



## European Semester Spring Package provides policy guidance to enhance the EU's competitiveness and resilience, and maintain sound public finances

Brussels, 19 June 2024

The Commission is today providing policy guidance to Member States under the [2024 European Semester Spring Package](#) to build a robust and future-proof economy that secures competitiveness, resilience and long-term prosperity for all, while maintaining sound public finances, in the face of a challenging geopolitical environment.

The EU is determined to take further steps to enhance its long-term **competitiveness**, prosperity and leadership on the global stage and to strengthen its open strategic autonomy. While the EU and its Member States have strong assets to build on, the EU will continue to address structural challenges that hamper its competitiveness, ensuring higher productivity growth and stronger investment and addressing labour and skills shortages.

This requires an **integrated approach across all policy areas**: macroeconomic stability, promoting environmental sustainability, productivity and fairness. The European Semester provides this policy coordination, including the implementation of NextGenerationEU, with the Recovery and Resilience Facility (RRF) at its core, and Cohesion Policy programmes. The European Semester cycle also provides updated reporting on progress towards the **delivery of the Sustainable Development Goals** and identifies investment priorities for the upcoming mid-term review of Cohesion Policy.

### Resilience in the face of challenges

The **European Semester** has played a **crucial role** in supporting **strong and coordinated economic policy responses** over the past five years, as the EU was confronted by a series of extraordinary challenges. The EU has demonstrated a high degree of economic and social resilience in the face of major shocks, including the COVID-19 pandemic, Russia's war of aggression against Ukraine and the related energy price surges and inflation hikes. Looking ahead, the [Spring 2024 Economic Forecast](#) projects GDP growth in 2024 at 1.0% in the EU and 0.8% in the euro area, on the back of a strong labour market and dynamic private consumption. In 2025, growth is forecast to accelerate further to 1.6% in the EU and to 1.4% in the euro area. Meanwhile, inflation is expected to fall from 6.4% in 2023 to 2.2% in 2025.

### Targeted recommendations to Member States

The [2024 country reports](#) analyse economic, employment and social developments in each Member State and take stock of the implementation of recovery and resilience plans (RRPs) and Cohesion Policy programmes. The reports also identify key challenges, with a particular focus on competitiveness, and priority reforms and investments. Based on this analysis, the Commission proposes [country-specific recommendations \(CSRs\)](#) to provide guidance to Member States on how to tackle those key challenges that are only partially or not addressed in Member States' RRFs.

The country-specific recommendations are divided into:

- A recommendation on **fiscal policy**, including fiscal-structural reforms, where relevant;
- A recommendation to continue or accelerate **implementation** of the national **recovery and resilience plans** and **Cohesion Policy programmes**; and
- Where relevant, further recommendations on outstanding and/or newly emerging **structural challenges**, with a focus on improving **competitiveness**.

### Effective delivery of NextGenerationEU and Cohesion Policy: crucial drivers of a competitive EU economy

As illustrated in this year's country reports, NextGenerationEU and other EU funding programmes have supported the EU's recovery towards a greener, more digital, fairer and more resilient future through job creation, improved competitiveness, macroeconomic stability and territorial and social cohesion.

To date, the **Commission has disbursed over €240 billion** to Member States in **RRF** grants and loans for the successful implementation of key reforms and investments. Also, **over €252 billion** has been disbursed under the **Cohesion Policy funds** since the beginning of the COVID-19 pandemic.

Most Member States continue to make good progress in the delivery of their RRP and Cohesion Policy programmes. However, some Member States need to urgently address emerging delays and structural challenges, to ensure the timely implementation of investments and reforms included in their RRP. This Semester cycle also provides guidance to Member States in view of the forthcoming mid-term review of Cohesion Policy programmes.

### **Policy guidance to enhance competitiveness**

The Spring Package calls on Member States to take policy action to promote competitiveness and increase productivity. To this end, Member States are invited in the CSRs to:

- Ensure a **business environment supportive to competitiveness**, taking full advantage of the opportunities generated by the single market, especially for SMEs;
- Improve **educational outcomes** and support skills development, with high-quality education and training based on modernised curricula, since addressing labour and skills shortages is essential to ensure the EU's prosperity;
- Facilitate **access to finance** by improving savings allocation and capital financing and facilitating capital market and alternative forms of financing, especially for SMEs. Implement ambitious reforms to build integrated **research and innovation** ecosystems, focusing on science-business collaboration and knowledge transfers for example; and
- Accelerate the **green and digital transition**, increasing the autonomy, resilience and competitiveness of the EU's net-zero industry, addressing labour and skills shortages, boosting public investment in digital infrastructure and skills, and tackling regulatory barriers to digitalisation.

