
The country-specific recommendations (CSRs) in the social field

An overview and comparison
Update including the CSRs 2015-2016

Stefan Clauwaert

Background analysis 2015.03

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Brussels, 2015
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Print: ETUI Printshop, Brussels



The ETUI is financially supported by the European Union. The European Union is not responsible for any use made of the information contained in this publication.

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Introduction¹

In 2010, triggered to a considerable degree by the consequences of the economic and financial crisis already facing several member states, the European Commission presented and adopted, as a successor to its earlier Lisbon strategy, the so-called “Europe 2020 strategy”, its main objective being to deliver more growth that is simultaneously “smart” (by investing more in education, research and innovation), “sustainable” (by, among other things, moving in the direction of a low-carbon economy) and “inclusive” (by boosting job creation and reducing poverty). To ensure that the Europe 2020 strategy delivers on the goals it has set itself² and, in particular, that the member states, which committed themselves to achieve the abovementioned objectives and targets, do in fact draw up and implement the requisite policies, a system of economic governance has been put in place to coordinate policy actions between the EU and national levels. One of the main pillars of this new economic governance is the so-called ‘European Semester’, set up in 2011³.

As in previous years and in line with the new work calendar of the European Semester, the European Commission, following its assessment of, among other things, the new National Reform Programmes submitted by the member states and its own evaluation of the implementation of the 2014 country-specific recommendations (CSRs), presented on 13 May 2015 its proposals for new CSRs for 2015-2016. Following meetings of and debates within several Committees (Economic and Financial Committee (ECFIN), Employment committee (EMCO), Social Protection Committee (SPC) and the Economic policy Committee (EPC)) as well as with other stakeholders including European and national social partners, amendments were introduced and the final recommendations were then confirmed by the ECOFIN European Council on 19 June, endorsed by the general European Council on 26 June and legally adopted by the ECOFIN European Council on 14 July 2015.⁴

1. The author would like to thank, in particular, his ETUI colleagues, Christophe Degryse, Philippe Pochet and Isabelle Schömann for their very valuable and constructive remarks on this paper.
2. For more information on the objectives, targets and process of the Europe 2020 Strategy, see: http://ec.europa.eu/europe2020/index_en.htm
3. For more information on the history, context and (institutional) developments of the European economic governance and European Semester, see Degryse (2012) and Zeitlin *et al.* (2014).
4. Whereas the so-called Commission Staff Working Documents (SWDs) in which the Commission provided its analysis of the national reform programmes were published in April, for the 2015 European Semester a new calendar was used whereby the so-called “country reports” (replacing the SWDs) were published in February, thereby allowing for more consultation with different stakeholders before the first proposals of CSRs by the Commission are actually presented. For more information on the new calendar of the

This year, a total of 102 of what could be called ‘package’ recommendations (as they often contain several sub-recommendations) were delivered to 26 member states (not Cyprus and Greece)⁵ in the fields of public finance, financial-sector regulation and structural reforms in areas such as research and development and energy efficiency, but also in relation to employment and social policies, such as active labour market policies (ALMPs), employment protection legislation, social security and assistance systems/benefits, and collective bargaining and wage-setting mechanisms.

The mantra for this year’s recommendations in the social field is not so different from in previous years. Under the recurrent insistence on the “need to improve the dynamics of the labour market and to tackle high levels of unemployment”, it is/remains necessary to “reform/remove rigid rules on dismissals and lengthy labour disputes in order to not impede new hirings on open-ended contracts and thus encourage the excessive use of temporary contracts”, to shift away from high levels of labour taxation, to promote job creation by requiring real wages to move in line with productivity developments (of course to be designed “with the involvement of the social partners, in line with national practice and tradition”), to enhance youth employment in particular by efficient and effective vocational education and training programmes, etc.⁶

This paper provides an overview of the recommendations in the field of employment and social policies and, in particular, an update of previous similar ETUI research⁷. As in previous years, the different reforms and measures requested via the CSRs have been grouped, for the purpose of this analysis, in the following eight categories (which are further subdivided along some measures/issues which are recurring in the CSRs) : 1) wages (including wage indexation and reform of wage-setting systems), 2) employment protection legislation (EPL)⁸, 3) labour market participation (and that of different groups

European Semester as well as all background documents are available at: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm and <http://www.consilium.europa.eu/en/policies/european-semester/>

5. Since the start of the European Semester process in 2011, member states under a financial assistance programme have as their priority implementation of the programme agreed with EU and IMF, and hence receive a single recommendation urging them to do so. See also below.
6. See European Commission Factsheet “Q&A: Country-specific recommendations 2015”, Brussels, 12 May 2015, available at: http://europa.eu/rapid/press-release_MEMO-15-4968_en.htm
7. For similar previous ETUI research see also ETUI/ETUC 2013 (in particular Chapter 7, Figure 7.2, p. 91), Clauwaert (2013)a and Clauwaert (2014). Other similar comparative research can be found in Bekker (2015).
8. For this paper, the acronym EPL is used for what economists commonly use to refer to the entire set of regulations that place some limits on the possibilities of firms to hire and fire workers, even if such limits are not grounded primarily in the law but originate from the collective bargaining of the social partners, or are a consequence of court rulings. In particular, provisions favouring the employment of disadvantaged groups in society, determining the conditions for the use of temporary or fixed-term contracts, or imposing training requirements on the firm, affect hiring policies, while redundancy procedures, mandated pre-notification periods and severance payments, special requirements for collective dismissals and short-time work schemes influence firing decisions. For recent ETUI research on the impact of the crisis in this area, see Clauwaert *et al.* (2012), Lang *et al.* (2013a) and (2013b), Schömann (2014a) and (2014b) and Bruun *et al.* (2014).

of workers, e.g. women, older workers), 4) youth employment (including youth guarantee, facilitating transition from education to work, reducing early school-leaving), 5) pensions (including general pension reforms, reforming (early) retirement age), 6) social protection/assistance (includes demands for better, coverage and better quality of social security and assistance systems/benefits), 7) child poverty (including more child support and more and better childcare facilities) and 8) “tax” (mainly including request for shifting the tax burden away from labour)⁹:

Table 1 **Categories and measures**

Categories	Measures
Wages	Reviewing wage indexation Reviewing wage-setting system – align with productivity developments
EPL	Adjusting employment protection legislation
Labour market participation	Enhancing participation of women Enhancing participation of older workers, promoting active ageing, LLL Reducing tax disincentives for second earners
Youth employment	Youth (guarantee) Facilitating transition from education/school to work (incl. by giving companies incentives to hire young people) Facilitating transition from education/ school to work through apprenticeships and work-based learning Reducing school/education 'drop outs'
Pensions	Explicit link between pensionable age and life expectancy Reducing early retirement Pension reform
Social protection/ assistance	Ensuring the adequacy and coverage of social protection systems Access to quality social services Better targeting of social assistance
Child poverty	Making child support more effective Facilitating access to childcare services
Tax	Shift away from labour, with a focus on low income earners

9. However, given the sometimes slightly different language and/or content of certain recommendations over the years, the categories and measures mentioned above were slightly altered and/or extended. For this year (2015), two fundamental changes were made in the classification. Firstly, the category that was previously called “vulnerable” has for reasons of clarity been renamed “social protection/assistance”. Secondly, within this category of “social protection/assistance”, a new subcategory was added called “pension reform” because, unlike in previous years, a large number of member states now received – alongside specific recommendations to align the retirement age with life expectancy and/or reduce early retirement possibilities – a more general recommendation to start or continue the ongoing “pension reform”. Furthermore, some existing categories were slightly altered in their coverage (for instance the sections on youth employment where the subsection youth (guarantee) now also refers to all measures to be taken and which cannot be placed in the subcategories.

This paper mainly provides a brief ‘statistical’ comparison between the CSRs issued in 2015-2016 and those adopted by the European Council in 2011, 2012, 2013 and 2014. Furthermore, Annex 1 contains a country-by-country overview of the “social recommendations” received by member states and of their clarifying recitals. Annex 2 provides an overview in table format of the social CSRs adopted over the period 2011-2014; annex 3 provides and allows comparison among the texts of social recommendations over the period 2011-2015 by country; annex 4, finally, provides a comparison between the texts of the social CSRs for 2015 as proposed by the European Commission in May 2015 and the texts as finally adopted by the Council in July 2015.

CSRs 2015 versus CSRs 2011, 2012, 2013 and 2014

In 2015, a total of 102 of what could be called ‘package’ recommendations were adopted with regard to 26 EU member states. This means a considerable nominal decrease of more than one third compared to last year when 157 recommendations were adopted (also with regard to 26 member states)¹⁰. To recap on the situation in earlier years, in 2013, 141 recommendations were adopted (concerning 23 member states); in 2012 137 recommendations (also concerning 23 member states) and in 2011, 117 recommendations were adopted relating to 22 member states (see Table 1)

As last year, Cyprus and Greece alone received no additional specific recommendations but simply a general one requesting them to implement their respective Memorandums of Understanding (including any subsequent supplements).¹¹

According to the Commission, this considerable nominal decrease in recommendations is “a consequence of the new focus and prioritisation on the key issues of macro-economic and social relevance that require action by Member States in the near term”. However, the Commission immediately also warns that “this does not mean that those areas covered by the more extensive scope of country-specific recommendations in previous years have lost in importance” and that “it will continue to monitor them in its country reports and will continue to encourage Member States to take a holistic approach in their National Reform Programmes”.¹²

10. The nominal increase last year was mainly due to the increased number of member states receiving them. These amounted to 26 (compared to 23 or 22 in the previous years) the reasons being that, firstly, Croatia, as the newest member state, received recommendations for the first time and, secondly, and unlike previous years, Ireland and Portugal received specific recommendations as they had exited their financial assistance programmes and were fully integrated into the EU’s normal economic governance procedures, including the European Semester.

11. As already mentioned, since the start of the European Semester process in 2011, member states under a financial assistance programme have as their priority to implement the programme as agreed with the EU and IMF and hence each receive a single recommendation urging them to do so. This was the case in 2011 for Greece, Ireland, Latvia, Portugal and Romania; in 2012 for Greece, Ireland, and Portugal; in 2013 for Cyprus, Greece, Ireland and Portugal; and in 2014 for just Cyprus and Greece which, again in 2015, each received such a single recommendation. It is to be noted also that Spain too has, since July 2012, been under a financial assistance programme but one which related to the banking sector alone and not, as in the case of the other countries, to the economy as a whole. This explains why Spain, over the years, did receive specific recommendations.

12. European Commission (2015)

This year's nominal decrease in package recommendations has of course also its influence on the number of "social" recommendations. Indeed, this year, out of the 102 package recommendations, 51 could be considered recommendations concerning the "social field", which is the lowest nominal figure since the start of the European Semester process. However, calculated percentage-wise (i.e. comparing the social versus the total number of recommendations), it shows that, as in previous years, the social field remains one, if not the main, field of focus (or attack?) of the Commission under the European Semester. This year 50% of the recommendations are to be situated in the social field, this being the highest percentage since the start of the European Semester (see Table 1). This high proportion is all the more remarkable since for the first time two countries (DK and SE) received no social recommendation. Equally remarkable is that for the first time in the "CSRs' history" no less than three countries (BE, LT and LU) managed a "full score" meaning that all recommendations they received relate, at least partially, to the social field.

Also to be noted is that the length of the recommendations (in number of words) is this year considerably lower compared to previous years. This is due to "prioritisation" (as the Commission calls it – see above) but also to the fact that the Commission has this year employed a much more succinct language in formulating its recommendations. Notions such as "broadening the tax base" or "improving labour market participation" imply far more than they mean at first sight if account is then taken of the accompanying explanatory paragraphs. In other words, the wealth of explicit detail found in previous recommendations has now been to some extent "hidden away" in the explanations.¹³

Another new feature is that some of these explanatory paragraphs touch upon issues not covered by a recommendation actually issued to the country, while nonetheless entailing some warnings or "implicit" recommendations that the country concerned should continue its reforms. In annex 1, this is, for the countries concerned, reflected by the addition of a section entitled "other relevant information".

13. However, the Commission highlights that "in general terms, Member States with excessive imbalances (Bulgaria, Croatia, France, Italy, Portugal), as well as those where imbalances are found to be serious (Hungary, Germany, Ireland, Spain and Slovenia) have more numerous and/or more detailed recommendations. This applies also to Romania which faces particular challenges and is implementing a precautionary assistance programme with the support of the EU and IMF". (See European Commission (2015))

Table 1 Overview of the number of CSRs per country compared to the 'social' CSRs for 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016

Country	2011-2012		2012-2013		2013-2014		2014-2015		2015-2016	
	Total	'Social'	Total	'Social'	Total	'Social'	Total	'Social'	Total	Social
AT	5	2	7	2	7	3	5	2	4	2
BE	6	3	7	3	7	4	6	4	4	4
BG	6	3	7	2	7	3	6	4	5	2
CY	7	3	7	3	-	-	-	-	-	-
CZ	6	3	6	3	7	3	7	4	4	1
DE	4	1	4	1	4	1	4	2	3	1
DK	5	2	5	2	3	1	3	1	2	0
EE	4	1	5	2	5	2	5	3	3	2
EL	-	-	-	-	-	-	-	-	-	-
ES	7	4	8	5	9	4	8	5	4	1
FI	5	2	5	2	5	2	5	2	4	2
FR	5	4	5	3	6	4	7	6	6	4
HR	-	-	-	-	-	-	8	3	6	2
HU	5	2	7	3	7	3	7	3	5	3
IE	-	-	-	-	-	-	7	2	4	2
IT	6	2	6	3	6	2	8	3	6	2
LT	6	2	6	3	6	3	6	3	3	3
LU	4	3	5	2	6	3	5	3	3	3
LV	-	-	7	3	7	3	5	3	4	3
MT	5	3	6	3	5	2	5	2	4	2
NL	4	2	5	2	4	2	4	2	3	1
PL	7	3	6	2	7	2	6	2	4	2
PT	-	-	-	-	-	-	8	4	5	3
RO	-	-	-	-	8	3	8	4	4	2
SE	3	1	4	1	4	1	4	1	1	0
SI	6	3	7	4	9	2	8	2	4	2
SK	6	3	7	5	6	2	6	2	4	1
UK	5	2	6	2	6	2	6	2	3	1
	117	54	137	61	141	57	157	74	102	51
	46.15%		44.52%		40.42%		47.13%		50%	

Source: European Commission country-specific recommendations; ETUI calculations.

Table 2 gives an overview of the evolution over the period 2011-2015 of the number of recommendations per (sub)category. The figures for 2015 mainly confirm the trends already identified over previous years: 1) a continuous intervention in wage(setting/indexation) mechanisms and (decentralisation of) industrial relations systems; 2) high and even increasing concern for the employability of young workers (with this year a particular focus on the transition from school to work); 3) a constant high insistence on pension reform; and 4) an even higher insistence on tax reform shifting the tax burden on labour.

Table 2 Evolution of the number of social CSRs from 2011-2015

		CSRs 2011-2012	CSRs 2012-2013	CSRs 2013-2014	CSRs 2014-2015	CSRs 2015-2016
Wages	Reviewing wage indexation	5	4	2	3	0
	Wage-setting mechanisms	8	8	7	11	11
	Subtotal	13	12	9	14	11
EPL	Employment protection legislation	6	8	4	8	4
Labour market participation	Women	6	9	5	7	11
	Older workers	8	7	12	10	8
	Tax disincentives second / low income earners	3	2	3	8	7
	Subtotal	17	18	20	25	26
Youth employment	Youth guarantee	0	0	12	8	15
	Transition school-work via companies	0	2	5	6	11
	Apprenticeships/ work-based learning	9	12	8	15	5
	"drop outs"	4	7	6	3	6
	Subtotal	13	21	31	32	37
Pensions	Link between pensionable age and life expectancy	13	12	11	11	4
	Reducing early retirement	12	11	10	7	4
	Pension reform	-	-	-	-	14
	Subtotal	25	23	21	18	22
Social protection/ assistance	Social protection systems	4	2	5	9	7
	Quality social services	0	1	2	3	2
	Targeting social assistance	2	4	3	10	10
	Subtotal	6	7	10	22	19
Child poverty	Effective child support	0	1	2	3	1
	Childcare facilities	6	7	9	9	9
	Subtotal	6	8	11	12	10
Tax	Shift tax burden away from labour	9	9	10	9	14
Total n° specific social CSRs		95	106	116	140	143

Source: ETUI own calculation.

A rather new feature this year is that in the area of “youth employment” the focus seems to lie on a general need for increased labour market participation of young people without any real focus on concrete measures. These more general recommendations have been classified in the subcategory “youth guarantee” although overall the term “youth guarantee” is barely any longer used in the recommendations or the explanations given by the Commission. Another noticeable shift is in the area of “pensions” where a new subcategory, entitled “pension reform”, has been added; here too greater focus seems to be directed this year to general pension reforms, mainly in order to ensure the sustainability of the system¹⁴, rather than to specific recommendations like linking pensionable age to life expectancy or reducing early retirement. In any case, an interesting feature to note when comparing the subtotals of the years in the different categories is the continuing increase of specific social CSRs in the categories “labour market participation”, “youth employment” (almost tripled) and, to a certain extent, “tax”, as well as the rather constant number of such recommendations on “wages”, “pensions” and “child poverty”. The numbers in the “EPL” category seem, by contrast, to be subject to some kind of “yo-yo”-effect.

Table 3 Social CSRs 2015-2016 – issue based overview

		Countries
Wages	Reviewing wage indexation	BE, BG, ES, FI, FR, HR, IT, LU, PT, RO, SI
	Wage-setting mechanisms	
EPL	Employment protection legislation	DE, FR, IT, PL
Labour market participation	Women	AT, CZ, DE, EE, IE, IT, LU, MT, PL, SK, UK
	Older workers	AT, BE, BG, FI, LT, LU, SI, SK
	Tax disincentives second / low income earners	CZ, DE, EE, HU, LT, LV, LU
Youth employment	Youth guarantee	BE, BG, CZ, DK, EE, ES, FI, IE, IT, LU, PL, PT, RO, SE, SK
	Transition school/ education to work (via companies)	AT, BG, CZ, DK, EE, ES, HU, LT, MT, PT, SE
	Apprenticeships/ work-based learning	EE, LT, LV, SK, UK
	“drop outs”	BG, DE, HU, IT, MT, RO
Pensions	Link pensionable age to life expectancy	AT, BE, LU, MT
	Reducing early retirement	DE, FI, HR, LU
	Pension reform	AT, BE, CZ, FI, FR, HR, LT, LV, MT, NL, PL, PT, RO, SI
Social protection/ assistance	Social protection systems	BG, DE, ES, FR, HR, HU, LT
	Quality social services	EE, FI
	Targeting social assistance	ES, HR, HU, IE, IT, LT, LU, LV, PT, RO
Child poverty	Effective child support	ES
	Childcare facilities	AT, CZ, EE, IE, MT, PL, RO, SK, UK
Tax	Shift tax burden away from labour	AT, BE, CZ, DE, ES, FR, HU, IE, IT, LT, LU, LV, NL, RO

Source: Country-specific recommendations 2015-2016; CY and EL did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. any subsequent supplements). ETUI own classifications / calculations.

14. It is to be noted here that AT and RO are still recommended to ensure that they close the gap between men and women with regard to pensionable age.

Tables 3 and 4 show how these different recommendations are spread over the different countries. However, as mentioned and due to the new approach of the Commission to prioritise and slim down the text of the CSRs, it is this time all the more necessary to read also the related recitals as these frequently entail far more “hidden recommendations” which may make the figures/information contained in Tables 2 to 4 look somewhat more distorted in comparison with figures/information relating to previous years.

Table 4 Social CSRs 2015-2016 – EU-wide overview*

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	Reviewing wage indexation																										
	Reviewing wage-setting system -align with productivity developments		•	•					•	•	•	•			•		•					•	•		•		
EPL	Adjusting Employment Protection Legislation					•					•				•						•						
Labour market participation	Enhancing participation of women	•			•	•		•						•	•		•		•		•					•	•
	Enhancing participation older workers, promoting active ageing, LLL	•	•	•						•						•	•								•	•	
	Reducing tax disincentives for second/ low income earners					•	•		•				•			•	•	•									
Youth employment	Youth employment / guarantee		•	•	•		•	•	•	•				•	•		•				•	•	•	•		•	
	Facilitating transition education / school to work	•		•	•		•	•	•				•			•			•			•		•			
	Apprenticeships / work-based learning							•								•		•							•	•	
	Reducing school/education “drop outs”			•			•						•		•				•				•				
Pensions	Explicit link between pensionable age and life expectancy	•	•														•		•								
	Reducing early retirement					•				•		•					•										
	Pension reform	•	•		•					•	•	•				•		•	•	•	•	•	•		•		
Social protection/ assistance	Ensuring the adequacy and coverage of social protection systems			•		•			•		•	•	•			•											
	(Access to) quality social services							•		•																	
	Better targeting social assistance								•			•	•	•	•	•	•	•				•	•				
Child poverty	Making child support more effective								•																		
	Access to and quality of childcare services	•			•			•						•					•		•		•			•	•
Tax	Shift away from tax on labour (incl. attention for low income earners)	•	•		•	•			•		•		•	•	•	•	•	•		•			•				

Source: European Commission country specific recommendations 2013-2014; CY, GR, IE, and PT did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

* Similar tables on the social CSRs for 2011-2012, 2012-2013, 2013-2014 and 2014-2015 can be found in annex 2.

This growing number of social CSRs, as demonstrated by Tables 1 and 2, could indeed be a sign of what some scholars describe as “socialisation of the European Semester” in terms of both content and procedures.¹⁵ From a content point of view, and as the Figures above seem to suggest, in the CSRs for 2015 the European institutions indeed once again show an increasing emphasis on social objectives in the EU’s priorities and the CSRs. Whether this growing attention is necessarily an overall positive development remains questionable as of course very much depends on the actual implementation and direction of implementation of these social CSRs by member states. Any positive impact, what is more, is likely to depend on the issue at stake. Increased attention to eradicating poverty can hardly be called a bad thing. Whether the same can be said about other CSRs – calling for a reduction of labour law rigidity and thereby leading to lowering or “flexibilising” of social rights, raising the retirement age, or “freezing” wage developments/indexations – is highly questionable. And might it not also be argued that this growing attention to poverty could be read as a sign of admission of guilt on the part of the European institutions insofar as figures are available to show that, due to the constant demand for budgetary austerity measures over the “crisis years”, inequality and (in-work) poverty have, at the same time, considerably increased?¹⁶

From a procedural point of view too, a further socialisation of the European Semester¹⁷ would seem to be ongoing via an intensification of social monitoring and enhanced role for (certain) social and employment policy actors. Indeed, since 2011, other “more social” Committees (like the Employment Committee (EMCO) and the Social Protection Committee (SPC)), as distinct from, for example, the “more economic” Committees (like the Economic and Financial Committee (ECFIN) and the Economic Policy Committee (EPC)), seem to have been gaining more influence in amending the CSR texts proposed, in the first instance, by the Commission and which now, accordingly, give less of the earlier prevailing impression that DG ECFIN is “in control of the pen” from start to finish of the drafting process. For the CSRs of 2015, following debates in EMCO, ECFIN, SPC and EPC, it was recommended to amend the text of twenty-two CSRs as initially proposed by the Commission (for comparable figures for 2012-2014, see Zeitlin *et al.* (2014), p. 49-51). This concerned CSRs addressed to the following fifteen countries: DE, ES, EE, FI, FR, HR, HU, IRE, IT, LV, MT, NL, PL, PT and SK. Of these twenty-two, eleven (or 50%) concern social issues as analysed in the framework of this paper¹⁸. Furthermore, in eight out of the twenty-two cases, the Council proposed amendments on which the Commission did not agree and the Council thus had to provide – based

15. Zeitlin *et al.* (2014)

16. ETUI/ETUC (2014) and ETUI/ETUC (2015)

17. Zeitlin and Vanhercke understand socialisation in this “procedural” sense – building on definitions of other scholars – as an “interactive process whereby new members of a social group are selective in what they accept from older members of the social group and may attempt to socialise older members as well, rather than as a “one-way street”, whereby actors are inducted into and come to internalise the norms and rules of a given community.” (Zeitlin *et al.* (2014: 13)

18. For the amendments made and the Council clarifications, see annexes 1 and 4.

on the “comply and explain rule”¹⁹ – an explanation for these changes. Four out of these eight cases (again 50%) related to social CSRs (see also Annex 4). Although these figures seem, once again, to provide evidence of a positive development, all naturally depends here too on the implementation.

