ASSEMBLY OF THE REPUBLIC

EUROPEAN AFFAIRS COMMITTEE

Opinion
COM(201 2)750
Communication from the Commission - Annual Growth Survey 2013

PART 1 - INTRODUCTORY NOTE

Pursuant to Article 7 of Law No 43/2006 of 25 August, as amended by Law No 21/2012 of 17 May, which regulates the monitoring, assessment and pronouncement by the Assembly of the Republic within the scope of the construction of the European Union, and in accordance with the procedures for the scrutiny of European initiatives, approved on 20 January 2010, the European Affairs Committee received the Communication from the Commission - Annual Growth Survey 2013 [COM(2012)750].

In view of its subject matter, the above initiative was referred to the Committees on Budget, Finance and Public Administration and on Social Security and Labour, which reviewed the said initiative and approved the Reports attached to this Opinion as an integral part of it.

PART II— RECITALS

1 - This initiative concerns the Annual Growth Survey for 2013.

2 - The initiative under review states that the on-going economic and financial crisis in the EU has been a catalyst for deep change. The major restructuring of our economies currently underway demonstrates its impact. This is a process which is a source of disruption, political challenges and social difficulties, but it is necessary to lay the foundations for future growth and competitiveness that will be smart, sustainable and inclusive.

3 - It is also stated that, in order to continue with the necessary reforms, the EU needs to be able to show that our policies are working, that they will deliver results in due course and that they will be implemented fairly in terms of their impact on our societies. Correcting the problems of the past and putting the EU on a more sustainable development path for the future is a shared responsibility of Member States and EU Institutions. Recognising that our economies are closely

intertwined, the EU is now reshaping its economic governance to ensure better policy responses to current and future challenges.

4 - This initiative on the Annual Growth Survey launches the European Semester for 2013 and sets out how this shared responsibility can be used to drive change across the EU, laying the foundations for a return to growth and job creation.

5 - The economic situation in the EU remained fragile in 2012. For the year as a whole, GDP is now expected to contract by 0.3% in the EU and 0.4% in the eurozone. It will take time to move towards sustainable recovery.[1] After several years of weak growth, the crisis is having severe social consequences. Welfare systems cushioned some of the effects at first but the impact is now being felt across the board. Unemployment has increased substantially and hardship and poverty are on the rise. These difficulties are particularly visible in the eurozone, but also extend beyond it. The duration of the crisis has not helped Member States to press ahead with meeting their Europe 2020 targets on employment, R&D, climate/energy changes, education and the fight against poverty, and overall, Europe is lagging behind its objectives.[2] Yet, progress in all of these areas is needed to move towards a smart, sustainable and inclusive European economy.

6 - This initiative also mentions that the short-term outlook is still precarious but there are also more positive trends at play. Macro-economic imbalances, which have accumulated over a long time, are now being corrected, and parts of Europe are regaining competitiveness, even if there is still a long way to go to eliminate divergences in performance.[3]

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[1] More information on the economic and employment situation can be found in the Commission's autumn economic forecasts published on 7 November 2012 and in the documents accompanying this Survey.

[2] For an overview of progress towards the Europe 2020 targets, see: "*Europe 2020 Strategy – towards a smarter, greener and more inclusive EU economy?*" Eurostat, Statistics in focus, 39/2012.

[3] The second annual Alert Mechanism Report (COM/2012)751) to identify macro-economic imbalances is adopted by the Commission alongside this Survey.

7 - It is also stated that much has already been done at the EU level in 2012 to break the vicious cycle between the shortcomings of our financial systems, tensions on the sovereign debt market and low economic growth, in order to create the conditions for a sustainable recovery:

- The establishment of the European Stability Mechanism provides a credible backstop to assist eurozone countries whose access to finance is curtailed.
- The adoption of a Compact for Growth and Jobs by Heads of State or Government at the June 2012 European Council should galvanise the efforts of the EU legislator and administrations at all levels to mobilise the growth levers they have at hand, from the implementation of the Single Market Acts to the more targeted use of EU Structural Funds.
- The Commission has also recently proposed a strategy to improve the functioning of energy markets, as well as measures for a reinforced industrial policy.
- New rules to strengthen economic governance, notably within the eurozone, are being implemented ("six-pack" legislation), agreed (Treaty on Stability, Coordination and Governance) or will be agreed in the near future ("two-pack" legislation).
- The European Central Bank has taken important measures to safeguard financial stability in the eurozone.

