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## Council issues recommendations to member states on their economic and fiscal policies

The Council today<sup>1</sup> issued recommendations and opinions on economic, employment and fiscal policies planned by the member states ([10809/4/14 REV 4](#) + [11055/1/14 REV 1](#)).

It also issued a specific recommendation on the economic policies of the euro area ([10808/14](#)), as well as explanations in cases where its recommendations do not correspond with those proposed by the Commission ([10810/1/14 REV 1](#)).

The Council thereby concluded the current *European Semester*, an annual policy monitoring process, after the European Council's endorsement of the recommendations on 27 June.

Priorities for this year's *European Semester* were established by the European Council in March, and these were reconfirmed in June. The emphasis is on policies to enhance competitiveness, support job creation and fight unemployment, and on the follow-up to reforms to improve the functioning of labour markets.

Recent signs of economic recovery are encouraging, and demonstrate that joint efforts by the member states and EU institutions are bearing fruit. Economic growth has started to return and there is a modest rise in employment levels, even though in many parts of Europe unemployment -- in particular youth unemployment -- is still at unprecedented and unacceptable levels. Poverty and social exclusion remain major concerns.

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<sup>1</sup> At a meeting of the Economic and Financial Affairs Council, without discussion.

**P R E S S**

Thanks to the efforts of the member states, the correction of macroeconomic imbalances has progressed and public finances continue to improve. The possibilities offered by the EU's fiscal framework should be used to balance fiscal discipline with the need to support growth.

Given the persistently high debt and unemployment levels and the low nominal GDP growth, as well as the challenges of an ageing society and of supporting job creation, particularly for the young, fiscal consolidation must continue in a growth-friendly and differentiated manner. Structural reforms that enhance growth and improve fiscal sustainability should be given particular attention, including through an appropriate assessment of fiscal measures and structural reforms, while making best use of the flexibility that is built into the EU's Stability and Growth Pact.

The recovery remains fragile and uneven, and efforts to implement growth-enhancing structural reforms must continue and be enhanced in order to strengthen Europe's capacity to grow and create more and better jobs. Increased action is needed to reduce the tax wedge on labour, to reform product and services markets and public administrations, to improve the business environment and the research, development and innovation environment, to facilitate access to finance, enhance the functioning of network industries and reform education systems.

#### An annual policy monitoring process

The *European Semester* involves simultaneous monitoring of member states' economic and fiscal policies during a roughly six-month period every year.

In the light of policy guidance given by the European Council annually in March, the member states present each year in April:

- National reform programmes for their economic and employment policies. These set out a macroeconomic scenario for the medium term, national targets for implementing the "Europe 2020" strategy for jobs and growth, identification of the main obstacles to growth and measures to implement growth-enhancing initiatives.
- Stability or convergence programmes for their fiscal policies. Euro area countries present stability programmes, whereas non-euro member states present convergence programmes. These set out medium-term budgetary objectives, the main assumptions about expected economic developments, a description of fiscal and economic policy measures, and an analysis of how changes in assumptions are susceptible to affect fiscal and debt positions.

The Council then approves country-specific recommendations and opinions and, after endorsement by the European Council annually in June, these are adopted each year in July. The Council provides explanations in cases where the recommendations do not correspond with those proposed by the Commission.

This year's recommendations and opinions are addressed to 26 of the EU's 28 member states. Cyprus and Greece are subject to macroeconomic adjustment programmes, so to avoid duplication there are no country-specific recommendations for these two countries.

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The recommendations and opinions can be found in the following documents:

Belgium:	<a href="#"><u>10772/14 + 10772/14 COR 1</u></a>
Bulgaria:	<a href="#"><u>10773/1/14 REV 1</u></a>
Czech Republic:	<a href="#"><u>10775/1/14 REV 1</u></a>
Denmark:	<a href="#"><u>10777/14</u></a>
Germany:	<a href="#"><u>10783/14 + 10783/14 COR1</u></a>
Ireland:	<a href="#"><u>10785/1/14 REV 1 + 10785/1/14 REV1 COR1</u></a>
Estonia:	<a href="#"><u>10784/14 + 10784/14 COR1</u></a>
Spain:	<a href="#"><u>10786/14 + 10786/14 COR1</u></a>
France:	<a href="#"><u>10788/14 + 10788/14 COR1</u></a>
Croatia:	<a href="#"><u>10789/14</u></a>
Italy:	<a href="#"><u>10791/14 + 10791/14 COR1</u></a>
Latvia:	<a href="#"><u>10793/14 + 10793/14 COR2</u></a>
Lithuania:	<a href="#"><u>10794/14</u></a>
Luxembourg:	<a href="#"><u>10795/1/14 REV 1 + 10795/1/14 REV1 COR1</u></a>
Hungary:	<a href="#"><u>10796/1/14 REV 1</u></a>
Malta:	<a href="#"><u>10797/14</u></a>
The Netherlands:	<a href="#"><u>10798/1/14 REV 1 + 10798/1/14 REV1 COR1</u></a>

Austria: [10799/14 + 10799/14 COR1](#)  
Poland: [10800/14](#)  
Portugal [10801/14 + 10801/14 COR1](#)  
Romania: [10802/14](#)  
Slovenia: [10803/14 + 10803/14 COR1](#)  
Slovakia: [10804/14 + 10804/14 COR1](#)  
Finland: [10805/14 + 10805/14 COR1](#)  
Sweden: [10806/14](#)  
United Kingdom: [10807/14](#)  
Member states whose currency is the euro: [10808/14](#)

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