



European Semester: The Spring Package explained

Brussels, 20 May 2020

What does the European Semester Spring Package include?

The European Semester Spring Package includes:

- [A communication on the country-specific recommendations](#);
- [Country-specific recommendations for 27 Member States and the United Kingdom](#);
- [Reports under Article 126\(3\) of the Treaty on the Functioning of the EU \(TFEU\)](#);
- [The sixth enhanced surveillance report for Greece](#);
- Post-programme surveillance reports for [Spain](#) and [Cyprus](#).

How do the country-specific recommendations (CSRs) take into account the exceptional circumstances brought about by the coronavirus pandemic?

Following the outbreak of the coronavirus pandemic, the Spring Package was reoriented to address the new priorities of mitigating the socio-economic impact of the crisis and facilitating economic recovery, while keeping in sight the longer-term priorities.

The CSRs now focus on two aspects. First, the immediate fiscal, economic, employment and social responses to the crisis, with specific emphasis on health related aspects. Second, the medium-term reform and investment priorities to put the economies back on track to sustainable and inclusive growth, while integrating the green transition and the digital transformation.

The fiscal elements of the CSRs have also been adapted to take into account the activation of the general escape clause of the Stability and Growth Pact.

It is important to note that the CSRs adopted in previous cycles of the European Semester, prior to the onset of the coronavirus pandemic, also covered reforms that are essential to address medium to long-term structural challenges. These challenges have not gone away. Those recommendations, therefore, remain pertinent and will continue to be monitored throughout next year's European Semester annual cycle.

How do the CSRs reflect the Commission's priorities?

The Autumn 2019 Semester Package presented the Annual Sustainable Growth Strategy, based on promoting competitive sustainability to build an economy that works for people and the planet. The CSRs cover all four dimensions of competitive sustainability – stability, fairness, environmental sustainability and competitiveness - and also place a specific emphasis on health.

Moving towards a more sustainable economic model, enabled by digital and clean technologies, remains a key priority for the Commission.



How will the CSRs help support the economic recovery?

The coronavirus pandemic represents a major shock for the global and EU economies, with very severe socio-economic consequences. Despite the swift and comprehensive policy response at both EU and national level, the EU economy will experience a recession of historic proportions this year.

The CSRs, presented as part of the European Semester process of economic and social policy coordination, provide policy guidance to Member States on how best to tackle and mitigate the impact of the pandemic and restart growth. While measures have been adapted to country-specific situations, they all have the same objective of facilitating a return to growth.

The fiscal elements of the CSRs, in particular, recommend that Member States take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery.

Do the CSRs support reforms to national health systems?

Healthcare systems in Europe and around the world are under unprecedented pressure. The coronavirus pandemic has exposed pre-existing structural issues related to the accessibility, effectiveness and resilience of health systems.

The main objective in all Member States is to improve the immediate and long-term resilience of national health systems so that they are better prepared to handle emergencies such as the coronavirus pandemic. In addition, it is necessary to ensure the effectiveness and accessibility of quality health care.

The CSRs seek to promote improving the capacity of health systems to effectively absorb and adapt to future shocks and structural changes while sustaining day-to-day operations.

How do the CSRs address the social consequences of the coronavirus pandemic and the need to preserve employment?

Preserving employment, improving social protection systems and strengthening social safety nets are among key priorities of the CSRs. The CSRs contribute to the implementation of the [European Pillar of Social Rights](#) – the EU's social strategy to make sure that the transitions towards climate neutrality, digitalisation and demographic change are socially fair and just.

The CSRs promote flexible working arrangements and teleworking to maintain jobs and production. This would also help the work-life balance in a phase when unpaid care has substantially increased due to school and day-care closures in several Member States.

The CSRs aim to reinforce unemployment protection and provide adequate income replacement to all unemployed, irrespective of their previous employment status.

Some Member States will need better active labour market policies to help people find jobs during the recovery, notably through upskilling and reskilling, including on digital skills. Equal access to distance learning needs to be reinforced. This is particularly important for students from disadvantaged households or those living in rural or remote areas, to avoid that prolonged school closures aggravate education inequalities.

