2016
GROWTH STRATEGY
EUROPEAN UNION

A. Economic Context and Objective

A1. Economic Context

The European economy continues to expand modestly. According to the European Commission Spring forecast, real GDP in 2016 is expected to rise by 1.8% in the EU and by 1.6% in the euro area. For 2017, growth is projected at 1.9% in the EU and 1.8% in the euro area. According to the first assessment by the European Commission[1], which was published in July, the UK's 'leave' vote can be expected to weigh on economic growth mainly in the UK but also somewhat in the rest of the EU.

Over the forecast horizon, domestic demand will remain the main growth driver of the EU economy underpinned by our growth strategy. For more than a year, the European economy has been benefitting from an exceptional combination of favourable factors such as low oil prices, a low euro exchange rate, and supportive monetary policy measures. This year and next, the economy is forecast to continue growing on the back of slightly rebalanced domestic demand as private consumption moderates and investment gathers speed. In the last months, however, the positive impact of the favourable factors underpinning growth has been partly offset by external headwinds stemming from the downturn in emerging economies but also weak performances in several advanced economies outside Europe, the slow expansion of global trade and elevated geopolitical and policy-related uncertainty. More recently, the outcome of the UK referendum on EU membership on 23 June heightened the level of uncertainty and amplified downside risks to the outlook.

After a strong first quarter, economic activity in the EU and the euro area has slowed down somewhat in the second quarter of 2016 due to the fading of some temporary factors. Both hard and survey data however support the view of a continued but moderate expansion almost entirely driven by domestic demand. Domestic demand should continue to drive growth this year and next while no contribution is expected from net trade. Private consumption should continue to benefit from improving labour market conditions, a moderate rise in wages and higher non-labour incomes. The pace of private consumption growth, however, should slow down in 2017 as the expected rebound in inflation shaves off a larger portion of the growth in real disposable incomes. Investment should continue its moderate upward movement supported by easier access to credit, lower credit costs, and capacity utilisation above its long-term average.

With the oil price falling again in early 2016, external price pressures have weakened in the first months of the year. After exhibiting negative rates in several months, inflation in the euro area turned positive in June and moved up slightly in July. The inflation rate is expected to remain very low in the near term but to move up in the fourth quarter of this year when positive base effects from the rebound in oil prices start to kick in.

[1] http://ec.europa.eu/economy_finance/publications/eeip/pdf/ip032_en.pdf

Labour market conditions are set to continue recovering at a moderate pace in line with GDP developments. Economic growth, contained wage growth, labour market reforms implemented in recent years and fiscal policy measures undertaken in some Member States are also expected to support net job creation. Although labour market disparities across Member States are set to remain for some time, unemployment is expected to fall in almost all EU countries over the forecast horizon.

A number of challenges to growth in the EU remain. There is still slack in the economy, as reflected by slow wage growth and persistently low core inflation. The level of investment remains depressed and unemployment far too high. This investment shortfall, structural unemployment and the slow trend growth of productivity have reduced potential output growth. Public debt levels remain high. The European banking sector and high NPL ratios in some Member States remain a weak link, but regulatory changes and progress with the banking union have strengthened the system. Some of these challenges are also reflected by the G20 outcome structural indicators (see Annex 6).

The outcome of the UK's referendum may affect the recovery of the EU economy. Political and economic uncertainty during the exit negotiations and higher risk aversion could negatively impact investment and consumption in the short-term, not only in the UK but also in the rest of the EU, albeit to a significantly lesser extent. The size of the impact over time depends crucially on the characteristics of the future economic and political relations between the UK and the EU.

A2. Economic Objective: the three pronged EU economic policy strategy

The broad priority areas for economic policies in the EU in 2016 are:

(i) re-launching public and private investment, by improving the investment and regulatory environment at the national as well as the European level and improving the composition of public finances;

(ii) continuing the implementation of structural reforms at national level to modernise EU economies; and

(iii) pursuing responsible fiscal policies that are sustainable, support growth and ensure differentiated fiscal strategies as appropriate across EU Member States in accordance with EU fiscal rules.

All three priorities are important and mutually reinforcing with a strong focus on job creation and social inclusion. They are complemented by a series of initiatives at EU level to strengthen the jobs and growth potential of the European Single Market (e.g. Capital Markets Union, Energy Union, and 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.

Furthermore, the three priority areas for economic policies are in line with the G20 enhanced structural reform agenda, in particular the conceptual framework for prioritisation of reforms according to the economic structure, reform gaps, income level, cyclical position, and available macroeconomic policy space to support reforms. In this regard, the EU is in a position where reform efforts could usefully be targeting productivity enhancing reforms, better product and labour market regulation, infrastructure and R&D investment, all underpinned by responsible and growth friendly fiscal policies. For each EU member state specific reform needs are spelled out in the European Semester process, which is the principal instrument for economic policy coordination in the EU.

Our medium-term objectives 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 under President Juncker (2014-2019).

B. Macroeconomic Policy Actions to Support Growth

B1. Fiscal Policy

Overall, the fiscal policy stance in the EU and the euro area is expected to be slightly expansionary in 2016 and to revert to broadly neutral, under the assumption of unchanged policies, in 2017. This year the structural deficit is expected to increase, from 1.6% to 1.7% in the EU and from 1.0% to 1.3 % in the euro area. Fiscal policy should ensure the long-term sustainability of public finances while supporting the economic recovery in line with European fiscal rules. For 2016, the objective of a broadly neutral aggregate fiscal stance in the euro area appears appropriate in order to reflect a balance between long-term fiscal sustainability and short-term macroeconomic stabilisation. According to the Commission's Spring 2016 forecast, the general government deficit in the EU is expected to decrease from 2.4% of GDP to 2.1% in 2016 and 1.8% next year (in the euro area from 2.1% to 1.9% and 1.6% respectively). The debt ratios are forecast to continue declining gradually, in the EU down to 86.4% of GDP in 2016 (in the euro area to 92.2 %), and reaching 85.5% next year (91.1% in the euro area).

There is important progress with fiscal consolidation, but public debt levels in most EU Member States remain high and there is still a need to secure long-term control over deficit and debt levels. Member States should continue to implement their fiscal policies in line with the Stability and Growth Pact (SGP), while making the best use of the flexibility in the existing rules of the SGP. The fiscal effort should be differentiated by individual Member States in full compliance with the requirements under the SGP, while considering stabilisation needs, as well as taking into account possible spillovers across the Member States, including for the euro area as a whole. More attention should be paid to the quality and composition of fiscal adjustment and the influence of fiscal policy on growth, by improving expenditure efficiency and prioritising productive investment, including in human capital, in government spending, shifting towards a taxation system that is more efficient and supportive of growth, and to the need to address tax fraud and tax evasion and reduce aggressive tax planning.

B2. Monetary Policy

On 3 December 2015, the ECB Governing Council decided to lower the interest rate on the deposit facility by 10 basis points to -0.30%, while the interest rate on the main refinancing operations and the rate on the marginal lending facility remained unchanged at 0.05% and 0.30% respectively. The ECB Governing Council also decided to extend its asset purchase programme (APP), with monthly purchases of EUR 60 billion under the APP now intended to run until the end of March 2017, or beyond, if necessary. The Governing Council also decided to reinvest the principal payments on the securities purchased under the APP as they mature, for as long as necessary. Additionally, the Governing Council decided to include, in the public sector purchase programme, euro-denominated marketable debt instruments issued by regional and local governments located in the euro area in the list of assets that are eligible for regular purchases by the respective national central banks. Finally, the Governing Council decided to continue conducting the main refinancing operations and three-month longer-term refinancing operations as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the last reserve maintenance period of 2017.

On 10 March 2016, the ECB Governing Council decided to lower the interest rate on the main refinancing operations by 5 basis points to 0.00% and the rate on the marginal lending facility by 5 basis points to 0.25%. The rate on the deposit facility was further lowered by 10 basis points to -0.40%. The Governing Council also decided to further expand the monthly purchases under its APP from EUR 60 billion to EUR 80 billion. To ensure the continued smooth implementation of its asset purchases, it also decided to increase the issuer and issue share limits for the purchases of securities issued by eligible international organisations and multilateral development banks from 33% to 50%. The Governing Council also decided to include investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area in the list of assets that are eligible for regular purchases under a new corporate sector purchase programme. Purchases under the new programme have started on 8 June. The Governing Council also decided to launch a new series of four targeted longer-term refinancing operations (TLTRO II), which started on 22 June 2016, each with a maturity of four years.

These set of monetary policy measures aim at further easing financing conditions and stimulate new credit provision, thereby reinforcing the momentum of the euro area's economic recovery and accelerate the return of inflation to levels below, but close to, 2%.

C. Structural Reform Priorities

C1. Implementation of Past Growth Strategy Commitments

The EU is pressing ahead with its reform efforts where implementation has been stepped up in in the area of investment and financial sector reform; is progressing according to plan in employment, while more efforts will be needed in the areas of competition and trade to ensure a full implementation in time. The overall progress on implementation of past EU commitments is also reflected by the G20 structural policy indicators selected to measure reform effort (see Annex 6). In the EU, the average tax wedge on labour has reached a turning point and is now decreasing in line with the aim to make the EU tax structures more growth-friendly. At the same time, in the EU it has become easier to start a business as well as trade across borders. The public investment to-GDP ratio is below its pre-crisis levels and is set to remain broadly unchanged in the coming few years. In some EU Member States, however, public investment in nominal terms is expected to pick up notably by 2017. A short overview on progress with implementation by policy area is provided below (for investment in Section D). The full details on progress with implementation of all EU past commitments can be found in annex 1.

Progress has been made to strengthen economic policy coordination in the Economic and Monetary Union and improve the reform implementation at the national level. In October 2015, following the Five Presidents report, European Commission set out measures that include an improved toolbox of economic governance, including the introduction of national productivity boards and an advisory European Fiscal Board. The EU economic policy coordination process has been considerably streamlined by providing country specific analysis and euro area recommendations earlier in the cycle, allowing more time for dialogue with EU Member States and focusing on most relevant issues in the country-specific recommendations. National productivity boards are expected to be established over 18 months after the adoption of the Council recommendation, which was endorsed by the Council in June 2016 and is expected to be adopted in early autumn. National productivity boards are expected to provide an independent and unbiased analysis of productivity and competitiveness developments, policy challenges and key policy trade-offs. In doing so they should integrate the national perspective with the broader EU/euro area and global perspective and feed the national debate in the field of productivity and competitiveness.