8 - It is also stated that other key decisions are being discussed, which will influence Europe's future:

- We still need to find an overall agreement on the EU's multi-annual financial framework for 2014-2020. This will be essential in restoring growth and competitiveness across Europe and in achieving our Europe 2020 goals.
- Important steps are being considered to reinforce the Economic and Monetary Union (EMU). In parallel to this Survey, the Commission is presenting a blueprint for a genuine EMU, and the December 2012 European Council will also discuss these issues.

9 - Building on positive signs that the reforms already initiated are having an impact, the Commission considers that the priorities identified in last year's Survey remain broadly valid and that efforts at national and EU level in 2013 should again focus on the following five priorities:

i. Pursuing differentiated, growth-friendly fiscal consolidation.
ii. Restoring normal lending to the economy.
iii. Promoting growth and competitiveness for today and tomorrow.
iv. Tackling unemployment and the social consequences of the crisis.
v. Modernising public administration.

10 - Lastly, it should be stressed that the purpose of this Annual Growth Survey is to set out the economic and social priorities for the EU in 2013, by providing overall guidance to the Member States and the EU in conducting their policies. It launches the third European Semester of policy coordination, through which national performances and priorities are reviewed collectively at the EU level in the first half of each year. The European Council will issue guidance in March 2013 and Member States are due to present updated national programmes by mid-April 2013, following which the Commission will present its country-specific recommendations. The short-term challenge is to restore confidence and stabilise the economic and financial situation, while carrying out structural reforms which will lay the foundations for a sustainable job-rich recovery and will allow the economy to transform itself in the medium term.

PART III – OPINION

In view of the above recitals and taking into account the Reports by the relevant committees, the European Affairs Committee is of the opinion that:

1. There is no case for considering the principle of subsidiarity insofar as the initiative is a non-legislative initiative.

2. With regard to the initiative under review, the scrutiny procedure is completed. However, as regards the issues raised in the recitals, the European Affairs

Committee considers that measures on the implementation and evaluation of the European Semester should continue to be monitored, notably through the exchange of information with the Government.

Palácio de S. Bento, 26 February 2013

Rapporteur MP	**p.p. Chairman of the Committee**
(signed)	*(signed)*
(Nuno Matias)	(Paulo Mota Pinto)

PART IV — ANNEX

Report of the Committee on Budget, Finance and Public Administration

Report of the Committee on Social Security and Labour

ASSEMBLEIA DA REPÚBLICA

Committee on Budget, Finance and Public Administration

(illegible)
Abstained : BE
Absent: PCP
Meeting on 25 January
N.V.455624

Report COM (2012) 750 Communication from the Commission	**Rapporteur**: MP Fernando Medina

Annual Growth Survey for 2013

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PART I- INTRODUCTORY NOTE

Pursuant to Article 7 of Law No 43/2006 of 25 August, as amended by Law No 21/2012 of 17 May, which regulates the monitoring, assessment and pronouncement by the Assembly of the Republic within the scope of the construction of the European Union, the Communication from the Commission - Annual Growth Survey for 2013 [COM(2012)750] was forwarded, in view of its content, to the Committee on Budget, Finance and Public Administration, the Committee on Economy and Public Works and the Committee on Social Security and Labour for review and drafting of this opinion.

The above draft act was circulated at a meeting of the Committee on Budget, Finance and Public Administration on 3 January 2013, and MP Fernando Medina, from the Parliamentary Group of the Socialist Party, was appointed as rapporteur.

PART II- RECITALS

A- General

This Annual Growth Survey aims to define the economic and social priorities for the European Union (EU) in 2013, providing general guidance to Member States and the EU on the development of their policies. The 2013 Annual Growth Survey launches the third European Semester for economic policy coordination, in which the performance and national priorities are examined within the EU in the first six months of each year. The European Council will issue guidelines in March 2013, and Member States must submit updated national programmes by mid-April 2013, following which the Commission will present its country-specific recommendations. These should be benchmarked against the recommendations adopted in July 2012.

In analysing each Member State individually, the European Commission will present a detailed assessment on the adoption by Member States of the specific recommendations addressed to them in 2012, as well as on the annual review of the Stability and Growth Programmes and the National Reform Programmes that Member States should submit to the European institutions by the end of April 2013.

The conclusion of the Commission's work will subsequently be adopted by the European Council in June 2013 and sent to Member States in July with a view to its integration into the proposed budgets for the following year, thus completing the process of the European Semester and starting the National Semester.