Do the CSRs support the green and digital transitions despite the coronavirus pandemic?

The Commission remains committed to supporting the green and digital transitions.

Rebuilding the economy and putting growth back on track, integrating the green transition and the digital transformation is one of the key areas of focus of this year's CSRs.

It will be important to keep the focus on how to "revitalise" the economy after the acute phase of the pandemic. This can be achieved by front-loading planned sustainable investment projects and advancing environmental, climate, clean energy and infrastructure investment. Investment in 'high social impact' infrastructure can help the provision of relevant public goods and address societal imbalances.

Do the CSRs still support achieving the United Nations Sustainability Development Goals despite the coronavirus pandemic?

The pandemic underlines the interconnectedness of economic, social and environmental spheres and the need for a holistic development strategy to bring economies back on track towards inclusive and sustainable growth.

For this reason, the Commission remains committed to integrating the United Nations' Sustainable Development Goals (SDGs) in the European Semester of economic policy coordination.

The Semester provides the framework for continuous economic and employment policy coordination in the Union. It promotes reforms and investments that benefit the people and respect the limits of our natural resources so that no one is left behind and that countries can continue to make progress toward achieving the SDGs.

By ensuring the full implementation of the recommendations, Member States will contribute to progress towards achieving the SDGs and to the common effort of ensuring competitive sustainability in the Union.

Is there any distinction between the CSRs targeting short-term emergencies and medium-term structural issues?

The CSRs focus on two dimensions: the short-term response to the coronavirus, and the medium-term measures needed for putting the Member States' economies back on track, while also contributing to the green and digital transitions.

The two dimensions are closely interrelated as the effectiveness of the short-term response to the pandemic will contribute to the capacity of the economy to recover from the shock.

Urgent priorities include investment in public health to mitigate the impact of the pandemic outbreak, income support to the most affected households, liquidity support to firms and households and measures to preserve the integrity of the Single Market.

To rebuild their economies and put them back on track toward sustainable and inclusive growth, Member States will also have to integrate the green and digital transitions and tackle the structural challenges and vulnerabilities identified in the country reports and earlier CSRs.

How will the Commission support Member States to implement the CSRs?

The Commission's Structural Reform Support Programme (SRSP) helps Member States prepare, design and implement reforms. The SRSP is closely linked to the European Semester as it aims to improve the implementation of reforms, including those highlighted in the CSRs and the country reports. The Commission is currently engaged, through the SRSP and other programmes, in more than 1,000 reform projects in all Member States.

This year the CSRs also tackle challenges Member States face due to the coronavirus pandemic. In order to implement reforms responding to these priorities, Member States will be able to use specific funding to complement national efforts.

The Commission has acted quickly to provide Member States with all the flexibility they need to support their health systems, their workers and businesses. In addition, it has set up various support instruments. Among these, the [Coronavirus Response Investment Initiative](#) to provide €37 billion, including in liquidity to small businesses and the health sector.

The European Structural and Investment Funds will also be used with maximum flexibility on the response to the coronavirus. This means that there will be no limit on transfers between funds or between regions, no limits on spending per policy objective, and no requirements on co-financing.

Another important initiative is SURE, an EU-wide scheme to mitigate unemployment risks and to help workers keep their income and help businesses stay afloat and retain their staff and their skills. SURE will provide financial assistance of up to €100 billion in EU loans.

How is the activation of the general escape clause reflected in the CSRs? Why is there no quantitative fiscal guidance?

The application of the general escape clause allows the Commission and the Council to undertake the

necessary policy coordination measures within the framework of the [Stability Growth Pact](#), while departing from the budgetary requirements that would normally apply.

Why has the Commission prepared Article 126.3 reports following the activation of the general escape clause?

The Commission is bound to prepare reports under Article 126(3) of the Treaty on the Functioning of the EU in case of an observed or planned breach of the 3% of GDP threshold for the deficit, or an observed breach of the debt rule. The activation of the general escape clause does not change this requirement.

