38**
Sweden	81.2	81.8	82.6	**80**	3.27	3.40	3,31	**4**	76,6	76,39	76,32	**83**	53.8	54.5	n.a.	**49**
United Kingdom	77.5	78.2	78.7	**n.n.t.**	1.68	1.66	1,71	**n.n.t.**	66,87	63,84	62,41	**84**	9.2	10.2	n.a.	**15**

Source: Eurostat 2020 indicators (extraction date: 09/01/2020), 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)	1546,94	1561,59	n.a.	**1,483**	10,7	10,6	10,6	**10**	39,2	39,9	40,7	**40**	118065	112925	110235	**96,070**
Belgium	49,27	49,12	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	17,68	18,33	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	40,05	40,36	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	17,38	17,74	n.a.	**17.4**	7,2	8,8	10,2	**10**	47,7	48,8	49,1	**40**	951	980	997	**865**
Germany	297,69	298,31	n.a.	**276.6**	10,3	10,1	10,3	**10**	33,2	34	34,9	**42**	16035	15516	15253	**n.a**
Estonia	5,89	5,64	n.a.	**6.5**	10,9	10,8	11,3	**9.5**	45,4	48,4	47,2	**40**	318	305	318	**255**
Ireland	14,62	14,41	n.a.	**13.9**	6	5	5	**8**	54,6	54,5	56,3	**60**	1160	1088	1023	**850**
Greece	22,84	23,12	n.a.	**24.7**	6,2	6	4,7	**10**	42,7	43,7	44,3	**32**	3789	3702	3349	**2,596**
Spain	119,23	125,63	n.a.	**119.8**	19	18,3	17,9	**15**	40,1	41,2	42,4	**44**	12827	12236	12047	**9,386**
France	240,24	239,52	n.a.	**219.9**	8,8	8,9	8,9	**9.5**	43,6	44,3	46,2	**50**	11463	10717	11045	**9,482**
Croatia	8,05	8,33	n.a.	**11.15**	2,8	3,1	3,3	**4**	29,3	28,7	34,1	**35**	1159	1085	1008	**1,220**
Italy	147,97	148,95	n.a.	**158**	13,8	14	14,5	**16**	26,2	26,9	27,8	**26**	18137	17407	16441	**12,882**
Cyprus	2,42	2,52	n.a.	**2.2**	7,6	8,5	7,8	**10**	53,4	55,9	57,1	**46**	234	215	206	**154**
Latvia	4,29	4,47	n.a.	**5.4**	10	8,6	8,3	**10**	42,8	43,8	42,7	**34**	554	544	543	**619**
Lithuania	6,04	6,16	n.a.	**6.5**	4,8	5,4	4,6	**9**	58,7	58	57,6	**48.7**	871	843	794	**740**
Luxembourg	4,15	4,3	n.a.	**4.5**	5,5	7,3	6,3	**10**	54,6	52,7	56,2	**66**	114	126	126	**65**
Hungary	23,74	24,48	n.a.	**24.1**	12,4	12,5	12,5	**10**	33	32,1	33,7	**34**	2541	2465	1887	**2,344**
Malta	0,71	0,81	n.a.	**0.7**	19,2	17,7	17,4	**10**	32	33,5	34,7	**33**	90	87	89	**74**
Netherlands	64,83	64,54	n.a.	**60.7**	8	7,1	7,3	**8**	45,7	47,9	49,4	**40**	2797	2864	2833	**2,332**
Austria	31,71	32,55	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	94,83	99,11	n.a.	**96.4**	5,2	5	4,8	**4.5**	44,6	45,7	45,7	**45**	8221	7273	6976	**9,991**
Portugal	21,76	22,79	n.a.	**22.5**	14	12,6	11,8	**10**	34,6	33,5	33,5	**40**	2595	2399	2223	**2,557**
Romania	30,62	32,37	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	6,54	6,64	n.a.	**7.3**	4,9	4,3	4,2	**5**	44,2	46,4	42,7	**40**	371	345	326	**321**
Slovakia	15,37	16,15	n.a.	**16.4**	7,4	9,3	8,6	**6**	31,5	34,3	37,7	**40**	950	856	872	**941**
Finland	32,34	31,93	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	46,48	n.a.	**43.4**	7,4	7,7	7,5	**7**	51	51,3	51,8	**45**	1799	1765	1822	**n.a.**
United Kingdom	179,8	176,82	n.a.	**177.6**	11,2	10,6	10,7	**n.n.t.**	48,1	48,2	48,8	**n.n.t.**	14359	14325	15465	**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.

