



EXPLANATORY MEETING ON

Chapter 19 Social Policy and Employment

***3-4-5 April 2019
Brussels***

These slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union

European Semester 2019

Explanatory Meeting on the Acquis with Albania and North Macedonia

3 April 2019

European Commission

DG EMPL, Employment & Social Aspects of the European Semester unit

In this presentation

- 1. Origins, logic and process of the European Semester*
- 2. The European Pillar of Social Rights and its inclusion in the Semester*
- 3. Country Reports*
- 4. Examples of the "social" country-specific recommendations and their implementation*

1

Origins, logic and process of the European Semester



Origins of the European Semester

1. The 2008 crisis demonstrated the need for systematic monitoring of MSs' economic policies.
2. Starting from a 'hard' fiscal perspective, the Semester gradually became more and more 'social'.
3. It is a multilateral process, with various actors involved – and joining.



Actors

The Commission:

- Provides analytical input (incl. 3 economic forecasts, Annual Growth Survey, Joint Employment Report, Country Reports)
- Drafts first proposal of Country-Specific Recommendations

The Council:

- Issues Employment Guidelines, and
- Country-Specific Recommendations

National Governments:

- Feed into analysis through bilateral meetings with the EC
- React to Country Reports with National Reform Programmes
- Present Stability (€) and Convergence (non-€) Programmes

Social Partners:

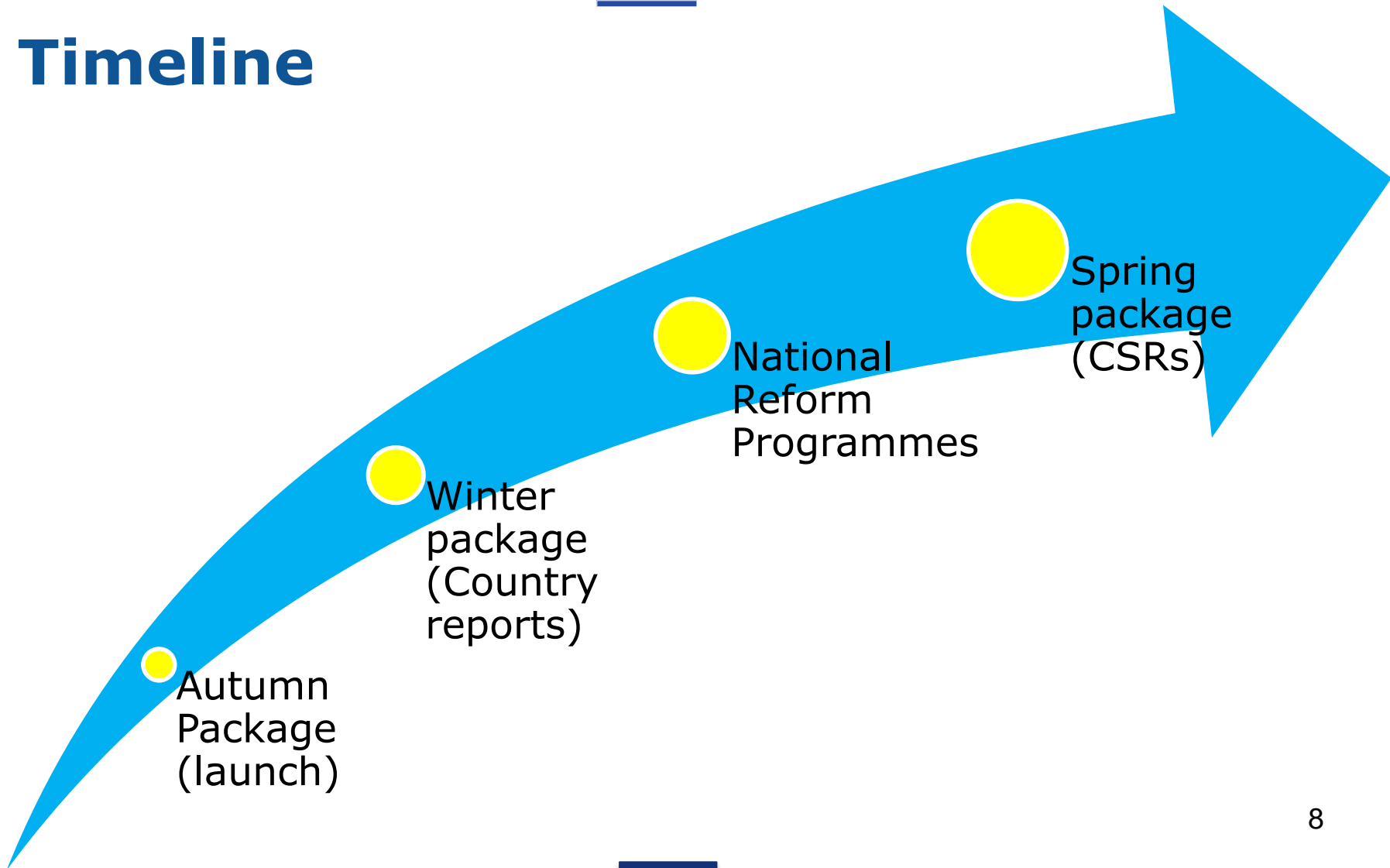
- Feed into the analytical work of the Commission
- Should be consulted on the National Reform Programmes



Internal co-ordination in the Commission

- ECFIN leads the report drafting, SG coordinates
- Other „core DGs”: EMPL and GROW
- EMPL co-ordinates the social aspects, with inputs from other DGs: EAC, SANTE, JUST and HOME incl. where relevant TAXUD, REGIO and CNECT
- Other DGs involved: REGIO, TAXUD, FISMA, CNECT, MOVE, RTD, CLIMA, ENV
- One or two European Semester Officers in each Representation

Timeline



Timeline

- EU-wide in-depth analysis (AGS, JER) – start in summer, publication in **autumn** (November) **[EC]**
- Country-specific analysis – start in autumn, publication of Reports in **winter** (February) **[EC]**
- National Reform Programmes – **spring**, between publication of Country Reports and end May **[MS]**
- Proposal on Country-Specific Recommendations – **spring** **[EC]**
- Negotiating Country-Specific Recommendations – June-July **[Council]**



Important points

- Semester is an instrument of economic policy monitoring
- Streamlining of recommendations is necessary to focus action on the most relevant issues
- The implicit goal, stemming from the Commission's mandate, is to promote and support convergence between Member States – what matters is the relative position/performance
- Analysis and facts based process
- Aim of developing a shared understanding

2

The European Pillar of Social Rights and its inclusion in the Semester



= the compass



European Pillar of Social Rights: the big step forward

Equal opportunities and access to the labour market

Education, training and life-long learning; Gender equality; Equal opportunities; Active support to employment; Secure and adaptable employment

Fair working conditions

Wages; Information about employment conditions and protection in case of dismissals; Social dialogue and involvement of workers ; Work-life balance; Healthy, safe and well-adapted work environment

