ADJUSTED GROWTH STRATEGY: EUROPEAN UNION

EUROPEAN UNION'S ADJUSTED GROWTH STRATEGY, 2015

The purpose of this document is to highlight changes and new additions to members' growth strategies since Brisbane:

Changes to section A (Economic Objective)

The broad priority areas for the EU in 2015 are:

(i) boosting investment, by improving the investment environment and moving ahead with the new Investment Plan for Europe;

(ii) renewing commitment to the implementation of structural reforms at national level; and

(iii) improving the sustainability and growth-friendliness of public finances.

All three priorities are important and mutually reinforcing. They will be complemented by specific initiatives at EU level to strengthen the jobs and growth potential of the European single market (e.g. Capital Markets Union, Energy Union, Digital Single Market).

The objective is to implement these priorities in an integrated manner in order to tackle the challenges effectively at both EU and Member State level.

Our medium-term objectives (for the next five years) remain unchanged. They are in line with the European Council agreement on 26-27 June 2014 on the strategic agenda of key priorities for the next five years and have been further spelled out in the Political Guidelines for the new European Commission (2014-2019).

1. FINALISE AND IMPLEMENT A GENUINE BANKING UNION, BASED ON A SINGLE RULEBOOK, A SINGLE SUPERVISORY MECHANISM AND SINGLE RESOLUTION MECHANISM WITH A CENTRAL DECISION – MAKING BOARD AND A SINGLE RESOLUTION FUND ;

2. UNLOCK PUBLIC AND PRIVATE INVESTMENT IN THE EU, INCLUDING THROUGH THE INVESTMENT PLAN FOR EUROPE AND THE CAPITAL MARKETS UNION;

3. ADDRESS HIGH UNEMPLOYMENT, IN PARTICULAR YOUTH UNEMPLOYMENT AND FACILITATE LABOUR MOBILITY;

4. INTEGRATE THE SINGLE MARKET, INCLUDING IN THE SERVICES MARKETS AND NETWORK INDUSTRIES, WHILE REDUCING ADMINISTRATIVE BURDENS;

5. ADVANCE MULTILATERAL TRADE LIBERALISATION AND THE EU BILATERAL TRADE AGENDA

Changes to section B (Economic Outlook and Challenges to Growth)

The economic recovery in the European Union continues at a moderate pace. Europe's economies are benefitting from many supporting factors at once. Oil prices remain relatively low, the euro remains below its 2014 level, and economic policies in the EU are supportive. Continued growth in private consumption has supported economic activity. The growth contribution of net exports turned positive in the EU in the first half of 2015, probably on the back of the euro depreciation.

Still, the global economic environment has considerably changed since the summer. Some of the downside risks have been materialising in recent months, notably a more fragile outlook mainly for emerging market economies and world trade but also increased uncertainty. So far, the less favourable external environment is judged to have exerted only a limited negative impact on the pace of the recovery in the EU and the euro area, though it clouds the outlook and implies an increase of downside risks ahead.

Our macroeconomic policy stance is supporting the recovery. On the monetary side, the expanded assest purchase programme (APP) by the European Central Bank is having a significant impact on financial markets, contributing to lower interest rates and improving credit conditions. With the overall fiscal stance in the EU and the euro area as a whole being broadly neutral – neither tightening nor loosening – fiscal policy is also accommodating growth. Furthermore, improvements in growth-friendliness and fiscal sustainability in Member States will support confidence in sound public finances and the growth outlook, while structural reforms are already starting to bear fruit. Moreover, the implementation of the Investment Plan for Europe together with a deepening of structural reforms in some Member States should help to overcome the legacies of the crisis and to improve growth potential over the medium term.

All countries in the EU are benefitting from the supporting factors mentioned above, but not necessarily to the same degree. Differences in the pass-through of lower oil prices and, in the euro area, a varying effect of the depreciation of the euro according to the price elasticity of exports and the openness to trade with non-euro area countries will modulate their impact. Transmission channels for APP, other than the exchange rate, are also likely to differ across countries. The decline in real interest rates should, for instance, be larger in countries that had wider spreads before APP was announced. On the other hand, in some countries, the fragility of financial systems and the high level of non-performing loans may hinder the transmission of extra monetary liquidity into more lending to the private sector.

The recovery of the labour market in the EU is progressing and is becoming fairly broad-based across sectors. The employment rate of the population aged 20 to 64 in the EU increased in 2014, for the first time since the financial crisis, reaching 69.2%. High structural unemployment and large unemployment gaps persist as the rise in economic activity is not strong enough for a more marked improvement.

EU economies continue to progress in correcting their external and internal imbalances, in particular in relation to current account deficits, competitiveness, reduction of private debt-to-GDP and balance sheet repair in all sectors, thus contributing to the rebalancing in the EU and within the euro area. In some of the most vulnerable EU Member States with large deficits a few years ago, current account positions have improved to a range stretching from small deficits to large surpluses. As a consequence, the euro area as a whole has an increasing current account surplus. This rebalancing has been mainly driven by deficit countries at the euro area level. Current account surpluses also require monitoring and action where appropriate.

Ongoing efforts to regain competitiveness and balance external positions are made more arduous due to the low inflation environment. However, the euro depreciation, low oil prices and expansionary monetary policy by the ECB are expected to support rebalancing in particular in debtor countries.

Even though the renewed fall in energy prices may lead headline inflation again temporarily into negative territory, risks surrounding the inflation outlook have moderated as a result of the ECB's APP and in response to the ongoing recovery. This applies in particular to the risk of a substantial decline of longer-term inflation expectations and of negative second-round effects on income stemming from a protracted period of very low or negative inflation.

According to the European Commission Autumn forecast, real GDP in 2015 is expected to rise by 1.9 % in the EU and by 1.6 % in the euro area. For 2016, growth is projected at 2.0 % in the EU and 1.8 % in the euro area.

EU

Key Indicators

	2014***	2015	2016	2017	2018	2019
Real GDP (% yoy)	1.4	1.9	2.0	2.1	2.0	1.8
Nominal GDP (% yoy)	2.4	3.0	3.4	3.7	3.8	3.8
Output Gap (% of GDP)*	-2.2	-1.4	-0.8	-0.2	0.0	0.2
Inflation (%, yoy)	0.6	0.0	1.1	1.6	1.8	1.9
Fiscal Balance (% of GDP)**	-3.0	-2.5	-2.0	-1.6	-0.5	0.2
Unemployment (%)	10.2	9.5	9.2	8.9	7.7	6.0
Savings (% of GDP)	21.1	21.5	21.9	22.3		
Investment (% of GDP)	19.4	19.5	19.8	20.2		
Current Account Balance (% of GDP)	1.6	2.2	2.2	2.0		

***A positive (negative) gap indicates an economy above (below) its potential.**

****A positive (negative) balance indicates a fiscal surplus (deficit).**
***** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.**
Note: The data for 2014-2017 are taken from the European Commission Autumn 2015 Forecast, whereas the data for 2018-2019 are the weighted averages calculated on the basis of the figures reported by the EU Member States (except for Greece and Cyprus) in their Stability and Convergence Programmes. For 2019, Belgium, Greece, Spain, France, Cyprus, Malta, the Netherlands, Slovakia and all but one (UK) non-euro area Member State have not reported their figures.