The two pillars of the EU Banking Union – the single supervision mechanism and the single resolution mechanism – are already operational. Further, approximately 40 pieces of EU legislation have been introduced to tackle the causes of the financial crisis and to restore financial stability in the European Union. This includes the harmonisation of national deposit guarantee schemes within the EU by the EU Deposit Guarantee Schemes Directive. To work towards strengthening the Banking Union, on 24 November 2015, the European Commission also put forward a legislative proposal for the establishment of a European Deposit Insurance Scheme (EDIS) which is being discussed together with other risk reduction and sharing measures, including the common backstop. In June 2016, the Council endorsed a roadmap to complete the Banking Union.

The EU also attaches great importance to the implementation of the past commitments on youth employment. The Youth Employment Initiative is currently up and running until end-2018. All 34 relevant Operational programmes have been adopted by the European Commission. Furthermore, most EU Member States continued the roll-out of the new Youth Guarantee measures adopted in early 2014. All EU Member States have also presented a plan for the implementation of their Youth Guarantees. A dedicated report from the European Commission on the implementation of the Youth Employment Initiative and the Youth Guarantee is scheduled for October 2016. The European Commission remains available to provide technical support and further guidance in a variety of ways, including through support to Member States to develop these schemes as well as a dedicated Youth Guarantee website and hotline.

The EU is also working towards providing greater regulatory predictability, removing barriers and reinforcing the Single Market to provide supportive framework conditions for investment in Europe. The EU has implemented a great number of the actions put forward in the Single Market Act I and II. Furthermore, the European Commission has put forward a batch of additional key measures for a Digital Single Market to meet the challenges of the digital economy. In 2015, progress was also made in three fields of our Energy Union Strategy to move further away from an economy driven by fossil fuels. The core of this progress is in the areas of emissions trading, renewables, and further investments in low carbon technologies and energy efficiency. However, for all the progress made, too many significant economic barriers remain, notably in the area of services. The European Commission estimates that a more ambitious implementation of the Services Directive would add 1.8 % to EU GDP[2].

The EU has also progressed in advancing multilateral trade liberalisation and the EU bilateral trade agenda. The EU ratified the Trade Facilitation Agreement on 5 October 2015. The EU's latest concluded trade agreements with Ecuador, Singapore, Canada, and Vietnam, as well as Economic Partnership Agreements with West Africa, Southern African Development Community and East African Community, all undergoing internal EU approval procedures. Ongoing trade negotiations include those with the U.S., Japan, Mercosur, and newly launched negotiations with Tunisia and the Philippines. The EU is also negotiating investment agreements with China and Myanmar. The EU commitments to promote trade and investment openness, while maintained and reaffirmed, is adjusted to reflect the results of the implementation of the Trade Facilitation Agreement, the successful completion of the expanded Information Technology Agreement and the results of the 10th WTO Ministerial Conference.

[2] These gains occur over time with more than 80% already obtained within the first 5 years from implementing the policy.

C2. New Structural Reform Measures

NEW action in promoting competition and enabling environment

Single Market Strategy

The European Commission published a revamped Single Market Strategy[3] on 28 October 2015. It proposes a set of further actions to exploit the benefits that a European Single Market would bring such as 1) stimulating a better allocation of resources by facilitating movements of capital and human resources from low to high productivity firms within different sectors in the Member States; 2) improving the geographical reallocation of resources within the Single Market and a better insertion of EU firms in international value chains and 3) fostering new technological developments.

The new Single Market Strategy includes targeted measures to support start-ups and remove barriers to firms' growth and cross-border trade, to facilitate access to finance particularly for SMEs, to promote innovation, to support reforms by Member States in services, to reinforce the implementation of Single Market rules, and to strengthen the Single Market for goods. In particular the main actions proposed are 1) introducing a services passport to increase certainty and reduce barriers for service providers seeking access to other EU markets; 2) proposing best practices to facilitate retail establishment and reduce operational restrictions in the Single Market; 3) a Joint Initiative, in co-operation with the relevant interlocutors, to modernise the existing standard system; 4) a regulatory initiative allowing the European Commission to collect reliable information directly from selected market players, with a view to safeguarding and improving the functioning of the Single Market; 5) ensuring that consumers buying services or products in another Member State do not face diverging prices, sales conditions, or delivery options - unless justified, 6) consolidate and modernise the intellectual property framework; and 7) a voluntary ex ante assessment mechanism of the procurement aspects of certain large-scale infrastructure projects of European interest, 8) the creation of a single EU VAT area in order to step-up the fight against fraud, remove administrative burdens, improve cross-border trade and meet the expectations of consumers and businesses.

On 1 June 2016, the Commission adopted a Communication on "Delivering the Single Market Agenda for Jobs, Growth and Investment". The Communication outlines the many strands of work, which have started or will be carried out in the coming year at EU level to reinforce the Single Market and create a business-friendly environment, also as part of the efforts to remove bottlenecks to investment. The new initiative covers a wide set of further initiatives envisaged under the Capital Market Union, the Single Market Strategy and the Digital Single Market, notably to improve the single market for services, to remove administrative barriers and reduce regulatory costs inside the internal market, to simplify VAT rules, to improve access to finance including venture capital for start-ups, and to develop skills.

[3] The original Single Market refers to the free movement of people, goods, services and capital.

NEW action in promoting fiscal reform

Anti-Tax Avoidance Package and Financial Transparency

In January 2016, the Commission presented new measures against corporate tax avoidance. The Anti-Tax Avoidance Package calls on Member States to take a stronger and more coordinated stance against companies that seek to avoid paying their fair share of taxes and to implement the international standards against base erosion and profit shifting.

Key features of the new proposals include 1) legally-binding measures to block the most common methods used by companies to avoid paying tax (Anti-Tax Avoidance Directive – ATAD); 2) a recommendation to Member States on how to prevent tax treaty abuse; 3) a legal requirement for Member States to share, between tax authorities, tax-related information on multinationals operating in the EU (an amendment to the Directive on Administrative Cooperation (DAC)); 4) actions to promote good governance in the field of taxation internationally; 5) a new EU process for listing third countries that refuse to play fairly. Collectively, these measures will hamper aggressive tax planning, boost transparency between Member States and ensure fairer competition for all businesses in the Single Market.

Both binding legal instruments (DAC and the ATAD) were legally adopted in record time, i.e. May and July 2016 respectively.

In addition, on 5 July a cohesive and targeted response was given by the Commission to the problems exposed by the recent 'Panama Papers' revelations. In its response, the Commission sets out the next steps in its campaign to boost tax transparency, to fight tax evasion and avoidance in the EU, as well as its fight against money laundering and terrorist financing. .

NEW action in advancing labour market reform, educational attainment and skills

A New and Comprehensive Skills Agenda for Europe

On 10 June 2016, the European Commission made a proposal to a new and comprehensive Skills Agenda for Europe. The aim is to ensure that people develop a broad set of skills from early on in life and to make the most of Europe's human capital, which will ultimately boost employability, competitiveness and growth in Europe. The Commission proposes 10 actions to be taken forward over the next two years, some of which has been launched immediately: (i) a "Skills Guarantee" to help low-skilled adults acquire a minimum level of literacy, numeracy and digital skills and progress towards an upper secondary qualification; (ii) a review of the European Qualifications Framework for a better understanding of qualifications and to make better use of all available skills in the European labour market; (iii) the "Digital Skills and Jobs Coalition" bringing together Member States and education, employment and industry stakeholders to develop a large digital talent pool and ensure that individuals and the labour force in Europe are equipped with adequate digital skills; and (iv) the "Blueprint for

Sectoral Cooperation on Skills" to improve skills intelligence and address skills shortages in specific economic sectors. Other actions will be launched later this year and in 2017.

NEW action in promoting inclusive growth

European Pillar of Social Rights

The European Commission has launched a broad public consultation by 31 December 2016, with the aim to establish a European Pillar of Social Rights . Based on existing social rights, the new Pillar will set out a number of key principles to foster employment and social performance in the light of changing work patterns and societies. It may also serve as a compass for the renewed process of convergence within the euro area.

This initiative will start within the euro area, while allowing other EU Member States to join if they want to do so.

The European Pillar of Social Rights will concentrate on the following three main categories: 1) equal opportunities on the labour market; 2) fair working conditions; and 3) adequate and sustainable social protection. Within these categories, it considers a set of 20 areas / domains of social rights, reaching from employment conditions and work-life balance to minimum income, childcare or housing. Each area / domain contains a number of concrete principles, which are based on existing social rights.

Integration of Third-Country Nationals

The European Commission presented an Action Plan to support EU Member States in the integration of third-country nationals and their economic and social contribution to the EU, as well as a legal proposal to reform the rules on highly skilled migrants coming to the EU to work, which will support European businesses in attracting qualified and talented people from around the world. The Action Plan provides a common policy framework and supporting measures which should help EU Member States as they further develop and strengthen their national integration policies for third-country nationals. Member States – at national, regional and local level – are at the forefront when it comes to integration. The Action Plan sets out the concrete policy, operational and financial support to be delivered at EU level to support them in their efforts. They include, pre-departure and pre-arrival measures, education, active labour market policies, vocational education and training, access to basic services and tools for coordination, funding and monitoring at the EU level.

Impact of new structural reform measures[4]

All new measures in our structural reform agenda would strengthen the EU economy's fundamentals in the long run by addressing structural bottlenecks and impediments to fundamental drivers of sustainable and inclusive growth. Reforms that make product and labour market more flexible, that provide security for workers, and that foster innovation would improve efficiency in the use of resources and improve total factor productivity. By improving efficiency in the use of production factors, structural reforms strengthen the economies' potential growth, and adjustment capacity. In addition, they can also have a positive short-term effect on economic activity. An estimation of the macroeconomic impact of structural reforms conducted by the European Commission for a number of EU Member States (Italy, France, Spain and Portugal) shows that it can be sizeable over a 5 year horizon.

Improving the economic prospects for the European economy as a whole will have indirect positive effects on non-EU G20 countries. Model simulations with the European Commission's dynamic stochastic general equilibrium (DSGE) model QUEST suggest that spillovers of our policies to the rest of the world are positive and could amount to up to 10-20% of the home (i.e. EU) effect. Preliminary evidence also suggests that the ECB's expanded asset purchase programme have benefited global financial markets and the global economy.