What is more, the above figures tell us nothing about the involvement of other important “social and employment policy actors”, namely the European and national social partners, in particular trade unions. The new procedures do undoubtedly allow for more involvement of the European and national social partners throughout the process, and it is certainly the case that more frequent and regular moments of information, consultation and/or debate between European and national institutions have occurred in the process of drafting the 2015 CSRs. Nonetheless, it seems that – with the possible exception of the changes to CSR n° 3 on Finland in relation to wage-setting (see annex 1) – although trade unions in particular were given possibly a better hearing, their input was insufficiently heeded. A similar example relates to the horizontal opinion prepared in the run-up to, and the conclusions adopted following, the EPSCO policy debate on 18 June²⁰; in this case the considerable input prepared by the ETUC to further strengthen the social dimension of the texts was barely reflected in the final texts.

19. Article 2ab)(2) of Regulation 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, which forms part of the section on “Economic dialogue”, states: “The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly”.

20. Council of the European Union 2015a, 2015b and 2015c

Conclusion

As in past years, and subject to the continuing mantra of the “need to improve the dynamics of the labour market and to tackle high levels of unemployment”, by, among other things, reforming/removing rigid rules on dismissals, initiating a shift away from high levels of labour taxation, promoting job creation by requiring real wages to move in line with productivity developments (to be designed, naturally, “with the involvement of the social partners, in line with national practice and tradition”), the situation is once again that the “social field” is among the most targeted areas in this year’s recommendations. Interventions in wage(setting/indexation) mechanisms and (decentralisation of) industrial relations systems, (enhanced) employability in particular of young workers, and changes to social protection/social assistance systems (with particular attention to pension systems) thus remain the (traditional) target areas for reform.

While we do seem to be witnessing a growing trend towards “socialisation of the European Semester and the CSRs” in terms of both content and procedures, there might well, at the present time at least, be different reasons to doubt the “genuine” character of this socialisation.

Doubts cannot be allayed, first of all, by the Commission’s new approach of resorting to “less lengthy” and more “focussed” recommendations. Deeper attention to the explanations accompanying the different recommendations reveals, rather, that the Commission is employing a “window dressing” “or “cosmetic change” tactic to “bury” the details of the recommendations that used to figure in the primary text by transferring the essence of its concerns to the explanations.

Secondly, while increased attention to the social field/issues might be applauded in relation to the need for change in specific areas (e.g. poverty reduction), in other areas (e.g. labour law flexibilisation, wage-setting) it might very well have an effect that is the reverse of progress and dramatically impact (i.e. reduce) the social rights of workers and citizens.

Thirdly, and in the same vein, according more influence in the process to specific social and employment policy actors might appear beneficial at first sight but the benefits will of course depend on what changes are introduced, on the manner of their introduction, and, in particular, on whose opinions are primarily sought. There is and certainly remains considerable scope for improvement in not merely listening to but also actually hearing – and

possibly heeding – what other important European and national social and employment policy makers, in particular trade unions, may have to say on the matter. Although the experiences of this 2015 European Semester process may – with justification – lead trade unions to question the effectiveness of their involvement, it would nonetheless be unadvisable for them to “step out of the game” or attach less importance to it. On the contrary, and as other actors have already shown, they should enhance their investment in the process and ensure that they are in a position to improve their coordination (in particular between the national and the European level) in order to have their (f)act(s) together and be able, at the earliest possible stage, to defend their demands at every opportunity and level offered.

The demand and undeniable need for reinforced and renewed involvement is all the more vital in that new ideas and suggestions for once again altering the procedures for the 2016 European Semester are currently on the table and are likely to be tested with or without the agreement of the trade union movement.

What is more, new suggestions to alter the procedures have already been expressed for the next Semester process and these might render the impact of the EU institutions, and in particular the Commission, even more powerful. One example is the proposal of EPSCO to “re-visit the timing and/or the role of the National Reform Programmes (NRPs) in the current timeframe of the European Semester because due to the bilateral discussions between the Commission and the Member States throughout the Semester and the reflections on them in the Country Reports, the NRPs contain very little new information for either the Commission or the other Member States”.²¹ Is this intended as a proposal to dilute or even scrap the NRPs and give more prominence to the Commission Country Reports? In any case, trade unions have to ensure that they will be involved in the process at an even earlier stage.

The final reason to doubt the genuine character of the “socialisation” might of course be the impact that the so-called “Five Presidents report” will have for the European economic governance process from both a content and a procedural point of view²². Its aim is to ensure progress on four fronts, namely towards a genuine economic, financial, fiscal and political union. But where is the “social union”? All references to social or labour aspects or matters (e.g. “to set up national competitiveness authorities whose opinions could give guidance during wage negotiations”; or “Europe’s ambition to earn a social triple A” or to establish a “European social protection floor”) are – at least according to our reading – clearly subordinate to, and regarded as a mere vehicle for reaching, this economic, financial, fiscal and political union, rather than intended as approaches to the creation of a genuine Social Union in its own right. This – as some have called it – “democratic dictatorship” over, or even “public charity” to, the social can hardly be considered as of added value on the way to the more Social Union that Europe has needed ever since its

21. Council of the European Union 2015b

22. European Commission 2015b

creation and even more since the crisis.²³ It is thus, as we have argued, all the more time for European and national trade unions to get their (f)act(s) together and seize every possible opportunity to ensure that the “train towards a (more) Social Europe” not only leaves the “bureaucratic (Brussels) station” on the right track but also that it is headed in the right direction!

23. Supiot (2015)

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Annex 1

Country per country overview of the "social CSRs" 2015-2016

Introductory note

Below an overview of the social CSRs is provided on a country per country basis. In the box one can find the text of the CSR followed by a quotation of the relevant (parts of the) recitals in the Commission/Council documents relating to the concerned CSR and providing more clarification on the reasons for/context behind the adopted CSR. The **marking in bold** has been introduced by the author to better highlight certain key issues. In addition, both in the boxes as well as the paragraphs paraphrasing (parts of) the recitals, words are underlined or "~~scrapped~~". These underlined and scrapped parts highlight the changes brought to the different texts by the different European Commission Committees (EMCO, ECFIN, SPC, EPC) to the initial Commission proposals of May 2015 and accepted/endorsed by the Council in June/July 2015. A specific overview of these changes relating solely to the text of the CSRs as such is also provided in annex 4.

Austria

(2 out of 4; shifting tax burden, pension reform, retirement age, older workers, female workers, childcare)²⁴

1. Avoid deviating from the medium-term objective in 2015 and 2016. Ensure the budget neutrality of the tax reform aimed at **reducing the tax burden on labour**. Correct the misalignment between the financing and spending responsibilities of the different levels of government. **Take measures to ensure the long-term sustainability of the pension system, including by earlier harmonisation of the statutory retirement age for men and women and link the statutory retirement age to life expectancy.**

(13) On 13 March 2015, Austria presented a comprehensive tax reform aimed at remodulating tax brackets and rates of personal income tax, in particular by reducing the entry rate for personal income tax from 36.5 % to 25 %. The tax relief is estimated to amount to EUR 4.9 billion, while EUR 300 million of additional expenditure is envisaged to support family policy and research activities. Under the proposal, the tax shift will be financed partly by fighting tax evasion, lowering public expenditure, increasing reduced VAT rates to 13 % in some areas and raising capital income tax from 25 % to 27.5 %. **These**

²⁴. This « X out of Y » indicates the number of « social CSRs out of the total number of CSRs received by the country this year » (See also table 1 on page 7). For the convenience of the reader, some keywords are added reflecting the main (social) fields the concerned CSRs are relating to.

reform plans are broadly in line with the Council's 2014 recommendations. They **are likely to increase incentives to work for individuals with low earnings potential and second earners, and to support disposable income**. However, the reform should be implemented in a budget-neutral way.

(10) The long-term fiscal **sustainability of the Austrian pension system still suffers from structural weaknesses**. Austria's reforms to date do not seem sufficient to ensure the system's long-term fiscal sustainability. **First, the effective retirement age remains considerably below the statutory retirement age. Secondly, the statutory retirement age of women is well below that of men** and will not be raised until 2024. **Thirdly, the statutory retirement age is still not coupled to continuously rising life expectancy** in Austria. Austria has taken some measures to increase the effective retirement age, which is now at 59.7 years (2014), but which remains below the EU average of 63.1 years (2013). Measures have been put in place to close avenues to early retirement and invalidity schemes, thereby extending working lives. Also, the penalty per year of early retirement and the period of pensionable service needed to qualify for such schemes have been increased. It remains unclear whether the expected positive budgetary effects of these measures will materialise.

2. Strengthen measures to increase the **labour market participation of older workers and women**, including by improving the provision of **childcare and long-term care services**. Take steps to **improve the educational achievement of disadvantaged young people**.

(12) Ensuring the **long-term availability of adequately qualified labour remains a challenge** for Austria. At about 5.6 %, the unemployment rate is among the lowest in the EU, but the **labour market potential of certain parts of the labour force is not fully tapped**. Austria has taken some measures to extend working lives, better facilitate **labour market participation by women** and exploit more fully the potential of **labour market participants of migrant background**, including through improved recognition of their qualifications. However, recent reforms must be closely monitored and more measures are necessary to utilise fully the labour market potential of these groups.

(14) The Austrian school system is characterised by a **low number of early school leavers**, well below the EU average. A strong and well-functioning system of vocational education and training provides a large pool of highly skilled workers. **However, improving educational outcomes and hence the employability of young people with low socioeconomic status, in particular those from migrant backgrounds, remains a challenge.** (...)

Belgium

(4 out of 4; pension reform, retirement age, shifting tax burden, young and older workers, wage setting)

1. Achieve a fiscal adjustment of at least 0.6 % of GDP towards the medium-term objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. **Complement the pension reform by linking the statutory retirement age to life expectancy.** Agree on an enforceable distribution of fiscal targets among all government levels.

(9) The federal government has agreed a **major pension reform** aimed at **reducing the gap between the effective and statutory retirement ages, and raising the latter**. The early retirement age is to be raised further after 2016, to 63 years by ~~2019~~ **2018**, with a minimum career-length requirement of 42 years from 2019 onwards. Over the longer term, ~~there are plans~~ the federal government has agreed to increase the statutory retirement age from 65 to 66 in 2025 and 67 in 2030. The gradual introduction of a credit-based pension system is planned, with adjustment mechanisms that respond to demographic or economic developments such as higher life expectancy or changes in the economic dependency ratio. A successful consolidation strategy offsetting the budgetary impact of an ageing population and safeguarding the long-term sustainability of public finances depends on the swift implementation of this pension reform. Considering that there are **still few incentives to support the employability of older workers**, these pension reforms would need to be accompanied by employment-support measures and labour market reforms conducive to active ageing.

2. Adopt and implement a comprehensive tax reform broadening the tax base, **shifting the tax burden away from labour** and removing inefficient tax expenditures.

(6) On 26 February 2015, the Commission published its 2015 country report for Belgium.²⁵ (...) The Commission's analysis leads it to conclude that Belgium is experiencing macroeconomic imbalances which require policy action and monitoring. (...) Further action to ensure the convergence of cost parameters would slow down the decline of employment in the tradable sectors, **while tangible progress to narrow the historical cost gap could be reinforced by a tax shift towards non-labour tax bases**. (...)

²⁵ European Commission (2015) Commission Staff Working Document - Country Report Belgium 2015 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances {COM(2015) 85 final}, SWD(2015) 21 final/2, Brussels, 18.3.2015 (available at : http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

(10) The Belgian tax system is characterised by a high overall tax burden, relatively high rates, and narrow bases. **The tax burden is heavily skewed towards labour.** This results in high labour costs, which discourage job creation, and large tax wedges, which contribute to unemployment traps. In addition, partly to alleviate the high tax rates, tax bases are generally eroded by numerous specific exemptions, deductions, reduced rates, and tax expenditures, which create efficiency losses and introduce distortions and possible loopholes. Certain features of the tax system are environmentally harmful. **Given these weaknesses, Belgium has been repeatedly advised to simplify and redesign its tax system in order to rebalance the tax burden,** close tax loopholes, and reduce the sometimes harmful differentiation created by taxation niches. **So far, limited progress** has been made towards a comprehensive tax reform entailing, in particular, a shift from labour towards less growth-distorting tax bases. Tax bases with scope for broadening include environmental and consumption taxes and certain types of financial income. **Combining a shift away from labour with tax-base broadening** (reviewing existing tax provisions, subsidies, exemptions, and deductions) could improve the overall balance and fairness of the tax system, support employment, competitiveness and social and environmental objectives, and counter tax evasion and aggressive tax planning.

3. Improve the functioning of the labour market by **reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.**

(11) Structural problems characterising the Belgian labour market continue to result in **a chronic underutilisation of labour and low aggregate employment and activity rates.** Shortcomings relate mainly to the **weak link between wages and productivity and to financial disincentives to work.** Belgium also faces shortages of highly skilled workers and skills mismatches. The various governments, in their agreements and their reform programmes make reference to the need for stronger links between education, training and employment actors so as to improve linguistic, vocational and educational training and develop alternative training for students and the unemployed. Progress is slow, however. The impact of these structural factors on certain groups in the labour market, such as the **young and elderly unemployed and those from migrant backgrounds,** is particularly pronounced.

4. Restore competitiveness by **ensuring,** in consultation with the social partners and in accordance with national practices, that **wages evolve in line with productivity.**

(11) Structural problems characterising the Belgian labour market continue to result in **a chronic underutilisation of labour and low aggregate employment and activity rates.** Shortcomings relate mainly to the **weak**

link between wages and productivity and to financial disincentives to work. (...)

(12) Belgium's weakened external competitiveness continues to give rise to macroeconomic risks for its economy. **The economy is marked by a problem of high labour costs**, which have on average outpaced those in neighbouring countries. There is a **need to align wage growth more closely with productivity and to make wage setting more flexible so as to increase the economy's potential for adjustment**. Some targeted measures have been taken to reduce labour costs for specific groups and to narrow the gap between gross and net wages at the bottom of the pay scale. However, closing the gap entirely will require additional action which hinges on **reforms of the wage-setting system**. The build-up of a cost disadvantage comes with job losses and will eventually provoke a correction if left unaddressed. Other key cost factors for companies are energy costs and the cost of intermediate business services, which are highly regulated and shielded from competition. There is also considerable scope for improving the non-cost dimension of external competitiveness. To safeguard and enhance current welfare levels, more emphasis will have to be put on productivity gains. This requires a sustained push towards products and associated services higher up the value chain, on the basis of stronger performance on innovation and R&D valorisation. Administrative barriers should be reduced and measures should be taken to promote entrepreneurship and unleash business dynamism. The very low start-up rate suggests a business climate that is unfavourable to new activities and expansion. Increasing competition in retail and professional services also represents a challenge. Eliminating public infrastructure bottlenecks and improving the quality and adequacy of the capital stock through additional investments, in particular in the area of road and rail infrastructure, would also strengthen the country's overall productivity.

Bulgaria

(2 out of 5; older and young workers, wage setting, lifelong learning, early school leaving)

3. Develop an integrated approach for groups at the margin of the labour market, in particular **older workers and young people not in employment, education or training**. In consultation with the social partners and in accordance with national practices, **establish a transparent mechanism for setting the minimum wage and minimum social security contributions** in the light of their impact on in-work poverty, job creation and competitiveness.

(6) On 26 February 2015, the Commission published its 2015 country report for Bulgaria²⁶. (...) The Commission's analysis leads it to conclude that

²⁶ European Commission (2015) Commission Staff Working Document - Country Report Bulgaria 2015 Including an In-Depth Review on the prevention and correction of

Bulgaria is experiencing macroeconomic imbalances. (...) In addition, the still negative (albeit improving) external position, corporate overleveraging and **weak labour market adjustment continue to pose macroeconomic risks and deserve close attention.**

(12) **Active labour market policies are insufficiently developed in terms both of coverage and of targeting.** Fragmentation of agencies represents a major challenge in delivering benefits and services to the unemployed and the inactive. Coordination between employment offices and the social assistance directorate is not geared to an efficient and integrated delivery of measures to help the most vulnerable. Bulgaria has a **high proportion of young people neither in employment nor in education or training who are not in touch with the employment services and are thus outside the scope of standard labour market activation measures.** Most of Bulgaria's unemployment is long-term, indicating that it is more structural than cyclical. Although the **Bulgarian minimum wage is the lowest in the EU in nominal terms**, it has increased substantially since 2011 and the Government plans further significant increases in the coming years. Such sharp discretionary shifts in the Government's wage-setting policy could be distortive for the labour market. Moreover, there are **no clear guidelines for minimum-wage setting**, so the system creates uncertainty as to whether the right balance will be struck between supporting employment and competitiveness on the one hand and safeguarding labour income on the other. Poverty and social exclusion remain a concern, as Bulgaria has one of the highest rates of material deprivation in the Union. The Roma population faces particularly high levels of poverty and social exclusion. The majority of young Roma are neither in employment nor in education or training. Pre-school and kindergarten enrolment of Roma children is low and almost a quarter of those aged 7–15 are not in the education system.

4. Adopt the reform of the School Education Act, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.

(13) The **low quality of the education and training systems and their limited relevance to the labour market hamper the supply of a suitably skilled labour force** to the economy. The **rate of adult participation in lifelong learning is one of the lowest in the EU.** After years of delay, Bulgaria has still not adopted the reform of the School Education Act and **implementation of the strategy on early school leaving is still at an early stage.** The **National Strategy on Vocational Education and Training (2014-2020) strategy was amended** and a new strategy

macroeconomic imbalances {COM(2015) 85 final}, SWD (2015) final, Brussels, 26.2.2015 (available at : http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

on higher education ~~were~~ adopted in ~~2014~~ 2015. Implementation of these strategies should help to improve the education system, make it more relevant to the economy and promote innovation and job creation.

Other relevant information

(14) In spring 2015, the Government presented a **proposal for reform of the pension system**. The adequacy and sustainability of the pension system depend on reforms that incentivise and support longer working lives with fewer interruptions. In 2013, 1.2 million pensioners were found to be receiving pensions below the national poverty line. **The key drivers behind low pension entitlements are early retirement and short contribution periods**. The rapid ageing of Bulgarian society is likely to aggravate the situation in the future. It is therefore appropriate for Bulgaria to further contain growth in age-related expenditure to contribute to the long-term sustainability of public finances, including through implementation of robust pension reforms.

Croatia

(2 out of 6; retirement age, pension reform, wage setting, reform social protection/benefit system)

2. **Discourage early retirement** by raising penalties for early exits. **Improve the adequacy and efficiency of pension spending** by tightening the definition of arduous and hazardous professions. (...)

(11) **The pension system suffers from a large number of early retirees, an excessively generous system of early pensions for certain professions, and numerous special pension schemes**. Early exits are facilitated by comparatively low pension reductions, or none at all for certain workers. **The gap between the minimum early and statutory retirement ages is also high** compared with an EU average of less than three years. Moreover, the **system is highly fragmented**, which squeezes out spending on standard pensions. As a result, the benefit ratio in the pension system is lower than in most Member States, despite comparable expenditure. (...)

3. **Tackle the weaknesses in the wage-setting framework**, in consultation with the social partners and in accordance with national practices, to foster the **alignment of wages with productivity** and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the **reform of the social protection security system and further consolidate social benefits** by improving targeting and eliminating overlaps.

(10) Croatia is currently **reviewing its expenditure** with a view to achieving efficiencies, **in particular in wage, social security and subsidy outlays**, and providing sufficient fiscal space to prioritise growth-enhancing expenditure and investment. (...)

(12) Limited wage adjustment in the post-crisis period exacerbated the negative impact on employment. **The comprehensive analysis of wage-determination and wage-setting practices completed in 2014 revealed that the system was not flexible** to adapt to changes in the macroeconomic environment. **Particular weaknesses** relate to large disparities between the private and the public sectors, including state owned enterprises, **the extension of collective agreements to non-signatory parties and the difficulties related to the termination of obsolete agreements**. The analysis needs to be followed up by concrete policy action. **It is also important to monitor the effects of the 2013-2014 labour market reform.**

(13) The labour force is negatively affected by a rapidly ageing population coupled with **low activity rates, in particular for young people and workers over the age of 50**. Despite the increased scope and expenditure of active labour market policies, their outreach remains **insufficient as regards the long-term unemployed, older workers and young people not in education, employment or training**. The tertiary education rate is one of the lowest in the EU. Skills mismatches and weaknesses in the education and training system act as deterrents for higher education attainment. **The size of the informal economy remains a persisting challenge and results in a high incidence of undeclared work**. The measures that the commission to combat undeclared work identified at the end of 2014 now need to be implemented. There are currently over 80 different social benefits and programmes. **The consolidation of benefits has started, but further reform efforts are needed in 2015 to improve the coverage and adequacy of benefits.**

(14) **The distribution of competences between national and local level is complex and fragmented**, which undermines the management of public finances and efficient public expenditure. The **current attribution of policy functions and administrative weaknesses** in the local authorities directly **affect a number of areas, such as tax collection, the provision of social benefits**, the management of European Structural and Investment Funds, public procurement and the provision of public services. As a short-term measure, the authorities plan to establish mechanisms that would encourage voluntary mergers or coordination of self-government units. In the central government, the reform and rationalisation of the system of state agencies has been brought forward on the basis of the analysis completed in 2014.

Cyprus

To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.

Czech Republic

(1 out of 4; shifting tax burden, low-income earners, childcare)

3. Reduce the high level of taxation levied on **low-income earners**, by **shifting taxation to other areas**. Further improve the **availability of affordable childcare**.

(9) The **main challenges in the area of taxation are to reduce tax evasion and to make tax collection less costly** and less time-consuming, both for taxpayers and for the authorities. The Czech Republic has identified tax compliance and the fight against tax evasion as priorities, and is taking a number of steps in these areas. Several measures were introduced in 2015, relating to both direct and indirect taxes, and further measures are planned for 2016. **The cost of compliance is still, however, too high. Standardising the tax bases for personal income tax, social security and health contributions would help to simplify the tax system**, but this change has not been brought in, and there are currently no plans to tackle this issue. Work on simplifying tax returns and increasing the use of pre-filled forms is not being carried out in a systematic way. Rather than simplifying the VAT system, the Czech Republic introduced a third VAT rate in 2014. **Limited progress has been made in reducing the discrepancies in the tax treatment of employees and the self-employed. Tax revenue in the Czech Republic still relies heavily on the taxation of labour, and low-income workers, particularly those without children, face a relatively high labour tax burden. Measures entering into force in 2015 somewhat reduce labour taxation for specific groups, but will have a limited impact overall.** Property and environmental taxes (except fuel) remain low, indicating potential scope for shifting tax away from labour.

