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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

2014 European Semester: Country-specific recommendations

Building Growth

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2014 European Semester: Country-specific recommendations

Building Growth

1. INTRODUCTION

Economic recovery is gaining ground in Europe[1]. It began in mid-2013 and is expected to gain further strength and spread to all Member States by 2015. Financial stability is returning, the rise in public debt is being controlled and external competitiveness is improving, notably in the most vulnerable countries. This upturn brings the hope that the EU is moving out of the worst economic and financial crisis in its history and towards a more sustainable growth path that will generate jobs and improve standards of living. It also demonstrates that the stronger economic governance and supervision at EU level, decided in the depths of the crisis, has been instrumental in improving the conditions for more balanced growth.

However, there is no room for complacency and these hard-won gains need to be secured to consolidate our capacity to grow. Recovery is still fragile and unevenly spread. In many parts of Europe, the social situation is depressed and unemployment has reached unprecedented heights, in particular among young people. The room for manoeuvre of policy and economic actors is heavily constrained given the high levels of public and private debt. At the same time, the long-term challenges confronting the EU – from demographic ageing to productivity, competitiveness or the sustainable use of natural resources – have not gone away, and changes in the wider world mean that the EU must constantly adapt.

Over the last four years, the annual country-specific recommendations proposed by the Commission have been used as a compass to exit from the crisis and re-build growth. In this overview document, the Commission summarises its analysis of progress made over the last year, as spelled out in its recommendations. It also sets out its views on how the process has evolved over time and its relevance for the future.

What does the new system of EU economic governance mean for the EU?

The EU's reinforced economic governance embodies political recognition of the inter-dependence of the economies of our Member States. To draw benefit from this inter-dependence and to avoid negative domino effects in the future, Member States need to follow agreed rules in their own policy-making but also to be assured that all other Member States will do likewise. This greater recognition of just how deeply our economies are inter-twined is already changing policy-making at national and at European level for the better.

At the core of the new governance system is a closer partnership between Member States and the Commission. More frequent and open contacts have led to a better understanding of national situations and of their European significance.

[1] See the latest economic forecasts from the European Commission at: http://ec.europa.eu/economy_finance/eu/forecasts/2014_spring_forecast_en.htm

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Greater transparency and predictability of commitments means national and EU views are now more widely publicised and discussed outside of government circles, by citizens as well as by market operators. Key figures such as national accounts are now certified by independent national bodies.

As a result, the depth and quality of decision-making at EU level have improved. More detailed analysis is available across themes and countries. Reliable economic forecasts and statistics are produced very regularly. The guidance issued is widely seen as relevant and timely, and it can be followed up from one year to the next. This means for instance that warning signals are picked up much earlier – for example, weaknesses in the financial system, the re-emergence of destabilising real estate bubbles, losses in external competitiveness or a deterioration in the employment and social situation can all be highlighted as requiring remedial action before there are negative spill overs to other Member States.

The new coordination and surveillance system is thus broadly fit for purpose, but the key challenge remains political. Lasting results can only be delivered if the political will and readiness to act remain firm. Somewhat paradoxically, this proves easier in crisis times, when alternatives are scarce, but the lack of pro-active decision in better times is often the cause of future difficulties. This is why the greater anticipation and preventive capacity of the new EU governance system is just as relevant in better times as it was during the crisis.

There is also an ongoing challenge to ensure that the tools developed at European level are shared and owned more broadly by a wider range of stakeholders, including the European and national parliaments. Many decisions and procedures were agreed at record speed during the crisis and the EU governance system is only now becoming mature. As the process moves into a new, hopefully more favourable economic period, it will be important to reflect on ways to streamline it to avoid bureaucratic routine taking over what must remain a politically relevant and inclusive policy-making process.

The 2014 package of country-specific recommendations

Today's package reflects the broad priorities of the Commission's Annual Growth Survey, as taken up by the European Parliament and the European Council.[2] It also takes full account of Europe's diversity: the crisis has left Europe divided from an economic and social point of view, so priorities differ significantly from one Member State to another. The guidance provided highlights the interdependence between economies and seeks to steer the convergence needed to bring the Member States closer to each other and to the world's best performers – which are often to be found elsewhere in Europe.