EURO AREA

Key Indicators

	2014***	2015	2016	2017	2018	2019
Real GDP (% yoy)	0.9	1.6	1.8	1.9	1.8	1.5
Nominal GDP (% yoy)	1.8	2.7	3.0	3.4	3.5	3.3
Output Gap (% of GDP)*	-2.6	-1.8	-1.1	-0.4	-0.1	0.2
Inflation (%, yoy)	0.4	0.1	1.0	1.6	1.7	1.7
Fiscal Balance (% of GDP)**	-2.6	-2.0	-1.8	-1.5	-0.5	0.3
Unemployment (%)	11.6	11.0	10.6	10.3	8.5	6.4
Savings (% of GDP)	22.5	23.1	23.4	23.7		
Investment (% of GDP)	19.6	19.7	20.0	20.5		
Current Account Balance (% of GDP)	3.0	3.7	3.6	3.4		

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***** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.**
Note: The data for 2014-2017 are taken from the European Commission Autumn 2015 Forecast, whereas the data for 2018-2019 are the weighted averages calculated on the basis of the figures reported by the EU Member States (except for Greece and Cyprus) in their Stability and Convergence Programmes. For 2019, Belgium, Greece, Spain, France, Cyprus, Malta, the Netherlands and Slovakia have not reported their figures.

Changes to section C (Policy Responses to Lift Growth)

NEW action under EU's fiscal policy framework

In the context of the fragility of the recovery and the need to ensure public debt sustainability, the expected EU/euro area fiscal stance for 2015 and 2016 is broadly neutral. Having peaked in 2014, 2015 gross general government debt is expected to be 88.0% in the EU and 94.0% in the euro area and decline further in 2016. On 13 January 2015 the European Commission presented a Communication on "Making the best use of the flexibility within the existing rules of the Stability and Growth Pact". It offers guidance on how the European Commission will apply the existing rules of the Stability and Growth Pact, without changing or replacing them, in order to strengthen the link between structural reforms, investment and fiscal responsibility in support of jobs and growth.

The EU is also working to improve the composition of public finances to foster growth. For example, euro area Finance Ministers agreed on common principles that should guide Member States when implementing reforms to reduce the tax burden on labour. One of the principles is about the financing of labour tax cuts. Given continuing sustainability concerns, reforms for reducing the tax burden on labour should in general be accompanied by either a compensatory reduction in non-productive expenditure, or by shifting labour taxes towards taxes less detrimental to growth. In September 2015, with an eye to highlighting the possible need and scope for reform, euro area Finance Ministers agreed to benchmark euro area Member States' tax burden on labour against the EU average and to relate it to the OECD average for purposes of broader comparability. As the tax burden on labour interacts with other labour market features, monitoring the agreed indicators needs to be part of a more comprehensive approach, examining the level of labour taxation in its full country-specific policy context.

In addition to advocating a more growth-friendly composition of Member States' public finances through Country-Specific Recommendations, the European Commission is stepping up efforts to tackle corporate tax avoidance and harmful tax competition in the EU. To this end, on 18 March the European Commission presented an ambitious package on tax transparency which includes a Directive proposal to extend the automatic exchange of information between Member States on tax rulings. On 6 October 2015, the Council agreed on a Directive requiring EU Member States to exchange information automatically on advance cross-border tax rulings and pricing arrangements. The new rules come into force on 1st January 2017.

The European Commission also presented on 17 June an Action Plan for Fair and Efficient Corporate Taxation in the EU, including a strategy to re-launch of the Common Consolidated Corporate Tax Base (CCCTB) and a framework to ensure effective taxation where profits are generated. The measures outlined also echo ongoing work at the OECD/G20 to limit base erosion and profit shifting.

NEW action under euro-area's monetary policy

On 22 January 2015, the ECB Governing Council decided to launch an expanded asset purchase programme, encompassing a purchase programme for government securities next to the existing purchase programmes for asset-backed securities and covered bonds. Under this expanded programme, the combined monthly purchases of public and private sector securities will amount to EUR 60 billion. They are intended to be carried out until end-September 2016 and will in any case be conducted until a sustained adjustment in the path of inflation consistent with the aim of achieving inflation rates below, but close to, 2% over the medium term is seen. In March 2015, the Eurosystem started to purchase euro-denominated investment-grade securities issued by euro area governments and agencies and European institutions in the secondary market. The purchases of securities issued by euro area governments and agencies are based on the Eurosystem National Central Banks' shares in the ECB's capital key. Some additional eligibility criteria are applied in the case of countries under an EU/IMF adjustment programme. Finally, on 3 September 2015, following the announced review of the public sector purchase programme's issue share limit after the first six months of purchases, the Governing Council decided to increase the issue share limit from the initial limit of 25% to 33%, subject to a case-by-case verification that this would not create a situation whereby the Eurosystem would have blocking minority power, in which case the issue share limit would remain at 25%.

The Governing Council also decided in January 2015 to change the pricing of the six remaining targeted longer-term refinancing operations (TLTROs). Accordingly, the interest rate applicable to future TLTRO operations will be equal to the rate on the Eurosystem's main refinancing operations prevailing at the time when each TLTRO is conducted, thereby removing the 10 basis point spread over the MRO rate that applied to the first two TLTROs.

Looking ahead, ECB's focus will be on the full implementation of the monetary policy measures with the aim to maintain price stability over the medium term. This will contribute to a further improvement in the economic outlook, a reduction in economic slack and a recovery in money and credit growth. Together, such developments will lead to a sustained return of inflation towards a level below, but close to, 2% over the medium term and will underpin the firm anchoring of medium to long-term inflation expectations.

The ECB Governing Council will continue to closely monitor the risks to the outlook for price developments over the medium term. In this context, it will focus in particular on geopolitical developments, exchange rate and energy price developments, and the pass-through of the monetary policy measures.

NEW action under the Investment priority:

Unlocking public and private investment in the EU

In November 2014, the European Commission put forward an Investment Plan for Europe that should mobilise at least EUR 315 billion of additional investment over the period 2015-18 and improve significantly the overall investment environment. The focus of this additional investment should be in the areas of infrastructure, inter alia broadband and energy networks, as well as transport infrastructure; research and innovation; renewable energy and energy efficiency; and human capital, culture and health. In addition, a significant amount should be channelled towards financial support for SME and mid-cap companies having up to 3000 employees.

The Investment Plan consists of three pillars: (1) mobilising investment finance through targeted support to viable projects via the European Fund for Strategic Investments (EFSI); (2) enhancing technical assistance to public and private promoters via the European Investment Advisory Hub (EIAH) as well as identifying projects and enhancing transparency about potential projects through the European Investment Project Portal (EIPP); and (3) removing sector-specific and other financial and regulatory barriers to investment. The Plan was endorsed by the European Council on 18 December 2014. Its implementation is fully on track.

The necessary legal framework for the first two pillars of the Investment Plan for Europe to boost jobs, growth and competitiveness entered into force by means of a Regulation on 4 July 2015. The EFSI is the main channel to mobilise the additional investment over the next three years. It will support, via a guarantee from the EU budget, projects with a higher risk profile, thereby maximising the impact of public spending and unlocking private investments. Investments supported by the EFSI will be channelled through the European Investment Bank (EIB), with which the European Commission will work as strategic partner. A number of projects have already been financed with EFSI backing.

As regards the second pillar of the Investment Plan, the European Investment Advisory Hub (EIAH) website went live on 1 September 2015[1]. Using existing expertise, the EIAH is the EU-wide one-stop-shop for technical assistance to help identify, prepare and develop projects. It will also advise how to use innovative financial instruments and public-private partnerships. In addition, the European Investment Project Portal (EIPP) will inform investors about available investment opportunities in the Union. The website will be up and running in early 2016.