(12) The overall level of employment is currently high, but **certain disadvantaged groups remain underrepresented in the labour market**. These include parents with young children, low-skilled workers, people with disabilities and Roma. Some steps have been taken towards strengthening the efficiency and effectiveness of public employment services. The **level of employment among young people is increasing**, and public employment services try to target their services towards young people in particular. The **lack of affordable and quality childcare services and the limited use of flexible working-time arrangements make it difficult for women with children to participate in the labour market**. Some steps have been taken towards increasing the availability of childcare but policies supporting public childcare for the youngest children are still insufficient.

(13) The Czech Republic's educational outcomes have improved in recent years but structural challenges still remain. (...) Limited progress has been made in making education more inclusive, despite the government's adoption of a comprehensive strategy for education. **Young people from low socioeconomic backgrounds, including Roma, are shown to be less successful in education and on the labour market.**

Other relevant information

(8) (...) The Czech Republic still faces challenges with respect to the long-term fiscal sustainability, largely due to the projected increases in pension and healthcare expenditure. There has been **some improvement in the outlook for the pension system** as a result of more favourable demographic projections. The ~~Czech Government plans to gradually increase the statutory retirement age~~ is legislated to gradually increase, but the change programmed for the medium term is too slow. Changes to the current system of pension indexation are currently being discussed but no measures have yet been adopted. (...)

Denmark

(0 out of 2)

Other relevant information:

(8) Denmark is currently in the preventive arm of the Stability and Growth Pact. (...) Based on the Commission's 2015 spring forecast, the structural balance is expected to comply with the medium-term objective in 2015. However, based on this forecast there is a risk of some deviation from the medium term objective in 2016, with an excess of 0.3% of GDP of net expenditure growth over the benchmark. While this deviation is expected to be temporary as growth in net expenditure in 2016 is **influenced by the phasing out of one-off measures related to taxation of pension savings**, further measures may be necessary for 2016. Based on its assessment of the Convergence Programme and taking into account the Commission's 2015 spring forecast, the Council is of the opinion that Denmark is expected to broadly comply with the provisions of the Stability and Growth Pact.

(9) An adequately skilled long-term labour supply is a precondition for sustainable growth in Denmark. With the **2014 active labour market policy reform, Denmark has made progress on improving the employability of people at the margins of the labour market.** The reform is at an early stage of implementation and its results need to be monitored. Additional measures for those most excluded from the labour market are still needed, in line with the Carsten-Koch II expert group recommendations. Low educational attainment, limited labour market experience, **youth and migrant background appear to be key factors** in this respect. In general, the labour market potential of people from migrant backgrounds remains underutilised. Despite the high

expenditure on education in Denmark, educational outcomes are only average, in particular for pupils from migrant backgrounds. **The reform of the primary and lower secondary school and the vocational education and training systems** aims to address this challenge. Full implementation of these reforms is needed in order to improve educational outcomes.

Estonia

(2 out of 3; low income earners, gender pay gap, social and childcare services, vocational training, apprenticeships)

2. **Improve labour market participation**, including by implementing the Work Ability Reform. Improve incentives to work through **measures targeting low-income earners**. Take action to narrow the **gender pay gap**. **Ensure high-quality social and childcare services** at local level.

(9) Estonia's employment rate reached 74.5 % of the working-age population in the third quarter of 2014 and the unemployment rate dropped to 7.6 %, the lowest level since 2009. The proportion of long-term unemployed is well below the EU average. However, **the shrinking labour force, combined with low labour productivity, is becoming a medium-to-long-term challenge**. Implementation of the ambitious Work Capacity Reform has started only recently. While a number of tax-related measures have been adopted to increase labour market participation, they do not specifically target **low-income earners**. The **gender pay gap is one of the widest in the EU**. **A lack of childcare facilities makes it more difficult for young parents, in particular mothers, to return to the labour market**. The proportion of students in **work-based apprenticeships is also low**. There is a shortage of graduates in technology and science subjects. The **quality of local authority labour and social services is uneven**.

3. **Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships**. Focus public support for research and innovation on a coordinated implementation of the limited number of smart specialisation areas.

(9) (...) The proportion of students in **work-based apprenticeships is also low**. There is a shortage of graduates in technology and science subjects. (...)

(10) The Estonian government adopted a **lifelong learning strategy** in early 2014 and programmes to implement it were presented in March 2015. A reform of curricula in the vocational education and training system is ongoing and participation in lifelong learning has increased. An Adult Education Act and a Professions Act were adopted by parliament in early 2015. **The attractiveness of vocational education and training and**

apprenticeships remains a challenge. Research and innovation systems and cooperation between business, higher education and research institutions have improved. However, public support for research and innovation, under the RDI Strategy and the Entrepreneurship Growth Strategy, seems to lack coordination and should focus more on a limited number of smart specialisation areas. **The higher education system, in particular as regards science and technology, still needs to be better aligned with the needs of business** and research institutions. Investment in intellectual property is low and few companies work together with research institutions.

Finland

(2 out of 4; pension reform, retirement age, reform social services, young and old workers, wage setting)

2. **Adopt the agreed pension reform and gradually eliminate early exit pathways. Ensure effective design and implementation of the administrative reforms** concerning municipal structure and **social and healthcare services**, with a view to increasing productivity and cost-effectiveness in the provision of public services, while ensuring their quality.

(8) (...) **Social partners reached agreement on the content of the pension reform in autumn 2014, but this has yet to be adopted. Increasing the participation of older workers in the labour force is crucial** in view of the fiscal sustainability gap and the planned increase of the statutory retirement age. **Early exits from the labour market are mainly due to disability or on the basis of extended unemployment benefits for older workers.** The Government's bill on the **reform of social and healthcare services** was presented to parliament in December 2014, but no solution was found to balance the administrative model of large municipal coalitions with the autonomy of single municipalities guaranteed by the Constitution before the parliamentary elections in April 2015, and the bill lapsed. Finnish municipalities are relatively small but carry out quite extensive tasks as compared with those in other European countries. The reform of municipal structures is proceeding with some delay and the municipalities are conducting studies on the benefits of mergers. According to the 2015 National Reform Programme, a new legislative proposal may be submitted to parliament by the end of 2016.

3. **Pursue efforts to improve the employability of young people, older workers and the long-term unemployed**, focusing particularly on developing job-relevant skills. **Promote wage developments in line with productivity**, fully respecting the role of the social partners and in accordance with national practices.²⁷

(9) In view of ageing and the **shrinking working-age population**, it is important that the labour market has access to the full potential workforce. Finland has made some progress on this and taken several measures, including a better organisation of wage subsidies, with a particular focus on the elderly, and of the public employment service. The unemployment rate was 8.7 % in 2014 and is on the rise, particularly among **young people and older workers**. The moderate wage agreement of 2013 supports the restoration of cost and export competitiveness through lower growth in unit labour costs.

France

(4 out of 6; pension reform, employment protection legislation, wage setting, reform unemployment benefits)

2. **Step up efforts to make the spending review effective, continue public policy evaluations and identify savings opportunities** across all sub-sectors of general government, **including on social security** and local government. Take steps to limit the rise in local authorities' administrative expenditure. **Take additional measures to bring the pension system into balance**, in particular ensuring by March 2016 that the financial situation of complementary pension schemes is sustainable over the long term.²⁸

(9) It will be crucial to intensify spending reviews and identify large areas of expenditure cuts so that they can deliver the expected results. (...) In addition, sizeable short-term savings cannot be achieved without curbing significantly the increase in **social security spending**, which represented 26 % of GDP in 2014, accounting for nearly half of all public sector expenditure. (...) **The pension system will continue to may face increasing deficits up to**

²⁷ The latter sentence was altered following the discussions in the EMCO-SPC. The initial sentence proposed by the Commission stated "Ensure, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity." As reason for this was stated that "in Finland social partners have exclusive competence for wage setting and the Government can only promote wage developments". See also annex 4.

²⁸ The initial Commission proposal stated « 2. Step up efforts to make the spending review effective and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures by March 2016 to bring the pension system into balance, in particular ensuring that the financial situation of complementary pension schemes is sustainable over the long term." Following debates in the ECFIN Committee, the terms "continue public policy evaluations" were added as it was agreed that public policy evaluations complement the spending review in contributing to greater efficiency in government spending. See also annex 4.

2020 in the coming years and previous pension reforms will not suffice to eliminate the system's deficit. In particular, ~~the deficit arising from~~ schemes for state officials and employees of state-controlled companies continue to weigh on the overall pension deficit. Moreover, the macroeconomic situation has a large impact on the sustainability of the pension system, in particular the situation of complementary pension schemes. **Decisive action is needed to restore the financial health of the complementary pension system.**

3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. **Evaluate the effectiveness of these schemes in the light of labour and product market rigidities.** Reform, in consultation with the social partners and in accordance with national practices, the **wage-setting process system to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.**

(11) Policy measures have been taken to **reduce labour costs** and improve firms' profit margins through the EUR 20 billion tax credit for competitiveness and employment and the EUR 10 billion additional **cuts in employers' social security contributions** planned under the responsibility and solidarity pact. These two measures account for 1.5 % of GDP and should contribute to reducing the gap between France and the euro area average in terms of labour tax wedge. **Implementation of these measures should continue in 2016 but, given their high cost for the public budget, it is important to assess their effectiveness at company level. This evaluation should take particular account of the rigidities affecting the labour and product markets, especially those affecting wages. The cost of labour at the minimum wage remains high compared with other Member States. The minimum wage continues to should evolve in a manner that is **not more conducive for to competitiveness and job creation.** In addition, in a context of low inflation, its automatic indexation may lead to wage increases beyond what is necessary to preserve purchasing power.**

4. By the end of 2015, **reduce regulatory impediments to companies' growth, in particular by reviewing the size-related criteria in regulations to avoid threshold effects.** Remove the restrictions on access to and the exercise of regulated professions, beyond the legal professions, in particular as regards the health professions as from 2015.

6. **Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements.** Reform the law creating the **accords de maintien de l'emploi** by the end of 2015 in order to increase their take-up by companies. Take action in consultation with the social partners and in accordance with national practices to **reform the unemployment benefit system** in order to bring the system back to budgetary sustainability and provide more incentives to return to work.

(12) France should **take decisive action to remove the regulatory thresholds in labour law** and accounting regulations that limit the growth of French firms, in particular SMEs. (...).

(14) The French unemployment rate remained high in 2014 and long-term unemployment deteriorated, reflecting poor economic growth. The overall unemployment rate stood at 10.2 %, as compared with 10.3 % in 2013 and 7.5 % in 2008, particularly hitting young people, older workers and the low-qualified. **France suffers from labour market segmentation, with fixed-term contracts accounting for an increasing proportion of new hires.** Targeted efforts to reduce the level of segmentation, in particular through higher social contributions for very short-term contracts, have failed to curb this trend. **Reviewing the legal framework governing labour contracts could help to reduce the segmentation. Recent reforms have created only limited scope for employers to depart from branch-level agreements through company-level agreements.** This limits companies' ability to modulate the workforce according to their needs. **Sectors and companies should be given flexibility to determine case by case and after negotiations with social partners whether at which conditions working time should depart from 35 hours a week, but there are important cost implications.** The law creating the *accords de maintien de l'emploi* has not brought the expected results. Very few companies have made use of the new arrangements for company-level agreements to increase the flexibility of working conditions. **This scheme should be reviewed to give companies more scope to adapt wages and working time to their economic situation.**

(15) The long-lasting deterioration in the labour market has affected the **unemployment benefit system**, calling into question the sustainability of the model. The new convention on the unemployment benefit system introduced on 1 July 2014 is insufficient to reduce the deficit. The various measures introduced produced EUR 0.3 billion in savings in 2014. They are expected to reduce the deficit yield EUR 0.3 billion in savings in 2014 and by a further EUR 0.8 billion in 2015, from EUR 5.2 to EUR 4.4 billion. Nevertheless, the deficit of the system is still projected to rise from EUR 3.9 billion in 2014 to EUR 4.4 billion in 2015 leading to a further increase in the system's debt to EUR 25.9 billion. **Structural measures are needed to ensure the viability of the system. In particular, eligibility conditions, the degressive structure of benefits and the replacement rates for workers with the highest wages should be reviewed between the social partners in charge of managing the system.**

Germany

(1 out of 3, retirement age, shifting tax burden, employment protection legislation)

2. **Increase incentives for later retirement.** Take measures to **reduce high labour taxes** and social security contributions, especially for **low-wage earners**, and address the impact of fiscal drag. **Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.**

(9) (...) Overall, the **scope for shifting taxes to more growth-friendly revenue sources appears underused.** (...)

(10) **No measures have been specified to increase incentives for later retirement**, which appear indispensable in view of the projected strong decline in Germany's working age population and a possible shortage of skilled workers in the medium term. **The tax wedge for workers earning between 50 % and 67 % of the average wage** has remained largely unchanged since 2001 and **remains among the highest in the EU.** The **recent reforms to social insurance systems** are likely to involve a further rise in contribution rates and increase the tax wedge further. This would have **potentially negative effects on labour market participation and disposable income.** The impact of fiscal drag is currently mitigated by low inflation. However, with dynamic wage growth and somewhat higher inflation rates in the coming years, fiscal drag could lead to significant non-discretionary tax increases. These could, in turn, also affect disposable income. Limited progress has been made in improving the educational achievement of disadvantaged people. **Young people with a migrant background** are twice as **likely to leave school early.** Fiscal disincentives are likely to be an important factor in discouraging second earners from taking up a job or working longer hours. This contributes to the **low proportion of women working full-time and one of the lowest number of hours worked on average by women in the EU.** The **exemption of mini-jobs from personal income tax and in many cases from all employee social contributions also discourages workers from moving into jobs with earnings above the mini-job threshold of EUR 450 per month.**

Greece

To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.

Hungary

(3 out of 5; shifting tax burden, low income earners, reform social assistance and employment benefits, early school leaving)

3. Reduce distortive sector-specific corporate taxes; remove the unjustified entry barriers in the service sector, including in the retail sector; **reduce the tax wedge for low-income earners, including by shifting taxation to areas less distortive to growth**; continue to fight tax evasion, reduce compliance costs and improve the efficiency of tax collection. (...)

(10) Recent changes in the area of taxation (the introduction of new taxes and increases to existing taxes) have seen a return to the earlier trend of increasing the weight of sector-specific corporate taxes. Both the unpredictability and selectivity of these changes give rise to distortions to investment across sectors. Although a number of new measures have been introduced, **the tax burden on some groups of low-income earners has remained among the highest in the EU, with single people especially affected. There appears to be scope for further shifting of the tax burden towards more growth-friendly sources of revenue.** Various measures introduced over the last year are helping to tighten up systems to fight tax evasion. (...)

4. **Reorient the budget resources** allocated to the public work scheme **to active labour market measures to foster integration into the primary labour market**; and **improve the adequacy and coverage of social assistance and unemployment benefits.**

5. **Increase the participation of disadvantaged groups** in particular Roma in inclusive mainstream education, and improve the support offered to these groups through targeted teacher training; **strengthen measures to facilitate the transition between different stages of education and to the labour market**, and improve the teaching of essential competences.

(11) **Overall, the Hungarian labour market improved in 2014**, with employment recovering in the private sector thanks to the economic upturn. Significant challenges remain with regard to the **public work scheme**, which has been significantly extended since 2011. The scheme **appears to be an inefficient and ineffective active labour market policy**, that risks distorting the proper functioning of the labour market. The same resources if spent differently could potentially be more beneficial to the Hungarian economy. The budgetary cost of the scheme has quadrupled over the last four years, to 0.8 % of GDP, and is expected to double again between now and 2018, preventing resources from being used for essential improvements to training and to services required to facilitate participation in the open labour market. There is a risk of public works of such a magnitude creating significant 'lock-in' effects and permanently replacing the system of welfare benefits for the low-

skilled. The scheme is not adequately coordinated with other active labour market policy measures and does not sufficiently promote the reintegration of participants into the open labour market. The rate of successful exit from the public work scheme was only 13.8% in the first half of 2014, which suggests that public works do not sufficiently support the reintegration of participants into the labour market. Although the scheme is targeted to the long-term unemployed and low skilled (and unemployed living in disadvantaged areas), in 2013 47% participants had secondary or tertiary education. The **period of eligibility for unemployment benefits (three months) has not been increased and thus does not match the average time (over a year) that job seekers need to find employment**. A number of programmes have been implemented to improve the inclusion of Roma in the labour market and a monitoring system has been put in place. Streamlined, coordinated policy measures, capable of significantly reducing poverty, are, however, still lacking. Poverty indicators, although suggesting moderately improving trends, still show poverty to be at a worryingly high level, especially among Roma and children. **Gaps remain in both the adequacy and coverage of social assistance.**

(13) Although some measures have been implemented to support the education of Roma children, a systematic approach to promoting inclusive mainstream education is yet to be developed. (...) **More needs to be done to improve the transition between different forms and stages of education, and from education to the labour market**. The planned changes to the allocation of state-funded places in secondary education and the increasing admission requirements for higher education may further limit the opportunities for transition between different forms of education, especially for disadvantaged groups. **Hungary has the highest drop-out rate in higher education in the EU.** The government announced the adoption of a national higher education strategy in December 2014. The strategy included raising the national target for tertiary attainment to 34 %. Overall, recent measures have failed to improve the participation of disadvantaged groups in higher education, and to tackle non-completion of education. The current funding system does not guarantee sufficiently support equitable access.

Ireland

(2 out of 4, shifting tax burden, (un)employment benefits, childcare)

1. (...) **Broaden the tax base** and review tax expenditures, including on value-added taxes.

(9) Tax reforms have contributed to the fiscal adjustment, but there is further scope to reduce distortions, improve the efficiency of the tax system and raise its growth and environmental friendliness. (...) **Labour taxation lacks simplicity due to complex social contributions.** (...)

3. Take steps to increase the work-intensity of households and to address the poverty risk of children by **tapering the withdrawal of benefits and supplementary payments upon return to employment** and through better access to **affordable full-time childcare**.

(11) Ireland has one of the highest proportions of people living in 'low work-intensity' households in the EU. This generates serious social challenges and raises the risk of child poverty. As low work-intensity is particularly severe among single-parent households, the proportion of children living in households with low work-intensity is nearly three times the EU average. Some progress has been made in addressing pockets of inactivity traps by **altering the operation of some welfare payments**. Nevertheless, **access to full-time childcare remains limited and expensive, which is a barrier to female and single-parent participation in the labour market**.

(14) The situation in the labour market has improved since 2013, with renewed job creation in the private sector and a steady fall in unemployment. Nevertheless, the **unemployment rate is still high and long-term unemployment remains a serious concern**. The risk exists that some cyclical unemployment could become structural as skills mismatches have emerged with the rebalancing of the economy. **Youth unemployment is still much higher than in the pre-crisis period**. Activation reforms have made significant progress in recent years, but some concerns remain about the effectiveness of existing activation policies and training programmes, and of the ability of employment services to deliver on the scale required. The recently launched JobPath initiative is a positive development; its effectiveness will need to be tested. In the past, the further education and training system has been ineffective in providing the type of skills that the rebalanced economy needs and reforms have started only recently.

Italy

(2 out of 6; shifting tax burden, wage setting, collective bargaining, employment protection legislation, youth)

1. Achieve a fiscal adjustment of at least 0.25% of GDP towards the medium-term objective in 2015 and of 0.1% of GDP in 2016 by taking the necessary structural measures in both 2015 and 2016, taking into account the allowed deviation for the implementation of major structural reforms. (...) Implement the enabling law for **tax reform** by September 2015, in particular the revision of tax expenditures and cadastral values and the measures to enhance tax compliance.

(15) Over the last year, **Italy has taken significant steps to alleviate the tax burden on labour, which nevertheless remains high**. The number and scope of tax expenditures, in particular VAT reduced rates, are

still excessively high. On property taxation, only slow progress has been made on cadastral reform, under which it is particularly necessary to revise outdated cadastral values. In addition, the revision of environmental taxation and the removal of environmentally harmful subsidies have remained unaddressed. Italy has set up a Committee on environmental taxation. These various dimensions are covered by the enabling law for tax reform, whose implementation has, however, been delayed by a lack of legislative decrees. Despite some action in this area, the efficiency of the tax system in Italy is also undermined by persistently low and costly levels of tax compliance and high tax evasion (estimated by the government at EUR 91 billion annually or 5.6 % of GDP). The government has put forward measures to ensure the accuracy of tax returns that now need to be made fully operational.

5. Adopt the legislative decrees on the design and use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Establish, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand **vocationally-oriented tertiary education**.

(19) **A broad-ranging enabling law for reforming the labour market, the ‘Jobs Act’, was adopted in December 2014** and maintains the direction of previous reforms. It provides in particular for **changes in employment protection legislation, the unemployment benefit system, the governance and functioning of active and passive labour market policies and the balance between family and working life**. The effective implementation of this law will depend crucially on the necessary legislative implementing decrees being adopted. These address the use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. **Second-level bargaining, which could help to better align wages with productivity** and encourage the adoption of innovative solutions within firms, **still concerns only a minority of companies**. The January 2014 agreement laying down the procedures for measuring trade union representativeness in the manufacturing sector could help to promote second-level bargaining but is not yet operational. The **labour market participation of women**, although growing, remains among the lowest in the EU. In addition, youth unemployment reached almost 43 % in the third quarter of 2014, and the proportion of **young people aged between 15 and 24 not in employment, education or training is the highest in the EU**. Some of the causes are to be found in the education system, which is still characterised by below-EU average school outcomes, and **relatively high early school leaving rates**. Only 54.6 % of those aged 15-34 who graduated from the first and second stages of tertiary education within the previous three years were employed, against the EU average of 78.6 %. Italy has witnessed one of the highest increases in poverty and social exclusion rates in the EU, with a particular impact on children. **Social assistance**

schemes remain fragmented and ineffective in tackling this challenge with resulting substantive cost inefficiencies.

Latvia

(3 out of 4; pension reform, young workers, reform social assistance benefits, shifting tax burden, low income earners)

1. Ensure that the deviation from the medium-term objective in 2015 and 2016 is limited to the allowance linked to the **systemic pension reform**.

(9) In its 2015 Stability Programme, the government plans a broadly stable headline deficit at 1.4% of GDP in 2016 and 1.3% in 2017, rising to 1.7% in 2018. To achieve these targets, the government intends to reach a structural deficit of 1.8% of GDP in 2016, and of 1.4% of GDP as from 2017. The path in the Stability Programme incorporates a deviation based on the structural reform clause for which Latvia does not appear to be eligible, and classifies planned additional defence spending over 2016-2019 as one-off operations. (...) Based on the Commission's 2015 spring forecast, Latvia complies with the requirement in 2015, **taking into account the application of the pension reform clause**. For 2016, there is a risk of a significant deviation. The structural balance is required to improve by 0.3% of GDP **taking into account the allowance for the pension reform**. Based on the Commission forecast, it deteriorates by 0.3% of GDP, which is also linked to the fact that the defence spending cannot be classified as one-off measures. Based on its assessment of the Stability Programme and taking into account the Commission's 2015 spring forecast, the Council is of the opinion that there is a risk that Latvia will not comply with the provisions of the Stability and Growth Pact.