The package stresses the importance on implementation over time[3]. Major reform efforts are underway in many Member States and there is a need to follow through and see if they are effective. Policy consistency and sequencing of reforms are crucial for success: while most Member States are clear about what is planned for the coming twelve months, there is sometimes a lack of specificity for the next 2-3 years.

[2] COM (2013)800 of 13.11.2013, Parliament's report P7_TA (2014)0128 and P7_TA (2014)0129, European Council of 19/20 December 2013 (EUCO 217/13) and 20/21 March 2014 (EUCO 7/1/14).

[3] The "Europe 2020" website gives a one-page summary by Member State of the main areas of progress in implementing country-specific recommendations since 2011 and the remaining changes identified in the 2014 package. See: http://ec.europa.eu/europe2020/index_en.htm

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The package also points to the need for stronger collective ownership of the challenges, notably within the Euro area. A lot can be gained from following reforms which are faced by several Member States in the same time horizon: issues such as sustainability of pensions, the effectiveness of R&D or strengthening the resilience of the labour market are common challenges. Sharing expertise and experience can support Member States, politically as well as technically. Joint action will also allow Member States to maximise the benefits of cross-border spill-overs.[4] This is also why it is important that the Euro area, as a whole, now moves beyond looking at the recommendations addressed to its members separately, and focuses increasingly on the cross-cutting elements identified collectively.

Finally, this package shows the importance of bringing different policies and instruments together, including at EU level. 2014 is a year where the EU is taking stock and consulting on its longer term growth strategy – the Europe 2020 strategy[5]. The country-specific recommendations decided since 2011 constitute a targeted reform strategy. They are part of the wider context of Europe 2020 and need to be fully integrated to embody the EU growth strategy and enable it to pursue its unique business and social model. Lessons learned and best practices should feed into adapting the strategy for the coming five years.

2014 is also a year in which Member States complete their programming and start to make use of the new European Structural and Investment Funds. Many longer term investments were – of necessity – put on hold during the crisis. While small in absolute terms, the injection of EU funding plays a key catalytic role in many Member States. This is why it must be well targeted to support the most growth-enhancing investments. There is also a need to use it in conjunction with financial engineering techniques, promoting the use of loans instead of grants and with schemes to facilitate the financing of small and medium-sized enterprises, so as to enhance the impact on the EU economy.

2. OVERALL CONTEXT

The crisis exposed structural weaknesses in Europe's economy and financial system, which came on top of the deeper challenges posed by an ageing population and the low growth rates experienced before the crisis. It also put the structures and governance of the Euro to an unprecedented test. While there were signs of a gradual recovery in 2010, 2012 was marked by a recession in most parts of the EU, with a rebound since the second quarter of 2013.

The impact on employment and the social situation has been severe and far-reaching in many parts of the EU. From less than 7% in 2008, the EU unemployment rate reached 10.8% in 2013 (i.e. an increase of more than 9 million people). This picture varies significantly across the EU: in 2013, unemployment rates ranged from 4.9% in Austria and 5.3% in Germany to 27.3% in Greece and 26.1% in Spain. The situation is particularly worrying for certain categories such as young people and the long-term unemployed. Since labour market developments typically lag behind GDP by half a year or more, the outlook is for a modest rise in employment from this year onwards and a decline in the EU unemployment rate towards 10.1% by 2015. Cross-country differences are also expected to remain large in the foreseeable future. Such trends also have a far-reaching impact on societies. Overall, since 2008, the number of people at risk of poverty and social exclusion rose by more

[4] A pilot project of ex ante coordination of major economic reform plans has been undertaken in the Economic Policy Committee and a feasibility test on ex ante coordination of major social policy reforms was carried out by the Social Protection Committee.

[5] See on-going public consultation at: http://ec.europa.eu/europe2020/public-consultation/index_en.htm

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than 6 million to reach 124 million in 2012. The number of people facing severe material deprivation rose by around 7 million. Growing and persistently high income inequality is also seen as a source of concern for social cohesion.

