



Council of the
European Union

Brussels, 17 June 2016
(OR. en)

10160/16

ECOFIN 602
UEM 252
SOC 409
EMPL 270
COMPET 373
ENV 412
EDUC 239
RECH 234
ENER 251
JAI 571

REPORT

From: General Secretariat of the Council
To: General Affairs Council

Subject: European Semester 2016: Council Recommendations on the National Reform Programmes (2016) to each Member State, including Macro-economic Imbalance Procedure (MIP)

I. INTRODUCTION

On 19 May, the Commission submitted to the Council the proposals for Country-Specific Recommendations (listed in doc. 9148/16) in the context of the 2016 European Semester. These recommendations were examined by the relevant committees (EMCO, SPC, EPC, EFC/EFCA), which also considered certain issues in a horizontal manner with the aim of ensuring the consistency of the Recommendations across the Member States.

On 15 June, Coreper (Part I) discussed the employment and social policy-related aspects of the Recommendations.

At its session on 16 June, the Council (EPSCO) held a policy debate on the 2016 European Semester, with particular focus on the country-specific recommendations (CSRs) and on all other items related to the subject.

II. DISCUSSION OF MINISTERS

As regards the substance of the CSRs, special emphasis was put on the following aspects:

- Whilst the economic situation in the EU has improved, economic recovery is still on its way. Until now there has only been a gradual recovery in the employment and social situation, not sufficient to mark the end of the crisis. Increased poverty and social exclusion remain of utmost concern.
- Poverty reduction and an improvement in the social situation are still to be achieved in order to redirect the trends towards meeting the Europe 2020 targets. Poverty is a complex phenomenon, and to tackle it, a multidimensional approach is required, using an adequate mix of policy measures, including an economic policy which takes the employment and social dimensions into account.
- Activation is key, and creating employment remains the best solution to help people getting out of poverty and to promote social inclusion. Effective social systems need to cater, where necessary, for those in need, in particular by facilitating the access to social services and increasing their quality. More focus needs to be put on active inclusion policies such as activation measures, income support and quality support services. Increased attention should be paid to very vulnerable groups such as the long-term unemployed and the working poor.

- Another particular focus was put on skills, education and training. Human capital will become a crucial asset for increasing competitiveness and maintaining growth, and therefore requires specific attention. Skills, education and training are essential tools in a changing environment where labour markets are constantly under transformation. However, for upskilling/reskilling to be effective, economies need to create jobs. Economic policy is therefore also fundamental.
- Although Member States have implemented extensive reforms in the area of pensions, the reform process is still ongoing. A comprehensive and tailor-made approach is needed in the individual Member States to ensure both their adequacy and sustainability. Member States should therefore be given appropriate space to decide on the most relevant policy measures, according to their national contexts and priorities.

As regards specific CSRs, no modifications were introduced to the CSRs by the EPSCO Council. Nevertheless,

- AT considered that there are many policy options available for ensuring the sustainability of the pension system, and not only the one (in its CSR1) proposed by the Commission. It considered that each country should decide which policies to apply to achieve the objective.
- PL stated its disagreement with the last part of its recital 11, considering that this special protection is justified given that the aim is to protect workers of a certain age group which face substantial difficulties in finding new employment. Poland submitted a statement to the Council minutes.
- BG objected to the last part of its CSR3, considering that due to lack of fiscal space, it was not realistic to expect an increase the coverage and adequacy of the minimum income. Bulgaria submitted a statement to the Council minutes.

As regards the process:

- Ministers acknowledged improvement in the preparation and organisation of the European Semester exercise thanks to the modifications introduced in the 2015 exercise and further fine-tuning taken up this year. The targeted and more focused drafting of the CSRs was also welcome since it allows for greater concentration on the main challenges and priorities.
- The governance aspects have been particularly addressed. The extension of the timelines since 2015 has facilitated and better integrated the work of all the actors involved, leaving more time for consultations with stakeholders and for a deeper and broader analysis of the challenges and difficulties ahead. Social partner involvement in the process remains key.
- The work at the committee level ran smoothly and Ministers welcomed the more consensual nature of the exercise this year, alongside increased flexibility of the Commission to reach compromises.
- Better communication of the relevance of the Semester exercise is warranted to make the whole reform process more understandable to EU citizens. Explaining the comprehensive nature of the process and the importance of employment and social policy, could contribute to a broader public support of the reforms.