2. Improve **vocational education and training**, speed up the curricula reform and increase the offer of **apprenticeships for work-based learning**.²⁹ (...)

(11) Notwithstanding the progress made to tackle unemployment, **further action is needed to prevent youth unemployment** and its negative long-term consequences, giving the shrinking labour force. Latvia has made **some progress to reform the vocational education and training**

²⁹ This change was introduced on the demand of EMCO because the apprenticeship system exists on a small scale primarily in the crafts sector which is stipulated by a specific Law on Crafts. Traditionally for the apprenticeship is that apprentice is contracted by the employer. While the reforms are in the vocational education sector inter alia to increase the work-based component and its governed by the Law on Vocational Education.

and its apprenticeship component; however, its attractiveness remains a challenge, due to the limited engagement of SMEs.

3. Take concrete steps to **reform social assistance, ensuring adequacy of benefits**, and take measures to increase employability. **Reduce the high tax wedge for low-income earners by shifting tax burden** to other sources less detrimental to growth. (...)

(12) Even if a significant amount of analytical and planning work has been carried out, **the social assistance reforms have not advanced and are not backed by sufficient budgetary plans**. Low coverage and adequacy of unemployment and social assistance benefits prevents effective action on reducing poverty, social exclusion and the high degree of inequality. Under these conditions, social expenditure has little impact on poverty reduction. In 2014, around 32.7% of Latvia's population were at risk of poverty or social exclusion and income inequality remains among the highest in the EU. The financing and coverage of active labour market policies remains low in comparison with other EU countries. **The high tax wedge for low-income earners remains a disincentive for formal employment and reduces demand for low-skilled workers**; whereas environmental and effective property taxation have significant unexploited potential. (...)

Lithuania

(3 out of 3; pension reform, shifting tax burden, apprenticeships, reform unemployment and social assistance benefits)

1. Avoid deviating from the medium-term objective in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the **systemic pension reform**. **Broaden the tax base** and improve tax compliance.

(8) (...) **Lithuania's tax revenue is largely dependent on indirect and labour taxation**, while the revenue from environmental and wealth taxation remains very low. (...)

2. Address the challenge of a shrinking working-age population by **improving the labour-market relevance of education**, increasing attainment in basic skills, and improving the performance of the healthcare system; **reduce the high tax wedge for low income earners by shifting the tax burden** to other sources less detrimental to growth.

(9) Lithuania is facing a substantial fall in the working-age population, driven by demographics, migration and poor performance of the healthcare

system. The persistently low level of participation in life-long learning is not conducive to strengthening human capital, improving employability or increasing productivity. Schools have an above-average rate of low-achievers in basic skills, indicating a need to modernise teacher training and promote continuing professional development. **The education and training on offer is not always relevant to the labour market. The proportion of students following vocational education and training programmes in secondary education is low.** Lithuania is taking action to improve and extend **apprenticeships and work-based learning**, but the number and quality of such programmes is still insufficient. (...)

3. **Adopt a comprehensive reform of the pension system** that also addresses the challenge of pension adequacy. **Improve the coverage and adequacy of unemployment benefits and cash social assistance** and improve the employability of those looking for work.

(10) **The pension reform measures that have been adopted are not sufficient** to address the issue of the medium-term sustainability of the pension system. The statutory retirement age is being gradually increased over the period to 2026, but the pension system does not take into account indicators of life expectancy. Moreover, **the rules for the indexation of pensions are unclear.** Low participation in voluntary pension savings schemes and the absence of occupational pension schemes create risks for future pension adequacy. The government intends to implement a comprehensive reform of the pension system as part of a wider ‘new social model’. This strategy has not yet been finalised and adopted, however, and consultation with social partners must first be concluded. Lithuania introduced financial support measures for the elderly and **financial incentives for employing older workers.** A comprehensive active ageing strategy is, however, still lacking.

(11) Over 30 % of Lithuania’s population is at risk of poverty or social exclusion. The **reform of cash social assistance**, combined with the effect of an improved economic situation, **led to a considerable fall in expenditure and in the number of recipients of social assistance.** Active labour market measures and other services for supporting beneficiaries are still, however, limited.

Luxembourg

(3 out of 3; shifting tax burden, retirement age, wage setting)

1. **Broaden the tax base**, in particular on consumption, recurrent property taxation and environmental taxation.

(9) The expected drop in consumption tax revenues due to the change in regulation related to e-commerce highlights the fragility of at least one part of fiscal revenues. To better ensure their predictability, there is scope for further broadening the tax base and harmonising taxation, in particular by revisiting the currently low taxation on housing property, and making greater use of alternative sources, including environmental taxation. Preparatory work on a comprehensive tax reform (for entry into force in 2017) has been launched.

2. Close the gap between the statutory and effective retirement age, by **limiting early retirement and by linking statutory retirement age to life expectancy**.

(10) The long-term sustainability of public finances is threatened by the growth in **pension expenditure**, despite recent reform of the system, and by the steady increase in long-term care outlays. (...) **The 2012 pension system reform was not ambitious enough**, as it addressed only partially the large gap between the statutory and the effective retirement age. **Several avenues for early retirement persist**. The **participation of older workers in the labour market remains very low** compared to other EU countries. Draft legislation linked to the pension reform and amending the Code of Work (Age Pact) has been prepared. It comprises a package of measures that aims to keep older workers in employment.

3. **Reform the wage-setting system**, in consultation with the social partners and in accordance with national practices, with a view to **ensuring that wages evolve in line with productivity**, in particular at sectoral level.

(11) The Luxembourg economy is characterised by a sizeable divergence of labour productivity across economic sectors, with productivity in the financial sector twice as high as that in the non-financial sectors. This implies that greater variation in sectoral real wages, in line with sectoral labour productivity, could support the reallocation of labour towards emerging competitive sectors or sectors that are suffering from cost-competitiveness losses. **Barriers remain to the necessary sectoral wage adjustments in the long term**.

Other relevant information

(12) Despite generally well-performing labour markets and high tertiary education attainment rates, **employment rates are comparatively low for older workers, women and low-skilled young people**. There are remain institutional obstacles to effective activation policies. Within the public employment service, an important reform is advancing to provide individual guidance to jobseekers, but this is not yet complete which the Government intends to complete by the end of 2015. **The draft vocational education**

and training reform and the secondary school reform to improve educational outcomes, notably for those with a disadvantaged socio-economic background, **have not been adopted. The announced measures on maternity and education allowances and the planned reform of parental leave can be expected to contribute to increasing the labour market participation of women. Disincentives for second-earners to work arise from the ‘joint taxation’ system and from the design of the social benefit system.** Despite high tertiary education attainment rates, education outcomes remain unsatisfactory, and alleviating the situation of people from migrant backgrounds and low-skilled young people remains difficult. Labour market supply **challenges related to institutional factors and to the design of the social benefit system persist** and are the source of labour market problems.

Malta

(2 out of 4; early school leaving, retirement age)

2. **Take measures to improve basic skills and further reduce early school-leaving** by promoting the continuous professional development of teachers.

(10) Malta has **put in place measures to help its population manage their work and family life balance**, in particular through fiscal incentives, the continuing provision of **free childcare** centres and **the introduction of flexible working arrangements**. At the same time, the increased demand for informal long-term care and a **lack of suitable skills may be preventing older women from seeking work in the labour market**. A national literacy strategy and **an early school-leaving strategy were published in June 2014**. Work is also ongoing on aligning educational outcomes with market needs, though tangible results are yet to be seen.

3. To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by **accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy**.³⁰

³⁰ The initial Commission proposal read as follows “Accelerate the increase in the statutory retirement age and link it to life expectancy.” However, following a demand of EMCO the text was changed with as reason that Malta remained committed to continue with a holistic pension reform process as a matter of priority taking into consideration the outcome of the forthcoming public consultation as indicated in the 2015 National Reform Programme [available at: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm]. While Malta agreed with the aim of ensuring long-term sustainability, more latitude is required in relation to measures to achieve it as prescriptions

(9) The sustainability of Malta's public finances is at risk in the long term, notably in view of a projected increase in age-related expenditure. In the pension system, **the legislated increase in the statutory retirement age is being introduced at a very slow pace and there is no specific link between the statutory retirement age and life expectancy. Malta has addressed the challenges of its pensions system through labour market measures and the introduction of third-pillar pensions**, and has made further policy announcements in its national reform programme, but measures aimed at substantially improving the sustainability and adequacy of the system remain to be announced and implemented. (...)

Netherlands

(1 out of 3; pension reform)

3. Reduce the level of contributions to the second pillar of the pension system for those in the early years of working life.

(4) (6) While the high current account surplus partly reflects structural features of the economy, **the structure of the pension and tax systems may potentially be a source of inefficient allocation of capital.**

(8) (10) The **long-term sustainability of the pension system has been improved**. In addition to gradually increasing the first-pillar statutory retirement age from 65 in 2012 to 67 in ~~2023~~ 2021 and linking it to life expectancy thereafter, the Netherlands has adopted comprehensive reforms of the privately funded pillar of the pension system and in the long-term care system. The financial supervision of pension funds has been improved and the system made more resilient to financial shocks. This has been complemented by successful reforms encouraging older workers to work longer. Long-term care reforms have shifted responsibilities to municipalities, bringing a reduction in overall expenditure and a focus on efficiency gains. The quality and accessibility of long-term care needs to be monitored.

(9) (11) Remaining challenges include an appropriate intra- and inter-generational distribution of costs and risks beyond the adopted rules on indexation and financial buffers (financial assessment framework), in particular by lowering contributions by ~~younger people~~ those in the early years of working life. Improving the actuarial fairness of the contributions to the second pension pillar would help households to allocate their financial means in more growth-friendly ways.

will be counterproductive as they would stifle rather than enable the pension reform to continue to move forward. The proposed amendment is also in line with the language contained in the 201 CSR, which provided a measure of discretion as opposed to the overly prescriptive language being proposed in the 2015 CSR.

Other relevant information

~~(10)~~ (12) The **comprehensive reform of employment protection legislation enacted in 2014** aims at increasing labour market participation and mobility. Fiscal disincentives to work have been reduced. Legislation adopted by the Parliament has introduced the possibility to activate ~~will set a quota, in case for employers fail to deliver the extra jobs to hire for people with disabilities that they committed themselves to.~~ The impact of these measures can only be fully assessed once implemented. **Further measures are needed to improve the integration of people on the margins of the labour market, including those with a migrant background.**

~~(11)~~ (13) Taking into account compulsory non-tax payments, the tax wedge in the Netherlands is significantly higher than the EU average and there is scope to shift taxation to factors less detrimental to growth. **The envisaged tax reform would contribute to increasing labour market participation. Once adopted, its impact needs to be closely monitored.**

Poland

(2 out of 4; pension reform, employment protection legislation)

2. Start the process of aligning the **pension arrangements** for farmers and miners with those for other workers, and adopt a timetable for progressive full alignment; put in place a system for assessing and recording farmers' incomes.

(10) Poland reversed the systemic pension reform of 1999 at the end of 2013. While producing some budgetary relief in the short term, **the reversal of the systemic pension reform of 1999 does not improve the long-term sustainability of public finances**, as the short term from higher social contributions and lower interest payments will be offset by higher future pension payments from the public pension pillar. Overall the reversal of the systemic pension reform of 1999 carries some risks for Polish public finance in the long run.

(11) **The social security privileges granted to farmers and miners continue to hamper professional mobility and impose significant costs on public finances.** These preferential schemes deter people from moving to more productive sectors, create hidden unemployment and, due to low contributions, are heavily subsidised by taxpayers. In 2014, Poland's agricultural sector employs 11.4 % of the workforce, more than double the EU average, while generating only 3.3 % of national gross value added. State subsidies to the social security scheme for farmers are worth almost 1 % of GDP, and those to miners' pensions 0.5 % of GDP. The link between contributions and benefits is weak and contributions are mostly based on a

flat rate. Farmers on high incomes cannot be systematically excluded from the scheme, and the system is therefore open to abuse. Introducing a system for recording and assessing farmers' incomes would constitute an indispensable first step towards a reform of the social security scheme for farmers.

3. Take measures to **reduce the excessive use of temporary and civil law contracts in the labour market.**

(12) Labour market segmentation persists in Poland. The incidence of temporary contracts is the highest in the EU, while the transition rate from temporary to permanent employment is low and the wage differential the highest in the EU. Rigid dismissal provisions, long judicial proceedings and other burdens placed on employers encourage the use of fixed-term and non-standard employment contracts. Furthermore, the perceived high cost of contracts covered by the labour code leads to excessive use of civil law contracts (*umowy cywilno-prawne*), which are attractive to employers due to the associated lower social security contributions. The high proportion of contracts of this type, i.e. associated with lower contributions, may, however, reduce the quality of employment available, especially for young workers. Youth unemployment is high, partly as a result of the mismatch between candidates' qualifications and skills, on the one hand, and labour market needs, on the other. Continued efforts are therefore needed to reform the system of vocational education and training and increase the low level of participation in lifelong learning. Female labour market participation remains low. In order to address this issue, Poland has increased the availability of pre-school education, but still ranks among the poorest performing countries in the EU for the availability of early childcare services.

Portugal

(3 out of 5; pension reform, wage setting, young workers, reform social assistance benefits)

1. (...) **Improve the medium-term sustainability of the pension system (...)**

(9) Fiscal consolidation must be underpinned by increased efficiency and quality of public expenditure at all levels of public administration and further reforms of the system for managing public finances. In particular, further efforts are necessary to ensure strict expenditure control by enforcing the commitment control law and strengthening accountability. The Law on the single wage scale was published in September 2014 and has been applied since January 2015; implementation of the Decree-law on

the single supplements scale is under preparation. (...) There has been limited progress in developing new comprehensive measures as part of the ongoing pension reform following the Constitutional Court judgments of August 2014. Portugal has undergone a comprehensive reform of its tax system in the past two years, targeting corporate income tax, personal income tax and environmental taxation. The overall impact of this reform should be evaluated. There is ample scope for further reforms to modernise the revenue administration and to further improve tax payer compliance.

2. Promote the **alignment of wages and productivity**, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. **Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness.**

(10) **The collective bargaining system has recently undergone several reforms, though not all of them promote the alignment of wages to productivity at sector and firm level.** The challenge of the system is to allow firms to adjust to specific circumstances. **This includes effective use of existing provisions for firms to derogate from sectorial collective agreements under specific circumstances.** Despite the freeze in recent years, the minimum wage has risen significantly faster than the average wage in nominal terms since 2008 (by 18.5% vs. 3.5% between 2008 and 2014) and the proportion of workers covered by the minimum wage has risen from 5% in 2005 to 12.9% in 2014.

3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered **young people. Ensure effective activation of benefit recipients and adequate coverage of social assistance, in particular the minimum income scheme.**

(11) Significant progress has been made regarding the deployment of active labour market policies and the reform of public employment services. However, **challenges remain as regards reaching the young people who are neither in employment nor in education or training.** There is a need to increase the digitization of services in charge of labour market matching. **Ensuring adequate coverage of social assistance, in particular including the minimum income scheme, also remains a key challenge.** Some progress has been made in **improving the quality and labour-market relevance of education.** Portugal has reformed curricula and teachers' statutes in order to improve the quality of education. The use of the monitoring tool and the diversification of pathways with **new vocational education and training programmes** should address early school leaving

and help improve performance rates. Recent reforms are designed to upgrade the vocational education and training system, but making it more attractive to students remains a challenge. Fostering knowledge transfers between higher education, private-sector firms and research organisations also represents a challenge.

Romania

(2 out of 4; retirement age, young workers, wage setting, childcare, early school leaving)

2. (...) Implement the comprehensive tax compliance strategy, **strengthen verification control systems in order to tackle undeclared work**, and **push ahead with the equalisation of the pensionable age for men and women**.

(9) Romania is currently in the preventive arm of the Stability and Growth Pact. In its Convergence Programme Romania has requested a temporary deviation of 0.5% of GDP from the required adjustment path towards the medium-term objective because of planned structural reforms. As the Programme did not provide sufficiently detailed information on the planned structural reforms, the Council is not in a position to assess their plausibility. **Romania also requested the application of the pension reform clause. The eligibility of the reform is subject to confirmation by Eurostat.** (...) Based on the Commission's 2015 spring forecast, the projected structural deficit of 3.4% of GDP in 2016 would not ensure an appropriate safety margin with respect to the 3% of GDP reference value of the Treaty. Therefore, the Council is of the opinion that Romania does not fulfil the requirements to benefit from the requested temporary deviation in 2016.

(11) Romania's fiscal framework is broadly sound but not effectively applied. The medium- and long-term demographic trends and low level of development of the labour market may jeopardise the long-term sustainability of the pension system. **The pension reform launched in 2010 has already brought some improvements, but the law equalising the statutory retirement age for men and women as of 2035, proposed by the government in December 2013, has not yet been adopted by the lower chamber of Parliament.**

(12) **The recent cut in employers' social security contributions has reduced the labour tax wedge, but in an untargeted way.** The tax wedge for lower income earners remains high (40 %) relative to other European countries. Tax fraud and tax avoidance remain major challenge and eat into tax revenue. The first steps have been taken in what is set to be an ongoing reorganisation of the Romanian tax administration. **A pilot compliance project targeting undeclared labour, under-declared wages and tax evasion was implemented in two regions in 2014, and is to be rolled out**

further in 2015. The level of environmental taxation was increased in 2014, bringing it close to the EU average.

3. Strengthen the provision of labour market measures, in particular for **unregistered young people and the long-term unemployed**. Ensure that the national employment agency is adequately staffed. **Establish**, in consultation with the social partners and in accordance with national practices, **clear guidelines for setting the minimum wage transparently**. Introduce the minimum insertion income. **Increase the provision and quality of early childhood education and care**, in particular for Roma. Adopt the national strategy to **reduce early school leaving**. (...)

(13) While some improvements were seen in 2014, **employment and activity rates continue to be especially low among women, young people, older workers and Roma**. Active labour market policies have been revised, but the overall participation in and financing for active labour market measures remain low, particularly for vocational training, schemes leading to the recognition of prior learning, mobility incentives, and measures targeting the long-term unemployed. **Romania has taken steps to address youth unemployment, in particular through the Youth Guarantee, but there have been delays in implementation. No progress has been made in setting transparent guidelines for setting the minimum wage**. In order to allow for personalised services and more coherent delivery across target groups, the Public Employment Service would need increased capacity, in particular in terms of staffing, and an integrated delivery framework for measures co-financed through European Structural and Investment funds.

(14) Romania faces several challenges in the area of education: **the early school leaving rate remains well above the EU average; the availability and access of early childhood education and care services is limited**, especially in rural areas and for the Roma community; **participation in lifelong learning remains far below the EU average**; the quality and labour market relevance of higher education is inadequate; and the tertiary attainment rate remains the second lowest in the EU. Romania has started addressing these challenges, with varying degrees of progress being made in the different areas, and, to date, little visible end-effect. There have been significant delays in adopting the national strategy for reducing early school leaving. A national programme for early childhood education and care was designed for the period 2014- 2019, and will come into effect in the new school year, 2015-2016. The national lifelong learning strategy has been delayed. A strategy on tertiary education has been drafted, the aim of which is to increase the relevance of higher education by aligning it more closely with labour market needs and to improve the accessibility of higher education for disadvantaged groups. **Measures have been implemented to improve vocational education and training and apprenticeships schemes**.

(16) Reducing poverty and social exclusion remains a major challenge for Romania. Although decreasing, the rate of people at risk of poverty or social exclusion remains high at 40 % in 2013, far above the EU average. The effectiveness of social transfers (excluding pensions) in reducing poverty appears limited, and is particularly low in the case of children. Social transfers are not adequately linked to activation measures. **The implementation of the 2011 social assistance reform is still behind schedule.** The adoption of the strategy for social inclusion and combating poverty and the associated action plans ~~was put back~~ were approved on 27 May 2015. **Limited progress was made in introducing the minimum insertion income, which would simplify social assistance** by combining three existing social transfers, and would also strengthen the link with activation measures. A social economy law designed to ~~strengthen the link between social transfers and activation measures~~ regulate the field of social economy and improve labour participation of vulnerable population was adopted by the government in 2013, but is still under debate in the Parliament. Few effective measures were taken to integrate the Roma population. A revised strategy for the integration of Roma was, however, adopted with some delay in January 2015, but implementation is behind schedule.

Slovakia

(1 out of 4; female and young workers, childcare)

2. Take additional measures to **address long term unemployment** by ~~introducing~~ improving activation measures, second chance education and introducing high-quality training tailored to individuals' needs. Improve the **incentives for women** to remain in or return to employment by **improving the provision of childcare facilities.**

(9) The labour market showed signs of recovery in 2014, but unemployment remains high. **Disincentives in the social security system have been reduced and some progress has been made towards reducing youth unemployment, but long-term unemployment remains a major challenge** and employment among Roma and the low-skilled is low. Although some initial steps have been taken to improve public employment services, they have limited capacity to provide personalised services, in particular to those furthest from the labour market. **The employment rate for women remains well below the EU average, reflecting the insufficient provision of good quality and affordable childcare services and the relatively long duration of parental leave.**

(10) **Slovakia made some progress in relation to work-based learning**, with a new Act on vocational education and training to enter into force in 2015. Limited progress has, however, been made in improving teaching conditions, in encouraging the creation of more career-oriented bachelor programmes, and in increasing the proportion of Roma children

attending early childhood education and care facilities. No measures have been taken to ensure a wider participation of Roma in vocational training and higher education. (...)

Slovenia

(2 out of 4; pension reform, wage setting, older workers)

1. Ensure a durable correction of the excessive deficit in 2015, and achieve a fiscal adjustment of 0.6% of GDP towards the medium-term objective in 2016. Adopt the Fiscal Rule Act and revise the Public Finance Act. **Advance long-term reform of the pension system.** By end of 2015 adopt a healthcare and long-term care reform.

(9) **Slovenia has taken action to alleviate pressures on the medium-term sustainability of the pension system but key parameters still need to be adjusted to ensure its sustainability beyond 2020.** The 2013 pension reform has had a positive impact and the legal act establishing a demographic fund is expected to be adopted in June 2015. However, ensuring the long term sustainability of pensions will require further reform. (...)

2. **Review**, in consultation with the social partners and in accordance with national practices, **the mechanism for setting the minimum wage**, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness. Increase the employability of low skilled and **older workers**. Take measures to address long-term unemployment and provide adequate incentives to extend working lives.

(10) **A Social Agreement was concluded in January 2015 providing that public sector wage growth will lag behind private sector wage growth. The composition and indexation of minimum wages are not covered by this agreement.** While still relatively high compared to the average wage, recent growth of the minimum wage has been limited. An evaluation of the 2013 labour market reform shows that labour market restrictions have decreased, but **structural problems persist as regards the long-term unemployment and the low employment rates of low-skilled and older workers.** Slovenia has undertaken some action to address the skills mismatch and numerous other measures are planned until 2020.

Spain

(1 out of 4; wage setting, young workers, reform social assistance benefits)

3. Promote the **alignment of wages and productivity**, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of **tackling youth unemployment**. **Streamline minimum income and family support schemes** and foster regional mobility.

