



European Semester Autumn Package: Creating an economy that works for people and the planet

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Today, the von der Leyen Commission launches a new European Semester cycle, the first of its mandate. It presents an ambitious, rebooted growth strategy focused on promoting competitive sustainability to build an economy that works for people and the planet.

The [Annual Sustainable Growth Strategy](#) delivers on the vision set out in President Ursula **von der Leyen's** [Political Guidelines](#). It sets out the economic and employment policy strategy for the EU, placing sustainability and social inclusion at the heart of the EU's economic policymaking, in line with the priorities enshrined in the [European Green Deal](#), the Commission's new growth strategy. It aims to ensure that Europe remains the home of the world's most advanced welfare systems, becomes the first climate-neutral continent and is a vibrant hub of innovation and competitive entrepreneurship. It will give Europe the tools to strive for more when it comes to social fairness and prosperity. More broadly, the sustainable growth strategy will help the EU and its Member States achieve the United Nations Sustainable Development Goals, which the Commission is integrating into the European Semester for the first time.

Valdis **Dombrovskis**, Executive Vice-President for An Economy that Works for People said: "A profound transformation of our economic model is underway. Climate change, digitalisation and changing demographics require us to adapt our economic policy, so that Europe remains a competitive force on the world stage and does so in a way that's sustainable and fair. At the same time, we need EU countries to strengthen their defences against the global risks on the horizon. I invite countries with fiscal space to further boost investment and those with a high level of debt to bring it down."

Paolo **Gentiloni**, Commissioner for Economy, said: *"Starting today, we place the climate transition at the heart of our economic governance. Because when we say the European Green Deal is Europe's new growth strategy, we mean it. One of my top priorities in the first year of my mandate will be to integrate the UN's Sustainable Development Goals into the European Semester. It is vital that we make a success of this important change to European economic policymaking."*

Nicolas **Schmit**, Commissioner for Jobs and Social Rights said: *"The new strategy integrates the principles of fighting inequalities and the pursuit of upward economic and social convergence enshrined in the European Pillar of Social Rights. The number of people in work today is at a record high, but disparities persist. In a fast changing world and an economy where innovation is key, we have to facilitate better access to the labour market and invest more in skills for those who need to adapt to the digital and green transition, especially the most vulnerable. Social fairness must be integral to every part of this new workstream."*

The Annual Sustainable Growth Strategy encompasses four interrelated and mutually reinforcing dimensions to address long-term challenges. These dimensions should guide structural reforms, employment policies, investments and responsible fiscal policies across all Member States to deliver an economy that works for people and the planet. The four dimensions are:

- environmental sustainability;
- productivity gains;
- fairness; and
- macroeconomic stability.

The European Semester will place a stronger focus on environmental sustainability by providing specific guidance to Member States on where structural reforms and investment towards a sustainable economic model are most needed. The policy guidance under the European Semester will also help to spur productivity gains: it will promote investment and structural reforms to foster research and innovation, improve access to finance, enhance the functioning of product and services markets, and remove bottlenecks in the business environment. Fairness should be safeguarded through the implementation of social policies to guarantee fair working conditions for all and to allow people to adapt to changing circumstances at a time of important transformations. Macroeconomic stability should be preserved by respecting the fiscal rules, while using the full flexibility built into them, addressing imbalances and completing Europe's Economic and Monetary Union (EMU).

Further Reports

The [Recommendation on the economic policy of the euro area](#) calls on euro area Member States to take measures to achieve inclusive and sustainable growth, as well as to boost competitiveness. It also calls for differentiated fiscal policies as well as their further coordination in the framework of the Eurogroup in case of a worsening outlook. The recommendation also calls for more progress in deepening the EMU, notably through the completion of Banking Union and Capital Market Union, which will also help to strengthen the international role of the euro. These actions, when taken together, will help to address common challenges for the euro area as a whole.

The [Alert Mechanism Report](#), a screening device for macroeconomic imbalances, recommends that 13 Member States should undergo an "in-depth review" in 2020 to identify and assess the severity of possible macroeconomic imbalances. Member States need to continue to address the macroeconomic imbalances they are experiencing to prepare for long-term challenges and possible future shocks. The Member States identified for these reviews are Bulgaria, Croatia, Cyprus, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Romania, Spain, and Sweden.

The proposal for a [Joint Employment Report](#) analyses the employment and social situation in Europe and highlights the areas in which progress has been made, and where more needs to be done. 241.5 million people are now in work, unemployment in the EU is at a record low (6.3%), and labour market conditions are improving. However, gender inequality remains a substantial challenge, as does wage inequality; certain groups, in particular children and people with disabilities, are still at high risk of poverty or social exclusion; and youth unemployment is a serious concern in some Member States.

The [Single Market Performance Report](#) aims to assess the results and achievements of the Single Market. It has been integrated into the Semester cycle for the first time to highlight the importance of implementing reforms that facilitate the smooth functioning of the Single Market. The report shows that goods markets present a high level of integration while services markets present the highest potential for further integration. Significant progress has also been achieved in the integration of energy markets, but cross-border energy trade and competition in energy markets must be improved. Ensuring high standards of environmental protection and product safety is a major component of the performance of the Single Market spanning over a broad range of economic activities. The delivery of the full potential of the Single Market depends on the implementation of structural reforms at national

level that can help to establish effective competition and improve the business environment. The increasing integration of Single Market issues in the Semester will facilitate the implementation of these reforms.

The [second annual monitoring report on the implementation of the 2018 Structural Reform Support Programme](#) shows that the programme can significantly contribute to the efforts of the Member States' authorities to identify and overcome structural weaknesses in the design and implementation of reforms. In 2018, 146 requests from 24 Member States were selected for funding from the programme. Of those, 93% relate directly to the strategic priorities of the EU in areas such as improving the operational capacity and efficiency of public administrations, modernising public financial management, reforming tax administrations and developing the digital economy.

Next steps

The European Council is invited to endorse the sustainable growth strategy presented today.

Member States should take account of the priorities identified by the Commission in its sustainable growth strategy in their national policies and strategies, as set out in their Stability or Convergence Programmes and their National Reform Programmes which they will submit next year. On that basis, the Commission will propose Country-Specific Recommendations (CSRs) as part of the European Semester Spring Package. The CSRs will be adopted by the Member States in the Council. Member States are thus ultimately responsible for their content and implementation.

President von der Leyen's Political Guidelines emphasised the importance of the European Parliament having a "louder voice" in economic governance. To this end, the Commission looks forward to engaging in a constructive dialogue with the Parliament on the contents of this package and each subsequent step in the European Semester cycle.

For More Information

[The European Semester Autumn 2019 Package: Questions & Answers](#)

[President von der Leyen's Political Guidelines](#)

[Annual Sustainable Growth Strategy 2020](#)

[Euro area recommendation 2020](#)

[Alert Mechanism Report 2020](#)

[Proposal for a Joint Employment Report 2020](#)

[Single Market Performance Report](#)

[The second annual monitoring report on the implementation of the 2018 Structural Reform Support Programme](#)

[Examples of reform support provided by the Structural Reform Support Service](#)

[Autumn 2019 Economic Forecast](#)

[Autumn Fiscal Package](#)

The [European](#) Semester

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Related documents

[Semester Economic situation.pdf](#)

[Semester ASGS.pdf](#)

[Semester SDGs Timeline.pdf](#)

[Semester SDGs.pdf](#)

[Semester Single Market Report.pdf](#)

[Semester Social indicators.pdf](#)