Adequate and sustainable social protection

Childcare and support to children; Social Protection; Unemployment benefits; Minimum income; Old age income and pensions; Health care; Inclusion of people with disabilities; Long-term care; Housing and assistance for the homeless; Access to essential services



Monitoring the implementation of the Pillar

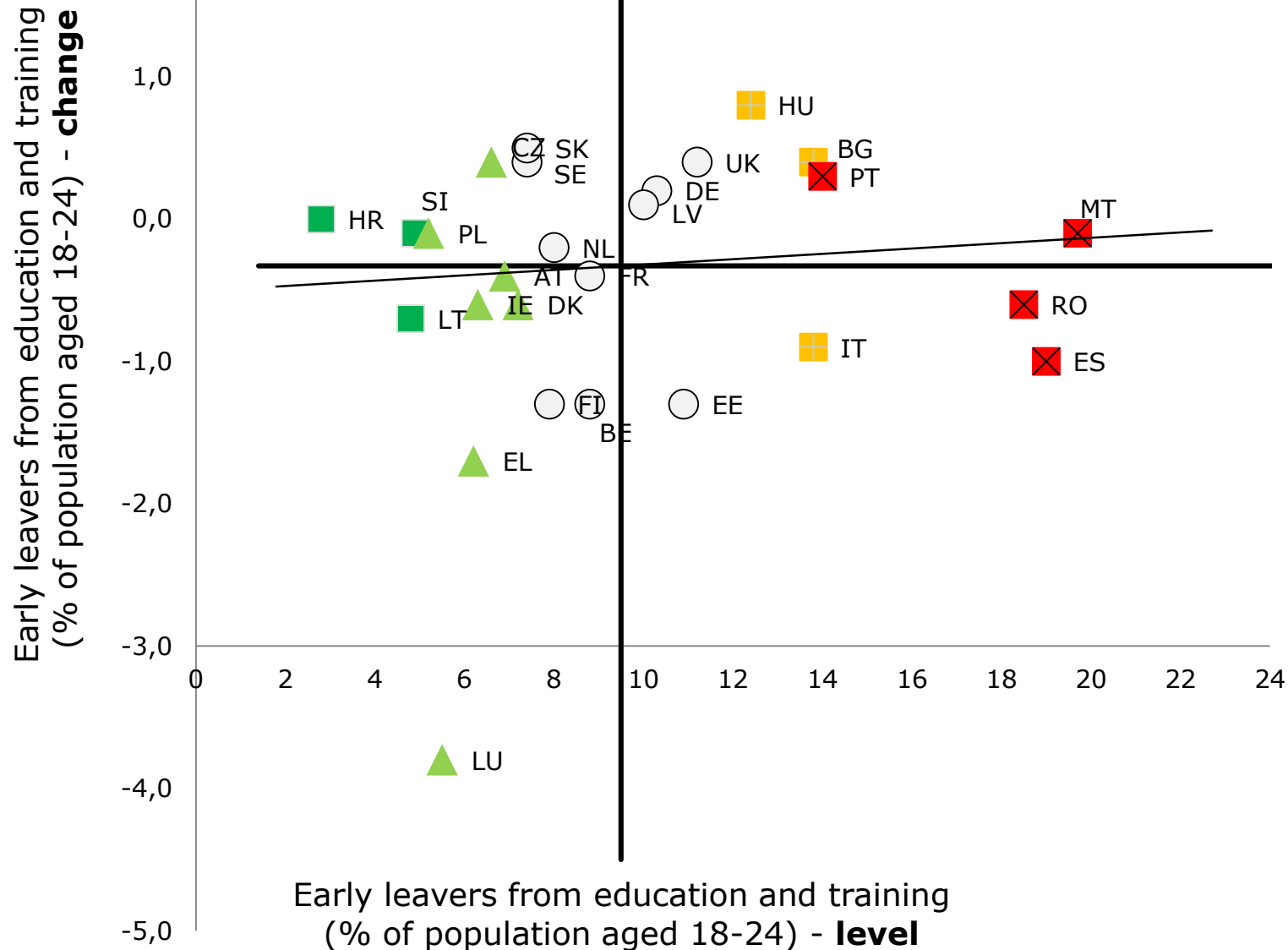
- Communication of 13th March 2018
- European Semester is an appropriate monitoring tool:
 - In-depth analysis
 - Transparent reporting throughout the year
 - Involvement of social partners and other stakeholders
- Three new elements :
 - Mainstreaming the priorities of the Pillar in the Semester, with focus on annual themes
 - Technical assistance, benchmarking and good practices
 - Social Scoreboard

The Social Scoreboard (part of the Joint Employment Report)

	Equal opportunities and access to the labour market					Dynamic labour markets and fair working conditions			Public support / Social protection and inclusion			
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty or social exclusion rate	Youth NEET rate	Employment rate	Unemployment rate	GDHI per capita growth	Impact of social transfers on poverty reduction	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care	Individuals' level of digital skills
Year	2016	2016	2016	2016	2016	2016	2016	2015	2016	2015	2015	2017
Best performers	HR, LT, SI	LT, LV, SE	CZ, FI, SI, SK	CZ, DK, FI, NL	DK, LU, NL, SE	DE, DK, NL, SE, UK	CZ, DE	PL, RO	AT, DK, FI, IE	BE, DK, LU, PT, SE		FI, LU, NL, SE
Better than average	AT, CZ, DK, EL, IE, LU, PL	AT, BG, DK, FR, PT, SI	AT, BE, DK, EE, FR, HU, MT, NL, SE	AT, DE, HU, IE, MT, SE, SI, SK	BE, CZ, EE, MT, SI	AT, CZ, EE, HU, LT, MT, SK	DK, HU, LU, MT, NL, PL, RO, SK, UK	BG, DK, EE, LV, LT, SE	BE, CZ, FR, HU, SE, SI, UK	AT, ES, FR, NL	AT, CY, CZ, DE, DK, ES, FR, LU, MT, NL, SE, SI	AT, CZ, DE, MT, UK
On average	BE, DE, EE, FI, FR, LV, NL, SE, SK, UK	DE, EE, ES, HR, IE, LU, NL, UK	CY, DE, HR, IE, PL, UK	BE, EE, PL, PT, UK	FI, FR, HU, IE, PL, PT, SK, UK	CY, FI, FR, IE, LV, PL, PT, SI	BE, BG, FI, FR, IE, LT, LV, SE, SI	BE, CZ, DE, IE, FR, HU, NL, SK, FI, UK	CY, DE, MT	DE, EE, FI, IE, IT, LV, SI, UK	BE, BG, HR, HU, IE, LT, PT, SK, UK	BE, EE, ES, FR, LT, SI, SK
Good but to monitor		FI		FR, LU	AT, DE		AT		NL			DK
Weak but improving			RO	LV	IT	ES	CY, ES, HR		EE, LV	RO	LV	CY
To watch	BG, CY, HU, IT	BE, CY, CZ, HU, PL, SK	LU, LV, PT	CY, ES, HR, IT, LT	ES, LT, LV	BE, BG, LU, RO	EE, IT, PT	ES, IT, AT, PT, SI	ES, HR, LU, PL, PT, SK	BG, CY, EL, HR, HU, LT, MT	FI	EL, HU, IE, LV, PL, PT
Critical situations	ES, MT, PT, RO	EL, IT, MT, RO	BG, EL, ES, IT, LT	BG, EL, RO	BG, CY, EL, HR, RO	EL, HR, IT	EL	EL, CY	BG, EL, IT, LT, RO	CZ, PL, SK	EE, EL, IT, PL, RO	BG, HR, RO

