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<b>Definition of the policy studied</b>	<b>Members</b> ("Normal" level of integration between EU members without differentiation) (Euro area member states)	<b>Differentiated members</b> (Differentiated level of integration of EU members beyond or below the "normal" level) (Non-euro-area member states)
<b>Regulatory dimension: Commitment to</b>		
<b>Regulatory scope</b> - Full - Partial - Punctual - None	<b>Full commitment</b> System of macroeconomic coordination timeline: November: the European Commission presents Annual Growth Survey (AGS), Alert Mechanism Report (AMR), recommendations for the euro area and opinions on draft budgetary plans. December/January: euro area ministers in the Council adopt euro area recommendations. Ecofin adopts conclusions on AGS and AMR. Euro area member states adopt budgets. February: the European Commission publishes Country Reports for all member states (including in-depth reviews). April: all member states submit national reform plans and euro area member states present stability programmes. May: the European Commission proposes Country Specific Recommendations (CSRs) which are then discussed by the Council and approved by the European Council. October: Euro area member states provide draft budgetary plans and Economic Partnership Programme (if under EDP) (Art.119, 121 and 136 of TFUE, Reg.473/2013 and Reg.1466/97).	<b>Partial commitment</b> Non-euro-area member states have the following exceptions: - No commitment to the recommendations for the euro area. - Exemption from presenting draft budgetary plans. - Different thresholds for the scoreboard of the AMR. - In April, presentation of national reform plans and convergence programmes. - Non-euro-area member states do not vote on adopting euro area recommendations (Art.119 and 121 Reg.1466/97 and 1176/2011).
<b>Legal quality</b> - Community method (supranational hard law) - Intergovernmentalism (intergovernmental hard law) - Transgovernmentalism (soft law)	Community method	Community method
<b>Extent of legal commitment</b> - Harmonisation - Approximation - Information	Harmonisation	Harmonisation
<b>Organisational dimension: Participation in</b>		
<b>Agenda setting</b> - Full - Partial - Punctual - None	<b>None</b> In Annual Growth Surveys the European Commission sets out economic priorities for the EU and gives member states policy guidance for the following year. In AMR the European Commission identifies countries to which an in-depth review will be addressed.	<b>None</b> In Annual Growth Surveys the European Commission sets out economic priorities for the EU and gives member states policy guidance for the following year. In AMR the European Commission identifies countries to which an in-depth review will be addressed.

<b>Policy formulation</b> - Full - Partial - Punctual - None	<b>None</b> The European Commission presents Euro Area Recommendations. The European Commission proposes CSRs.	<b>None</b> The European Commission proposes CSRs.
<b>Decision taking</b> - Full - Partial - Punctual - None	<b>Full</b> December/January: Ministers of euro area in the Council adopt Euro Area Recommendations. Ecofin adopts conclusions on AGS and AMR. March: the European Council adopts economic priorities based on AGS. June/July: the European Council endorses CSRs proposed by the Commission.	<b>Partial</b> December/January: Ecofin adopts conclusions on AGS and AMR. March: the European Council adopts economic priorities based on AGS. June/July: the European Council endorses CSRs proposed by the Commission.
<b>Policy implementation</b> - Full - Partial - Punctual - None	<b>Full</b> Member states present stability programmes to show how they will comply with CSRs, the priorities set by the European Council, and fiscal rules (MTOs). In October, euro area member states present the Draft Budgetary Plans, which must be consistent with SGP and CSRs (Reg.473/2013 and Reg.1466/97).	<b>Full</b> Member states present convergence programmes to show how they will comply with CSRs, the priorities set by the European Council, and fiscal rules (MTOs) (Reg.1466/97).
<b>Policy enforcement</b> - Full - Partial - Punctual - None	<b>Punctual</b> The European Commission issues an opinion on draft budgetary plans by 30 November. If the Commission identifies a serious non-compliance with Stability and Growth Pact rules, it requests a revised draft budgetary plan to be submitted as soon as possible by the member state concerned (Reg.473/2013). The European Commission and the Council examine stability programmes. The Council may issue an opinion to strengthen the objective and the content of a member state's stability programme (Reg.1466/97). See the grids on the Stability and Growth Pact and on the Macroeconomic Imbalance Procedure for more details on policy enforcement.	<b>Punctual</b> The European Commission and the Council examine convergence programmes. The Council may issue an opinion to strengthen the objective and the content of a member state's convergence programme (Reg.1466/97). See the grids on the Stability and Growth Pact and on the Macroeconomic Imbalance Procedure for more details on policy enforcement.
<b>Policy evaluation</b> - Full - Partial - Punctual - None	<b>Punctual</b> The European Commission is currently conducting a review of the EU economic governance, including the European Semester, which is open to a variety of stakeholders including national authorities (European Commission 2020c).	<b>Punctual</b> The European Commission is currently conducting a review of the EU economic governance, including the European Semester, which is open to a variety of stakeholders including national authorities (European Commission 2020c).