The reform efforts triggered by the crisis have been unprecedented, not only in the countries supported by adjustment programmes. Ireland completed its financial assistance programme in December 2013, Spain completed its financial sector programme in early 2014 and Portugal exited from its financial assistance programme in May 2014. Latvia qualified for Euro membership and joined in 2014. In Greece and Cyprus, the situation has stabilised and some signs of improvements are visible.[6] As shown in today's package, far-reaching reforms have also been initiated or are under way in other countries. At EU level, and particularly within the Euro area, economic governance and financial supervision mechanisms have been decisively reinforced.

EU real GDP is expected to grow again. While the first quarter figures for 2014 were less positive than foreseen, the current recovery is expected to continue to spread across countries, gradually gaining strength and becoming more balanced. Real GDP growth is expected to increase to 1.6% this year and could reach 2.0% in 2015. Importantly, economic activity has started to strengthen also in the countries most affected by the crisis and this trend is expected to continue. This year, only Cyprus and Croatia are still expected to register a negative annual GDP growth rate. By 2015, all EU economies are expected to be growing again. Overall, the EU is expected to reach the level of economic output it had before the crisis, thus gradually making up for the lost years.

A rebalancing of the EU economies continues. This was already evidenced by the latest Commission Alert Mechanism Report.[7] It was confirmed by the in-depth reviews published by the Commission for 17 Member States as part of the Macroeconomic Imbalance Procedure,[8] which showed that a number of external and internal imbalances were being corrected. In particular, current account positions have improved in a number of countries, often helped by enhanced cost competitiveness. For the first time since the establishment of the Macroeconomic Imbalance Procedure, the Commission concluded that in three countries (Denmark, Malta and Luxembourg), the challenges identified do not constitute imbalances. Furthermore, Spain is no longer in a situation of excessive imbalances. However, the correction of imbalances must continue to be a priority in many countries, notably with regard to their levels of public and private debt. Moreover, in Member States where persistent current account surpluses result from large domestic investment gaps, this hampers the medium- to long-term economic outlook.

Together with ECB action and the return to growth, the sizeable fiscal consolidation enacted over 2011-2013 has helped fend off the sovereign debt crisis, but sound public finances remain an important priority given the high levels of public debt. Overall, general government deficits have decreased since 2011, to 2.6% of GDP and 2.5% of GDP in the EU and the euro area respectively in 2014. The composition of the adjustment in recent years has been mainly targetting the expenditure side of the budget in Ireland, Greece, Lithuania and Portugal, whereas other countries like France, the Netherlands, Italy and Finland have relied mostly on increases in taxation. The improvement in the overall fiscal situation has contributed to the decrease in the interest premium paid on debt. Public debt is forecast

[6] Since Greece and Cyprus are still the subject of detailed financial assistance programmes, they are not subject to country-specific recommendations and thus not covered in this package.
[7] COM(2013)790 of 13.11.2013.
[8] COM(2014)150 of 5.3.2014.

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to peak this year at EU and euro-area level, but remains above 100% of GDP in Belgium, Ireland, Greece, Spain, Italy, Cyprus and Portugal, and thus crucially needs to be put on a steadily downward path. This is also necessary in other Member States given Europe's demographic situation.

The stabilisation of financial markets hides divergences between Member States and financial conditions remain very varied for firms and households across the EU. The loss of confidence generated by the crisis, together with the impact of the subsequent unprecedented financial sector reform, led to a tightening of credit supply for small and medium-sized enterprises since the second quarter of 2007. Conditions are gradually easing and some first signs of relaxation have been registered in the first quarter of 2014. However, funding conditions remain tight in several countries such as Italy, Greece, Spain, Lithuania, Slovenia, Croatia and Cyprus, especially for small and medium-sized enterprises. The steps taken at EU level to complete a Banking Union, as well as to correct major imbalances, will help improve the overall financial environment.