As regards the third pillar of the Investment Plan, the European Commission and the Member States are working to further remove regulatory barriers to investment across Europe and to strengthen the Single Market, including through steps towards a Capital Markets Union (CMU). Over time, the creation of a CMU will reduce fragmentation in the EU's financial markets; it will bring about a more diverse supply of finance to SME and long-term projects by complementing bank financing with deeper and more developed capital markets; and will help to reduce the cost of funding for the rest of the economy. The CMU project includes certain short-term priority actions, some of which were also identified in the Investment Plan for Europe: (i) lowering barriers to accessing capital markets through a review of the current prospectus regime; (ii)

[1] http://www.eib.org/eiah/

widening the investor base for SMEs by improving credit information on SMEs; (iii) developing proposals to encourage 'high-quality' securitisation and free up banks' balance sheets so they can lend more; (iv) supporting take-up of long-term investment funds; and (v) supporting industry led work to develop European private placement markets.

The European Commission on 30 September 2015 adopted an Action Plan on Building a Capital Markets Union setting out the measures required to bring about a well-functioning and integrated Capital Markets Union by 2019. Early actions include a comprehensive package on securitisation with updated calibrations for Solvency II and the Capital Requirements Directive, the definition of infrastructure with revised calibrations for Solvency II, and a proposal to review the Prospectus Directive to reduce the cost of public offerings. The European Commission also launched two consultations: one on how to build a pan-European covered bond framework; and a second one on whether targeted changes to the regulations on European Venture Capital (EuVECA) and European Social Entrepreneurship Funds (EuSEF) could boost the take-up of these investments.

NEW action under the Employment priority:

Youth employment remains our main priority. The Youth Guarantee, as the main EU framework for delivering on this objective, has been recognised by the G20 as a major structural reform. Considerable EU funding is available to support Member States' efforts to implement the Youth Guarantee. In order to speed up the implementation of the Youth Employment Initiative (YEI), the European Commission in May 2015 released additional pre-financing payments under the Youth Employment Initiative (YEI) for all adopted operational programmes, worth EUR 900 million[2]. The European Commission estimates that this would allow to provide support to up to 650 000 young people and helping them get into work faster. This pre-financing is intended for payment by the Member States to beneficiaries with a view to speeding up the implementation of YEI actions on the ground. Currently all operational programmes containing YEI resources have already been adopted by the European Commission and implementation is in progress.

The YEI, together with related resources from the European Social Fund, supports the implementation of the 2013 EU Council Recommendation on Establishing a Youth Guarantee by funding activities to directly help young people not in employment, education or training (NEETs) aged below 25 years, or, where the Member States consider relevant, below 30 years. The YEI funding can be used to support activities including first job experience, provision of traineeships and apprenticeships, further education and training, business start-up support for young entrepreneurs, second-chance programmes for early school leavers and targeted wage and recruitment subsidies. The most important EU source of financing to support implementation of the Youth Guarantee and

[2] The final operational programme containing YEI, adopted in September 2015, also received pre-financing, thus bringing the total additional initial pre-financing paid in 2014-2015 from the YEI special allocation to around EUR 1 billion.

other measures to tackle youth unemployment is the European Social Fund (ESF). The YEI is an additional source of funding to boost the implementation of the Youth Guarantee in the coming months and years. During the 2014-20 financial cycle, the YEI and the ESF will invest at least EUR 12.7 billion directly for youth labour market integration measures. In addition, the ESF is expected to invest around EUR 11 billion in modernising labour market systems, self employment and adaptation of workers, and another EUR 27 billion in education systems, early school leaving prevention and lifelong learning, which are likely to impact positively on reducing youth unemployment.

Further action is also being taken to increase labour mobility and reduce long-term unemployment. The European Commission will put forward by end 2015 a package aiming at contributing to a deeper and fairer internal market in the EU. It will envisage a targeted review of the Posting of Workers Directive and a proposal for a revision of the Social Security Coordination Regulations. The package will take forward a balanced approach to labour mobility, aiming at maximising its benefits especially in cases of persistent vacancies and skills mismatches, including across borders. As regards long-term unemployment, on 17 September 2015, the European Commission made a proposal for a Council recommendation foreseeing that all jobseekers who have been jobless for more than 12 months receive an individual assessment and that they receive a job integration offer with a concrete and personalised plan back to work before reaching 18 months of unemployment. It will follow the model of the Youth Guarantee, which achieved considerable impact on the ground in Member States.

<u>NEW action under the Competition priority</u>

Further integration of the Single Market

Among the priorities of the 2015 Work Programme, the European Commission is committed to propose measures to further deepen the Single Market for goods and services, to develop a truly connected Digital Single Market and to make the most of the Single Market in energy and transport.

Single Market for goods and services

The Single Market is one of Europe's best assets – its potential must be further exploited to improve Europe's competitiveness in the global marketplace and create jobs. The European Commission is preparing a new Internal Market Strategy to set out new approaches for capturing that potential. Removing barriers to a well-functioning single market will contribute to foster competitiveness and further trade integration. The internal market is also the foundation for Europe's industrial strength and productive capacity that must be enhanced further.

Digital Single market

The European Commission adopted on 6 May 2015 a Strategy which identifies the major challenges to complete a secure, trustworthy and dynamic Digital

Single Market. The Digital Single Market Strategy will be built on three pillars: (i) better access for consumers and businesses to online goods and services across Europe – this requires the rapid removal of key differences between the online and offline worlds to break down barriers to cross-border online activity; (ii) creating the right conditions for digital networks and services to flourish – this requires high-speed, secure and trustworthy infrastructures and content services, supported by the right regulatory conditions for investment, fair competition and a level playing field; (iii) maximising the growth potential of our European Digital Economy – this requires investment in ICT infrastructures and technologies such as Cloud Computing and Big Data, and research and innovation to boost industrial competiveness as well as better public services, inclusiveness and skills.

Energy Union

The European Commission adopted on 25 February 2015 its strategy to achieve a resilient Energy Union. The Energy Union strategy has five mutually-reinforcing and closely interrelated dimensions designed to bring greater energy security, sustainability and competitiveness: (i) Energy security, solidarity and trust: to diversify supply (energy sources, suppliers and routes), to work together on security of supply, to achieve a stronger European role in global energy markets and more transparency on gas supply; (ii) A fully integrated European energy market: to connect markets through interconnections, to implement and upgrade the internal energy market's framework, to enhance regional cooperation within a common EU framework and launch a new deal for consumers, while protecting vulnerable consumers; (iii) Energy efficiency contributing to moderation of demand, in particular to increase energy efficiency in the buildings sector and to develop an energy-efficient, decarbonised transport sector; (iv) Decarbonising the economy through an ambitious EU Climate policy and becoming the number one in renewables; and (v) Research, Innovation and Competitiveness to mobilise significant research and innovation investments to develop the technologies and systems of the energy system of tomorrow and foster European Technological leadership. On 15 of July 2015, the European Commission adopted the first implementation package of Energy Union focused on: (1) delivering a new deal for energy consumers, (2) launching a redesign of the European electricity market, (3) updating energy efficiency labelling and (4) revising the EU Emissions Trading System. The first Report on the State of the Energy Union is currently under preparation and scheduled to be released by the end of 2015. The package will contain notably a progress report based on key indicators to monitor the implementation of Energy Union.

Fourth Railway Package

In transport, the main priority is the opening of the railway market for competition through, among other things, the separation between infrastructure and services and open procedures for public service obligations. These issues are addressed by the Fourth Railway package proposed by the European Commission. In June 2015, the Council and Parliament reached political agreement on the legislative acts that make up the technical pillar of the Fourth

Railway package (draft directives on the interoperability and safety of European railways and the draft regulation on the European Railway Agency). The legislative procedure involving the European Parliament and Council is still ongoing as regards the governance and market opening proposals in the political pillar of the package.