### **Strengthening fiscal sustainability**

The COVID-19 pandemic, the surge in energy prices, and the required policy response have contributed to a substantial increase in public debt in several Member States in recent years. Fiscal policies should put debt on a downward path or to keep it at prudent levels, while preserving investment.

The [new economic governance framework](#) makes 2024 a year of transition for fiscal policy coordination in the EU. The fiscal policy guidance and decisions under the new framework contained in the Spring Package aim to **strengthen Member States' debt sustainability** and **promote sustainable and inclusive growth** in all Member States.

Under the new rules, Member States will prepare **medium-term plans** setting out their expenditure paths and their priority reforms and investments. The recommendations included in the Spring Package provide a strong underpinning for the reform and investment commitments Member States must set out in these plans.

The CSRs provide that Member States should pursue prudent fiscal policies by ensuring that the growth in net expenditure in 2025 and beyond is consistent with the fiscal adjustment requirements under the new governance framework.

Concretely, this means that Member States with public debt above 60% of GDP or a deficit above 3% of GDP should ensure that the growth in net expenditure is limited to a rate that puts the government debt-to-GDP ratio on a plausible downward path over the medium term, while bringing the general government deficit to below 3% of GDP and maintaining it below this reference value over the medium term.

### **Fiscal surveillance**

The Commission prepared a [Report under Article 126\(3\)](#) of the Treaty on the Functioning of the EU (TFEU) for **12 Member States** to assess their compliance with the deficit criterion of the Treaty: Belgium, Czechia, Estonia, Spain, France, Italy, Hungary, Malta, Poland, Slovenia, Slovakia and Finland. In this assessment, the Commission takes into account **relevant factors** brought forward by Member States in case their public debt-to-GDP ratio is below 60% of GDP or their deficit is assessed as being 'close' to the 3% reference value and 'temporary'.

In light of the assessment contained in the report, the **opening of a deficit-based excessive deficit procedure** is warranted for **seven Member States: Belgium, France, Italy, Hungary, Malta, Poland and Slovakia**.

The Report under Article 126(3) is only the **first step** into opening the excessive deficit procedures. In light of this assessment, and after considering the opinion of the Economic and Financial Committee, the Commission intends to propose to the Council to open deficit-based excessive deficit procedures for these Member States in July 2024. As part of the Autumn European Semester Package, to ensure consistency with the adjustment path set out in the medium-term plans, the Commission will propose to the Council recommendations to put an end to the excessive deficit situation.

In 2020, the Council decided that an **excessive deficit** existed in **Romania**, based on 2019 data. According to the Commission's assessment, Romania has **not taken effective action** to correct this and put an end to its excessive deficit situation.

### Assessing macroeconomic imbalances

The Commission has assessed the existence of macroeconomic imbalances for the **12 Member States** selected for [in-depth reviews](#) in the 2024 Alert Mechanism Report. Overall, after the big terms-of-trade shock of 2022, macroeconomic imbalances tended to ease in most Member States.

- **France, Spain, and Portugal** are **no longer experiencing imbalances** as vulnerabilities have overall declined. Fiscal sustainability risks will be surveyed under the reformed fiscal rules.
- **Greece and Italy** are now found to be **experiencing imbalances** after experiencing excessive imbalances until last year as vulnerabilities have declined but remain a concern. Fiscal sustainability risks will be surveyed under the reformed fiscal rules.
- **Slovakia** is now found to be **experiencing imbalances**. The vulnerabilities related to cost competitiveness, external balance, housing market and household debt have lingered, and policy action has not been forthcoming.
- **Romania** is now found to be **experiencing excessive imbalances** after experiencing imbalances until last year as vulnerabilities related to external accounts, mainly linked to large and increasing government deficits, remain, while significant price and cost pressures have increased and policy action has been weak.
- **Germany, Cyprus, Hungary, the Netherlands, and Sweden** continue to **experience imbalances**.

