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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	European Semester 2024 - Synthesis report

Delegations will find attached the Synthesis report prepared by the Presidency on conclusions adopted by the Council on the Annual Sustainable Growth Survey 2024, the Alert Mechanism Report, the Joint Employment Report and the Recommendation on the economic policy of the euro area. Related discussions held in different Council configurations regarding the 2024 European Semester, during the first phase of the cycle, are also reflected in the document.

Background

The Commission adopted on 21 November 2023 the "Autumn Package" for the 2024 European Semester, which included:

- the Annual Sustainable Growth Survey 2024¹, which set out the economic and employment policy priorities for the EU for the following 12 to 18 months, in line with the four dimensions of competitive sustainability;
- the Alert Mechanism Report 2024², which initiated the annual round of the macroeconomic imbalance procedure (MIP), and whose implementation is embedded in the European Semester;
- the proposal for a Joint Employment Report³, which assessed the resilience of the EU labour market, highlighted areas in which progress was made, and areas where improvements must be pursued;
- the recommendation for a Council Recommendation on the economic policy of the euro area⁴ (euro area recommendation) which recommended that, for the period of 2024-25, euro area Member States should act, individually and collectively, within the Eurogroup.

¹ 15627/23

² 15628/23

³ 15438/23 + ADD1

⁴ 15630/23

The **Annual Sustainable Growth Survey** (ASGS) outlines the economic and employment policy priorities for the EU for the 12 to 18 months following its issuing. The document provides guidelines to strengthen EU's competitiveness through the green and digital transition. The economic perspective presented in the ASGS was based on the Commission's Autumn economic forecast of November 2023⁵, which showed that the European economy was growing at a slower pace, as real GDP presented few signs of growth in the first three quarters of 2023 (GDP growth in 2023 was at 0.6% in both the EU and the euro area).

The ASGS referred to important structural challenges - as low productivity growth, ageing, social inclusion - that need to be tackled to stay on the path of sustainable competitiveness. Disruptive geopolitical events have also demonstrated the need for the EU to remain competitive in a global market, while ensuring that no one is left behind. Economic policy coordination through the European Semester supports Member States to tackle these challenges by providing clear and well-coordinated policy guidance for the following year.

The ASGS also focused on the continued integration of the Recovery and Resilience Facility in the European Semester to channel investment to areas where reform is needed.

⁵ [European Economic Forecast Autumn 2023](#)

On 16 January 2024, the ECOFIN Council approved **conclusions on the Annual Sustainable Growth Survey 2024**⁶. Ministers recognised that uncertainty and downside risks to the economic outlook have increased in the preceding months, largely due to geopolitical tensions and their implications for the volatility of energy markets, however a gradual recovery in growth should be expected for 2024, supported by a still strong labour market and the continuing disinflationary process.

The Council broadly agreed with the challenges and economic priorities outlined in the ASGS. It underlined the importance of swift and coordinated policy actions for strengthening the competitiveness and resilience of the EU economy, with an emphasis on addressing the future challenges, notably in relation to the green and digital transition and the ageing population.

Ministers noted that, in 2024, the European Semester will continue to be linked to the implementation of recovery and resilience plans and ensure the complementarity of reforms and investments with other EU funding instruments. The European Semester should stay primarily focused on economic, fiscal and employment policies, including on reform and investment challenges not addressed in the recovery and resilience plans, and avoiding overlaps across various surveillance work streams.

⁶ 5476/24

In its conclusions of 16 January 2024 on the **Alert Mechanism Report 2024**⁷, the Council furthermore agreed with the assessment of the document regarding the evolution of macroeconomic imbalances and emerging risks. Ministers called for the efficient implementation and better integration of the Macroeconomic Imbalance Procedure in the economic governance framework and referred to the need for monitoring of existing and potentially emerging imbalances, and timely policy response, including implementing relevant reforms as recommended in the country-specific recommendations in the context of the European Semester, and as included in recovery and resilience plans.