NEW actions as regards correction of macroeconomic imbalances and taking into account the social aspects of measures to strengthen growth in the Economic and Montery Union

Further policy action is needed to address imbalances within the EU and the Euro area, in particular the high public and private indebtedness as well as high external debt levels giving rise to sustainability concerns. Improving competitiveness in the EU also remains a priority. At the same time, elevated current account surpluses in a few Member States persist. An increase in domestic demand by promoting investment would strengthen the potential for growth.

In line with these findings, and within the so-called Macroeconomic Imbalances Procedure (MIP), in November 2014, the European Commission identified 16 countries where an in-depth review (IDR) is warranted in order to assess the degree and persistence of imbalances, their risks as well as the progress made toward their unwinding, taking into account the implementation of relevant measures.

For the 16 countries, the IDRs were presented on 25 February 2015. The package sets out the analytical basis for the so-called Country-Specific Recommendations (CSRs) adopted during the summer of 2015 by the EU Council. In particular, for countries with excessive imbalances the policy recommendations are more ambitious and time bound. Key challenges that policies address are to strengthen competitiveness and to support rebalancing of euro area economies, in particular across creditor and debtor countries, implying strengthening domestic demand in surplus countries and competitiveness in deficit countries.

The European Commission has committed to better take into account the analysis of employment and social developments in the MIP. The following employment and social variables, already featuring among the MIP auxiliary indicators, would be added to the headline MIP scoreboard: (i) activity rate; (ii) long-term unemployment and (iii) youth unemployment.

Expected impact of policy measures taken at the EU/Euro-area level and spillovers

Improving the economic prospects for the European economy as a whole will have indirect positive effects on non-EU G20 countries. Furthermore, higher growth in the EU may allow for stronger exports demand for non-EU G20 members and so spill over to other G20 countries. At the same time, there could also be offsetting negative spillovers due to competitiveness enhancing effects. Therefore, the net spillover effects are likely to be limited. Nevertheless, model simulations with the European Commission's dynamic stochastic general equilibrium (DSGE) model QUEST suggest that they are positive and could amount to up to 10-20% of the home (i.e. EU) effect. Likewise, the EU could benefit from growth raising measures in other G20 countries to a similar order of magnitude.

Preliminary evidence suggests that the expectation and eventual introduction of the ECB's expanded asset purchase programme have benefited global financial markets and the global economy. The announcement of the programme has supported global equity markets and investor confidence and reduced downside risks to medium-term price stability in the euro area.

ANNEX 1: NEW AND ADJUSTED POLICY COMMITMENTS FOR 2015

New and Adjusted Commitments since Brisbane

Fiscal Policy Framework

• The new or adjusted policy action:	Make the best use of flexibility within the existing rules of the Stability and Growth Pact
Implementation path and expected date of implementation	The European Commission published a Communication on making the best use of flexibility within the existing rules of the Stability and Growth Pact (SGP) on 13 January 2015. The Communication highlights three key areas where the existing flexibility built into Stability and Growth Pact can be used to support growth and jobs. It outlines: • first, how investment can be stimulated, by making allowances – under certain circumstances – for additional investment under the fiscal rules, but also through the new European Fund for Strategic Investments; • second, how the current provisions of the Pact can be used to encourage the implementation of growth-enhancing structural reforms; • third, that the European Commission will better take account of the economic situation in each Member State when conducting our assessment of fiscal policy.
What indicator(s) will be used to measure progress?	According to European fiscal rules, required budgetary adjustments are defined in structural terms, both under the preventive and corrective arm of the SGP, in order to allow automatic stabilisers to function along the path. Medium-term fiscal policies are underpinned by intermediate objectives, in the form of yearly targets for the deficit and structural balance, while adjusted primary expenditure growth must not exceed potential medium-term GDP growth for Member States under the preventive arm of the Pact. The fiscal adjustments requested of Member States in the Country-Specific Recommendations published in 2015 reflect the clarifications on the application of the Stability and Growth Pact's rules embedded in the 13 January communication.
Explanation of additionality or adjustment (where relevant)	This additional guidance clarifies the application of flexibility already foreseen in the rules of the Pact. The Pact does not impose a "one-size-fits-all" budgetary strategy for all Member States. It is a rule-based fiscal framework, with specified reference values for public deficit and debt that can be accommodated according to macroeconomic circumstances. The rules in the SGP are essential for the smooth functioning of the Economic and Monetary Union, and they remain unchanged.

• The new or adjusted policy action:	Improve the composition of public finances and tackle tax avoidance
Implementation path and expected date of implementation	Fiscal policy needs to differ across Member States, which also have different fiscal structures. The EU is considering how the composition of Members States' public finances can be best structured to support growth. Public investment backed by sound cost-benefit analysis and other public expenditure with strong positive growth spill-overs is being prioritised. Expenditure reforms may target efficiency gains in public administration, as notably revealed by spending reviews, and reforms of entitlements with a view to control ageing pressures and raise potential growth. The efficiency of the tax structure may be improved by shifting taxation away from labour towards tax bases less detrimental to growth and employment, including consumption taxes, recurrent taxes on immovable property and environmental taxes. Efforts to support reforms to reduce the tax wedge on labour will be continued.
What indicator(s) will be used to measure progress?	The European Commission examines Member States' expenditure and revenue plans as presented in the annual Stability and Convergence Programmes and, where necessary, makes recommendations to improve the quality of public finances to boost productivity and growth in the Country Specific Recommendations. The most visible indicator used to assess progress in reducing the tax burden on labour is the tax wedge on labour income. Developments in this indicator are monitored by the Eurogroup. The European Commission monitors a wide variety of indicators related to labour taxation, including the implicit tax rate; the tax wedge for different family compositions and a variety of wage levels; as well as inactivity, unemployment and low-wage traps that provide an indication of how labour taxation and the benefit system together affect incentives to work..
Explanation of additionality or adjustment (where relevant)	In addition to advocating a more growth-friendly composition of Member States' public finances through the Country-Specific Recommendations, the European Commission is stepping up efforts to tackle corporate tax avoidance and harmful tax competition in the EU. To this end, on 18 March the European Commission presented an ambitious package on tax transparency which includes a Directive proposal to extend the automatic exchange of information between Member States on tax rulings. On 6 October 2015, the Council agreed on a Directive requiring EU Member States to exchange information automatically on advance cross-border tax rulings and pricing arrangements. The new rules come into force on 1 January 2017. The European Commission also presented on 17 June an Action Plan for Fair and Efficient Corporate Taxation in the EU, including a strategy to re-launch of the Common Consolidated Corporate Tax Base (CCCTB) and a framework to ensure effective taxation where profits are generated. The measures outlined also echo ongoing work at the OECD/G20 to limit base erosion and profit shifting.