Having regard to the diagnosis made of the current situation - based on the idea that the short-term challenge is to restore confidence and stabilise the economic and financial situation, while launching structural reforms that will lay the foundations for sustainable job-rich recovery - and building on positive signs that the reforms already initiated are having an impact, the Commission considers that the priorities identified in last year's Survey remain valid. For this reason, the Commission elects for 2013 the same five major action priorities that guided the previous financial year:

(i) Pursuing differentiated, growth-friendly fiscal consolidation;
(ii) Restoring normal lending to the economy;
(iii) Promoting growth and competitiveness for today and tomorrow;
(iv) Tackling unemployment and the social consequences of the crisis;
(v) Modernising public administration.

A more detailed analysis of the above points is given below:

- **Pursuing differentiated, growth-friendly fiscal consolidation:**

The European Commission recalls that, *"as a result of the crisis, the sovereign debt ratio has increased in just a few years from 60% to 90% of GDP on average in the eurozone. Public finances urgently need to be overhauled to sustain welfare systems and public services, to limit the costs of re-financing for the State and other public authorities, and to avoid negative spill-overs on the rest of the economy, including possible knock-on effects on other countries. Demographic developments will also continue to add pressure on age-related expenditure. Particular attention needs to be paid to fiscal policy in the eurozone, where the* *impact of unsustainable national fiscal policies on other Member States is much stronger than elsewhere":*

For this reason, despite acknowledging that progress has been made recently allowing public debt across the EU, after peaking at 94.5% in 2014, to then start a downward trend, and despite also acknowledging that fiscal consolidation has a negative impact on growth in the short term, the Commission states that "*the alternative scenario of postponing fiscal adjustment would prove much more costly. Several Member States are unable to finance their needs by going to the markets or are struggling to contain rising spreads on their bonds because of doubts about the sustainability of their public finances. To restore the confidence of investors, reduce the costs of debt repayment and create fiscal room for manoeuvre, what is needed in these countries is a determined effort, at an appropriate pace, to put public finances on a sustainable path."*

The Commission also recalls that Member States are in different fiscal and economic positions and that fiscal consolidation efforts must take this into account. For countries "*with greater fiscal room for manoeuvre, automatic stabilisers can play their role fully, in line with the Pact*", and "*The pace of consolidation can support growth*", provided that long-term fiscal risks are safeguarded.

The Commission also points out that the key factor in assessing the adjustment made should, in line with the Stability and Growth Pact, be the fiscal situation in structural terms - i.e. when corrected for the impact of the economic cycle and one-off and temporary measures - rather than purely nominal terms. This flexibility means that "*a Member State may be given a longer time to correct its excessive deficit if a worse-than-expected economic situation prevents it from reaching its agreed objective*", and "*once excessive deficit situations are corrected, Member States should reach their medium-term budgetary objective, which will ensure that public finances are maintained at sustainable levels*."

- **(ii) Restoring normal lending to the economy**

The Commission makes a diagnosis of the impact of the crisis on the financing of the economy: "*The crisis has had a lasting impact on the financial situation of many public and private actors, affecting the confidence of investors and lenders and the effectiveness of the financial sector. The tensions in sovereign debt markets and* *within the banking sector have fed each other, creating severe funding problems for many borrowers. These developments have also led to the fragmentation of the financial system along national borders, with a retrenchment of financial activities in domestic markets. The resulting limited or costly access to funding for many businesses and households wishing to invest has been a major obstacle to recovery across Europe to date. At the same time, high levels of indebtedness mean that many economic actors need to reduce their financial exposure or increase their savings. Such "deleveraging" can also hamper recovery in the short term. The problems are particularly acute in the vulnerable eurozone Member States*."

Faced with this situation, the EU has moved towards reducing the risks to the financial sector Europe-wide and correcting former shortcomings in its regulation and supervision systems. To this effect, coordinated efforts have been made to assess the risks of the banking sector and to recapitalise the banks; new EU supervisory authorities have been created, which are working to develop a single rulebook for strengthening the legal framework applicable to financial institutions; closer monitoring of the levels of private debt and associated financial risks, such as real estate bubbles, is now in place through the European Systemic Risk Board and the new EU procedure to address macro-economic imbalances; and a banking union has been proposed by the Commission, including a single supervisory mechanism, under the authority of the European Central Bank, to ensure further integration of bank supervision at EU level.