	Equal opportunities and access to the labour market					Dynamic
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty or social exclusion rate	Youth NEET rate	Employment
Year	2016	2016	2016	2016	2016	2016
Best performers	HR, LT, SI	LT, LV, SE	CZ, FI, SI, SK	CZ, DK, FI, NL	DK, LU, NL, SE	DE, DK, NL, UK
Better than average	AT, CZ, DK, EL, IE, LU, PL	AT, BG, DK, FR, PT, SI	AT, BE, DK, EE, FR, HU, MT, NL, SE	AT, DE, HU, IE, MT, SE, SI, SK	BE, CZ, EE, MT, SI	AT, CZ, EE, LT, MT
On average	BE, DE, EE, FI, FR, LV, NL, SE, SK, UK	DE, EE, ES, HR, IE, LU, NL, UK	CY, DE, HR, IE, PL, UK	BE, EE, PL, PT, UK	FI, FR, HU, IE, PL, PT, SK, UK	CY, FI, FR, PL, PT
Good but to monitor		FI		FR, LU	AT, DE	
Weak but improving			RO	LV	IT	ES
To watch	BG, CY, HU, IT	BE, CY, CZ, HU, PL, SK	LU, LV, PT	CY, ES, HR, IT, LT	ES, LT, LV	BE, BG, IT
Critical situations	ES, MT, PT, RO	EL, IT, MT, RO	BG, EL, ES, IT, LT	BG, EL, RO	BG, CY, EL, HR, RO	EL, HR

Social Scoreboard - how it works



What matters, is both the relative level and direction/size of change

	Change ↔				
Level ↓	Very favourable	Favourable	Average	Unfavourable	Very unfavourable
Very good					
Good					
Average					
Bad					
Very bad					

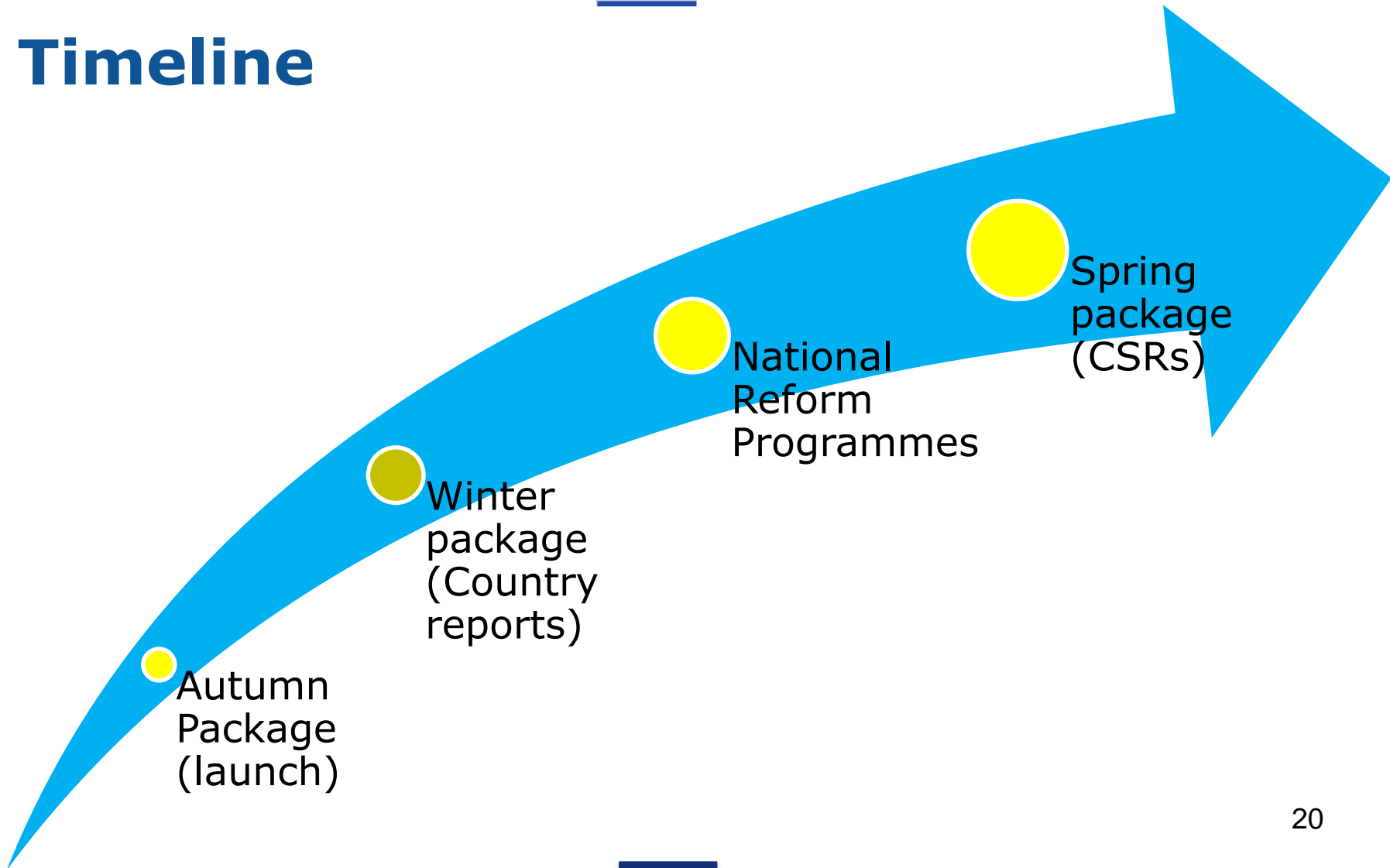
Colour coding:

Best performers – **Better than average** – On average – **Good but deteriorating** – **Weak but improving** – **To watch** – **Critical situation**

