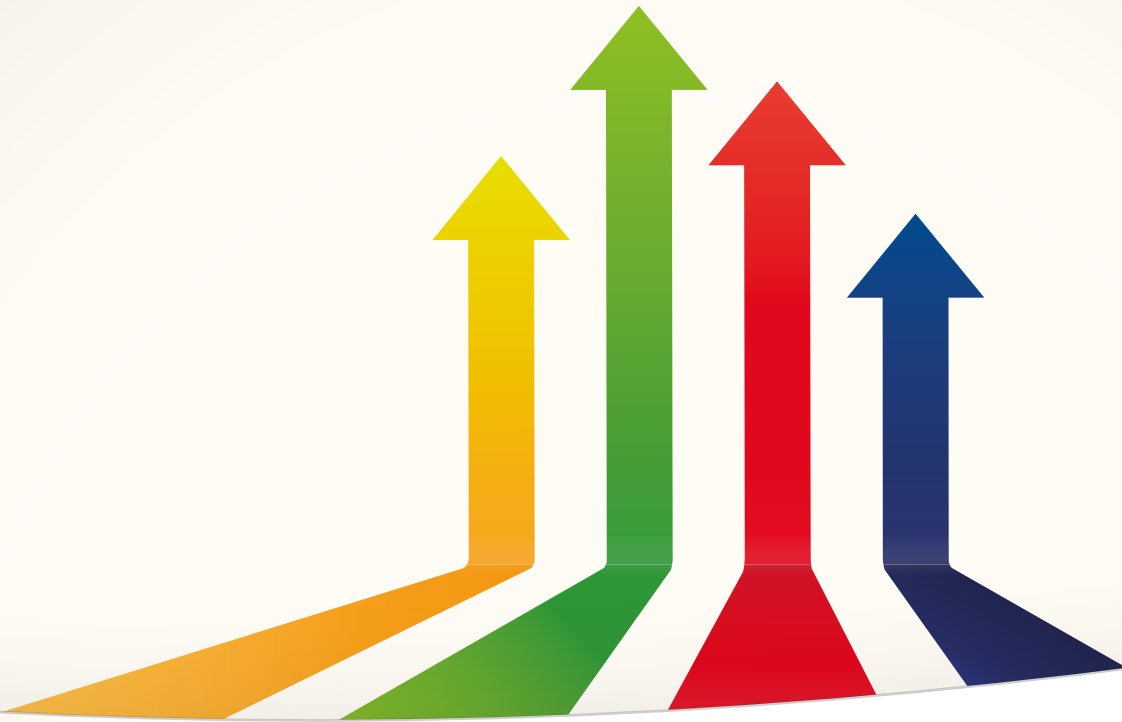




*European Economic and Social Committee*



*Europe 2020 Steering Committee*

# **Europe 2020 Strategy European Semester 2012**

*Contributions from Economic and Social Councils  
and similar institutions from EU Member States*



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## INTRODUCTION

The Europe 2020 Strategy and the Spring European Council that took place since 2011 highlighted the necessity to involve all relevant stakeholders in the implementation of the Strategy and the Compact for Growth and Jobs, for a better ownership and achievement of reforms.

In recent years, European Institutions, particularly the Commission, showed high interest in receiving **on-the-ground assessments on the participation of social partners and organised civil society to the Europe 2020 Strategy.**

Therefore, **the present report gathers 21 contributions received from national Economic and Social Councils (ESCs) and similar institutions, civil society organisations and members of the European Economic and Social Committee (EESC)** in relation to their implications and activities regarding the 2012 European Semester. Its aim is to bring a useful input to European institutions and national authorities in view of the 2013 exercise (Annual Growth Survey, National Reform Programmes, country-specific recommendations). The report gives also an opportunity to ESCs / similar organisations to share information and best practices.

Regarding the **National Reform Programmes (NRPs)**, the contributions illustrate a variety of situations at national level. In some countries, the organised civil society is actively involved in their preparation. It has the opportunity and the time to submit written comments, to take part in debates and to see its suggestions taken on board by the government and annexed to the official documents submitted to the European Commission. In other Member States, regrets are expressed that the procedures in place do not allow for a real and effective consultation and that no public debate takes place about the NRPs. The present report contains specific proposals to improve the formulation of these programmes and their implementation.

Regarding the **country-specific recommendations** drafted in 2012 by the Commission and endorsed by the European Council, the report shows that these are awaited with interest by social partners and civil society, which express their position on various issues, ranging from the reduction of the budget deficit to labour market reform, salaries pensions, health, liberalizing industries and tax evasion.

Given the need for continuous improvement of the governance of the European Semester, the EESC and its network of national ESCs and partner organisations hope that these evaluations can provide policy-makers with **valuable information about the concerns of the various stakeholders involved.**

Indeed, as stated in its opinions, the Committee calls for enhanced participation of organised civil society in shaping and implementing policies and reforms under the Europe 2020 Strategy. This can only contribute to reaching consensus and confidence about reforms and result in their greater implementation.



**European Economic and Social Committee**  
**The President**

Brussels, 19 July 2012

Dear President,

In the context of the Europe 2020 strategy, our committee pleads for a genuine partnership with national Economic and Social Councils (ESCs) / similar organisations, both at the EU level – for the monitoring of the implementation of the strategy and throughout the European Semester – and at the national level, in the formulation and implementation of National Reform Programmes.

The importance of effectively including social partners and civil society in the implementation of the Europe 2020 Strategy was highlighted by the strategy itself and the Spring European Councils of 2011 and 2012. In addition, the Lisbon Treaty confirmed the key role of social dialogue and the consultation of social partners.

Like in previous years, Mr. Barroso, President of the European Commission requested to receive concrete information from our network of national ESCs – similar organisations about the implementation of the strategy and their involvement in the 2012 European Semester process.

The Council and the current Cypriot presidency also look forward to receiving pragmatic ideas for strengthening the participatory process in the Europe 2020 Strategy, which is one of their main priorities.

Considering this continuing high interest in the work done by the ESCs / similar organisations of member states, and in order to feed into the European semester 2013 (Annual growth survey, Spring European Council) in a timely manner, I would be very grateful if you could answer to the questions below by the 15 October 2012. Your contributions (maximum 8 pages) will be translated, grouped in an ‘Integrated report’ and sent to the European institutions. They will also be presented and discussed during the next meeting of the Europe 2020 Steering Committee, on the 7 November, to which your representatives will be invited to participate.

In view of a most appropriate outcome towards the European institutions, I propose that the response addresses the following questions:

- How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?

- Could you give some outlines of concrete proposals to improve NRPs and their implementation?
- Would you like to express your position on some specific issues raised in your country's specific recommendations?
- What are the further actions foreseen by main social and economic stakeholders in your country?

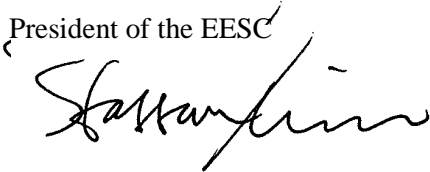
Please allow me to thank you once again for your strong commitment to this process. It is important to continue and improve your involvement in the European Semester, which is crucial for increasing the ownership and effectiveness of policies.

We look forward to meeting you again at the conference 'Step up for a stronger Europe - Civil society: a full partner in the Europe 2020 strategy' on the 25 September 2012 and at the next Steering Committee meeting on 7 November 2012.

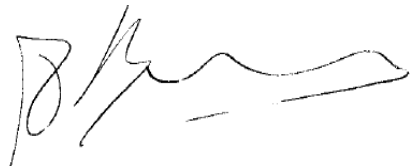
For any further information, please do not hesitate to contact Ms Ana Dumitrache at the Europe 2020 Steering Committee Secretariat, [Ana.Dumitrache@eesc.europa.eu](mailto:Ana.Dumitrache@eesc.europa.eu), tel. +32 2 546 81 31.

Thank you very much,  
Yours sincerely,

Staffan NILSSON  
President of the EESC



Joost van IERSEL  
President of the Europe 2020 Steering Committee



NATIONAL CONTRIBUTIONS BY PROTOCOL ORDER

## BELGIUM

Joint contribution of the Belgian Central Economic Council and the National Labour Council

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

The European 2020 strategy and the European Semester have acquired a central place in European governance and social dialogue, and this is also reflected in the Member States.

In Belgium, the drafting of the NRP is the responsibility of the federal, regional and community governments. As a result, the conduct of socio-economic policy is based to a great extent on social dialogue structures at the various levels of government, which means that the country's social partners are involved in **defining** and **implementing** policies in the areas that traditionally fall within their terms of reference. At federal level, social dialogue takes the form of negotiations every two years between the representative organisations of employers and workers in order to conclude an inter-professional agreement (IPA), which sets out the main lines for the country's economic and social development. The cycle of negotiations for the conclusion of an inter-professional agreement in 2012 was strongly influenced by the recovery strategy initiated by the government.

It has to be said that the timetable, the current rules of procedure and the lack of an official referral to our Councils have not allowed a real and effective consultation of the social partners to take place during the process of drafting and assessing the NRP.

Following a long tradition of social dialogue and considering that greater involvement of the social partners is necessary if the strategy is to be successful at national level and its objectives are to be achieved, the Central Economic Council and the National Labour Council have initiated or consolidated ad hoc procedures for informing and involving the social partners in the different stages of preparing and assessing this European strategy at national level. These procedures reflect regular requests from the social partners to be informed in good time about issues, initiatives and assessments relating to the 2020 strategy and the NRP.

To prepare for the 2012 NRP, a formal meeting was held in March 2012 between the social partners, the secretariats of the Councils and the prime minister's staff. The specific issues referred to in the recommendations to Belgium were also discussed at a meeting with representatives of the prime minister in June 2012. Following this meeting and at the request of both Councils, experts from the European Commission's Belgium Desk came to present and discuss the proposed recommendations for our country.

As regards preparation of the National Reform Programme, the social partners are calling for ongoing consultation and collaboration between, on the one hand, the federal authorities, the Regions and the Communities, and, on the other, between them and the social partners at all decision-making levels.

The Central Economic Council and the National Labour Council are currently studying procedures for involving the regional ESCs.

**- Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

Traditionally, the social partners in Belgium prefer a compromise characterised by guidelines and policies that are realistic and balanced. So, this year the social partners are fully behind the government's wish to draw up a strategy to promote the sustainable recovery of our economy and make our businesses more competitive so as to generate sustainable jobs and business activity and boost people's purchasing power.

As part of the preparations for the next NRP and the new European Semester, the two Councils are calling on the government to make consultations with the social partners more effective and meaningful.

The two Councils are reviewing the details of their involvement in the different stages of the EU 2020 strategy, in particular the national semester.

**- Would you like to express your position on some specific issues raised in your country's specific recommendations?**

The social partners are well aware that the crisis in Belgium and Europe has made it necessary to renew the development model in order to face up to the financial, economic and social implications of the biggest economic crisis since the Second World War and global challenges such as greater international competition, technological development, an ageing population and climate change. Given the current interdependence of the EU's economies, these short and long term challenges require a common and coordinated response at both national and European level.

The recommendations to the Member States from the European Semester are awaited with interest. Their implementation is debated at both political and social partner level. These recommendations are covering more and more openly certain elements of the traditional field of social dialogue: in addressing issues such as revising the system of negotiating and indexing wages, raising the actual retirement age, controlling expenses related to ageing, including health expenditure, or employment activation, notably through the system of unemployment allowances, the European authorities are dealing with issues that lie at the heart of the remit of the Belgian social partners and the "social pact" in force in Belgium.

It has not so far been possible for our bodies to arrive at a common position on these recommendations.



- **What are the further actions foreseen by main social and economic stakeholders in your country?**

As part of the implementation of socio-economic policy in the broad sense (budget, social security, employment, competition, research and development, etc.), the NRP is becoming a guideline and a reference point indicating, among other things, objectives and priorities for all levels of government and the various stakeholders.

The social partners are hoping to reach a global agreement on all the issues raised by the government, some of which derive from the Europe 2020 strategy: wage levels and costs, the modernisation of labour law, the gross minimum wage, the rechanneling of certain cost reductions, worker training, innovation and R & D, distribution of the envelope for linking income replacement to prosperity, cutting red tape.

The work carried out within the **Central Economic Council (CEC)** on "wages" should be seen in the light of the EU recommendation on the system of wage formation and wage trends in Belgium. Taking its cue from the objectives of the 2020 strategy and macroeconomic monitoring, the law of 26 July 1996 on the promotion of employment and the preventive safeguarding of competitiveness aims to secure macroeconomic management of wage trends and monitor factors having a bearing on competitiveness. This law is the legal framework and the anchoring point of the negotiations conducted by the social partners in the field of wage policy and working conditions.

For some years, the Central Economic Council has also been examining factors influencing trends in the structural competitiveness of the Belgian economy compared to that of our trading partners. Bearing in mind the European guidelines on R & D and innovation, the social partners consider that if Belgium wants to successfully complete the necessary transition to a creative, high-performance economy, it needs to step up its efforts in the field of innovation. This requires a culture of innovation within business, government and society as a whole. They have given the CEC a mandate to analyse this subject in greater detail. At the request of the social partners, an inventory of the structural competitiveness of Belgium has been carried out on the basis of existing studies at the Central Economic Council, the Federal Planning Bureau and the National Bank of Belgium. Last summer, the government reaffirmed the need to boost the innovation strategy in which it saw, with interest, the initiative of the Central Economic Council in trying to achieve an effective "policy mix" together.

The CEC is carrying out a cross-cutting analysis of innovations achieved at European, federal, regional and community level. It is a matter of looking at the progress and delays observed in the various recommendations contained in the contributions and opinions of the CEC regarding innovation.

Since the start of the financial crisis, with the contribution of the National Bank of Belgium and academic experts, the Central Economic Council has been closely following developments and the initiatives of the public authorities in the field of banking and financial regulation. As well as setting up national and international crisis management mechanisms, it is also necessary to fully understand the macroeconomic effects of macroprudential policies. Particular attention has been paid to the

Annual Report of the National Bank of Belgium on financial stability and to the Basel Accords, which should enable the banks to control their risk exposure better. Work has also started at the CEC on the issue of sovereign debt.

Since the inter-professional agreement of 1998, the social partners have set a target of 1.9% of payroll expenditure to be devoted to training. At the same time, as part of the work carried out jointly by the NLC and the CEC, they have developed a tool for measuring training efforts. A methodology for monitoring training efforts has been established whereby a check is carried out each year to see if the overall training effort objective has in fact been reached by businesses overall. Arrangements have been set up for sanctioning sectors where efforts have been insufficient.

**At the National Labour Council (NLC)**, the social partners have adopted a position on the implementation of some important points in the last government agreement of December 2011 that have obvious links with the Europe 2020 strategy:

- Collective Labour Agreement No 103 of 27 June 2012 setting up a system for time credits, career reduction and end-of-career jobs;
- Opinion No 1 800 of 27 June 2012: Government agreement of 1 December 2011 - Point 2.1.7. "Improving conditions for access to time credit and career breaks";
- Collective Labour Agreement No 104 of 27 June 2012 on the implementation of a plan for the employment of older workers in businesses;
- Collective Labour Agreement No 9 d of 27 June 2012 amending Collective Labour Agreement No 9 of 9 March 1972 coordinating the national agreements and collective labour agreements relating to works councils concluded within the National Labour Council;
- Opinion No 1 802 of 27 June 2012: Government Act – Follow-up to Opinion No 1 795: Plan for the employment of older workers;
- Opinion No 1 803 of 27 June 2012: Law of 29 March 2012 containing various provisions (I) - Implementation of Opinion No 1 795 — Respect for the age pyramid in the event of collective redundancy;
- Opinion No 1 804 of 27 June 2012: Implementation of the government agreement of 1 December 2011 – Machinery for making employers accountable for the over-use of temporary unemployment – preliminary drafts for royal decrees;
- Opinion No 1 805 of 27 June 2012: Preliminary draft for a law on the distinction between a salaried worker and a self-employed worker;
- Opinion No 1 807 of 17 July 2012: Temporary work;
- Opinion No 1 814 of 25 September 2012: Strategy for recovery — Preliminary draft for a law regarding employment. (The NLC is currently working on the draft versions of the royal implementing decrees that have also been referred to it.)

These collective labour agreements and opinions can be found on the National Labour Council's website: [www.cnt-nar.be](http://www.cnt-nar.be).

Work is going on in many areas and should continue over the coming months, at a varying pace, at the different levels of government concerned and regardless of the timetables for the European Semester, which remains a concern at the centre of discussions between the Belgian social partners.

## BULGARIA

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

The Bulgarian ESC was actively involved in the drafting of the National Reform Programme (NRP) (2011-2015) in implementation of the Europe 2020 strategy, adopting a resolution on its draft version in April 2011 and taking part in the public debate. In this resolution it called for the active involvement of social partners and civil society in the preparation and discussion on the National Reform Programme.

Representatives of the ESC, the social partners and other stakeholders were enlisted in interdepartmental working group 31 on Europe 2020, which is drafting the NRP. In this forum they have the opportunity to submit written comments and recommendations after the draft NRP has been produced and to take part in public debate on it.

The consultations held between government and ESC representatives in the preparation of the NRP are a good example of the Bulgarian model. The ESC is satisfied that the core recommendations and proposals in the resolution and in the outcomes of the consultation process with government representatives were taken on board in the final version of the 2011-2015 NRP. The deputy finance minister, who is responsible for drafting the NRP, has expressed his readiness to hold these consultations between the ESC and the NRP team on a regular basis.

On 27 March 2012, ESC representatives took part in a public debate on the draft 2012 revision of the NRP which was attended by representatives from the government administration, NGOs, academic circles and the social partners. Representatives of the ESC, the social partners and others set out their positions. The overwhelming view expressed at that time was that the programme had been improved and that it reflected criticisms levelled at the preceding NRP (2011-2015). The new version is more specific regarding the timescale for the implementation of measures and their funding.

Another way in which civil society is involved in drafting the NRP is through participation in public debates on the basic challenges and policies laid down in the NRP in relation to the Europe 2020 strategy. These are organised by the ESC in partnership with the European Commission (EC) representation in Bulgaria and the European Economic and Social Committee (EESC) and are attended by representatives from the government, parliament and the social partners, along with scientists and experts. The ESC collates the principal findings of the fora and communicates them to the key national institutions in Bulgaria and to the European Commission and the EESC.

The ESC welcomes the fact that the institutions responsible – namely the Ministry of Finance and the Ministry of Labour and Social Policy – sent written replies in which they explicitly cite ESC proposals adopted and laid down in the NRP, in draft legislation, national programmes and strategy documents.

The ESC considers the participation of the social partners and civil society in the drafting of the NRP to be well organised and that the Bulgarian model for dialogue between the institutions and stakeholders is a good one. To make the process more effective, however, the ESC stresses the absolute necessity of ensuring more public discussions of documents of national importance and greater involvement of stakeholder representatives in these discussions.

It is also essential to strengthen public supervision and transparency in the monitoring and implementation of measures set out in the NRP and its attendant action plan.

The last European Semester in Bulgaria saw a strengthening of the mechanisms for monitoring progress in achieving NRP goals and reforms. If measures are not delivered on time and there is a risk of non-implementation, the ministers and heads of departments responsible are obliged to frame and take practicable action to speed up their implementation. Each quarter, the National Assembly issues a publicly accessible statement on progress made in implementing NRP measures.

On 28 June this year, the European Commission representation in Bulgaria and the ESC held a joint public presentation of specific recommendations for Bulgaria as part of the European Semester. The Commission's recommendations, which had been adopted on 30 May, were discussed by representatives of the finance ministry, the social partners and other NGOs.

The ESC welcomes the efforts of the Bulgarian institutions – the government and president – to draft the Bulgaria 2020 national development programme. As stipulated in the Draft General Concept for Programming Development of the Republic of Bulgaria, the ESC is the advisory body for the programme and is actively involved in preparing what is an extremely important document for our country. The programme, which sets out Bulgaria's strategic priorities for the next programming period (2014-2020), must be adopted by the end of 2012.

ESC and social partner representatives are active participants in the meetings taking place this year of the Bulgarian president's advisory councils:

- Council for regional and national infrastructure development on "National priorities for regional development funded by the Cohesion Fund and Structural Funds 2014-2020"; "National priorities in Bulgaria's agricultural policy up to 2020";
- Council for competitiveness and investment on: "Competitiveness and investment priorities";
- Council for education and science on: "Bulgaria 2020: National priorities in education and science";
- Council for economic development and social policies on: "Inclusive growth: Employment and social inclusion"; "Health and welfare – Key aims and approaches";

- Council for religion, culture and national identity on "Cornerstones of Bulgaria's national culture strategy".
- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

The ESC is satisfied that Bulgaria's fundamental economic priorities of competitiveness, growth and jobs are reflected in the National Reform Programme (2012-2020) implementing the Europe 2020 strategy. The essence of the ESC's proposals and recommendations regarding long-term strategy (to 2020) and the structure and balance between individual elements of the NRP is reflected in the new 2012-2020 version of the programme, adopted by the Council of Ministers in April 2012.

