

# European Semester Winter Package: reviewing Member States' progress on their economic and social priorities

The European economy is expanding robustly and the positive economic outlook is matched by an improved labour market and social situation. This reflects the reforms undertaken by Member States in recent years and provides a window of opportunity to further strengthen the resilience of the EU's economies and societies. Nevertheless, the recovery is not benefitting everybody in society equally and structural weaknesses are holding back growth and convergence in some Member States. That is why EU countries should use this momentum to further strengthen the foundations of their economies.

Today's 27 Country Reports (for all Member States except Greece, which is under a stability support programme) provide the annual analysis by Commission staff on the economic and social situation in Member States, including progress made in implementing Country-Specific Recommendations over the years. This analysis builds on intense dialogue at technical and political level with the Member States, as well as with stakeholders at all levels, as part of the European Semester of policy coordination.

For 12 Member States selected last November for an in-depth review, the Country Reports include an assessment of possible macroeconomic imbalances and the package provides an update of the categorisation of countries under the so-called Macroeconomic Imbalances Procedure.

For the first time, the Country Reports put a special emphasis on mainstreaming the priorities of the [European Pillar of Social Rights](#), proclaimed in November 2017. A specific focus is put this year on analysing skills challenges and how social safety nets operate at national level. Data from the Social Scoreboard are also used to keep track of employment and social performances.

This European Semester 2018 winter package follows the publication in November of the [2018 Annual Growth Survey](#) and the [recommendation](#) on the economic policy of the euro area, which set the priorities for the year ahead at European level. It now shifts the focus to the national dimension of the Semester and provides the underpinning for Member States to develop their annual national programmes by mid-April. Together with the Country Reports, the national programmes will be the basis for the Commission's proposals for the next round of Country-Specific Recommendations in May.

Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, said: *"Strong economies are those that keep addressing their weaknesses, even when times are good. Now that Europe's economy is growing at its fastest pace for a decade, this is precisely what our strategy should be, both at EU and national level."*

Commissioner Pierre **Moscovici**, responsible for Economic and Financial Affairs, Taxation and Customs, said: *“Eleven EU countries are still experiencing macroeconomic imbalances, which makes them vulnerable in case of shocks. Today, the European Commission notes that these imbalances are being corrected thanks to ongoing reforms and economic recovery, making Europe stronger. This is good news! The number of countries under this procedure has been falling since the crisis and today, we reward progress in Bulgaria, France, Portugal and Slovenia with a positive change of category. More efforts are needed in all countries. For millions of Europeans, life remains a daily struggle, which is why all governments must do more to tackle inequality, unemployment and job insecurity.”*

Commissioner Marianne **Thyssen**, in charge of Employment, Social Affairs, Skills and Labour Mobility, said: *“With the proclamation of the European Pillar of Social Rights, we have put investing in skills, reducing inequalities, social fairness and inclusive growth on top of the agenda. We now need to keep track of the performance of the Member States on the principles and rights included in the Pillar, to make them a reality on the ground.”*

### **Progress with Country-Specific Recommendations**

As every year, the Country Reports assess Member States' progress in tackling their main economic and social challenges and in implementing past Country-Specific Recommendations (CSRs). Looking at progress over the years, Member States achieved at least “some progress” with regard to more than two-thirds of the recommendations.

Reform implementation has been solid in some key areas. Since the outset of the European Semester in 2011, Member States have made most progress in financial services and in fiscal policy and fiscal governance. Significant progress has also been made in addressing access to finance, in employment protection legislation and frameworks for labour contracts. Policy highlights for all Member States are included in the Country Reports.

Today, the Commission also adopted the [2018 Work Programme for the Structural Reforms Support Programme](#) (SRSP) that will provide support to Member States to carry out reforms, especially those prioritised in the Country-Specific Recommendations.

In 2018, more than 140 projects will be supported in 24 Member States.