At the national level, the Commission recommends that Member States adopt policies which promote alternative sources of financing, increase liquidity and reduce the traditional dependence of businesses on bank financing. More specifically, Member States can promote new sources of capital, including business-to-business lending, providing more possibilities to issue corporate bonds and facilitating access to venture capital; reduce late payments by public authorities; develop the role of public banks and guarantee institutions in the financing of SMEs; support innovative schemes, such as public schemes allowing banks to borrow at a lower rate if they increase their long-term lending to businesses or grant cheaper and more accessible loans to SMEs; and ensure a balanced approach to foreclosures, protecting households and preventing banks' balance sheets from becoming overburdened.

• (iii) Promoting growth and competitiveness for today and tomorrow

Based on its diagnosis, the Commission states that the "*crisis is accelerating shifts in the economy with some more traditional sectors particularly hard hit and newer ones finding it difficult to thrive. The rapid pace of the restructuring is challenging but also presents an opportunity to tap potential new sources of growth and jobs*." It goes on to say that "*developments in price and non-price competiveness are contributing positively to improving external imbalances, although with some time lags. Those Member States under intense market pressure have undertaken significant reforms but more needs to be done to improve internal and external competiveness across a wide range of Member States*."

Even though the Commission endorses, through the Alert Mechanism Report, country-specific recommendations and points out that "there is no 'one-size-fits-all' agenda", it also states that there are goals and priorities shared by all Member States, setting forth the following four: driving innovation and new technologies, and raising levels of public and private R&D investment; improving the performance of education and training systems, and overall skill levels, bringing the worlds of work and education more closely together; improving the business environment, by relaxing the formalities required to start a business and simplifying authorisation, licensing and tax compliance procedures; and tapping the potential of the green economy, by setting a regulatory framework that promotes the creation of new markets and technologies.

• (iv) Tackling unemployment and the social consequences of the crisis

The Commission recalls that "*over the last twelve months, the number of unemployed people has increased by 2 million, to reach more than 25 million. The unemployment rate is up to 10.6% in the EU and 11.6% in the eurozone. Long-term unemployment is increasing and nearly one in two unemployed people have been without a job for more than a year. The situation varies very significantly across Europe, with national unemployment rates ranging on average from less than 5% to more than 25%. Young people have been particularly badly hit, with youth unemployment rates reaching more than 50% in certain countries, but other* *age groups are also affected. Given the length of periods of unemployment, the rapid restructuring of the economy and the difficulties of finding a job, there is a risk that unemployment will become increasingly structural and that a growing number of people withdraw from the labour market. There are also clear indications that risks of poverty and social exclusion are increasing in many Member States. Additional pressures on social protection systems also affect their capacity to perform their welfare functions. The weak growth prospects and the time lag between economic recovery and recovery in the labour market means that there is no prospect of immediate or automatic improvement in the employment situation. This poses a major challenge for the EU as a whole, as well as for those countries most affected, and calls for more determined action by the public authorities and the social partners."*

The Commission also notes that reforms in this area are being implemented across Europe in an effort to address the problems. In particular, "*in countries under financial pressure, measures have been taken to facilitate flexible working arrangements within firms, reduce severance pay for standard contracts and simplify individual or collective dismissal procedures. Steps have also been taken to enhance flexibility in wage determination, such as easing the conditions for firms to opt out of higher-level collective bargaining agreements and the review of sectoral wage agreements*."

The Commission elects three areas in which further reform efforts are required. Firstly, work needs to be done to achieve a job-rich recovery which would rely on limiting the tax burden on labour, notably for the low-paid, as part of a strategy to shift the tax burden to other taxable income and away from labour; continuing to modernise labour markets by simplifying employment legislation and developing flexible working arrangements; reducing the gaps in employment protection between different types of work contracts so as to reduce labour market segmentation; monitoring the effect of wage-setting systems, in particular indexation mechanisms, and if necessary amend them, respecting national consultation practices in order to better reflect and keep up with productivity developments and support job creation; and, lastly, tapping the job potential of expanding sectors, such as the green economy, healthcare and ICT, through a future-oriented and reliable legal framework, the development of suitable skills and targeted public support.

Secondly, employability levels, particularly for young people, need to be improved, and to this end, Member States, among other measures, should qualify public employment services and step up active support measures for the unemployed, including skills upgrading, individualised job seeking assistance, and support for entrepreneurship; reduce early school-leaving and facilitate the transition from school to work by developing quality work placements, apprenticeships, and dual learning models; develop youth guarantee schemes whereby young people under 25 are offered employment, an apprenticeship or a work placement within four months of leaving formal education or becoming unemployed; facilitate labour market participation and access to jobs for second earners within a household through adequate tax-benefit incentives and the provision of quality childcare services; and lastly, encourage cross-border labour mobility by removing legal obstacles and facilitating the recognition of professional qualifications and experience.