The nature of the challenges facing the EU is changing. As is typical following deep financial crisis, the recovery is fragile at first and the nature of the challenges is changing rapidly. Just a few years ago, in the midst of the crisis, the vital priority was to re-establish budgetary credibility in the face of swiftly increasing public deficits and sovereign debt, to stop the negative spiral between a deteriorating fiscal situation and the risk of instability of the banking sector, and to correct unsustainable trends in the real economy such as worrying losses in competitiveness, increasing private debts or high housing prices. The main challenge now relates to the strengthening of the real economy – growth and jobs – over time. Priorities vary depending on the country and include managing the deleveraging of the high levels of public and private debt accumulated during the crisis; further stabilising the financial sector to facilitate a pick-up in credit flows to the real economy; pursuing policy measures to strengthen sources of growth and jobs; reinforcing the conditions to promote private investment and boost demand; improving skills and helping people back into employment as well as promoting social cohesion.

The legacy of the crisis is still a constraint on our recovery. Putting public and private debt on a sustainable path is important to allow European economies to regain some flexibility and robustness to shocks, but it should not compromise growth and can prove difficult in a context of low inflation. The pre-existing problems of weak productivity developments since the mid-1990s have not disappeared and will be exacerbated by the effects on growth emanating from ageing populations. The stabilisation of the banking sector and progress with alternative forms of funding remain priorities to restore better lending conditions for the real economy. The high levels of unemployment and social distress are eroding Europe's human and social capital and call for decisive action over time.

Fairness considerations have come to the fore. The effects of the crisis and of policy measures on the economic and social situation have an impact on levels of inequality. The structural nature of certain forms of unemployment, limitations of access to education and healthcare, certain tax-benefits reforms may all weigh disproportionally on the more vulnerable parts of society. This is a political and social matter, which also poses a risk to the EU's future growth potential.

Growth-enhancing investment remains crucial for a sustainable recovery. In the short term, investment growth is projected to strengthen, as the main impediments to firms' demand and profits, such as uncertainty, financing conditions and de-leveraging needs are slowly receding, and the economic outlook improves. Fiscal consolidation should also help public

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authorities to regain margins for growth-enhancing investment. However, there are still large gaps across Europe and to be competitive in the global economy and to deliver on the expectations of our citizens, it is clear that the EU as a whole needs to invest more in R&D, innovation, education, skills and active labour market policies, as well as in energy, transport and the digital economy. A strategic use of the EU funding agreed for the period 2014-2020 can play a catalytic role in supporting investment efforts at national level, not least to improve its industrial competitiveness. More attention should be given to other instruments at European level that have already been proposed at EU level, e.g. European project bonds and the possibility of blending structural funds and EIB loans. Critically important is the need to relaunch private investment. For this to happen, other decisions, beyond fiscal policy, are needed. This requires the issue of financial fragmentation in the EMU to be addressed.

3. KEY ACTION STRANDS

Today's package of country-specific recommendations reflects the Commission's assessment of the progress made by the Member States over the last year, set in the context described in the previous section. It also builds on the in-depth reviews published in March 2014.

Over the last year, some progress has been achieved in sustaining fiscal consolidation, as well as in terms of employment policies. This can be seen in the number of Member States which have moved out of excessive deficit procedures, as well as in reforms of employment policies, through the mobilisation of active labour market policies, the establishment of youth guarantees and the adjustment of some wage setting systems. However, not enough is being done to reduce the high tax wedge on labour, although lower taxes on labour remain crucial for a job-rich recovery. There is only limited progress in reforming product market and services market as well as on measures to improve the business environment and the framework conditions for R&D and innovation. More also needs to be done to improve the competition framework and the functioning of network industries, including through further upgrading of infrastructure and opening and integration of markets, such as for energy and ICT. Moreover, there is still a long way to go to improve the coverage and performance of education and welfare systems, as well as to improve the functioning of public administration, which would free budgetary space for growth-enhancing expenditure.

The Commission stresses the need to pursue reforms in a number of Member States with excessive imbalances (Croatia, Italy and Slovenia), as well as in countries where the gravity of imbalances can have damaging spillover effects (France, Ireland and Spain). All in all, the plans outlined in the national programmes are encouraging and should be sufficient if implemented as planned to address a number of pressing macro-economic imbalances identified in the past. This is why the Commission does not consider it necessary to trigger the corrective arm of the Macroeconomic Imbalance Procedure at this stage. A particular focus is thus put on implementation and monitoring of progress for these countries.