### **Addressing macroeconomic imbalances**

Last [November](#), the Commission launched in-depth reviews for 12 Member States to analyse whether they were experiencing macroeconomic imbalances and to assess the gravity of these imbalances. The 12 Member States examined in depth this year were all identified to experience imbalances or excessive imbalances last year. The Commission has now concluded that 11 out of the 12 Member States examined are facing either imbalances (8) or excessive imbalances (3). The summary of the in-depth reviews outcome is as follows:

- **Croatia, Cyprus and Italy** are experiencing excessive economic

imbalances.

- **Bulgaria, France, Germany, Ireland, the Netherlands, Portugal, Spain and Sweden** are experiencing economic imbalances. For **Bulgaria, France and Portugal** this is a de-escalation from excessive imbalances last year.
- **Slovenia** is no longer experiencing economic imbalances.

For Bulgaria and Portugal the Commission underlined that further efforts remain necessary to achieve a sustainable correction of the imbalances.

## **European Pillar of Social Rights**

The social dimension of the European Semester has been further enriched this year by mainstreaming the priorities of the European Pillar of Social Rights. The Country Reports also make use of the data gathered via the [Social Scoreboard](#) to keep track of employment and social performances. Situations and priorities naturally vary, and the analysis takes account of this diversity. Areas of particular concerns in some Member States include the provision of adequate skills, persistent gender employment gap, high labour market segmentation and the risk of in-work poverty, the low impact of social transfers on poverty reduction, sluggish wage growth and ineffective social dialogue.

## **What next?**

The Country Reports provide the Commission's assessment of the situation in each Member State and a basis for all stakeholders to engage. The Council is expected to discuss the reports together with the results of the in-depth reviews. The Commission will hold bilateral meetings with the Member States on their respective reports. The Vice-Presidents and Commissioners will visit Member States to meet governments, national parliaments, social partners and other stakeholders and discuss the findings from the reports.

The next step for Member States is to present their economic and social policy priorities in their national reform programmes and stability and/or convergence programmes (setting out budgetary priorities) by mid-April in the light of the challenges identified, also taking into account the priorities of the 2018 Annual Growth Survey and the recommendation on the economic policy of the euro area. The Commission recommends that these programmes be drawn up with the support of National Parliaments and of all key stakeholders, such as social partners, regional and local authorities, and civil society organisations as appropriate.

The Commission will propose a new set of Country-Specific Recommendations in May.

## **Background**

The Winter Semester Package is part of the annual cycle of policy coordination at EU level, [the European Semester](#). It follows the publication in November of the [2018 Annual Growth Survey](#) and the [euro area recommendation](#), which set the priorities for the year ahead at European level. It now shifts the attention to the national dimension of the European

Semester.

It is based on the latest data from the Commission's [Winter Interim 2018 Economic Forecast](#) and it builds on the analyses and recommendations of the [European Semester Autumn Package 2017](#). The Country Reports provide the underpinning for the Member States to develop their national programmes by mid-April and for the Commission's upcoming Country-Specific Recommendations later in spring.

### **Further Information**

Memo: [European Semester Winter Package](#)

[Country Reports](#)

[Chapeau communication on the country reports](#)

[Specific monitoring reports under the MIP](#)

[SRSP 2018 Annual work programme](#)

[Annual Growth Survey 2018](#)

[Alert Mechanism Report 2018](#)

[Euro area recommendation 2018](#)

[Draft Joint Employment Report 2018](#)

[European Pillar of Social Rights](#)

[Visual presentation of the European Semester cycle](#)

[Thematic factsheets](#)

Follow Vice-President Dombrovskis on Twitter: [@VDombrovskis](#)

Follow Commissioner Thyssen on Twitter: [@mariannethyssen](#)

Follow Commissioner Moscovici on Twitter: [@pierremoscovici](#)

Follow DG ECFIN on Twitter: [@ecfin](#)

---

**[More Commission support for industrial regions to build resilient and](#)**

# competitive economies

Today, the Commission has selected 7 additional EU regions and Member States for tailored assistance under [the Commission pilot action](#) on industrial transition: Cantabria (Spain), Centre-Val de Loire (France), East-North Finland, Grand-Est (France) and Greater Manchester (United Kingdom) as well as Lithuania and Slovenia.