D. Investment

The EU's policy action on investment as part of its 2015 G20 Growth Strategy as well as the 2015 G20 Investment Strategy is on track. The Investment Plan for Europe, the core of the EU investment-related commitments, consists of three Pillars which reflect the global strategy of the Commission to tackle the current underinvestment in the EU countries:

1) Mobilising at least EUR 315 billion in additional investment over three years, maximising the impact of public resources by crowding in private investment. The main instrument to achieve this objective is the European Fund for Strategic Investments (EFSI), which has an Infrastructure and Innovation Window, and a SME Window. This is in place since the summer of 2015 (entry into force of the EFSI Regulation on 4 July 2015). A significant number of EFSI projects have already been approved by the EIB Group which are expected to generate a total investment value of more than EUR 115.7 billion as of July 2016. This is over 1/3 of the overall objective of 315 billion euros.

2) Making sure that this extra investment reaches the real economy. The main instruments to make this happen are the European Investment Advisory Hub (EIAH) and the European Investment Project Portal (EIPP). The EIAH went live on 1 September 2015 and requests for technical assistance support can be submitted online at www.eib.org/eiah. The EIPP went online o 1 June 2016.

[4] Detailed impact assessments of the new EU structural reform measures could be found on: http://ec.europa.eu/smart-regulation/impact/ia_carried_out/cia_2016_en.htm

3) Improving the investment environment, both at the European level and at the level of individual Member States. Work is underway to address barriers with an EU and Single Market dimension, as well as regulatory and non-regulatory investment challenges at national level.

The Commission has started to address barriers to investment, notably through initiatives to reinforce the Single Market and through the Better Regulation agenda, while the need for reforms to address national barriers is also stressed in the context of the European Semester. This includes procedures to authorise projects, procurement, state aid, public accounting rules, and use of EU funds.

The creation of a Capital Markets Union (CMU) will further reduce fragmentation in the EU's financial markets and lower the cost of funding for the economy. In particular, recently proposed measures to revive simple and transparent securitisation markets in the EU will bring about a more diverse supply of finance to SMEs. The proposal has already been agreed by Member States and awaits now the opinion of the European Parliament. New rules entered into force in April to encourage the insurance industry to invest into infrastructure projects, by reducing Solvency II capital charges. Furthermore, the European Commission also presented a legislative proposal to streamline prospectus requirements and reduce the compliance burden for companies issuing shares and bonds. Member States and the European Parliament are working intensively to finalise these rules.

As a part of the Capital Markets Union Action Plan, the European Commission announced that it will launch a pan-European Venture Capital (VC) Fund of Funds in 2016. The main objective of this fund is to attract large institutional investors to European venture capital, an asset class often neglected. Following comprehensive preparatory work and consultation with market stakeholders, it has been decided that this project would use InnovFin[5] and EFSI funding of up to EUR 300 million and would be implemented via the European Investment Fund (EIF). Initial discussions with the EIF took place already in late 2015 and the project was outlined in more detail to the EIF in early 2016.

Furthermore, the European Commission will start work, through a consultation, on strengthening cross-border distribution of investment funds. The European Commission will also commence work with stakeholders on laying the foundations for a stronger European personal pensions market. Last but not least, the Commission is developing an approach on capacity building to help all Member States reap the benefits of stronger capital markets.

[5] "InnovFin – EU Finance for Innovators" is a joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under Horizon 2020.

Annex 1. Past commitment – Brisbane and Antalya commitments

Brisbane and Antalya 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		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane EU growth strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1 – Single Supervisory Mechanism (SSM) 2. – Single Resolution Mechanism (SRM) including Single Resolution Board (SRB) and Single Resolution Fund (SRF) 3 – Possibly a European Deposit Insurance Scheme (EDIS) (legislative proposal launched on 24 November 2015)	**1 – implemented** 2. –January 2016 to December 2023 3 – under discussion	1. The Single Supervisory Mechanism entered into force on 4 November 2014, earlier than initially expected. The Single Supervisory Mechanism has made a good start to become a credible supervisor by having completed the asset quality review, the comprehensive assessment and the first annual SREP (Supervisory Review and Evaluation Process). 2. The Single Resolution Mechanism (SRM) is operational since the 1st of January 2016. The Single Resolution Board (SRB) prepares resolution plans since 2015 and enjoys a full set of resolution power since January 2016. The Single Resolution Fund (SRF) became operational in January 2016 and is already receiving contributions from banks. However, it will reach full capacity – and be progressively mutualised – only over the coming eight years (by 2024). 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 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 entered into force on 29 November 2015 and was ratified by member states participating in the SSM/SRM that represented 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 provides for a progressive mutualisation over the transitional period until full mutualisation is achieved in 2024. 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. In addition, the European Commission adopted a legislative proposal for the establishment of a European Deposit Insurance Scheme (EDIS) on 24 November 2015, which, together with other risk reduction and sharing measures, including the common backstop, is currently being discussed in

			the Ad Hoc Working Party on Strengthening the Banking Union. Discussion among Member States is currently ongoing in the Council.
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 euro area and the EU. It will ensure that banks are supervised and resolved at the central level and contribute to the EU-wide regulatory objective 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. The objective of the Commission proposal on EDIS is to reinforce depositor confidence, provide sufficient funds for national schemes in high stress periods, and to enhance financial stability in the euro-area.		

• **The policy action:**	**Unlock public and private investment in the EU, including through the Investment Plan for Europe**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane EU growth strategy.		
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). Please refer to the below action. 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 is applicable 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 were 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 EU Member States reported on their implementation by mid-2015.
Impact of Measure	These actions should help improve access to long-term finance in Europe and increase investment.		

• **The policy action:**	**Implement the Investment Plan for Europe**		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya EU growth strategy.		
Detailed implementation path and status	Steps for Implementation	Deadline	Status
	1- Entry into force of the Regulation establishing the EFSI, the EIAH and the EIPP 2- EFSI will be fully	**1- implemented** **2- implemented** **3-**	Deadlines achieved or on track: Entry into force of the EFSI Regulation on 4 July 2015. A significant number of EFSI projects have already been

	operational 3- The new European Investment Advisory Hub (EIAH) is operational. Its website went online and requests for technical assistance can be submitted online 4- The European Investment Project Portal (EIPP) is expected to become operational 5- 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	**implemented** 4- **implemented** 5- see below actions.	approved by the EIB Group, which are expected to generate a total investment value of EUR 115.7 billion as of July 2016. This is over 1/3 of the overall objective of 315 billion euros over the next three years. The EIAH went live on 1 September 2015 and requests for technical assistance support can be submitted online at www.eib.org/eiah. The EIPP went online on 1 June 2016, available at http://ec.europa.eu/eipp. It enables EU based project promoters to reach potential investors worldwide. Investors looking for investment opportunities find a broad choice of viable projects. The Commission has started to address barriers to investment, notably through initiatives to reinforce the Single Market, and through the Better Regulation agenda, while the need for reforms to address national barriers is also stressed in the context of the European Semester. See details on CMU and integrating the EU Single Market in below actions.
Impact of Measure	A significant number of EFSI projects have already been approved by the EIB Group for a total investment value of more than EUR 83 billion as of mid-April 2016. The EFSI Regulation foresees reporting on achievements. Ultimately, the indicator will lead to 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 and updated figures can be found under: ***http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm***		

• The policy action:	Building a Capital Markets Union		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya EU growth strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1-Publication of the European Long Term Investment Funds (ELTIFs) regulatory framework and its application 2- Publication of an Action Plan on Capital Markets Union • Publication of legislative proposals to establish a framework for simple, transparent and standardised securitisation instruments • Presentation by the European Commission of 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. • Launch by the European Commission of 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. 3- Adopt a proposal on the	**1- implemented** **2- implemented** **3- implemented** 4- By 2019	The creation of a CMU will further reduce fragmentation in the EU's financial markets and lower the cost of funding for the economy. In particular, recently proposed measures to enhance securitisation will bring about a more diverse supply of finance to SMEs and the amendment of Solvency II to treat infrastructure investment as an asset class will increase financing for long-term investment projects. We allowed the insurance industry to invest in infrastructure, by correcting excessive calibrations. New rules entered into force in April. Furthermore, the European Commission proposed legislation to rebuild securitisation in the EU to which Member States agreed. The European Commission also presented a legislative proposal to streamline prospectus requirements and reduce the compliance burden for companies issuing shares and bonds. Member States and the European Parliament are

	modification of the Prospectus Directive and adopt delegated acts on SME growth markets 4- Put in place the building blocks for an integrated, well-regulated, transparent and liquid Capital Markets Union for all 28 Member States.		working intensively to finalise these rules.
Impact of Measure	Progress can ultimately be measured by judging, in 2019, whether the building blocks of an integrated capital market for all 28 Member States of the EU have been put in place. 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. On 25 April 2016, the Commission published a new edition of the European Financial Stability and Integration Review (EFSIR, SWD(2016) 146 final), which focuses this year on the CMU. At the core of EFSIR is a set of indicators for monitoring trends in capital markets and that are relevant to the six key objectives in the CMU Action Plan (1. Financing for innovation, start-ups and non-listed companies; 2. Making it easier for companies to enter and raise capital on public markets; 3. Promoting investment in long-term, sustainable projects and infrastructure projects; 4. Fostering retail and institutional investment; 5. Leveraging banking capacity to support the wider economy; 6. Facilitating cross-border investing). These economic indicators should not, however, be seen as an evaluation of the impact of individual CMU actions which will be influenced by many other factors such as culture, economic and financial cycles. Nevertheless, these indicators are a way of checking if the EU financial system is diversifying and becoming more effective in providing funds to the economy.		

