



Press Release

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European Semester: Member States must address country-specific recommendations better, say EU auditors

Member States did not make enough efforts to act on country-specific recommendations made by the Council of the EU between 2011 and 2018, according to a new report by the European Court of Auditors (ECA). They have addressed only about a quarter of the recommendations fully or substantially, while there has been limited or no progress on almost a third of the recommendations. Although the EU has made broad progress towards most of its long-term fiscal targets for 2020, it is lagging behind on poverty alleviation and research and development (R&D). Against the backdrop of the political agreement reached by the European Council in July 2020, the auditors also stress the need to reform the way country-specific recommendations are formulated and implemented.

The European Semester is an annual cycle of economic and fiscal coordination in the EU. Its outputs are country-specific recommendations the Council issues to each Member State at the Commission's proposal. The auditors assessed whether the Commission's application of procedures to strengthen surveillance of Member State policies had been effective. They checked the application of these procedures in detail for Austria, Belgium, Finland, Hungary, Italy and the Netherlands.

"Through the European Semester, the Commission provided a sound analysis of Member States' economic progress and proposed relevant country specific recommendations," said Alex Brenninkmeijer, the ECA Member responsible for the report. "But it should strengthen the focus on the low rate of implementation of recommendations in general. In the past 10 years, more attention could have been given to areas such as poverty alleviation and R&D."

Only 26 % of the recommendations were either fully or substantially implemented, while 44 % saw some progress and there was limited or no progress for the remaining 30 %. Moreover, the Commission did not use all its powers to step up recommendations in cases where there had been no substantial progress over a number of years.

Progress towards achieving the Europe 2020 targets had been generally positive for the EU overall and mixed across Member States. At EU level, six out of eight targets set for 2020 in key domains – one on employment, three on energy and two on education – were likely to be met. However, those regarding poverty alleviation and research will not be achieved due to slow progress caused,

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

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respectively, by the 2008 financial crisis and Member States' limited R&D spending. Nevertheless, the Commission did not always make recommendations for Member States not progressing towards targets in these areas. For example, the auditors found cases where the worsening situation in certain Member States and the impact of the financial crisis would have warranted more recommendations for direct poverty alleviation measures.

The Commission's reports on Member States' economic situation and their progress towards the Europe 2020 targets identify important risks and serve as a good basis for country-specific recommendations. However, despite the Commission's 2015 decision to make recommendations more focused by reducing their number, certain recommendations made in recent years still refer to a mix of issues and unrelated policy dimensions. Furthermore, they are insufficiently linked to the use of EU funds to support Member States' reforms. The Commission also often fails to explain clearly why it gives priority to certain reforms over others when formulating its recommendations. At the same time, Member States' reform programmes do not always provide clear explanations of how proposed reforms and measures are meant to address recommendations and EU objectives.

The auditors recommend the Commission strengthen:

- the European Semester's focus on social and research dimensions;
- the implementation and monitoring of country-specific recommendations';
- the link between EU funds and the recommendations;
- the formulation of recommendations;
- its guidelines and assessments of national reform programmes.

Notes to Editors

The auditors completed their work before the outbreak of COVID-19; therefore, this report does not take into account any policy developments or other changes in response to the pandemic. In July 2020, the Council approved country-specific recommendations that included COVID-19-related aspects.

The European Semester was set up in 2010 to improve the EU's economic and social sustainability after the financial crisis and address structural challenges such as fiscal policy, macroeconomic imbalances and other social issues. In this context, it influences Member States' budgetary and economic decisions. The average number of country-specific recommendations per Member State fell from 20 in 2014 to 12.5 in 2019.

Europe 2020 is a 10-year strategy to make the EU a smart, sustainable and inclusive economy. The number of people at risk of poverty in the EU rose from 116 million in 2008 to 122 million in 2012, and started falling after 2012, to 109 million in 2018 (the Europe 2020 target is 96 million by 2020). The R&D spending of the EU as a whole rose to 2.12 % of Member States' combined GDP (the Europe 2020 target is 3 %), but lags behind other advanced economies such as the US, Japan and South Korea, with China rapidly catching up. Member States' R&D spending in 2018 ranged from 0.5 % of GDP in Romania to about 3.25 % of GDP in Sweden.

The ECA's special report 16/2020 "The European Semester – Country Specific Recommendations address important issues but need better implementation" is available on its website (eca.europa.eu) in 23 EU languages. It completes a series of three ECA reports on the European Semester, including one the [Stability and Growth Pact](#) and another on the [Macroeconomic Imbalance Procedure](#). Information on the ECA measures in response to the COVID-19 pandemic can be found [here](#).

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