The ESC also recommends that institutional responsibilities, as well as procedures for monitoring, control and overall coordination of implementation, be clearly delineated. The ESC notes that since 2011 the Council of Ministers has drawn up a quarterly balance sheet on the implementation of measures laid down in the Bulgarian National Reform Programme (2011-2015) and the attendant action plan, as well as an analysis of expected implementation up to June 2012.

In its opinion of October 2010 the ESC recommended that, if budget revenue problems deteriorated in 2011, a "Budget Board" should be set up to bring greater clarity to the balance of government revenue and spending. An amendment was adopted in 2011 to the law on the structure of the state budget ("Organic Budget Law") that enacted a requirement to keep the budget deficit below 2% and limit government spending to 40% of GDP, thus strengthening the binding character of the fiscal framework and improving the predictability of budgetary planning.

The ESC considers that the key observations and recommendations in its recent statements concerning demographic development and the labour market, employment and the social economy, quality of education and drop-out rates have been incorporated into the updated 2012 NRP and the attendant action plan, with the corresponding measures, timescales and sources of financing. Labour market and education measures are by far the key policy areas in the 2012 NRP revision, which is a response to specific recommendations for the country's NRP adopted by the European Commission and the Council in 2011.

The government has adopted a number of very important strategic documents called for by the ESC in its statements:

- a revised national strategy for demographic development 2012-2030;
- a revised employment strategy 2012-2020 – adoption pending;
- draft legislation on school and pre-school education;
- draft "National strategy for early school-leaving" scheduled for public discussion in 2012.

Testimony to the quality of the dialogue with the Ministry of Labour and Social Policy is the ministry's willingness – set out in writing – to take into account the ESC's proposals (in its resolution on the Commission's "Towards a job-rich recovery" communication on the development of the labour market) in the drafting of the revised employment strategy (2012-2020) and in future operational and strategic documents promoting the development of the country's labour market. Core ESC positions accepted by the Ministry of Labour and Social Policy and reflected in NRP policies and measures include:

- creating jobs to improve the position in the labour market of the most vulnerable groups, such as: young people and the elderly, the low-skilled and those with minority backgrounds;
- identifying priority sectors of the economy that have potential for sustainable development and increasing labour productivity, and support for the creation of new jobs;
- financial stimuli and measures to promote the self-employment not only of the jobless, but of some of those in work or those outside the labour market with sufficient potential and vocational qualifications;
- support for good apprenticeships and work placements as an instrument for getting young people onto the labour market;
- support for women entering the labour market, especially for the time when children are being raised and educated in the family, and for work-life balance, which facilitates the necessary integration of women into the labour market;
- providing stimuli for extending the working life of older workers in the form of tax benefits, access to lifelong learning, flexible working and better health and safety at work.

Most participants in the public debates pointed to the need for more concrete measures in the NRP and greater monitoring of their implementation. Proposals were made for supplementary measures in the area of government administration, the business environment, education and infrastructure, including social infrastructure.

Representatives of the ESC and the social partners recommended that a permanent link be established between education, science and business, lifelong learning, improving the qualifications of teachers and measures to cope with the impact of population ageing.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

The ESC voiced its position on the European Commission's specific recommendations on the current 2012 Bulgarian NRP and the convergence programme (2012-2015) at a discussion held on 28 June 2012.

The ESC agrees with the EC that the Bulgarian government's planned policies set out in the 2012 NRP rightly put the stress on budgetary consolidation, boosting investment and uptake of EU funding in all sectors, and improving the business environment and public administration. At the same time, the ESC accepts the recommendation that the government must make greater efforts to improve public spending, especially in education and healthcare, and adopt tax compliance measures in order to increase tax revenues and tackle the informal economy.

The ESC also concurs with the EC's view that, despite the progress made by the government in pursuing its reform programme, the main policy challenges facing the country remain essentially unchanged, namely:

- the continuing rise in unemployment requires a greater shift to active employment policy to improve employability;
- low achievements in education are testimony to the major structural barriers to good-quality education;
- the sustainability and sufficiency of pension systems are not fully guaranteed;
- the quality of public spending and the efficacy of the tax system and business climate are less than perfect;
- Bulgaria is highly dependent on energy imports and its energy market is not fully functional.

The core of the EC's remarks and recommendations and the Council's country-specific recommendations for Bulgaria adopted on 6 July 2012 for reforms to the pension system, healthcare, cooperatives and the social economy, demographic change and the labour market, education and youth employment, and early school-leaving were addressed in recent statements and resolutions in which the ESC formulated numerous specific recommendations and proposals. Essentially, the ESC has put forward a package of measures and procedures to tackle specific challenges corresponding to these recommendations.

In connection with the Commission's Annual Growth Survey for 2012 and the need to take action to promote growth and competitiveness and tackle unemployment and the social fallout of the crisis, the ESC has issued a number of statements and is holding public consultations on this matter.

The ESC agrees with the Commission that a recovery in employment is prevented by the mismatch between skills sought and those on offer and – in the long term – by the continued decline in the working-age population. This has adverse implications for the economy's growth potential over the longer term.

Against this backdrop a European debate took place in Bulgaria on the topic "Demographic challenges and the labour market" in which the ESC presented the position of Bulgarian organised civil society on "Challenges for labour markets in the context of the Europe 2020 strategy". The main conclusions and recommendations from the discussion were summarised, published in a brochure and distributed to key Bulgarian and European institutions.



The ESC's core argument is that the incipient segmentation of labour markets and the growing difficulties for young people in finding work, long-term unemployment and older people are clear indicators of the structural problems facing labour markets in the EU Member States.

In the view of the ESC, the EU's current policy, which focuses predominantly on macroeconomic stabilisation via stiff fiscal restrictions, fails to promote sufficient investment and will soon lead to a fall in jobs. In order to achieve the Europe 2020 strategy goals, the ESC thinks that a change is needed in macroeconomic policy to ensure the necessary balance between the stability of fiscal systems and creating the right conditions for growth based on job creation.

The ESC thinks that there is a serious adverse impact on employment and the structure of jobs not just from the crisis, but from numerous long-term structural challenges, such as an ageing workforce and an erosion of human capital, dynamic technological changes and the related restructuring of jobs, migration flows that are not always beneficial, globalisation and growing foreign competition, especially from the world's large rapidly developing economies.

For the ESC, early school-leaving is an extremely grave problem that brings in its wake serious economic and social consequences. In its resolution on the draft NRP (2011-2015), adopted in April 2011, it set out a more ambitious national target for early school-leaving than that adopted by the government.

The ESC drew attention to this problem with its own-initiative opinion on "Policies to curb early school-leaving" because it believes that poor education will be a serious obstacle for the EU in guaranteeing people a high standard of living and in striving for smart and inclusive growth in Europe.

The ESC supports the measures proposed by the European Commission to ensure that each Member State guarantee employment or continued education and learning for all young people for four months after completing or leaving school. It is particularly important that these initiatives cover early school-leavers and other disadvantaged groups of young people. The ESC considers it indispensable to strengthen regional monitoring of youth unemployment and early school-leaving. Only in this way can specific problems and circumstances involved be identified and tackled effectively.

The ESC endorses the Commission's recommendation regarding the need for a new impetus for educational reform; the bill on school and pre-school education scheduled for adoption by the end of 2012 will contribute to this. The aim of these measures taken by the government is to back up the overall education strategy and if this is implemented it will help in raising the standard of young people's education, in improving results in knowledge exams and in the further adaptation of education and training systems.

The ESC believes that the government has already taken a number of important steps in this direction that the EESC recommended in its opinions and resolutions. These include broadening access to schools (equity), compulsory nurseries for five-year-olds, extending the full-day school to an annual basis, and doing more to prevent early school-leaving. The Ministry of Labour and Social Policy's human resources operational programme also has a number of measures supported by the European Social Fund (ESF) for updating school curricula and teaching methods in vocational education and training (VET).

To canvass the views of the public on this matter, the ESC initiated an international conference on "Education and youth employment in the context of the Europe 2020 strategy", which was held in Sofia on 8 June 2012. Organised by the Bulgarian ESC, the EESC's Group II, the Ministry of Labour and Social Policy and the European Commission representation, it was attended by more than a hundred Bulgarian and foreign guests, including thirty members of the EESC from twenty EU Member States, members of the Bulgarian government and the Bulgarian parliament, ESC members, and representatives of the European Commission, Bulgarian universities, teachers, NGOs, scientists, experts, students and so on. Since education and employment are of crucial importance for Bulgaria, the event offered an opportunity for the public and institutions at home and in the European Union to pinpoint the problems and seek possible solutions through consensus of all the interested parties.

The ESC supports the position of the European Commission that higher education reforms must be carried out as a key priority for growth and must be flanked by effective governance, sufficient investment and the necessary political will. On this point, conference participants were united in concluding that higher education has to be seen as a public good which must be given sufficient public resources. A link must be forged between analysis of labour market needs and updating curricula and optimising the disciplines students take in higher education, including ensuring greater participation of business and the public sector in the design of actual curricula. Adapting the national qualifications frameworks to European recommendations is another key idea voiced at the conference. Work experience in the course of studies serves as a kind of bridge between business and universities that could guarantee jobs to young people. The conclusion stressed that education must be seen as a long-term investment process and every reform must guarantee a return on the considerable investment made in education.

– **What are the further actions foreseen by the main social and economic stakeholders in your country?**

For the rest of the year, the ESC will continue its work on drafting the Bulgaria 2020 national development plan, for which it has the status of advisory body under the government's Draft General Concept for Programming Development of the Republic of Bulgaria.

This year the ESC is continuing its work on the social economy and the role of cooperatives in its progress in Bulgaria. The adoption of two opinions on this issue is forthcoming and on 4 December the ESC is holding an international conference on "The role of cooperatives in the development of the social economy".

Also forthcoming in 2012 is the discussion and adoption of an ESC opinion on problems of active working life for older people and intergenerational solidarity. The ESC will present its views on active ageing and intergenerational solidarity at a conference in December organised jointly with the Ministry of Labour and Social Policy.

After the adoption of a special opinion on early school-leaving, the ESC is continuing its work on this issue in both 2012 and 2013. This year it commissioned a wide-ranging sociological survey on problems of early school-leaving and on the basis of this will draft its own study with concrete proposals.

In 2013, the ESC will draft opinions on the European Commission's next Annual Growth Survey and will hold consultations with representatives of the government and other stakeholders based on this.

For the rest of 2012 and in the first half of 2013 the ESC will hold consultations with representatives of the Bulgarian government responsible for implementing the NRP. At these consultations members of the ESC and the social partners will receive the necessary information about NRP implementation and will have the opportunity to present their ideas and proposals.

In 2013, the ESC will organise, together with the European Commission representation in Bulgaria, a public consultation on the Commission's next recommendations regarding the Bulgarian NRP.

The second crucial priority for the ESC in 2013 concerns the problems of young people and early school-leaving. The ESC is planning to adopt opinions on youth employment and unemployment and early school-leaving in which it will put forward new ideas and recommendations for tackling these problems. Next year, the ESC will join the Ministry of Labour and Social Policy in holding a public consultation on cutting youth unemployment and early school-leaving.

In 2013, the ESC work will continue its work on the social economy as a way of creating better and stable jobs.

In 2013, the ESC will hold regional fora on early school-leaving and providing jobs for young people. These will be the occasion for wide-ranging consultations with representatives of the social partners, local authorities, the government and other stakeholders.

At the end of October 2013, it will hold an international conference on problems in implementing the Europe 2020 strategy. The main aim of this conference is to make an interim assessment of the strategy's implementation and to frame new policies and directions for its further progress.

## CZECH REPUBLIC

The government of the Czech Republic believes that it is important and very desirable for the social partners and representatives of civil society to take part in the process of drafting and finalising National Reform Programmes. One of the many reasons underlying this view is the fact that it will in future be possible to link these documents to cohesion policy – which requires continuity of content and principles – based on a broad consensus encompassing the executive level as well as the social partners and civil society organisations. Although the NRP is a document of the government, which is responsible for its final version – a fact which imposes a certain number of limitations that must be respected on the involvement of other groups in its preparation – the Czech government endeavoured to ensure the closest possible involvement of all relevant bodies in the preparation of the National Reform Programme for 2012.

The Czech government office, which is responsible for formulating the National Reform Programme, held a series of round tables to this end in January and February 2012 (from 11 to 19 January and from 23 to 27 February 2012) to prompt an in-depth discussion on the draft versions of each chapter in the document. A list of these meetings is appended for your information.

Invitations to these meetings were sent to representatives of the social partners, public administration bodies, members of the legislature, representatives of local and regional authorities, members of the government's National Economic Council, academics, experts in the field and representatives of non-profit organisations and civil society. Participants were able to comment on any aspect of the National Reform Programme, the individual sections of which were drafted by the relevant government departments. These comments were subsequently taken on board and incorporated in the final version. The programme was also examined in detail by a working group of the "Council for the Economic and Social Agreement of the Czech Republic for the EU", and presented at the Council's plenary session on 23 March 2012. A brief description of the consultations that took place forms part of the final text of this year's National Reform Programme.

Although the social partners and civil society representatives were very heavily involved in this process, the Czech government has been unceasing in its efforts to broaden its cooperation with civil society and the social partners and to deepen this involvement. Accordingly, the Czech government office will be holding a round table in autumn 2012 in connection with the work on the new National Reform Programme to assess the implementation of the measures set out in the 2012 version. The outcome of these meetings and the subsequent discussions with the working group of the "Council of Economic and Social Agreement for the EU" will be used as a guide when drafting the preliminary version of the Czech Republic's 2013 National Reform Programme. This version will be examined in depth – as was the case last year – in the first months of 2013.

Representatives of the social partners and civil society also attended a round table held by the Czech government office on 25 June 2012 (the eve of the European Council meeting) to examine the Council's specific recommendations. In terms of substance, most of the Council's recommendations

addressed to the Czech Republic this year were in keeping with the reforms carried out and the general thrust of government policy.

Nonetheless, the Czech government expressed reservations regarding a number of recommendations, particularly the third recommendation on childcare establishments for pre-school age children. In the discussions that took place prior to the June European Council meeting, however, this discord was removed thanks to a rewording of the original recommendation. At the same time, it should be noted that the effects of some of the Commission's recommendations are actually at odds with the consensus reached between the government and the social partners, a case in point this year being the pensions issue.

Appendix:

List of roundtables on the National Reform Programme organised by the Czech government office in January and February 2012

## **APPENDIX**

### **List of roundtables on the National Reform Programme organised by the Czech government office in January and February 2012**

#### **January 2012**

Wednesday 11 January 2012 (11 a.m. – 1 p.m.)

*Revising the 2012 Czech National Reform Programme – general introductory meeting*

Thursday 12 January 2012 (9.30 a.m. – 12 p.m.)

*A modern social system, a functioning labour market*

Thursday 12 January 2012 (2 p.m. – 4 p.m.)

*Reforming the public healthcare and the national health insurance systems*

Friday 13 January 2012 (9.30 a.m. – 12 p.m.)

*Effective public administration, e-government and the fight against corruption*

Friday 13 January 2012 (2 p.m. – 4 p.m.)

*Supporting business and the digital market*

Monday 16 January 2012 (9.30 a.m. – 12 p.m.)

*Education as the path to competitiveness and higher labour productivity*

Monday 16 January 2012 (2 p.m. – 4 p.m.)

*Supporting science, research and innovation*

Wednesday 18 January 2012 (9.30 a.m. – 12 p.m.)

*The macro-economic situation and fiscal consolidation*

Wednesday 18 January 2012 (2 p.m. – 4 p.m.)

*Tax reform and its contribution to fiscal consolidation*

Thursday 19 January 2012 (9.30 a.m. – 12 p.m.)

*Supporting the low-carbon economy*

Thursday 19 January 2012 (2 p.m. – 4 p.m.)

*Improving transport infrastructure*

#### **February 2012**

Thursday 23 February 2012 (9.30 a.m. – 12 p.m.)

*A modern social system, a functioning labour market*  
*Reforming the public healthcare and the national health insurance systems*

Thursday 23 February 2012 (2 p.m. – 5 p.m.)  
*Effective public administration, e-government and the fight against corruption*  
*Supporting business and the digital market*

Friday 24 February 2012 (9.30 a.m. – 12 p.m.)  
*The macro-economic situation and fiscal consolidation; Tax reform and its contribution to fiscal consolidation*

Monday 27 February 2012 (9.30 a.m. – 12 p.m.)  
*Education as the path to competitiveness and higher labour productivity*  
*Supporting science, research and innovation*

Monday 27 February 2012 (2 p.m. – 5 p.m.)  
*Supporting the low-carbon economy*  
*Improving transport infrastructure*

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## DENMARK

Contribution from Ms Mette Kindberg,  
member of the EESC and Vice-President of the Women's Council in Denmark (Kvinderådet)

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

The Danish government has for many years consulted an advisory group on the EU's long-term strategies, first the Lisbon strategy and now the Europe 2020 strategy.

The advisory group - whose formal name is "The Contact Committee on the Europe 2020 Strategy", is made up of representatives of the social partners and a number of organisations from the rest of civil society, especially green and social organisations.

Unfortunately, organisations that could have made a contribution from a gender and equality perspective were previously not represented. But fortunately things have been put right, since the Women's Council is now represented in the advisory group.

Another positive point is that the advisory group now receives a list of the Danish officials who are responsible for the individual chapters of Denmark's National Reform Programme, together with their contact details. As part of the preparation of the National Reform Programme, the advisory group is called upon to send contributions directly to the officials, ask for clarification, etc.

I should like to make the following suggestions for improvements:

The Danish government is urged to make a *brief statement* on how the suggestions, ideas and views of the social partners and civil society concrete have actually been approved and included in the Danish National Reform Programme.

The proposal will make it more clear to what extent - and in what specific areas - the Danish government has listened to the social partners and civil society.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

Firstly, I would like to make it clear that an open, dynamic, growth-generating and inclusive European labour market is a labour market for both sexes.



The EU and its Member States, including Denmark, must therefore carry out a *consistent gender assessment of all proposals for job creation* and assess the whole job creation policy to see if it targets both men and women.

There are huge and largely untapped opportunities for *job-creating innovation in female-dominated fields* such as culture, education and care, where the Scandinavian social model has already proved that it can provide opportunities to develop export-generating partnerships.

One special area is the creative industries. They are of increasing economic importance both in Denmark and worldwide, but none of the EU countries has a training strategy to support the development of creative industries. As regards equality, it should be noted that the workforce in the creative industries is largely male and not formally trained.

Therefore, Denmark and the other Member States should do much more to *establish formal programmes targeting the creative industries*. This will serve a dual purpose. Firstly, it will help to support and develop the creative industries. Secondly, experience has shown that the introduction of formal education helps to open up areas for women which are otherwise dominated by men.

The Scandinavian countries have already met the EU's 70% target for female participation in the labour market. This has been largely due to the existence of *a social and solidarity-based solution of caring tasks in relation to children, the elderly and the sick*. It is important for the EU that female participation in the labour market in other countries is not based on tasks such as these being performed by underpaid foreign workers in "au pair" or similar schemes or free labour provided by grandmothers and other female relatives.

In addition, I would like to draw attention to the following issues and proposals.

The EU, Denmark and the other Member States should ensure that *employment promotion schemes apply to both women and men equally*.

The EU, Denmark and the other Member States should carry out more consistent *monitoring of long-term unemployment* in order to discover cases of gender bias and subsequently take action to rectify them.

The EU, Denmark and the other Member States should ensure that greater efforts are made to *reduce pay inequalities*. In Denmark, a high priority should be given to improving the current legislation on wage statistics.

The EU, Denmark and the other Member States should ensure a *better distribution of parental leave*. In Denmark, the government should propose legislation to set aside up to three months of parental leave for fathers.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

On 28 and 29 June, the European Council approved five recommendations concerning Denmark's National Reform Programme and Denmark's updated convergence programme.

Recommendation 2) assumes that Denmark will take further steps to enhance the long-term labour supply by, among other things, "targeting subsidised employment schemes (the "flex-job" system) towards people with reduced working capacity ..".

The Danish government has signed a political agreement on *flex-job schemes*, and there is reason to be concerned that conditions will be tightened too much for people with reduced work capacity. I was pleased to see, among other things, that more emphasis had been placed on the gender perspective. A study from 2010 on the flex-job system from the Danish Labour Market Board showed that about 60% of flex-job scheme beneficiaries are women. Among the unemployed on flex-job, schemes the proportion of women is around 70%.

