

Streamlining of the policy co-ordination processes

Council Report

The European Council in Barcelona requested the Council and the Commission to streamline policy co-ordination processes and to synchronise as soon as feasible the calendars for the adoption of the Broad Economic Policy Guidelines and of the annual Employment Package. The Council welcomes the Commission communication on streamlining and broadly endorses its suggestions. This joint report from the Council sets out the principles and main features for better streamlined policy co-ordination procedures. Where appropriate, this report takes account of other relevant processes.

The Council considers that streamlining should be guided by the objective to increase transparency and efficiency, avoid overlap and repetitions in the formulation of guidelines, ensure consistency, complementarity and coherence, and increase the focus on implementation of policy recommendations, and also to ensure an effective Council preparation of Spring European Council meetings.

Obviously, ensuring a high efficiency of the policy co-ordination processes is a permanent task. They should be kept under regular review so as to constantly increase their efficiency. For instance, the forthcoming enlargement will pose new challenges which need appropriate solutions. While recognising the importance of the different processes and initiatives, further streamlining will be necessary if a proliferation of processes is to be avoided.

In response to the Barcelona mandate, the Council recommends the following main changes to the current policy co-ordination framework:

1. **Focus on the medium-term.** The processes should focus on the medium and longer-term challenges. The strategies do not change every year. Therefore, the BEPGs and the Employment Guidelines and recommendations should be fully reviewed only every three years.

In the intermediate years, the updating of guidelines and recommendations should remain strictly limited. It should react to changes in the economic situation, and the focus should be on the main tasks in the coming 12 months for implementing the medium-term strategy.

2. **Focus on implementation.** The processes should focus on the outcomes to be achieved and on progress in implementation. In order to give more weight to implementation, the Council recommends that it be more closely involved in the annual monitoring of the implementation of guidelines.
3. **Clarification of the policy co-ordination cycle.** The Council considers that a clearly articulated annual policy-co-ordination cycle is important. The Spring European Council is the defining moment in that cycle. It reviews implementation and, on that basis, gives general political orientations on the main policy tasks in the year ahead. In order to better prepare the Spring European Councils, the Council recommends that the Commission's Spring Report and relevant implementation reports be presented as early in January as possible each year, in order to prepare the Council's contributions in time for the Spring European Council. To this end, the Ecofin Council intends to adopt conclusions on the Commission report on the implementation of the BEPGs every year and to prepare a Key Issues Paper on the BEPGs for the Spring European Council. The Employment, Social Policy, Health and Consumer Affairs Council should make a contribution, including key policy messages on employment and labour market issues, on the basis of the Treaty to the Spring European Council. Similarly, the Competitiveness Council intends to adopt a document, including its reaction to the implementation report on the Internal Market Strategy. The proposed timing would make it possible to take on board the most recent information and lessons drawn from the review of implementation efforts, but requires a tight scheduling for the preparation by the Council of the Spring European Council. The Council agrees with the Commission proposal of a Guidelines Package (including the Commission drafts for general and country-specific policy recommendations as contained in the BEPGs, the Employment Guidelines and the employment recommendations to Member States) to be presented in April each year.

4. **Streamlining of the annual reporting on implementation.** The Council recommends that a determined effort must be undertaken to streamline Member States' reporting obligations. National implementation reports should be submitted as free-standing reports as a package every Autumn. Stability and convergence programmes must be kept separate because of their link to national budget cycles.
5. **The roles of the BEPGs, the Employment Strategy and the Cardiff process.** Streamlining, including synchronisation, should strengthen the consistency and complementarity of the processes by better defining their respective roles. Overlaps and duplications should, wherever possible, be avoided, in particular by increased co-ordination and complementarity, while preserving the distinctive roles of the processes.

The BEPGs have been instituted by the Treaty and provide the overarching economic policy co-ordination instrument. These guidelines are the competence of the Ecofin Council, taking into account contributions from other relevant Council formations. They are "broad" in the sense of giving the main orientations for the economic policies of Member States and the Community. The BEPGs will continue to address macroeconomic policies and should focus increasingly on the medium- and long-term implications of structural policies (in particular the functioning of markets, prices, incentives and major institutional barriers) and on reforms aimed at promoting economic growth potential, employment and social cohesion, sustainable development, and the transition towards a knowledge-based economy

The Cardiff process monitors economic reform in Member States in order to improve the functioning of product (goods and services) and capital markets in the Community. The Cardiff process will continue to be surveyed by both the ECOFIN Council and the Competitiveness Council.

The Treaty provides for policy co-ordination on employment via the European Employment Strategy which has the leading role in giving direction to and ensuring co-ordination of the employment policy priorities to which Member States should subscribe. Under the Treaty the Employment Guidelines are required to be consistent with the BEPGs.

6. **Other related Processes.** Overlaps and duplications should be avoided, in particular by increased co-ordination and complementarity between the various processes, while preserving the distinctive roles of the processes. Further streamlining will be necessary to bring this about.

The Member States and the EU institutions concerned with these processes all have a responsibility to ensure complementarity and consistency. The Commission proposes to present the draft Broad Economic Policy Guidelines and the draft Employment Guidelines at the same time as part of the April Guidelines Package. The Commission is encouraged to take full advantage of this opportunity to ensure complementarity, consistency and the avoidance of unnecessary duplication from the outset.