3

Country Reports

Timeline

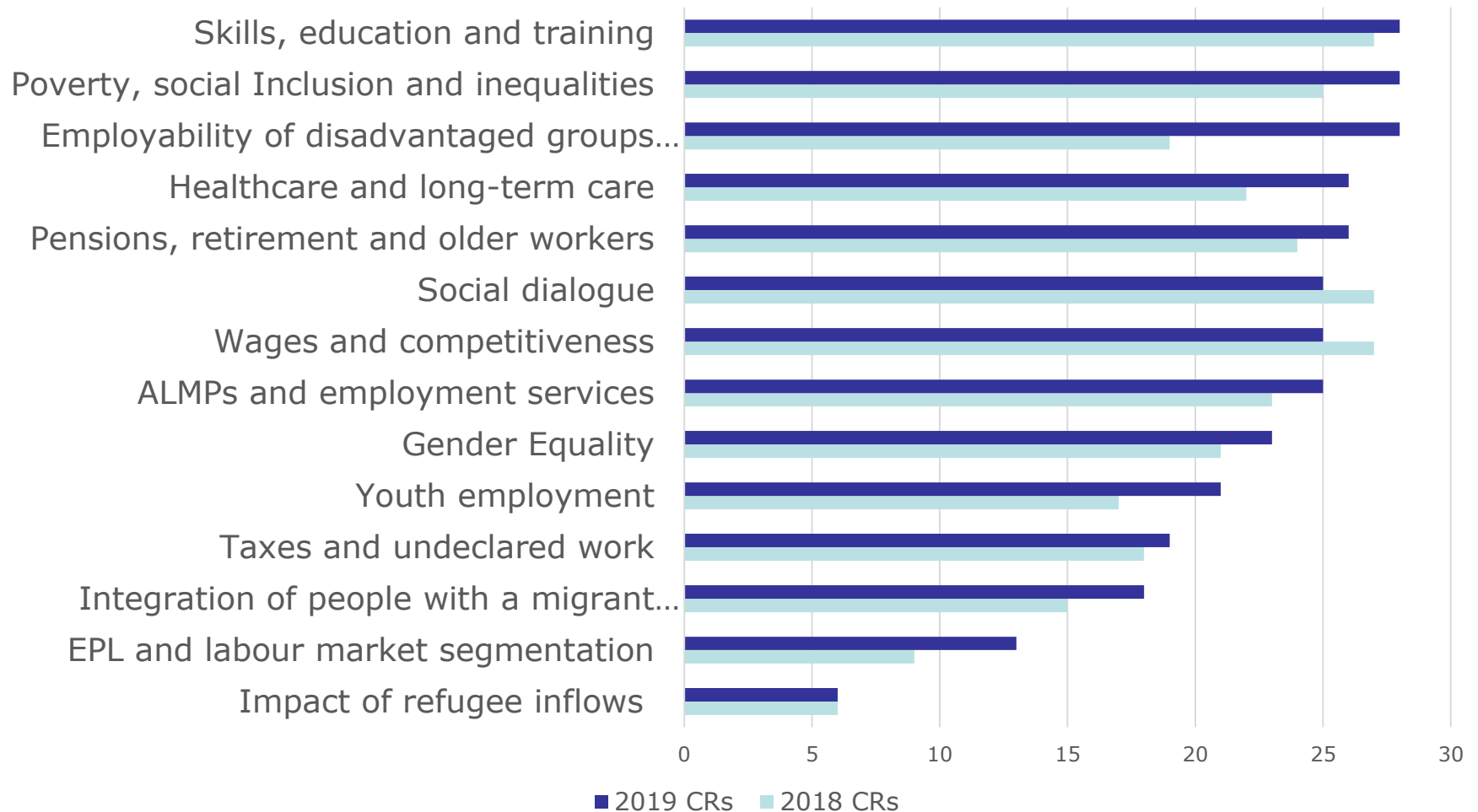




Executive summary = key

Closer link of funds and Semester

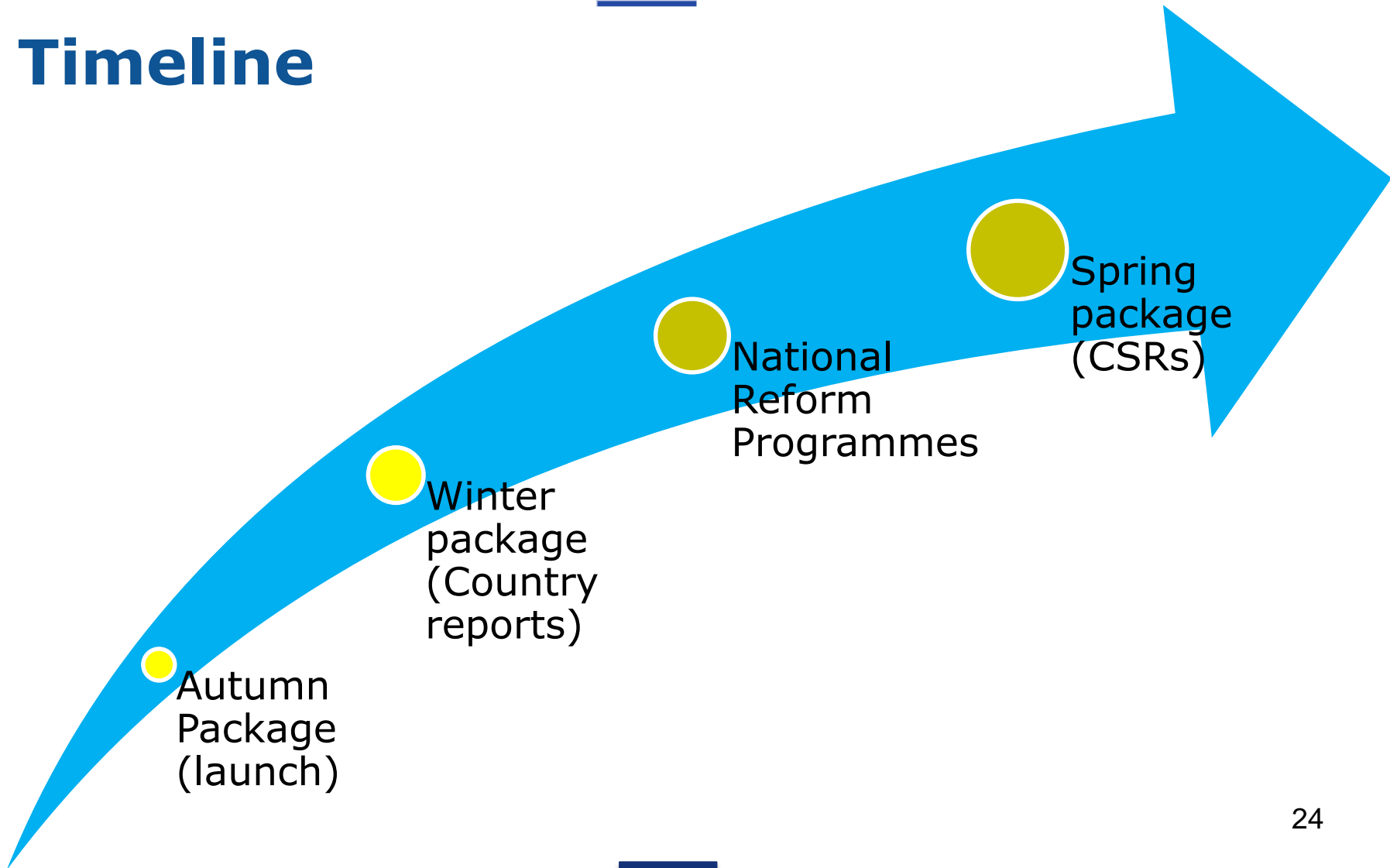
Topics in the country reports (2019 vs 2018)



