



Brussels, 2.3.2015
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Recommendation for a

COUNCIL RECOMMENDATION

On broad guidelines for the economic policies of the Member States and of the Union

EXPLANATORY MEMORANDUM

The Treaty on the Functioning of the European Union provides that Member States are to regard their economic policies and promoting employment as a matter of common concern and shall coordinate their action within the Council. In two distinct articles, it provides that the Council is to adopt broad economic policy guidelines (Article 121) and employment guidelines (Article 148), specifying that the latter must be consistent with the former. Given this legal basis, the guidelines for employment and economic policies are presented as two distinct – but intrinsically interconnected – legal instruments:

- A Council Recommendation on broad guidelines for the economic policies of the Member States and of the Union – Part I of the Integrated Guidelines;
- A Council Decision on guidelines for the employment policies of the Member States – Part II of the Integrated Guidelines.

The guidelines were first adopted together ('integrated package') in 2010, underpinning the Europe 2020 strategy. It was also decided in 2010 that the integrated guidelines should remain largely stable until 2014. Whilst the broad economic policy guidelines remain valid for any duration of time, the employment guidelines need to be drawn up each year.

The guidelines, other than framing the scope and direction for Member States' policy coordination, also provide the basis for country specific recommendations in the respective domains.

The current set of 'integrated guidelines' are to underpin the Europe 2020 strategy within the context of the new approach to economic policy making built on investment, structural reform and fiscal responsibility as set out in the Commission's 2015 Annual Growth Survey. At the same time, the integrated guidelines are to support the achievement of smart, sustainable and inclusive growth and the aims of the European Semester of economic policy coordination.

The "Integrated Guidelines" are the following:

Guideline 1: Boosting investment

Guideline 2: Enhancing growth by the implementation of structural reforms

Guideline 3: Removing key barriers to growth and jobs at EU level

Guideline 4: Improving the sustainability and growth-friendliness of public finances

Guideline 5: Boosting demand for labour

Guideline 6: Enhancing labour supply and skills

Guideline 7: Enhancing the functioning of labour markets

Guideline 8: Ensuring fairness, combatting poverty and promoting equal opportunities

COUNCIL RECOMMENDATION

On broad guidelines for the economic policies of the Member States and of the Union

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(2) thereof,

Having regard to the recommendation from the European Commission,

Having regard to the conclusions of the European Council,

Whereas:

(1) Member States should regard their economic policies as a matter of common concern and coordinate them within the Council. Employment guidelines and broad economic policy guidelines should be adopted by the Council to guide Member States' and Union policies.

(2) In accordance with the Treaty provisions, the Union has developed and implemented policy coordination instruments for fiscal policy and macro-structural policies. The European Semester combines the different instruments in an overarching framework for integrated multilateral economic and budgetary surveillance. The streamlining and strengthening of the European Semester as set out in the Commission's 2015 Annual Growth Survey will further improve its functioning.

(3) The financial and economic crisis revealed and emphasised important weaknesses in the economy of the Union and its Member States. It has also underscored the close interdependence of the Member States' economies and labour markets. Moving the Union to a state of strong, sustainable and inclusive growth and job creation is the key challenge faced today. This requires coordinated and ambitious policy action both on Union and national level, in line with the provisions of the Treaty and the Union economic governance. Combining supply and demand side measures, these actions should encompass a boost to investment, a renewed commitment to structural reforms and exercising fiscal responsibility.

(4) Member States and the Union should also address the social impact of the crisis and aim at building a cohesive society in which people are empowered to anticipate and manage change, and can actively participate in society and the economy. Access and opportunities for all should be ensured and poverty and social exclusion reduced, in particular by ensuring an effective functioning of labour markets and social welfare systems and removing barriers to labour market participation. Member States should also make sure that the benefits of economic growth reach all citizens and all regions.

(5) Action in line with the guidelines is an important contribution to reaching the goals of the Europe 2020 strategy. The guidelines constitute an integrated set of European and national policies, which Member States and the Union should implement in order to achieve the positive spill-over effects of coordinated structural reforms, an appropriate overall economic policy mix and a more consistent contribution from European policies to the Europe 2020 strategy's objectives.

(6) While these guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society.

(7) The broad guidelines for economic policies give guidance to the Member States on implementing reforms, reflecting interdependence. They are in line with the Stability and Growth Pact. The guidelines should form the basis for country-specific recommendations that the Council may address to the Member States.

HAS ADOPTED THIS RECOMMENDATION:

(1) Member States and, where relevant, the Union should take into account in their economic policies the guidelines set out in the Annex. These guidelines shall form part of the ‘integrated guidelines’.

Done at Brussels,

For the Council
The President