With regard to the third key area for reform, the Commission points out the need for further efforts to ensure the effectiveness of social protection systems in countering the effects of the crisis, to promote social inclusion and to combat poverty. This can be achieved, on the one hand, (i) by promoting active inclusion strategies, encompassing efficient and adequate income support measures, combating poverty (including child poverty), as well as broad access to affordable and high quality services; on the other hand, (ii) by linking more effectively social assistance and activation measures through more personalised services and efforts to help vulnerable groups. Once the labour market recovers, it will be important to phase out crisis-related measures, while ensuring that essential safety nets are maintained.

- **(v) Modernising Public Administration**

In this area, the Commission recalls that, over the last few years, "*many Member States have undertaken measures to increase the efficiency of their public services as well as the transparency and quality of their public and judiciary administration. Such reforms have been particularly far-reaching in countries in financial distress.*

Examples include reorganising local and central government, the rationalisation of the public sector pay system and of the governance of state-owned enterprises, reform of public procurement processes, regular comprehensive expenditure reviews and the promotion of efficiency measures across the public sector, such as a greater use of shared information technology services and solutions."

Under the current financial and fiscal crisis in many countries, further efforts are required. The Commission specifies five goals to be achieved: employing a sound financial management of public procurement; simplifying the regulatory framework and reducing the administrative burden and red tape for businesses; improving the effectiveness of online public services; improving the quality, independence and efficiency of judicial systems; and making better use of EU structural funds.

B- Implications for Portugal

The European Commission's recommendations to Portugal in 2012 consisted in pursuing the commitments undertaken under the current Economic and Financial Assistance Programme which prevail over the provisions and instruments of the European Semester, and this is expected to carry over to the current year.

C- Review and opinion on substantive issues in the initiative

In view of the adverse development of the European crisis, the review of this initiative raises the following issues:

- The uncertainty surrounding the future of the eurozone continues to have a negative impact on the financing conditions of the Member States and businesses. Despite significant progress in this domain over the last few months, the fragmentation of labour markets remains a penalising factor for countries such as Portugal, where economic actors with a comparable risk profile experience great difficulty in accessing credit.
- Austerity measures, within a context of swift deleveraging and negative expectations of investors and consumers, should be properly assessed given their resulting impact on businesses, social welfare and the sustainability of public debt in various Member States, including Portugal.

- In the current context, further strengthening of investment by the EU and Member States is of particular importance for education and training, and R&D policies, which should be suitably reconciled with measures to combat poverty and social exclusion.

D- Principles of subsidiarity and proportionality

Since this is a Communication of the Commission, therefore a non-legislative initiative, there is no case for considering compliance with the principles of subsidiarity and proportionality.

PART III - OPINION OF THE RAPPORTEUR

The rapporteur reserves his opinion for debate.

PART IV – CONCLUSIONS

In light of the above, the Committee on Budget, Finance and Public Administration concludes as follows:

1. This initiative forms the basis on which the Spring Council, to be held in March, will define the action priorities at national and EU levels for the next twelve months, and these will, in turn, provide guidance for national economic and fiscal decisions in the light of EU country-specific recommendations. The Committee on Budget, Finance and Public Administration considers it essential that the opinion on this initiative be forwarded to European institutions in a timely manner so that it may be used as a working instrument at the Spring European Council in March 2013.
2. Since it is not a legislative initiative, there is no case for considering compliance with the principles of subsidiarity and proportionality;
3. Subject to the monitoring of the implementation of the European Semester and any scrutiny of subsequent initiatives, the Committee on Budget, Finance and Public Administration, on completion of its review of this initiative, will forward this opinion, pursuant to Law No 43/2006, of

25 August 2006, as amended by Law No 21/2012, of 17 May 2012, to the Committee on European Affairs for all due purposes, more specifically as provided for in item 1 of these Conclusions.

Palácio de S. Bento, 25 January 2013.

Rapporteur MP

(signature)

Fernando Medina

Chairman of the Committee

(signature)

Eduardo Cabrita

ASSEMBLY OF THE REPUBLIC

Committee on Social Security and Labour

Opinion

COM (2012) 750

Annual Growth Survey for 2013

Rapporteur: Maria Helena André

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PART I - INTRODUCTORY NOTE

Pursuant to Article 7 of Law No 43/2006 of 25 August, as amended by Law No 21/2012 of 17 May, which regulates the monitoring, assessment and pronouncement by the Assembly of the Republic within the scope of the construction of the European Union, the Communication from the Commission - Annual Growth Survey for 2013 [COM(2012)750] was forwarded, in view of its content, to the Committee on Social Security and Labour, the Committee on Budget, Finance and Public Administration, and the Committee on Economy and Public Works for review and drafting of the relevant opinion.