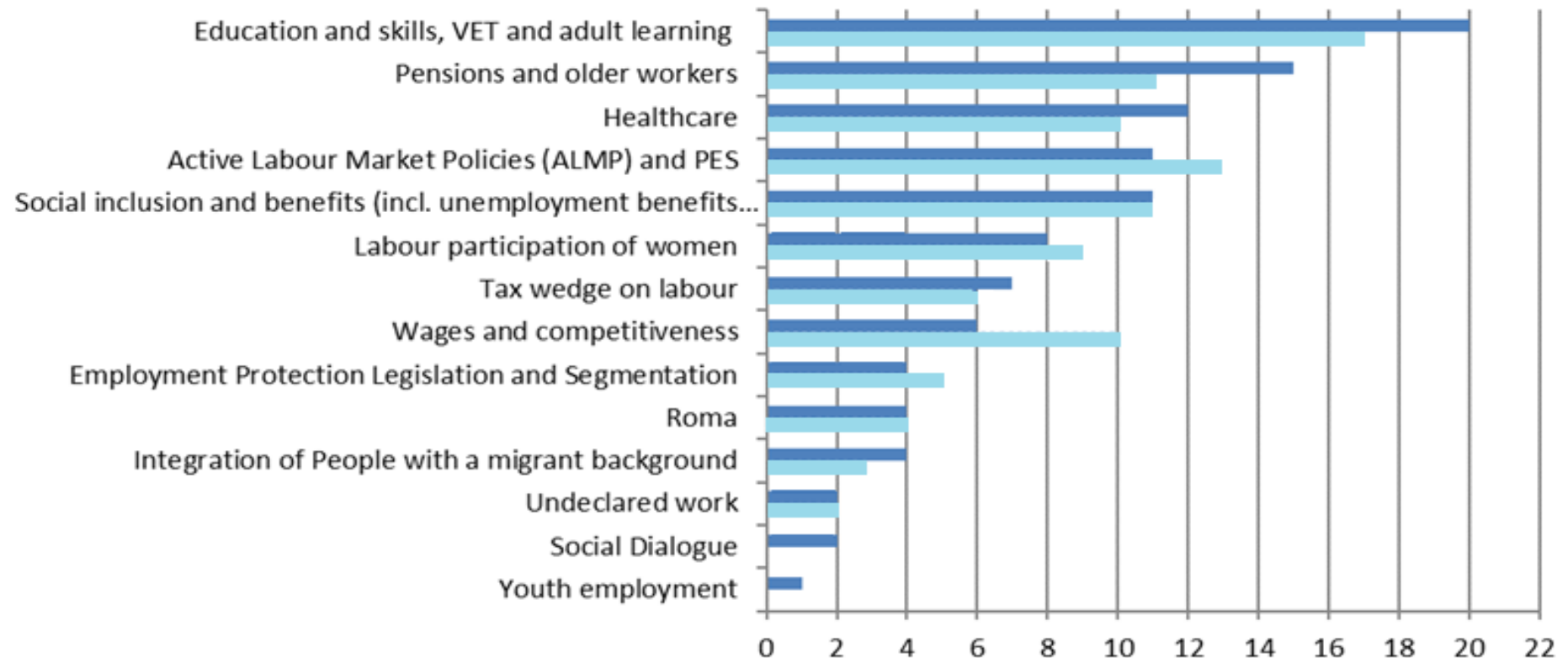
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The “social” country-specific recommendations and their implementation

Timeline



Overview of CSRs per policy area – 2017 and 2018



2018 CSRs relevant to Equal opportunities and access to the labour market chapter of the Pillar

Principle	CSRs	Recitals
<i>01: Education, training and life-long learning</i>	22 (for 20 MSs)	24
<i>02: Gender equality</i>	8	14
<i>03: Equal opportunities</i>	9	19
<i>04: Active support to employment</i>	10	18

Examples:

BG: Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups.

DE: Improve educational outcomes and skills levels of disadvantaged groups.

FR: Foster equal opportunities and access to the labour market, including for people with a migrant background and people living in deprived areas.

2018 CSRs relevant to Fair working conditions chapter of the Pillar

Principle	CSRs	Recitals
<i>05: Secure and adaptable employment</i>	6	11
<i>06: Wages</i>	6	9
<i>07: Information about employment conditions and protection in case of dismissal</i>	-	-
<i>08: Social dialogue and involvement of workers</i>	2 + 4	12
<i>09: Work-life balance</i>	-	8
<i>10: Healthy, safe and well-adapted work environment and data protection</i>	-	1

Examples:

DE and **NL**: Create conditions to promote higher wage growth, respecting the role of the social partners.

NL: Reduce the incentives to use temporary contracts and self-employed without employees, while promoting adequate social protection to the self-employed, and tackle bogus self-employment.

EE (recital): Work-life balance is being promoted by the recent changes to the parental leave and benefit system.

2018 CSRs relevant to Social protection and inclusion chapter of the Pillar

Principle	CSRs	Recitals
<i>11: Children and support to children</i>	5	11
<i>12: Social protection</i>	9	15
<i>13: Unemployment benefits</i>	1	5
<i>14: Minimum income</i>	4	9
<i>15: Old age income and pensions</i>	15	20

Examples:

SK: Foster women's employment, especially by extending affordable, quality childcare.

EE: Improve the adequacy of the social safety net, in particular for older people and people with disabilities.

HU: Improve the adequacy and coverage of social assistance and unemployment benefits.

