

# The European Semester

## Explanatory meeting on the acquis Chapter 25: Science and Research 11<sup>th</sup> March 2019

*These slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union.*

# The European Semester: introduction

- **What?:**

Since 2010, the Semester enables MS to coordinate their economic policies throughout the year and address the economic challenges facing the EU

- **Why?:**

- ensuring sound public finances (avoiding excessive government debt)
- preventing excessive macroeconomic imbalances in the EU supporting
- structural reforms, to create more jobs and growth
- boosting investment

# The European Semester: introduction

- **Who & How?:**

- **Role of the Commission**

- undertakes a detailed analysis of each country's plans for budget, macroeconomic and structural reforms
    - provides EU governments with country-specific recommendations for the next 12-18 months
    - monitors EU countries' efforts towards the "Europe 2020" targets

- **Role of the Council**

The Council endorses and formally adopts the Commission proposals

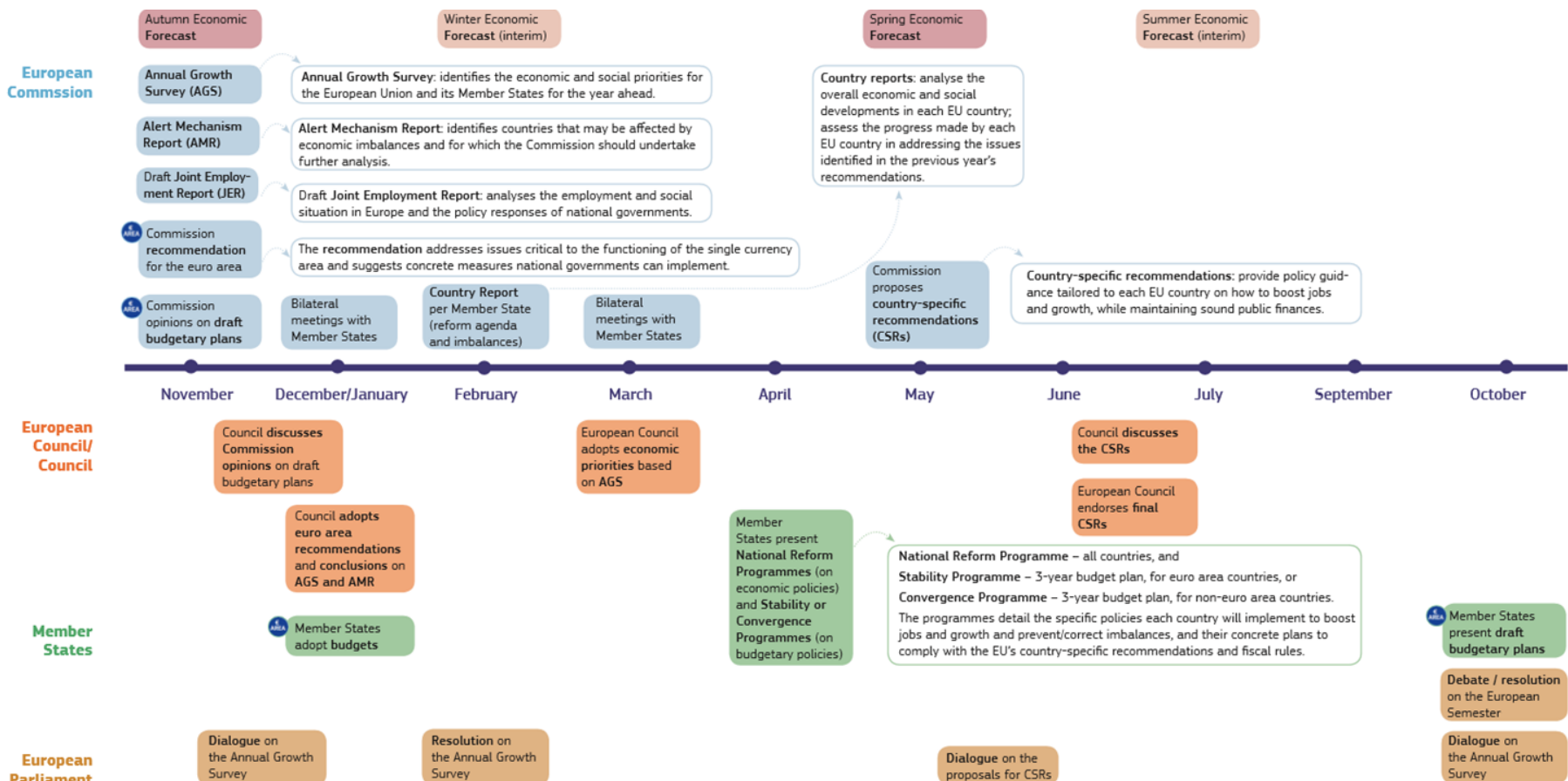
- **Role of EU governments**

Any policy decisions in response to the country-specific recommendations are made by the national government in question, based on whatever action they deem appropriate