(11) High long-term unemployment and labour market segmentation continue to hamper productivity growth and have a damaging effect on working conditions in Spain. ~~The social partners are discussing a comprehensive inter-professional agreement for 2015-2017.~~ In this regard, and given the very high unemployment rate, wages for some sectors and companies in the short term may need to grow below productivity in order to create jobs and achieve further gains in competitiveness. The social partners have reach a comprehensive inter-professional pre-agreement for 2015-2017. It is expected that this may emphasise **This pre-agreement states the importance of establishing, through sectoral and company negotiations, the principle that wages should move in line with inter-firm productivity differentials.** Despite regulatory reforms, the proportion of the workforce in temporary employment ~~began to increase once again in 2014, reaching over 24 %, remains high~~ and particularly affecting young people and the low-skilled. **Moreover, the new types of contract for SME employees introduced and the incentives to encourage employers to take on staff on an open-ended basis appear not yet to be being used to full potential.** The Spanish authorities announced that an assessment of the subsidies offered to employers for recruiting new staff would be carried out by May 2016. The capacity performance of the public employment service, and of the agencies to which services have been outsourced, is crucial for ensuring the effectiveness and adequate targeting of active labour market and activation policies, including effective re-training to allow people to move into sectors where more jobs are being created. Spain has made limited progress in accelerating the modernisation of public employment services and addressing regional disparities.

(12) **Youth unemployment in Spain remains very high** (over 53 %) and the early school leaving rate is one of the highest in the EU. Spain is implementing the new educational schemes introduced by Law No 8/2013 on the quality of education, designed to increase the quality of primary and secondary education. **Limited progress was made in increasing the labour-market relevance of vocational education and training**, and the efforts to improve cooperation between higher education institutions and employers are behind schedule. There are plans to extend the dual vocational training scheme in 2015, but there continue to be considerable differences in

its implementation across the regions. A dedicated committee has been set up to examine the relevance of education and training curricula to labour market needs.

(13) Spain made **limited progress on improving the effectiveness of its social protection system**. It has established a new activation programme for the long-term unemployed, combining income support and assistance in looking for work. Limited coordination between the employment and social services, and the incompatibility of the different minimum income schemes have, however, **reduced the effectiveness of the social assistance programmes**. Facing high levels of poverty, especially among low-income households with children, **Spain made limited progress in improving the targeting of family support schemes and care services**.

Other relevant information

(10) Some progress was made in the area of taxation, with a **comprehensive tax reform** being introduced to make the tax system simpler and more conducive to growth and job creation.

Sweden

(0 out of 1)

Other relevant information

(11) The Government is taking steps to improve school outcomes, after a marked deterioration in the last decade which contributes to **relatively high youth unemployment**. The Government is also **taking measures to facilitate the transition from education to the labour market and to improve the labour market integration of low-educated young people and people with a migrant background**. Progress in this area will need to be monitored.

United Kingdom

(1 out of 3; apprenticeships, childcare)

3. Address skills mismatches by increasing employers' engagement in the delivery of **apprenticeships**. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high-quality, full-time **childcare**.

(10) The United Kingdom labour market has performed well in recent years and is set to remain strong. The employment rate reached 76.5 % in 2014

while the unemployment rate continued to fall, to 6 %, and is projected to decline further in 2015. Despite the positive trends in relation to labour market outcomes, social challenges persist. The rate of people living in households with very low work intensity increased slightly, from 13 % in 2012 to 13.2 % in 2013, compared with the EU average of 10.7 %. **The difference in the share of part-time work between women (42.6 % in 2013) and men (13.2 % in 2013) is one of the highest in the EU.** The percentage of women who are inactive or work part-time due to personal and family responsibilities (12.5 %) was almost twice as high as the EU average (6.3 %) in 2013. **Youth employment and employer engagement in the area of apprenticeships are further challenges.** Another area to focus on, linked to youth employment, is education and skills. A large proportion of young people have comparatively low levels of basic skills. The implementation of measures to address welfare reform and childcare has been limited. The proportion of children living in jobless households in the United Kingdom is still one of the highest in the EU. In addition, even if supply in the childcare system has increased recently, **the availability of affordable, high quality, full-time childcare remains a key issue.**

Annex 2: The social CSRs 2011-2014 EU-wide per year

European Commission country specific recommendations 2011-2012 (social field only)

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	MT	NL	PL	SE	SI	SK	UK
Wages	reviewing wage indexation		•		•					•						•	•						
	reviewing wage-setting system - align with productivity developments		•	•	•					•		•		•		•	•						
EPL	adjusting employment protection legislation					•		•				•		•	•						•		
Labour market participation	enhancing participation of women				•	•				•			•	•					•				
	enhancing participation of older workers, promoting active ageing, LLL		•	•	•	•						•				•	•				•		
	reducing tax disincentives for second earners						•							•				•					
Youth employment	facilitating transition school to work by incentives for companies to hire young people																						
	facilitating transition school to work through apprenticeships and work-based learning					•		•	•	•	•					•			•			•	•
	reducing school/education 'drop outs'	•						•		•							•						
Pensions	explicit link between pensionable age and life expectancy	•	•	•	•	•				•	•					•	•	•	•		•	•	
	reducing early retirement	•	•	•				•		•	•					•	•	•	•		•	•	
Vulnerable	ensuring the adequacy and coverage of social protection systems	•							•					•									•
	(access to) quality social services																						
	better targeting social assistance			•												•							
Child poverty	making child support more effective																						
	access to and quality of childcare services	•				•	•						•	•					•				
Tax	shift away from tax on labour (incl. attention for low income earners)	•	•			•	•		•	•		•	•										•

Source: European Commission country specific recommendations 2011-2012; EL, IE, LV, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

European Commission country specific recommendations 2012-2013 (social field only)

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	SE	SI	SK
Wages	reviewing wage indexation		●		●											●		●					
	reviewing wage-setting system - align with productivity developments		●				●				●	●		●				●			●	●	
EPL	adjusting employment protection legislation							●				●		●	●				●	●	●	●	
Labour market participation	enhancing participation of women	●				●	●						●	●					●		●		●
	enhancing participation of older workers, promoting active ageing, LLL	●	●							●		●				●		●	●			●	
	reducing tax disincentives for second earners						●													●			
Youth employment	facilitating transition school to work by incentives for companies to hire young people									●	●												
	facilitating transition school to work through apprenticeships and work-based learning							●	●	●		●		●	●	●	●	●		●		●	●
	reducing school/education 'drop outs'	●					●	●		●			●	●			●						
Pensions	explicit link between pensionable age and life expectancy	●	●		●					●	●				●	●		●	●	●		●	●
	reducing early retirement	●	●	●		●		●			●					●		●	●	●		●	
Vulnerable	ensuring the adequacy and coverage of social protection systems				●				●														
	access to quality social services			●																			
	better targeting social assistance			●					●						●		●						
Child poverty	making child support more effective									●													
	facilitating access to childcare services			●																			
Tax	shift away from labour, with focus on low income earners	●	●			●	●			●		●	●				●						●

Source: European Commission country specific recommendations 2012-2013; note that GR, IE, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

European Commission country specific recommendations 2013-2014 (social field only)

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	RO	SE	SI	SK	UK
Wages	reviewing wage indexation		●												●									
	reviewing wage-setting system - align with productivity developments		●			●				●	●		●		●							●		
EPL	adjusting employment protection legislation										●		●					●	●					
Labour market participation	enhancing participation of women	●										●	●				●		●					
	enhancing participation of older workers, promoting active ageing, LLL	●	●	●	●						●			●	●		●	●	●	●		●		
	reducing tax disincentives for second earners					●							●					●						
Youth employment	youth guarantee			●					●	●	●	●	●		●				●	●			●	●
	facilitating transition school to work by incentives for companies to hire young people																		●	●	●		●	●
	facilitating transition school to work through apprenticeships and work-based learning		●								●			●		●	●		●		●			●
	reducing school/education 'drop outs'																							
Pensions	explicit link between pensionable age and life expectancy	●					●		●				●				●			●				
	reducing early retirement	●	●	●	●			●	●	●	●			●	●			●				●		
Vulnerable	ensuring the adequacy and coverage of social protection systems	●	●	●	●			●		●				●	●		●		●					
	(access to) quality social services			●									●					●	●				●	
	better targeting social assistance			●					●															
Child poverty	making child support more effective													●						●			●	
	access to and quality of childcare services			●								●												
Tax	shift away from tax on labour (incl. attention for low income earners)				●	●						●	●				●		●	●			●	●

Source: European Commission country specific recommendations 2013-2014; CY, GR, IE, and PT did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

European Commission country specific recommendations 2014-2015 (social field only)

		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
Wages	reviewing wage indexation		●														●								●		
	reviewing wage-setting system - align with productivity developments		●			●			●		●	●			●		●			●		●	●		●		
EPL	adjusting employment protection legislation								●		●	●				●			●	●	●	●			●		
Labour market participation	enhancing participation of women	●													●	●			●	●	●					●	
	enhancing participation of older workers, promoting active ageing, LLL	●		●	●				●	●	●					●	●				●		●		●		
	reducing tax disincentives for second/low income earners	●				●		●	●				●		●		●						●				
Youth employment	youth guarantee			●					●			●		●	●						●	●				●	
	facilitating transition school to work by incentives for companies to hire young people						●				●	●	●									●		●			
	facilitating transition school to work through apprenticeships and work-based learning					●	●	●		●	●	●		●	●	●		●	●		●		●	●	●	●	
	reducing school/education 'drop outs'		●						●														●				
Pensions	explicit link between pensionable age and life expectancy	●	●	●	●					●		●					●	●									
	reducing early retirement	●	●	●		●						●					●	●		●		●					
Vulnerable	ensuring the adequacy and coverage of social protection systems			●		●			●		●	●	●		●	●				●						●	
	(access to) quality social services							●	●	●																	
	better targeting social assistance			●									●	●		●	●		●				●	●		●	●
Child poverty	making child support more effective			●				●							●												
	access to and quality of childcare services				●	●		●							●	●					●		●		●	●	
Tax	shift away from tax on labour (incl. attention for low income earners)	●	●		●		●				●				●	●		●		●							

Source: European Commission Country specific recommendations 2014-2015; CY and EL did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

Annex 3: Country specific recommendations (CSRs) in the social field under the European Semester Cycles 2011, 2012, 2013, 2014 and 2015

AT		
Austria	CSRs 2011	CSRs 2012
	<p>3. In consultation with the social partners and according to national practices, take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to reduce the transition period for harmonisation of the statutory retirement age between men and women to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.</p>	<p>3. Bring forward the harmonisation of the statutory retirement age between men and women; enhance older workers' employability and monitor closely the implementation of the recent reforms restricting access to early exit channels in order to ensure that the effective retirement age is rising including through linking the statutory retirement age to life expectancy.</p>
	<p>4. Take measures to enhance participation in the labour market, including the following: reduce, in a budgetary neutral way, the effective tax and social security burden on labour, especially for low- and medium-income earners; implement the National Action Plan on the equal treatment of women and men in the labour</p>	<p>4. Take steps to reduce the effective tax and social security burden on labour especially for low income earners with a view to increasing employment rates for older persons and women given the need to counteract the impact of demographic change on the working population. Shift the tax burden in a budgetary neutral way, towards real estate taxes, and environmental taxes. Reduce the high gender pay gap and enhance full-time employment opportunities for women, in particular through the provision of additional care services for dependants.</p>
		<p>5. Continue to implement measures to improve educational outcomes, especially of disadvantaged young people. Take measures to reduce drop-outs from higher education.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Bring forward the harmonisation of pensionable age for men and women, link the statutory retirement age to life expectancy, implement and monitor the recent reforms restricting access to early retirement and improve older workers' employability in order to raise the effective retirement age and the employment rate of older workers.</p>	<p>2. Improve the long-term sustainability of the pension system, in particular by bringing forward the harmonisation of the statutory retirement age for men and women, by increasing the effective retirement age and by aligning the retirement age to changes in life expectancy. Monitor the implementation of recent reforms restricting access to early retirement. Further improve the cost effectiveness and sustainability of healthcare and long-term care services.</p>	<p>1. (...) Take measures to ensure the long-term sustainability of the pension system, including by earlier harmonisation of the statutory retirement age for men and women and link the statutory retirement age to life expectancy.</p>
<p>3. Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and address the high gender pay and pension gaps. Fully use the labour market potential of people with a migrant background by improving the recognition of their qualifications and their education outcomes. Reduce the effective tax and social security burden on labour for low income earners in a budget-neutral way by relying more on other sources of taxation less detrimental to growth, such as recurrent property taxes.</p> <p>5. Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce drop-outs.</p>	<p>3. Reduce the high tax wedge on labour for low-income earners by shifting taxation to sources less detrimental to growth, such as recurrent taxes on immovable property, including by updating the tax base. Reinforce measures to improve labour market prospects of people with a migrant background, women and older workers. This includes further improving child- and long-term care services and the recognition of migrants' qualifications. Improve educational outcomes in particular of young people with a migrant background, by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce dropouts.</p>	<p>1. Avoid deviating from the medium-term objective in 2015 and 2016. Ensure the budget neutrality of the tax reform aimed at reducing the tax burden on labour. (...)</p> <p>2. Strengthen measures to increase the labour market participation of older workers and women, including by improving the provision of childcare and long-term care services. Take steps to improve the educational achievement of disadvantaged young people.</p>

BE	CSRs 2011	CSRs 2012
Belgium	<p>2. Take steps to improve the long-term sustainability of public finances. In line with the framework of the three-pronged EU strategy, the focus should be put on curbing age-related expenditure, notably by preventing early exit from the labour market in order to markedly increase the effective retirement age. Measures such as linking the statutory retirement age to life expectancy could be considered.</p>	<p>2. Continue to improve the long-term sustainability of public finances by curbing age-related expenditure, including health expenditure. In particular, implement the reform of pre-retirement and pension schemes and take further steps to ensure an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy.</p>
	<p>4. Take steps to reform, in consultation with the social partners and in accordance with national practice, the system of wage bargaining and wage indexation, to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>4. To boost job creation and competitiveness, take steps to reform, in consultation with the social partners and in accordance with national practice, the system of wage bargaining and wage indexation. As a first step, ensure that wage growth better reflects developments in labour productivity and competitiveness, by (i) ensuring the implementation of <i>ex post</i> correction mechanisms foreseen in the 'wage norm' and promoting all-in agreements to improve cost-competitiveness and (ii) facilitating the use of opt-out clauses from sectoral collective agreements to better align wage growth and labour productivity developments at local level.</p>
	<p>5. Improve participation in the labour market by reducing the high tax and social security burden for the low-paid in a budgetary neutral way and by introducing a system in which the level of unemployment benefits decreases gradually with the duration of unemployment. Take steps to shift the tax burden from labour to consumption and to make the tax system more environmentally friendly. Improve the effectiveness of active labour policies by targeting measures at older workers and vulnerable groups.</p>	<p>5. Significantly shift taxes from labour to less growth-distortive taxes including for example environmental taxes. Pursue the initiated reform of the unemployment benefit system to reduce disincentives to work and strengthen the focus of employment support and activation policies on older workers and vulnerable groups, in particular people with a migrant background. Take advantage of the planned further regionalisation of labour market competencies to boost interregional labour mobility and to strengthen the coherence between education, lifelong learning, vocational training and employment policies. Extend existing activation efforts to all age groups.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Step up efforts to close the gap between the effective and statutory retirement age, including by quickly including by pursuing the on-going reforms to reduce the early-exit possibilities. Underpin reforms of the old-age social security systems with employment-support measures and labour-market reforms conducive to active ageing. Accelerate the adoption of a decision to link the statutory retirement age to life expectancy. Continue to improve the cost-efficiency of public spending on long term institutional care.</p>	<p>3. Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the retirement age to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.</p>	<p>1. Achieve a fiscal adjustment of at least 0.6 % of GDP towards the medium-term objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. Complement the pension reform by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.</p>
<p>3. To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.</p>	<p>5. Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice, to ensure that wage evolutions reflect productivity developments at sectorial and/or company levels as well as economic circumstances and to provide for effective automatic corrections when needed; by strengthening competition in the retail sectors, removing excessive restrictions in services, including professional services and addressing the risk of further increases of energy distribution costs; by promoting innovation through streamlined incentive schemes and reduced administrative barriers; and by pursuing coordinated education and training policies addressing the pervasive skills mismatches and regional disparities in early school leaving.</p>	<p>4. Restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.</p>
<p>5. Establish concrete and time-specific proposals for shifting taxes from labour to less growth-distortive tax bases, notably by exploring the potential of environmental taxes, for example on diesel, heating fuels and the taxation of the private use of company cars. Simplify the tax system by reducing tax expenditures in income taxation, increasing VAT efficiency and improving tax compliance by closing existing loopholes.</p> <p>6. Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed. Take measures to increase interregional labour mobility. Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth. Develop comprehensive social-inclusion strategies for people with a migrant background.</p>	<p>2. Improve the balance and fairness of the overall tax system and prepare a comprehensive tax reform that will allow shifting taxes away from labour towards more growth friendly bases, simplifying the tax system, closing loopholes, increasing VAT efficiency, broadening tax bases, reducing tax expenditures and phasing out environmentally harmful subsidies.</p> <p>4. Increase labour market participation, notably by reducing financial disincentives to work, increasing labour market access for disadvantaged groups such as the young and people with a migrant background, improving professional mobility and addressing skills shortages and mismatches as well as early school leaving. Across the country, strengthen partnerships of public authorities, public employment services and education institutions to provide early and tailor-made support to the young.</p>	<p>2. Adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.</p> <p>3. Improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.</p>

BG		
Bulgaria	CSRs 2011	CSRs 2012

3. Implement the agreed steps with social partners under the current **pension reform**, advance some of its key measures that would help to **increase the effective retirement age and reduce early exit**, such as through the gradual increase of the social insurance length of service, and strengthen **policies to help older workers** to stay longer in employment.

2. Take further steps to reduce risks to the sustainability and to improve adequacy of the **pension system by making the statutory retirement age the same for men and women** with full career contributions. Introduce stricter criteria and controls for the allocation of invalidity pensions.

4. Promote, in consultation with the social partners and in accordance with national practices, policies to **ensure that wage growth better reflects developments in productivity** and sustain competitiveness while paying attention to on- going convergence.

5. Take steps to address the challenge of combating **poverty** and promoting social inclusion, especially for vulnerable groups facing multiple barriers. Take measures for modernising public employment services to enhance their capacity to match skills profiles with labour market demand; and **focusing support on young people with low skills**. Advance the educational reform by adopting a Law on Pre-School and School Education and a new Higher Education Act by mid 2012.

3. Accelerate the implementation of the **national Youth Employment Initiative**. Ensure that the minimum thresholds for social security contributions do not discourage declared work.

Step up efforts to improve the Public Employment Service's performance. To alleviate poverty, improve the effectiveness of social transfers and the **access to quality social services for** children and the elderly and implement the National Roma Integration Strategy.

CSRs 2013	CSRs 2014	CSRs 2015
	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure reaching the medium-term objective and remain at it thereafter. Ensure the capacity of the new fiscal council to fulfil its mandate. Implement a comprehensive tax strategy to strengthen tax collection, tackle the shadow economy and reduce compliance costs.</p>	
<p>2. Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.</p>	<p>2. Adopt a long-term strategy for the pension system, proceeding with the planned annual increase in the statutory retirement age and setting out a mechanism to link the statutory retirement age to life expectancy in the long term, while phasing out early retirement options and equalising the statutory retirement age for men and women. Tighten eligibility criteria and procedures for the allocation of invalidity pensions, for example by taking better account of the remaining work capacity of applicants. (...)</p>	
<p>3. Accelerate the national Youth Employment Initiative, for example through a Youth Guarantee. Reform the Employment Agency with a view to providing effective counseling to jobseekers and develop capacity for identifying and matching skill needs. Enhance active labour-market policies, in particular concerning national employment schemes. Undertake a review of the minimum thresholds for social security contributions to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.</p>	<p>3. Improve the efficiency of the Employment Agency by developing a performance monitoring system and better targeting the most vulnerable, such as low-skilled and elderly workers, the long-term unemployed and Roma. Extend the coverage and effectiveness of active labour market policies to match the profiles of job-seekers, and reach out to non-registered young people who are neither in employment, education or training, in line with the objectives of a youth guarantee. Improve the effective coverage of unemployment benefits and social assistance and their links with activation measures. Take forward the comprehensive review of minimum thresholds for social security contributions so as to make sure that the system does not price the low-skilled out of the labour market. Establish, in consultation with social partners, transparent guidelines for the adjustment of the statutory minimum wages taking into account the impact on employment and competitiveness. In order to alleviate poverty, further improve the accessibility and effectiveness of social services and transfers for children and older people.</p>	<p>3. Develop an integrated approach for groups at the margin of the labour market, in particular older workers and young people not in employment, education or training. In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.</p>
<p>4. Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning outcomes to labour-market needs and strengthening cooperation between education, research and business. Improve access to inclusive education for disadvantaged children, in particular Roma. (...)</p>	<p>4. Adopt the School Education Act and pursue the reforms of vocational and higher education in order to increase the level and relevance of skills acquired at all levels, while fostering partnerships between educational institutions and business with a view to better aligning outcomes to labour market needs. Strengthen the quality of vocational education and training institutions and improve access to life-long learning. Step up efforts to improve access to quality inclusive pre-school and school education of disadvantaged children, in particular Roma, and implement strictly the rules linking the payment of child allowance to participation in education.</p>	<p>4. Adopt the reform of the School Education Act, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.</p>

CY	CSRs 2011	CSRs 2012
Cyprus	<p>3. Improve the long-term sustainability of public finances by implementing reform measures to control pension and healthcare expenditure in order to curb the projected increase in age-related expenditure. For pensions, extend years of contribution, link retirement age with life expectancy or adopt other measures with an equivalent budgetary effect, while taking care to address the high at-risk-of-poverty rate for the elderly. For healthcare, take further steps to accelerate implementation of the national health insurance system.</p>	<p>3. Further improve the long-term sustainability and adequacy of the pensions system and address the high at-risk-of-poverty rate for the elderly. Ensure an increase in the effective retirement age, including through aligning the statutory retirement age with the increase in life expectancy.</p>
	<p>4. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>7. Improve competitiveness, including through the reform of the system of wage indexation, in consultation with social partners and in line with national practices, to better reflect productivity developments. Take steps to diversify the structure of the economy. Redress the fiscal balance by restraining expenditure.</p>
	<p>5. Take further steps, within the reforms planned for the vocational education and training system, to match education outcomes to labour market needs better, including by setting up post-secondary vocational education and training institutes. Take measures to increase the effectiveness of the vocational training system by increasing the incentives for and improving access to vocational education and training, especially for low-skilled workers, women and older workers.</p>	<p>5. Improve the skills of the workforce to reinforce their occupational mobility towards activities of high growth and high value added. Take further measures to address youth unemployment, with emphasis on work placements in companies and promotion of self-employment. Take appropriate policy measures on the demand side to stimulate business innovation.</p>

CSRs 2013	CSRs 2014	CSRs 2015
To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.	To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.	To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.