MONETARY POLICY

• The new or adjusted policy action:	**Large-scale purchasing programme including government securities, asset-backed securities and covered bonds to attain the primary objective of price stability over the medium term for the euro area as a whole.**
Implementation path and expected date of implementation	Starting in March 2015, monthly purchases amount to EUR 60 billion, intention to carry out until end-September 2016 and in any case until a sustained adjustment in the path of inflation consistent with the aim of achieving inflation rates below, but close to, 2% over the medium term is seen.
What indicator(s) will be used to measure progress?	Regular publication of purchase volumes on ECB's website.
Explanation of additionality or adjustment (where relevant)	

INVESTMENT

• The new or adjusted policy action:	**Investment: Implement the Investment Plan for Europe**
Implementation path and expected date of implementation	• Following the entry into force of the Regulation establishing the EFSI, the EIAH and the EIPP on 4 July 2015, the EFSI will be fully operational in autumn 2015, including the full set-up of its governance structure. A number of projects have already benefited from EFSI backing since 22 July 2015 under the Regulation's transitional provision. • The new European Investment Advisory Hub (EIAH) is operational. Its website went live on 1 September 2015 and requests for technical assistance can be submitted online. • The European Investment Project Portal is expected to become operational from early 2016. • Follow-up and outreach activities are on-going at EU, national and regional levels, together with relevant stakeholders. To improve the business environment and financing conditions, the investment plan will include progress towards a Digital Single Market, Energy Union and Capital Markets Union (please see relevant sections on these elsewhere in the EU Grwoth Strategy).
What indicator(s) will be used to measure progress?	The EFSI Regulation foresees reporting on achievements. Ultimately, the indicator will be an increase in the quality and quantity of both public and private investment in the EU. A dedicated website allows to monitor progress on the Investment Plan in real-time. Details can be found under: **http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm**
Explanation of additionality or adjustment (where relevant)	The Investment Plan for Europe represents a new commitment, following the 2014 commitments on 'Improving the regulatory framework' and 'Developing capital markets-based sources of long-term finance', and adding further elements.

• The new or adjusted policy action:	Investment: Building a Capital Markets Union
Implementation path and expected date of implementation	By mid-2015: • The European Long Term Investment Funds (ELTIFs) regulatory framework was published in May 2015, and will apply from December 2015 By 30 September 2015: • An Action Plan on Capital Markets Union was published • Legislative proposals to establish a framework for simple, transparent and standardised securitisation instruments were published • The European Commission presented an adjustment to Solvency II delegated acts making infrastructure a distinct asset category which will benefit from an appropriate risk calibration and ultimately a lower capital charge. Investments in European Long-Term Investment Funds (ELTIFs) will also benefit from lower capital charges. • The European Commission launched a consultation on how to build a pan-European covered bond framework; and a consultation on whether targeted changes to the regulations on European Venture Capital (EuVECA) and European Social Entrepreneurship Funds (EuSEF) could boost the take-up of these investment funds.By late 2015: • A proposal on the modification of the Prospectus Directive will be adopted •Delegated acts on SME growth markets will be adopted By 2019: the building blocks of an integrated capital market for all 28 Member States of the EU.
What indicator(s) will be used to measure progress?	Progress can be measured by judging, in 2019, whether the building blocks of an integrated capital market for all 28 Member States of the EU.
Explanation of additionality or adjustment (where relevant)	Building a Capital Markets Union is a key initiative in the work programme of the European Commission. It will ensure greater diversification in the funding of the economy and reduce the cost of raising capital, particularly for SMEs. More integrated capital markets, especially for equity, will enhance the shock-absorption capacity of the European economy and allow for more investment without increasing levels of indebtedness. A Capital Markets Union should enhance the flow of capital - through efficient market infrastructure and intermediaries - from investors to European investment projects, improving allocation of risk and capital across the EU and, ultimately, making Europe more resilient to future shocks. The European Commission has therefore committed to put in place the building blocks of a well-regulated and integrated Capital Markets Union, encompassing all Member States, by 2019, with a view to maximising the benefits of capital markets and non-bank financial institutions for the wider economy.

EMPLOYMENT

• The new or adjusted policy action:	Employment: Boost financial resources to tackle unemployment and in particular youth unemployment
Implementation path and expected date of implementation	Increase in initial pre-financing for the Youth Employment Initiative in 2015 – in May 2015 the European Commission released additional pre-financing payments under the Youth Employment Initiative (YEI) for all adopted operational programmes, worth EUR 900 million. The final operational programme containing YEI, adopted in September 2015, also received pre-financing, thus bringing the total additional initial pre-financing paid in 2014-2015 from the YEI special allocation to around EUR 1 billion. By June 2016, at least 50% of the above increase is expected to be claimed by the 20 EU Member States eligible for YEI to the European Commission in the form of payment applications for reimbursement.
What indicator(s) will be used to measure progress?	
Explanation of additionality or adjustment (where relevant)	Increased payments to the 34 Operational Porgrammes containing a YEI component – in 2015. Increase in pre-financing payments in 2105 under YEI: EUR 1 billion.

COMPETITION

• The new or adjusted policy action:	Further integrating the Single Market
Implementation path and expected date of implementation	Further integrating the Single Market remains the first priority on the EU agenda in order to help the Member States' economies modernise and become more competitive as well as attractive for investors. The priorities of the 2015 Work Programme include a new Internal Market Strategy for goods and services, a Digital Single Market Strategy and measures to make the most of the Single Market in energy and transport. The European Commission adopted on 6 May 2015 its Digital Single Market Strategy which includes a roadmap of actions for completing the Digital Single Market. The new Internal Market Strategy for Goods and Services will be adopted in 2015-Q4. TheEuropean Commission adopted on 25 February 2015 its strategy to achieve a resilient Energy Union. This strategy contains fifteen action points that will be followed up by policy initiatives (legistative and non legistative) that will be implemented in the course of 2015 to 2017. On 15 July 2015, the European Commission adopted the first implementation package of Energy Union in July 2015, focused notably on the reform of the electricity market design and European Trading System. Concerning the 4th Railway Package, the legislative procedure involving the European Parliament and Council is still ongoing regarding the political pillar (governance and market opening proposals). An agreement has been reached in June 2015 as regards the technical pillar (interoperability, safety, European Railway Agency).

	The European Commission will provide updates on progress of the implementation of the actions undertaken for completing the Single Market.
What indicator(s) will be used to measure progress?	Progress on this commitment could be measured by following the state of agreement on the key proposals set in the Digital Single Market, the forthcoming Internal Market Strategy for Goods and Services and the Energy Union as well as the implementation of the legislation at the Member State level. A performance overview of the Single market for all Member States is provided by the Single Market Scoreboard. The assessment of sector-specific market functioning in a context of regulatory reforms over the past two decades is based on a set of indicators on the degree of competition and market conditions in the various countries and network industries. Progress as regards the Digital Single Market is indicated in the European Commission Services' annual Digital Agenda Scoreboard. The first Report on the State of the Energy Union is currently under preparation and scheduled to be released by the end of 2015. The package will be addressed to the European Parliament and the Council to steer the policy debate. It will contain notably a progress report based on key indicators that monitor the implementation of Energy Union. More widely, an integrated governance and monitoring process is being developed for the Energy Union, to make sure that energy-related actions at European, regional, national and local level all contribute to the Energy Union's objectives. The implementation of the specific objectives of the 4th Railway Package and its impacts will be monitored by the European Commission inter alia through a set of indicators aligned with those provided to the European Commission as part of existing EU law through the enhanced Rail Market Monitoring Scheme (RMMS), State Aid Scoreboard, regulatory bodies and the European Railway Agency. Indicators will include infrastructure utilisation rates, traffic volumes, the number of new entrants, market share of new entrants and complaints to regulators.
Explanation of additionality or adjustment (where relevant)	The completion of the Single Market is a continuous exercise and is a central element of the European growth agenda. The objective of these initiatives is to exploit the full potential of the Single Market.