# The European Semester: introduction

- **Who is involved from the Commission services?:**
  - **Core group principals:** Top management of core DGs, President's cabinet, cabinets of VP Dombrovskis, Cmsrs Bieńkowska, Moscovici and Thyssen, Legal Service.
  - **Core group directors:** SG, ECFIN, EMPL, GROW.
  - **Network of DG coordinators:** representatives from all involved services
  - **28 country teams:**
    - Country-team leaders (SG Directorate D)
    - Country-team members ( $\approx 20$  DGs, core + non-core)
    - European Semester Officers (ESOs) in the Member States

# The European Semester cycle



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# 2019 EU Semester: calendar

Timing	Milestones
Nov. 2018	Annual Growth Survey
Nov-Dec 2018	Drafting country reports
27 Feb 2019	Publication of country reports
Mar-May 2019	Spring EUCO – bilaterals with Member States
mid-April 2019	MS present National Reform Programmes and Stability or Convergence Programmes
29 May 2019	Commission adopts Draft CSRs
June-July 2019	EUCO endorses CSRs; Council adopts CSRs

# Annual Growth Survey (AGS) 2019

- 21 November 2018: European **Semester Autumn Package**: “Bolstering inclusive and sustainable growth”
- **AGS kick-started** sets EC’s economic and social priorities for 2019 and kick started Semester
  - Productivity growth subdued
  - **Diffusion** of technologies and innovation slowed down
  - **Significant investment gaps in R&I** and these public investments need to be better prioritised!
  - High-quality **investment and structural reforms** should support higher productivity growth
    - by improving allocative efficiency
    - supporting broader and faster uptake of productivity-enhancing techs
- **Tuned to the 2018 Communication** “*A renewed Agenda for Research and Innovation- Europe’s chance to shape its future*”

# The European Semester & R&I policy

- **Why it matters?**
  - Policy vehicle for supporting structural reforms for productivity and long-term sustainable growth
  - Framework for EC-MS dialogue and support
  - **R&I as a key driver** for improving competitiveness and long-term growth
- Annual Semester Country Reports: include **analysis of the R&I performance and policies** of Member States; may lead to Country Specific Recommendations on R&I



# What are the R&I priorities

- In 2019: reinforced frame with elements from 2018 Science, Research and Innovation Performance of the EU report: “productivity gap”
- 2 Step Approach:
  - **Identify for each MS main R&I policy challenges**
  - **Assess adequacy of policy response**
- 3 challenges:
  - 1. Quality and performance of the public R&I system**
  - 2. Knowledge flows and science-business linkages**
  - 3. Bottlenecks for investment in innovation**

# DG RTD's evidence based analysis:

- 2018 SRIP report
- Extensive indicators set (50): ESTAT, OECD, biblio+patents
- European Innovation Scoreboard 2018
- Horizon 2020 Policy Support Facility
- Day-to-day monitoring of national R&I developments
- Analyses performed in-house by RTD and JRC
- Alliances with OECD, EIB, WEF

# Outcomes of 2018 semester: recommendations to Member States

- **CSRs** adopted in July 2018 by the Council for 27 MS
- 2018 CSRs: more targeted and fewer
- **13 CSRs** on R&I (BE, CZ, DE, EE, IE, ES, FR, IT, LT, NL, PL, SK, PT)
- **R&I areas** covered by the CSRs:
  - Boost **public and private R&D investments** (ES, IT, DE, NL)
  - Improve **efficiency/quality of public R&D** (ES, FR, LT, SK)
  - Support **better science-business linkages** (IE, FR, LT, PL)
  - Improve supply of **S&T human resources** (BE, PT)
  - Improve **inno capacity**, notably SMEs (CZ, EE, IE, FR, PL, SK)