CZ	Czech Republic	CSRs 2011	CSRs 2012
		<p>1. Implement the planned consolidation in 2011 and take countervailing measures of a permanent nature as needed in case of any revenue shortfalls or expenditure slippages. Adopt fiscal measures as planned in the Convergence Programme for 2012 and underpin the target for 2013 by more specific measures; subject to this, avoid cutting expenditure on growth-enhancing items. Improve the efficiency of public investments, and continue efforts to exploit the available space for increases in indirect tax revenue to shift taxes away from labour, improve tax compliance, and reduce tax evasion. Ensure an average fiscal effort over the period 2010-2013 of 1 % of GDP, in line with the Council recommendations on correcting the excessive deficit, which will allow meeting the EDP deadline with a sufficient margin in 2013.</p>	<p>1. Ensure planned progress towards the timely correction of the excessive deficit. To this end, fully implement the 2012 budget and specify measures of a durable nature necessary for the year 2013 so as to achieve the annual average structural adjustment specified in the Council recommendation under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. In this context, avoid across-the-board cuts, safeguard growth-enhancing expenditure and step up efforts to improve the efficiency of public spending. Exploit the available space for increases in taxes least detrimental to growth. Shift the high level of taxation on labour to housing and environmental taxation. Reduce the discrepancies in the tax treatment of employees and the self-employed. Take measures to improve tax collection, reduce tax evasion and improve tax compliance, including by implementing the Single Collection Point for all taxes.</p>
		<p>2. Implement the planned pension reform in order to improve the long-term sustainability of public finances and to ensure the future adequacy of pensions. Additional efforts should focus on further changes to the public pillar to ensure that the system is not a source of fiscal imbalances in the future, and on the development of private savings. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy could be considered. Ensure that the envisaged funded scheme attracts broad participation, and is designed to keep administrative costs transparent and low.</p>	<p>2. Introduce further changes to the public pension scheme to ensure its long-term sustainability. Reconsider plans to allow an earlier exit from the labour market. Promote effective participation of younger workers in the envisaged funded scheme to improve adequacy of pensions.</p>
		<p>3. Enhance participation in the labour market by reducing the barriers for parents with young children to re-enter the labour market through increased availability and access to affordable childcare facilities. Increase the attractiveness and availability of more flexible forms of working arrangements, such as part-time jobs.</p> <p>4. Improve the performance of the public employment service in order to increase the quality and effectiveness of training, job search assistance and individualised services, linking funding of the programmes to results. In cooperation with stakeholders, extend tailor-made training programmes, for older workers, young people, low-skilled workers and other vulnerable groups.</p>	<p>3. Take additional measures to significantly increase the availability of affordable and quality pre-school childcare.</p> <p>4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Reduce the high level of taxation on labour by shifting taxation to areas less detrimental to growth, such as recurrent taxes on housing and vehicle circulation taxes. Further reduce discrepancies in the tax treatment of employees and the self-employed. Improve tax compliance and reduce compliance costs by establishing the Single Collection Point and harmonising the tax bases for personal income tax and social and health contributions.</p>	<p>2. Improve tax compliance with particular focus on VAT and reduce the costs of collecting and paying taxes by simplifying the tax system and harmonising the tax bases for personal income tax and social and health contributions. Reduce the high level of taxation on labour, particularly for low-income earners. Shift taxation to areas less detrimental to growth, such as recurrent taxes on housing and environmental taxes. Further reduce discrepancies in the tax treatment of employees and the self-employed.</p>	<p>3. Reduce the high level of taxation levied on low-income earners, by shifting taxation to other areas. Further improve the availability of affordable childcare.</p>
<p>3. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy, and review the indexation mechanism. Accompany the increase in retirement age with measures promoting employability of older workers and reduce early exit pathways. In particular, remove the public subsidy for the pre-retirement scheme. (...)</p>	<p>3. Ensure the long-term sustainability of the public pension scheme, in particular by accelerating the increase of the statutory retirement age and by linking it more clearly to changes in life expectancy. Promote the employability of older workers and review the pension indexation mechanism. (...)</p>	
<p>4. Take measures to strengthen the efficiency and effectiveness of the public employment service. Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old, and the participation of Roma children, notably by adopting and implementing the law on provision of childcare services and strengthening the capacities of both public and private childcare services.</p>	<p>4. Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system. Reach out to nonregistered youth and provide individualised services. Increase considerably the availability of affordable and quality childcare facilities and services, with a focus on children up to three years old.</p> <p>5. Ensure that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance.</p>	<p>3. Reduce the high level of taxation levied on low-income earners, by shifting taxation to other areas. Further improve the availability of affordable childcare.</p>

DE		
Germany	CSRs 2011	CSRs 2012

3. **Enhance participation in the labour market** by improving equitable access to education and training systems and by taking further steps to **reduce the high tax wedge** in a budgetary neutral way and improve work incentives for persons with low income perspectives. Increase the number of fulltime **childcare facilities** and all-day schools. Closely monitor the effects of recent reform measures to **reduce tax disincentives for second earners** and take further measures in case disincentives remain.

3. **Reduce the high tax wedge** in a budgetary neutral way, in particular for low-wage earners, and maintain appropriate activation and integration measures, in particular for the long-term unemployed. **Create the conditions for wages to grow in line with productivity.** Take measures to raise the educational achievement of disadvantaged groups, in particular through ensuring equal opportunities in the education and training system. **Phase out the fiscal disincentives for second earners**, and increase the availability of fulltime **childcare facilities** and all-day schools.

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Sustain conditions that enable wage growth to support domestic demand. To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people. Maintain appropriate activation and integration measures, especially for the long-term unemployed. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment. Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners and increase the availability of fulltime childcare facilities and all-day schools.</p>	<p>1. Pursue growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Stability Programme and that the general government debt ratio remains on a sustained downward path. (...) Ensure the sustainability of the public pension system by (i) changing the financing of new noninsurance/ extraneous benefits ("Mütterrente") to funding from tax revenues, also in order to avoid a further increase of social security contributions, (ii) increasing incentives for later retirement, and (iii) increasing the coverage in second and third pillar pension schemes. (...)</p> <p>2. Improve conditions that further support domestic demand, inter alia by reducing high taxes and social security contributions, especially for low-wage earners. When implementing the general minimum wage, monitor its impact on employment. Improve the employability of workers by further raising the educational achievement of disadvantaged people and by implementing more ambitious activation and integration measures in the labour market, especially for the long-term unemployed. Take measures to reduce fiscal disincentives to work, in particular for second earners, and facilitate the transition from mini-jobs to forms of employment subject to full mandatory social security contributions. Address regional shortages in the availability of fulltime childcare facilities and all-day schools while improving their overall educational quality.</p>	<p>2. Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.</p> <p>2. Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.</p>

DK	CSRs 2011	CSRs 2012
Denmark	<p>2. In order to strengthen employment and the sustainability of public finances, take further steps to increase long-term labour supply, by implementing the recently concluded reform on the voluntary early retirement pension (VERP) scheme, reforming the disability pension and better targeting subsidised employment schemes (the 'flex-job' system) towards the most vulnerable groups.</p>	<p>2. Take further steps to enhance long-term labour supply by reforming the disability pension, better targeting subsidised employment schemes (the 'flex-job' system) towards people with reduced work capacity, and improving the employability of people with a migrant background.</p>
	<p>3. Speed up the implementation of reforms to improve the quality of the education system. Reduce drop-out rates, particularly in the vocational education sector, and increase the number of apprenticeship places available.</p>	<p>3. Implement announced measures, without delay, to improve the cost-effectiveness of the education system, reduce drop-out rates, in particular within vocational education, and increase the number of apprenticeships.</p>

CSRs 2013	CSRs 2014	CSRs 2015
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2. Take further steps to improve the **employability of people at the margins of the labour market**, including people with a migrant background, the long-term unemployed and low-skilled workers. Improve the quality of vocational training to **reduce drop-out rates** and **increase the number of apprenticeships**. Implement the reform of primary and lower secondary education in order to raise attainment levels and improve the cost-effectiveness of the education system.

2. Take further measures to improve the **employability of people at the margins of the labour market**. Improve educational outcomes, in particular for **young people** with a migrant background, and the **effectiveness of vocational training**. **Facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships**.

EE	CSRs 2011	CSRs 2012
Estonia	<p>2. Take steps to support labour demand and to reduce the risk of poverty, by reducing the tax and social security burden in a budgetary neutral way, as well as through improving the effectiveness of active labour market policies, including by targeting measures on young people and the long-term unemployed, especially in areas of high unemployment.</p>	<p>2. Improve incentives to work by streamlining the social benefits system and increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring adequate social protection. Improve delivery of social services, while better targeting family and parental benefits and removing distortionary income tax exemptions related to children. Increase the participation of the young and the long-term unemployed in the labour market.</p>
		<p>3. Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Increase opportunities for low-skilled workers to improve their access to lifelong learning. Foster prioritisation and internationalisation of the research and innovation systems.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.</p>	<p>2. Improve incentives to work through measures targeted at low income earners. Target activation efforts at those most distant from the labour market, in particular by ensuring the timely adoption and implementation of the work capacity reform. Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare. Deploy coordinated measures for fostering economic development and entrepreneurship in regions faced with high unemployment.</p> <p>5. Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure the provision of quality public services at local level, especially social services complementing activation measures.</p>	<p>2. Improve labour market participation, including by implementing the Work Ability Reform. Improve incentives to work through measures targeting low-income earners. Take action to narrow the gender pay gap. Ensure high-quality social and childcare services at local level.</p>
<p>3. Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p>	<p>3. To ensure the labour-market relevance of education and training systems, improve skills' and qualification levels by expanding life-long learning measures and systematically increasing participation in vocational education and training, including in apprenticeships. (...)</p>	<p>3. Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships. Focus public support for research and innovation on a coordinated implementation of the limited number of smart specialisation areas.</p>

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CSRs 2013	CSRs 2014	CSRs 2015
	<p>1. Reinforce the budgetary strategy as of 2014, in particular by fully specifying the underlying measures for the year 2015 and beyond, to ensure the correction of the excessive deficit in a sustainable manner by 2016 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. (...) Adopt by the end of 2014 a comprehensive tax reform to make the tax system simpler and more conducive to growth and job creation, preservation of the environment and stability of revenues. To that end: shift revenues towards less distortive taxes, such as consumption, environmental (e.g. on motor fuels) and recurrent property taxes; remove inefficient personal and corporate income tax expenditures; consider lowering employers' social security contributions, in particular for low-wage jobs; continue to tackle the debt bias in corporate taxation; take measures to avoid that taxation hinders the smooth functioning of Spain's internal market. Step up the fight against tax evasion.</p> <p>8. Implement at all government levels the recommendations of the committee for the reform of the public administration. Strengthen control mechanisms and increase the transparency of administrative decisions, in particular at regional and local level. Complete and monitor closely the ongoing measures to fight against the shadow economy and undeclared work. (...)</p>	
<p>1. (...) Finalise by end-2013 the regulation of the sustainability factor so as to ensure the long-term financial stability of the pension system, including by including by increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy.</p>		

Spain	CSRs 2011	CSRs 2012
(continued)	<p>5. Following consultation with social partners and in accordance with national practice, complete the adoption and proceed with the implementation of a comprehensive reform of the collective bargaining process and the wage indexation system to ensure that wage growth better reflects productivity developments as well as local- and firm-level conditions and to grant firms enough flexibility to internally adapt working conditions to changes in the economic environment.</p>	
	<p>6. Assess, by the end of 2011, the impacts of the labour market reforms of September 2010 and of the reform of active labour market policies of February 2011, accompanied, if necessary, by proposals for further reforms to reduce labour market segmentation, and to improve employment opportunities for young people; ensure a close monitoring of the effectiveness of the measures set out in the National Reform Programme to reduce early school leaving, including through prevention policies, and facilitate the transition to vocational education and training.</p>	<p>5. Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the national and regional public employment services, including sharing information about job vacancies.</p>
		<p>7. Improve the employability of vulnerable groups, combined with effective child and family support services in order to improve the situation of people at risk of poverty and/or social exclusion, and consequently to achieve the well-being of children.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>4. Finalise the evaluation of the 2012 labour market reform covering the full range of its objectives and measures by July 2013, and present amendments, if necessary, by September 2013. Adopt the 2013 national Employment Plan by July 2013 and enact swiftly a result-oriented reform of active labour market policies, including by strengthening the targeting and efficiency of guidance. Reinforce and modernize public employment services to ensure effective individualised assistance to the unemployed according to their profiles and training needs. Reinforce the effectiveness of re-skilling training programmes for older and low-skilled workers. Fully operationalize the Single Job Portal and speed up the implementation of public private cooperation in placement services to ensure its effective application already in 2013.</p>	<p>3. Pursue new measures to reduce labour market segmentation to favour sustainable, quality jobs, including through reducing the number of contract types and ensuring a balanced access to severance rights. Continue regular monitoring of the labour market reforms. Promote real wage developments consistent with the objective of creating jobs. Strengthen the job-search requirement in unemployment benefits. Enhance the effectiveness and targeting of active labour market policies, including hiring subsidies, particularly for those facing more difficulties in accessing employment. Reinforce the coordination between labour market and education and training policies. Accelerate the modernisation of public employment services to ensure effective personalised counselling, adequate training and job-matching, with special focus on the long-term unemployed. Ensure the effective application of public-private cooperation in placement services before the end of 2014, and monitor the quality of services provided. Ensure the effective functioning of the Single Job Portal and combine it with further measures to support labour mobility.</p>	<p>3. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.</p>
<p>5. Implement and monitor closely the effectiveness of the measures to fight youth unemployment set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a Youth Guarantee. Continue with efforts to increase the labour market relevance of education and training, to reduce early school leaving and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.</p>	<p>4. Implement the 2013-2016 Youth Entrepreneurship and Employment Strategy and evaluate its effectiveness. Provide good quality offers of employment opportunities, apprenticeships and traineeships for young people and improve the outreach to nonregistered unemployed young people, in line with the objectives of a youth guarantee. Effectively implement the new educational schemes to increase the quality of primary and secondary education. Enhance guidance and support for groups at risk of early school leaving. Increase the labour-market relevance of vocational education and training and of higher education, in particular by enhancing the cooperation with employers and supporting the training of trainers and tutors.</p>	<p>3. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.</p>
<p>6. Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to improve employability of people further away from the labour market and by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.</p>	<p>5. Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favouring low-income households with children, to ensure the progressivity and effectiveness of social transfers.</p>	<p>3. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.</p>

FI	Finland	CSRs 2011	CSRs 2012
		<p>3. Target active labour market measures better on the long-term unemployed and young people.</p> <p>4. Take measures to improve the employability of older workers and their participation in lifelong learning. Take further steps, in consultation with social partners and in accordance with national practices, to encourage older workers to stay in the labour market, by measures to reduce early exit and increase the effective retirement age. In view of the already existing system of linking pension benefits to life expectancy, consider a link between the statutory retirement age and life expectancy.</p>	<p>3. Implement the ongoing measures to improve the labour market position of young people and the long-term unemployed, with a particular focus on skills development. Take further steps to improve the employment rate of older workers, including by reducing early exit pathways. Take measures to increase the effective retirement age taking into account the improved life expectancy.</p> <p>5. In order to strengthen productivity growth and external competitiveness, continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to broaden the innovation base while continuing to align wage and productivity developments fully respecting the role of social partners and in line with national practices.</p>

CSRs 2013	CSRs 2014	CSRs 2015
	<p>2. Ensure effective implementation of the on-going administrative reforms concerning municipal structure and social and healthcare services, in order to increase the cost-effectiveness in the provision of public services.</p>	
<p>3. Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and the long-term unemployed, with a particular focus on the development of job-relevant skills.</p>	<p>3. Improve the use of the full labour force potential in the labour market, including by improving the employment rate and the employability of older workers, and increasing the effective retirement age, by reducing early exit pathways and aligning the retirement age or pension benefits to changes in life expectancy. Improve the labour-market prospects of young people and the long-term unemployed, with a particular focus on vocational education and targeted activation measures.</p>	<p>2. Adopt the agreed pension reform and gradually eliminate early exit pathways. Ensure effective design and implementation of the administrative reforms concerning municipal structure and social and healthcare services, with a view to increasing productivity and cost-effectiveness in the provision of public services, while ensuring their quality.</p> <p>3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. Promote wage developments in line with productivity, fully respecting the role of the social partners and in accordance with national practices.</p>
<p>5. (...) In the current low-growth environment, support the alignment of real wage and productivity developments whilst fully respecting the role of social partners and in line with national practices.</p>		<p>3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. Promote wage developments in line with productivity, fully respecting the role of the social partners and in accordance with national practices.</p>

FR	CSRs 2011	CSRs 2012
France	<p>1. Ensure the recommended average annual fiscal effort of more than 1 % of GDP over the period 2010-2013 and implement the correction of the excessive deficit by 2013, in line with the Council recommendations under the EDP, thus bringing the high public debt ratio on a downward path, and ensure adequate progress to the medium-term objective thereafter; specify the necessary corresponding measures for 2012 onwards, take additional measures if needed and use any windfall revenues to accelerate the deficit and debt reduction as planned; continue to review the sustainability of the pension system and take additional measures if needed.</p> <p>2. Undertake renewed efforts, in accordance with national practices of consultation with the social partners, to combat labour market segmentation by reviewing selected aspects of employment protection legislation while improving human capital and upward transitions; ensure that any development in the minimum wage is supportive of job creation.</p> <p>3. Encourage access to lifelong learning in order to help maintain older workers in employment and enhance measures to support return to employment. Step up active labour market policies and introduce measures to improve the organisation, decision-making, and procedures of the public employment service to strengthen services and individualised support provided to those at risk of long-term unemployment.</p>	<p>1. Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, notably on the expenditure side, for the year 2012 and beyond to ensure a correction of the excessive deficit by 2013 and the achievement of the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. Continue to review the sustainability and adequacy of the pension system and take additional measures if needed.</p> <p>2. Introduce further reforms to combat labour market segmentation by reviewing selected aspects of employment protection legislation, in consultation with the social partners in accordance with national practices, in particular related to dismissals; continue to ensure that any development in the minimum wage is supportive of job creation and competitiveness; take actions to increase adult participation in lifelong learning.</p> <p>3. Adopt labour market measures to ensure that older workers stay in employment longer; improve youth employability especially for those most at risk of unemployment, by providing for example more and better apprenticeship schemes which effectively address their needs; step up active labour market policies and ensure that public employment services are more effective in delivering individualised support.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>1. Reinforce and pursue the budgetary strategy in 2013. (...) Take measures by the end of 2013 to bring the pension system into balance in a sustainable manner no later than 2020, for example by adapting indexation rules, by increasing the full-pension contribution period, by further increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by reviewing special schemes, while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.</p> <p>2. Ensure that the reduction in the labour cost resulting from the 'credit d'impôt compétitivité et emploi' yields the planned amount and that no other measure will offset its effect. Take further action to lower the cost of labour, in particular through further measures to reduce employers' social-security contributions, in association with social partners. Ensure that developments in the minimum wage are supportive of competitiveness and job creation, taking into account the existence of wage support schemes and social contribution exemptions.</p> <p>6. Implement fully and without delay the January 2013 inter-professional agreement, in consultation with the social partners. Take further action to combat labour-market segmentation, in particular to address the situation of interim agency workers. Launch urgently a reform of the unemployment benefit system in association with the social partners to ensure sustainability of the system while ensuring that it provides adequate incentives to return to work. Enhance the employment rate of older workers and stimulate their participation in the labour market. Take specific action to improve the employment perspective of older unemployed people in particular through specific counseling and training. Increase adult participation in lifelong learning, especially of the least qualified and of the unemployed. Ensure that public employment services effectively deliver individualised support to the unemployed and that active labour market policies effectively target the most disadvantaged. Take further measures to improve the transition from school to work through, for example, a Youth Guarantee and promotion of apprenticeship.</p>	<p>1. Reinforce the budgetary strategy, including by further specifying the underlying measures, for the year 2014 and beyond to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. (...) In particular, take steps to reduce significantly the increase in social security spending as from 2015 as planned, by setting more ambitious annual healthcare spending targets, containing pension costs, and streamlining family benefits and housing allowances. (...) Beyond the need for short-term savings, take steps to tackle the increase in public expenditure on health projected over the medium and long term, including in the area of pharmaceutical spending, and take additional measures when and where needed to bring the pension system into balance by 2020 in a sustainable manner, with a special focus on existing special schemes.</p> <p>2. Ensure that the labour cost reduction resulting from the “crédit d'impôt compétitivité emploi” is sustained. Take action to further lower employer social security contributions in line with commitments under the responsibility and solidarity pact, making sure that no other measures offset its effect and that the targeting currently envisaged is maintained. Further evaluate the economic impact of social security contribution exemptions, putting the emphasis on employment, wage developments and competitiveness and take appropriate measures if necessary. Further reduce the cost of labour in a budget neutral way namely at the lower end of the wage scale notably through targeted reductions in employer social security contributions taking into account the various wage support schemes.</p> <p>3. Simplify companies' administrative, fiscal and accounting rules and take concrete measures to implement the government's ongoing “simplification plan” by December 2014. Eliminate regulatory impediments to companies' growth, in particular by reviewing size-related criteria in regulations to avoid thresholds effects. Take steps to simplify and improve the efficiency of innovation policy, notably through an evaluation and if necessary an adaptation of the “crédit d'impôt recherche”. Ensure that resources are focused on the most effective competitiveness poles and further promote the economic impact of innovation developed in the poles.</p> <p>6. Take further action to combat labour-market rigidity, in particular take measures to reform the conditions of the “accords de maintien de l'emploi” to increase their take up by companies facing difficulties. Take additional measures to reform the unemployment benefit system in association with social partners, in order to guarantee its sustainability while ensuring that it provides adequate incentives to return to work. Step up counselling and training for older workers and re-assess the relevant specific unemployment benefit arrangements.</p>	<p>2. Step up efforts to make the spending review effective, continue public policy evaluations and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures to bring the pension system into balance, in particular ensuring by March 2016 that the financial situation of complementary pension schemes is sustainable over the long term.</p> <p>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting process to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p> <p>4. By the end of 2015, reduce regulatory impediments to companies' growth, in particular by reviewing the size-related criteria in regulations to avoid threshold effects. Remove the restrictions on access to and the exercise of regulated professions, beyond the legal professions, in particular as regards the health professions as from 2015.</p> <p>6. Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the accords de maintien de l'emploi by the end of 2015 in order to increase their take-up by companies. Take action in consultation with the social partners and in accordance with national practices to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and provide more incentives to return to work.</p>

France	CSRs 2011	CSRs 2012
(continued)		
	<p>4. Increase the efficiency of the tax system, including for example through a move away from labour towards environmental and consumption taxes, and implementation of the planned reduction in the number and cost of tax and social security exemptions (including 'niches fiscales').</p>	<p>4. Take further steps to introduce a more simple and balanced taxation system, shifting the tax burden from labour to other forms of taxation that weigh less on growth and external competitiveness, in particular environmental and consumption taxes; continue efforts to reduce and streamline tax expenditures (in particular those providing incentives to indebtedness); review the effectiveness of the current reduced VAT rates in support of growth and job creation.</p>
GR	CSRs 2011	CSRs 2012
Greece	<p>Fully implement the measures laid down in the Decision 2010/320/EU, as amended by Decision 2011/257/EU, and as further specified in the Memorandum of Understanding of 3 May 2010 and its subsequent supplements, in particular the last supplement of 2 July 2011.</p>	<p>Implement the measures laid down in Decision 2011/734/EU, as amended on 8 November 2011 and 13 March 2012, and the Memorandum of Understanding on Specific Economic Policy Conditionality, which was signed on 14 March 2012.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>5. Pursue efforts to simplify the tax system and improve its efficiency, while ensuring continuity of tax rules over time. Take additional measures to remove the debt bias in corporate taxation. Step up efforts to reduce and streamline personal and corporate income tax expenditures while reducing statutory rates; bring reduced VAT rates closer to the standard rate and remove inefficient reduced rates. Take further measures shifting the tax burden from labour to environmental taxation or consumption.</p>	<p>7. Pursue the modernisation of vocational education and training, implement the reform of compulsory education and take further actions to reduce educational inequalities in particular by strengthening measures on early school leaving. Ensure that active labour market policies effectively support the most vulnerable groups. Improve the transition from school to work, notably by stepping up measures to further develop apprenticeship with a specific emphasis on the low-skilled.</p> <p>5. Reduce the tax burden on labour and step up efforts to simplify and increase the efficiency of the tax system. To this end, starting in the 2015 budget, take measures to: remove inefficient personal and corporate income tax expenditures on the basis of recent assessments and the “Assises de la fiscalité” initiative while reducing the statutory rates; take additional measures to remove the debt bias in corporate taxation; broaden the tax base, notably on consumption; phase out environmentally harmful subsidies.</p>	<p>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting process to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p>
CSRs 2013	CSRs 2014	CSRs 2015
<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Greece.</p>

HR		
Croatia	CSRs 2011	CSRs 2012
	N.A.	N.A.