Recommendation No. 3) seeks, among other things, to reduce the *drop-out rate in vocational training*. I fully support this recommendation, but here too a gender perspective is lacking.

- **What are the further actions foreseen by main social and economic stakeholders in your country?**

The Danish government states in its legislative programme, which was presented in early October this year, that it will present a bill to revise the *law on equal pay*. This is a positive step and I would like to acknowledge it as such. But both HK/Denmark, where I am vice-president, and the Women's Council will be following the legal process closely to see whether the obligation on companies to provide gender-based wage information has been tightened enough.

The Danish government promised in its government statement that it will *set aside up to three months of parental leave for fathers*. This is a positive step from a gender perspective. But the government has made no such proposal in its legislative programme for October this year and instead referred the matter to a committee. Both HK/Denmark and the Women's Council will follow this matter closely and work to ensure that the proposal becomes a reality.

## ESTONIA

Contribution received from Ms Liina Carr,  
member of the EESC and  
International Secretary of the Confederation of Estonian Trade Unions

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRP)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

The National Reform Programme "Estonia 2020" (NRP) for 2012 has been developed in a close partnership with national authorities, but the partnership with social partners, regional and local authorities has been quite weak. Despite the attempts to improve the quality of governmental institutions' engagement practices (one objective of the updated good engagement practices<sup>1</sup> is to enhance the transparency of decision-making and the reliability of the governmental sector in their relations with stakeholders and the wider public), the involvement of stakeholders (social partners, NGOs, etc.) in the process of policy design, implementation and monitoring has remained formal (mainly owing to engagement at too late a stage, insufficient information communication or short deadlines). Although public debates in Estonia can be held in the participation website<sup>2</sup>, the comments there are extremely few. Owing to the formal involvement of stakeholders, the NRP has not been discussed in public and there has not been any kind of public debate over the NRP. However, the suggestions made by the parliamentary committees (the European Union Affairs Committee, Economic Affairs Committee, Cultural Affairs Committee and Social Affairs Committee) were taken into consideration when the first version of the NRP was amended. Although, in general, the content of political debate has essentially changed over the past year, as an increasing number of different stakeholders have started to draw attention to the social consequences of political decisions (i.e. the most vulnerable, people experiencing poverty and social exclusion), it should still be pointed out that there has not been any kind of political debate over the NRP.

A significant amendment compared to the previous NRP is the inclusion of the gender inequalities problem in the NRP.

To improve the involvement of stakeholders, they should be engaged at a much earlier stage in the preparation of the NRP. As mentioned above, at present it tends to be "too little, too late" and without allowing adequate time for stakeholders to work through an already finished NRP document and to submit their proposals for amendments. This demonstrates very clearly the Government's resistance towards proposals from third sector organisations that are directed to achieving real life changes and are thus very often contradictory to various governmental or ministerial programmes.

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<sup>1</sup> Kaasamise hea tava (Good engagement practices) (2011). Government Office <http://valitsus.ee/et/riigikantselei/kaasamine-ja-mojude-hindamine/kaasamise-hea-tava>.

<sup>2</sup> Osale.ee (Participate.ee). <https://www.osale.ee>.

– **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

Although the priorities of the challenges in the NRP in general support the most important social inclusion challenges in Estonia, the reduction of poverty and social exclusion has not been approached systematically, primarily because the NRP is a competitiveness strategy. Regrettably the NRP does not explicitly consider the understanding of the relationships between increasing competitiveness and social inclusion.

– **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

The 2012 NRP does not address the issue raised in the previous NRP relating to the increased security of workers in cases of unemployment; previously supposed to come into force in 2013, the clause relating to this increased security has subsequently been deleted this year (2012). The 2012 NRP gives no explanation about how the government is planning to rectify this situation.

Measures and activities addressing the specific challenges of increasing employment and reducing unemployment focus on the prevention and reduction of youth unemployment via high-quality education provisions, the reduction of school drop-out rates and better preparation for entrance to the labour market. A lot of emphasis is also laid on reducing the share of adults (25-64) without specialised professional education (vocational or university), especially among those aged 25-34; as well as on increasing the participation of adults in life-long learning, first of all by increasing the opportunities for adult continuing education and retraining and by providing formal education to adults without specialised education. To prevent unemployment and decrease its duration, there are plans to increase the effectiveness of the provisions of active labour market measures. More attention should have been paid in the NRP to the challenges of reducing unemployment among disabled people, while in-work poverty has been completely neglected.

However, despite such rhetoric, in reality the actions of the government do not support these aims. In the autumn of 2011 the institutional tripartite dialogue between the social partner organisations (trade unions and the employers' organisation) and the government was broken off when the employers called back their representatives from the tripartite Unemployment Insurance Fund. The reason for such drastic action was the plan of the government to reduce the independence and competencies of the two public social insurance institutions – the Unemployment Insurance Fund and the Health Insurance Fund – by taking over their reserves and forcefully placing them in the treasury thus subjecting their use directly to governmental control. In addition, for 2012 the government, ignoring the decision to the contrary of the Unemployment Insurance Fund management board, illegally imposed unjustifiably high unemployment tax rates in an attempt to balance the state budget, although the law stipulates that such payments are collected for the specific purpose of guaranteeing the stable functioning of the unemployment insurance system. Both the trade union organisations and the employers' organisations protested against such behaviour but the government ignored the protests.

During recent years (following the recent crisis) the not-for-purpose use of social insurance funds can also be seen in the government's determination to limit the use of Unemployment Insurance funds for active labour market measures. This was done for only one reason: to avoid increasing the expenses of the fund for measures that would help the unemployed find work within a shorter period, thereby decreasing the Fund's reserves and making it harder for the government to balance the budget. All this means a tax increase for employees and employers which is all the more cynical as neither government ministers and parliamentarians nor high-ranking civil servants and the heads of companies pay such a tax out of their salaries.

This autumn some politicians belonging to the government coalition proposed to make a significant change in the social security system by shifting certain state social security obligations, financial as well as practical, on to the Unemployment Insurance Fund without providing any extra financial means from the general tax revenue for these new duties. If this plan is carried out it means that direct state obligations in the social security field are placed on a body whose sole purpose is to provide security to employees in certain cases of unemployment and for which a separate tax is collected. This tax, which is paid only by employees and companies, should be used for its proper purpose.

## GREECE

To tackle the crisis and the serious problems it is causing businesses and workers requires social dialogue to be stepped up and the social partners to be properly involved in the process of planning and implementing the necessary structural reforms. The basic preconditions for economic recovery and progress towards meeting the Europe 2020 objectives are coordinated action and solidarity. Policy can only influence the real economy, curb the side effects of the crisis and help to promote employment and the knowledge-based society through broader consensus.

The National Reform Programme 2011-2014 stems from implementation of the Economic Adjustment Programme. As stated in the official text, it was drawn up in full compliance with the Programme of Financial Support and its implementation follows the efforts of the Greek government to apply the new development model that will improve the country's productive base and secure financial stability.

With Greece at such a critical juncture, the need for broader social and political dialogue is striking. Yet despite this, the social partners' involvement in the process of planning and implementing the 2011-2014 National Reform Programme has been conspicuously limited. Dialogue is mainly between the government bodies and the Troika, while at the same time there is clearly a systematic effort to downgrade its profile and role in social cohesion and development.

The position taken by the Greek Economic and Social Council (OKE) is that the government needs to re-activate the committee monitoring the National Reform Programme by involving top government officials and representatives of both sides of industry. Otherwise, the social dialogue process risks being seriously undermined. Under current conditions and given that the planned reforms call for tough measures in relation to the country's productive and social fabric, genuine social dialogue and broader social consensus have never been so necessary.

In November 2011, the OKE took the initiative and went ahead with an assessment of the National Reform Programme 2011-2014 in its Opinion No. 260. The introductory passage reiterates the point that the basic problem with the NRP is the absence of specific quantitative objectives, a fact that is causing serious problems in the process of monitoring and evaluating its constituent measures. The implementation of the reforms and their results should be monitored systematically by adopting quantitative indicators and on the basis of a specific timeframe for implementation. Another serious problem, which on the basis of the measures referred to in the NRP does not appear to be being tackled properly against a set timeframe, is the continuing rise in unemployment. The austerity measures have aggravated the crisis and provoked a horrifying increase in unemployment. The provisional figures from ELSTAT for the second quarter of 2012 show that the crisis is continuing, with GDP falling by 6.3%. They also predict a further increase in unemployment, which reached 23.6% in the second quarter of 2012 and which early figures for July 2012 put at 25.1%.

The OKE believes that without growth, Greece cannot pay off its real debt and become economically and socially viable. Therefore, the way things stand for the country today, the only way forward is to set growth objectives, identifying and specifying the comparative benefits and rectifying the economy's structural problems. The only way to increase employment, meanwhile, is to establish a new model for growth and productivity based on sound business, research and development, with less bureaucracy and a more effective public sector.

## SPAIN

- **Involvement in drafting NRPS**

Up until the drafting of the NRP in 2012, consultation procedures were applied in Spain that had been in use in previous years, with the social partners sending the government their comments on the draft NRP. The social partners had already pointed out in previous years that these arrangements did not give them any real say in the content of the NRPs, both because the consultations were too short and because there was no in-depth debate on the content of NRPs.

In 2012 there was no advance government consultation of the social partners, who were merely informed of the content of the NRPs at the time they were adopted.

The current cooperation agreement between the government and the social partners needs to be reactivated to contribute to the Europe 2020 strategy, giving the social partners a greater role; it would also be useful for less technical meetings to be held, in addition to political meetings, with a view to achieving more comprehensive monitoring of the implementation of the Europe 2020 strategy.

With regard to the NRP implementation phase, this has largely been achieved using formulas for urgent legislation – royal decree-laws. Instead of the usual formula whereby the government draws up a draft law and sends the draft to parliament, the government regulates the matter directly by means of a royal decree-law, although the Congress of Deputies has to assess the grounds for using this kind of regulation and endorse the government's provision. After a royal decree-law has entered into force, its content is often subsequently processed as a draft law in parliament.

This urgent legislation formula has a bearing on the processes for involving the social partners, as consultation procedures such as, for example, the Economic and Social Committee report, which is required for draft laws, are not mandatory. This has meant that hardly any of the legislative measures for implementing the NRPs have been the subject of an ESC report.

- **Criteria relating to the NRPS and Country-Specific Recommendations**

### **Macroeconomic situation**

- The ESC usually evaluates the economic and social situation in which Spain is applying the 2020 strategy in the European socio-economic context and against the backdrop of the economic measures adopted by the EU.

In the EU, with a substantial divergence between Member States' results and against a backdrop of weak institutions and economic crisis, domestic economies reduced their expenditure and businesses, affected by the depressed demand and the difficulty of obtaining credit, invested and produced less. This resulted in a rise in the unemployment rate for the third year running.



The problems of sovereign debt in some euro area countries and their spread to other vulnerable economies, along with the weaknesses of the EU institutions and EMU itself, caused the "euro crisis" to become a third link in the crisis chain, coming after the financial and economic elements. The inability to find a joint response to the crisis exposed the EU's weakness when it came to acting as an entity in itself, with countless governance shortcomings and lacking the proper instruments to manage its crisis response quickly and decisively. A lack of EU political, economic and social leadership was noted – de-europeanisation – with, instead, national policies driven by certain Member States – renationalisation.

There were insufficient instruments to consolidate the European project, which ceased to progress towards economic union in the face of Member States' reluctance to yield sovereignty and move forwards towards greater fiscal integration. In addition, mechanisms for intra-Community solidarity and transfer that would have enabled the risk to be shared were not envisaged, while the budget was insufficient and there was no Community treasury.

Macroeconomic imbalances were revealed in the EU as a whole and in each of the Member States, including in the area of trade, and high deficits but also high surpluses, impacting on the balance of capital and current accounts, which reflect the different commercial and production structures and mean that the lender surplus countries and the deficit countries which need international liquidity have widely differing interests.

As regards monetary policy, adopted by the ECB, there is some doubt over how appropriate many of the decisions are - for some countries they may have been beneficial while for others they have proved counterproductive at certain times in the economic cycle.

Along with the institutional shortcomings, there were the shortcomings of the economic policies adopted by the Member States, which were very often independent and not coordinated with the other Member States, and this heightened these imbalances. Crisis exit management was dominated by the French and Germans, and this dynamic replaced the European Union institutional decision-making mechanisms, causing the serious political crisis in the EU as a result of the deterioration in the quality, operation and legitimacy of European democracy.

Fiscal adjustment policies unaccompanied by measures to stimulate growth can only lead to another recession, impacting negatively on the most indebted countries, which will have greater difficulty paying off their debt, but also on the lender countries, which will find it harder to recover the money they have lent.

Given the need for fiscal sustainability to ensure growth in the future, it would be advisable to meet the deadlines set for budget adjustment, so that a pan-EU growth strategy can be implemented in parallel. This will in turn facilitate achievement of the deficit targets. Given the differences between Member States' economies and the asymmetrical impact of the measures adopted, if the countries less affected by the crisis were to launch expansion policies, that would stimulate growth in the more

depressed Member States, which are deep in more stringent fiscal adjustment plans, thus bringing about a balance across the European Union as a whole. All this leads us to point to the need to develop at the same time a jobs and growth recovery strategy that is compatible with more gradual adjustment.

It has been noted that on many occasions the European Union has not had its own voice in international forums, as the Member States have upheld their own positions and achieved agreements individually. Thus, the limited specific influence displayed by the European Union has in some ways had a bearing on its response to the crisis. As well as responding to the most immediate challenges, the EU should start to lay the foundations for "more Europe" – that is to say, becoming a strong, cohesive, integrated, interrelated player with global influence that can independently bring a wide range of political and economic instruments to bear to support its interests.

- With regard to the Spanish economy, the need to correct the imbalances which piled up in the last period of growth (overexpansion of the property sector and a great increase in private debt), and those arising from the crisis itself (high rate of unemployment and an increase in public debt and deficit levels), made it vulnerable to the worsening sovereign debt crisis.

On the other hand, the more stringent fiscal adjustment plans implemented by public administrations with the aim of achieving the public deficit target agreed to by Spain in the stability programme are having the clear effect of reducing investment and expenditure on public and private consumption.

For 2012, for the second year running, procyclical budgets have been adopted across the board, with lower expenditure and higher taxes, ultimately leading to a drop in overall demand, business activity and jobs.

In 2011 the saving rate fell, mainly owing to the fall in public saving and, in addition, the drop in household saving, against a backdrop of ongoing, worsening crisis. The rise in unemployment, the fall in unemployment benefit eligibility and the rise in taxes affected household's disposable income and their saving capacity.

The need to adjust the levels of indebtedness influenced the credit restriction placed on non-financial undertakings and households. The difficulties of gaining access to other funding from banks, along with the ongoing crisis, helped to exacerbate the initial liquidity problems of many businesses, especially smaller businesses, so that they became solvency problems, constituting the main obstacles for the non-financial business sector when banks should have been contributing to recovery.

## **Reform agenda**

### *Financial system*

The tensions affecting the markets and Spanish financial institutions continued throughout the year, making it difficult for them to achieve their task of channelling saving towards economic operators' necessary expenditure. This difficulty would indicate that the measures for reforming the Spanish financial sector launched thus far have proved slow and inefficient. It is vital to speed up this process to restore credit flow, finance economic activity and get sustainable growth back on track.

The main factor hindering the Spanish financial sector continued to be its exposure to assets related to construction. The uncertainty surrounding the evaluation of these assets and the higher "bad debt" rating of many of these debts affected the quality of the institutions' balance sheets and hence their access to wholesale funding.

The considerable recourse by Spanish institutions to the two ECB extraordinary refinancing operations, the profusion of greater losses than expected in merger or integration processes and the increase in state-underwritten institutions' issues reveal that much remains to be done in the process of reforming the financial sector. A realistic estimate must be made of the funds needed to achieve sufficient capitalisation and dispel doubts regarding the impact of property assets on institutions' balance sheets.

The financial system needs to review the business model used thus far. It must reconcile the need for restructuring and adjustment of installed capacity with a change in the direction of its activity, reducing the concentration of risks related to property business and channelling credit towards the other areas of business.

### *Fiscal consolidation*

The Budget Stability and Financial Sustainability Act adopted in 2012 is the law setting out the basic rules on fiscal consolidation.

The greatest expenditure adjustment occurred in capital expenditure, which is worrying given the relationship between public investment and the structural competitiveness of the economy and driving growth. In a context of high unemployment contributions, the cut in the allocation for active policies and investment in infrastructure, research, development and technological innovation is also cause for concern.

The figures for R&D expenditure in Spain have suffered substantial budget cuts in 2011 and 2012, which will inevitably make themselves felt in the coming years. In this context, Spain will move further away from EU-27 average investment in science and technology.

One of the things which explain the increase in the public deficit is the disappearance of the tax bases behind the property bubble that had become in Spain a basic element of public administration financing. Hence the need for a long-term review of the Spanish tax system in order to bring its structure into line with the new situation, with the aim of ensuring a sustainable balance between the tax principles of sufficiency, efficiency and equity.

### Labour market

The economic and social problems caused by the volume of unemployment are compounded by its ongoing nature and concentration, causing actual skills to be lost, increasing the risks of social exclusion and resulting in alienation from civic life of those who already see themselves as excluded from employment, particularly young people.

The more serious situation of young people is also highlighted by the fact that, along with lower labour-market participation, there is also quite often a lack of participation in the education system. Thanks to greater take-up of training, the number of young people not in employment or education has fallen considerably in the last two years. However, there are still over 200 000 people under 25 in this situation, and the figure rises to 425 000 when we include the 25-29 age group. This situation indicates a clearly higher risk of exclusion, not just from working life but also from participation in social, civic and political life.

Despite the current tough crisis, the Spanish economy still achieved a much higher employment rate in 2011, around 10 points higher than in the other years of the crisis. This is evidence of the survival of a healthy production fabric which can generate employment. We must therefore stress the need to facilitate adaptation of the qualifications, skills and abilities of unemployed people to the future demands of this production fabric.

### Education and training

The high early school-leaving rate in Spain (28.4%) is especially worrying, as it is a long way from both the EU-27 average and the European 2020 target. This situation, which would be alarming in itself, gives even greater cause for concern in the current period of economic crisis, as the deterioration of the job market has exacerbated the problems of finding a first job for young people with lower levels of training.

The last two years have seen some reversal of the downward trend of the previous years, with a slight fall in school failure and early school-leaving and an increase in the number of young people completing their education beyond the mandatory age. However, the fact that more pupils are staying on at school may be due more to the deterioration in the employability of these low-skilled young people during the crisis than to an improvement in the factors causing them to leave the education system. Furthermore, the increase in the number of pupils in mandatory and additional education comes at the same time as tough budgetary restrictions, whose impact on school-leaving will soon become apparent.

To improve this situation endeavours are needed to promote fair, wider, high-quality education at all levels: the key role of primary education has become clear, as some of the problems associated with school failure start to arise here. Even in the current situation of recession and austerity, the budget for education needs not to be cut, resources need to be used more efficiently and measures for strengthening policies for preventing and combating school failure need to be made a priority.

Efforts must be directed at reducing the high early school-leaving rate and improving performance at school, particularly in the area of basic skills, especially reading, and at increasing the number of young people who complete their education beyond the mandatory age. Similarly, it is important to extend schooling in the first cycle of early-childhood education and increase the number of university graduates in science and technology disciplines.

A vocational training reform is advisable, given the possibilities for introducing dual vocational training, geared to the situation in Spain and involving employers' and trade union organisations with the aim of making young people more employable.

### *Cohesion and social protection*

The social impact of the crisis is taking the form of a lower standard of living, greater inequality and a weaker welfare state. In turn, the social consequences of the crisis are making recovery more difficult, not just because of the fall in domestic demand they involve but because they are damaging the social fabric that is necessary to make the transition to a more competitive, sustainable economy.

The urgent nature of the budget stability commitments is speeding up a number of reforms in different areas, with far-reaching effects on people's quality of life and social protection, although the overall medium- and long-term impact is still difficult to predict at the current time of successive reforms. In the short term Spanish society's resistance is being sorely tested, as the direct social costs of the crisis are accompanied by the impact of the measures Spain itself has adopted to find a way out of the crisis.

The relationship between economic crisis and social protection is becoming closer, as certain social protection instruments are among the most problematic structural reform goals, with the result that it is imperative to find a way out of the economic and employment situation in the relatively short term in order to preserve the basic elements of the welfare structures.

