

What is the Annual Growth Survey?

The Annual Growth Survey is the Commission's main tool for setting out the general economic and social priorities for the EU for the following year. The Commission gives Member States focused policy guidance to strengthen the recovery and foster convergence in line with the EU's long-term growth strategy Europe 2020. The AGS marks the start of the European Semester, the annual cycle of economic policy coordination, where national policies are reviewed collectively at EU level. It applies to the EU as a whole and to Member States individually. Its main messages will form the basis for the Country-Specific Recommendations next spring.

What are the next steps of the Annual Growth Survey?

In the coming weeks and months, the European Parliament and different Council formations will discuss the AGS. The European Council will adopt economic priorities and the European Parliament will pass a resolution, both on the AGS.

What are the next steps of the European Semester after the publication of the AGS?

The Commission continues the dialogue with Member States, stakeholders and social partners to develop a common understanding of successful reform implementation and sequencing.

In February, the country reports will be published. They analyse the overall economic and social developments in each Member States; assess the progress made by each Member State in addressing the issues identified in the previous year's recommendations. Member States will have several opportunities to give their feedback to the Commission. For example, political-level missions to the Member States will take place under the leadership of Vice-President Dombrovskis.

In April, Member States will present national reform programmes on economic policies and stability or convergence programmes on budgetary policies.

The Commission will analyse these programmes and then issue Country-Specific Recommendations (CSRs) in May, in time for these to be endorsed by the European Council before the summer. Member States should then incorporate this policy guidance into their annual budgets and other national legislation.

The Commission will continue to work with all actors so that the process of reform will boost jobs and growth potential.

What is the Alert Mechanism Report?

The Alert Mechanism Report (AMR) initiates the seventh annual round of the Macroeconomic Imbalance Procedure (MIP). The procedure aims to prevent or address imbalances that hinder the smooth functioning of the Member States' economies, of the euro area, or of the EU as a whole - and to spur the right policy responses. The AMR identifies Member States for which the Commission should undertake further in-depth reviews to assess whether they may be affected by imbalances. It is published at the start of each annual cycle of economic policy coordination.

The analyses in the AMR include an economic reading of a scoreboard of agreed indicators. The AMR is not a mechanical exercise. The Commission does not launch an in-depth review because an indicator is beyond the indicative thresholds. Instead, the Commission takes the complete economic picture into account. It is only on the basis of the in-depth reviews that the Commission will conclude whether imbalances, and potentially excessive imbalances, exist or not. The in-depth reviews are expected to be published in February 2018 as part of the Country Reports and will feed into the analysis underpinning the Country-Specific Recommendations under the European Semester of economic policy coordination.

In line with the [21 October 2015 Commission Communication on completing EMU](#), the AMR includes an analysis of euro area-wide implications of countries' imbalances and how such implications require a coordinated approach to policy responses in light of interdependencies.

What is an imbalance?

[Regulation No 1176/2011](#) on the prevention and correction of macroeconomic imbalances defines a macroeconomic imbalance as "any trend giving rise to macroeconomic developments which are adversely affecting, or have the potential to adversely affect, the proper functioning of the economy of a Member State or of the Economic and Monetary Union, or of the Union as a whole". It defines excessive imbalances as "severe imbalances that jeopardise or risk jeopardising the proper functioning of the Economic and Monetary Union".

As the definition provided in the regulation is very general, an economic interpretation is needed to assess the presence of unsustainable trends and vulnerabilities that, if not corrected, could have harmful implications for macroeconomic stability for the country itself, the euro area or the EU. In practice, these imbalances include both situations of vulnerabilities (e.g. high debt levels) and unsustainable trends (e.g. excessive increases in house prices or credit) that could result in abrupt and large, and hence damaging, adjustment. For example, having a large and persistent current account deficit is considered an imbalance if it runs the risk of leading to a 'sudden stop' and ensuing large welfare costs. By the same token, a large and persistent current account surplus may be an indicator that excess savings are not being used efficiently to sustain investment in the domestic economy.

What are the next steps following the adoption of the AMR?

The conclusions of the AMR will be discussed in the Economic and Financial Affairs Council (ECOFIN) and also in the Eurogroup if they concern euro area Member States. The Commission is also discussing them with the European Parliament and is also looking forward to discussing them with other partners. Moreover, the European Council will hold a discussion following the publication of the Annual Growth Survey and the AMR in order to agree on the main areas for coordination of economic policies and reforms.

Taking all feedback into account, the Commission will prepare country-specific in-depth reviews in the coming months and present them in February 2018. This will involve a dialogue with the Member States concerned. To prepare the IDRs, the Commission will base its analysis on a much wider set of data than the one used in the AMR: all pertinent statistics, relevant data, and material facts will be taken into account.