Commissioner for Regional Policy Corina Crețu said: *“Industrial transition is a major challenge for our economy and society. We need to find new ways to ensure that everyone everywhere can benefit from the opportunities of innovation and technological change. I am very glad that we will be working with 10 regions and two Member States to help them make full use of their strengths and potentials to embrace innovation, decarbonisation, digitisation, and to develop the skills for the future.”*

## **Transforming the regions' economies**

The 2 Member States and 5 regions selected today are joining 5 regions that were already selected in [December 2017](#): Hauts-de-France (France), Norra Mellansverige (North-Middle Sweden), Piemonte (Italy), Saxony (Germany) and Wallonia (Belgium). Given the number of applicants, the Commission had renewed the call of interest to allow more regions to participate.

The selected authorities will be able to develop or redesign strategies for regional economic transformation based on their [smart specialisation](#) priorities i.e. the regions' niche areas of competitive strengths. Tailored assistance will be offered by the Commission services, external experts and the Organisation for Economic Co-operation and Development ([OECD](#)) to help prepare for the jobs of the future, broaden innovation, support the transition to a low-carbon economy, encourage entrepreneurship and promote inclusive growth.

Up to €200,000 per region is available from the European Regional Development Fund ([ERDF](#)) to cover the costs of external expertise that might be needed to support the work of the regions. A grant of maximum €300,000 per region, also from the ERDF, will support the early implementation of their regional economic transformation strategies, subject to sufficient progress in their development.

The strategies for regional transformation should be ready by end of 2018 so that the measures they entail can be implemented as of 2019.

## **Background**

The industrial transition regions pilot action is part of [a new set of actions](#) presented by the Commission in July 2017 in its Communication [“Strengthening Innovation in Europe's Regions”](#), to reinforce growth and job creation and reduce the Innovation Divide.

These smart specialisation pilot actions reflect a new way for the Commission

to work in partnership with regions and Member States and to provide support and expertise under different European policies for cohesion, research and innovation, education and skills and industrial competitiveness. This approach is also outlined in a [set of recommendations](#) and accompanying [policy paper](#) on Research and innovation and Cohesion policy, published today by the Commission's department for regional and urban policy.

### **More information**

[Factsheet – Pilot action: regions in industrial transition](#)

[Factsheets – smart specialisation in the selected industrial transition regions](#)

[Factsheet – what is smart specialisation?](#)

[MEMO – Challenges ahead: boosting innovation-led growth in EU regions](#)

[Communication – Strengthening Innovation in Europe's regions](#)

---

## **West End recycling changes** **#dundeewestend**

In you live in the areas of either Phase 1 or Phase 2 of the recycling rollout (introduction of current recycling services back in 2015) what you put in your waste and recycling bins is changing – including how often they are collected.

This affects most of the West End Ward apart from the Perth Road Lanes area which was in Phase 4 (last year – 2017).

The council is making these changes because the Scottish Government's Household Recycling Charter has been introduced and it changes what will go into the blue bin and the burgundy bin.

Residents affected will have by now received a mailing from the council explaining the changes which are effective from 16th April 2018. You can read more [here](#).

You should continue to use your bins as normal until then and the council is running information sessions as indicated below – including at Tesco Riverside and Blackness Library – all welcome!

# Your NEW City-wide Recycling Service Information Sessions

Come along to one of our Information Sessions below to find out more about the changes to your collection service. Staff will be available during these times to discuss your new services.