The country-specific recommendations issued today outline reform priorities in individual Member States for the coming 12-18 months and, where relevant, take account of the need to tackle imbalances. Recommendations are also made for the Euro area as a whole to highlight interdependences and ways to improve the functioning of the Economic and Monetary Union. Annex 1 gives an overview of the recommendations and Annex 2 sets out the state of play regarding Member States' Europe 2020 targets. More detailed information on each Member State is given in the analytical staff working documents that accompany the

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recommendations. Comparative background information by policy area is also available on the Commission's website.[9]

Pursuing differentiated, growth-friendly fiscal consolidation

Fiscal consolidation has never been an end in itself. It has been necessary to enable public authorities to re-establish their fiscal credibility and regain the fiscal space needed to be able to invest in sustainable growth.

In this respect, the Commission has consistently advocated making fiscal consolidation as growth-friendly as possible. Given the wide differences across Member States, it has called for differentiated approaches, specific to each country, and this should continue also in the improving fiscal context. Overall, the Stability and Growth Pact has demonstrated that it functions well, when its rules are adhered to.

Substantial improvements in public finances have been achieved in the EU since 2011 and this was also the case over the last year: deficits are decreasing and the debt-to-GDP ratio will reach its peak this year, starting to decrease as of 2015. Several Member States are thus gradually regaining a fiscal breathing space and can now adopt a less restrictive fiscal stance. Further efforts are still necessary, even if at a lower pace, for those confronted with high deficits and debt. Greater attention should be focused on the quality of public finance and strategic redesign of both spending and revenue plans in support of growth and jobs.

In line with the rules of the Pact, the Commission recommends that Austria, Belgium, the Czech Republic, Denmark, Slovakia and the Netherlands should now exit from the excessive deficit procedure (EDP). As a consequence, there will be 11 Member States in EDP after this Semester round, bringing the number down from 17 in 2013. In comparison to 2011, when no less than 24 countries were in EDP, the number has more than halved.

Box 1. Situation of Member States with regard to the Stability and Growth Pact, as recommended by the Commission on 2 June 2014	
No excessive deficit procedure	**BG, DE, EE, FI, HU, IT, LT, LU, LV, RO, SE**
Abrogation of the excessive deficit procedure	**AT, BE, CZ, DK, SK, NL***
On-going excessive deficit procedures with deadlines in:	
2014	**MT**
2015	**IE, FR, PL, PT, SI, UK****
2016	**CY, EL, ES, HR**

Notes: * Early abrogation recommended for NL. ** The UK deadline is fiscal year 2014/2015.

An increasing number of Member States is thus becoming subject to the rules of the preventive arm of the Stability and Growth Pact. These rules have been considerably reinforced under the Six-Pack legislation to ensure that Member States continue to follow an appropriate path towards their medium-term budgetary objective.

[9] See: http://ec.europa.eu/europe2020/index_en.htm

In line with EU requirements, fiscal frameworks have been strengthened at national level and will help monitor the soundness of public finances, through greater accountability and transparency. This includes the setting up of independent fiscal institutions with a defined role in the national annual budgetary cycle.

While there is progress across the board, some Member States still need to put in place suitable bodies or to strengthen existing ones to enable them to undertake their tasks in an independent manner (Bulgaria, the Czech Republic, Luxembourg, Malta, Poland, Croatia, Hungary, Italy, Slovenia and Spain). The Commission will take the necessary action to ensure that the new legal requirements are applied even-handedly.

Depending on the available fiscal space, the Commission recommends that public investment in infrastructure, research, innovation and human capital should be given priority, including through greater cost-efficiency of spending. This is notably underlined in the recommendations for the Czech Republic, Germany, Italy, the Netherlands, Poland, the United Kingdom and, to some extent, Spain. In general, more can be done to maximise the impact of public spending and facilitate the allocation of scarce resources to investment. Some Member States, such as Germany, are also recommended to increase domestic demand by accelerating public investment, fiscal space allowing, and to encourage private investment. This would boost potential growth, help meet long-term needs and contribute to the recovery.