CSRs 2013	CSRs 2014	CSRs 2015
N.A.	<p>2. Adopt legislation by March 2015 to accelerate the planned harmonisation of statutory retirement ages of women and men and to advance the planned increase of the statutory retirement age to 67 years. Reduce access to early retirement. Ensure enforcement of tighter disability pensions assessments and controls and accelerate the integration of pensions under special schemes into the general pension system. (...)</p>	<p>2. Discourage early retirement by raising penalties for early exits. Improve the adequacy and efficiency of pension spending by tightening the definition of arduous and hazardous professions. (...)</p>
	<p>3. Implement the second phase of the labour law reform, following consultation with the social partners, notably as regards conditions for dismissals and working time, and with a view to preventing further labour market segmentation including for young people, by March 2015. Review the wage-setting system with a view to better aligning productivity developments and wage conditions. Present the conclusions of this review by the end of 2014. Strengthen the effectiveness and reach of active labour market policies by reinforcing the administrative capacities of the public employment services, including at regional level, and by increasing the coverage of the young, long-term unemployed and older workers. Prioritise outreach to nonregistered youth and mobilise the private sector to offer more apprenticeships, in line with the objectives of a youth guarantee. Outline plans, by the end of 2014, to address undeclared work. Implement measures to improve the labour market relevance and quality of education outcomes by modernising the qualification systems, by putting in place quality assurance mechanisms and by improving school-to-work transitions, notably through strengthening vocational education and work-based learning.</p>	<p>3. Tackle the weaknesses in the wage-setting framework, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social protection system and further consolidate social benefits by improving targeting and eliminating overlaps.</p>
	<p>4. Review tax and benefits systems by the end of 2014, and present an action plan to improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the "one-stop shop". Improve the effectiveness and adequacy of social assistance benefits through their better targeting.</p>	

HU	CSRs 2011	CSRs 2012
Hungary	<p>3. Enhance participation in the labour market by alleviating the impact of the tax reform on low earners in a budget-neutral manner. Strengthen measures to encourage women's participation in the labour market by expanding childcare and pre-school facilities.</p>	<p>3. Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property. Strengthen measures to encourage women's participation in the labour market, particularly by expanding childcare and pre-school facilities.</p>
	<p>4. Take steps to strengthen the capacity of the Public Employment Service and other providers to increase the quality and effectiveness of training, job search assistance and individualised services. Reinforce active labour market measures delivering positive evidence-based results. In consultation with stakeholders, introduce tailor-made programmes, for the low-skilled and other particularly disadvantaged groups.</p>	<p>4. Strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services, with particular regard for disadvantaged groups. Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Social (Roma) Inclusion Strategy, and mainstream it with other policies.</p>
		<p>6. Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.</p>

CSRs 2013	CSRs 2014	CSRs 2015
3. (...) Continue making taxation of labour more employment-friendly by alleviating the tax burden on low-wage earners , inter alia by refining the eligibility criteria for the Job Protection Act, and by shifting taxation away to environmental taxes. (...)	3. Ensure a stable, more balanced and streamlined corporate tax system, including by phasing out distortive sector-specific taxes. Reduce the tax wedge for low-income earners , inter alia by improving the efficiency of environmental taxes. Step up measures to improve tax compliance – in particular to reduce VAT fraud – and reduce its overall costs.	3. Reduce distortive sector-specific <u>corporate</u> taxes; remove the unjustified entry barriers in the service sector, including in the retail sector; reduce the tax wedge for low-income earners, including by shifting taxation to areas less distortive to growth ; continue to fight tax evasion, reduce compliance costs and improve the efficiency of tax collection. (...)
4. Address youth unemployment , for example through a Youth Guarantee . Strengthen active labour market policy measures and enhance the client profiling system of the Public Employment Service. Reduce the dominance of the public works scheme within employment measures and strengthen its activation elements. Reinforce training programmes to boost participation in lifelong learning. Continue to expand child-care facilities to encourage women's participation. Ensure that the objective of the National Social Inclusion Strategy is mainstreamed in all policy fields in order to reduce poverty, particularly among children and Roma.	4. Strengthen well-targeted active labour market policy measures, inter alia by accelerating the introduction of the client profiling system of the Public Employment Service. Put in place the planned youth mentoring network and coordinate it with education institutions and local stakeholders to increase outreach. Review the public works scheme to evaluate its effectiveness in helping people find subsequent employment and further strengthen its activation elements. Consider increasing the period of eligibility for unemployment benefits , taking into account the average time required to find new employment and link to activation measures. Improve the adequacy and coverage of social assistance while strengthening the link to activation. (...)	4. Reorient the budget resources allocated to the public work scheme to active labour market measures to foster integration into the primary labour market ; and improve the adequacy and coverage of social assistance and unemployment benefits .
6. Implement a national strategy on early school-leaving and ensure that the education system provides all young people with labour-market-relevant skills, competences and qualifications. Improve access to inclusive mainstream education, in particular for Roma. Support the transition between different stages of education and towards the labour market. (...)	6. Implement a national strategy on early school leaving prevention with a focus on drop-outs from vocational education and training. (...) Support the transition between different stages of education and towards the labour market , and closely monitor the implementation of the vocational training reform . (...)	5. Increase the participation of disadvantaged groups in particular Roma in inclusive mainstream education, and improve the support offered to these groups through targeted teacher training; strengthen measures to facilitate the transition between different stages of education and to the labour market , and improve the teaching of essential competences.

IE	CSRs 2011	CSRs 2012
Ireland	Implement the measures laid down in Implementing Decision 2011/77/EU, as amended by Implementing Decision 2011/326/EU, and further specified in the Memorandum of Understanding of 16 December 2010 and its update of 18 May 2011.	Implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the Memorandum of Understanding of 16 December 2010 and its subsequent supplements.

CSRs 2013	CSRs 2014	CSRs 2015
To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Ireland.	1. Fully implement the 2014 budget and ensure the correction of the excessive deficit in a sustainable manner by 2015 through underpinning the budgetary strategy with additional structural measures while achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. (...)To support fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Enhance the growth and environmental friendliness of the tax system.	1. (...) Broaden the tax base and review tax expenditures, including on value-added taxes.
	3. Pursue further improvements in active labour market policies, with a particular focus on the long-term unemployed, the low-skilled and, in line with the objectives of a youth guarantee , young people. Advance the on-going reform of the further education and training (FET) system, employment support schemes and apprenticeship programmes. Offer more workplace training ; improve and ensure the relevance of FET courses and apprenticeships with respect to labour market needs. Increase the level and quality of support services provided by the Intreo labour offices. Put in place a seamless FET referrals system between Intreo offices and Education and Training Boards.	3. Take steps to increase the work-intensity of households and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through better access to affordable full-time childcare .

IT	CSRs 2011	CSRs 2012
Italy	<p>2. Reinforce measures to combat segmentation in the labour market, also by reviewing selected aspects of employment protection legislation including the dismissal rules and procedures and reviewing the currently fragmented unemployment benefit system taking into account the budgetary constraints. Step up efforts to fight undeclared work. In addition, take steps to promote greater participation of women in the labour market, by increasing the availability of care facilities throughout the country and providing financial incentives to second earners to take up work in a budgetary neutral way.</p> <p>3. Take further steps, based on the 2009 agreement reforming the collective bargaining framework and in consultation with the social partners in accordance with national practices, to ensure that wage growth better reflects productivity developments as well as local and firm conditions, including clauses that could allow firm level bargaining to proceed in this direction.</p>	<p>4. Adopt the labour market reform as a priority to tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivize labour market participation of women, in particular through the provision of childcare and elderly care. Monitor and if needed reinforce the implementation of the new wage setting framework in order to contribute to the alignment of wage growth and productivity at sector and company level.</p> <p>3. Take further action to address youth unemployment, including by improving the labour market relevance of education and facilitating transition to work, also through incentives for business start-ups and for hiring employees. Enforce nation-wide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary education dropout rates and fight early school leaving.</p>
		<p>5. Pursue the fight against tax evasion. Pursue the shadow economy and undeclared work, for instance by stepping up checks and controls. Take measures to reduce the scope of tax exemptions, allowances and reduced VAT rates and simplify the tax code. Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>4. Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity. Take further action to foster labour market participation, especially of women and young people, for example through a Youth Guarantee. Strengthen vocational education and training, ensure more efficient public employment services and improve career and counseling services for tertiary students. Reduce financial disincentives for second earners to work and improve the provision of care, especially child and long-term care, and out-of-school services. Step up efforts to prevent early school leaving. Improve school quality and outcomes, also by enhancing teachers' professional development and diversifying career development. Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children.</p>	<p>5. Evaluate, by the end of 2014, the impact of the labour market and wage-setting reforms on job creation, dismissals' procedures, labour market duality and cost competitiveness, and assess the need for additional action. Work towards a comprehensive social protection for the unemployed, while limiting the use of wage supplementation schemes to facilitate labour re-allocation. Strengthen the link between active and passive labour market policies, starting with a detailed roadmap for action by September 2014, and reinforce the coordination and performance of public employment services across the country. Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners by March 2015 and providing adequate care services. Provide adequate services across the country to non-registered young people and ensure stronger private sector's commitment to offering quality apprenticeships and traineeships by the end of 2014, in line with the objectives of a youth guarantee. To address exposure to poverty and social exclusion, scale-up the pilot social assistance scheme, in a fiscally neutral way, guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favouring low-income households with children.</p> <p>6. Implement the National System for Evaluation of Schools to improve school outcomes in turn and reduce rates of early school leaving. Increase the use of work-based learning in upper secondary vocational education and training and strengthen vocationally-oriented tertiary education. Create a national register of qualifications to ensure wide recognition of skills. Ensure that public funding better rewards the quality of higher education and research.</p>	<p>5. Adopt the legislative decrees on the design and use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Establish, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand vocationally-oriented tertiary education.</p>
<p>5. Shift the tax burden from labour and capital to consumption, property and the environment in a budgetary neutral manner. To this purpose, review the scope of VAT exemptions and reduced rates and of direct tax expenditures, and reform the cadastral system to align the tax base of recurrent immovable property to market values. Pursue the fight against tax evasion, improve tax compliance and take decisive steps against the shadow economy and undeclared work.</p>	<p>2. Further shift the tax burden from productive factors to consumption, property and the environment, in compliance with the budgetary targets. To this end, evaluate the effectiveness of the recent reduction in the labour tax wedge and ensure its financing for 2015, review the scope of direct tax expenditures and broaden the tax base, notably on consumption. (...) Further improve tax compliance by enhancing the predictability of the tax system, simplifying procedures, improving tax debt recovery and modernising tax administration. Pursue the fight against tax evasion and take additional steps against the shadow economy and undeclared work.</p>	<p>1. Achieve a fiscal adjustment of at least 0.25% of GDP towards the medium-term objective in 2015 and of 0.1% of GDP in 2016 by taking the necessary structural measures in both 2015 and 2016, taking into account the allowed deviation for the implementation of major structural reforms. (...) Implement the enabling law for tax reform by September 2015, in particular the revision of tax expenditures and cadastral values and the measures to enhance tax compliance.</p>

LT	CSRs 2011	CSRs 2012
Lithuania	<p>2. Adopt the proposed implementing legislation on Pension System Reform. In order to enhance participation in the labour market, remove fiscal disincentives to work, especially for people at pensionable age.</p>	<p>2. Adopt legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, establish clear rules for the indexation of pensions, and improve complementary savings schemes. Underpin pension reform with active ageing measures.</p>
	<p>3. Enhance labour market flexibility by amending the labour legislation to make it more flexible and to allow better use of fixed-term contracts. Amend the relevant legislation to ensure that the social assistance system does not contain disincentives to work.</p>	<p>3. Tackle high unemployment, in particular among youth, low-skilled and long-term unemployed, by focusing resources on active labour market policies while improving their efficiency. Enhance the effectiveness of apprenticeship schemes. Amend the labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements.</p>
		<p>4. Increase work incentives and strengthen the links between the social assistance reform and activation measures, in particular for the most vulnerable, to reduce poverty and social exclusion.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Adopt and implement legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes while ensuring implementation of ongoing reforms. Underpin pension reform with measures that promote the employability of older workers.</p>	<p>2. Adopt and implement legislation on a comprehensive pension system reform. In particular, align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes. Underpin pension reform with measures that promote the employability of older workers.</p>	<p>1. Avoid deviating from the medium-term objective in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the systemic pension reform. Broaden the tax base and improve tax compliance.</p> <p>3. Adopt a comprehensive reform of the pension system that also addresses the challenge of pension adequacy. Improve the coverage and adequacy of unemployment benefits and cash social assistance and improve the employability of those looking for work.</p>
<p>3. Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labour market policies while improving their coverage and efficiency. Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeship schemes, and address persistent skill mismatches. Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.</p> <p>4. Implement concrete targeted measures to reduce poverty and social exclusion. Strengthen the links between the cash social assistance reform and activation measures.</p>	<p>3. Better target active labour market policy measures to the low-skilled and long-term unemployed. Improve coverage and adequacy of unemployment benefits and link them to activation. Address persistent skills mismatches by improving the labour-market relevance of education inter alia based on skills forecast systems and promote life-long learning. In order to increase the employability of young people, prioritise offering quality apprenticeships, other forms of work-based learning, and strengthen partnership with the private sector. Review the appropriateness of labour legislation, in particular with regard to the framework for labour contracts and for working-time arrangements, in consultation with social partners.</p> <p>4. Ensure adequate coverage of those most in need and continue to strengthen the links between cash social assistance and activation measures.</p>	<p>2. Address the challenge of a shrinking working-age population by improving the labour-market relevance of education, increasing attainment in basic skills, and improving the performance of the healthcare system; reduce the high tax wedge for low income earners by shifting the tax burden to other sources less detrimental to growth.</p> <p>3. Adopt a comprehensive reform of the pension system that also addresses the challenge of pension adequacy. Improve the coverage and adequacy of unemployment benefits and cash social assistance and improve the employability of those looking for work.</p>

LU	CSRs 2011	CSRs 2012
Luxembourg	<p>2. Propose and implement a broad pension reform to ensure the long-term sustainability of the pension system, starting with measures that will increase the participation rate of older workers, in particular by discouraging early retirement. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy, could be considered.</p>	<p>2. Strengthen the proposed pension reform by taking additional measures to increase the participation rate of older workers, in particular by preventing early retirement, and by taking further steps to increase the effective retirement age, including through linking the statutory retirement age to life expectancy, in order to ensure the long-term sustainability of the pension system.</p>
	<p>3. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation, to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>3. Take further steps to reform, in consultation with the social partners and in accordance with national practice, the wage bargaining and wage indexation system, with a view to preserve the competitiveness of the Luxembourg economy in the longer term, as a first step by maintaining the current one-year indexation interval beyond 2014 and by reducing the impact of energy and other volatile items on the reference index.</p>
	<p>4. Take steps to reduce youth unemployment by reinforcing training and education measures aimed at better matching young people's qualifications to labour demand.</p>	<p>4. Continue efforts to reduce youth unemployment by reinforcing stakeholders' involvement, and by strengthening training and education measures, in particular for those with low education levels, with the aim of better matching young people's skills and qualifications to labour demand.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>3. Curb age-related expenditure by making long-term care more cost effective, in particular through a stronger focus on prevention, rehabilitation and independent living, strengthening the recently adopted pension reform, taking additional measures to curb early retirement and increasing the effective retirement age, by aligning retirement age or pension benefits to change in life expectancy.</p>	<p>2. In view of ensuring fiscal sustainability, curb age-related expenditure by making long-term care more cost-effective, pursue the pension reform so as to increase the effective retirement age, including by limiting early retirement, by aligning retirement age or pension benefits to change in life expectancy. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.</p>	<p>1. Broaden the tax base, in particular on consumption, recurrent property taxation and environmental taxation.</p> <p>2. Close the gap between the statutory and effective retirement age, by limiting early retirement and by linking statutory retirement age to life expectancy.</p>
<p>4. Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage setting system, including wage indexation, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness.(...)</p>	<p>3. Speed up the adoption of structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage indexation system with a view to improving the responsiveness of wages to productivity developments, notably at sectoral level. Pursue the diversification of the structure of the economy, including by fostering private investment in research and further developing cooperation between public research and firms.</p>	<p>3. Reform the wage-setting system, in consultation with the social partners and in accordance with national practices, with a view to ensuring that wages evolve in line with productivity, in particular at sectoral level.</p>
<p>5. Step up efforts to reduce youth unemployment by improving the design and monitoring of active labour market policies. Strengthen general and vocational education to better match young people's skills with labour demand, in particular for people with migrant background. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.</p>	<p>4. Pursue efforts to reduce youth unemployment for low-skilled jobs seekers, including those with a migrant background, through a coherent strategy, including by further improving the design and monitoring of active labour market policies, addressing skills mismatches, and reducing financial disincentives to work. To that effect, accelerate the implementation of the reform of general and vocational education and training to better match young people's skills with labour demand.</p>	

LV	CSRs 2011	CSRs 2012
Latvia	<p>Implement the measures laid down in Decision 2009/290/EC, as amended by Decision 2009/592/EC, and further specified in the Memorandum of Understanding of 20 January 2009 and its subsequent supplements, in particular the last supplement of 7 June 2011.</p>	<p>2. Implement measures to shift taxation away from labour to consumption, property, and use of natural and other resources while improving the structural balance; ensure adoption of the Fiscal Discipline Law and develop a medium term budgetary framework law to support the long-term sustainability of public finances; restore contributions to the mandatory funded private pension scheme at 6 % of gross wages from 2013.</p>
		<p>3. Take measures to reduce long-term and youth unemployment by fighting early school leaving, promoting more efficient vocational education and training and its apprenticeship component, enhancing the quality, coverage and effectiveness of active labour market policy and its training component and through an effective wage subsidy scheme.</p>
		<p>4. Tackle high rates of poverty and social exclusion by reforming the social assistance system to make it more efficient, while better protecting the poor. Ensure better targeting and increase incentives to work.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>1. Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform. Within this strategy, reduce taxation of low-income earners by shifting taxation to areas such as excise duties, recurrent property taxes and/or environmental taxes. Maintain efforts to improve tax compliance and combat the shadow economy. Continue strengthening the fiscal framework through effective implementation of the Fiscal Discipline Law and multi-annual budgeting.</p>	<p>1. Preserve a sound fiscal position in 2014 and strengthen the budgetary strategy as of 2015, ensuring that the deviation from the medium-term objective remains limited to the impact of the systemic pension reform. Pursue efforts to further reduce the tax burden on low-income earners in the context of a shift towards more growth-friendly property and environmental taxes and by improving tax compliance and collection.</p>	<p>1. Ensure that the deviation from the medium-term objective in 2015 and 2016 is limited to the allowance linked to the systemic pension reform.</p>
<p>3. Tackle long-term and youth unemployment by increasing coverage and effectiveness of active labour market policies and targeted social services. Improve the employability of young people, for example through a Youth Guarantee, establish comprehensive career guidance, implement reforms in the field of vocational education and training, and improve the quality and accessibility of apprenticeships.</p>	<p>2. Step up implementation of the higher education reform, in particular through the establishment of an independent accreditation agency and a financing model that rewards quality. Provide career guidance at all education levels, improve the quality of vocational education and training, including by strengthening apprenticeship, and make progress in employability of young people including by putting in place outreach measures for non-registered youth not in employment education or training. Take steps for a more integrated and comprehensive research system also by concentrating financing towards internationally competitive research institutions.</p>	<p>2. Improve vocational education and training, speed up the curricula reform and increase the offer for work-based learning. (...)</p>
<p>4. Tackle high rates of poverty by reforming social assistance for better coverage, by improving benefit adequacy and strengthening activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty.</p>	<p>3. Reform social assistance and its financing further to ensure better coverage, adequacy of benefits, strengthened activation and targeted social services. Increase coverage of active labour market policies. (...) Improve the cost-effectiveness, quality and accessibility of the health care system.</p>	<p>3. Take concrete steps to reform social assistance, ensuring adequacy of benefits, and take measures to increase employability. Reduce the high tax wedge for low-income earners by shifting tax burden to other sources less detrimental to growth. (...)</p>

MT	CSRs 2011	CSRs 2012
Malta	<p>2. Take action to ensure the sustainability of the pension system such as by accelerating the progressive increase in the retirement age and by linking it to life expectancy. Accompany the higher statutory retirement age with a comprehensive active ageing strategy, discourage the use of early retirement schemes and encourage private pension savings.</p>	<p>2. Take action, without further delay, to ensure the long-term sustainability of the pension system, comprising an increase in the effective retirement age, including through a significant acceleration of the progressive increase in the statutory retirement age compared to current legislation and through a clear link between the statutory retirement age and life expectancy, and measures to encourage private pension savings. Take measures to increase the participation of older workers in the labour force and discourage the use of early retirement schemes.</p>
	<p>3. Focus education outcomes more on labour market needs, notably by making additional efforts to improve access to higher education and by strengthening the effectiveness of the vocational training system. Take further measures to reduce early school-leaving by identifying, analysing and measuring its causes by 2012 and by setting up a regular monitoring and reporting mechanism on the success rate of the measures.</p>	<p>3. Take steps to reduce the high rate of early school leaving. Pursue policy efforts in the education system to match the skills required by the labour market. Enhance the provision and affordability of more childcare and out-of-school centres, with the aim of reducing the gender employment gap.</p>
	<p>4. Review and take the necessary steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>4. Take the necessary further steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation, so as to better reflect developments in labour productivity and reduce the impact of prices of imports on the index.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. To ensure the long-term sustainability of public finances, continue to reform the pension system to curb the projected increase in expenditure, including by measures such as accelerating the increase in the statutory retirement age, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by encouraging private pension savings. Take measures to increase the employment rate of older workers by finalizing and implementing a comprehensive active ageing strategy. (...)</p>	<p>2. To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy.(...)</p>	<p>3. To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy.</p>
<p>3. Continue to pursue policy efforts to reduce early school leaving, notably by setting up a comprehensive monitoring system, and increase the labour-market relevance of education and training to address skills gaps, including through the announced reform of the apprenticeship system. Continue supporting the improving labour market participation of women by promoting flexible working arrangements, in particular by enhancing the provision and affordability of child-care and out-of-school centers.</p>	<p>3. Continue policy efforts to address the labour-market relevance of education and training and improve basic skills attainment by stepping up efforts on the overdue reform of the apprenticeship system. Further reduce early school leaving, notably by finalising and implementing the announced national literacy strategy. Further improve the labour-market participation of women, notably those wishing to re-enter the labour market by promoting flexible working arrangements.</p>	<p>2. Take measures to improve basic skills and further reduce early school-leaving by promoting the continuous professional development of teachers.</p>