EMPLOYMENT

• The policy action:	Address high unemployment in particular youth unemployment and facilitate labour mobility		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane growth strategies.		
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 cooperation through the Internal Market	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. YEI: end 2018 (end of implementation of the 2014 and 2015 annual budget commitments) 2 – No fixed date yet 3 – The deadline for transposing the directive into national legislation (May 2016) was not fully met by each EU Member State. The Commission will take the necessary actions to ensure correct and timely transposition.	1. Implementation of the YG has started in all Member States. All have presented comprehensive Youth Guarantee Implementation Plans, complying with the deadlines set by the European Council. These Plans and their implementation have been assessed by the European Commission within the context of the European Semester cycles – the EU's reinforced economic surveillance framework. Multilateral surveillance reviews are also taking place on the implementation of the YG, and country-specific recommendations were issued as appropriate To underpin monitoring and multi-lateral surveillance, an Indicator Framework for Monitoring the YG (and an accompanying methodological manual) was developed within the Employment Committee with support from the European Commission. The results of

	Information System ('the IMI Regulation').	4.- 21 May 2018 - deadline for transposing into EU Member States' legislation 5. - The deadline for transposing the directive into national legislation (June 2016) was not fully met by all EU Member States. The Commission will take the necessary actions to ensure correct and timely transposition.	the first two regular data collections, covering the years 2014 and 2015, will inform the European Commission's 2016 report on the implementation of the YG and the YEI, scheduled for October 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 relevant Operational programmes have been adopted by the European Commission. Member States are currently implementing measures on the ground. First annual implementation reports on YEI are being reported by MS in May 2016; first evaluations were submitted at the end of 2015. In May 2015 the European Commission paid increased pre-financing payments worth EUR 930 million. 2. On 2 December 2015, the Council reached agreement with the European Parliament for the re-establishment and re-organisation of the existing EURES network. With about 1000 experts in EU countries and a central website, the EURES offers a range of services to jobseekers and employers to ease transitions to new jobs and better match

			jobseekers and vacancies. These include personalised career and recruitment advice, help with job search and staff hiring, information on social security, tax payments and other relevant rules, as well as information on post-recruitment assistance such as language courses. 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	The number of young unemployed decreased by one million in the last two years, to reach 4.4 million in February 2016 (the youth unemployment rate decreased from a peak of 23.9% in February 2013 to 19.4% in February 2016). Such trends should be seen in the context of cyclical factors (with overall unemployment declining from 10.9% to 8.9% in the same period), yet the YG played a role by supporting demand-side measures and increasing opportunities for young people. Based on the budgetary indications from the Member States, the increased YEI pre-financing in 2015 was expected to help support around 650,000 young persons, through apprenticeships, traineeships and job placements. Further results and impact will be presented in the upcoming Commission report on the implementation of the YG and the YEI.		

<table>
<tr><th>• The policy action:</th><th colspan="3">Boost financial resources to tackle unemployment and in particular youth unemployment</th></tr>
<tr><td>Inclusion of the commitment in growth strategies</td><td colspan="3">This measure was included in the Antalya growth strategies.</td></tr>
<tr><td rowspan="2">Detailed implementation path and status</td><td>Interim Steps for Implementation</td><td>Deadline</td><td>Status</td></tr>
<tr><td>1- Increase in initial pre-financing for the Youth Employment Initiative in 2015 - the European Commission release 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, also receives pre-financing, thus bringing the total additional initial pre-financing paid in 2014-2015 from the YEI special allocation to around EUR 1 billion.
2- Adoption of the final operational programme containing YEI
3- 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.</td><td>1-implemented
2- implemented
3- The majority of the EU Member States have complied with the deadline (May 2016)</td><td>Currently the Commission is analysing the first YEI evaluations from the Member States. Further information will become available after submission by the Member States of their Annual implementation Reports. The Commission will submit a report on the YEI/Youth Guarantee to the Parliament in the second half of 2016.</td></tr>
<tr><td>Impact of Measure</td><td colspan="3">The implementation of the Youth Guarantee has been assessed in particular in the Commission's 2016 Country Reports. The Country Reports show that implementation of the YG has lent impetus to reforms. Member States have strengthened for ex-ample the capacity of Public Employment Services to address the needs of young people, adopted incentives to stimulate job creation and undertaken reforms to improve Vocational Education and Training systems.</td></tr>
</table>

COMPETITION

• The policy action:	Integrate the Single Market, including in the services markets and network industries, while reducing administrative burdens		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane EU growth strategy.		
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	**1 – implemented** 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 (May 2014) and a targeted revision of the rules on posting of workers (March 2016); 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 e-invoicing 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

	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 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).		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 Directive on Payment Services was adopted in October 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, and a policy framework for climate and energy in the period from 2020 to 2030. The European Commission also submitted a progress report on the state of play of the internal energy market in 2014 and on renewable energy in 2015. The Single European Sky II+ is still being negotiated by the Parliament and the Council. The proposal for a Regulation on cross-border portability of online content services is currently in first reading in the Parliament committee. A Communication on the review of the Copyright Directive has also been presented by the Commission.
Impact of Measure	The most significant initiatives under Single Market Act I and II were accompanied by an impact assessment (For detail, please visit http://ec.europa.eu/smart-regulation/impact/ia_carried_out/cia_2016_en.htm)		

• The policy action:	Further integrating the Single Market		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya EU growth strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	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 Single 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. 1- Adoption by the European Commission of its Digital Single Market Strategy which includes a roadmap of actions for completing the Digital Single Market. 2- Adoption of the new Single Market Strategy for Goods and Services 3- Adoption by the European Commission of its strategy to achieve a resilient Energy Union.	**1- implemented** 2- Ongoing The Single Market Strategy adopted in October 2015 foresees specific initiatives planned in 2016-2017 **3- implemented** 4 – ongoing 2015 to 2017 5 - ongoing	The new Single Market Strategy adopted in October 2015 foresees initiatives to improve the Single market in the area of goods and services planned in 2016-2017: VAT Action Plan (adopted in April 2016) Regarding the Digital Single market strategy On the 09/12/2015 a first wave of proposals was adopted by the Commission (on digital contracts and copyrights). A Decision on spectrum coordination was adopted by the Commission in February 2016. Another batch of measures on eGovernment, the European Cloud and digitalization of industry was published by the Commission on the 19/04/2016. A package of measures on consumers' protection, geo-blocking, online platforms and parcel delivery is scheduled for adoption towards the end of May 2016. Further measures on copyright rules, the review of the the Satellite and Cable Directive, a simplification of VAT rules, and the review of the telecoms framework are expected in the course of

	4 – Initiatives (legislative and non-legislative) in the context of the Energy Union. 5 - 4th Railway Package		2016. In November 2015, the State of the Energy Union reported on progress with the Strategy. In 2015, actions in this area included a communication on implementation of the energy interconnection target; a communication on the future energy market design covering both wholesale and retail markets followed by a public consultation (legislation planned for 2016). The legislative proposal to revise the Emission Trading Directive was put forward and is still being discussed in the Council and the Parliament; A sustainable energy security package including e.g. a Security of gas supply regulation and a Decision on intergovernmental agreements in energy have been put forward in 2016. On the 4th Railway Package, an agreement was reached by the European Parliament and the Council in April 2016.
Impact of Measure	Progress on this commitment could be measured by following the state of agreement on the key proposals set in the Digital Single Market, the Single Market Strategy 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. The socio-economic benefits of DSM may come through different mechanisms, e.g. more variety and competition, lower prices and lower transaction/search costs (less deadweight costs due to lower market frictions). These impacts will be further magnified by the adoption of several complementary measures such as the amendment of the Regulation on Consumer Protection Cooperation, on parcel delivery, on copyright and the modernisation the VAT for cross-border e-commerce.		

	The potential contribution to European GDP from achieving a fully functioning Digital Single Market has been estimated at EUR 415 billion. The long-run impact on GDP growth of the already observed digital reform efforts has been estimated at above 1%, while further efforts in line with the Digital Agenda for Europe targets could lead to an additional 2.1% of growth. The EU is on track to meet its climate abatement and renewable energy targets for 2020, while additional measures are needed to meet the energy efficiency target. Most Member States are on track to address interconnection gaps, but additional investments are needed in some locations to enforce capacity and to facilitate integration of renewable power. The Energy Union Strategy currently aims at setting the regulatory framework in place for the 2020-2030 period. Progress will be monitored through a governance process, including a set of key indicators measuring developments. The 4th Railway Package, by means of a gradual opening of the domestic passenger rail markets to competition, is expected to: (i)revitalise the domestic rail markets, (ii) make railways more responsive to market and consumer demand, (iii) complete the internal market for rail services, thereby directly deliver on the EU's priority of a fairer and deeper internal market, (iv) foster investments and job creation in the rail sector, (v) enable a shift from other more polluting transport modes towards rail.

TRADE

• **The policy action:**	**Advance multilateral trade liberalisation and the EU bilateral trade agenda**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane growth strategies.		
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	Given the nature of trade negotiations, no specific deadline can be committed. We aim at making significant progress in the course of 2016 in all listed negotiations. A relevant milestone for the WTO will be	1 – The EU ratified the TFA on 5 October 2015 2 – The Nairobi Ministerial Conference in December 2015 delivered a package on agriculture export competition and marked an important turning point for the WTO. While it is clear that the outstanding Doha issues –

	product list of the Information Technology Agreement (ITA), liberalise services and working towards the launch of negotiations to remove barriers to trade in environmental goods 4. - Advance the bilateral trade agenda	the 11th WTO Ministerial Conference in 2017.	particularly those that can be best tackled at multilateral level - will need to be addressed in the future, part of the membership is now strongly supporting the adoption of new approaches in negotiations, as well as the introduction of new issues in the WTO agenda. The EU is ready to work constructively with the aim of advancing on the outstanding issues and contributing to the exploratory reflection over new issues and new approaches 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 and a full package, including per country staging periods for tariff elimination, was agreed in December 2015 in Nairobi by a group of countries representing around 90% of world trade in the products concerned. Most countries intend to implement the first tariff cuts by 1 July 2016. With tariff negotiations finalised, new proposals on Non-tariff barriers (NTBs), including by industry, are discussed in Geneva. On TiSA (Trade in Services Agreement), up to April 2016, 17 negotiation rounds have been held; 4 further rounds are scheduled until the end of

			2016. On Green Goods, negotiations were launched in July 2014 and since then 9 negotiating rounds have been held. 4 – The EU's latest concluded trade agreements with: Ecuador, Singapore, Canada, and Vietnam, as well as Economic Partnership Agreements with West Africa, Southern African Development Community (SADC) and East African Community are all undergoing internal EU approval procedures. Ongoing trade negotiations including those with the U.S., Japan, Mercosur, and newly launched negotiations with Tunisia and the Philippines. The EU is also negotiating investment agreements with China and Myanmar. The EU is preparing to launch negotiations to upgrade the existing bilateral trade agreements with Mexico, Chile and Turkey as well as negotiations for new trade agreements with Australia, New Zealand and Indonesia.
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 Non-key Commitments

FISCAL POLICY FRAMEWORK

• The policy action:	Implement growth-friendly fiscal consolidation and a strengthened governance for growth
Implementation path and expected date of implementation	Implementation of the EU fiscal framework is assessed on a continuous basis. 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). 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, in line with the targets set by the reinforced Stability and Growth Pact, 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 2014 and 2017, the headline deficit is

	expected to decline steadily from 3.0% of GDP in 2014 to 1.8% in 2017. Just six Member States recorded a deficit above 3% of GDP in 2015, down from a figure of 21 in 2010. The European Commission currently prepares new Country-Specific Recommendations (CSRs) which were presented in May 2016. The CSRs were discussed and adopted by the Council of the EU in July 2016.