2018 CSRs relevant to Social protection and inclusion chapter of the Pillar (ctd)

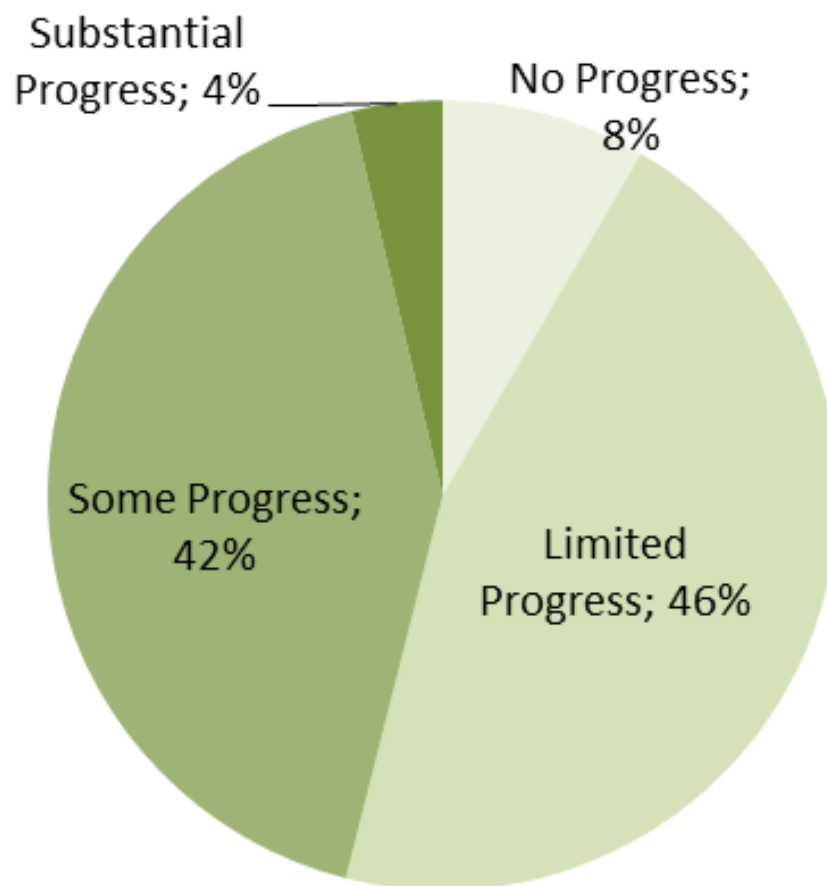
Principle	CSRs	Recitals
<i>16: Health care</i>	12	16
<i>17: Inclusion of people with disabilities</i>	3	8
<i>18: Long-term care</i>	3	4
<i>19: Housing and assistance for the homeless</i>	3	9
<i>20: Access to essential services</i>	3	4

Examples:

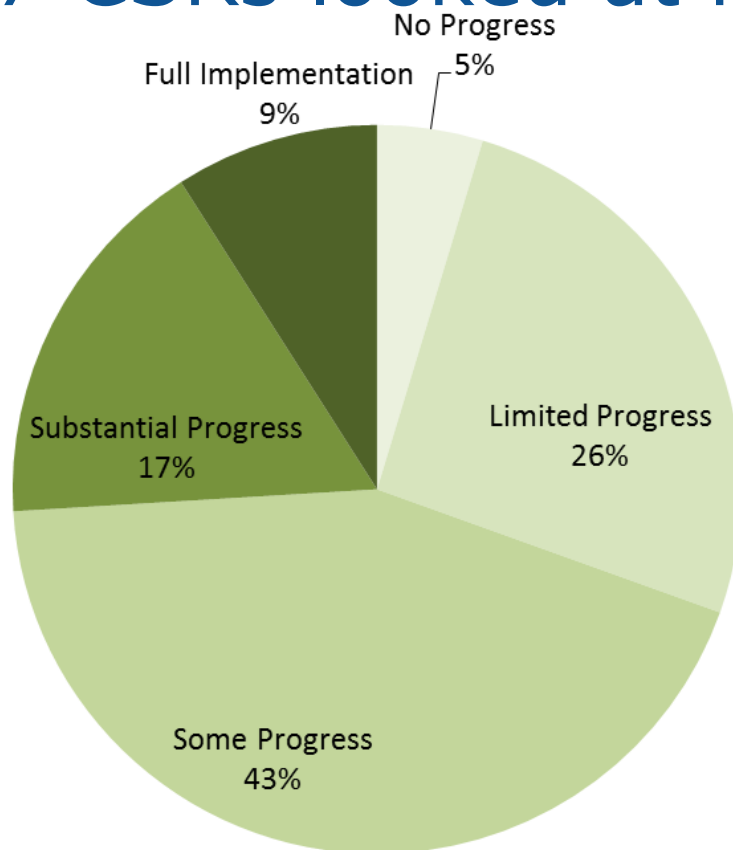
LT: Improve the performance of the healthcare system by a further shift from hospital to outpatient care, strengthening disease prevention measures, including at local level, and increasing the quality and affordability of care.

RO: Improve access to healthcare, including through the shift to outpatient care.

Annual assessment of progress (2017 CSRs looked at in March 2018)



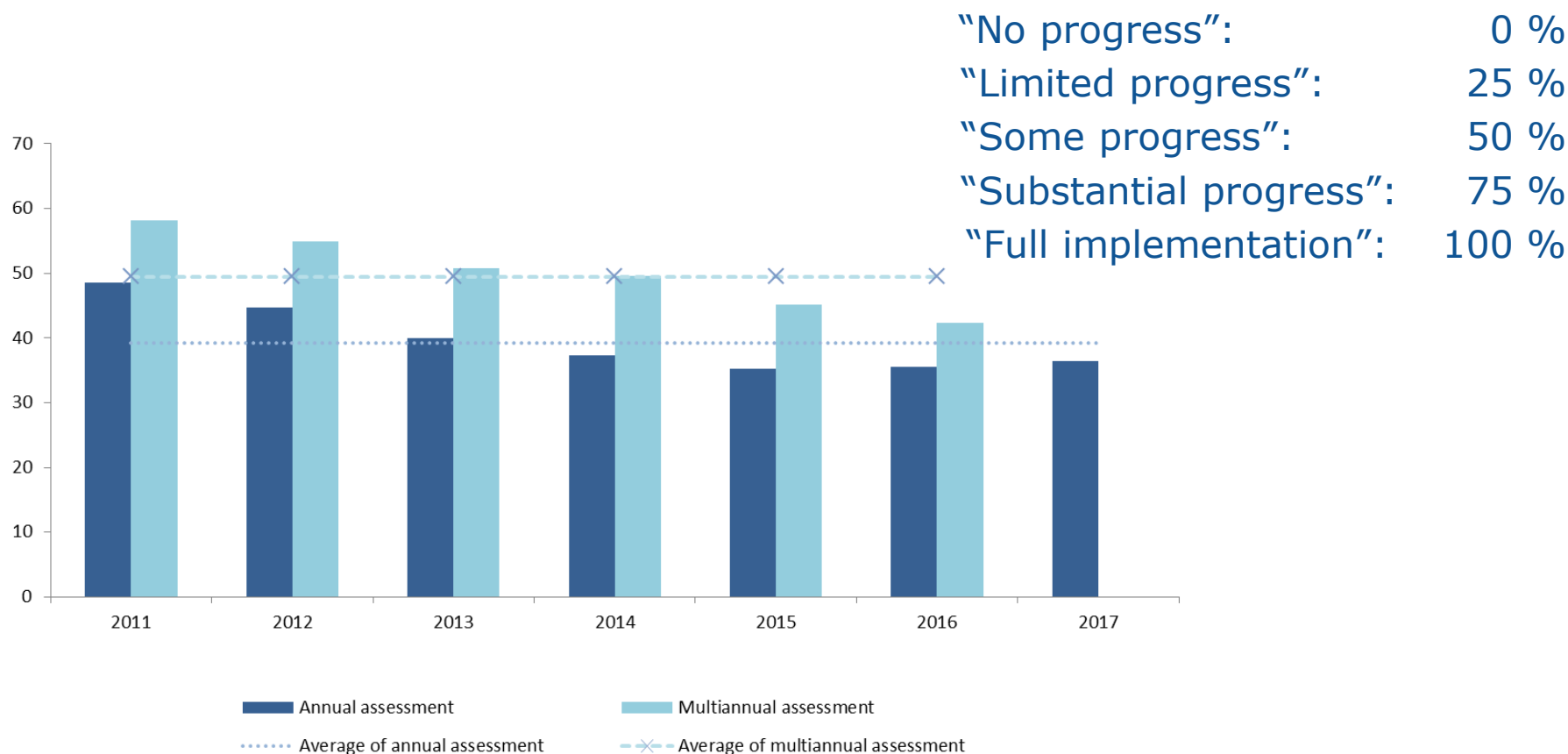
Multiannual assessment of progress (2011-17 CSRs looked at in March 2018)



* The overall assessment of the country-specific recommendations related to fiscal policy excludes compliance with the Stability and Growth Pact

** The multiannual CSR assessment looks at the implementation until 2018 Country Report since the CSRs were first adopted.