Although economic and employment growth are vital to improve people's quality of life, they do not automatically guarantee a fall in poverty or fair distribution of the wealth generated. Even in the current context of budgetary austerity, it is still essential to preserve the sustainability, equity and quality of social, social protection and social inclusion policies, given their substantial role in redistribution and preventing unwanted cracks in social cohesion.

Policies need to be consensual, transparent and properly assessed, to ensure that measures adopted are reasonable, given that the welfare of the community is strongly affected by these policies and its

involvement in the project is a pre-requisite for finding a way out of an extremely serious socio-economic situation.

The prospect of a long adjustment period raises once again the need for social innovation, preserving the balance between efficiency and equity, adopting a global approach whereby social policies have a redistribution effect overall and improving interaction among services provided in kind and the public goods and services network.

- **Activities of the social partners**

The most representative trade union and employers' organisations resumed negotiations in late 2011, which yielded agreements in a number of fields.

Of particular note is the 2nd agreement on employment and collective bargaining for 2012, 2013 and 2014 (AENC). The AENC incorporates new chapters on wage flexibility, internal flexibility and the structure of collective bargaining. It also sets out wage requirements that involve substantial changes in terms of a role, on the basis of a call for measures to be adopted to guide price, salary and profit trends, that is more in line with the trends observed in the euro area economies. The signatories felt that all kinds of income should be subject to restraint, such that both salaries and profits distributed follow a moderate trend so that a larger proportion of profit margins can be channelled into investment.

Just a few weeks after the signing of the 2nd AENC, the government adopted Royal Decree-Law 2/2012 of 10 February setting out urgent measures for labour market reform, which emerged from its passage through parliament as Law 37/2012 of 6 July setting out urgent measures for labour market reform. The reform was fiercely rejected by the trade union organisations CCOO (Workers' Commissions) and UGT (General Union of Workers), causing them to call a general strike on 29 March. On the other hand, it received general approval from the employers' organisations CEOE (Spanish Confederation of Employers' Organisations) and CEPYME (Spanish Confederation of Small and Medium-sized Enterprises), which believed it represented vital progress in modernising labour law that would facilitate job creation.

Royal Decree-Law 3/2012 was not preceded by tripartite government negotiations with the social partners, who had not been consulted previously in this regard either. Nor was Royal Decree-Law 7/2011 on collective bargaining reform, although in this case there was an intense advance bipartite negotiation process which did not result in an agreement. Before Royal Decree-Law 3/2012 was adopted, albeit less intense bipartite negotiations were held on matters of interest, prior to possible labour reform.

On 7 February 2012, the most representative public-sector trade union and employers' organisations signed the 5th agreement on independent resolution of labour disputes (5th ASAC), with the main aim of restoring independent resolution of disputes in this area, managed by the SIMA (interconfederal mediation and arbitration service) Foundation. The agreement applies directly and across the board to the sectors and enterprises detailed in its scope, extends the list of collective disputes that can be dealt with by SIMA procedures, speeds up procedures and introduces greater consensus in the establishment of the lists of mediators and arbitrators, while increasing the availability and ongoing training thereof.

## FRANCE

As in 2010 and 2011, the European Economic and Social Committee wished to gather the national ESCs' comments on the practical implementation of the Europe 2020 strategy and their involvement in the European Semester process in 2012, in order to make a timely contribution to the European Semester in 2013, on the one hand, and to the March European Council of Heads and State and Government, on the other.

The French Economic, Social and Environmental Council (ESEC) intends to participate fully in strengthening ownership of these processes throughout the country and to increase the concrete involvement of the organisations it represents in the related debates. As a result, it welcomes this initiative, which is liable to facilitate the comprehension of complex and abstract EU mechanisms.

This initiative is all the more necessary when you consider that citizen involvement and ownership of the objectives and their scope vary significantly within the country and are often restricted to a small number of stakeholders and decision-makers.

There is no question that the extent of the crisis exposed five years ago by the "sub-prime" affair, and the fact that the strategy is designed to bear fruit in the long term, makes communication difficult at a time when Europeans seem less confident in the future development of the European project under current arrangements.

We can offer the following answers to the European Economic and Social Committee's questions.

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

On 19 March 2012, the Secretariat-General for European Affairs (SGAE), which is under the authority of the prime minister's office, consulted the Economic, Social and Environmental Council on France's National Reform Programme (NRP) for 2012–2015.

The government also submitted this programme to other stakeholders for their opinion, i.e. the social partners, the local authorities and the national council for fighting poverty and social exclusion.

This year, in order to prepare its response, the ESEC heard the views of the secretary-general and the deputy secretary-general of the SGAE, who presented the draft NRP to the members of the assembly.

As in previous years, all working groups were involved in preparing the contribution.



The ESEC welcomes this consultation, which it considers important on several grounds and which was carried out in good time and under satisfactory conditions in 2012.

Nevertheless, it regrets that in addition to the draft NRP, it did not also have access to the macroeconomic scenario, even though this is essential to providing a relevant analysis.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

The ESEC considers it extremely important for the consultation process to be followed up and recorded.

It is therefore desirable for the ESEC to continue to be closely and appropriately involved in the various stages of preparing the NRP and the recommendations made to France.

In particular, it asks for a consultation to be held with the French authorities, upstream of the European Commission's country-specific recommendations.

In order to be effective, this consultation would have to take place at the beginning of the European Semester, before the country-specific recommendations are adopted in June 2013.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

The country-specific recommendations adopted by the Council of the European Union on 14 July 2012 and designed to strengthen the Member States' economic and social policies in order to meet the desired goals in terms of growth, employment and public finances, are based on the Member States' stability or convergence programmes and the measures adopted to promote growth and create jobs (national reform programmes).

These recommendations fall within the framework of the "European Semester" adopted in 2010, which came into force in 2011 and commit Member States to coordinating their economic and budgetary policies.

In France's case, the ESEC recalls the positions it expressed during the consultation on the draft NRP in 2012 and opinions it has adopted since March 2012.

The first point is that despite the obvious need for balance in public finances, the ESEC questions the relevance of a uniform and systematic reduction in public spending which could ultimately undermine recovery and support.

The next point relates to concerns raised in certain quarters regarding the risk of triggering a general recession.

The ESEC also believes that the governance of economic policies in the euro zone and in the EU should be broader and more ambitious since Europe is not only facing a debt crisis (the origins of the debt crisis - and hence the attribution of responsibility for it and the measures to solve it - are open to debate) but also a growth crisis.

It stresses that restoring public finances – which can be achieved in different or complementary ways relating to expenditure as well as revenues – should facilitate rather than overshadow the future investments needed for the success of the Europe 2020 strategy in order to ensure that it does not encounter the same difficulties that led to the Lisbon strategy's failure.

In this context, it recalls the objective of investing 3% of GDP in innovation and research, which dates back to the Lisbon strategy, launched in 2000, and has now been carried over to 2020!

This situation has led the ESEC to conclude that the need for investment in innovation and research and the prioritisation of the real economy, mainly through a proper industrial policy, are economic necessities that present pre-eminently social stakes. Indeed, it is a matter of providing an effective response to the call for a universal right to regular productive employment.

Regarding the Council of the European Union's recommendations to France on the labour market (2 and 3), the ESEC supports the measures aimed at ensuring that older workers stay in employment longer and improving youth employability. It has itself stressed in several of its recent opinions the need to pursue and increase investment in initial and lifelong training, despite current financial difficulties, especially for young "dropouts", and young working-age adults who are finding it difficult to enter the labour market.

The ESEC does not believe that employment disincentives and labour market segmentation can be eliminated by lowering employment protection standards across the board. In a recent opinion on youth employment, the ESEC advocated a more automatic conversion of fixed long-term contracts into indefinite contracts or the introduction of a reward/penalty system, whereby the unemployment contributions paid by businesses would vary depending on the extent to which they offered precarious working conditions.

Furthermore, the ESEC points out that the latest figures show that poverty is rising in France and Europe, contrary to the fifth objective of the Europe 2020 strategy to reduce the number of people in or at risk of poverty and social exclusion.

The ESEC once again pleads in favour of giving the social dimension of the Europe 2020 strategy the same importance as the economic challenges.

With regard to recommendation 5, which commits France to liberalising network industries, in particular in the electricity wholesale market and rail transport, the ESEC stresses that any further opening of the electricity sector would jeopardise the energy security of France and of most of the other countries, which are reconsidering these plans. The ESEC also emphasises the need to differentiate clearly between production, distribution and transport, which are not subject to the same rules.

With regard to opening rail passenger transport to competition, the ESEC has stated that it is in favour of experimenting with competition on the national network as of 2015.

Finally, the ESEC recalls its comments on the draft NRP regarding the urgency of creating a new environment-friendly development model that makes efficient use of natural and biological resources and focuses on reducing the ecological footprint.

More specifically, in its comments on the NRP, it expressed its concerns that not enough consideration had been given to major challenges such as biodiversity, which is not mentioned in the Europe 2020 strategy, and the importance of establishing a link between the quality of the environment and the quality of health.

- **What are the further actions foreseen by main social and economic stakeholders in your country?**

In 2012, the socio-economic stakeholders played a key role in two events relating to the Europe 2020 strategy and its implementation.

The first took place on 9 and 10 July in the framework of the social conference held at the ESEC. It was opened by the President of the Republic and closed by the prime minister, and was attended by 300 participants, representing trade union and employers' organisations and local and regional authorities.

Seven themes were discussed.

- Creating jobs, especially for young people
- Promoting lifelong skills development and training
- Ensuring fair and effective remuneration systems
- Achieving professional equality and a better quality of working life
- Bringing together the conditions for production recovery
- Ensuring a future for pensions and our social protection
- Modernising public action and the civil service

A "social roadmap" was drawn up at the end of this conference and a global overview of implementation will be carried out at the end of 2013. This overview will provide the opportunity to update a new roadmap as far as 2014.

The ESEC also brought together socio-economic stakeholders representing trade union and employers' organisations, businesses, environmental and non-environmental associations and elected representatives on 14 and 15 September in order to participate in an environmental conference based on five thematic round tables.

- Preparing the national debate on the energy transition
- Turning France into a model country for biodiversity recovery
- Preventing environmental health risks
- Implementing eco-friendly tax policies
- Improving environmental governance

Following this environmental conference, the government undertook to present an "ecological transition roadmap". This will make it possible to establish goals in each area concerned, the means to achieve them, the reforms agenda, and arrangements for decentralised debate and consultation.

These two ESEC conferences, where the main organisations are represented, can only be welcomed.

Furthermore, a third conference involving the government, the social partners, local authorities and associations, will be held in December 2012 on fighting poverty and exclusion. Its main objective is to identify emergency and structural measures and organise the monitoring and assessment of the measures adopted, in order to take action on the President of the Republic's commitment to the development of an inter-ministerial five-year plan for fighting poverty and exclusion.

It should be stressed that the ESEC has issued several opinions in the last two years and will study many of the subjects addressed during these conferences.

More generally, the ESEC recommends combining the processes launched by the government during the social and environmental conferences with changes to governance, mainly by broadening the range of civil society stakeholders consulted and by fully involving the ESEC in future national discussions and debates.

## ITALY

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

Article 10(1)(a) of Law No 936/86 states that *"At the request of the government, the CNEL shall make assessments and proposals on key political and socio-economic planning documents, including with reference to Community policies"*. In this context, the CNEL, which as an institution represents businesses, trade unions, civil society and culture, is consulted by the parliamentary committees responsible for examining the government's planned measures, such as the Economic and Financial Document (DEF) and the National Reform Programme (NRP). Like the EESC, the CNEL has always believed it necessary to increase involvement of the social partners and civil society in decision-making processes through consultation systems that are brought to bear before acts are adopted by the government. In 2012, with the launch of the European semester procedures, the CNEL was consulted by Parliament and, prior to the definition of the NRP, by the government as well. The meeting with the government was a new departure compared with the previous year.

Moreover, the government should call on the CNEL sufficiently in advance for it to give its opinion, thus giving it greater influence in the decision-making process. To this end, while taking into account the complexity of the new European governance system, it would suffice if the government fully implemented the legal provisions adopted allowing the CNEL to issue opinions in useful time and to involve more fully social partners and institutions which would not otherwise have a voice.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

Article 7(2) of Law No 11/2005 states that *"The prime minister, or the minister for Community policies, in order to ensure extensive involvement of the production sector and the social partners, shall hold, in cooperation with the CNEL, special study meetings to which national associations of municipalities, provinces, upland communities and any other interested parties may be invited"*.

The effectiveness and continuity of the existing instrument need to be restored, and it needs to be given a proper structure. In this connection, liaison is in progress with the Minister for European Affairs. For example, at least two study meetings per year could be envisaged. One could take place after the European Commission's presentation of the Annual Growth Survey and before the government's presentation of the NRP. The other could be held after the presentation on European recommendations and could serve to carry out an assessment of the results, any limits and constraints on all the measures related to the DEF and the NRP, and to focus on good practices being implemented. This year, on the basis of the 2012 Annual Growth Survey, the CNEL adopted a

document making comments and proposals (7 March), which highlighted the social partners' priorities for the National Reform Programme.

In particular, there are two areas where action should be taken to improve both the drafting and the implementation of the National Reform Programmes.

The first concerns the need to make the public debate on the DEF and the NRP a key time of national support for the goals they set out. As was the case in the nineties with the "race" to introduce the euro, it is now necessary that the race to achieve the Europe 2020 goals is entered by the country as a whole. It is therefore essential to find the right procedures to avoid the debate on the documents in question taking place solely in Parliament. The proposals set out in point 1 could help to increase participation and broaden ownership of the Europe 2020 strategy and the National Reform Programme.

The second area concerns the need to take action to radically reduce the timeframes for implementing reform measures adopted by the government and Parliament. The government has noted that, of the 390 decrees necessary to fully implement the reforms approved, only 40 have seen the light of day: that leaves 350. The government has already introduced a task force to speed up the implementation of the measures, but the CNEL feels that the opportunity should be taken to focus on the constraints in the legislative system and put forward ideas for proposals for overcoming them.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

With reference to the recommendation on "making sufficient progress towards respect for the debt reduction criterion", it should be stressed that many measures have been adopted by the government and Parliament with a view to ensuring the stability of the public accounts, eradicating the deficit by 2013 and starting to reduce the debt. However, the CNEL believes that there has been a significant imbalance in the measures, which have increased tax pressure, reduced the spending capacity of workers and pensioners and resulted in elements of economic recession.

That is why the CNEL, which has explored the matter further in a seminar and is drafting a document setting out comments and proposals, believes it is essential for the government to speed up all the measures already scheduled or announced to bring down the public debt by enhancing and selling public assets, thus creating a virtuous circle: bringing down the debt, bringing down the cost of the debt and freeing up resources for growth.

Regarding recommendation 2 in the part relating to the need to achieve proper coordination between administration levels, the CNEL believes it is essential for the government and Parliament to complete by the end of the current term all the measures aimed at cutting down decision-making and administrative levels (municipalities and provinces), membership of elected and government bodies and also the "costs" of structures and politics.

With regard to the spending review, the CNEL has issued two opinions (20 June and 19 July 2012). The first opinion was issued by the CNEL at the formal request of the government, which was thus a new departure compared to the previous year. In its opinion of 20 June, the CNEL expressed its support for the government's economic policy approach in terms of a non-ideologised view of the deficit reduction strategy. In line with the emerging EU recommendations, the CNEL believes that the public spending review should not be aimed solely at cutting expenditure with a view to rebalancing public finances, but should also contain measures to redistribute expenditure with a view to boosting growth by removing the inefficiencies of the public services. In this process we need, however, to bear in mind that cutting public spending results in the short term in lower incomes and employment. The above-mentioned goals of rebalancing public finances, finding resources for growth and increasing the efficiency of the public administrations and public services call for a review of the methods followed thus far, unequivocally rejecting the approach of linear cuts in favour of methods using selective measures.

As regards the implementation of the Cohesion Action Plan to improve take-up and management of EU funds, in particular in southern Italy, the CNEL endorses the document presented to the government by *Confindustria* and the CGIL, the CISL and the UIL in July on *Work and enterprise in development and cohesion policies*. This document resulted in a meeting which was useful for taking stock of the state of implementation of the measures for the south.

Regarding recommendations 3 and 4, the CNEL stresses the need to make the necessary adjustments to the labour market reform already carried out and to develop a comprehensive plan for the employment of young people, streamlining the system of incentives for starting up new businesses and hiring young people.

As regards further measures for encouraging female labour market participation, in particular providing childcare services and care for the elderly, as set out in recommendation 4, which the CNEL fully supports, the following must be stressed:

- 1) Italy is overall a long way from achieving the target of 33% of childcare service provision, although some regions are getting close to the target;
- 2) there is almost a direct correlation between supply of childcare services and female employment rates, and a wide gap between regions.

In regions where supply of childcare services is higher, female employment is higher and approaching the European targets and the EU-27 average of 58.5% in 2011.

The regions of southern Italy are far below the national average in terms of childcare services and have a much lower female employment rate (30.6%) than the national average (46.4%) and the northern (56.5%) and central (52%) regions. The measures scheduled are set out:

- 1) in the Cohesion Action Plan, which concerns the four convergence regions and allocates EUR 400 million up to 2015;

2) in the National Family Plan adopted by the government on 7 June 2012, which is a planning instrument and does not as yet have dedicated resources.

Moreover, in its opinion of 7 March 2012, the CNEL stated that increasing female and youth employment is a serious growth objective: in particular, the female employment multiplier means that for every hundred women who enter the labour market another fifteen jobs are created for the many services that become necessary. A two-income family "consumes" more as it needs help, having less time available. Large-scale entry of women into the labour market would increase household income, which fell by 5% in 2010, as well as protecting household income from economic downturns. Reducing the gender gap is a powerful economic policy measure.

As regards services for the elderly and, in particular, care for the non-self sufficient, the initiative of the CGIL, CISL and UIL trade union organisations should be singled out, as it paves the way for comprehensive legislation on the issue, calling on the government and Parliament to draw up a national programme for the care-dependent.

As regards tax evasion, as referred to in point 5 of the recommendations, in the parliamentary hearing of 23 April 2012 the CNEL affirmed that tax evasion is not just a serious breach of the law and morally reprehensible, but it leads to lower efficiency and growth because it distorts the playing field in favour of the tax evader and reduces the availability of resources for social equity and development measures. Of the possible desirable measures, the CNEL supports forms of interaction between tax authorities and taxpayers that can prevent evasion and avoidance (such as, for example, extending tax checks to a wider range of businesses) in line with the best practices suggested by international organisations. Moreover, still with a view to combating evasion and avoidance, there is a definite need for a review of the sectoral studies and for payments to be made more traceable through the introduction of stringent constraints on the use of cash, with greater use of electronic money.

The CNEL proposes that the revenue recovered from evasion through either curbing measures or an increase in compliance be quantified and used entirely to reduce tax collection, meaning lower taxation rates. This would make the country appealing to investors and increase its competitiveness.

In addition, the CNEL supports the need for a thorough overhaul of existing exemption systems, with a view to streamlining tax rules to make them more efficient.

The CNEL is also assessing the proposal to review the taxpayers' charter, which prevents impromptu changes to the tax system, also reviewing parliamentary rules where appropriate.

With regard to the European Commission's presentation of the conclusions of its in-depth review for Italy as part of the macro-economic imbalance procedure, the CNEL launched a cycle of hearings in March with the aim of achieving proposals agreed by the social partners on productivity and competitiveness.



- **What are the further actions foreseen by main social and economic stakeholders in your country?**

Not relevant to the composition of the CNEL.

## LITHUANIA

Contribution received from Ms Indre Vareikyte, member of EESC and Delegate of Lithuanian Youth Council

Different views prevail on the inclusion of the social partners in the preparation of the National Reform Programme. Employers' organisations stress that they have actively participated in the consultation process and have submitted proposals and assessed the National Reform Programme. The majority of proposals submitted by employers were taken into account. Meanwhile, trade unions and non-governmental organisations described the consultative process in a different way. Some organisations claim that they were not invited to submit proposals for the NRP, others submitted proposals on their own initiative, and some organisations indicated that they were asked to submit proposals in the initial phase only. However, trade unions and non-governmental organisations both say that only part of their proposals were taken into account.

In the light of this, it should be noted that civil society representatives should take a more active part in preparing the NRP in the future and the public consultation process should be strengthened by making it more transparent. Steps should also be taken to ensure that social partners are involved in all phases of development of the NRP – in both preparation and implementation. The Tripartite Council and non-governmental organisations should be included more widely in the consultation process (currently the NGO platform is not part of the Tripartite Council).

The Confederation of Lithuanian Industrialists broadly welcomed the National Reform Programme, but noted that the document does not fully reflect the economic and social situation on the ground or the action that needs to be taken to achieve sustainable economic growth in Lithuania. Employers' representatives noted that the sustainability of the economic recovery, which could cause damage to both external and internal factors, might cause anxiety.