• The 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 proposal was further refined in collaboration with Member States, leading to a commonly agreed position, approved in early 2016. The use of the existing flexibility built into Stability and Growth Pact to support growth and jobs was enhanced in three key areas: • 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 its assessment of fiscal policy. 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 Commission is currently applying flexibility under the Stability and Growth Pact to cater for the refugee-related costs under the 'unusual event' clause. A technical orientation note on the treatment of these costs under the Stability and Growth Pact (SGP) was presented in October by the Commission services to the

	Economic and Financial Committee of the Council. This orientation note stresses the need to ensure equal treatment across Member States.
Status of Implementation and Impact	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 flexibility clause has been used to take into account the direct and temporary effects from an increase in public spending related to a sharp increase in asylum seekers in the EU countries most directly affected, whether as transit or destination countries. The Commission is assessing the concerned amounts that have to be directly linked to the inflow of refugees, on the basis of sufficiently detailed data provided by the authorities of the concerned Member States in their Stability Programmes. The Commission is making a final assessment on a case by case basis.

• **The policy action:**	**Improve the composition of public finances and tackle tax avoidance**
Implementation path and expected date of implementation	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. 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, in January 2016, the Commission presented new measures against corporate tax avoidance. The Anti-Tax Avoidance Package calls on Member States to take a stronger and more coordinated stance against companies that seek to avoid paying their fair share of tax and to implement the international standards against base erosion and profit shifting.
Status of Implementation and Impact	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.

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	

• The 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.
Status of Implementation and Impact	Regular publication of purchase volumes on ECB's website.

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 (mid-term review of the Horizon 2020 framework programme scheduled for 2017).
Status of Implementation and Impact	1. Horizon 2020 Since its inception in December 2013, 101 call deadlines under Horizon 2020 were closed in 2014. In terms of EU financial contribution, the total EU funding requested for the 33 792 eligible proposals was almost EUR 55 billion, or about six times the total commitment budget adopted by the Budget Authority for Horizon 2020 for 2014 (EUR 9,3 billion). Horizon 2020 has fostered ***Open Innovation***: Private-for-Profit entities (PRC) represent more than 60% of the applicants in retained proposals, receiving EUR 2.2 billion or 26% of the total EU contribution to signed grants. Within Leadership in Enabling and Industrial Technologies (LEIT) and Societal Challenges cumulated budget, the share of EU financial contribution going to private entities is 44% (EUR 2 billion). Statistical results for 2014 show that 23% (EUR 1.1 billion) of the 2014 budget allocated to LEIT and Societal Challenges (EUR 4 624 million) is allocated to SMEs, meaning that the 20% target set by the EU Parliament and the Council has been reached. Moreover,

	the co-legislators established that within the target of allocating a minimum of 20 % of the total combined budgets for the Societal Challenges and LEIT, a minimum of 5% of those combined budgets will be initially allocated to the dedicated SME instrument. A minimum of 7% of these total budgets will be allocated to the dedicated SME instrument averaged over the duration of Horizon 2020. In line with Horizon 2020, 6% (EUR 255 million) of the total combined budgets for the specific objective LEIT and the priority 'Societal challenges' was allocated to signed grants from the dedicated SME instrument in 2014. Progress towards meeting the 7% target is therefore well on track. Horizon 2020 has promoted ***Open Science*** with frontier research under the European Research Council (ERC), amounting to a financial contribution of EUR 1.7 billion, EUR 220 million for Future and Emerging Technologies (FET), Marie Skłodowska-Curie Actions (MSCA) have received funding for EUR 864 million and Research Infrastructures projects for EUR 391 million. Overall, 6% of the budget went to social sciences and humanities (SSH) partners and SSH partners account for 26% of the total number of consortia partners in projects funded under topics flagged for SSH. The gender dimension was explicitly mentioned in 63 topics to inform the potential applicants about the importance of taking into account the biological characteristics and/or the social/cultural features of both women and men in their proposals. Horizon has contributed for the EU to remain ***Open to the World***. Common global societal challenges, like health, food, energy, transport, climate change, make international cooperation an increasingly important dimension because science and innovation can present technological solutions for sectoral policies and foreign affairs. While the overall third country participation is lower compared to FP7, Horizon 2020 themes are more suitable and targeted to international cooperation activities compared to the FP7: the share of budget of topics where international cooperation or a specific third-country or region was specifically mentioned in the call text has increased from 12% (FP7 baseline) to 22% in October 2015. 2. Progress towards the EU objective of investing 3% of GDP on research and innovation: In 2014 gross domestic expenditure on R&D as a percentage of GDP stood at 2.0 % for the EU as a whole, compared with 1.9 % in 2008. At the onset of the economic crisis, R&D intensity increased to 1.9% in 2009 and has continued to grow marginally since 2011. In 2014, the EU was still 1 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. Forthcoming adoption of a Skills Guarantee will provide better opportunities for lifelong learning to low skilled and low qualified people. 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	The EU is tackling macroeconomic imbalances through the Macroeconomic Imbalance Procedure (MIP) which aim 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. Findings as regards evolution of imbalances and necessary actions are updated annually. Every year in June/July, the EU Council decides on the appropriate policy recommendations, necessary corrections and/or specific monitoring. More specifically: • The annual cycle of the MIP Macroeconomic Imbalance Procedure (MIP) starts in November with the Alert Mechanism Report that identifies the countries for which an in-depth review will be applied. • Country reports including in-depth reviews were published in February 2016. Prior to their publication the European Commission organised bilateral meetings with the Member States concerned to discuss challenges. • By the end of April, considering the results of these In-depth Reviews 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 set of Country Specific Recommendations for 2016-2017 on 13 June 2016, targeting the most important priorities to be tackled.
Status of Implementation and Impact	Following the results of the 2016 In-depth Reviews (IDRs) published in February, the selected Member States analysed in-depth were classified according to the following categories below: 1. Bulgaria, France, Croatia, Italy, Portugal and Cyprus are considered to be in a situation of "excessive imbalances". 2.Germany, Ireland, Spain, the Netherlands, Slovenia, Finland and Sweden are considered to be in a situation of "imbalance". Both the 'imbalance' and the 'excessive imbalance' categories entail specific monitoring, to be modulated depending on the severity of the challenges. As a rule, countries experiencing excessive imbalances will be subject to tighter monitoring. 3. Belgium, Estonia, Hungary, Austria, Romania and the UK were

	found to have "no imbalances". Also, the remaining countries not examined in-depth have a classification of "no imbalance" in terms of the MIP. On the 18th of May 2016 the Commission published its proposals for new CSRs. These take into account the severity and nature of the imbalances identified and modulates appropriate policy responses. In general, countries with excessive imbalances receive more extensive and time bound policy recommendations. In November 2016, a new Alert Mechanism Report will be published, which is the starting point for the next cycle.

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 (AAAA) adopted in July, which sets out the different means to implement it. This ambitious and transformative Agenda has also paved the way for the new global climate change agreement 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 launched the EU Global Strategy on Foreign and Security Policy on the 28th of June and it is currently preparing a revised European Consensus for Development, which both contribute to the implementation of the 2030 Agenda in the EU's external action. Key EU contributions to implement the 2030 Agenda are illustrated in the "Financing Global Sustainable Development after 2015" publication presented at the Addis Ababa Conference and updated recently for the Financing for Development Follow up Forum of the AAAA in New York last April. Preliminary figures show that EU collective ODA (EU institutions and EU Member States) increased to EUR 68 billion in 2015 (up 15% from 59 billion in 2014), representing 0.47% of EU GNI GNI (an increase from 0.43% in 2014) albeit still below the target of 0.7%.

Investment Strategy Commitments

Please refer to the key commitment on implementing the Investment Plan for Europe.

Annex 2. New and Adjusted Policy Commitments since Antalya

MONETARY POLICY

• **Expanded and extended large-scale purchasing programme**	**Expanded and extended 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	On 3 December 2015, the ECB Governing Council decided to lower the interest rate on the deposit facility by 10 basis points to -0.30%, while the interest rate on the main refinancing operations and the rate on the marginal lending facility remained unchanged at 0.05% and 0.30% respectively. The ECB Governing Council also decided to extend its asset purchase programme (APP), with monthly purchases of EUR 60 billion under the APP now intended to run until the end of March 2017, or beyond, if necessary. The Governing Council also decided to reinvest the principal payments on the securities purchased under the APP as they mature, for as long as necessary. Additionally, the Governing Council decided to include, in the public sector purchase programme, euro-denominated marketable debt instruments issued by regional and local governments located in the euro area in the list of assets that are eligible for regular purchases by the respective national central banks. Finally, the Governing Council decided to continue conducting the main refinancing operations and three-month longer-term refinancing operations as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the last reserve maintenance period of 2017. On 10 March 2016, the ECB Governing Council decided to lower the interest rate on the main refinancing operations by 5 basis points to 0.00% and the rate on the marginal lending facility by 5 basis points to 0.25%. The rate on the deposit facility was further lowered by 10 basis points to -0.40%. The Governing Council also decided to further expand the monthly purchases under its APP from EUR 60 billion to EUR 80 billion. To ensure the continued smooth implementation of its asset purchases, it also decided to increase the issuer and issue share limits for the purchases of securities issued by eligible international organisations and multilateral development banks from 33% to 50%. The Governing Council also decided to include investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area in the list of assets that are eligible for regular purchases under a new corporate sector purchase programme. Purchases under the new programme have started on 8 June. The Governing Council also decided to launch a new series of four

	targeted longer-term refinancing operations (TLTRO II), which started on 22 June 2016, each with a maturity of four years.
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)	

PROMOTING COMPETITION AND ENABLING ENVIRONMENT

• **Single Market Strategy**	**The Single Market Strategy includes targeted measures to support start-ups and remove barriers to firms' growth and cross-border trade, to facilitate access to finance particularly for SMEs, to enable the balanced development of the collaborative economy, to promote innovation, to support reforms by Member States in services, to reinforce the implementation of Single Market rules, and to strengthen the Single Market for goods**
Implementation path and expected date of implementation	The European Commission provides updates on progress of the actions undertaken.
What indicator(s) will be used to measure progress?	Most of the actions envisaged in the Single Market Strategy have been launched in 2016. On 1 June 2016, the Commission adopted a Communication on "Delivering the Single Market Agenda for Jobs, Growth and Investment". The Communication outlines the broad set of strands of work, which have started or will be carried out in the coming year at EU level to reinforce the Single Market and create a business-friendly environment, also as part of the efforts to remove bottlenecks to investment. The new Communication covers a wide set of further initiatives envisaged under the Capital Market Union, the Single Market Strategy and the Digital Single Market, notably to improve the single market for services, to remove administrative barriers and reduce regulatory costs inside the internal market, to simplify VAT rules, to improve access to finance including venture capital for start-ups, and to develop skills. By the end of 2017, the Commission will review progress on its implementation and, on the basis of comprehensive economic analysis, consider whether additional action is needed to meet its

	objective of a deeper and fairer EU Single Market.
Explanation of additionality or adjustment (where relevant)	The completion of the Single Market is a continuous exercise. The initiative contains targeted actions which objective is to tap the full potential of the Single Market.