Annex 2: The 2020 MIP scoreboard for the identification of possible macro-economic imbalances (reference year 2018)

	External imbalances and competitiveness					Internal imbalances						Employment Indicators		
Year 2018	**Current Account Balance** % of GDP 3 year average	**Net International Investment Position** % of GDP	**Real Effective Exchange Rate with HICP deflator** 3 year % change	**Export Market Shares** 5 year % change	**Nominal ULC (2010=100)** 3 year % change	**House Prices index deflated** 1 year % change	**Private Sector Credit Flow** % of GDP	**Private Sector Debt,** consolidated % of GDP	**General Government Gross Debt** % of GDP	**Unemployment rate** 3 year average	**Total Financial Sector Liabilities, non-consolidated** 1 year % change	**Activity rate** % of total pop. aged 15-64 3 year change	**Long term unemployment rate** % of active pop. aged 15-74 3 year change	**Youth unemployment rate** % of active pop. aged 15-24 3 year change
Thresholds	**-4/+6%**	**-35%**	**±5% (EA) ±11% (non-EA)**	**-6%**	**+9% (EA) 12% (non-EA)**	**+6%**	**14%**	**133%**	**60%**	**10%**	**16.5%**	**-0.2 pp**	**0.5 pp**	**2 pp**
BE	0.3	41.3	6.9	-1.5	3.7	1.0	0.8	178.5	100.0	7.0	-2.9	1.0	-1.5	-6.3
BG	4.0	-35.2	3.9	13.4	18.3	4.5	3.9	95.0	22.3	6.3	6.8	2.2	-2.6	-8.9
CZ	1.2	-23.5	11.0	11.9	13.5	6.1p	5.3	70.7	32.6	3.0	7.4	2.6	-1.7	-5.9
DK	7.5	48.5	2.6	-1.5	1.6	3.5	3.5	198.3	34.2	5.6	-4.1	0.9	-0.6	-1.6
DE	8.0	62.0	5.3	3.1	5.6	5.1	6.5	102.1	61.9	3.8	2.0	1.0	-0.6	-1.0
EE	2.1	-27.7	7.7	0.7	14.3	2.1	3.7	101.5	8.4	6.0	6.9	2.4	-1.1	-1.2
IE	2.3	-165.0	2.3	77.4	-2.8	8.3	-7.8	223.2	63.6	7.0	5.1	0.8	-3.2	-6.4
EL	-2.2	-143.3	3.6	6.8	1.4	1.3e	-1.1	115.3	181.2	21.5	-5.0	0.4	-4.6	-9.9
ES	2.6	-80.4	4.1	4.6	0.7	5.3	0.4	133.5	97.6	17.4	-2.2	-0.6	-5.0	-14.0
FR	-0.6	-16.4	4.5	-0.2	2.4	1.5	7.9	148.9	98.4	9.5	1.6	0.6	-0.8	-3.9
HR	2.4	-57.9	4.2	22.9	-2.1	4.6	2.3	93.9	74.8	10.9	4.6	-0.6	-6.8	-19.0
IT	2.6	-4.7	3.3	0.3	2.7	-1.6	1.6	107.0	134.8	11.2	-0.1	1.6	-0.7	-8.1
CY	-4.6	-120.8	1.8	16.6	-0.4	0.2	8.4	282.6	100.6	10.8	0.3	1.1	-4.1	-12.6
LV	0.6	-49.0	4.9	8.6	14.7	6.6	-0.2	70.3	36.4	8.6	-3.0	2.0	-1.4	-4.1
LT	-0.1	-31.0	6.4	3.5	16.5	4.6	4.3	56.4	34.1	7.1	8.2	3.2	-1.9	-5.2
LU	4.9	59.8	3.3	16.7	7.9	4.9	-0.5	306.5	21.0	5.8	-2.0	0.2	-0.5	-2.5
HU	2.1	-52.0	2.0	8.4	12.4	10.9	4.3	69.3	70.2	4.3	-9.2	3.3	-1.7	-7.1
MT	8.9	62.7	4.9	24.0	3.3	5.1	7.5	129.2	45.8	4.1	2.3	5.9	-1.3	-2.5
NL	9.9	70.7	3.2	1.7	3.0	7.4	4.5	241.6	52.4	4.9	-3.3	0.7	-1.6	-4.1
AT	2.2	3.7	4.8	3.9	4.7	2.5	3.9	121.0	74.0	5.5	1.7	1.3	-0.3	-1.2
PL	-0.5	-55.8	0.1	25.7	8.0	4.9	3.4	76.1	48.9	5.0	3.0	2.0	-2.0	-9.1
PT	0.9	-105.6	3.1	9.4	5.3	8.9	0.8	155.4	122.2	9.1	0.5	1.7	-4.1	-11.7
RO	-3.3	-44.1	-0.7	23.7	29.6	1.8	1.9	47.4	35.0	5.0	3.3	1.7	-1.2	-5.5
SI	5.5	-18.9	2.0	20.4	6.1	7.4	1.3	72.8	70.4	6.6	4.1	3.2	-2.5	-7.5
SK	-2.4	-68.1	2.5	3.2	10.9	5.0	2.0	90.9	49.4	8.1	8.9	1.5	-3.5	-11.6
FI	-1.4	-2.0	3.0	-3.0	-2.6	-0.2	1.6	142.1	59.0	8.3	19.9	2.1	-0.7	-5.4
SE	2.8	10.3	-4.0	-6.3	7.6	-3.0	9.0	200.0	38.8	6.6	-2.9	1.0	-0.4	-3.0
UK	-4.3	-10.5	-13.0	-3.7	7.9	0.7	4.4	163.3	85.9	4.4	-0.8	1.0	-0.5	-3.3