# Outcomes of 2018 semester: recommendations to Member States

- **Examples**

- Increase public investment in research and innovation and systematically carry out evaluations of support policies in this area to ensure their effectiveness (Spain)
- Step up efforts to increase the performance of the innovation system notably by improving the efficiency of public support schemes and strengthening knowledge transfer between public research institutions and firms (France)
- Stimulate productivity growth by improving the efficiency of public investment, ensuring efficient governmental coordination of research and innovation policy and tackling gaps and inefficiencies in public measures supporting science-industry cooperation (Lithuania)
- Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities (Ireland)

# Outcomes of 2018 semester: recommendations to Member States

- Overview of policy areas covered in the country-specific recommendations 2018

Broad Category	Policy areas	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Public finances & taxation	Fiscal policy & fiscal governance																											
	Long-term sustainability of public finances, inc. pensions																											
	Reduce the tax burden on labour																											
	Broaden tax bases																											
	Reduce the debt bias																											
	Improve tax administration, fight against tax evasion & tackle tax avoidance																											
Financial sector	Financial services																											
	Housing market																											
	Access to finance																											
	Private indebtedness																											
Labour market, education & social policies	Employment protection legislation & framework for labour contracts																											
	Unemployment benefits																											
	Active labour market policies																											
	Incentives to work, job creation, labour market participation																											
	Wages & wage setting																											
	Childcare																											
	Health & long-term care																											
	Poverty reduction & social inclusion																											
	Education																											
	Skills & life-long learning																											
	Research & innovation																											
Structural policies	Competition & regulatory framework																											
	Competition in services																											
	Telecom, postal services & local public services																											
	Energy, resources & climate change																											
	Transport																											
	Business environment																											
Public administration & business environment	Insolvency framework																											
	Public administration																											
	State-owned enterprises																											
	Civil justice																											
	Shadow economy & corruption																											

# Outcomes of 2018 semester: R&I policy

- R&I narrative increasingly tuned to Commission narrative, e.g. 2019 AGS focus on productivity
- Raised significantly R&I profile in policy discussions at European level...
  - **2018 COM "A renewed agenda for R&I"**
  - **European Leaders discussed COM "Renewed agenda for R&I"**
- ... and also at national level
- Tools to Member State's reforms: PSF, SRSS and proposed Reform Delivery Tool

# Outcomes of 2018 semester: R&I policy

- Strong outcome for R&I in MFF discussions
- Determining positive & negative priorities for next programming period

*"The Commission proposes to strengthen the link between the EU budget and the European Semester of economic policy coordination, which takes regional specificities into account" (Semester guidance)*
- More "sophisticated" analysis of national R&I systems e.g. tax incentives, performance-based funding, OS, etc

# 2019 EU Semester: novelties

- **Strengthening ties with programming of EU funds**

- *European Semester documents to have a stronger focus on identifying and prioritising **investment needs at national level** to guide programming decisions concerning the **European Regional and Development Fund, European Social Fund plus** and **Cohesion Fund** for the next MFF (see next slide)*

- **Ensuring a renewed focus on long-term growth**

- *While addressing the **legacy of the crisis** and **correcting macro-economic imbalances** remain a priority in various countries, our analysis should be more **forward-looking** and focus on reforms that contributes to building the basis for **sustainable, inclusive, long-term growth**.*

- **Increasing impacts and national ownership, beyond expert circles**

- *Much has been done already under this Commission, including **greater opportunities for dialogue with national stakeholders**. Yet, there is a clear sense that the European Semester **falls short of expectations** in terms of impacts on the ground and that national ownership is not felt much beyond the most directly concerned parts of national administrations.*



# 2019 EU Semester: novelties

- **European Semester and Structural funds: What will change in practice?**
  - The structure of the 2019 Country reports will be adapted to identify **investment** needs of each country.
    - the "*position papers*" used during the last programming exercise to guide services in the negotiations of Operational Programmes will be fully streamlined into the analysis of the country reports. The structure and content of the country reports will be adjusted accordingly, with country-specific investment needs listed in a dedicated annex.
  - The 2019 Country-specific **recommendations** will pin down priority areas for investment, building on the analysis of investment needs presented in the country report.
  - DG REGIO and DG EMPL are to play a different role in the country teams; higher stakes in the process for a number of non-core DGs (e.g. RTD, ENER, MOVE, etc.) and Member States.