• Collaborative economy	In order the enable the balanced development of the collaborative economy the Commission will adopt a "Communication on the European agenda for the collaborative economy" in mid-2016 to issue guidance on how EU law applies to collaborative economy business models and relevant provisions of national law.
Implementation path and expected date of implementation	Implemented. In its "Communication on the European agenda for the collaborative economy", adopted on 2 June 2016, the Commission is providing guidance on the application of EU rules as well as recommendations for authorities and market operators. The Communication explains how existing EU law should be applied to this dynamic and fast-evolving sector. Moreover, it clarifies key issues faced by market operators and public authorities, namely market access requirements, consumer protection, liability, labour law and tax. Furthermore, the Communication on online platforms sets out the Commission's approach to supporting the development of online platforms in Europe while acknowledging certain regulatory challenges and protecting the legitimate interests of consumers. Finally, it will also guide the Commission's enforcement action to ensure that national law does not hinder the development of the collaborative economy in an unjustified manner.
What indicator(s) will be used to measure progress?	Five key sectors are under study (priority sectors): peer-to-peer accommodation; peer-to-peer transportation; on-demand household services, on-demand professional services; and collaborative finance. The Commission will launch impulse papers for these sectors.
Explanation of additionality or adjustment (where relevant)	The collaborative economy is expected to create new opportunities for entrepreneurs and consumers. But it often raises issues with regard to the application of the existing legal framework. The communication will provide guidance.

PROMOTING FISCAL REFORM

• Anti Tax Avoidance Package and Financial Transparency	**The Anti Tax Avoidance Package is part of the Commission's ambitious agenda for fairer, simpler and more effective corporate taxation in the EU.**
Implementation path and expected date of implementation	The Package contains concrete measures to prevent aggressive tax planning, boost tax transparency and create a level playing field for all businesses in the EU. It will help Member States take strong and coordinated action against tax avoidance and ensure that companies pay tax wherever they make their profits in the EU. There are two legislative proposals in the Package. A legal requirement for Member States to share, between tax authorities, tax-related information on multinationals operating in the EU, i.e.an amendment to the Directive on Administrative Cooperation (DAC) was adopted in the Council in May 2016. The Anti Tax Avoidance Directive (ATAD), setting out common anti-abuse measures that all MSs should apply, has been also adopted in the Council July 2016. The May ECOFIN has also endorsed the Tax Treaties Recommendation and the External Strategy for Effective Taxation, which includes a new process for a common EU blacklist. In addition, on 5 July a cohesive and targeted response was given by the Commission to the problems exposed by the recent 'Panama Papers' revelations. In its response, the Commission sets out the next steps in its campaign to boost tax transparency, to fight tax evasion and avoidance in the EU, as well as its fight against money laundering and terrorist financing.
What indicator(s) will be used to measure progress?	Progress can be measured by looking at the fact that all elements of the Package have been adopted or endorsed by Member States in the Council. The next step will be to monitor Member States' implementation of the new measures.
Explanation of additionality or adjustment (where relevant)	A key feature of the Anti Tax Avoidance Package is that it provides EU Member States with a common and EU compatible approach to fight tax avoidance with regard to the OECD's Base Erosion and Profit Shifting (BEPS) project. The External Strategy also builds on the 2015 Addis Tax Initiative, which the Commission and many Member States agreed to at the Third International Conference on Financing for Development. The common EU list, set out in the External Strategy and to be adopted by end 2017, will build on the list of non-cooperative

	jurisdictions being developed by the OECD following the call from the G20 at their last meeting in Washington.

ADVANCING LABOUR MARKET REFORM, EDUCATIONAL ATTAINMENT AND SKILLS

• A New and Comprehensive Skills Agenda for Europe	The European Commission made a proposal for a new and comprehensive Skills Agenda for Europe which aims to ensure that people develop a broad set of skills from early on in life and to make the most of Europe's human capital, which will ultimately boost employability, competitiveness and growth in Europe.
Implementation path and expected date of implementation	The European Commission proposes 10 actions to be taken forward over the next two years, some of which has been launched immediately: 1. A Skills Guarantee to help low-skilled adults acquire a minimum level of literacy, numeracy and digital skills and progress towards an upper secondary qualification. 2. A review of the European Qualifications Framework for a better understanding of qualifications and to make better use of all available skills in the European labour market. 3. The "Digital Skills and Jobs Coalition" bringing together Member States and education, employment and industry stakeholders to develop a large digital talent pool and ensure that individuals and the labour force in Europe are equipped with adequate digital skills. 4. The 'Blueprint for Sectoral Cooperation on Skills' to improve skills intelligence and address skills shortages in specific economic sectors. Other actions will be launched later this year and in 2017: 5. A "Skills Profile Tool for Third Country Nationals" to support early identification and profiling of skills and qualifications of asylum seekers, refugees and other migrants. 6. A revision of the Europass Framework, offering people better and easier-to-use tools to present their skills and get useful real-time information on skills needs and trends which can help with career and learning choices.

	7. Making Vocational Education and Training (VET) a first choice by enhancing opportunities for VET learners to undertake a work based learning experience and promoting greater visibility of good labour market outcomes of VET. 8. A review of the Recommendation on Key Competences to help more people acquire the core set of skills necessary to work and live in the 21st century with a special focus on promoting entrepreneurial and innovation-oriented mind-sets and skills. 9. An initiative on graduate tracking to improve information on how graduates progress in the labour market. 10. A proposal to further analyse and exchange best practices on effective ways to address brain drain.
What indicator(s) will be used to measure progress?	The 10 actions launched under the new Skills Agenda for Europe seek to ensure that the right training, the right skills and the right support is available to people in the EU. It will aim at making better use of the skills that are available; equip people with the new skills that are needed to help them find quality jobs and improve their life chances. Stakeholders will work together to improve the quality and relevance of skills formation; to make skills more visible and comparable; and to improve skills intelligence and information for better career choices. Progress will be measured by looking at the implementation of the interim steps, by the expected time.
Explanation of additionality or adjustment (where relevant)	New commitment

ENCOURAGING INNOVATION

• **European Open Science Cloud**	**A new European Open Science Cloud will offer Europe's 1.7 million researchers and 70 million science and technology professionals a virtual environment to store, share and re-use their data across disciplines and borders.**
Implementation path and expected date of implementation	On 20 June 2016, the Commission High Level Expert Group on the European Open Science Cloud (HLEG EOSC) made the draft of their first report available: "A Cloud on the 2020 Horizon - Realising the European Open Science Cloud: first report and recommendations. The Commission will review the draft report shortly and publish the final version in the course of the summer 2016.

What indicator(s) will be used to measure progress?	N/A
Explanation of additionality or adjustment (where relevant)	New commitment

PROMOTING INCLUSIVE GROWTH

• **European Pillar of Social Rights**	**This action at EU level reflects the Union's founding principles and builds on the conviction that economic development should result in greater social progress and cohesion and that, while ensuring appropriate safety nets in line with European values, social policy should also be conceived as a productive factor, which reduces inequality, maximises job creation and allows Europe's human capital to thrive.**
Implementation path and expected date of implementation	The European Commission has launched a broad public consultation by 31 December 2016, with the aim to establish a European Pillar of Social Rights. The plan is to present a final proposal for a European Pillar of Social Rights in early 2017. The European Pillar of Social Rights will concentrate on the following three main categories: 1) Equal opportunities on the labour market 2) Fair working conditions 3) Adequate and sustainable social protection Within these categories, it will set out a set of 20 areas / domains of social rights, reaching from employment conditions and work-life balance to minimum income, childcare or housing. Each area / domain contains a number of concrete principles, which are based on existing social rights. Once in place, the pillar will serve to drive reform at national level, in full respect for the principle of subsidiarity. Where Member States are more directly competent, the goals of the pillar could be achieved by benchmarking, taking into account the diversity of situations across euro area Member States. Also EU legislation may then need to be updated or complemented to ensure the rules are up to date and in line with the results of the Consultation and the pillar.
What indicator(s) will be used	In a first phase, the Commission has already launched a broad

to measure progress?	public consultation to gather views and feedback on the principles identified in the Pillar from national authorities, stakeholders, civil society and citizens. The aim of the consultation is also to reflect on new trends in working patterns and societies, and to identify the scope of future action in certain areas. The principles should be widely discussed and refined in the context of the consultation process by 31 December 2016, as the basis to put forward a final proposal for the Pillar in early 2017. Once established, the Pillar should become a reference framework to screen the employment and social performance of participating Member States, to drive reforms at national level and, more specifically, to serve as a compass for renewed convergence within the euro area. The Pillar is conceived to be established within the euro area, but would also be open for other Member States to join on a voluntary basis.
Explanation of additionality or adjustment (where relevant)	New commitment

Integration of Third-Country Nationals	The European Commission presented an Action Plan to support Member States in the integration of third-country nationals and their economic and social contribution to the EU.
Implementation path and expected date of implementation	The Action Plan to support Member States in the integration of third-country nationals includes pre-departure and pre-arrival measures, education, active labour market policies, vocational education and training, access to basic services and tools for coordination, funding and monitoring at the EU level. All actions should be completed by 2017.
What indicator(s) will be used to measure progress?	A broad range of indicators will be used to monitor progress with the implementation of the Action Plan. For a comprehensive list please see the table annexed to the European Commission Communication[6].
Explanation of additionality or adjustment (where relevant)	New commitment

