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UEM 174
SOC 422
EMPL 329
COMPET 437
ENV 535
EDUC 254
RECH 206
ENER 248
JAI 528**

NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Explanations of modifications to Commission Recommendations for the Country Specific Recommendations

Delegations will find attached the explanations of modifications to Commission Recommendations for the Country Specific Recommendations for each Member State (Commission Recommendations for Council Recommendations on Member States' 2017 national reform programmes and delivering a Council opinion on Member States' stability and convergence programmes).

This note follows from Article 2-ab(2) of Regulation (EU) No. 1175/2011 of the European Parliament and the Council, by which the Council is expected to, as a rule, follow the Recommendations and proposals of the Commission or explain its position publicly, with a view to ensuring greater transparency and accountability in the process of multilateral surveillance and the results of the Country Specific Recommendations in the context of the European Semester.

Explanatory note

- Accompanying document to Council Recommendations to Member States under the European semester 2017

Article 2ab)(2) of Regulation 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, which makes part of the section on "Economic dialogue", states that "*The Council is respected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly*".

In respect of this "comply or explain rule", the Council hereby presents the following explanations on agreed modifications to Commission Recommendations for Country-Specific Recommendations (CSRs) to Member States, in the context of the 2017 European semester, to which the Commission does not agree.

The Council has also agreed to a number of additions, as well as factual or technical changes to recommendations, with the full support of the Commission.

Germany

CSR 1

Commission text:

Use fiscal policy to support domestic demand and achieve a sustained upward trend in investment. Accelerate public investment at all levels of government, especially in education, research and innovation, and address capacity and planning constraints for infrastructure investments. Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions.

Agreed text:

While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand as well as to achieve a sustained upward trend in investment. Accelerate public investment at all levels of government, especially in education, research and innovation, and address capacity and planning constraints for infrastructure investments. Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions.

Explanation:

It was agreed that the changes are based on the language for the euro area CSR for 2017 and last year's CSRs for Member States that outperformed the Medium-Term Objective.

The Netherlands

CSR 1

Commission text:

Use fiscal policy to support domestic demand, including investment in research and development. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.

Agreed text:

While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand, including investment in research and development. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.

Explanation:

It was agreed that the changes are based on the language for the euro area CSR for 2017 and last year's CSRs for Member States that outperformed the Medium-Term Objective.