### **In the context of the NRP, employers' organisations would draw attention to the following:**

- Problems of emigration and declining birth rate and how these can be solved, in the first place via the creation of new technological jobs.
- The country's business environment, start-up conditions and the situation for companies in the early stages of growth, the administrative burden for businesses, financial resources; review of business regulation and licensing, moves to optimise the activities of business inspection bodies and to consult with businesses and associations representing them.
- People starting businesses should be given greater support. The initiative to provide micro-financing from the European Social Fund and other sources to micro and small enterprises and individuals starting their own business should be continued. In order to ensure the promotion of entrepreneurship and to help companies in the early stages of growth, it is proposed that the

measures relating to venture capital funds be maintained, leasing portfolio guarantees be put in place, and guarantees and partial credit interest compensation coverage be increased.

- New investment projects, which do not distort the current competitive market, must be given ongoing support under the Structural Funds. Support should also be given to transferring production to problematic regions and adapting old industrial terrain and buildings to the needs of new technological businesses.
- Social Fund support must be given to retraining opportunities in the workplace for students in traineeships/apprenticeships, and for people both in and out of employment. In order to develop an inclusive labour market and to remove incentives not to work, so-called "white" public jobs should be widely used – in agreement with the municipality and donor institutions authorising employers to set up child day-care centres, medical care facilities, family physician offices, etc. For this purpose, support for young parents to acquire accommodation would be useful, with the level of support contingent on the number of children in the family.
- In the context of Lithuania's reform agenda 2020, there is a proposal to establish specific development trends, which will ensure coherent economic growth (including regional inclusion), the expansion of the technological base and the solution of social problems.

**The trade unions submitted a joint proposal, which called attention to:**

- The need to boost Lithuanian manufacturing competitiveness, the major need to increase people's income and purchasing power, the need for investment in the economy and the creation of effective jobs (which link productivity, fair pay and security), the need for measures to eliminate the shadow economy and to impose strict penalties on illegal employment and the illegal payment of wages.
- The need for urgent action to implement pension system reform. The proposal is to separate the state pension scheme ("Sodra") from the supplementary pension funds as soon as possible. It would be useful to create a profession-based pension fund system. It is accepted that pensions should be indexed to inflation or other growth criteria.
- The flexibility of labour relations through collective agreements, while ensuring clear security for employees. Policies of state institutions and non-governmental organisations should be directed towards the promotion of economic growth, job creation, income growth, staff upskilling and professional and technical training.
- The creation of a fund to support active labour market policies is encouraged. The need for the wider implementation of apprenticeship and trainee programmes for young people is stressed in order to ensure that young people do not become victims of excessively flexible labour arrangements.
- In order to reduce poverty and social exclusion, steps must be taken to promote fair wages (different job – different wages) and to boost workers' overall income and purchasing power. It is proposed that progressive income tax be introduced and that labour and job evaluation procedures be enshrined in law.
- The role of the social partners should be strengthened and social dialogue fostered.

**Non-governmental organisations have provided suggestions and recommendations with respect to their fields of action:**

- Reduce the number of people who have only basic education and are not in further education or training. Maintain the number of students in higher education, promote continuing education and lifelong learning.
- Provide temporary work in companies that are experiencing economic hardship, support the employment of disabled persons in social enterprises; implement the programmes of corporate social responsibility and social dialogue promotion.
- Develop an inclusive labour market – organise vocational training for the unemployed, promote public work, implement subsidising and job rotation projects, implement programmes to promote work-life balance, foster vocational rehabilitation for people with disabilities, develop and implement projects to integrate new jobseekers into the labour market.
- Provide training and vocational rehabilitation services for unemployed people with a disability in their job places and with everyone to break through their feelings of isolation and social exclusion.

## LUXEMBOURG

- **Introduction**

The Luxembourg ESC was invited by the Luxembourg minister for the economy and foreign trade, Etienne Schneider, as national coordinator for the 2020 strategy, to convey the views of the social partners on the five recommendations issued to Luxembourg in July 2012 for the period 2012-2013 by the Council of the EU, as well as those regarding the "National reform programme as part of the European semester 2012 – National plan for smart, sustainable and inclusive growth".

At the request of the Luxembourg Prime Minister, Jean-Claude Juncker, the ESC has been involved since 2003 in assisting with the various stages of drafting the broad economic policy guidelines, as part of the coordination of EU Member States' economic policies.

This arrangement was formally enshrined in Article 2(4) of the organic law of the ESC at the time of its reform on 15 June 2004.

Since then, the ESC has issued four opinions on the broad economic policy guidelines and four opinions on the integrated guidelines for growth and jobs, with the most recent opinion issued on 23 September 2009.

As social dialogue became deadlocked at the two major social dialogue forums, an impasse that became insurmountable in 2010, the social partners were no longer able to fulfil the ESC's statutory task in terms of issuing the mandatory opinions provided for by law.

To overcome this situation and after the ESC's three groups at the plenary assembly on 12 January 2011 expressed their commitment to restoring social dialogue, as essential for the country's socio-economic cohesion, the ESC carried out a thorough analysis of the obstacles to calm and constructive dialogue.

Following long and difficult negotiations, the three groups represented at the ESC found common ground and a new formula for resuming the dialogue. Thus, at the plenary assembly on 12 January 2012, the ESC was able to adopt a declaration of agreement on an activity programme for the period 2012-2014, a three-year pilot programme. During this period, it was decided not to issue mandatory opinions.

Following the request from the minister for the economy and foreign trade, the ESC bureau stated that, given the aforementioned agreement and the lack of consensus on the five recommendations, it was not in a position to draw up a joint opinion.

However, in response to the invitation of the national coordinator of the EU 2020 strategy, it agreed to present the views of the employers group and the workers group separately to the minister for the

economy and foreign trade in a joint meeting with the minister which took place on 4 October 2012.

The positions of the employers and the workers groups are set out below.

- **The employers group**

- Fiscal position

The employers group suggests carrying out a review of all budget appropriations to ensure efficient allocation of financial resources that is not based on the budgetary expenditure of previous years. Hence, budgetary expenditure should be continuously reviewed, in contrast to the conventional procedure which works on the basis of the previous year's budget and merely makes adjustments. The employers group also feels that this measure should be accompanied by the introduction of a standard rise in current expenditure and by the creation of an expenditure-review mechanism, coordinated by the finance minister, in order to take corrective actions in the event of deviation.

The employers group advocates greater selectivity in terms of social transfers in order to overcome social exclusion and poverty. It also calls for an overhaul of social policy in support of employment.

By way of a structural measure, it proposes an automatic 1.5% per year reduction in the operating costs of the State administration through continuous improvement in productivity and efficiency.

Furthermore, the employers group calls for a "roadmap for better investment" to be drawn up, in order to moderate capital expenditure, without necessarily scrapping projects.

The employers group calls for Luxembourg's budgetary architecture to be modernised and calls on the country's public authorities to implement the recommendations of the professional chambers and the OECD.

The employers group advocates an overhaul of the tax system as a whole, including, inter alia, a review of the various allowances and deductions. Furthermore, the employers group would like to see the Treaty on Stability, Coordination and Governance within economic and monetary union transposed as soon as possible.

- Pension system

In order to reduce the pressure on the pension insurance system, the employers' group recognises the importance of putting in place measures to keep older workers in employment. Extending the duration of pension contributions based on changes in life expectancy could contribute to the sustainability of the pension system.

The employers group stresses the importance of safeguarding social cohesion and the social objective of the pension insurance system. This could result in a reform that preserves this basic principle while reconsidering the policy decisions taken in the past (the Rentendësch [round table on pensions]) which have led to increases in pension benefits that could be described as excessive. The employers group is in favour of lowering the contributory ceiling to four times the minimum wage. The pension system is currently based on three pillars: the public pension, the occupational scheme and the personal pension scheme (prévoyance vieillesse). In the view of the employers group, the first pillar should guarantee that everyone receives a decent pension and can thus live in dignity; it calls for the promotion of the other two pillars in order to ease the burden on the weakened first pillar.

The employers' group calls for benefits to be determined based on the available financial resources, in accordance with the principle that "all benefits are generated by contributions". This principle could be implemented through the introduction of sustainability and longevity co-efficients in the formula for calculating pensions. In addition, we must reconsider the overly generous provisions relating to buying back time under voluntary insurance.

The intention of limiting the rise in expenditure through more incisive measures, while preserving intergenerational equity, requires the abolition of the re-adjustment mechanism from 2013.

- Indexation system

The employers group regrets that there has been no two-year moratorium, while the current three-year index-modulation does not address the structural problems of businesses and the public finances. An overhaul of the indexation system should be preceded by a study on the effects of indexation, which would also help ascertain the potential effects of a full de-indexation of the economy. The employers group calls for the exclusion of certain items from the basket of goods underpinning indexation, along the lines of the health index in Belgium. This is not just a matter of products that are harmful to health (tobacco, alcohol, etc.), but also, especially, products listed internationally with excessively volatile prices (oil, raw materials, etc.). Automatic indexation runs counter to the polluter-pays principle. In addition, the employers group believes it would be appropriate, in order to remedy the scissors effect caused by a worsening of wage differentials expressed in absolute terms, to limit the automatic indexation of wages to 1.5 times the minimum wage. The employers group also calls for the introduction of a minimum interval between the application of two 16-month index adjustments, which would allow companies, predictably, systematically and over a longer period, to make sufficient productivity gains to fund the payment of a general wage increase.

- Tackling youth unemployment

The employers group opposes the change to the minimum wage coming into effect on 1 January 2013. In the absence of adequate productivity gains, this adjustment will not only lead to a loss of jobs, but will also hinder the creation of new jobs, to the detriment of young jobseekers.

In view of the generosity of the system, the employers group believes that the sole obligation on the jobseeker to demonstrate that he/she is looking for a job is inadequate, and that further obligations should be introduced, including an obligation to undergo training, and, where appropriate, to contribute to public works.

The employers group welcomes the measures addressing jobseekers contained in the Youth pact for 2012-2014, as well as the recent initiatives on training, i.e. the expansion of the Contrat d'Initiation à l'Emploi [initial employment contract] (CIE) and the garantie jeunes [youth guarantee], while objecting to the excessive generosity of these initiatives.

More generally, the employers group welcomes the reform of ADEM [the Luxembourg employment service], enhancing its functioning and efficiency. However, it calls for a clear separation between an employment-development service, run by the private sector, and the other services of ADEM, run by the public sector, including the unemployment-benefit payment service.

In addition to the resources reallocated to training, the employers group advocates promoting access to self-employment through financial support.

Moreover, it proposes a veritable paradigm shift in encouraging employment, which, instead of fully funding inactivity through unemployment benefit and the RMG [guaranteed minimum income], would partially subsidise employment, where necessary.

- Climate change

With regard to cutting emissions in the transport sector, the employers group recommends, inter alia, defining a coherent policy on spatial development and land-use planning, and promoting public transport and soft mobility, alternative fuels and energy (natural gas, electricity) and economic diversification by means of environmental technologies.

In addition, the employers group calls for cross-border fuel sales to be optimised, on a responsible basis, and without wiping out fiscal room for manoeuvre.

With regard to emissions from households, businesses and services, the reduction potential lies mainly in energy efficiency, energy refurbishment of buildings, and behavioural changes on the part of households.

In terms of industrial emissions, the employers group stresses the importance of distinguishing between sites that are part of the EU ETS system, and those that are not yet included. As the former are fully aware of the targets to be achieved by 2020, the employers group believes that the national authorities should refrain from setting additional constraints.



- **The workers group**

- Public finances

The workers group calls for an asymmetric fiscal policy, i.e. a more restrictive and prudent policy in the countries with high debt levels and, in parallel, a more expansive policy aimed at stimulating domestic demand in the countries with a trade surplus. In their view, such a policy has the potential to increase economic growth, generate increased tax revenue and thus consolidate the budget. The workers group is opposed to austerity policies and to economic and fiscal policies aimed at an overall increase in external competitiveness by cutting wage costs across the board, which would risk jeopardising the recovery of domestic demand, job creation and the elimination of social inequalities.

Moreover, excessive focus on public debt and indebtedness risks undermining targeted public investment policies (such as education, research and innovation, environmental technologies, etc.) as well as the infrastructure and economic activities aimed at promoting sustainable economic growth.

The workers group disapproves of austerity policies running counter to economic stabilisers and employment. Similarly, it is opposed to attempts to privatise public enterprises. The concept of budget planning, based on indicators such as "liabilities" or "the State's implicit debt", "the structural balance" or "potential growth", is strongly challenged by the workers group.

The workers group believes that spending cuts, particularly those of a social nature, are harmful, and that it is more important to find a way to address the loss of revenue. Furthermore, it must be ensured that there is no increase in taxation on workers' earnings or indirect taxation, as this is not progressive. However, the workers group calls for in-depth consideration to be given to increasing capital-gains tax and the taxation of wealth.

- Pension system

The workers group is highly critical of the current reform proposal, due to the adoption of a narrow approach on this issue. It regrets in particular that the draft law is characterised primarily by the substantial erosion of benefits, such as the partial or total curtailing of pension adjustments. This could lead to a loss of purchasing power and adversely affect domestic demand. The workers group is thus concerned that these legislative proposals may bring about an imbalance and social regression.

Another concern relates to increasing the duration of working life proportional to the increase in life expectancy. The workers group fears that a stagnation in life expectancy would follow from a simple reduction in benefits. Moreover, as life expectancy is not the same for all categories of workers, the workers group deems it necessary to establish mortality tables for the various occupational categories.

Regretting that the reform is limited to only the financial aspect of ageing, the workers group calls for the inclusion of provisions aimed at improving the situation of older workers in their work environment, as well as in terms of their work-life balance. Measures needed here include gradual

retirement, part-time work, guaranteed employment and keeping older workers in employment.

With regard to early retirement schemes, the workers group believes that they continue to have their *raison d'être*.

- Indexation system

The workers group disagrees with the idea that the flexibility of wages and prices should activate a process of competitive deflation. It also objects to the indexation system and wage bargaining systems being reformed along the lines advocated by the European Council. A loss of collective bargaining autonomy could jeopardise the Luxembourg social model and generate social conflict.

Finally, the workers group sees no need to manipulate the indexation of wages for reasons of cost competitiveness following an evolution of wages lower than that of productivity, given the opinion of the Tripartite coordination committee adopted by the social partners on 19 April 2006, stating that wage policy in the medium term should comply with the evolution of the overall productivity of the Luxembourg economy.

The workers group wishes to see an immediate restoration of the normal functioning of the wage indexation system. It is of the opinion that the effects of the slow evolution of wages and continuous indexation modulation have had a negative impact on workers' purchasing power, with real wages even starting to decline recently. In this context, the group would challenge any manipulation of the basket of goods.

- Tackling youth unemployment

While the workers group acknowledges the measures taken by the government, it is opposed to any measures aimed at making labour law more flexible and promoting unstable contractual work such as fixed-term contracts and temporary agency work.

It calls for an urgent qualitative analysis of current employability measures (CAE, CIE, CIE-EP [work-support contract, initial employment contract, initial employment contract – practice]) in order to shape them into tools that can ensure a genuine right of access to employment for young people.

Alongside measures aimed at labour market integration, they demonstrate the need to strengthen protection against redundancy, increasing redundancy payments where necessary. At the same time, there is a need to strengthen the involvement of workers' representatives in the redundancy process.

Promoting training is a key element for both young people and adults. Modular training should be devised in preparation for diplomas with due regard to the diverse needs of adult learners (reconciling work and family life with training); access should be further broadened to adults who do not have the "traditional" prerequisites for enrolling in the courses of their choice; and specific training programmes/qualifications should be devised for older workers, and respectively, for new entrants on

the labour market.

With regard to traineeships, the workers group is in favour of establishing a legal minimum of compensation and assimilating traineeship periods with periods of actual work, as well as applying social security provisions to trainees.

- Climate change

The workers group calls for the clear identification of a determined strategy, which should benefit from improved sources of funding. They would advocate a European strategy for a low carbon economy based on the principles of a just transition, social dialogue, new and expanded rights for the protection of health and the working environment, as well as training and green skills.

Furthermore, the workers group would argue against the idea that increasing the tax burden is the best instrument for reducing greenhouse gas emissions. It would fear, in particular, an unequal distribution of this tax burden across the various social groups. That is why it is also important to facilitate access to grants and subsidies concerning energy efficiency, in particular as regards incentives for construction, purchase and refurbishment and subsidies for energy efficiency and renewable energy.

## HUNGARY

### **Social consultation carried out during the National Reform Programme 2012**

Amongst the stages of implementation of the Europe 2020 strategy in Hungary, it is worth mentioning that Hungary drew up its national implementation plan in 2010, which constituted the preliminary draft national reform programme 2011. The national reform programme 2011 forms the basis for implementing the Europe 2020 strategy, sets out the commitments made by Hungary at national level to contribute to the priority aims of the Europe 2020 strategy at European level, and describes the planned measures to achieve these objectives.

During the drafting of the national reform programme 2012, Hungary tried to present, on the basis of the basic and structural guidelines established by the European Commission, its new measures aimed at promoting structural reforms, boosting economic growth, increasing employment, and to reducing public sector debt to sustainable levels.

A significant proportion of the measures under the national reform programme 2012 consist of stand-alone strategies and of laws; prior to this, there was a statutory social consultation. With regard to the measures planned as part of EU programmes, in accordance with the procedure for using EU funding, a social consultation took place both during the planning process and during the selection process.

As stated above, a significant proportion of the measures under the national reform programme is legislative in nature. In Hungary, the rules for social participation in the drafting of legislation are also established by law (Law CXXXI of 2010). Under the legislation, a social consultation must take place during the drafting stage of legislation, governmental decrees and ministerial orders. One form of social consultation is general consultation, in the context of which anyone can comment via the government's website. The other type of social consultation is direct consultation, during which opinions are collected directly from people, institutions and organisations co-opted by the minister responsible for drafting the legislation in question.

The body responsible for preparing the legislation evaluates the opinions accepted and draws up a summary of them; with regard to opinions that are rejected, a summary of reasons for rejection is drafted; and the two summaries are published on the government's website along with the list of bodies that submitted opinions. With respect to direct opinions, the minister responsible can conclude strategic partnership agreements thanks to which he can establish close cooperation with organisations that are prepared to engage in it. In particular, it is possible to put in place strategic partnerships with civil society organisations, professional and scientific organisations, churches, and autonomous authorities for national minorities.

A good number of social consultations took place about the national reform programme 2012. A summary of the social consultations that took place in key policy areas is set out below.

In the field of employment policy:

- The drafting of the new labour code was based on consultation with the social partners.
- The drafting of guidelines for developing professional training and the legislative framework for those guidelines also took place in cooperation with the social partners. The role assigned to chambers of commerce in the delivery of such training was enhanced.
- Restructuring adult education and tax breaks to promote the employment of disadvantaged workers were among the items on the agenda of the national economic and social council.
- The permanent consultative forum between the private sector and the government was set up in February 2012 for consultations on issues relating to the world of work. In addition to the national economic and social council, this forum is a permanent, consultative tripartite body (government, employers' organisations and workers) that makes recommendations and produces opinions, thus contributing to the drafting of government decisions of an economic nature that directly affect the private sector in the narrow sense.

In the field of research and innovation:

- Regular consultations have taken place with economic operators (for example, with the R&D working group of the investors' council) concerning changes to the tender-based funding system.
- A wide-ranging consultation also took place on Horizon 2020. The key objective for Hungary, as far as the Horizon 2020 programme is concerned, is that Hungarian candidates should be able to benefit from the programme as much as possible. For this to happen, it is helpful to have wide involvement of interested parties. A national consultation process has been launched; it started with the interdepartmental consultation of 29 November 2011. On 9 February 2012, the problems encountered were the subject of a consultation in the context of a small meeting attended by two representatives of the European Commission, following which a national consultation took place.

In the field of climate and energy:

- Before they were adopted, the national energy strategy for 2030 and the second Hungarian national action plan for energy efficiency were preceded by a wide-ranging social consultation during which civil society actors approved key parts of the documents, whilst the recommendations and comments of a technical nature were incorporated and included where possible. Amongst the financing instruments relating to this sector, two sub-programmes of green investment instruments under the new Széchenyi plan – one relating to the installation of solar panels to exploit renewable energy and to provide hot running water and heating, and another relating to the renovation of housing and the construction of new housing – were, before they were announced, subject to a social consultation following which the opinions expressed were taken into account when the tenders were being finalised.

