



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: The Presidency
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: Evaluation of the 2013 European Semester in employment and social policies
Contribution of the Employment Committee
- *Endorsement*

Delegations will find attached the above-mentioned contribution with a view to its endorsement by the Council (EPSCO) on 15 October 2013.

EMCO Review of the 2013 European Semester: Ways forward

This note summarises the review of EMCO and its sub-groups on the 2013 European Semester. It aims to provide EPSCO Ministers with an outline for a series of steps EMCO will take to further improve the committee's involvement in the 2014 Semester, helping ensure EPSCO plays a prominent role, addressing all issues under its competence. It also contains some constructive suggestions to other actors to help further improve the workings of the Semester.

1. Further notable progress facilitated by the preparatory work:

Multilateral surveillance: The ambitious preparatory work of EMCO and its sub-groups throughout the 2013 European Semester helped EMCO to act collectively in a consistent way in assessing the Commission's proposals during the critical June phase. In particular the thematic (examination of progress in the implementation of individual CSR) and country reviews (examination of challenges, implementation of CSR and plans for future reforms), alongside the Employment Performance Monitor, considerably enhanced the Committee's collective knowledge and helped generate peer pressure. The active use of the conclusions from these reviews helped generate a multilateral position in the discussions of CSR and underpin, where necessary, changes under "comply or explain" rule. These conclusions were also used more extensively this year in joint meetings with other committees to discuss the CSRs.

Engagement with the Commission: The Committee welcomes the more constructive engagement of the Commission in 2013. The more frequent bilateral contacts between the Commission and Member States throughout the calendar year were welcome and helped create a common knowledge base. Given differing circumstances, future bilateral meetings could usefully be more tailored to the specific needs of the Member State.

The Commission proposals for recommendations further improved through clearer and more precise language – although in some cases they were overly prescriptive on the way reforms should be implemented. The Committee also stresses that reforms take time to show their worth and some flexibility is important when assessing political risks. Future CSRs should reflect this and the progress made by a Member State. And importantly, Commission services were also more readily available to engage in negotiation during the Committee discussions.

Role of the Presidency: EMCO strongly welcomes the role played by the Irish Presidency during the Semester, in particular their early engagement in the process, their inclusive approach in the organisation of the discussions and the setting out clear rules in advance. The Committee looks forward to working closely with the current and future Greek Presidency.

Thematic reviews with other Committees: Cooperation with other committees in general worked well throughout the Semester. EMCO joint thematic reviews with the EPC (on Employment Protection Legislation and labour taxation) and with the Education Committee proved their worth during June, when the conclusions were considerably more influential than the previous year in the assessment of the Commission CSR proposals. Whilst the format of these reviews may need reflection, such as the timing allowed in the reviews with the EPC and the format and working methods with the Education Committee, they should continue.

The Joint meetings during the 2013 CSR discussion: should also be considered a qualified success. The cooperation with the SPC ran smoothly, demonstrating complementarity. The joint meeting with the EPC (including SPC members as appropriate) was inevitably large and wide-ranging but under the circumstances it worked well and demonstrated the value of having an inclusive approach. The modalities for reaching agreement in the Committees were clarified in advance, with the welcome support of the Council Legal Service and the Presidency, helping generate clarity.

2. Steps to improve the 2014 European Semester:

Time constraints: The European Semester is inherently characterised by tight time constraints, giving Member States little time to consider the Commission assessment and the proposals for country specific recommendations. This places severe constraints on the capacity of Member States to consider carefully the recommendations for other Member States, weakening the multilateral dimension of the surveillance. For EMCO this element is eased somewhat through the multilateral surveillance work but remains problematic.

The Committee calls on the Commission to advance the publication of Staff Working Documents which would facilitate an early discussion on the background justification for CSRs. In addition, it would be welcome if the Commission can adopt the legal package at least a few days earlier. A later publication than in 2013 would cause considerable difficulties for all Committees, seriously jeopardising their ability to deliver their mandate.

The Multilateral Surveillance: The thematic and country reviews should continue. They have always been, and will remain fully inclusive to all programme countries. EMCO will rationalise the review process to further improve both its efficiency and the strength of the conclusions which emerge. Where relevant the committee will call upon external expertise to facilitate the review process, including the HoPES network; Provisional conclusions will be made available 10 working days after the review, allowing Member States to prepare for the final Country examination; and the Country Examination will become more tightly focused on finalising the assessment of the implementation of the CSRS and how the National Reform Programmes address these challenges.

The Committee proposes to continue undertake joint thematic reviews with the EPC and the Education Committee and wishes to promote a closer working relationship with the SPC on issues of common concern.

The tools at EMCO's disposal: Both the conclusions of the multilateral surveillance activities and the Employment Performance Monitor have become key products used by the Committee during the CSR discussions. EMCO is exploring further ways to improve the content and relevance of the EPM. The schedule for adoption of the EPM is to be adapted both to ease the agenda in late spring and to ensure the identification of key employment challenges for the Member States is available for the Country Examination.

The Committee will continue its work on a scoreboard to monitor key employment and social imbalances within the European Semester.

All-encompassing CSRS falling under the Macro-economic Imbalances Procedure: In 2013 in a number of cases a wide range of labour market issues were bundled together in all-encompassing labour market recommendations which included restricted elements considered to be a macro-economic imbalance. This created a number of difficulties.

As has been pointed out by other Committees, it is important that the Commission identify the relevant issues more clearly in the CSRs to facilitate the division of responsibilities and the smooth handling of discussions at all levels. MIP relevant CSRs should include only elements which are in fact MIP-related. In terms of follow-up it is essential that the outcomes of further Commission surveillance (through MIP in-depth reviews, or in the context of the new “two pack” for example) relating to labour market issues are presented to EMCO. The division of labour between the Committees, throughout the Semester and all relevant procedures, should allow EMCO to fulfil its art. 148 mandate, including in the cases of Member States with excessive imbalances.

CSRs on Pensions and older workers: Is a cross-cutting issue where EMCO, SPC, EFC and the EPC have a role. A clearer procedure for the Committee stage of discussion of the CSR in June, with enhanced cooperation between all relevant committees would seem important.

Working with Social Partners: The 2013 European Semester saw notable progress in developing a closer working relationship between EMCO and Social Partners. The Committee will continue to promote a closer and frequent engagement with the Social Partners throughout the European Semester.