Multiannual CSR assessment by the European Semester cycle



* The overall assessment of the country-specific recommendations related to fiscal policy excludes compliance with the Stability and Growth Pact

** 2011 annual assessment: Different CSR assessment categories

*** The multiannual CSR assessment looks at the implementation until 2018 Country Report since the CSRs were first adopted.

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Thank you for your attention!



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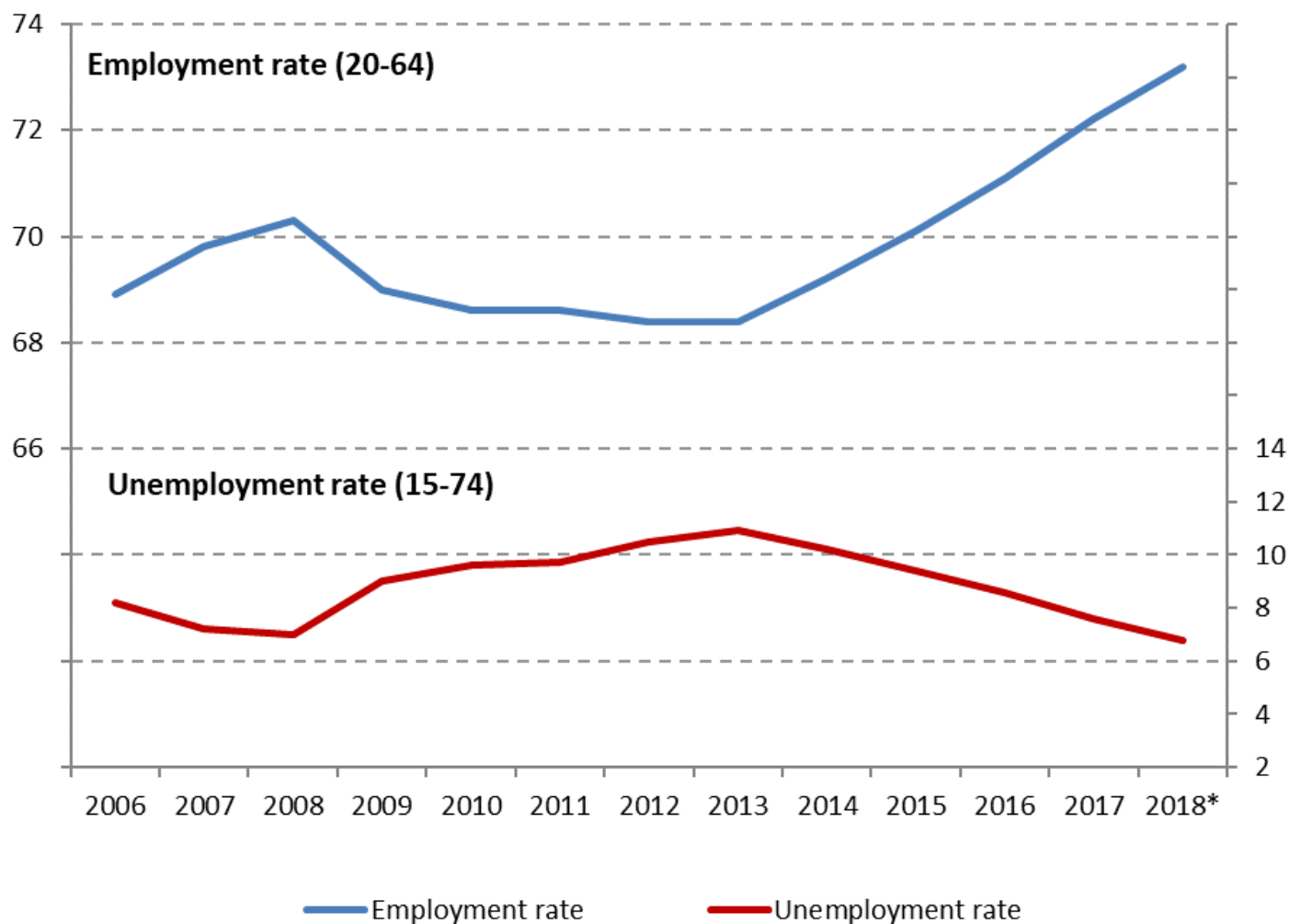
Additional slides

2019 draft Joint Employment Report

- Mandated by Art. 148 TFEU
- Annual overview of:
 - ✓ Key employment and social developments in the EU
 - ✓ Implementation of the Employment Guidelines
- Final adoption in (Spring) EPSCO
- Since 2018, it incorporates the Social Scoreboard
 - ✓ Monitoring performance on European Pillar of Social Rights
 - ✓ Detailed analysis and classification on 14 headline indicators

JER Key Messages (1)

- Employment at a **record level** in the EU:
 - ✓ 239 million people at work, 14 million more than in 2013
 - ✓ ER 73.2% in Q2-2018, on track for Europe 2020 target
 - ✓ But hours worked not yet back to 2008 level
- All main **population groups** improving
 - ✓ Largest contribution by 55-64 y.o. as in previous years
 - ✓ Faster increase for women than for men, but **gender employment gap** remains substantial
- **Unemployment back to pre-crisis** (6.8% in Q3-2018)
 - ✓ Still, substantial disparities across the EU
 - ✓ High unemployment (incl. for youth) in CY, EL, ES, HR, IT