In the field of school dropouts:

- With regard to measures relating to the objective on school dropouts, a social consultation took place from 10 to 25 October 2011 on the national education bill. During that period, recommendations were received from 209 organisations and individuals, 22 of which were incorporated into the bill.
- The national programme of basic education is the basic text governing state education. The social debate on the new national programme for basic education that entered into force on 1 September 2012 took place between 6 February and 2 March 2012. By means of the questionnaire available on the website of the institute for research and development in education, professional and social organisations and individuals were able to submit comments on the draft programme.
- Sectoral consultation forums, the national council for state education and the state education policy council discussed the draft and adopted it in April 2012.

In the area of measures relating to the proportion of graduates:

- Measures relating to the proportion of graduates are based on the law passed on national higher education, on measures in the national reform programme, and on the higher education reform that is taking shape based on the guidelines and priorities in the field of development policy, which will be adopted in May. All these components will be incorporated into the medium-term strategy for higher education, which is expected to be adopted in the second half of 2012. It is being prepared and planned with the active involvement, on the substance, of those involved in higher education (students, teachers, institutions, governmental actors, academia, etc.).

In the field of poverty-reduction measures:

- Poverty reduction measures are all based on the national catch-up strategy and on the action plan related thereto. That strategy was adopted by the government in November 2011 following a wide-ranging social consultation. Prior to its adoption, the strategy was debated several times by the Roma coordination council, whose members are representatives of churches and civil society organisations, autonomous authorities for national minorities, local and regional authorities, scientific institutions and professional organisations. This consultation took place in several locations in the provinces, and participants came from almost all counties. The sub-state level was thus involved in this strategy. Also with this aim in mind, the operational programme for social renewal and the operational programme for regional development, launched using EU funds, were on each occasion the subject of a social consultation and a social partnership, as were the respective action plans.

The national economic and social council held its inaugural session on 11 October 2011. The purpose of this body is to discuss general issues of economic and social policy that affect the whole of society and to help formulate the most important decisions on economic and social policy by means of its recommendations, resolutions, analyses and opinions.

The national economic and social council brings together representative players from a broad spectrum of society, such as representatives of workers' and employers' interests, chambers of commerce, civil society organisations, academics, and representatives of churches within the meaning of the relevant specific law.

The national economic and social council is a body independent of parliament and government. Total autonomy is at the core of how this body works: the authorities fully respect that and, as a result, the council determines and decides how it works. The government provides the infrastructure and staff needed for the council to operate; it has also set up a secretariat to help with its work.

The social consultation relating to the national reform programme 2012 was carried out by the ministers in charge of the various measures. Given that the national economic and social council has only existed since the end of 2011, it has not discussed the entire contents of the national reform programme 2012, but the priority themes in various fields have been on its agenda during the year.

The themes discussed by the national economic and social council in 2011 and 2012 were as follows:

- Issues relating to economic policy, the budget and the world of work
- Issues relating to the consolidation of structural changes to the health sector
- Setting the mandatory minimum wage and guaranteed minimum income
- The expected 2012 rate of salary increase necessary to maintain the net value of salaries below 300 000 HUF and the rate that can, in that context, be taken into account for non-salary benefits
- The national strategy for the countryside
- The national development plan
- The situation in adult education
- The institutional restructuring of state education
- The flat tax rate and its social and economic impact
- Certain issues relating to sustainable development in the light of the Rio + 20 global summit
- Strategic issues relating to higher education
- Strategic issues in adult education
- Topical and strategic issues relating to the restructuring of the pensions system
- The general principles for planning the 2013 budget and the economic and social justifications for those principles
- The situation and prospects of the construction sector in Hungary
- Overview of the use of EU resources, and planning the use of resources for the forthcoming period 2014-2020
- Information on the national energy strategy and the future of nuclear energy
- Consultation on experiences in the period following the entry into force of the new labour code
- Questions relating to the government's decision on allocation between fields of study of state scholars

The national economic and social council could in future play a more important role as a large-scale forum for social consultation with regard to overall national strategies and the corresponding action plans.

The Hungarian government has committed to continuing its supportive policy towards representatives of relevant stakeholders. It shares the principles of the EU based on the idea that Europe cannot maintain its rightful place in the global economy unless decision-makers cooperate with key stakeholders in the economy and with bodies representing workers and employers.

Joint efforts by the government and social and societal partners are necessary so that common solutions that are supported by all those concerned can arise out of dialogue with stakeholders.



## NETHERLANDS

There has been a tradition in the Netherlands of involving the social partners in the implementation of the Lisbon Strategy. This tradition continues with the new European Semester. The government, the Social and Economic Council (SER) and the Labour Foundation support the inclusion of the European Semester within the national social dialogue.

### *Briefing of 9 November 2011*

On 9 November 2011, even before the formal beginning of the 2012 European Semester, the ministries of Economic Affairs, Agriculture and Innovation (EA&I), Finance and Foreign Affairs organised a briefing to inform the social partners of recent European developments. The discussion at that meeting covered, among other things, the Euro Summit Statement of 26 October 2011 and two ministerial letters to the Dutch Lower House of Parliament (on *A vision of the future of economic and monetary union* and *Strengthening European stability and capacity for growth*).

### *National Reform Programme (NRP) kick-off meeting, 1 December 2011*

On 1 December 2011, the case officers from the EA&I ministry came to the SER to explain the timetable for the forthcoming NRP to the social partners. The social partners also had the opportunity to indicate which subjects they believed should be covered in the NRP.

### *Preparation of the consultation meeting with Mr Verhagen, Minister for EA&I*

In advance of the Spring European Council, a consultation meeting traditionally takes place between an SER delegation and Mr Verhagen, Minister for EA&I. The preparatory work for this consultation meeting is done by an SER committee (dealing with the European and national dimensions) and a working group of the Labour Foundation (dealing mainly with the national dimension).

### *Consultation meeting with Mr Verhagen on 13 February 2012*

On 13 February 2012, Mr Verhagen consulted the SER on the preparation for the Spring European Council that took place in Brussels on 1 and 2 March. The most important subjects dealt with during that summit were the European Commission's growth survey, the progress of the Europe 2020 strategy and the signature of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. Minister Verhagen met an SER delegation composed of social partners and independent expert members, chaired by Alexander Rinnooy Kan.

The additional treaty on further strengthening of the governance of EMU was discussed in the consultation meeting. Mr Verhagen explained the importance of additional measures in order to restore trust in the European Union. Radical measures, he said, were needed in order to safeguard the prospects for economic growth. It had become abundantly clear during 2011 how closely interconnected Europe's economies were. The planned reforms, while ambitious, were also the best way to protect employment.

There was only limited budgetary capacity for investment by the Member States. Dutch policy was aimed, among other things, at promoting certain key sectors, cutting red tape and stimulating innovation. Mr Verhagen emphasised that Member States and the social partners retained policy space in their own fields.

The trade unions urged the minister to give balanced consideration to all the pillars of European policy: it was not only a question of strengthening accounting rules, but the social and sustainability agendas, in particular, now needed further development. Europe, they said, was also about people, whose support was fading as a result of all the crisis measures. Precisely for that reason, it was important to guarantee basic social rights in an emphatic manner.

The employers' side emphasised the urgency of the situation and the need for resolute action. The only path to more growth and the restoration of economic confidence was to head at full speed towards a United States of Europe. The contribution of foreign workers to the Dutch economy should be better recognised and more highly valued by the cabinet.

All parties agreed with the idea that the European Union was a value-based community with democratic guiding principles, that the social dimension had to be protected even in times of crisis, and that social dialogue at national and EU level remained critically important for the maintenance of support for the European project.

#### *Preparation of the NRP in February 2012*

On 14 February 2012, the social partners in the Labour Foundation had the opportunity to comment on the first draft of the NRP. At a second meeting, on 21 February, a second version of the NRP was presented, as well as the 2012 National Social Report. The social partners consider the content of the NRP to be the Dutch government's responsibility. To emphasise their own involvement in the Europe 2020 strategy in the Netherlands, the social partners again drafted their own annex to the NRP. That annex was also sent to the EESC.

#### *FNV "Redesign Europe" meeting and the trade union movement*

On 30 March 2012, the trade union federation FNV held a seminar on the management of EMU and the position of the trade union movement on the subject.

### *Country-specific recommendations to the Netherlands*

The country-specific recommendations to the Netherlands were among the items discussed at the first meeting of the SER committee on Social and Economic Affairs on 6 July 2012. A representative of the EA&I ministry was willing to explain the content.

### *Discussion of the Van Rompuy report*

The social partners indicated the importance that they attached to being informed in a timely manner of the content of the forthcoming Van Rompuy report. The case officers from the EA&I, foreign affairs and finance ministries have offered to hold a briefing on this subject for the SER. An appropriate date is currently being sought.

### *Preparation of the 2013 Spring European Council*

The preparation for the consultation meeting ahead of the March 2013 Spring European Council is also now under way again. The Social and Economic Affairs Committee will take the national dimension into account.

## AUSTRIA

Because of the informal structure of the Austrian Council for Economic and Social Affairs (WSR) the answers to the questions below refer to the four major representative social partner organisations in Austria which are represented on the Council: the Federal Chamber of Labour, the Chamber of Agriculture of Austria, the Austrian Trade Union Association and the Austrian Federal Economic Chamber.

### **- How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)?**

The Austrian social partners were in principle involved by the government in the drawing up of the NRP<sup>3</sup>. However, in the end only the joint list of social partner activities rather than the individual contributions of the respective social partners were included in the NRP. A comprehensive draft of the NRP was sent to all those involved for their opinion. However, the deadline for feedback to the responsible coordination body (Federal Chancellery) on the draft NRP (approximately 70 pages long) – 1½ working days in the week before Easter, which is a traditional holiday time – was inappropriately short and completely inadequate, so that it was not possible to carry out a detailed assessment and provide the appropriate feedback.

### **- Does this involvement need to be further reinforced and, if yes, how?**

Better involvement of the social partners could be achieved by a longer deadline for assessment and feedback on the overall draft of the NRP. It would also make sense to hold an additional meeting of the coordinating body (Federal Chancellery) with stakeholders.

### **- Have you seen an evolution since the last European semester?**

The federal government began the process of drawing up the NRP contributions with a coordination meeting as early as mid-December 2011. The deadline for the individual ministries, social partners etc for the drawing-up of their contributions was thus somewhat longer than in the previous European Semester. However, the drafting process this year was more complex than the previous year, as it is a rolling programme in which account has to be taken of the progress on implementation made the previous year. Nevertheless, this year, as described in 1a) and 1b), the deadline for assessment and feedback on the overall draft of the NRP was relatively short.

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Austrian National Reform Programme 2012: [http://ec.europa.eu/europe2020/pdf/nd/nrp2012\\_austria\\_de.pdf](http://ec.europa.eu/europe2020/pdf/nd/nrp2012_austria_de.pdf) or [http://ec.europa.eu/europe2020/pdf/nd/nrp2012\\_austria\\_en.pdf](http://ec.europa.eu/europe2020/pdf/nd/nrp2012_austria_en.pdf).

– **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

With regard to the process of drafting the NRPs, the social partners suggest the following improvements:

- The Commission should revise the guidelines for the drafting of the NRPs with regard to the involvement of the social partners and non-government stakeholders, in order to give governments more precise instructions for their involvement, particularly regarding the way in which their contributions are to be considered in the NRP.
- The Commission should also definitely continue its visits to the Member States during the period when the NRPs are being drafted (Spring). These visits are very helpful, from the point of view of the social partners and with a view to ambitious drafting of the national NRPs, and give the social partners an opportunity for direct dialogue with the Commission. This would no longer be the case if the meetings were to be transferred to the level of the Permanent Representations in Brussels.
- As the European Commission did not visit Austria in 2012 in connection with the NRP, the Commission representative office in Austria offered to hold separate rounds of discussions with the individual social partner organisations on the country-specific recommendations, an offer which was accepted by the individual social partner organisations. However, it would be desirable for the Commission once again to visit the individual Member States during the NRP drafting period.
- Lack of a medium and long-term perspective in the NRPs: The three-yearly cycle of the Lisbon Strategy required medium and long-term objectives for National Reform Programmes. The annual NRPs drawn up in the framework of the Europe 2020 Strategy lack this medium-term dimension, as only reforms which have already been planned in detail may be cited. From the point of view of the social partners, however, it would make sense, in the interests of medium-term strategic planning, to include medium and longer-term reform plans in the NRP as well in an appropriate way, as the NRPs represent a certain commitment by the governments; this would mean that medium-term reform projects would have to be planned more specifically.
- Moreover, the social partners should be involved not only in the drafting of the NRPs but also at EU level in the drafting of the integrated guidelines.
- In addition, improved involvement of the Austrian social partners would also be desirable in the drafting of the national strategy for the Structural Funds 2014-2020 (STRAT.AT2020), which is also to be derived, *inter alia*, from the NRP.

- The Austrian social partners also propose that in future the social partners should be consulted on the National Reform Programme and Austria's stability programme at the same time, which would also be in line with the intentions of the European Semester.
- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

The Council of the European Union hereby recommends that Austria should take action within the period 2012-2013 to:

1) *"Implement the 2012 budget as envisaged and reinforce and rigorously implement the budgetary strategy for the year 2013 and beyond; sufficiently specify measures (in particular at the sub-national level), to ensure a timely correction of the excessive deficit and the achievement of the average annual 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 medium-term budgetary objective (MTO), including meeting the expenditure benchmark."*

- The employees' side considers a reduction in the budget deficit to be necessary in principle. But it should also be borne in mind that cyclical economic prospects continue to be poor. The Austrian Institute of Economic Research (WIFO) estimates in its September 2012 economic forecast that economic growth for 2013 will be only 1.0%. Against this background it is suggested that Austria should consider what measures it could adopt to counter the threat of large-scale unemployment. In general terms, fiscal policy should lean towards a higher proportion of taxes on wealth, which would promote forward-looking investment and a fairer distribution of income and wealth. Measures to reduce unemployment and to increase economic growth should be given the highest priority when drawing up the budget. The employees' side is sceptical or even hostile to the debt brake. The excessive deficit is very closely connected with the consequences of the financial crisis and particularly the bank bailout measures adopted in Austria. In view of sluggish economic growth and the scarcity of public sector budget resources at all levels, all possible opportunities must be exploited to encourage economic growth and the stabilisation of employment. If public expenditure is to be cut back, it must be expenditure with a high deadweight effect or low multiplier effect.
- The employers' side supports ambitious expenditure-side budget consolidation. This objective can be achieved through comprehensive reforms of the system in relation to the state, administration, pensions, health and education. Through consolidation public expenditure can be channelled in future more towards forward-looking investment (research and development, infrastructure, education, innovation, new technologies, energy etc). With regard to the reduction of government debt, and with a view to reducing it in the medium term below the Maastricht level of 60% of GDP, the employers' side welcomes the introduction of a debt brake in December 2011 (although in Austria it does not have constitutional status).

2) *"Take further steps to strengthen the national budgetary framework by aligning responsibilities across the federal, regional and local levels of government, in 7 Under Article 5(2) of Council Regulation (EC) No 1466/97. EN 6 EN particular by implementing concrete reforms aimed at improving the organisation, financing and efficiency of healthcare and education."*

- The basis for radical reforms of the system should be a redistribution of powers between the Federal Government, the *länder* and the municipalities. The social partners share the Commission's view that a reorganisation of the financial relationships between the Federal Government, the *länder* and the municipalities offers potential for savings in the medium term.

In particular, tasks must be better coordinated with responsibility for revenue and expenditure. This would not only increase transparency but also offer the opportunity to improve quality. Building on this, financial transfers between authorities should be reorganised.

- The established autonomous responsibility of the social partners for the collection of social security contributions must remain unaffected.
- The aim of reforms of social security systems must be to safeguard the sustainability of the financing of these systems (particularly in the areas of health and pensions) in view of demographic change.

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 statutory and effective retirement age is rising in line with life expectancy."*

- With an average retirement age of 58.2 years in 2010, Austria is well below the OECD average. The social partners therefore consider that there is an urgent, specific need for action in various areas: *inter alia* raising the actual retirement age, effective and efficient rehabilitation measures, reduction of invalidity rates, adaptation of work to the needs of older people, transparency and simplification. On 10 October 2011, as part of the Bad Ischl dialogue, the Austrian social partners therefore submitted a package of measures for raising the actual retirement age.
- If the proposed measures are sufficiently financed and fully implemented by the government, the social partners believe that the actual retirement age can be raised by two years over the next ten years, taking account of measures already adopted. The proposals would make savings of around EUR 1.5 bn in the pensions system by 2020. Although the proposals differ from the recommendations of the European Commission, the Austrian social partners are convinced that the implementation of the social partner agreement would play a major part in raising the actual retirement age in Austria. One essential factor in successfully increasing the actual retirement age and at the same time raising the rate of active employment of older workers would be enabling people with health problems to start a new career (vocational requalification and sustainable integration into the labour market).

- The full social partner agreement, together with the proposed measures and forecast effects can be seen at [www.sozialpartner.at](http://www.sozialpartner.at).

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, notably through the provision of additional care services for dependants."*

- The social partners welcome the recommendation for a budget-neutral reduction of the pressure of taxes and social security charges on labour, and strongly advocate a structural tax reform to promote employment and growth as well as fair income distribution. The social partners are, however, conscious of their responsibility for the social state and thus the public sector budget, and any necessary structural reform of taxation should therefore be designed in such a way that it does not lead to an overall reduction in revenues. The specific shape of the structural tax reform will emerge from negotiations at government level, in which the social partners must also be involved.
- The reform of the tax system must be accompanied by intelligent reform of public administration, with the aim of generating savings potential, while maintaining the quality of public services.
- The social partners believe that raising the participation rate is one of the greatest challenges of the coming years, particularly in view of demographic trends. We see considerable potential for raising the employment rate in the following areas:
  - Support for the school-work transition
  - Older people remaining in employment for longer
  - Creation of jobs adapted to older workers
  - Reduction in high invalidity rates
  - Creation of better work-family balance
  - Better labour market integration of people from a migration background
  - Reduction of unemployment
  - Reduction of skill deficits
  - Adaptation of qualifications to labour market demand.
- The social partners endorse the main reasons for the low participation rate of women identified by the Commission in the spring (unequal distribution of care responsibilities between men and women, limited availability of childcare and long-term care services). The Austrian social partners have initiated a number of joint activities with a view to making positive changes here in the medium term. The social partners have played a leading role in the national action plan



for equal treatment of women and men in the labour market. We endorse the Commission's recommendation and call for rapid implementation of the points still remaining open. In this context, the law on income transparency, which entered into force in March 2011, is considered by the social partners to be a further major step towards the reduction of large gender-specific income disparities. The social partners believe that the development of all-day childcare places must be stepped up, as well as the development of nursing care facilities.

- In general terms we wish to point out that EU climate policy is not consistent with EU industrial policy. The commitment to Europe as a manufacturing location must also be reflected in the European Union's climate and energy policies. This requires stable, predictable and realistic conditions which are coordinated at EU level and which take account of specific situations in individual Member States. Only in this way can climate and energy policy facilitate investment and technology developments in Europe and create good-quality, secure jobs without damaging the economy and Europe's standing as a location for business.

5) *"Take further measures to improve educational outcomes, especially of disadvantaged young people. Take measures to reduce drop-outs from higher education."*

- The social partners concur with the Commission's recommendation that Austria must step up its reform efforts in the field of education.

6) *"Take further steps to foster competition, in the services sectors, by removing barriers to market entry in the communications, transport and energy retail markets. Remove unjustified restrictions on access to the liberal professions. Enhance the powers of the competition authorities and speed up the implementation of the competition law reform."*

- The government agreements for both the 23rd (October 2006 to October 2008) and the 24th legislative periods (2008 to 2013) provide for an evaluation of the most recent revisions of the competition and anti-trust law. Discussions took place to this end between the Federal Justice Ministry, the (then) Ministry for the Economy and Labour and the other stakeholders. As no consensus was reached in the course of these discussions, the social partners drew up a study<sup>4</sup> with specific proposed solutions, which was presented in November 2010. Building on the proposals contained in the study, a reform process is underway, the results of which are expected next year.
- The social partners believe that it is essential that commercial law provide fair conditions for all market participants. Provisions of Austrian trade regulations in the interests of employees, consumers and local residents are a necessary corrective to ensure fair conditions of competition. An appropriately high level of skills for persons engaged in trade and commerce will ensure the provision of high-quality services to consumers, and high-quality training will produce good skilled workers and could also produce skilled businessmen and women. The

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<sup>4</sup> Advisory Council for Economic and Social Affairs: Future of Competition Policy in Austria, No 84, 2010.

limits of deregulation measures are to be found, however, wherever these protective provisions are undermined and where skills are eroded. Part of the attractiveness of the Austrian vocational training system lies in the fact that the formal qualifications to which it leads are a condition for access to a trade. The Austrian dual training system is regarded throughout the EU as a best practice model and makes a major contribution to combating youth unemployment, while at the same time ensuring high-quality services for consumers. The systematisation and development of quality assurance are needed in order to improve the dual vocational training system further.