NL		
Netherlands	CSRs 2011	CSRs 2012
	<p>2. Take measures to increase the statutory retirement age by linking it to life expectancy, and underpin these measures with others to raise the effective retirement age and to improve the long-term sustainability of public finances. Prepare a blueprint for reforming long-term care in view of an ageing population.</p>	<p>2. Take measures to increase the statutory retirement age, including linking it to life expectancy, and underpin these with labour market measures to support raising the effective retirement age, whilst improving the long-term sustainability of public finances. Adjust the second pension pillar to mirror the increase in the statutory retirement age, while ensuring an appropriate intra- and inter-generational division of costs and risks. Implement the planned reform in long-term care and complement it with further measures to contain the increase in costs, in view of an ageing population.</p>
	<p>3. Enhance participation in the labour market by reducing fiscal disincentives for second-income earners to work and draw up measures to support the most vulnerable groups and help them to re-integrate within the labour market.</p>	<p>3. Enhance participation in the labour market, particularly of older people, women, and people with disabilities and migrants, including by further reducing tax disincentives for second-income earners, fostering labour market transitions, and addressing rigidities.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. (...)</p>	<p>3. Implement reforms of the second pillar of the pension system, ensuring an appropriate intra- and inter-generational distribution of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to improve the employability of older workers. Implement the envisaged reform in the area of long-term care with a view to ensure sustainability, while ensuring fair access and the quality of services and monitor its effects.</p>	<p>3. Reduce the level of contributions to the second pillar of the pension system for those in the early years of working life.</p>
<p>4. Take further measures to enhance participation in the labour market, particularly of people at the margin of the labour market. Continue to reduce tax disincentives on labour, including by phasing-out of transferable tax credits for second income earners. Foster labour market transitions and address labour market rigidities, including by reforming employment protection legislation and the unemployment benefit system.</p>	<p>4. Take further measures to enhance labour market participation particularly among people at the margin of the labour market and to reduce tax disincentives on labour. Implement reforms of employment protection legislation and the unemployment benefit system, and further address labour market rigidities. In consultation with the social partners and in accordance with national practice, allow for more differentiated wage increases by making full use of the existing institutional framework.</p>	

PL	CSRs 2011	CSRs 2012
Poland	<p>3. Raise as planned the statutory retirement age for uniformed services, continue steps to increase the effective retirement age, such as linking it to life expectancy. Establish a timetable to further improve the rules for farmers' contributions to the social security fund (KRUS) to better reflect individual incomes.</p> <p>5. Increase female labour market participation by taking measures to ensure stable funding for pre-school child-care arrangements, to increase enrolment rates of children under three years.</p>	<p>4. Reinforce efforts to increase the labour market participation of women and raise enrolment rates of children in both early childcare and pre-school education, by ensuring stable funding and investment in public infrastructure, the provision of qualified staff, and affordable access. Tackle entrenched practices of early retirement to increase exit ages from the labour market. Phase out the special pension scheme for miners with a view to integrating them into the general scheme. Take more ambitious, permanent steps to reform the KRUS to better reflect individual incomes.</p>
	<p>4. Implement the proposed lifelong learning strategy, enhance apprenticeships and dedicated vocational training and education programmes for older workers and low-skilled workers. Strengthen links between science and industry by implementing the 'We build on Knowledge' programme ('Budujemy na Wiedzy'). Implement the higher education reform programme 'Partnership for Knowledge' ('Partnerstwo dla Wiedzy') so as to better align educational provision with labour market needs.</p>	<p>3. To reduce youth unemployment, increase the availability of apprenticeships and work-based learning, improve the quality of vocational training and adopt the proposed lifelong learning strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching. To combat labour market segmentation and in-work poverty, limit excessive use of civil law contracts and extend the probationary period to permanent contracts.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>4. Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff. With a view to improving sectoral labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.</p>	<p>3. Continue efforts to increase female labour market participation, in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education and ensuring stable funding. Include farmers in the general pension system, starting by speeding up the creation of the system for assessment and recording of farmers' incomes. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform by stepping up efforts to promote the employability of older workers to raise exit ages from the labour market.</p>	<p>2. Start the process of aligning the pension arrangements for farmers and miners with those for other workers, and adopt a timetable for progressive full alignment; put in place a system for assessing and recording farmers' incomes.</p>
<p>3. Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed life-long learning strategy. Combat in-work poverty and labour market segmentation including through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.</p>	<p>2. Strengthen efforts to reduce youth unemployment, notably by further improving the relevance of education to labour market needs, increasing the availability of apprenticeships and work-based learning places and by strengthening outreach to unregistered youth and the cooperation between schools and employers, in line with the objectives of a youth guarantee. Increase adult's participation in lifelong learning in order to adjust skills supply to skills demand. Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.</p>	<p>3. Take measures to reduce the excessive use of temporary and civil law contracts in the labour market.</p>

PT	CSRs 2011	CSRs 2012
Portugal	Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.	Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.

CSRs 2013	CSRs 2014	CSRs 2015
<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Portugal.</p>	<p>1. Fully implement the budgetary strategy for 2014 so as to achieve the fiscal targets and prevent the accumulation of new arrears. For the year 2015, rigorously implement the budgetary strategy as laid out in the Fiscal Strategy Document 2014, in order to bring the deficit to 2.5% of GDP, in line with the target set in the Excessive Deficit Procedure recommendation, while achieving the required structural adjustment. (...) Effectively implement single wage and supplements' scales in the public sector from 2015 onwards.</p> <hr/> <p>2. Maintain minimum wage developments consistent with the objectives of promoting employment and competitiveness. Ensure a wage setting system that promotes the alignment of wages and productivity at sectoral and/or firm level. Explore, in consultation with the social partners and in accordance with national practice, the possibility of mutually agreed firm-level temporary suspension of collective agreements. By September 2014, present proposals on mutually agreed firm-level temporary suspension of collective agreements and on a revision of the survival of collective agreements.</p> <hr/> <p>3. Present, by March 2015, an independent evaluation of the recent reforms in the employment protection system, together with an action plan for possible further reforms to tackle labour market segmentation. Pursue the ongoing reform of active labour market policies and Public Employment Services aimed at increasing employment and labour participation rates, specifically by improving job counselling/job search assistance and activation/sanction systems with a view to reducing long-term unemployment and integrating those furthest away from the labour market. Address the high youth unemployment, in particular by effective skills anticipation and outreach to non-registered young people, in line with the objectives of a youth guarantee. Ensure adequate coverage of social assistance, including the minimum income scheme, while ensuring effective activation of benefit recipients.</p> <hr/> <p>4. Improve the quality and labour-market relevance of the education system in order to reduce early school leaving and address low educational performance rates. Ensure efficient public expenditure in education and reduce skills mismatches, including by increasing the quality and attractiveness of vocational education and training and fostering co-operation with the business sector. Enhance cooperation between public research and business and foster knowledge transfer.</p>	<p>1. (...) Improve the medium-term sustainability of the pension system.(...)</p> <hr/> <p>2. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness.</p> <hr/> <p>3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of social assistance, in particular the minimum income scheme.</p>

RO	CSRs 2011	CSRs 2012
Romania	Implement the measures laid down in Decision 2009/459/EC as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.	Implement the measures laid down in Decision 2009/459/EC, as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. (...) Improve tax collection by implementing a comprehensive tax compliance strategy and fight undeclared work. In parallel, explore ways to increase reliance on environmental taxes. Continue the pension reform started in 2010 by equalising the pensionable age for men and women and by promoting the employability of older workers.</p>	<p>2. Implement the budgetary strategy for 2014, significantly strengthen the budgetary effort to ensure reaching the medium-term objective in 2015 in line with commitments under the Balance of Payments programme and as reflected in the 2014 convergence programme, in particular by specifying the underlying measures, and remain at the medium-term objective thereafter. Improve tax collection by continuing to implement a comprehensive tax compliance strategy, stepping up efforts to reduce VAT fraud. Fight undeclared work. Reduce tax burden for low- and middle-income earners in a budget-neutral way. Finalise the pension reform started in 2010 by equalising the pensionable age for men and women.</p>	<p>2. (...) Implement the comprehensive tax compliance strategy, strengthen verification control systems in order to tackle undeclared work, and push ahead with the equalisation of the pensionable age for men and women.</p>
<p>4. Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services. To fight youth unemployment, implement rapidly the National Plan for Youth Employment, including for example through a Youth Guarantee. To alleviate poverty, improve the effectiveness and efficiency of social transfers with a particular focus on children. Complete the social assistance reform by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy.</p>	<p>4. Strengthen active labour-market measures and the capacity of the National Employment Agency. Pay particular attention to the activation of unregistered young people. Strengthen measures to promote the employability of older workers. Establish, in consultation with social partners, clear guidelines for transparent minimum wage setting, taking into account economic and labour market conditions.</p>	<p>3. Strengthen the provision of labour market measures, in particular for unregistered young people and the long-term unemployed. Ensure that the national employment agency is adequately staffed. Establish, in consultation with the social partners and in accordance with national practices, clear guidelines for setting the minimum wage transparently. Introduce the minimum insertion income. Increase the provision and quality of early childhood education and care, in particular for Roma. Adopt the national strategy to reduce early school leaving. (...)</p>
<p>5. Speed up the education reform including the building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training. Further align tertiary education with the needs of the labour market and improve access for disadvantaged people. Implement a national strategy on early school leaving focusing on better access to quality early childhood education, including for Roma children. Speed up the transition from institutional to alternative care for children deprived of parental care.</p>	<p>5. Increase the quality and access to vocational education and training, apprenticeships, tertiary education and of lifelong learning and adapt them to labour market needs. Ensure better access to early childhood education and care.</p> <p>6. In order to alleviate poverty, increase the efficiency and effectiveness of social transfers, particularly for children, and continue reform of social assistance, strengthening its links with activation measures. Step up efforts to implement the envisaged measures to favour the integration of Roma in the labour market, increase school attendance and reduce early school leaving, through a partnership approach and a robust monitoring mechanism.</p>	<p>3. Strengthen the provision of labour market measures, in particular for unregistered young people and the long-term unemployed. Ensure that the national employment agency is adequately staffed. Establish, in consultation with the social partners and in accordance with national practices, clear guidelines for setting the minimum wage transparently. Introduce the minimum insertion income. Increase the provision and quality of early childhood education and care, in particular for Roma. Adopt the national strategy to reduce early school leaving. (...)</p>

SE	CSRs 2011	CSRs 2012
Sweden	<p>3. Monitor and improve the labour market participation of young people and other vulnerable groups.</p>	<p>3. Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>4. Reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. Step up efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education. Complete the Youth Guarantee to better cover young people not in education or training. Complete and draw conclusions from the review of the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.</p>	<p>4. Take appropriate measures to improve basic skills and facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships. Reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background. Increase early intervention and outreach to young people unregistered with the public services.</p>	

SI	CSRs 2011	CSRs 2012
Slovenia	<p>2. Take the required steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions. Increase the employment rate of older workers through later retirement, and by further developing active labour market policies and lifelong learning measures.</p>	<p>2. Take urgent steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions, by: (i) equalising the statutory retirement age for men and women; (ii) ensuring an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy; (iii) reducing early retirement possibilities; and (iv) reviewing the indexation system for pensions. Increase the employment rate of older workers also by further developing active labour market policies and lifelong learning measures.</p>
	<p>4. Take steps, in consultation with the social partners and in accordance with national practices, to reduce asymmetries in rights and obligations guaranteed under permanent and temporary contracts. Renew efforts to tackle the parallel labour market resulting from 'student work'.</p> <p>5. Set up a system to forecast skills and competencies needed to achieve a responsive labour market. Evaluate the effectiveness of the public employment service, notably on career guidance and counselling services, to improve the matching of skills with labour market needs.</p>	<p>4. Adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation, in consultation with social partners and in accordance with national practices. Further tackle the parallel labour market caused by student work.</p> <p>5. Improve the matching of skills with labour market demand, particularly of low-skilled workers and tertiary graduates, and continue reforms of vocational education and training.</p> <p>7. Following consultation with social partners and in accordance with national practice, ensure that wage growth, including minimum wage adaptation, supports competitiveness and job creation.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>2. Strengthen the long-term sustainability of the pension system beyond 2020 by further adjusting all relevant parameters, including through linking the statutory retirement age to gains in life expectancy, while preserving the adequacy of pensions. (...)</p>	<p>2. Based on the public consultation, agree measures to ensure the sustainability of the pension system and adequacy of pensions beyond 2020, encompassing adjustments of key parameters, such as linking the statutory retirement age to gains in life expectancy and encouraging private contributions to the second pillar of the pension system. Contain age-related expenditure on long-term care by targeting benefits to those most in need and refocusing care provision from institutional to home care.</p>	<p>1. Ensure a durable correction of the excessive deficit in 2015, and achieve a fiscal adjustment of 0.6% of GDP towards the medium-term objective in 2016. Adopt the Fiscal Rule Act and revise the Public Finance Act. Advance long-term reform of the pension system. By end of 2015 adopt a healthcare and long-term care reform.</p>
<p>3. Ensure that wage developments, including the minimum wage, support competitiveness and job creation. Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, including through the regulation for student work. Take further measures to increase employment of young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness. Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.</p>	<p>3. Following consultation with social partners and in accordance with national practices, develop a comprehensive Social Agreement by the end of 2014 ensuring that wage developments, including the minimum wage, support competitiveness, domestic demand and job creation. Redefine the composition of the minimum wage and review its indexation system. Take measures for further decreasing segmentation, notably addressing the efficiency of incentives for hiring young and older workers and the use of civil law contracts. Adopt the Act on Student Work. Prioritise outreach to non-registered young people ensuring adequate public employment services capacities. To increase employment of low-skilled and older workers, adapt the working environment to longer working life and focus resources on tailor made active labour market policy measures, while improving their effectiveness. Address skills mismatches by improving the attractiveness of vocational education and training and by further developing cooperation with the relevant stakeholders in assessing labour market needs.</p>	<p>2. Review, in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum wage, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness. Increase the employability of low skilled and older workers. Take measures to address long-term unemployment and provide adequate incentives to extend working lives.</p>

SK	CSRs 2011	CSRs 2012
Slovakia		<p>2. Increase tax compliance, in particular by improving the efficiency of VAT collection; reduce distortions in taxation of labour across different employment types, also by limiting tax deductions; link real estate taxation to the market value of property; make greater use of environmental taxation.</p>
	<p>3. Enhance the long-term sustainability of public finances by further adjusting the pay-as-you-go pillar of the pension system also by changing the indexation mechanism and implement further measures with a view to raising the effective retirement age, in particular by linking the pensionable age to life expectancy. Introduce incentives to ensure the viability of the fully-funded pension pillar so as to progress towards fiscal sustainability while assuring adequate pensions.</p>	<p>3. Further adjust the pay-as-you-go pension pillar, mainly by changing the indexation mechanism, introducing a direct link between the statutory retirement age and life expectancy and introducing a sustainability factor in the pension calculation formula reflecting demographic change. Ensure the stability and viability also of the fully funded pillar.</p>
	<p>4. Take steps to increase employment and to support labour demand for the low-skilled unemployed by reducing the tax wedge for low-paid workers. In addition, introduce measures to improve the administrative capacity of public employment services with a view to improving targeting, design and evaluation of active labour market policies, especially for the young and long-term unemployed.</p>	<p>4. Enhance the administrative capacity of public employment services with a view to improving the targeting, design and evaluation of active labour market policies to ensure more individualised employment services for the young, the long-term unemployed, older workers and women. Ensure the provision of childcare facilities. Reduce the tax wedge for low-paid workers and adapt the benefit system.</p>
	<p>5. Speed up the implementation of planned general education, vocational education and training reforms and take steps to improve the quality of higher education and its relevance to market needs. Develop a framework of incentives for both individuals and employers to encourage participation of the low-skilled in lifelong learning.</p>	<p>5. Adopt and implement the youth action plan, in particular as regards the quality and labour market relevance of education and vocational training, including through the introduction of an apprenticeship scheme. Improve the quality of higher education by strengthening quality assurance and result orientation.</p> <p>6. Take active measures to improve access to and quality of schooling and pre-school education of vulnerable groups, including Roma. Ensure labour market reintegration of adults through activation measures and targeted employment services, second-chance education and short-cycle vocational training.</p>

CSRs 2013	CSRs 2014	CSRs 2015
<p>3. Take measures to enhance the capacity of public employment services to provide personalised services to jobseekers and strengthen the link between activation measures and social assistance. More effectively address long-term unemployment through activation measures and tailored training. Improve incentives for women employment, by enhancing the provision of childcare facilities, in particular for children below three years of age. Reduce the tax wedge for low-paid workers and adapt the benefit system.</p>	<p>3. More effectively address long-term unemployment through activation measures, second-chance education and tailored quality training. Enhance the capacity of public employment services for case management, personalised counselling and activation of jobseekers, and strengthen the link between activation and social assistance. Effectively tackle youth unemployment by improving early intervention, in line with the objectives of a youth guarantee. Improve incentives for women's employment, by enhancing the provision of childcare facilities, in particular for children below three years of age.</p>	<p>2. Take additional measures to address long term unemployment by improving activation measures, second chance education and introducing high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities.</p>
<p>4. Step up efforts to address high youth unemployment, for example through a Youth Guarantee. Take steps to attract young people to the teaching profession and raise educational outcomes. In vocational education and training, reinforce the provision of work-based learning in companies. In higher education, create more job-oriented bachelor programmes. (...)</p>	<p>See above CSR 3.</p> <p>4. Take measures to increase the quality of teaching in order to raise educational outcomes. Reinforce the provision of work-based learning in companies in vocational education and training. Adapt accreditation, funding and governance measures to encourage the creation of profession-oriented bachelor-level programmes. Improve the quality and relevance of the science base and implement plans to foster effective knowledge transfer and co-operation between academia, research and business. Adopt systemic measures to improve access to high quality and inclusive pre-school and school education for marginalised communities, including Roma and take steps to increase their wider participation in vocational training and higher education.</p>	

UK		
United Kingdom		
	CSRs 2011	CSRs 2012
	<p>3. Take steps by 2012 to ensure that a higher share of young people enter the labour market with adequate skills and to improve the employability of 18 to 24-year-olds who left education or training without qualifications. Address skill shortages by increasing the numbers attaining intermediate skills, in line with labour market needs.</p>	<p>3. Continue to improve the employability of young people, in particular those not in education, employment or training, including by using the Youth Contract. Ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses. Take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.</p>
	<p>4. Take measures, within current budgetary plans, to reduce the number of workless households by targeting those who are inactive because of caring responsibilities, including lone parents.</p>	<p>4. Step up measures to facilitate the labour market integration of people from jobless households. Ensure that planned welfare reforms do not translate into increased child poverty. Fully implement measures aiming to facilitate access to childcare services.</p>

Source: Country-specific recommendations 2011-2012; 2012-2013; 2013-2014; 2014-2015 and 2015-2016
 Emphasis (bold/underlined) added by the author.

CSRs 2013	CSRs 2014	CSRs 2015
<p>3. Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills. Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.</p> <p>4. Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services. Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.</p>	<p>3. Maintain commitment to the Youth Contract, especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.</p> <p>4. Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.</p>	<p>3. Address skills mismatches by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high-quality, full-time childcare.</p> <p>3. Address skills mismatches by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high-quality, full-time childcare.</p>

Annex 4: Country specific recommendations (CSRs) in the social field under the European Semester 2015 – Commission versus Council versions

EE Estonia	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	3. Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships. Focus public support for research and innovation on a limited number of smart specialisation areas	3. Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships. Focus public support for research and innovation on a coordinated implementation of the limited number of smart specialisation areas
FI Finland	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. Ensure, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity."	3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. Ensure, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity." Promote wage developments in line with productivity, fully respecting the role of the social partners and in accordance with national practices.
		<p><u>Council explanation:</u></p> <p>In Finland social partners have exclusive competence for wage setting and the Government can only promote wage developments.</p>

FR France	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	<p>2. Step up efforts to make the spending review effective and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures by March 2016 to bring the pension system into balance, in particular ensuring that the financial situation of complementary pension schemes is sustainable over the long term.</p>	<p>2. Step up efforts to make the spending review effective, continue public policy evaluations and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures by March 2016 to bring the pension system into balance, in particular ensuring by March 2016 that the financial situation of complementary pension schemes is sustainable over the long term.</p> <p><u>Council explanation:</u> It was agreed that public policy evaluations complement the spending review in contributing to greater efficiency in government spending.</p>
	<p>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting system to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p>	<p>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting process system to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p>
	<p>6. Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the accords de maintien de l'emploi by the end of 2015 in order to increase their take-up by companies. Take action to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and provide more incentives to return to work.</p>	<p>6. Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the accords de maintien de l'emploi by the end of 2015 in order to increase their take-up by companies. Take action in consultation with the social partners and in accordance with national practices to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and provide more incentives to return to work.</p>

HR Croatia	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	3. Tackle the weaknesses in the wage-setting framework, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social security system and further consolidate social benefits by improving targeting and eliminating overlaps.	3. Tackle the weaknesses in the wage-setting framework, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social protection security system and further consolidate social benefits by improving targeting and eliminating overlaps.
IT Italy	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	5. Adopt the legislative decrees on the use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Establish, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand vocationally-oriented tertiary education.	5. Adopt the legislative decrees on the design and use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Establish, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand vocationally-oriented tertiary education.
LV Latvia	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	2. Improve vocational education and training, speed up the curricula reform and increase the offer of apprenticeships. (...)	2. Improve vocational education and training, speed up the curricula reform and increase the offer of apprenticeships for work-based learning . (...) <u>Council explanation:</u> In the apprenticeship system exists on a small scale primarily in the crafts sector which is stipulated by a specific Law on Crafts. Traditionally for the apprenticeship is that apprentice is contracted by the employer. While the reforms are in the vocational education sector inter alia to increase the work-based component and its governed by the Law on Vocational Education.

MT Malta	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	3. Accelerate the increase in the statutory retirement age and link it to life expectancy.	3. To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy. <u>Council explanation:</u> Malta remains committed to continue with a holistic pension reform process as a matter of priority taking into consideration the outcome of the forthcoming public consultation as indicated in the 2015 National Reform Programme [available at: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm]. While Malta agrees with the aim of ensuring long-term sustainability, more latitude is required in relation to measures to achieve it as prescriptions will be counterproductive as they would stifle rather than enable the pension reform to continue to move forward. The proposed amendment is in line with the language contained in the 201 CSR, which provided a measure of discretion as opposed to the overly prescriptive language being proposed in the 2015 CSR.
PT Portugal	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of the minimum income scheme.	3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of <u>social assistance, in particular</u> the minimum income scheme.
SK Slovakia	CSRs 2015 Commission proposals	CSRs 2015 Council Recommendations
	2. Take additional measures to address long term unemployment by introducing activation measures, second chance education and high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities.	2. Take additional measures to address long term unemployment by introducing improving activation measures, second chance education and introducing high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities.

Source: Country-specific recommendations 2011–2012; 2012–2013; 2013–2014., 2014–2015 and 2015–2016 ; Council of the European Union (2015) Explanatory Note accompanying document to Council Recommendations to member States under the European Semester 2015 10810/1/14 REV1, Brussels, 18 June 2014
Emphasis (bold/underlined) added by the author.