For this reason, the Commission has prepared Article 126(3) reports as part of its Spring package, but it does not currently envisage the opening of excessive deficit procedures.

Why has the Commission presented country-specific recommendations for the United Kingdom?

Following the United Kingdom's withdrawal from the EU, on 1 February 2020 the UK entered a transition period until at least the end of 2020 during which most Union law applies to the UK. The UK therefore remains part of the European Semester process.

Do the CSRs address the identified macroeconomic imbalances?

The Commission continues to apply the [macroeconomic imbalances procedure](#). It aims to identify, prevent and address the emergence of potentially harmful macroeconomic imbalances that could adversely affect economic stability in a particular Member State, the euro area, or the EU as a whole.

The in-depth reviews presented as part of the [Winter 2020 Semester Package](#) found that Greece, Italy and Cyprus are experiencing excessive imbalances. They also identified Germany, Ireland, Spain, Netherlands, France, Croatia, Portugal, Romania and Sweden as experiencing imbalances. This assessment remains in force, even if it did not take the impact of the coronavirus pandemic into account in its analysis.

The CSRs take into account the need to tackle the coronavirus pandemic and facilitate the economic recovery as an important step to prevent new imbalances from emerging in the future.

What are the next steps with regard to the CSRs?

The Commission calls on the Council to endorse the proposed approach for the CSRs.

The Commission also calls on Member States to implement them fully and in a timely manner, in a dialogue with social partners, civil society organisations and other stakeholders at all levels. The Commission will continue to engage with Member States and national stakeholders throughout the Semester process to ensure broad ownership and effective follow-up and implementation.

What are the main findings of the sixth enhanced surveillance report for Greece?

The enhanced surveillance framework facilitates continued support for the completion, delivery and implementation of reforms agreed under Greece's stability support programme, in line with the commitments made by the Greek authorities.

The report concludes that, considering the extraordinary circumstances posed by the coronavirus pandemic, Greece has taken the necessary actions to achieve its due specific reform commitments.

The report welcomes that the Greek authorities continue their efforts to pursue ongoing reforms where possible and decided to proceed with a set of complementary policy commitments.

The report also notes that, looking ahead, mobilising resources to step up reform implementation efforts in areas affected by previous delays, including financial sector reforms, will be important to underpin confidence and support a sustainable recovery.

What are the main findings of the post-programme reports for Cyprus and Spain?

The post-programme surveillance (PPS) reports for Cyprus and Spain present the findings of the most recent surveillance cycles undertaken by Commission staff, in liaison with staff from the ECB.

The PPS report for Cyprus notes that challenges have increased as a result of the effects of the coronavirus pandemic but risks are expected to dissipate gradually once the recovery starts to feed through. Although gross financing needs have increased significantly this year due to the pandemic, the government has secured its financing and is thus well positioned from this perspective to handle the impact of the health and economic crisis.

The PPS report for Spain notes that the resilience of the Spanish economy and financial sector, as well as Spain's enhanced debt profile, reduce the vulnerabilities stemming from the coronavirus pandemic. The full impact of the coronavirus crisis on the Spanish banking sector cannot be assessed yet, but the resilience of the sector built during the past few years will help to preserve its overall stability.

Further Information

[European Semester 2020 Spring Package: Press release](#)
[Communication on the country-specific recommendations](#)
[Country-specific recommendations](#)
[Factsheet: European Semester Spring Package](#)
[Reports under Article 126\(3\)](#)
[Sixth enhanced surveillance report for Greece](#)
[Post-programme surveillance report for Spain](#)
[Post-programme surveillance report for Cyprus](#)

[European Semester 2020: Country reports](#)
[Spring 2020 Economic Forecast](#)
[Stability and Growth Pact](#)
[Macroeconomic imbalance procedure](#)
[The European Semester](#)

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Press contacts:

[Marta WIECZOREK](#) (+32 2 295 81 97)
[Enda MCNAMARA](#) (+32 2 296 49 76)
[Siobhán MILLBRIGHT](#) (+32 2 295 73 61)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)