It will be on the basis of the IDRs that the Commission will conclude whether imbalances or excessive imbalances exist, and subsequently prepare the appropriate policy recommendations for each Member State.

What is the legal basis for the euro area recommendation?

The euro area recommendation related to economic policy is adopted on the basis of Articles 136 and 121 of the Treaty on the Functioning of the European Union. It is a recommendation for a Council recommendation.

The euro area recommendation provides tailored advice to euro area Member States on issues relevant for the functioning of the euro area as a whole. It reflects the general priorities identified in the Commission's Staff Working Document accompanying the recommendation and in the Commission's Annual Growth Survey for the EU as a whole.

The euro area recommendation covers issues concerning the whole monetary union, such as policies related to correcting macro-economic imbalances, the euro area fiscal stance and the completion of the Economic and Monetary Union. It is now published early in the Semester, ahead of country-specific discussions, so that common challenges are discussed, agreed and then fully reflected in country-specific recommendations.

What is the analytical basis for the euro area recommendation?

The euro area recommendation is supported by solid economic analysis by the Commission services on key issues for the functioning of the euro area. This is reflected in the Commission Staff Working Document accompanying the recommendation as well as in other documents that are published today.

What are the next steps in the adoption and implementation of the euro area recommendation?

The Eurogroup and the Council will discuss the euro area recommendation before EU Heads of State and Government endorse them. The Council will formally adopt them as the last stage of the adoption process.

The discussions on the euro area priorities, alongside the euro area recommendation and other inputs from the EU institutions then provide orientation for the National Reform Programmes and the Stability Programmes prepared by the Member States in April, as well as the respective Country-Specific Recommendations prepared by the Commission in May.

The "Report on the euro area" contains a preliminary assessment of the implementation of the EARs thus far. In line with the new cycle of the European Semester, the Commission intends to publish in its February's Country Reports a more thorough assessment of the progress made by each Member States in implementing last year's recommendation, on the basis of Member States' implementation of the Country Specific Recommendations. Taking into account the EAR, the assessment of the reform implementation and the remaining challenges as well as Member States policy programmes, the Commission will present its draft Country Specific Recommendation for the next policy cycle. This will leave ample time for further dialogue with the Member States.

What are the Employment Guidelines?

The employment guidelines present common priorities and targets for the national employment policies and provide the basis for Country Specific Recommendations in the respective domains. The Employment Guidelines are intrinsically linked with the guidelines for the economic policies of the Member States and of the EU. Together, they form the integrated guidelines that underpin from 2010 the Europe 2020 strategy for smart, sustainable and inclusive growth.

What is the legal basis for the Employment Guidelines?

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. It provides that the Council is to adopt employment guidelines (Article 148), specifying that they must be consistent with the broad economic policy guidelines (Article 121).

What are the next steps following the proposal for the Employment Guidelines?

The proposal by the Commission for the Employment Guidelines will be discussed in the Employment Committee and the Social Protection Committee, with a view to endorsement by the EPSCO Council in March 2018 and final adoption in the second half of 2018. The final adoption of the Employment Guidelines is also subject to opinions by the Employment and

Social Affairs committee of the European Parliament, the European Economic and Social Committee and the Committee of the Regions.

What is the Joint Employment report?

The Joint Employment Report (JER) is mandated by Article 148 TFEU and is a key element in EU economic governance. It provides an annual overview of the main employment and social developments in the EU as a whole, as well as Member States' reform actions in line with the Employment Guidelines. In addition, the Joint Employment Report 2018 monitors Member States' performance in relation to the European Pillar of Social Rights. The current draft version, presented by the Commission, will be discussed with the Employment Committee and the Social Protection Committee, with a view to final adoption by the EPSCO Council in March 2018.

What are the next steps following the publication of the draft Joint Employment report?

The current draft version will be discussed with the Employment Committee and the Social Protection Committee, with a view to final adoption by the EPSCO Council in March 2018.

What is the methodology for attributing a certain mark to a Member State for an indicator of the Social Scoreboard?

The scoreboard serves as a reference framework to monitor 'societal progress' within the three dimensions of the Pillar: Equal opportunities and access to the labour market, Dynamic labour markets and fair working conditions, and Public support / social protection and inclusion. 12 areas have been selected on which societal progress could be measured, associated with one of the three dimensions above. The scoreboard benchmarks EU Member States performances vis-à-vis the EU and the euro area averages and each mark is a reflection of current levels for a certain indicator taking into account also longer-term trends.