- The social partners also think that it should be made possible to set up interdisciplinary companies involving persons engaged in trade and commerce and the professions. A decisive competition policy is also advocated at all levels.

7) *"Step up the restructuring of banks which benefited from public support, while avoiding deleveraging. Further improve the cooperation and coordination of national policy decisions with financial sector supervisors in other countries."*

The implementation of Basle III in banking regulations is imminent and the European Commission has also put forward proposals for a banking union (In particular integrated supervision and crisis intervention) as a basis for further negotiations. A further objective in this area must be to ensure that new burdens are not placed on taxpayers. In view of the integrated and harmonised EU financial market, inappropriate burdens must not be allowed to give rise to competitive disadvantages for Austrian banks.

- **What are the further actions foreseen by main social and economic stakeholders in your country?**

Joint activities of the Austrian social partners for 2012 (already carried out and planned):

- Education policy dialogue 25.1.2012 with the Ministries for the Economy, Social Affairs, Education and Science: Making dual education fit for the future
- Survey on migration integration with the presentation of the social partners' study on 21 May 2012
- Position paper on European economic policy for reducing imbalances - Spring 2012
- Survey of financial markets and commodities - 10 December 2012
- Joint position paper on Investment and investment capacity for future growth
- Bad Ischl Dialogue 15-16.10.2012 on the subject of *Europe, the Future*, and presentation of the social partners' position in Brussels by the presidents of the social partners

- Development of a toolbox with a practical guidelines for those responsible for staff and works councils, especially for specific sectors, with tips on issues connected with age management in businesses; social partner event on Age and Work in April 2012;

Further social partner activities and projects to implements the Europe 2020 objectives in Austria were incorporated into Austria's National Reform Programme:

[http://ec.europa.eu/europe2020/pdf/nd/nrp2012\\_austria\\_de.pdf](http://ec.europa.eu/europe2020/pdf/nd/nrp2012_austria_de.pdf), pp. 49-50.

Moreover, in the course of wage negotiations, the social partners make an outstanding contribution to economic and social development in Austria, the maintenance of social harmony and the continued international attractiveness of Austria as a place to do business

## POLAND

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programme (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since last European semester?**

In Poland, the process of developing the National Reform Program for implementation of the "Europe 2020" Strategy and its modification is being carried on by the Working Group on "Europe 2020" Strategy (Zespól ds. Strategii "Europa 2020"). The Working Group is an advisory body of the Prime Minister, and it consists of representatives of the public administration and a wide range of socio-economic partners.

In addition to the work of the Group, between 14 and 24 February 2012 socio-economic partners had the possibility to submit their proposals of tasks for 2012-2013. The draft of updated NRP for 2012/2013 was prepared based on those proposals.

It is estimated that due to the establishment of the Group and its activity, the involvement of socio-economic partners in the process of modifications of NRP was higher than the year before.

National Reform Program for the implementation of the "Europe 2020" Strategy is a part of a broader initiative of the Polish government aimed to create an effective system of national development policy. New integrated, cross-sectoral approach to social and economic problems requires coordinated actions to be undertaken by the administration.

Works on strategic documents, including the NRP is connected with the preparation of the framework for the effective use of funds in the New Financial Perspective 2014-2020. Therefore, it may be observed that socio-economic partners act with greater awareness.

In the context of strengthening cooperation with socio-economic partners, it is considered to establish sub-working groups under the Group. Those sub-working groups would discuss the progress in implementation of five objectives of strategy "Europe 2020" in Poland.

- **Could you give some outlines of concrete proposal to improve NRPs and their implementation?**

The European semester is a very complicated process and it is composed of multiple issues (National Job Plan, Pact Euro Plus, and Pact for Growth and Employment adopted by European Council in June), additionally time pressure is high. Therefore, the socio-economic partners do not feel sufficiently involved in it.

For a better effectiveness of the process of modification of the NRP and its implementation, it is significant that European Commission publish and forward to the Member States, early enough, the documents on which States will base the annual updates to the NRP, which are: Annual Growth Survey, updated guidelines for the development of the NRP, and draft recommendations for individual Member States. The sooner those documents are presented, and the longer the period of the submission of observations from Member States is, the greater involvement of socio-economic partners in this process is possible.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

EU Council Recommendations of 10 July 2012 were discussed at a meeting of the Working Group for "Europe 2020" Strategy on 16 July 2012.

During the meeting as well as during the exchange of correspondence concerning the issue, the socio-economic partners had the opportunity to comment and evaluate various recommendations. Socio-economic partners agreed that the recommendations truly picture challenges which must be faced by Poland in the near future. They focused particularly on Recommendation no. 1 on the need to reduce the deficit which, however, cannot effect the actions stimulating economic growth.

Referring to the specific recommendations, the trade unions' representatives expressed their concerns regarding recommendation on pension systems and on the incorporation of the miners to the universal pension system. On the other hand employers' organization indicated a problem with the recommendation on limiting the excessive use of civil law contracts, and inadequate implementation of these recommendations which may increase labour costs and expand black economy.

## PORTUGAL

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

### **Municipalities:**

In general, the response of the municipalities is that the involvement of the social partners and of civil society is very important, since those entities are key to identifying and prioritising proposals and setting them in the context of the true needs of the country. However, the general feeling is that there is a lack of participation. Some even argue that the problem is the result of the specific features of the EU decision-making process, which follows a top-down rather than a bottom-up model. It is also argued that even where there has been in-depth discussion, there has been a lack of representativeness. The sense is widespread that the debate has been severely constrained by the Economic and Financial Adjustment Programme (EFAP) to which Portugal is subject and that it has therefore focused on financial stability, paying little or no attention to growth. The municipalities also note that as a result of the EFAP, the European Semester has not produced significant results.

### **Employers' organisations:**

These organisations consider that in general, there has been little or no room for participation, and they draw attention to the fact that they have already criticised this situation on several occasions. On the other hand, they state that they would like to monitor the systematic assessment of the measures that are to be implemented. As a result of the situation that Portugal is in at present, in the context of the EFAP, they note that it is important to redesign measures and indicators and to allow sufficient room for reflection by the stakeholders involved. They also consider that the Portuguese government should have consulted the social partners on the measures forming part of the Memorandum of Understanding (MoU) with the troika in the context of social dialogue, which must without question be maintained. In addition, the EU should show itself capable of collective action, something on which there are doubts in view of the current crisis. If the necessary reforms are not made at the level of the EU and its institutions, these organisations believe that we will face a difficult situation. In that respect, they consider that there has been no significant development since the last European Semester.

### **Trade unions (CGTP-IN):**

The trade unions consider that participation was very limited, in 2012 as in 2011, and note that the trade union confederation only participated in relation to certain limited programmes, and not in relation to the National Reform Programme itself. They also note that there have been no positive

changes in terms of participation compared to the previous European Semester, but only negative ones.

### **Ministry of Education and Science:**

The ministry mentions the importance of the participation of the social partners in developing the measures provided for in the NRP, particularly in relation to job creation and improving the qualifications of young people and adults with a view to social and economic development, something which is a constant concern of the government. In the context of an integrated approach to training and employment, the ministry is pursuing a systematic policy of establishing partnerships with businesses and other entities with a view to the integration of young people in the labour market, the improvement of vocational training and the sharing of knowledge and technology between research and development (R&D) institutions, universities and firms in the context of a process of learning and of encouraging spin-offs from universities.

### **Union of Portuguese Charitable Institutions (UMP):**

The Union states that it has never been invited to participate in any forum in which debates took place in relation to the NRP. Its only involvement in relation to the measures included in that programme was through the Economic and Social Council, an institution in which it is represented and which invited the UMP to give its views on the action developed by the European platform against poverty and social exclusion and the measures on the same subject included in the Portuguese NRP. On that occasion, the UMP proposed measures related to extending the micro-credit window and broadening financial education initiatives in order to prevent indebtedness. The UMP also notes that national coordination since the last European Semester has not encouraged greater involvement of the social partners and civil society. In any event, the UMP considers that the Portuguese government regularly consulted representatives of social economy and solidarity-based institutions, particularly in relation to social policy.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

### **Municipalities:**

Implementation of the NRP in Portugal involves addressing specific problems such as fiscal stability and the structural deficit. It also involves setting common objectives for the government, the social partners and civil society. Of the measures that could improve that programme and its implementation, the municipalities highlight the broadening of the debate to reach both younger and older people, so as to deepen inter-generational dialogue.

**Employers' organisations:**

These organisations consider that the fact that Portugal is subject to the EFAP limits the commitments in, and potential of, the NRP. In any event, they note that the attempt must be made to go beyond the objectives of the EFAP in order to stimulate the economy. There is a general sense of lack of confidence at national level in relation to the European governance model. It is important to have clear provisions on participation, monitoring and assessment by the social partners and civil society, based on publication of the annual outcomes of the programmes. Consultation processes should be widely publicised so as to obtain the highest possible level of participation.

**Trade unions (CGTP-IN):**

The trade unions consider that improving the NRP requires abandoning the austerity policy that is suffocating the economy, increasing unemployment, worsening living conditions and threatening the growth and economic development of Portugal. As far as the increase in unemployment is concerned, this is the result of a substantial fall in household and government consumption. The trade unions argue that the measures taken by the government in the economic and social fields are destroying the economy and society. Reduction of the public deficit should be subordinated to economic growth and to the adoption of measures to stimulate the economy. As far as education is concerned, there should be an increase in resources, and the priorities in this sector should in particular be discussed with the education community. Measures are also necessary to improve the training of working people (vocational training). Austerity policies have worsened poverty, social exclusion and inequality in Portugal. Between 2009 and 2010, the risk of poverty increased from 17.9% to 18%, due to increased unemployment, job insecurity, wage reductions, increases in the prices of essential goods and services and higher taxes on work and pensions, as well as the increase in VAT and the reduction of social benefits.

**Ministry of Education and Science:**

In the field of science, the national aspects of the Science and Technology System have been strengthened and encouragement has been given to its integration in the European research framework. Proposals have also been made with a view to better coordination between different governmental sectors.

**Union of Portuguese Charitable Institutions (UMP):**

The UMP considers it essential to identify the barriers to growth and employment and to review measures in the area of economic development and the fight against poverty and social exclusion. In that context, it is necessary to review the indicators and assumptions on which Portugal's NRP for 2020 was based, since they no longer reflect the real situation of the country. It is essential to produce a new strategy that will lead to correction of imbalances and stimulation of economic growth. The UMP proposes that school courses should be introduced focusing on matters such as entrepreneurship



and technical and vocational training, and that in social policy, emphasis should be placed on support for families and childbirth.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

#### **Municipalities:**

Prioritising fiscal consolidation and correction of macroeconomic imbalances at the expense of improving competitiveness, growth and employment puts the goals of the NRP at risk, both in the medium term and in terms of the prospects for 2020, particularly in relation to the rates of access to education and early school-leaving, investment in R&D, the environment, the increase in employment, the reduction of poverty and the increase in exports. The municipalities also mention the mismatch between the goals of the NRP and the current economic and social situation in Portugal.

#### **Employers' organisations:**

These organisations state that it is important to ensure financial stability, remove obstacles to financing for businesses, create the conditions for banks to finance the economy, particularly SMEs and micro-enterprises, and provide tax exemptions and benefits for businesses that invest. The employers' organisations claim that a particular effort is needed in relation to urban regeneration and reduction of regulatory costs, particularly in relation to energy and municipal taxes. They also claim that a significant effort is needed from the state to meet its obligations to businesses and to reduce public spending by way of a reform of the state. They also mention the urgency of promoting competitiveness and stimulating private investment, without that implying compensatory measures on the tax revenue side. Reforming the legal and administrative framework for economic activities should also be a further priority in the next revision of the EFAP. It is also necessary to redesign law-making generally and to launch an agenda for the internationalisation of the economy. Certain organisations mention urban regeneration as a national goal in order to create jobs and address the deterioration of city centres.

#### **Trade unions (CGTP-IN):**

The trade unions mention that recent economic history would have been different had the analysis of the government and the troika been better. In 2010, CGTP-IN proposed extending the deadline for reducing the deficit to 3%, a proposal that was only accepted in September 2012. It also proposed that tax receipts should be increased by tackling tax avoidance and evasion, broadening the tax base and increasing the progressivity of taxes. However, the reduction of disposable income led to a fall in domestic demand (which was not made up for by the increase in exports) and an explosion of unemployment. There was a massive collapse of employment. The trade unions also mention the vicious cycle of adjustment, recessionary effects and new austerity measures affecting the increase in the public deficit.

### **Ministry of Education and Science:**

The ministry considers that the goals of the Europe 2020 strategy, in terms of reduction of the rate of early school leaving and increase in the percentage of the population with higher education qualifications, are crucial. In this respect, it mentions initiatives that are under way or that are to be implemented in Portugal, such as the Programme against Educational Failure, pilot projects in the field of vocational education, broadening the pre-school network, revising the structure of the curriculum, establishing clear curriculum targets to support teaching and assessment, strengthening external assessment and monitoring, reinforcing and improving vocational education for young people and the planned restructuring of educational and vocational guidance. It also adds that rationalisation of the educational offering in higher education is being encouraged, as is improvement of the scientific competitiveness of higher education institutions within the European area.

### **Union of Portuguese Charitable Institutions (UMP):**

The UMP claims that the programme of budgetary restraint efforts, together with the economic slowdown, not only in Portugal but also in Europe and across the world, could make the macroeconomic scenario obsolete and delay or prevent the achievement of some of the actions set out in Portugal's NRP for 2020.

- **What are the further actions foreseen by main social and economic stakeholders in your country?**

### **Municipalities:**

The municipalities state that the "Commitments Act" is blocking current expenditure, particularly in relation to the exercise of the powers of local authorities, contributing to a deterioration of public services, something which the municipalities have tried to overcome. Other measures that have been taken or are being prepared, particularly in relation to employment, the organisation of services and the transfer of powers, limit the executive power of local public administrations and constitute not just a supervisory procedure but an attack on the autonomy of local government.

### **Employers' organisations:**

These organisations express their openness to continued dialogue with the government and the social partners on the basis of a climate of constructiveness and trust, with a view to adjusting the programme in line with the priorities mentioned above. The Confederation of Tourism adds that it does not expect any new steps beyond the strategy that has been followed so far - that is to say, the attempt to comply with the MoU.

**Trade unions (CGTP-IN):**

The trade unions note that current initiatives are dominated by the debt crisis and the application of austerity programmes.

**Ministry of Education and Science:**

The ministry notes that it intends to improve young people's vocational training, connecting the training provided to economic sectors that produce tradeable goods and services, and to strengthen bodies linked to higher education institutions that support business incubation and that encourage the entrepreneurial spirit of graduates. At the same time, the scale of Science and Technology Parks linked directly to those institutions, which encourage synergies, support networking and permit sustainable growth initiatives, needs to be increased.

**Union of Portuguese Charitable Institutions (UMP):**

The UMP mentions that the mutual associations have made agreements with local communities to develop projects related to the various elements of the Portuguese NRP for 2020. Those include involvement in education, promotion of entrepreneurship, development of solutions for the social job market through placement agencies, promotion of strategies related to active ageing, development of projects to support minorities, particularly in relation to food support, promotion of the spread of financial education programmes (at two levels: for children and young people in schools, and for the adult population that benefits from social support). The intention is for the mutual societies to be able to contribute to an industrialised Portugal which is not dependent on the outside world, that is to say, that there can be mutual societies in the first and second sectors as well as the third sector, that savings banks can be created with a regional scale and focus, with a view to financing microcredit and small-scale lending activities close to the people, access for social sector entities to all economic activities and organisation of all entities in the social and cooperative sector under a single legal code and status, thus creating an alternative network to the profit-making, speculative private sector.

## ROMANIA

- **How would you evaluate the involvement of social partners and civil society in the preparation of the National Reform Programs (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

The Ministry of European Affairs (MAEur), as point of contact for issues concerning the *Europe 2020 strategy*, has the main task to coordinate the procedure of formulating, monitoring and reporting on the *National Reform Programme (NRP)*.

MAEur started the implementation of this strategy at national level, **involving the social partners and civil society throughout the entire process**. Thus:

- In order to assess the situation of Romania in the context of *Lisbon Agenda* and identify the national priorities for the post-2010 reform, a *Reflection group on the future of the Lisbon strategy* was established at MAEur initiative, in September 2009, comprising representatives of central and local civil society (including the Economic and Social Council - ESC).

The activity of this group was launched at the **Conference on the *Lisbon post-2010 strategy: national reform options and priorities*** (29 September 2009). Considering the conclusions of the conference and the results of the reflection group, MAEur Romania drafted the document entitled *Vision of Romania on the future of the Lisbon strategy*.

- After the European Commission (COM) launched the EU 2020 strategy on 24 November 2009, MAEur started to **formulate the Romanian position on this document**, which was finalised also with the contribution of the *GRSL* members.
- After the COM published, on 3 March 2010, the communication on Europe 2020 – an *European strategy for a smart, ecological growth and favourable to inclusion*, MAEur launched a **process of consultation with all stakeholders in order to substantiate the Romanian stand to this document**, by involving public authorities, social partners, academics and civil society.

The consultation held in March 2010 also involved working groups already established for *Europe 2020 strategy* (*Reflection group on the future of Lisbon strategy*, the *High level working group* – including the ESC, the *Working group for the Europe 2020 strategy* among their members) and the *Coordination committee on European affairs*.

The outcome of the analysis and the incorporation of all contributions resulted in the Romania draft document reflecting *Romania stand on Europe strategy 2020* adopted by the Government in March 2010.

- The Spring European Council (25-26 March 2010) invited the Member States to establish numerical values for each *Europe 2020* objective. As a result, MAEur started to **found national targets** for the five general objectives proposed by the strategy.

For a better coordination of the substantiation of the Europe 2020 objectives, there have been created seven sectoral work groups<sup>5</sup> at MAEur initiative to establish national targets, consisting of representatives of all state institutions with responsibilities in related areas.

*The Commissions of Social Dialogue* from coordinating ministries adopted the substantiation documents of national targets.

- The values of the *Europe 2020* national targets have been subject of **public debates** organised by the MAEur both at the level of the institutions involved and at national level. Thus, between 21 and 29 May 2010, MAEur, in partnership with the ministries and other responsible public authorities, organised thematic **round tables** for each of the *Europe 2020 strategy* objectives.

In collaboration with the Committee on European Affairs from within the Romanian Parliament, MAEur organised, on 10 June 2010, the **Conference on Romania and Europe 2020, vision, challenges and strategic priorities**, an event that brought together representatives of the central and local public administration, social partners, trade union confederations, employers' associations, the ESC, academics, civil society and media.

- **The final set of values for the national objectives *Europe 2020*** was adopted by the Board in July 2010.

**The dissemination of information on the *Europe 2020* topic was achieved locally as well** with the support of prefectures, through the *European Advisor* magazine, whose edition in May 2010 was entirely dedicated to this strategy.

- In the period between September and November 2010, MAEur, with the support of responsible institutions, worked out the **2011–2013 NRP draft**, which was adopted in Government meeting and sent to the European Commission. The document was **published on the MAEur** website in order to receive contributions from the citizens and the civil society, with the possibility of being reproduced in the final version of the NRP (April 2011). Also, from April to November 2010 there were organised several regional conferences in cooperation with the SNSPA, involving local authorities, professional organisations, regional development agencies within which national objectives Europe 2020 and post 2010 reform perspectives were organised. In addition, on 10 March 2011, a **Conference dedicated to discussions on the most important aspects of the 2011–2013 NRP** was organised and representatives of the local and central

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A working group for each of the five objectives of the strategy, except objective "20/20/20" - energy and climate change, for which it was formed three working groups. Each working group was coordinated by the Ministry with major tasks in this field.

public administration, **social partners** (trade union confederations, employer's associations, the ESC), academics, civil society and media were brought together.

- Given the implementation, since 2011, of a new framework for the coordination of the economic policies within the European Union – European Semester, there was adopted the setting up of the *inter-ministerial working group to prepare the European Semester* under the coordination of the MAEur, at the Government meeting dated 27 June 2012. The Romanian ESC was invited to nominate a high level representative to be part of this group; thus, the ESC was given the opportunity to further contribute actively to the political decisions on the NPR formulation and implementation. The invitation was honoured by the nomination of Mr Dragoş Mihalache – ESC vice-president.