In the 2024 **draft Council Recommendation on the economic policy of the euro area**⁸, Member States were recommended to wind down emergency energy support measures as soon as possible during the current year and use the related savings to reduce deficits. Euro area economies should ensure the continued, swift and effective implementation of the recovery and resilience plans, while making full use of cohesion policy programmes and warrant that their mid-term review takes into account the new challenges and recommendations identified in the European Semester and the progress in implementing the European Pillar of Social Rights, without reducing their overall ambition.

⁷ 5477/24

⁸ 5025/24

On the employment and social aspects⁹ of the draft **Recommendation on the economic policy of the euro area**, Member States were encouraged to support wage developments that mitigate purchasing power losses, especially for low-income earners, taking due account of risks to inflation and competitiveness dynamics, as well as avoiding lasting divergences within the euro area. They should implement active labour market policies to address labour and skill shortages and increase productivity and growth, while safeguarding and strengthening adequate and sustainable social protection and inclusion systems.

The adoption of the **Council Recommendation on the economic policy of the euro area** should take place after the endorsement by the European Council of 21-22 March 2024.

On 11 March 2024, the EPSCO Council adopted the **2024 Joint Employment Report**¹⁰ (JER). The document presented the employment situation in the European Union and the implementation of the Employment Guidelines. The report also identified related key priority areas for policy action. The 2024 JER reiterates the focus on the implementation of the European Pillar of Social Rights. It monitors progress towards the 2030 EU headline targets on employment, skills, and poverty reduction welcomed by the EU leaders in Porto¹¹, and by the June 2021¹² European Council.

⁹ 5146/24

¹⁰ 6073/24

¹¹ [The Porto declaration](#)

¹² [European Council conclusions, 24-25 June 2021](#)

During the same meeting, the Council approved **Conclusions on the 2024 Annual Sustainable Growth Survey and Joint Employment Report**¹³. In the document, the Council called upon the Member States to reflect the priorities of the Annual Sustainable Growth Survey and the findings of the Joint Employment Report in their National Reform Programmes and to step up the implementation of the principles of the European Pillar of Social Rights to reach the 2030 EU headline and national targets. It also called upon the Member States to continue the modernisation of social protection and inclusion systems and address poverty and social exclusion, in particular among children, also in light of the digital and green transitions, demographic trends, the impact of high inflation on purchasing power, in particular on vulnerable households, and the increasing level of energy poverty.

Exchange of views and policy debates

On 27 November 2023, **EPSCO** Council held a policy debate on green collective bargaining, in the context of the European Semester. Some Member States noted that green collective bargaining was in an incipient phase in some EU countries but admitted that the topic could gain prominence. Exchange of experience and best practices between Member States on green bargaining was welcomed. Social fairness and protection of workers, as well as training, up-skilling and re-skilling are needs required to match the new types of jobs in the frame of the green transition, as referred to by some Member States. Social partners should be involved in tackling the consequences of the green transition in the social dialogue framework.

¹³ 6791/1/24 + COR 1

On 8 December 2023, the **ECOFIN** Council held an exchange of views on the European Semester after the Commission's presentation of the Autumn package. The Annual Sustainable Growth Survey outlines the economic and employment policy priorities for the EU; the Alert Mechanism Report that initiates the annual round of the macroeconomic imbalance procedures; the euro area recommendation which provides recommendations to euro area Member States on policies that affect the functioning of the euro area as a whole.

On 11 March 2024, the **EPSCO** Council held a policy debate on the implementation of the European Pillar of Social Rights (EPSR) in the context of the European Semester and the future social agenda, with a view to setting policy priorities for the next legislative cycle. Many Member States acknowledged the EPSR as one of the core achievements of the EU and considered it should remain the social policy compass for the next policy cycle. Among the challenges, Member States referred to the adaptation to the twin transitions and the ensuing skills gap, demographic trends/ageing populations, the need to ensure a good work-life balance.

The “Greening of the European Semester”, a process usually taking place under the **Environment** Council *filière*, has progressively explored ways to introduce environmental sustainability aspects into the European Semester, contributing to finding synergies with the European Green Deal and the priority objectives of the 8th Environment Action Programme. On 1 March 2024, through an informal written consultation on the environmental aspects of the European Semester, Member States emphasized the need for cross-cutting economic enablers that contribute to pursue the transition towards sustainable consumption and production systems, address biodiversity loss and foster innovation in green technologies.

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