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NOTE

From:	Presidency
To:	Delegations
Subject:	The European Semester and the Economy of Wellbeing
	- Presidency steering note

Delegations will find attached the Presidency steering note on the above subject, with a view to the lunch debate at the EPSCO Council on 8 July 2019.

The European Semester and the Economy of Wellbeing

Since 2011, the European Semester process has been playing an important role in identifying major structural problems and challenges in the Member States and addressing them by way of multilateral discussions and surveillance, as well as through policy guidance, sharing of information and exchange of good practices.

The European Semester is a key instrument for holding systematic policy discussions in different Council formations. Besides macroeconomic imbalance surveillance, it is based on integrated economic and employment guidelines covering macroeconomic, microeconomic, employment, education, social and health issues. Furthermore, the European Semester serves as a means of following progress on the current Europe 2020 Strategy and on key areas covered by the European Pillar of Social Rights.

The "Economy of Wellbeing" concept seeks to increase our understanding of how wellbeing policies – encompassing employment, social, health, education and gender-equality policies – boost economic growth and productivity and support fiscal sustainability as well as societal stability. The "Economy of Wellbeing" is a horizontal approach which stresses that wellbeing policies and economic success are closely interlinked and mutually reinforcing. The European Semester is key in enhancing such cross-sectoral collaboration.

The level of wellbeing and the level of public expenditure on wellbeing, encompassing social, health, employment and education policies, vary markedly between the Member States. Wellbeing services, however, account for a major share of the national budget in every Member State, making them a focal point for the EU's fiscal surveillance within the framework of the Growth and Stability Pact.

A horizontal analysis within the European Semester process helps to provide balanced country-specific recommendations to the Member States. Cross-sectoral collaboration is essential for this approach. The joint work carried out by the Social Protection Committee and the Economic Policy Committee on adequate and sustainable pension systems is a good example of this.

In preparing recommendations for the Member States in the context of the surveillance of macroeconomic imbalances, giving specific attention to wellbeing policies and to the impact of recommended actions on the wellbeing of the population helps in identifying policy measures to correct imbalances while at the same time minimising their negative impact on wellbeing and long-term growth.

In view of the above, Ministers are invited to address the following questions:

1. *What are your views on strengthening the mutually reinforcing link between economic policy and social, health and employment policies within the European Semester?*
2. *How can we ensure that fiscal surveillance and macroeconomic imbalance procedure take better into account the economy of wellbeing?*
3. *How can cross-sectoral cooperation within the European Semester be further improved?*
