



**COUNCIL OF  
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**NOTE**

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from: Presidency  
to: Delegations

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Subject: European Semester - Annual Growth Survey 2013  
- Presidency Issues note

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Delegations will find attached a Presidency issues note on Annual Growth Survey 2013.

Encl.:

## European Semester - Annual Growth Survey 2013

### Issues for discussion

The main objectives of the introduction of the European semester are to strengthen economic policy coordination in the EU and to give more effective and ex-ante policy guidance to Member States through a more integrated approach to country surveillance. To the same effect, and as part of proposed new legislation (two pack), the Commission will monitor and assess draft budgetary plans of euro area Member States.

As the European semester exercise matures, the Country-Specific-Recommendations (CSRs) adopted under the European Semester process are not expected to significantly change from year to year. This makes **focus on implementation and results** all the more relevant.

The Commission published its Annual Growth Survey (AGS) on 28 November 2012, which marked the start of the third European semester cycle. The purpose of the AGS is to set out the economic and social priorities for the EU in 2013, by providing overall guidance to the Member States and the EU in conducting their policies. The AGS will influence the content of the CSRs.

The Commission considers in the AGS that the priorities identified in last year's Survey remain broadly valid and that efforts at national and EU level in 2013 should again be concentrated on the following five priorities:

- Pursuing differentiated, growth-friendly fiscal consolidation
- Restoring normal lending to the economy
- Promoting growth and competitiveness for today and tomorrow
- Tackling unemployment and the social consequences of the crisis
- Modernising public administration.

According to the AGS, the short-term challenge is to restore confidence and stabilise the economic and financial situation, while carrying out structural reforms which will lay the foundations for a sustainable job-rich recovery and will allow the economy to transform itself in the medium term.

The implementation of reforms is underway and important adjustments are still taking place, but there are already signs that in the course of 2013 we will begin to see a recovery. Notably, in those Member States which have undertaken deep reforms, efforts are starting to bear fruit: imbalances are being reduced and competitiveness is improving. To restore confidence and to return to growth, it is also crucial to maintain the pace of reforms.

### **Issues for discussion**

Ministers are invited to discuss the priorities for Member States and the EU as a whole to promote growth and employment also in the short and medium term, within the consolidation and reform agenda - i.e. how to implement growth friendly fiscal consolidation that is accompanied with appropriate and well-targeted reforms. This discussion would provide input for the preparation of the upcoming February 12 ECOFIN conclusions providing guidance to Member States, as well as for the preparation of the discussion on these issues by the Heads of State and Government at the March European Council. This guidance will provide a basis for the Stability and Convergence Programmes (SCPs) and NRPs to be prepared by Member States and, later on, the formulation of Country Specific Recommendations.

At the ECOFIN on 22 January, Ministers are invited to discuss issues identified by the Presidency or any other issues Ministers consider important for the next phases of the European semester.

### **Issues for discussion:**

**Taking account of the five AGS priorities, are there other areas/priorities that should be given greater consideration?**

**Recognising that there is a balance to be struck and trade-off to be made between the short term and the longer run;**

- to what extent do you think that it is important to give greater focus to optimising the composition of expenditure measures that are designed to enhance future growth potential?; and**
- to what extent do you think that a more differentiated approach to fiscal consolidation needs to be taken into account having regard to country-specific factors that are in existence?**

**Given the challenges facing the financial sector, the need to restore normal lending to the economy and help growth, do you agree that there is a growing role for non-bank financing and that it is a priority for further exploration, including at the April Informal ECOFIN?**

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