MACROECONOMIC IMBALANCES

• **The new or adjusted policy action:**	**Macroeconomic Imbalances: Take further action to reduce imbalances within the EU/euro area**
Implementation path and expected date of implementation	The EU is tackling macroeconomic imbalances through the Macroeconomic Imbalances Procedure. Findings as regards evolution of imbalances and necessary actions are updated annually. Every year in June, the EU Council decides on the appropriate policy recommendations, necessary corrections and/or specifc monitoring.
What indicator(s) will be used to measure progress?	The European Commission annually publishes its findings as regards the state of play and progress with correction of macroeconomic imbalances within its Member States. In November 2015, a new Alert Mechanism Report will be published, which is the starting point of the annual cycle of the Macroeconomic Imbalance Procedure (MIP), aiming to identify and address imbalances that hinder the smooth functioning of the economies of Member States, the economy of the EU, and may jeopardise the proper functioning of the economic and monetary union. The Alert Mechanism Report will also present the countries to be included in an in-depth review.

Explanation of additionality or adjustment (where relevant)	Correction of imbalances is a multiannual process. Findings are updated annually, and as such progress can be assessed from one year to the next.

ANNEX 2: PAST COMMITMENTS – ST. PETERSBURG FISCAL TEMPLATE – UPDATE

Medium-term projections, and change since last submission:

Estimate Projections (EU-28)*

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Gross Debt	87.3	88.6	87.8	87.1	85.8	81.2	80.3
ppt change	-1.6	-0.9	-1.4	1.6	2.9		
Deficit	-3.3	-3.0	-2.5	-2.0	-1.6	-0.5	0.2
ppt change	0.0	-0.4	0.0	-0.7	-1.0		
CAPB	0.8	0.7	0.6	0.6	0.6	1.7	1.7
ppt change	-0.2	-0.7	-0.4	-1.5	-1.8		

* Data for 2013-2017 are based on the European Commission's 2015 Autumn Forecast and Commission services' computations. Data for 2018 -2019 are based on the 2015 Stability and Convergence Programmes provided by EU Member States (except for Greece and Cyprus) in April 2015. For 2019, Belgium, Greece, Spain, France, Cyprus, Malta, the Netherlands, Slovakia and all but one (UK) non-euro area Member State have not reported their figures.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

Estimate Projections (EU-28)*

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Real GDP growth	0.2	1.4	1.9	2.0	2.1	2.0	1.8
ppt change	0.1	-0.2	-0.1	0.1	-0.1		
Nominal GDP growth	1.6	2.4	3.0	3.4	3.7	3.8	3.8
ppt change	0.0	-0.5	-0.5	-0.3	-0.2		
ST interest rate**	0.5	0.4	0.3	0.5	0.8	1.1	1.0
ppt change	0.0	-0.1	-0.3	-0.9	-0.6		
LT interest rate**	2.8	2.1	1.2	1.5	1.8	2.0	2.0
ppt change	0.0	-0.2	-1.3	-1.2	-1.0		

* Data for 2013-2017 are based on the European Commission's 2015 Autumn Forecast and Commission services' computations. Data for 2018 -2019 are based on the 2015 Stability and Convergence Programmes provided by EU Member States (except for Greece and Cyprus) in April 2015. For 2019, Belgium, Greece, Spain, France, Cyprus, Malta, the Netherlands, Slovakia and all but one (UK) non-euro area Member State have not reported their figures.
** Data for 2015-2018 are based on the 2015 Stability and Convergence Programmes provided by EU Member States (except for Belgium, Croatia, Cyprus, Estonia, Germany, Greece, Ireland, Romania and Slovenia). For 2019 only Austria, Denmark, Italy, Luxembourg and Portugal reported their figures.

ANNEX 3: PAST COMMITMENTS – BRISBANE COMMITMENTS

The purpose of these tables is to monitor the implementation of commitments from members' Brisbane growth strategies.

Key Commitments for Monitoring Purposes

INVESTMENT

• The policy action:	Finalise and implement a genuine Banking Union based on a single rulebook, a single supervisory mechanism and a single resolution mechanism with a central decision-making board and a Single Resolution Fund		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and status	1 – Single Supervisory Mechansim (SSM) 2 – Preparation for Single Resolution Mechanism (SRM) 3. – Single Resolution Mechanism (SRM) including Single Resolution Board (SRB) and Single Resolution Fund (SRF)	1 – November 2014 2 –January 2015 3. –January 2016 to December 2023	1. The Single Supervisory Mechanism entered into force on 4 November 2014, earlier than initially expected. 2. Provisions on the preparation of resolution planning, the collection of information and cooperation with national resolution authorities apply from 1 January 2015. 3. Provisions relating to resolution planning, early intervention, resolution actions and resolution instruments, including the bail-in of shareholders and creditors, as well as provisions related to the build-up and use of the SRF will apply from 1 January 2016, provided that the conditions for the transfer of contributions to the SRF have been met (i.e. the intergovernmental agreement on the SRM enters into force). The intergovernmental agreement (IGA) on the transfer and mutualisation of contributions to the Single Resolution Fund will enter into force once ratified by member states participating in the SSM/SRM that represent 90% of the aggregate of the weighted votes of all participating member states. The IGA sets out that during the transitional period from 1 January 2016 to 31 December 2023 contributions raised at national level shall be transferred to the SRF and that they are allocated to national compartments. The IGA will provide for a progressive mutualisation over the transitional period until full mutualisation is achieved in 2023. In order to ensure sufficient funding in all moments, bridge financing will be available as last resort. In the transitory period, bridge financing will be available from national sources, backed by bank levies, or from the ESM (in line with agreed procedures). A common backstop will be developed in the

			transitional period. These arrangements will be activated according to their agreed rules and be fiscally neutral over the medium term so that taxpayers will be protected.
Impact of Measure	Together with the new EU-wide regulatory framework for the financial sector, the completed Banking Union is an important step towards further economic and financial integration in the EU. It will ensure that banks are supervised and resolved at the central level and that the cost of bank failure is first and foremost borne by the private sector, reducing the need for public funds to the maximum extent, and will help restore financial stability. A Single Resolution Fund will eventually be backed by all banks supervised by the Single Supervisory Mechanism so that taxpayers will be protected. This, in turn, creates the right conditions for the financial sector to lend to the real economy, spurring economic recovery and job creation.		

• **The policy action:**	**Unlock public and private investment in the EU, including through the Investment Plan for Europe**		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – Improve regulatory framework 2 – Develop capital markets-based sources of long-term finance	1 – ongoing 2 – ongoing	1. and 2. were integrated into a comprehensive approach to investment through the launch of the Investment Plan for Europe and the Capital Markets Union (CMU Action plan was adopted on 30 September 2015). Among the measures described in the 2014 Growth Strategy (corporate governance, SMEs, securitisation, covered bonds, infrastructure, use of financial instruments and blending): • The European Commission adopted legislative proposals to establish a framework for simple, transparent and standardised securitisation instruments • The European Commission presented an adjustment to Solvency II delegated acts making infrastructure a distinct asset category which will benefit from an appropriate risk calibration and ultimately a lower capital charge. Investments in European Long-Term Investment Funds (ELTIFs) will also benefit from lower capital charges • The European Long Term Investment Funds (ELTIFs) regulatory framework was published in May 2015, and will apply from December 2015. • The European Commission launched a consultation on how to build a pan-European covered bond framework In the context of the Markets in Financial Instruments Directive (MiFID), the delegated acts on SME growth markets will be adopted in Q4 2015 (ensuring that the

			administrative burden for SME issuers is minimised) • Negotiations on the Directive on the rights of shareholders are ongoing. The Recommendation to improve the quality of corporate governance reporting is being implemented, and the Member States were asked to report on their implementation by mid-2015.
Impact of Measure	These actions should help improve access to long-term finance in Europe and increase investment.		