The structure of tax systems, and particularly the shifting of the tax base from labour to other sources, is an essential aspect of on-going reforms. A priority for many Member States is to alleviate labour taxation in order to increase incentives to work and to reduce the relatively high cost of labour, in particular for low-skilled workers. While several Member States have taken or started to take tax measures in response to the last year's recommendations in this area (Austria, Belgium, Italy, France, Latvia, Hungary and the Netherlands), progress has been limited overall. Thus most tax challenges identified in the last year's recommendations remain valid also for 2014/2015.

More generally, progress can still be made to reduce the overall tax burden and/or to make the tax system more efficient and less distortive. It is possible to conduct such reforms in a way that improves the efficiency of the tax collection, encourages economic activity and job creation and brings greater fairness to the tax system. Some recommendations thus focus on improving tax compliance and the fight against fraud, on broadening the tax base by closing loopholes in existing taxes (such as removing exemptions, allowances, reduced rates and other specific regimes), on removing environmentally-harmful subsidies and on further shifting the tax base away from labour to taxation which is less detrimental to growth such as environmental or recurrent property taxes. Efforts to limit labour taxation can accompany more specific tax-benefit measures to increase financial incentives to work and to reduce the relatively high cost of labour for low-skilled workers.

Recent developments have also shown that a number of multinational companies are using tax planning strategies to reduce their global tax burden, by taking advantage of the technicalities of and mismatches between tax systems, and substantially reducing their tax liabilities. The cross-border dimension of many tax planning structures and the increased mobility of capital makes the fight against aggressive tax planning difficult for individual jurisdictions. This issue requires more intensive and urgent attention by Member States and at European level. It erodes the tax bases of Member States, which are already financially constrained. Some Member States need to reflect on ways to maintain revenue sustainability in anticipation of EU and international efforts to address base erosion and profit-shifting and should review their tax conventions to strengthen anti-abuse mechanisms.

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Social protection systems represent a large share of public expenditure in many Member States and the ageing of the population is expected to have a major impact on state-funded pensions and healthcare in particular. For instance, over 70% of the projected increase in age-related public spending is due to health and long-term care.

The Commission points to the need to pursue pension reforms in more than half of the Member States, so that the systems continue to be socially adequate and financially sustainable. A key parameter for the sustainability of pensions systems is the point in time when people are legally allowed to retire, i.e. the statutory retirement age. Further linking the statutory retirement age to life expectancy will help to preserve the financial stability of public pension systems as the share of older people increases in the EU population. Longer periods of contribution during working life would also help to maintain the adequacy of pensions. Such reforms need to go hand-in-hand with efforts to increase employment possibilities for older workers, including through lifelong learning and incentives to work longer, so that the actual exit age from the labour market, i.e. the effective retirement age, is more closely aligned with the statutory age.

In recent years, 23 Member States have legislated to increase pension age. In many cases (for instance in the Czech Republic, Estonia, Greece, Croatia, Italy, Lithuania, Malta, Poland, Slovenia, Slovakia and the United Kingdom) this is accompanied by an equalisation of pension ages between men and women. Several Member States have also introduced an explicit link between pension age and future gains in life expectancy. This is the case in Cyprus, Denmark, Greece, Italy, the Netherlands and Slovakia. In addition, most have taken steps to curb early retirements. However, most of the easier measures have now been exhausted and there needs to be more progress in closing the potential future financial gap. Recommendations are thus maintained for several countries, notably to ensure a better connection between statutory retirement age and life expectancy.