	Date	Time	Location
Monday	19th Mar	4.30pm - 6.30pm	<b>Blackness Library</b> 225 Perth Road, DD2 1EJ
Wednesday	21st Mar	2.00pm - 4.00pm	<b>Broughty Ferry Library</b> Queen Street, DD5 2HN
Thursday	22nd Mar	4.30pm - 6.30pm	<b>Tayview Primary School</b> Dickson Avenue, DD2 4EH
Saturday	24th Mar	11.00am - 2.00pm	<b>Tesco Extra</b> South Road, DD2 4SR
Monday	26th Mar	4.00pm - 7.00pm	<b>Sainsbury's</b> 1 Tom Johnston Road, DD4 8XD
Thursday	29th Mar	12noon - 3.00pm	<b>Tesco Extra</b> Riverside Drive, DD2 1UG

[www.dundee.gov.uk/recyclefordundee](http://www.dundee.gov.uk/recyclefordundee)

[recycle@dundee.gov.uk](mailto:recycle@dundee.gov.uk)

01382 434300

## [Let the UK be a voice for free trade](#)

Most economists and most western governments agree that the more you free trade the more prosperous the participating countries will be. It is clearly true in theory. If Country A removes tariffs or other barriers to importing better and cheaper items it will be better off by the amount it saves on the imports, whether the other side similarly liberates or not. If both sides remove barriers then clearly both will be better off, as each will

concentrate on what they are best at, lifting the buying power and living standards in both countries.

Today the theory of free trade and international specialisation is under threat, both from Mr Trump who thinks tariffs and a trade war might be good for the USA, and from China, the EU and others who impose tariffs and non tariff barriers against trade whilst claiming to believe in free trade. It is the huge German/EU surplus on its US trade, and the Chinese surplus with the USA that has triggered Mr Trump's interest in the first place. He argues that there is an excessive imbalance because China and the EU do not play fair. He points to cheap currencies, state subsidy of overcapacity and below cost prices for some Chinese goods, and the EU tariff of 10% on all imported cars as part of his case. He says he wants to rework NAFTA and explore bilateral trade deals that are fair to the USA and to the other party. He thinks a bad trade deal is damaging to US interests, undermining jobs and incomes at home as the US comes to rely on cheap imports and foreign exchange borrowings to pay for them. He points to high levels of protectionism on agricultural produce in the EU and the NAFTA area.

A trade war will make losers of all involved. What country A gains on domestic production by pricing out imports it loses on exports to Country B who retaliates, and loses out from the higher price level in its own country squeezing real incomes. With a steel tariff on imports into the US, for every steel job at home that helps, several steel using jobs at home are weakened.

At this juncture the UK stands close to the point where it is an independent country again capable of pursuing its own free trade policy globally through its membership of the WTO and its worldwide network of diplomatic and business contacts. This is a good time to make the case for freer world trade and to lead negotiations at the WTO to put new life into removing tariffs and other barriers. They are still universally high on agriculture, and a wider issue with many emerging market countries that retain high levels of protection in ways that are unhelpful to themselves.

---

## **News story: Crown Prince Mohammed bin Salman of Saudi Arabia's visit, March 2018**

His Royal Highness Mohammed bin Salman is visiting the UK for the first time since he became Crown Prince in June 2017 and since Saudi Arabia started a major programme of domestic reforms. Saudi Arabia is amongst the largest political, diplomatic and economic power in the Middle East, and the visit will usher in a new era in our bilateral relations with one of our oldest friends in the region.

The Crown Prince's visit builds on the Prime Minister's visit to Saudi Arabia in [November 2017](#). It will help to enhance our co-operation in tackling international challenges such as terrorism, extremism, the conflict and humanitarian crisis in Yemen and other regional issues such as Iraq and Syria.

Saudi Arabia has also set out Vision 2030, a roadmap to open up the country's economy over the next 15 years. This will provide opportunities for British businesses in sectors including education, entertainment and healthcare where they have world-class expertise. It also includes plans for Saudi Arabia to become a global investment powerhouse and the Crown Prince's visit will help explore ways in which Saudi Arabia can build on its investment in the UK in sectors such as infrastructure.

## **British Ambassador Simon Collis talks about the ties between our two countries**

[Saudi Crown Prince Visit](#)

[Britain's relationship with Saudi Arabia begins a new chapter](#)

## **Find out more about the Crown Prince's visit**

- [Prime Minister Theresa May looks ahead to the visit](#)
- [Saudi reformer Mohammed Bin Salman deserves our support: Foreign Secretary's article](#)