EMPLOYMENT

• **The policy action:**	**Address high unemployment in particular youth unemployment and facilitate labour mobility**		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – Youth Guarantee (YG) and Youth Employment Initiative (YEI) 2 – EURES-network 3 –Directive to ensure the better application at national level of EU citizens' right to work in another Member State 4. Directive on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights 5. Directive on on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative	1 – YG: "as soon as possible". The European Commission recommended ensuring that Youth Guarantee schemes are properly integrated into the future co-financed programmes of the European Union, as from the start of the 2014-20 multiannual financial framework[3]. YEI: end 2018 (end of implementation of the 2014 and 2015 annual budget commitments) 2 – No fixed date yet 3 – 21 May 2016 – deadline for transposing the directive into EU Member States' legislation 4.- 21 May 2018 - deadline for transposing into EU Member States' legislation 5. - 18 June 2016 deadline for transposing into EU	1. Implementation of the YG has started in all Member States that have presented comprehensive Youth Guarantee Implementation Plans, complying with the deadlines set by the European Council. The Plans identify precisely, in each Member State, the measures to be taken to implement the YG. These Plans and their implementation have been assessed by the European Commission within the context of the European Semester – the EU's reinforced economic surveillance framework. Multilateral surveillance reviews are also taking place on the implementation of the YG. The European Commission will prepare a report on the implementation of the YG in 2016. The YEI is currently up and running until end-2018. There is a possibility to continue YEI budget at EU level from 2016 onwards – but political decision to be taken in 2016. All 34 elevant Operational programmes have been adopted by the European Commission. Member States are currently implementing measures on the ground. First indicators data on YEI is being reported by MS in April 2016; first evaluations will be submitted at the end of 2015.

[3] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF

	cooperation through the Internal Market Information System ('the IMI Regulation')	Member States' legislation	In May 2015 the European Commission paid increased pre-financing payments worth EUR 930 million. 2. The draft regulation is being negotiated and adopted under the ordinary legislative procedure. The Council therefore co-legislates with the European Parliament. The Council adopted a general approach on the proposed reform in December 2014. The proposal is now going through the first reading stage at the Council. The European Parliament has not yet delivered its position at first reading. 3. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 21 May 2016. By 21 November 2018, the European Commission shall submit a report to the European Parliament, to the Council and to the European Economic and Social Committee on the implementation of this Directive, with a view to proposing, where appropriate, the necessary amendments. 4. Member States shall adopt the laws, regulations and administrative provisions necessary to comply with this Directive by 21 May 2018, or shall ensure that the social partners introduce the required provisions by way of agreement by that date. Member States are required to take the necessary steps enabling them to guarantee the results imposed by this Directive. Member States shall communicate all available information concerning the application of this Directive to the European Commission by 21 May 2019. By 21 May 2020, the European Commission shall draw up a report on the application of this Directive and submit it to the European Parliament, to the Council and to the European Economic and Social Committee. 5. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 18 June 2016. No later than 18 June 2019, the European Commission shall present a report on its application and implementation to the European Parliament, the Council and the European Economic and Social Committee and propose, where appropriate, necessary amendments and modifications.
Impact of Measure	To underpin YG schemes with credible data, and enable support monitoring and continuous improvement, the EU Ministers of Employment on 11 December 2014 endorsed an EU Indicator Framework for Monotioring the Youth Guarantee. Annual data collection should start in 2015.		

	Based on the budgetary indications from the Member States, the inscreased YEI pre-financing in 2015 is expected to help support around 650,000 young persons, through apprenticeships, traineeships and job placements.

COMPETITION

• **The policy action:**	**Integrate the Single Market, including in the services markets and network industries, while reducing administrative burdens**		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – **Single Market Act I** EU patent Revised Standardisation System Infrastructure legislation Simplified accounting directives Alternative / online dispute resolution Venture capital funds legislation Social Entrepreneurship Funds Professional Qualifications Directive Revised public procurement directives Posting of Workers Enforcement Directive E-signature/e-identity/trust services legislation **2 – Single Market Act II** Third energy package action plan (non-legislative action) Modernised EU insolvency rules Fourth railway transport package General product safety and market surveillance package	1 – ongoing 2 – ongoing	The EU has completed the following actions: the adoption of a regulation on venture capital funds; a directive modernising the system for recognition of professional qualifications; two regulations setting up a unitary patent protection; a legislation on alternative dispute resolution and on online dispute resolution; a regulation revising the European standards system; regulations on energy and transport infrastructure to roll out strategic projects and the Connecting Europe Facility; a regulation facilitating social investment funds; a directive on the enforcement of the posting of workers; a directive simplifying the accounting directives and directives revising the procurement directives; a regulation on measures to reduce the cost of deploying high speed electronic communication networks and a directive on einvoicing in the field of public procurement; a directive on the comparability of bank fees, payment account switching and access to payment accounts with basic features; a regulation on electronic identification and trust services for electronic transactions in the internal market; and a directive on disclosure of non-financial information by certain large companies and groups; a regulation on the European Long Term Investment Funds (ELTIFs). The recent Communication on an "Action Plan on Building a Capital Markets Union" announced that a legislative initiative on business insolvency will be taken forward following consultation with Member States. The revised Payment Services Directive is expected to be adopted later in 2015. As regards non-legislative texts, the European Commission also adopted an action plan to improve the implementation and enforcement of the third energy package, an Energy Security Strategy, a policy framework for climate and energy in the period from 2020 to 2030. The "Blue Belt Package" was also adopted. The European Commission also submited a

	Facilitate deployment of high-speed broadband Access to basic bank account / transparency of fees / switching of accounts Single European Sky II+ Access to long-term investment funds Electronic invoicing in public procurement Payment Services Directive / Multilateral Interchange Fees "Blue Belt" maritime transport package (non-legislative action)		progress report on the state of play of the internal energy market in 2014 and on renewable energy in 2015. Remaining actions still 'under process' that have not been adopted yet by Parliament or/and Council include the Fourth railway transport package, the Single European Sky II+, the review of the Copyright Directive, the revision of the General Product Safety Directive and a regulation on Market Surveillance.
Impact of Measure	The most significant initiatives under Single Market Act I and II were accompanied by an impact assessment.		

TRADE

• **The policy action:**	**Advance multilateral trade liberalisation and the EU bilateral trade agenda**		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – Full and timely implementation of the Trade Facilitation Agreement (FTA) 2 – Advance multilateral trade liberalisation under the Doha Development Agenda (DDA) 3 – Progress in plurilateral negotiations to expand the product list of the Information Technology Agreement (ITA), liberalise services and working towards the launch	Given the nature of trade negotiations, no specific deadline can be committed. We aim at making significant progress in the course of 2015 in all listed negotiations. Relevant milestones for the DDA will be the July deadline for the post-Bali work-programme and the 10th WTO Ministerial Conference in Nairobi in December 2015.	1 – Internal EU procedures for the adoption of the TFA were completed on 2 October 2015. 2 – For the WTO Ministerial Conference in Nairobi the EU is working to find a solution on a meaningful set of issues to the benefit particularly of least-developed countries as well as on the continuation of work after Nairobi through new approaches on those issues that remain outstanding. 3 – on ITA - negotiations of the list of products for expansion of the coverage came to a successful conclusion with agreement being reached in July 2015; negotiations on staging are still ongoing. On TiSA (Trade in Services Agreement) up to October 2015 13 negotiation rounds were organised; a stocktaking exercise took place in July 2015.

	of negotiations to remove barriers to trade in environmental goods 4. - Advance the bilateral trade agenda		On Green Goods negotiations were launched in July 2014 and since then 9 negotiating rounds have been held. 4 – The EU is finalising negotiations with Singapore, Canada and Vietnam. Ongoing negotiations include those with the U.S., Japan, India and Mercosur and investment agreements with China and Myanmar.
Impact of Measure	Increased trade openness will contribute to greater growth and jobs in Europe by operating on both supply and demand. Long-term evidence from EU countries shows that a 1% increase in the openness of the economy leads to an increase of 0.6% in labour productivity, while economic studies show that 90% of future economic growth will be generated outside Europe. Successfully completing the bilateral trade agenda could boost EU GDP by more than 2% and support an increase of more than 2 million jobs across the EU.		