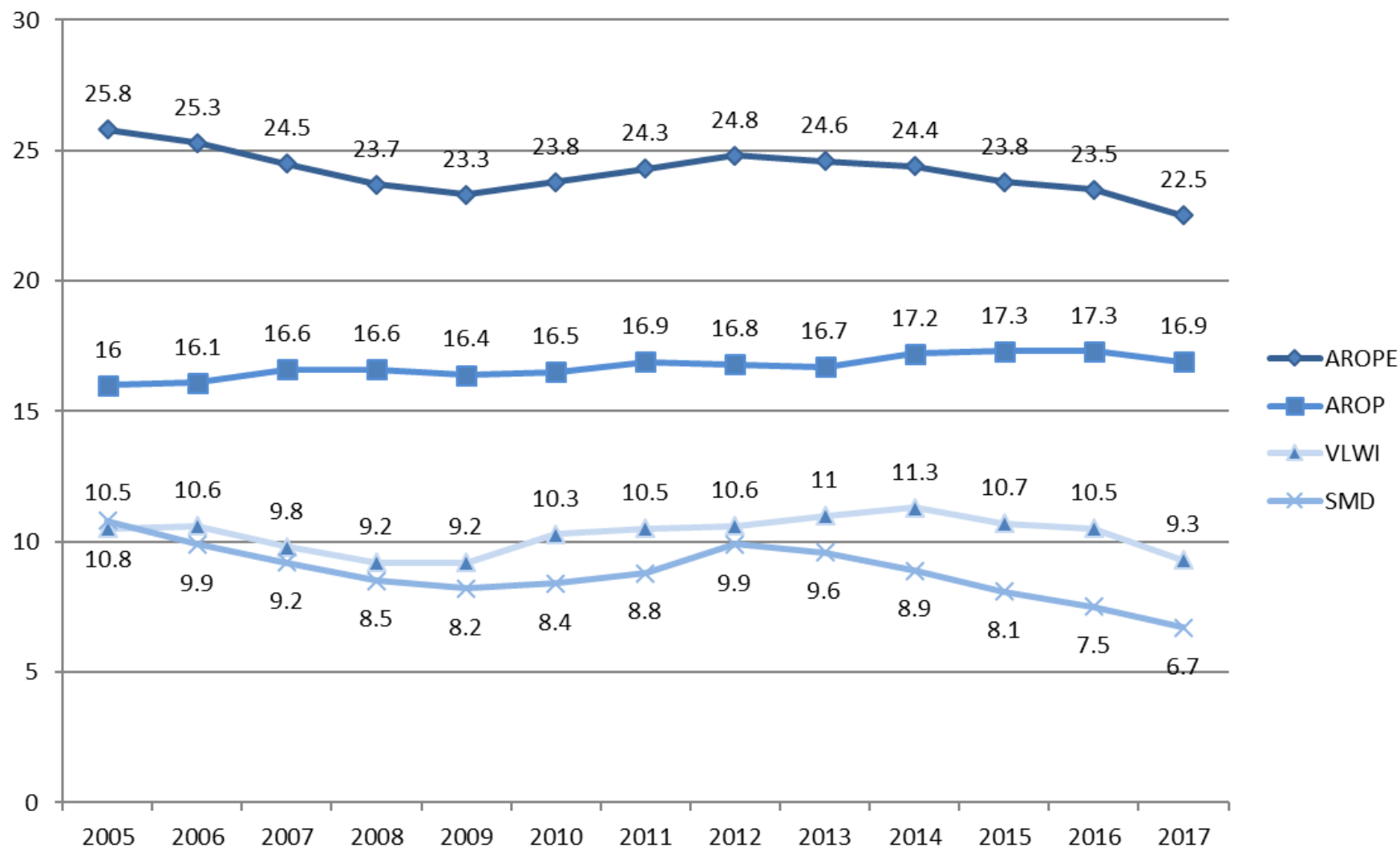


Source: Eurostat, LFS

*Q2-2018 and Q3-2018 respectively for employment and unemployment rate (seasonally adjusted)

JER Key Messages (2)

- **Household incomes** keep increasing
 - ✓ Evidence of upward convergence across the EU
 - ✓ Still, slower than GDP and below 2008 levels in some MS
 - ✓ Income inequality slowly reducing
- Sharp **fall in the number of people AROPE**
 - ✓ 5.2 million less than in 2016; finally below pre-crisis
 - ✓ Significant drop in severe material deprivation
- Real wage growth **below productivity growth** in 2017
 - ✓ Part of a long-term trend
 - ✓ In-work poverty remains high in a number of countries



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 - ✓ Child poverty remains a concern
- Real wage growth **below productivity growth** in 2017
 - ✓ Part of a long-term trend
 - ✓ In-work poverty remains high in a number of countries

JER Key Messages (3)

- In spite of MS reforms, **outstanding challenges** remain:
 - ✓ Employment rate of **low-skilled workers** 30 pps below high-skilled workers
 - ✓ High employment gap for **non-EU born workers**
 - ✓ High **labour market segmentation** in some MS; increasing number of platform workers calls for policy attention
 - ✓ Adaptation of **social protection system** ongoing, but challenges related to coverage, adequacy and sustainability
- **Population ageing** and **digitalisation** are game changers

6. Assessment of progress with CSR implementation

Please assess the CSR/subpart on the basis of five assessment categories, corresponding to the follow

<u>No progress:</u>	<p>The Member State has not credibly announced nor adopted any measures^[1] to address the CSR. Below a number of non-exhaustive typical situations^[2] that could be covered under this, to be interpreted on a case by case basis taking into account country-specific conditions:</p> <ul style="list-style-type: none">• no legal, administrative, or budgetary measures have been announced in the National Reform Programme or in other official communication to the national Parliament / relevant parliamentary committees, the European Commission, or announced in public (e.g. in a press statement, information on government's website);• no non-legislative acts have been presented by the governing or legislator body;• the Member State has taken initial steps in addressing the CSR, such as commissioning a study or setting up a study group to analyse possible measures that would need to be taken (unless the CSR explicitly asks for orientations or exploratory actions), while clearly-specified measure(s) to address the CSR has not been proposed. <p><i>Analogy with SGP preventive arm assessment: Significant deviation</i></p>
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<u>Limited progress:</u>	<p>The Member State has:</p> <ul style="list-style-type: none"> • announced certain measures but these only address the CSR to a limited extent; and/or • presented legislative acts in the governing or legislator body but these have not been adopted yet and substantial non-legislative further work is needed before the CSR will be implemented; • presented non-legislative acts, yet with no further follow-up in terms of implementation which is needed to address the CSR. <p><i>Analogy with SGP preventive arm assessment: Significant deviation, for a clear borderline case compared to the "no progress" case</i></p>
<u>Some progress:</u>	<p>The Member State has adopted measures that partly address the CSR and/or</p> <p>the Member State has adopted measures that address the CSR, but a fair amount of work is still needed to fully address the CSR as only a few of the adopted measures have been implemented. For instance: adopted by national parliament; by ministerial decision; but no implementing decisions are in place.</p> <p><i>Analogy with SGP preventive arm assessment: Some deviation</i></p>

<u>Substantial progress:</u>	<p>The Member State has adopted measures that go a long way in addressing the CSR and most of which have been implemented.</p> <p><i>Analogy with SGP preventive arm assessment: Compliant with the adjustment path</i></p>
<u>Full implementation:</u>	<p>The Member State has implemented all measures needed to address the CSR appropriately.</p> <p><i>Analogy with SGP preventive arm assessment: Compliant (achievement/over-achievement of the MTO)</i></p>