[6] http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/20160607/communication_action_plan_integration_third-country_nationals_en.pdf

ENHANCING ENVIRONMENTAL SUSTAINABILITY

• **A New Global Climate Agreement**	**The EU is committed to implement, as a priority, the 2030 regulatory framework set out in the European Council conclusions of October 2014, including the binding EU 2030 climate target to reduce EU greenhouse gas emissions domestically by at least 40% compared to 1990 emissions.**
Implementation path and expected date of implementation	On 2 December 2015, the Commission adopted a new package on the circular economy, consisting of legislative proposals on waste that establish a clear and ambitious long-term vision for waste management and recycling and an action plan covering the whole life of products and materials to leave behind the linear growth model, unsustainable in the long run. A circular economy responds to the main challenges facing today's economies. Maintaining the value of products and materials in the economy through reuse and recycling and reducing waste can help the EU's economy to become more competitive and resilient, relieve the pressure on resources and on the environment, create jobs and social cohesion, and spur innovation. On 15 July 2015 the European Commission published a proposal to reform the EU emissions trading system and the European Commission will come with other proposals in the non-ETS sectors as of July 2016, in line with the EU and its Member States intended nationally determined contribution.
What indicator(s) will be used to measure progress?	Greenhouse gas emissions, share of renewable energy consumption, energy savings compared with the business-as-usual scenario.
Explanation of additionality or adjustment (where relevant)	New commitment

PROMOTING TRADE AND INVESTMENT OPENNESS

• **Advance multilateral trade liberalisation and rulemaking and the EU bilateral trade and investment agenda**	**Advance multilateral trade liberalisation and rulemaking and the EU bilateral trade and investment agenda**
Implementation path and expected date of implementation	The interim steps for implementation would be: • Advance multilateral trade liberalisation and rulemaking in the WTO (a relevant milestone will be the 11th WTO Ministerial Conference in 2017), including on outstanding Doha issues and on new issues. • Progress in plurilateral negotiations to liberalise services and to remove barriers to trade in environmental goods • Advance the bilateral trade and investment agenda. Negotiations are underway with several partners including inter alia the US (TTIP), Japan and China (investment agreement). Some agreements are awaiting signature and/or ratification including inter alia EU-Canada Comprehensive Economic and Trade Agreement. Given the nature of trade negotiations, no specific deadline can be committed. We aim at making significant progress in the course of 2017 in all listed negotiations.
What indicator(s) will be used to measure progress?	Given the nature of trade negotiations, instead of indicators and deadlines, only interim steps for implementation can be provided
Explanation of additionality or adjustment (where relevant)	Interim steps for implementation have changed as a result of implementation of the Trade Facilitation Agreement, successful completion of the expanded Information Technology Agreement and the results of the 10th WTO Ministerial Conference. The rulemaking dimension of the WTO and the bilateral investment agenda (which were implicit in the previous commitment) are now explicitly added.

Annex 3. Past commitment – St. Petersburg fiscal commitment

In 2010, public deficits averaged 6.4% of GDP in the EU and 6.2% of GDP in the EA. In 2013, this value has come down to 3.3% of GDP in the EU and 3.0% of GDP in the EA, roughly half of the 2010 value in the EU and even less in the EA. This is a huge achievement, against a double-dip recession and strong macroeconomic headwinds which were not foreseen in 2010. By now, deficits have come down below the 3%-of-GDP threshold for most EU Member States and are set to remain on a declining path as the economic recovery strengthens.

Public debt has peaked in 2014 in both the EU and the EA, reaching 89% of GDP in the EU and 94% of GDP in the EA. It is on a firmly decreasing path since and expected to reach around 86% of GDP in the EU in 2017 and 91% of GDP in the EA. (data source: European Commission 2016 spring forecast)

Estimate Projections (EU28)*

	2014	2015	2016	2017	2018	2019	2020
Gross Debt	88.5	86.8	86.4	85.5	81.8	79.3	68.3
ppt change	-0.1	-1.0	-0.7	-0.3	+0.6	-1.0	
Net Debt							
ppt change							
Deficit	-3.0	-2.4	-2.1	-1.8	-1.0	-0.4	0.1
ppt change	0.0	0.1	-0.1	-0.2	-0.5	-0.6	
Primary Balance	-0.4	-0.1	0.0	0.3	1.0	1.5	1.5
ppt change							
CAPB	0.7	0.6	0.5	0.4	1.0	1.4	2.0
ppt change	0.0	0.0	-0.1	-0.2	-0.7	-0.3	

* Data for 2014-2017 are based on the European Commission's 2016 Spring Forecast and Commission services' computations. Data for 2018- 2020 are based on the 2016 Stability and Convergence Programmes provided by EU Member States (excluding Greece) in April 2016 (data for 2020 are provided only by the following countries: Denmark, Germany, Estonia, Ireland, Hungary, Luxembourg, Austria, Portugal, Finland and United Kingdom).

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

Estimate Projections (EU28)*

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Real GDP growth	1.4	2.0	1.8	1.9	2.0	2.0	1.9
ppt change	0.0	0.1	-0.2	-0.2	0.0	+0.2	
Nominal GDP growth	3.0	4.9	1.5	3.3	3.7	3.8	3.8
ppt change	0.6	1.9	-1.9	-0.4	-0.1	0.0	

* Data for 2014-2017 are based on the European Commission's 2016 Spring Forecast and Commission services' computations. Data for 2018- 2020 are based on the 2016 Stability and Convergence Programmes provided by EU Member States (excluding Greece) in April 2016 (data for 2020 are provided only by the following countries: Denmark, Germany, Estonia, Ireland, Hungary, Luxembourg, Austria, Portugal, Finland and United Kingdom).

Annex 4. Pre-Brisbane commitments

All EU pre-Brisbane commitments have been either implemented or integrated within the Brisbane and Antalya growth strategies.

Annex 5. Key Economic Indicators (euro area and European Union)

Key Indicators (euro area)***

	2015	2016	2017	2018	2019	2020
I. Macroeconomic Indicators						
Real GDP (% yoy)	1.7	1.6	1.8	1.8	1.8	1.7
Nominal GDP (% yoy)	3.0	2.9	3.1	3.4	3.5	3.5
Output Gap (% of GDP)*	-1.7	-1.1	-0.5	-0.1	0.4	0.0
Inflation (%, yoy)	0.0	0.2	1.4	1.5	1.7	1.7
Fiscal Balance (% of GDP)**	-2.1	-1.9	-1.6	-0.9	-0.4	0.0
Unemployment (%)	10.9	10.3	9.9	8.6	8.2	6.0
Savings (% of GDP)	23.2	23.6	23.9			
Investment (% of GDP)	20.0	20.3	20.7			
Public Investment, nominal terms (% of GDP)	2.7	2.7	2.7	2.7	2.7	2.4
Private Investment, nominal terms (% of GDP)	17.0	17.3	17.7	17.2	17.1	17.1
Total Investment, nominal terms (% of GDP)	19.8	20.0	20.4	19.9	19.8	19.5
Current Account Balance (% of GDP)	3.6	3.7	3.6			

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

****A positive (negative) balance indicates a fiscal surplus (deficit).**

*****Data for 2014-2017 are based on the European Commission's 2016 Spring Forecast and Commission services' computations. Data for 2018- 2020 are based on the 2016 Stability and Convergence Programmes provided by EU Member States in April 2016 (data for 2020 are provided only by the following countries: Germany, Estonia, Ireland, Luxembourg, Austria, Portugal and Finland)**

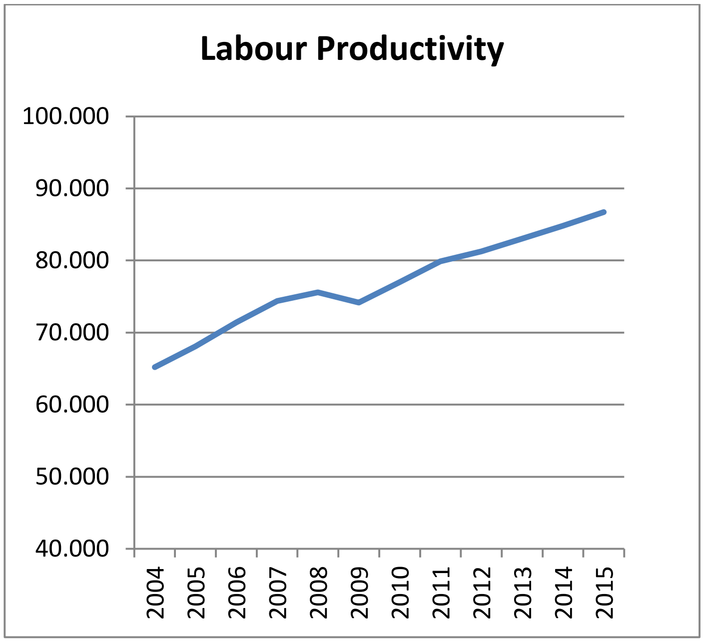
Key Indicators (European Union)

	2015	2016	2017	2018	2019	2020
I. Macroeconomic Indicators						
Real GDP (% yoy)	2.0	1.8	1.9	2.0	2.0	1.9
Nominal GDP (% yoy)	4.9	1.5	3.3	3.7	3.8	3.8
Output Gap (% of GDP)*	-1.3	-0.8	-0.2	0.0	0.4	0.0
Inflation (%, yoy)	0.0	0.3	1.5	1.6	1.8	1.9
Fiscal Balance (% of GDP)**	0.6	0.5	0.4	-1.0	-0.4	0.1
Unemployment (%)	9.4	8.9	8.5	7.7	7.4	5.9
Savings (% of GDP)	21.6	22.1	22.3			
Investment (% of GDP)	19.9	20.2	20.5			
Public Investment, nominal terms (% of GDP)	2.9	2.8	2.8	2.8	2.8	2.6
Private Investment, nominal terms (% of GDP)	16.7	17.0	17.3	16.9	16.8	16.2
Total Investment, nominal terms (% of GDP)	19.6	19.8	20.2	19.7	19.6	18.8
Current Account Balance (% of GDP)	2.0	2.2	2.1			