Other Brisbane Commitments

FISCAL POLICY FRAMEWORK

• The policy action:	Fiscal Policy: Implement growth-friendly fiscal consolidation and a strengthened governance for growth
Implementation path and expected date of implementation	According to the Stability and Growth Pact (SGP), the structural budgetary balance of EU Member States under the so-called preventive arm shall converge towards the country-specific medium-term objective (MTO) while the general government headline deficit must not exceed 3% of GDP and public debt must not exceed 60% of GDP (or at least it must diminish sufficiently towards the 60% of GDP threshold). Implementation is on a continuous basis. Member States report Excessive Deficit Procedure-related data to Eurostat twice per year – at end-March and end-September. In spring, EU Member States are required to submit their medium-term budgetary strategy by the end of April at the latest. The European Commission evaluates these national budgetary plans and presents country-specific recommendations that are then discussed (and adopted) by the Council of the EU. EU Member States with deficit and debt levels above the aforementioned thresholds are continuing to pursue a fiscal strategy aiming at debt reduction and a lasting correction of public deficits, under the so-called Excessive Deficit Procedure (EDP) in the corrective arm of the SGP. In autumn, euro area member states are required to submit their draft budgetary plans to the European Commission, prior to the adoption of the budget. The European Commission then issues an opinion on each Member State's plan, assessing compliance with the requirements under the SGP. The EU Fiscal Framework has been strengthened, including by the possibility to impose financial sanctions on euro area Member States in cases of non-compliance with their fiscal obligations.
Status of Implementation and Impact	The implementation of growth-friendly fiscal consolidation remains on track, with a necessary balance being struck between addressing sustainability concerns while supporting the economic recovery. While the structural balance in the EU is expected to remain relatively stable between 2013 and 2016, the headline deficit is expected to decline steadily from 3.2% of GDP in 2013 to 2.0% in 2016. Just five Member States are projected to return a deficit of over 3% of GDP this year, down from a figure of 21 in 2010. The European Commission presented new Country-Specific Recommendations which were discussed (and adopted) by the Council of the EU in July 2015.

MONETARY POLICY

• The policy action:	The primary objective of monetary policy in the euro area focuses on maintaining price stability over the medium term for the euro area as a whole. The euro is a floating currency and its exchange rate is determined by market forces.

Implementation path and expected date of implementation	The Governing Council remains fully committed to its mandate.
Status of Implementation and Impact	

INVESTMENT

• **The policy action:**	**More and better funding for research and innovation (Horizon 2020)**
Implementation path and expected date of implementation	The Horizon 2020 programme is to be implemented during the multiannual financial framework 2014-2020. Progress concerning public-private partnerships, in particular the Joint Technology Initiatives (JTIs) and the contractual public-private partnerships, will also be closely monitored.
Status of Implementation and Impact	1. Horizon 2020 The total requested EU financial contribution (to all types of action) under Horizon 2020 amounted to EUR 7,557 million in 2014. 2. Progress towards the EU objective of investing 3% of GDP on research and innovation: In 2013 gross domestic expenditure on R&D as a percentage of GDP stood at 2.02 % for the EU as a whole, compared with 1.85 % in 2008. The increase amid the economic crisis between 2008 and 2009 reflects a wider EU effort to stimulate economic growth by boosting public expenditure on R&D. In 2013, the EU was still 0.98 percentage points below its target for 2020, which envisages increasing combined public and private R&D expenditure to 3 % of GDP.

EMPLOYMENT

• **The policy action:**	**Improve education and skill performance, addressing inequalities and improving the performance of social protection systems**
Implementation path and expected date of implementation	1. Make lifelong learning and mobility a reality, improve the quality and efficiency of education and training, and enhance creativity and innovation, at all levels of education and training. 2. Create a multilingual classification of European Skills, Competences, Qualifications and Occupations (ESCO): 3. As decided with the new Multiannual Financial Framework (MFF) in December 2013, the EU financial support to youth mobility for 2014-2020 has been increased by approximately 40%, to EUR 14.7 billion, compared with 2007-2013. 4. Well-designed employment and social policies get support from EU's financial instruments. Through the MFF adopted in December 2013, the EU has committed itself to use at least 80 billion euros for the European Social Fund (ESF). 20% of this amount (at least 16 billion euros) will be specifically allocated to social inclusion measures.
Status of Implementation and Impact	1. On track. 2. On track: a pilot version of ESCO was published in October 2013. This marked the beginning of the testing phase. The first complete version of ESCO will be released at the end of 2016. 3. On track

	4. On track: Member States can use their allocations from the ESF, worth over 10 billion euros every year, to help deal with local problems related to sudden arrivals of EU mobile citizens. At least 20% of the ESF must be spent on promoting social inclusion and combating poverty in each Member State. This includes supporting those municipalities which may be faced with sudden influx of mobile EU citizens, who may put pressure on local services, such as schools, transport, and health.

MACROECONOMIC IMBALANCES

• **The policy action:**	**EU's policy to reduce intra EU/euro-area imbalances**
Implementation path and expected date of implementation	In March 2015, the European Commission organised bilateral meetings with the Member States on the Country Reports that are being prepared in the context of the EU Macroeconomic Imbalances Procedure. By end of April, considering the results of the In-depth Reviews (IDRs) and Country Reports as well as the bilateral discussions, each Member State submitted the National Reform Programmes and Stability or Convergence Programmes The Council adopted a new, focussed set of Country Specific Recommendations for 2015-2016 in summer 2015, targeting the most important priorities to be tackled.
Status of Implementation and Impact	Member States experiencing imbalances are classified according to the categories below: 1. Croatia, Bulgaria, France, Italy and Portugal are considered to be in a situation of excessive imbalance requiring decisive policy action and specific monitoring, including regular reviews of progress by all Member States in the relevant committees at EU level. 2. Ireland, Spain and Slovenia are considered to be in a situation of imbalance requiring decisive policy action, with specific monitoring. 3. Germany and Hungary are considered to be in a situation of imbalance requiring decisive policy action and monitoring. 4. Belgium, the Netherlands, Romania, Finland, Sweden and the United Kingdom are considered to be in a situation of imbalance requiring policy action and monitoring.

EXTERNAL DEVELOPMENT POLICIES

• **The policy action:**	**External Development Policies**
Implementation path and expected date of implementation	The EU and its Member States endorsed the 2030 Agenda for Sustainable Development on 25 September 2015 in New York. The 2030 Agenda also includes the Addis Ababa Action Agenda adopted in July, which sets out the different means to implement it. This ambitious and transformative Agenda has paved the way for a new global climate change agreement to be concluded in December in Paris. The EU is determined to playing its part in full and to implement the 2030 Agenda, which will shape its internal and external policies.
Status of Implementation and Impact	Status: on track. The EU Accountability Report 2015 on Financing for Development was published on 23 June 2015 and provides a detailed monitoring and assessment on the progress the EU as a whole has made on its collective commitments on Financing for Development. Key EU contributions are illustrated also in the "Financing Global Sustainable Development after 2015" publication.