## Grid 6 | Macroeconomic coordination – The Macroeconomic Imbalance Procedure

Definition of the policy studied	Members ("Normal" level of integration between EU members without differentiation) (Euro area member states)	Differentiated members (Differentiated level of integration of EU members beyond or below the "normal" level) (Non-euro-area member states)
<b>Regulatory dimension: Commitment to</b>		
<b>Regulatory scope</b> - Full - Partial - Punctual - None	<b>Full</b> Economic coordination. The Council monitors the consistency of national economic policies with the objectives of the EU (art 121 TFEU).  Preventive arm: - Alert Mechanism Report and scoreboard, in-depth reviews (IDRs), MIP country specific recommendations and specific monitoring for countries experiencing imbalances (Reg.1176/2011).  Corrective arm: - Excessive imbalance procedure (EIP) can be triggered by the Council. - The member state with excessive imbalances presents Corrective Action Plan (CAP). - Sanctions may be imposed if the member state presents an inadequate CAP (for two consecutive times) or if it does not take actions to address the imbalances (Reg.1176/2011 and Reg.1174/2011).	<b>Partial</b> Economic coordination. The Council monitors the consistency of national economic policies with the objectives of the EU (art 121 TFEU).  Preventive arm: - Alert Mechanism Report and scoreboard, in-depth reviews (IDRs), MIP country specific recommendations and specific monitoring for countries experiencing imbalances (Reg.1176/2011).  Corrective arm: - Excessive imbalance procedure (EIP) can be triggered by the Council. - The member state with excessive imbalances presents Corrective Action Plan (CAP). - No sanctions applied (Reg.1176/2011).
<b>Legal quality</b> - Community method (supranational hard law) - Intergovernmentalism (intergovernmental hard law) - Transgovernmentalism (soft law)	Community method	Community method
<b>Extent of legal commitment</b> - Harmonisation - Approximation - Information	Harmonisation	Harmonisation
<b>Organisational dimension: Participation in</b>		
<b>Agenda setting</b> - Full - Partial - Punctual - None	Preventive arm: <b>None</b> . The European Commission, through the AMR, decides which countries will be subject to IDR and which countries experience imbalances (Reg.1176/2011).  Corrective arm: <b>None</b> . The Commission recommends to the Council to start an Excessive Imbalance Procedure (Reg.1176/2011).	Preventive arm: <b>None</b> . The European Commission, through the AMR, decides which countries will be subject to IDR and which countries experience imbalances (Reg.1176/2011).  Corrective arm: <b>None</b> . The Commission recommends to the Council to start an Excessive Imbalance Procedure (Reg.1176/2011).

<b>Policy formulation</b> - Full - Partial - Punctual - None	Preventive arm: <b>None</b> . The Commission proposes to the Council a recommendation for MIP-related CSRs (Reg.1176/2011).  Corrective arm: <b>None</b> . Recommendation of the Commission for a Council recommendation establishing the existence of an excessive imbalance, policy recommendations, deadlines for the presentation of the CAP and sanctions (Reg.1176/2011 and Reg.1174/2011).	Preventive arm: <b>None</b> . The Commission proposes to the Council a recommendation for MIP-related CSRs (Reg.1176/2011).  Corrective arm: <b>None</b> . Recommendation of the Commission to the Council establishing policy recommendations, deadlines. Non-euro-area countries do not participate concerning sanctions (Reg.1176/2011).
<b>Decision taking</b> - Full - Partial - Punctual - None	<b>Full</b> Council decides Country Specific Recommendations (QMV). Council decides recommendations establishing the existence of an excessive imbalance, policy measures, deadlines for the presentation of the CAP, adequacy of CAP (corrective arm). Council adopts the Commission's recommendation that no corrective action has been taken and can impose sanctions (RQMV) (Reg.1176/2011 and Reg.1174/2011).	<b>Partial</b> Council decides Country Specific Recommendations (QMV). Council decides recommendations establishing the existence of an excessive imbalance, policy measures, deadlines for the presentation of the CAP, adequacy of CAP (corrective arm). Non-euro area countries do not vote on sanctions on euro area countries (Reg.1176/2011).
<b>Policy implementation</b> - Full - Partial - Punctual - None	<b>Full</b> The concerned member state experiencing imbalances presents a Corrective Action Plan with policy actions it implements to address imbalances (Reg.1176/2011).	<b>Full</b> The concerned member state experiencing imbalances presents a Corrective Action Plan with policy actions it implements to address imbalances (Reg.1176/2011).
<b>Policy enforcement</b> - Full - Partial - Punctual - None	<b>Full</b> By reverse qualified majority the Council imposes sanctions if two consecutive CAPs are considered insufficient or no action has been taken (Reg.1174/2011).	<b>Partial</b> Non-euro-area member states vote on the recommendations, but not on sanctions.
<b>Policy evaluation</b> - Full - Partial - Punctual - None	<b>None</b> The Commission each year issues a Communication to assess progress on structural reforms and the functioning of the MIP's preventive and corrective arms (European Commission 2020a).	<b>None</b> None. The Commission each year issues a Communication to assess progress on structural reforms and the functioning of the MIP's preventive and corrective arms.



EU Integration and Differentiation  
for Effectiveness and Accountability

**Differentiation has become the new normal in the European Union (EU)** and one of the most crucial matters in defining its future. A certain degree of differentiation has always been part of the European integration project since its early days. The Eurozone and the Schengen area have further consolidated this trend into long-term projects of differentiated integration among EU Member States.

A number of unprecedented internal and external challenges to the EU, however, including the financial and economic crisis, the migration phenomenon, renewed geopolitical tensions and Brexit, have reinforced today the belief that **more flexibility is needed within the complex EU machinery**. A Permanent Structured Cooperation, for example, has been launched in the field of defence, enabling groups of willing and able Member States to join forces through new, flexible arrangements. Differentiation could offer a way forward also in many other key policy fields within the Union, where uniformity is undesirable or unattainable, as well as in the design of EU external action within an increasingly unstable global environment, offering manifold models of cooperation between the EU and candidate countries, potential accession countries and associated third countries.

EU IDEA's key goal is to address **whether, how much and what form of differentiation is not only compatible with, but is also conducive to a more effective, cohesive and democratic EU**. The basic claim of the project is that differentiation is not only necessary to address current challenges more effectively, by making the Union more resilient and responsive to citizens. Differentiation is also desirable as long as such flexibility is compatible with the core principles of the EU's constitutionalism and identity, sustainable in terms of governance, and acceptable to EU citizens, Member States and affected third partners.



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