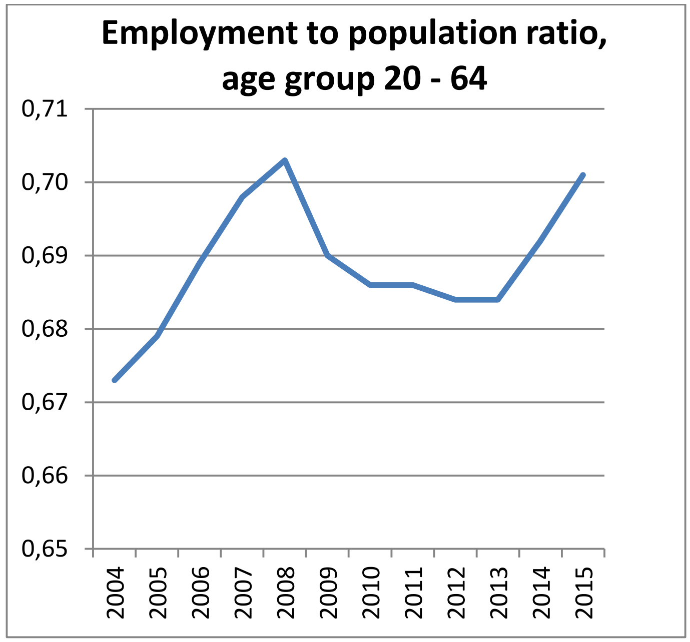
***A positive (negative) gap indicates an economy above (below) its potential.**
****A positive (negative) balance indicates a fiscal surplus (deficit).**
***** Data for 2014-2017 are based on the European Commission's 2016 Spring Forecast and Commission services' computations. Data for 2018- 2020 are based on the 2016 Stability and Convergence Programmes provided by EU Member States in April 2016 (data for 2020 are provided only by the following countries: Denmark, Germany, Estonia, Ireland, Hungary, Luxembourg, Austria, Portugal, Finland and United Kingdom).**

Annex 6. Structural Indicators (European Union)

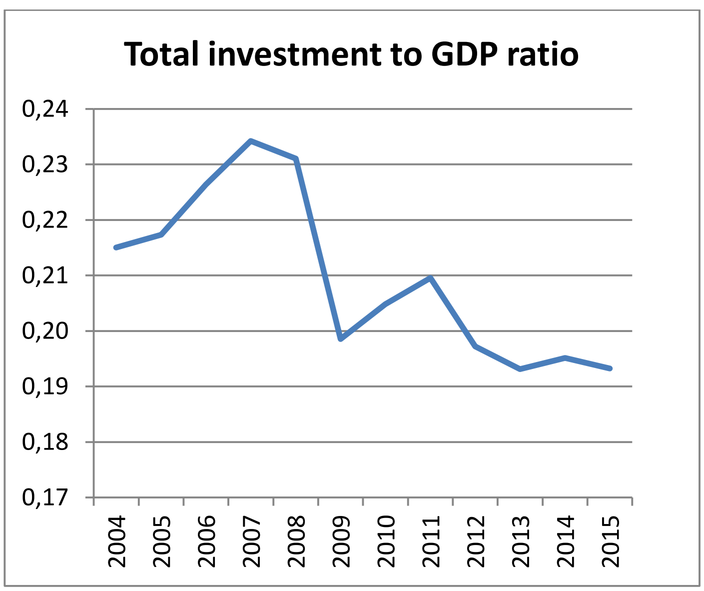
Outcome Indicators



Source: ILO, IMF
Note: GDP over employed. Measured in number of persons. EU is European Union 28 members

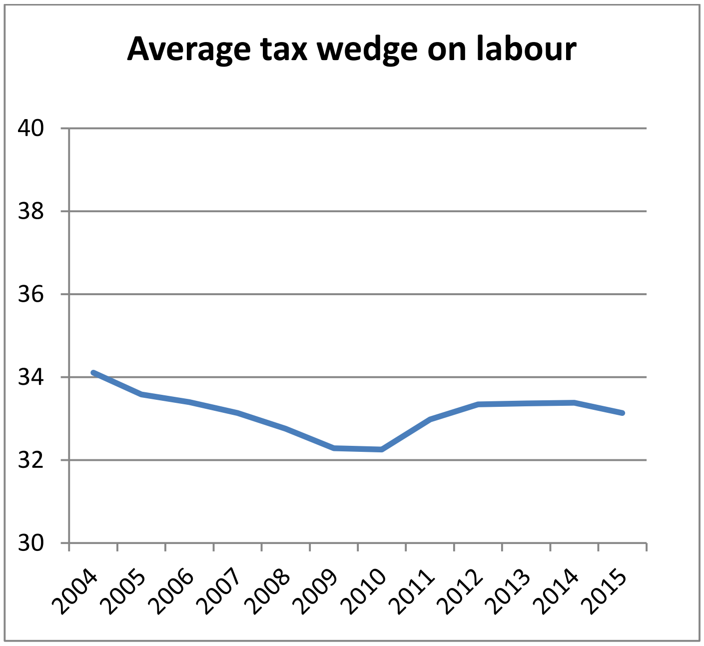


Source: European Commission
Note: EU is European Union 28 members

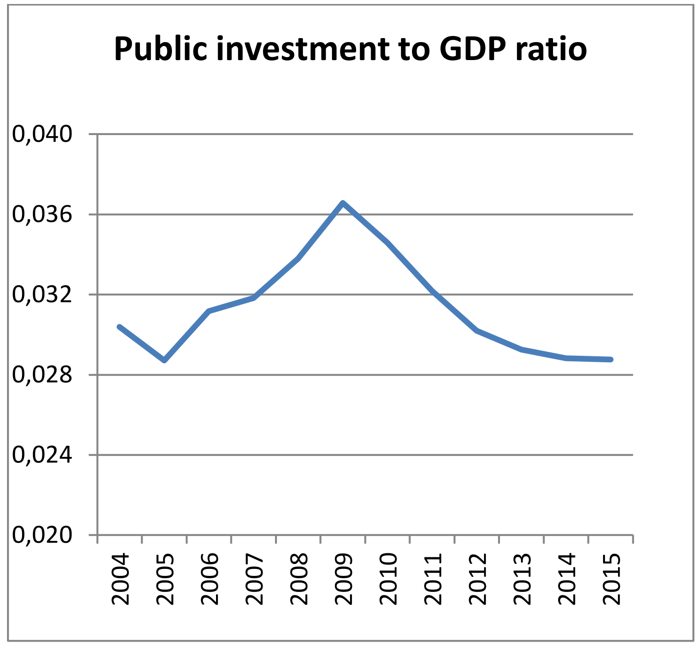


Source: IMF WEO
Note: EU is European Union 28 members

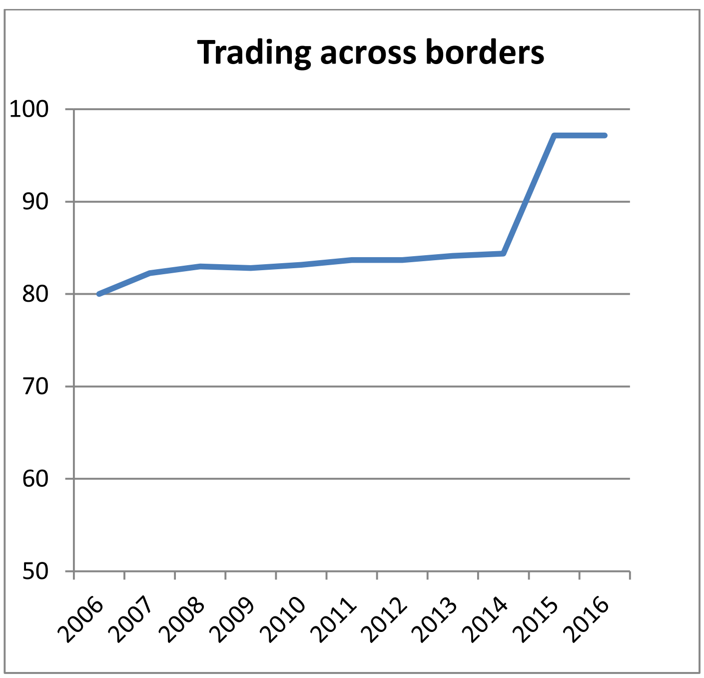
Policy Indicators



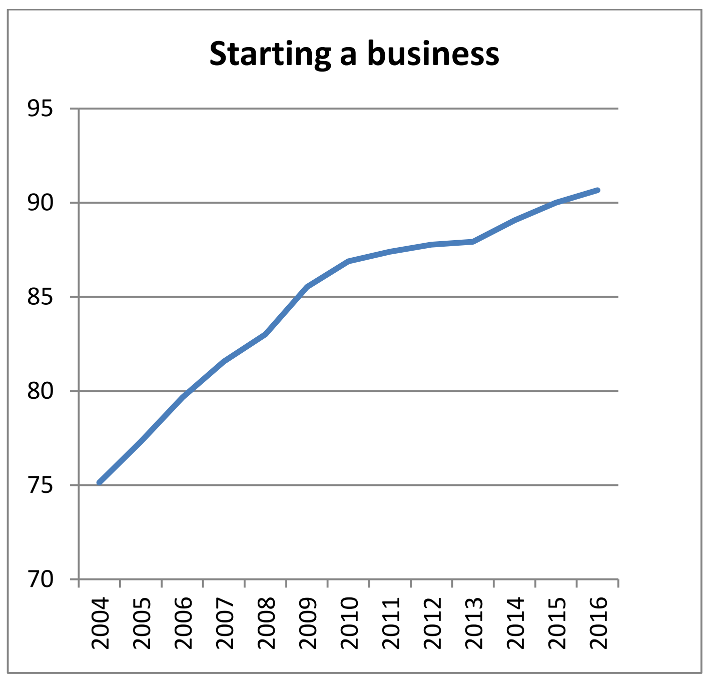
Source: OECD. Note: Value expressed in percentage points. EU is the average of 21 EU members of the OECD. Average of two children, one earner married couple, Two-earner married couple, one at 100% of average earnings and the other at 33 %, Two-earner married couple, one at 100% of average earnings and the other at 67 %.



Source: OECD.
Note: EU is European Union 28 members



Source: WBG
Note: Distance-to-frontier, WBG index. EU is average of EU member countries (except Cyprus and Malta)



Source: WBG
Note: Distance-to-frontier, WBG index. . EU is average of EU member countries (except Cyprus and Malta).