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*Dear Chairpersons,*

*It was a pleasure to meet with representatives from national Parliaments at the Interparliamentary Conference held on 27 and 28 February at the European Parliament and to have had the opportunity to debate with them the European Semester for economic policy coordination. The debate has clearly shown that there is a strong interest on the part of both national Parliaments and the Commission in an intensified exchange of views, not least because the European Semester is still a relatively new mechanism and is still evolving.*

*The Treaty on the Functioning of the European Union states that Member States "shall regard their economic policies as a matter of common concern" (Art. 121). The financial, economic, and sovereign debt crises have demonstrated the extent to which our economies are intertwined, particularly within the euro area, and why closer economic policy coordination among Member States is needed if we want to steer the Union out of crisis. At the same time, our efforts for closer coordination need to reconcile the fact that many aspects of economic policy remain a national competence, with the need for national economic policy decisions to take account of EU-level requirements so as to avoid negative effects on other Member States. It is therefore essential for national stakeholders, and above all Parliaments, to have a full understanding of the EU-level and euro area context for their economic policy decisions.*

*The introduction of the **European Semester in 2011** was an important step forward in this regard. The Commission's Annual Growth Survey, which launches the Semester each year, provides horizontal policy guidance with an EU-level and euro-area dimension that Member States are called on to take into account when formulating national policies. The European Semester has also widened the scope of economic surveillance to include macro-economic imbalances and financial sector issues. It has put into practice integrated surveillance across all relevant policy areas. Today, Member States report on their budgetary and macro-structural plans in National Reform Programmes and Stability or Convergence Programmes at the same time during April of each year. The Commission assesses these plans together and*

*proposes integrated country-specific recommendations for endorsement by the European Council and adoption by the Council.*

*The intention of the **country-specific policy recommendations** which take into account the socio-economic context of the Member States is to provide EU level guidance to national authorities. They are adopted at the end of the European Semester. In areas where the Treaties provide for it, non-compliance with these recommendations by euro area Member States can result, ultimately, in financial sanctions, especially where non-compliance puts the stability of the euro at risk. It is vital, therefore, that national parliaments become key players in the European Semester.*

*The **"6-Pack" legislation** now requires national governments to report on how national parliaments have been involved in the development of the national reform programmes and stability or convergence programmes during the European Semester. This is a positive step forward, and we hope that all national parliaments – and other stakeholders - are indeed being actively involved in developing these programmes, which are central to our overall reform effort.*

*But the key to the success of the European Semester lies in the extent to which its results are reflected in national policy-making during the second half of the year – the **national semester** – during which budgets and reform programmes are proposed by governments and adopted by parliaments.*

*At a time when deep reform is needed, but when public appreciation of this need and public support for reform cannot be taken for granted, the role of national policy-makers, with parliamentarians chief amongst them, in taking and explaining often difficult policy choices which have an impact beyond national borders is vitally important. Strong national ownership and determined national leadership to create the political conditions under which reforms can succeed remains vital if Europe is to prosper.*

*Over the last 5 years, the Commission has built up a solid political partnership with national Parliaments, which has been further strengthened by the new role conferred to the latter by the Lisbon Treaty. This "political dialogue" has clearly contributed to increased ownership and better understanding of key European policy projects at national level.*

*Today, and taking into account national Parliaments' crucial role throughout the process, the Commission is fully committed to further developing this dialogue particularly in the field of economic governance.*

*In concrete terms, the Commission sees two particular moments during the European Semester when an intensified dialogue with national Parliaments could provide real added value for both sides: first, following the publication of the Annual Growth Survey of the European Commission, which sets out broad priorities for the EU as a whole for the coming*

*year; and second, once the Commission has presented and the European Council has endorsed country-specific guidance on the basis of the National Reform Programmes and Stability and Convergence Programmes submitted by Member States. It is important that the programmes are as concrete and substantive as possible and approved well in time in April. This will allow a thorough assessment by the Commission and a careful preparation of the Commission proposals for country specific recommendations under the European Semester. At these key stages, the Commission would stand ready to discuss with national Parliaments both horizontal and country specific questions related to economic governance and to provide further clarification.*

*The Commission would be happy to discuss the concrete implementation of these ideas for an enhanced dialogue on economic governance in more detail with national Parliaments and, to this effect, preliminary contacts with the current Danish COSAC Presidency have already been established.*

*The European Semester is the centrepiece of our joint efforts to improve economic governance in line with the EU Treaties, and strongly underpins our concerted effort to get back on the road to sustainable growth and achieve a smoothly functioning economic and monetary union.*

*In view of the vital role which national parliaments have to play in achieving that objective, we and our colleagues are ready to further develop the dialogue with the national parliaments that we launched a few years ago. The Inter-parliamentary Conference on Economic Governance in Brussels constituted an important milestone in this process.*



*Maroš Šefčovič  
Vice President*



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Vice President*

*Chairpersons  
Committees of Employment, Budget and European Affairs of National Parliaments*