### Post-programme surveillance reports

Post-programme surveillance assesses the economic, fiscal and financial situation of Member States that have benefited from financial assistance programmes, focusing on their repayment capacity. The post-programme surveillance reports for **Ireland, Greece, Spain, Cyprus and Portugal** conclude that all five Member States **retain the capacity to repay their debt**.

### Assessing social convergence challenges

In this Semester cycle, the Commission has carried out for the first time a **two-stage analysis** of employment, skills and social challenges in each Member State, based on the revised Social Scoreboard and the principles of a Social Convergence Framework. The first-stage analysis is included in the [Joint Employment Report \(JER\) 2024](#), while a more [detailed second-stage analysis](#) was published by the Commission services in May 2024 for seven Member States (**Bulgaria, Estonia, Spain, Italy, Lithuania, Hungary and Romania**).

### Employment guidelines

The Commission is proposing **guidelines for Member States' employment policies in 2024**. These guidelines set **common priorities** for national employment and social policies to make them fairer and more inclusive.

The 2023 guidelines are updated to cover actions to **tackle skills and labour shortages** and **improve basic and digital skills**. **New technologies**, artificial intelligence and algorithmic management and their impact on the world of work are also included. In addition, the guidelines refer to **recent policy initiatives**, in areas of particular relevance such as platform work, the social economy, and affordable housing.

Finally, the Commission underlines the importance of **monitoring progress** towards the [EU-wide 2030 headline targets](#), and the contributing national targets, in the areas of jobs, skills and poverty reduction.

### Next steps

The Commission invites the Eurogroup and the Council to discuss the package and to endorse the

guidance offered today. It looks forward to engaging in a constructive dialogue with the European Parliament on the contents of this package and each subsequent step in the European Semester cycle.

## For more information

[Questions and answers on the 2024 European Semester Spring Package](#)

[2024 European Semester Spring package](#)

[NextGenerationEU](#)

[Spring 2024 Economic Forecast](#)

[Questions and answers: new economic governance framework fit for the future](#)

[Sustainable development in the European Union – 2024 edition](#)

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## Quotes:

*"The EU economy held steady through a series of major shocks and it is improving continuously. However, longstanding structural challenges are holding back the EU's competitiveness. Today's Semester offers guidance to boost our overall economic resilience, strengthen fiscal sustainability and improve social convergence across all Member States. We are paying particular attention to the speedy implementation of key reforms and investments as set out in national recovery plans. As part of the EU's new economic governance framework, we look forward to receiving national fiscal structural plans from Member States that bring down debt and deficit and reflect today's recommendations. The Semester remains pivotal to effectively coordinate policy and steer the EU through uncertain times."*

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 19/06/2024

*"This year's Spring package comes at a time of gradual economic recovery, but also of elevated geopolitical tensions and complex economic and social challenges. After almost four years under the General Escape Clause, our economic and fiscal policies are now entering a new cycle. This does not mean 'back to normal', because we are not living in normal times; and definitely not 'back to austerity', because this would be a terrible mistake. We focus today on three strands: strengthening competitiveness, stepping up the implementation of national recovery and resilience plans, and taking the first steps in applying our new economic governance. Today's policy guidance reflects both the need for fiscal prudence and the immense investment needs we face. I am confident that it will help us deliver on our common objectives."*

Paolo Gentiloni, Commissioner for Economy - 19/06/2024

*"Over the past five years, the Commission has provided the tools, support and funds to help Member States create resilient and inclusive economies through the European Pillar of Social Rights Action Plan. Further efforts are needed if Member States are to achieve the EU 2030 headline targets on employment, skills and poverty reduction. This spring package is particularly important as it will shape the fiscal, economic, employment and social policies of the Member States under the new economic governance framework. The social dimension remains central to the European Semester, it is mainstreamed in the country reports and country-specific recommendations with a view to ensuring fair and inclusive green and digital transitions and sustainable competitiveness. In this context, growth-enhancing reforms and investments should promote upward social convergence. As a first step, the Employment Guidelines proposed today suggest key areas of focus for the coming months. Major labour shortages persist and must be addressed swiftly, through more training offers, adequate wages and attractive working conditions."*

Nicolas Schmit, Commissioner for Jobs and Social Rights - 19/06/2024

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## Related media



[Read-out of the weekly meeting of the von der Leyen Commission by Valdis Dombrovskis, Executive Vice-President of the European Commission, Nicolas Schmit, and Paolo Gentiloni, European Commissioners, on the European Semester Spring package](#)