The above initiative was circulated at a meeting of the Committee on Social Security and Labour on 23 January 2013, and MP Maria Helena André, from the Parliamentary Group of the Socialist Party, was appointed as rapporteur for the opinion.

This opinion will, therefore, address in particular those aspects in the Communication from the European Commission on the Annual Growth Survey for 2013 [COM(2012)750] falling within the remit of the Committee on Social Security and Labour.

PART II - RECITALS

1. The Annual Growth Survey for 2013 launches the third European Semester with regard to fiscal and economic policy guidance and coordination of Member States, in line with the provisions of the Stability and Growth Pact and the 2020 EU Strategy.

2. For 2013, the European Commission restates the same five action priorities identified in last year's survey, which from its perspective should help Member States along the road to growth recovery, notably:
   (i) Pursuing differentiated, growth-friendly fiscal consolidation;
   (ii) Restoring normal lending to the economy;
   (iii) Promoting growth and competitiveness for today and tomorrow;

(iv) Tackling unemployment and the social consequences of the crisis;

(vi) Modernising public administration.

3. The reason for restating these five EU economic and social priorities for 2013 - regardless of the rather heterogeneous situation among Member States and the eurozone itself, the doubts as to the fulfilment of the targets set out in the EU 2020 Strategy, the fact that the most visible result of the austerity policies in previous years has been a huge increase in unemployment, especially youth and long-term unemployment, and the weak economic growth recorded and expected - lies in the European Commission persisting in the assessment that, in the short term and in order to restore the confidence to achieve economic and financial stability, the level of effort and the pace of fiscal consolidation need to be maintained and structural reforms carried out which will lay the foundations for a sustainable job-rich recovery.

4. With regard to the fourth priority - *tackling unemployment and the social consequences of the crisis* - the Commission reports an increase of 2 million in the number of unemployed in 2012 alone and, given the length of periods of unemployment, the rapid pace of change in the economy and the growing difficulties of finding a job, it clearly states the risk that unemployment will continue to grow and become structural in the EU. On the other hand, in its Communication the Commission reports an increasing risk of poverty and social exclusion in many Member States, a situation that places social security systems under heavy pressure and impairs their capacity to perform their welfare functions. In this context, the rapporteur considers that the concerns expressed by the Commission in its Communication are pertinent, notably with regard to the need for the adoption of measures for job-rich recovery, for the improvement of employability levels, in particular for young people, and for the promotion of social inclusion and the fight against poverty, naturally having regard to each Member State’s specific circumstances and, especially, those under economic and financial adjustment programmes.

5. The European Commission’s proposal will be discussed by the various Council configurations and, at the March 2013 European Council meeting, strategic

guidelines for Member States will be adopted. These guidelines should be, in turn, subsumed into their economic and fiscal plans to be submitted to the European Commission in April. Lastly, at the June European Council meeting, country-specific recommendations will be approved for incorporation into national annual budgets and sector legislation.

6. Lastly, it should be noted that the European Commission's recommendations to Portugal in 2012 consisted in pursuing the commitments undertaken under the current Economic and Financial Assistance Programme which prevail over the provisions and instruments of the European Semester, and this is expected to carry over to the 2013 financial year.

PART IV – CONCLUSIONS

In the light of the above recitals, the Committee on Social Security and Labour draws the following conclusions:

a) The Communication from the European Commission on the Annual Growth Survey launches the European Semester. For 2013, the Commission defines the five major fiscal and economic priorities and establishes a timeframe for the coordination of economic policies. Country policies are analysed collectively and European-level guidelines will be adopted in March. Country-specific recommendations will be approved at the June 2013 European Council meeting.

b) Since this is a Communication of the Commission, therefore a non-legislative initiative, there is no need to consider compliance with the principles of subsidiarity and proportionality.

c) As it finalises its review of this initiative, the Committee considers, however, that it should continue to monitor measures on the implementation and evaluation of the European Semester, particularly with regard to the action priorities under its remit, especially those for employment and qualifications.

Assembly of the Republic, 12 February 2013.

Rapporteur MP	**Vice-Chairman**
(signature)	*(signature)*
(Maria Helena André)	**(Mário Ruivo)**