To conclude, both during the debates on Europe 2020 targets at national level and mostly during the process of working out the *2011–2013 NRP*, the social partners were invited to contribute, to make known their points of views on the objectives, the ways to achieve them, the resources and responsibilities to implement, assess and monitor the progress achieved.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

An increased role of the Commission of Social Dialogue (CSD) from within the MAEur and of the Economic and Social Council of Romania in the formulation and implementation of the NRP by the inclusion of such topics as permanent issues on the agenda of meeting of the two entities would bring added value to this process.

A procedure of updating the Action Plan for the implementation of the NRP - 2012 is in process at present. The Commissions of Social Dialogue of the relevant institutions will be involved in this context.

The process of updating the Action Plan for the implementation of the NRP is intended to define the portfolio of actions to be implemented during the respective year by each institution responsible for the implementation of the NPR.

The involvement of the ESC Romania in the annual Action Plans for the NRP implementation can be realised by proposals made for further action to be taken to eradicate deficiencies and implementing not only the country – specific recommendations of the EU Council but also the national strategies adopted the previous year in the fields of reference of the *Europe 2020* strategy.

The NRP updating in the context of the European Semester was also presented within the Commission of Social Dialogue of MAEur, at the meeting on 23 February 2012. In this context, the representatives of employers and trade unions present at the meeting expressed their views on certain areas and objectives included in the NPR.

Thus, from the point of view of the UGIR – 1903 representative, the R&D field should be seen not only at the EU level but also in terms of participation in other international programmes for which a co-financing is to be provided. In addition, the CPISC representative declared that the investments in R&D are the only ones that could boost the economy. As a consequence, investments in R&D should start from 5% (of which at least 4% in the private sector) and not from 2% of the GDP as Romania set its target for 2020.

MAEur representative specified that investments in R&D are based on calculations and their volume is not set arbitrarily, but based on available resources and entities involved in R&D capacity to produce results with economic effects. As concerns the co-financing of European research projects, MAEur representative, Mr Dobrescu noted that ANCS should have a strategy for the R&D, based on which they can budget accordingly the participation in different international programmes.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

On 6 July 2012, the EU Council adopted the country – specific recommendations and suggested Romania to make efforts to implement the measures provided for in the agreements on the foreign financing for 2011-2013 granted to Romania by the IMF, EU, WB, EIB and EBRD.

Details of the specific country recommendations were also presented at the CSD meetings. At these meetings, representatives of employers and trade unions have approved the country recommendation for Romania and reiterated the importance of the implementation of measures resulting from the functional analysis of the key ministries, conducted by the World Bank.

- **What are the further actions foreseen by main social and economic actors in your country?**

In the following year, MAEur will start the working out of the NRP plan for 2014-2016 for which a more active involvement of the Romanian ESC is considered. The social partners and the civil society will be involved in this process and will require that the NRP reflect, for the period concerned, the reform priorities for Romania in conjunction with the priorities of EU funding in the new 2014-2020 financial year.

## SLOVAKIA

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**

From the formal point of view, the consultation process on the NRP is progressing normally. All of the social partners are actively participating in the drafting of the programme, which will culminate in a national conference attended by members of the government, leaders of the parliamentary opposition, representatives of employers and trade unions, leading scientists and academics and managers of major companies and non-government organisations. This process guarantees a society-wide consensus and support for the NRP among the world of work and the public in general.

- **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

The National Reform Programme has identified priorities areas where the economy is lagging the most and which therefore have the greatest potential for boosting Slovakia's GDP in the future. In each of these areas measures have been proposed that the government needs to put into effect in the near future to achieve economic growth and increase the population's quality of life. These priorities areas are:

- Education, science and innovation
- Employment and social inclusion
- The business environment
- Transparent environment and law enforcement
- Health.

The NRP also states that these areas are in line with the recommendations of the European Commission, according to which Slovakia should in particular improve the state of public finances and allocate resources primarily to education, research and infrastructure. It should also improve the education system, research and development, and the business environment, as well as reducing unemployment.

At their meeting of 8 June 2010, the economy and finance ministers of the European Union (ECOFIN) agreed on a number of potential problems or obstacles to further growth in each of the EU Member States, including the Slovak Republic. Like other Member States, we had five major obstacles to further growth outlined: five priority areas that needed tackling urgently. The European Council, meeting on 17 June 2010, resolved that each Member State should define additional problem areas and barriers to growth, together with suggestions for overcoming them, in their National Reform Programmes.



The European Commission's recommendations for Slovakia were these:

- reduce the high structural deficit and ensure long-term sustainability of public finances with a view to population ageing;
- ensure the transfer of public spending to support growth areas, including education, research and development, and investment in infrastructure;
- implement the necessary reforms to ensure better quality of public expenditure, and in particular to ensure that additional spending on education, research and development has been used effectively;
- put wage and price controls in place in order to remain competitive and to further improve the business environment; and
- exploit the full potential of workforce management with a focus on the long-term unemployed and marginalised groups.

We considered these recommendations timely and proposed they be incorporated among the priority areas of the NRP 2010. The government accepted the priority areas suggested by ECOFIN, which corresponded not only to our own assessment of the state of the Slovak economy, but also those of the OECD and the International Monetary Fund. One area we adopted, for example, was heading 4 (Provide wage and price controls in order to remain competitive and to further improve the business environment), where we proposed the following NRP measures to improve the business environment:

- create a supportive environment for the processes of wage bargaining, i.e. set a framework for collective bargaining that is consistent with price stability, productivity trends and the need to reduce macroeconomic imbalances;
- significantly reduce public sector wages, which should send a signal to the private sector to do likewise and so increase the competitiveness of the economy;
- differentiate the minimum wage, not only by region but also by industry and companies within the same country, to take account of differences in workforce skills and local labour market conditions – with a strong emphasis on the role of social partners; and
- remove barriers to flexible prices and wages adapted to market conditions.

Among other measures to accelerate economic growth and improve the quality of life, we proposed removing barriers caused by ineffective and expensive government that significantly distort the business environment. We see a large potential for improvement in nine areas which fall within the competence of the government and which will significantly shape the quality of the business environment in Slovakia. Our nine attributes of a good business environment are:

- functioning rule of law
- effective and open government
- tax system conducive to innovation and investment
- quality control system
- effective education systems

- sophisticated labour market
- functional infrastructures
- export promotion
- compatibility between sustainable development and environmental protection

In updating the NRP in 2012, the government should also reaffirm its responsibility for implementing measures to substantially improve the business environment. Proposals for concrete actions in each of the nine priority areas were set out in our comments on the National Reform Programme. Many of these proposals are still relevant because not all have been incorporated into the NRP.

- **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

A strategy for increased competitiveness cannot be successful without structural reforms that improve the business environment by increasing the efficiency of public administration and the overall productivity of the government. Common interests need to be identified in each of these priority areas and the implementation of jointly agreed measures for their enforcement needs to be coordinated.

## **FINLAND**

### **Preparation of the Finnish National Reform Programme**

The Europe 2020 Strategy stipulates that the national reform programmes are Government programmes. Finland's programme is formulated in the Ministry of Finance but is done so in collaboration with other ministries. Once the preparatory work done by public officials is complete, the programme is endorsed by the Government, having first been deliberated in the Cabinet Commerce Committee and the Cabinet Committee on European Union Affairs and been presented to Parliament.

The national programme describes the measures Finland will adopt to implement the objectives set out in the Europe 2020 Strategy and the Council's country-specific recommendations. It outlines the concrete measures delineated by the Government to execute the objectives and recommendations.

Collective organisations are invited to express their views on the national programme. The draft programme is discussed in the Economic Council (ESC Finland) and in the sub-committees in accordance with national and EU procedures before it is endorsed. For instance, the draft spring 2012 national programme was deliberated in sub-committees in both the Ministry of Finance and in the Ministry of Employment and the Economy, in which there are representatives from collective organisations.

The aim is to forge even closer collaboration with the collective organisations and NGOs. Unless there is commitment from the various bodies, such as the collective organisations, the national targets and the country-specific recommendations cannot be followed through. For example, in June 2012 one of the recommendations for Finland was to have wage formation take better into account productivity trends, albeit fully respecting the role of collective organisations in accordance with national practice.

## SWEDEN

- **How would you evaluate the involvement of social partners and civil society in the preparation of National Reform Programmes (NRPs)? Does this involvement need to be further reinforced and, if yes, how? Have you seen an evolution since the last European semester?**
  - *Response received from the EESC Group III members Forum – Social Civil Society Sweden*

The picture painted by the report (p. 71-72) suggests that consultation with civil society is working well, but many civil society organisations would currently not agree with this picture. Although the government did take the initiative of holding a bigger dialogue meeting – which is an improvement over previous years – many of the organisations that took part felt that it was difficult to make a tangible contribution to the report, because the meeting was very wide-ranging and did not have any clear connection with the various areas of activity and policy within which they worked. Following this meeting, the Forum organised a meeting on its own initiative to continue the dialogue with the government, but without any tangible results to feed into the process. We would also point out that the social reports appended to the NRP were also not based on consultation.

In our experience, the process in Sweden still has no clear structure for getting civil society organisations more involved, and we therefore call for a structure similar to that developed for the social partners (or several such structures divided by technical expertise). There is therefore still a need to involve civil society in an ongoing structured dialogue which treats us as a stakeholder and invites our expertise, specific perspective and knowledge to enrich the report. We are convinced that this would, overall, allow us to make a greater contribution to achieving the Europe 2020 goals.

The government has told civil society organisations that the national reform programme should be seen simply as feedback to the EU, and that the report is not actually relevant to the efforts to describe what should be done in future. Instead, the government claims, it is more important to participate in the budget negotiations in which national policies are decided, as that is when we can influence what will be done to achieve the goals set by Europe 2020 and so on. That is therefore where we will be focusing our attention in the near future. With regard to the government's statement, on page 11, that it intends the budget for 2013 "to focus on measures that will increase jobs in an inclusive labour market", we hope that the cooperation arrangements used will be broader than in the past, in line with the ambition to synchronise EU and national processes indicated in the European semester. Despite the fact that the new drafting period has now started, no initiative has been taken to launch a dialogue, suggesting that there is still a problem with a lack of dialogue.

- ***Response received from EESC Group II***

All the social partners, trade unions and employers, both from the public and the private sectors, have been invited to three consultation meetings per year with representatives of the ministries in charge of EU2020-issues. These meetings have become better since last year, but could still improve. Dates for future meetings could be fixed better in advance, to give opportunities for the relevant participants from all organisations to take part, and more time (not only 1½ hours or 2 hours per meeting) could be allowed, to promote real discussions on the content of the agenda and of the EU2020 strategy itself. The meetings have until now been best described as exchange of information, but would be more worthwhile if they aimed at more of real discussion.

This year the social partners took a new initiative, inspired by how we used to contribute to the national work related to the Lisbon strategy. The social partners wrote a common contribution to be annexed to the NRP, monitoring some good examples where social partners have carried out projects or concluded collective agreements that help reach the EU2020 targets. This a good step forward in the Swedish EU2020 and NRP process.

- ***Response received from the Swedish Disability Federation (Handikapp Förbunden)***

The involvement of social partners in Sweden involves organisations on the labour market (the Confederation of Swedish Enterprise, the Swedish Trade Union Confederation (LO), the Swedish Confederation for Professional Employees (TCO), the Swedish Confederation of Professional Associations (Saco), Swedish Association of Local Authorities and Regions (SALAR) and the Swedish Agency for Government Employers).

The Swedish government also refers to the “Disability delegation” where The Swedish Disability Federation representing 39 disability NGOs has got 8 representatives and Equally Unique, the Swedish Federation Human Rights for Persons with Disabilities, representing 5 disability NGOs has got 2 representatives and youth disability organisations has got 1 representative. The disability NGOs have been critical to the meetings and as they are used for information of policies not for decision making. The EU2020 has not been on the agenda.

The Swedish Disability Federation has not seen an evolution since the last semester. We would like to be involved in the dialogue with Social partners as the labour market organisations do not represent people who are unemployed, and many of our members represent people who are excluded and struggling to get a job or to return to the labour market.

– **Could you give some outlines of concrete proposals to improve NRPs and their implementation?**

- *Response received from the EESC Group III members Forum – Social Civil Society Sweden*

In comparison with many other countries, Sweden is starting from a strong position. Nonetheless, it faces major challenges in all areas, where policy development and the ability to harness all of society's resources are important.

A few comments on the NRP specifically regarding what member organisations and other similar organisations can contribute:

1) In the section on macroeconomic development and the policy direction, the government states (page 11) that "the functioning of the labour market should continue to be improved in the future", and that "we need more avenues that lead to jobs, especially for those who are furthest away from the labour market". In our view, this is a key theme running through the entire reform programme. We would, however, note that the Swedish government's strong focus on policy proposals relating to the labour market and remuneration systems is too narrow to be able to seriously address the challenges facing those furthest away from the labour market. Measures such as reducing taxation on labour and reducing benefit levels – and thus increasing the difference between income from employment and income from benefits – will not be effective in tackling cumulative disadvantage. That will require other measures aiming to overcome or avoid the real and perceived barriers that people face. Many such measures can be found in areas for which civil society is responsible, but, in order to make them available in the right way, we will need a different form of dialogue from that so far undertaken in the context of Europe 2020 and efforts to develop the policy reflected in the national reform programme.

On page 16, the government notes that "a big challenge will be to ensure that people facing long-term unemployment receive the support they need to find work, and at the same time prevent the number of long-term unemployed people from growing". We support this goal, but we would urge the government to take a broader approach than it has in the past in order to seriously address these problems. As the Council of the European Union stated in the conclusions from its meeting in Luxembourg on 3 October 2011, voluntary work is important in achieving the goals set out under Europe 2020 – this is an aspect that is missing from the current Swedish report. The Council of the European Union said: "Volunteering can contribute to the achievement of the 'Europe 2020' strategy objectives by supporting social inclusion and learning as well as through activities enhancing employability".

On page 22, the government states that "social enterprises are also important stakeholders in efforts to find jobs for and employ those job-seekers who are excluded from the labour market". In our experience, the signals being sent by the Swedish government on this issue are too weak: it is unfortunately evident that the government does not put a high priority on efforts to develop new proposals concerning social enterprise. It is important to expand the concept of "social enterprise" in

Sweden to encompass more than just work integration social enterprises, and thus to update the current action plan.

One structural problem concerning social enterprise is evident from the fact that this perspective is completely missing from the chapter on "an innovative and dynamic business sector". Social enterprise must be included in business policy, not just social and labour market policy. Conditions for social enterprises must be at least as good as those for other businesses, which requires the government to include social enterprise when developing its business policy.

The section on innovation on page 39 makes absolutely no mention of social innovation, despite the fact that the European Commission has stressed that support for precisely this kind of innovation was key to growth and employment and to tackling societal challenges such as demographic change. We would like, in this connection, to stress the fundamental link between social innovation and civil society organisations. It was, to a large extent, civil society that built Sweden's welfare model. In our view, support for social innovation within civil society, which often develops into a social (or not-for-profit) enterprise, is key to tackling societal challenges. It is unfortunate that this aspect of innovation is not prioritised – or even given any attention – in the Swedish report.

The guideline on the internal market on page 46 makes no reference to the European Commission's "Social Business Initiative" (COM(2011) 682), which is one of the 12 priorities in the Commission's "Single Market Act" for a highly competitive social market economy. The EU's institutions support this broad view of enterprise within the social economy and civil society, and it is surprising that the report does not include this sector which, particularly in times of crisis, is a solution for employment, growth and inclusion.

- *Response received from the Swedish Disability Federation (Handikapp Förbunden)*

We would like to be invited to meetings with the social partners to increase understanding of the importance to mainstream universal design, accessibility and disability policies in targets for employment, education, innovation, research and growth. We also think that there should be a stronger link to the European and the national disability policy when the national reform programmes are developed, commented and implemented.

– **Would you like to express your position on some specific issues raised in your country's specific recommendations?**

- *Response received from the EESC Group III members Forum – Social Civil Society Sweden*

One of the European Commission's recommendations was to "monitor and improve the labour market participation of young people and other vulnerable groups".

The Commission, like many other major stakeholders, questions the effectiveness of the central measure taken by the Swedish government, namely reducing VAT on restaurant meals.

We think it is much more important to support people in starting up businesses together. There are many good business ideas, and many people who have the appropriate knowledge and skills to run a business but, for one reason or another, do not see themselves as entrepreneurs or are not suited to the traditional methods of starting and running a business. This is where not-for-profit and social enterprise can play an important role, but there is a need for much wider support than is currently provided.

- ***Response received from the Swedish Disability Federation (Handikapp Förbunden)***

There is a negative trend in Sweden when it comes to the situation for people with disabilities on the labour market. The unemployment rate for people with disability is doubled compared to the rest of the population.

There is also a lack of mainstreaming of universal design and disability policy when it comes to investments in infrastructure, regional growth and built environment.

The Swedish Disability Movement is united in demanding that the government should change the Swedish discrimination Act to cover lack of accessibility. The movement financed a socio-economic report<sup>6</sup> written by former chief economist for the Swedish Trade Union (LO) Dan Andersson in 2012. The report called *The Doors are Closed* presented at a meeting in the Swedish Parliament in June is critical of the government for lack of public investment in infrastructure and buildings. The Swedish parliament decided to make a request to the government to act upon a proposal<sup>7</sup> to change the Discrimination Act presented about two years ago.

The government has created a parliamentary committee to present a new system for national social insurance system in 2015. The Swedish Disability Federation has presented a report saying that the social insurance system needs to be reinforced to cover people who are excluded from the labour market.

The reform on personal assistance from 1994, aiming to ensure independent living has been under review several times. The Swedish Disability Federation fears that the new regulation expected later this year will further reduce the legal right to personal assistance.

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<sup>6</sup> Reports (in Swedish) from the Swedish Disability Federation on Social Insurance and Dan Andersson *The Doors are closed*. <http://www.hso.se/Material/>.

<sup>7</sup> Summary of the proposal *Beyond fair words* in English <http://www.regeringen.se/sb/d/12476/a/148924>.



– **What are the further actions foreseen by main social and economic stakeholders in your country?**

- *Response received from the EESC Group III members Forum – Social Civil Society Sweden*

The Europe 2020 strategy is central to our work in Europe, and brings together the policy areas that are key to our work. We will continue to participate where appropriate, in order to contribute civil society's perspective in fields such as employment, exclusion, business start-ups and poverty. We will also continue to work to establish ongoing structured dialogue with civil society organisations. Civil society is a key stakeholder in innovation (social innovation and social experiments), often resulting in not-for-profit enterprises, which are an element of the crisis exit strategy and also provide impetus in tackling societal challenges. They provide valuable economic and social added value in achieving the Europe 2020 goals, and we will therefore continue to work to improve civil society's involvement in the European semester.

- *Response received from the Swedish Disability Federation (Handikapp Förbunden)*

The Swedish government has made a proposal to stop the negative trend for unemployment for people with disabilities. But we see no strategic plan on how to mainstream universal design and accessibility in national investments and strategies.

## UNITED KINGDOM

Contribution received from Mr Michael Smyth, member of the EESC and  
Head of the School of Economics, University of Ulster, Belfast

- The absence of a formal Economic and Social Committee in the UK blurs the focus of the involvement of the social partners and civil society in the preparation of the National Reform Programme. It is reasonable to assert that there is engagement with rather than involvement of civil society stakeholders. There was a series of such stakeholder events held in the so-called Celtic Fringe – Scotland, Wales and Northern Ireland - where there is arguably more general interest in European affairs.

The UK's National Reform Programme contains several examples of the involvement of non-governmental organisations in the delivery of reform initiatives.

- In the continuing absence of a formal/institutional forum for civil society in Britain, it is difficult to put forward concrete proposals about the National Reform Programme. The two main political parties appear unwilling to formalise the input of civil society, still less to establish a UK Economic and Social Committee. The junior partner in the current coalition government does, in principle, favour a stronger voice for civil society in policy debate.
- The UK NRP is entirely consistent with the broad thrust of Europe 2020 and for a large developed economy such as the UK, the NRP seems appropriate to the economy's longer-term development. The one surprising aspect is the simple fact that the UK has adopted such a Reform Programme. Despite the populist perception that the UK is less than fervent in its commitment to the European project, the NRP is actually completely compatible with Europe 2020.
- There is broad consensus among the social and economic stakeholders in the UK about the best longer-term trajectory for the economy, which is to create smart, sustainable and inclusive growth. The crisis has, however, deflected public debate away from these longer-term goals and there is currently much disagreement among stakeholders about whether fiscal stability or economic growth should be the political priority.

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***European Economic and Social Committee***

Rue Belliard/ Belliardstraat 99  
1040 Bruxelles/Brussel  
BELGIQUE/BELGIË

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