Source: 2020 AMR. Boxes shaded in grey indicate values outside the threshold. A dedicated Eurostat website presents the latest available figure

Annex 3: The Social Indicators Scoreboard

	Equal opportunities and access to the labour market					Dynamic labour markets and fair working conditions					Public support / Social protection and inclusion			
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty or social exclusion	Youth NEET rate	Employment rate	Unemployment rate	Long-term unemployment rate	Real GDHI per capita (2008 = 100)	Net earnings of a full-time single worker earning AW	Impact of social transfers on poverty reduction	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care	Individuals' level of digital skills
Year	2018	2018	2018	2018	2018	2018	2018	2018	2017	2018	2018	2018	2018	2017
Best performers	EL, HR, IE, LT, PL, SI	FI, LV, SE, SK	CZ, FI, SI, SK	CZ, SI, SK	CZ, DE, LU	CZ, DE, EE, SE	CZ		BG, PL, RO	AT, DE, IE, LU, NL, UK	HU, IE	BE, ES, LU		FI, LU, NL, SE
Better than average	CZ, LU	BE, DK, EE, FR, PT, SI	AT, BE, DK, EL, FR, IE, MT, NL, PL, PT, SE	AT, DE, DK, FI, FR, HU, MT, NL, PL, SE	DK, LV, MT, SE, SK	CY, DK, FI, LT, LV, MT, NL, PT, SI, UK	DE, HU, MT, NL, PL, PT, RO, UK	**AT, CY, CZ, DE, DK, EE, HR, HU, LU, MT, NL, PL, PT, SE, UK**	DK, EE, HU, LT, SE, SK	BE, DK, FI, FR, SE	BE, CZ, FR, NL, PL, SI	EL, FR, PT, SE, SI	AT, CZ, DE, ES, HU, IE, LU, MT, NL	AT, CZ, DE, MT, UK
On average	AT, BE, CY, DE, FI, FR, LV, NL, SK, UK	BG, DE, ES, HR, IE, LU, NL, UK	CY, EE, HR, HU	BE, CY, IE, LU, PT	BE, FI, FR, HU, IE, LT, PL, PT	AT, BG, FR, HU, IE, LU, PL, SK	AT, BE, BG, DK, EE, FI, IE, LT, LU, LV, SE, SI, SK	BE, BG, FI, FR, IE, LT, LV, RO, SI, SK	BE, CZ, DE, FI, FR, IE, LU, LV, NL, PT, SI, UK	IT, MT	CY, DE, LU, MT, NL, SK	CY, DE, EE, FI, IE, IT, LV, UK	BE, BG, CY, DK, FR, HR, IT, LT, PL, PT, SE, SI, SK	BE, EE, ES, FR, LT, SI, SK
Good but to monitor		LT			AT, NL, SI						DK, FI	DK, NL		DK
Weak but improving	RO	MT	BG, ES	BG, EL, RO	CY, HR		CY, EL, ES, HR	EL, ES		BG, EE, HU, LT, LV	BG, EL	BG	EL	CY
To watch	BG, DK, EE, HU, PT, SE	AT, CY, CZ, HU, PL, SK	DE, IT, LU, UK	EE, ES, HR, IT, UK	EE, ES, UK	BE, RO	FR		AT, ES	CZ, EL, ES, HR, PL, PT, SI	BE, CZ, EE, HR, PT, UK	AT, HR, HU, LT, MT	FI, RO, UK	EL, HU, IE, LV, PL, PT
Critical situations	ES, IT, MT	EL, IT, RO	LT, LV, RO	LT, LV	BG, EL, IT, RO	EL, ES, HR, IT	IT	IT	CY, EL, IT	RO, SK	ES, IT, LT, LV, RO	CZ, PL, RO, SK	EE, LV	BG, HR, R

Source: 2020 Joint Employment Report, European Commission.