Table 1. Statutory and early retirement age across the EU

	Statutory retirement age - males				Statutory retirement age - females				Early retirement age - males				Early retirement age - females			
	2010	2020	2030	2060	2010	2020	2030	2060	2010	2020	2030	2060	2010	2020	2030	2060
BE	65	65	65	65	65	65	65	65	60	62	62	62	60	62	62	62
BG	63	65	65	65	60	63	63	63	63	65	65	65	60	63	63	63
CZ	62y 2m	63y 8m	65y	69y 4m	58y 8m	61y 8m	64y 8m	69y 4m	60	60	60	64y 4m	55y 8m	58y 8m	60	64y 4m
DK	65	66	68	72.5	65	66	68	72.5	60	63	65	69.5	60	63	65	69.5
DE	65	65y 9m	67	67	65	65y 9m	67	67	63	63	63	63	60	63	63	63
EE	63	63y 9m	65	65	61	63y 9m	65	65	60	60y 9m	62	62	58	60y 9m	62	62
IE	66	66	67	69	66	66	67	69	65	65	65	65	65	65	65	65
EL	65	67	68.8	71.4	60	67	68.8	71.4	60	62	63.8	66.4	55	62	63.8	66.4
ES	65	65.8	67	67	65	65.8	67	67	61	63	63	63	61	63	63	63
FR	60-65	62-67	62-67	62-67	60-65	62-67	62-67	62-67	60	62	62	62	60	62	62	62
HR	65	65	65	65	60	62y 6m	65	65	60	60	60	62	55	57y 6m	60	62
IT	65y 4m	66y 11m	67y9m	70y 3m	60y 4m	66y 11m	67y 9m	70y 3m	-	63y 11m	64y 9m	67y 3m	-	63y 11m	64y 9m	67y 3m
CY	65	65	66	69	65	65	66	69	63	63	63	63	63	63	63	63
LV	62	63y 9m	65	65	62	63y 9m	65	65	60	61y 6m	63	63	60	61y 6m	63	63
LT	62.5	64	65	65	60	63	65	65	57.5	59	60	60	55	58	60	60
LU	65	65	65	65	65	65	65	65	57	57	57	57	57	57	57	57
HU	62	65	65	65	62	65	65	65	60	65	65	65	59	65	65	65
MT	61	63	65	65	60	63	65	65	61	61	61	61	60	61	61	61
NL	65	66y 3m	67y 9m	69y 9m	65	66y 3m	67y 9m	69y 9m	65	66y 3m	67y 9m	69y 9m	65	66y 3m	67y 9m	69y 9m
AT	65	65	65	65	60	60	63.5	65	62	62	62	62	60	60	62	62
PL	65	67	67	67	60	62	64.8	67	-	65	65	65	55	62	62	62
PT	65	66	66	66	65	66	66	66	55	55	55	55	55	55	55	55
RO	64	65	65	65	59	61	63	63	59	60	60	60	54	56	58	58
SI	63	65	65	65	61	65	65	65	58	60	60	60	56y 8m	60	60	60
SK	62	62.6	63.9	67.7	57.9	62.6	63.9	67.7	60	60.6	61.9	65.7	55.9	60.6	61.9	65.7
FI	63-68	63-68	63-68	63-68	63-68	63-68	63-68	63-68	62	62	62	62	62	62	62	62
SE	61-67	61-67	61-67	61-67	61-67	61-67	61-67	61-67	61	61	61	61	61	61	61	61
UK	65	66	66	68	60	66	66	68	65	66	66	68	60	66	66	68

Source: Commission services

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The Commission also draws attention to the need to reform healthcare systems so that they deliver on their objectives to provide universal access to high-quality care in a cost-effective manner and to secure their financial sustainability. This is for instance the case in Austria, Bulgaria, the Czech Republic, Finland, France, Malta, Poland, Portugal, Romania, Slovakia, Germany, Ireland and Spain.

Restoring normal lending to the economy

Over the last year, financial fragmentation considerably receded in the sovereign- and corporate-debt markets, with most bond spreads of vulnerable Member States continuing to narrow, thanks to investor confidence in the success of the ongoing fiscal adjustment and economic reforms. However, despite some normalisation in bank funding conditions, financial fragmentation in the Euro area lending market continues to hurt mainly small and medium-sized enterprises and impair the transmission of monetary policy.

The banking sector experienced some restructuring in 2013 and the adjustment still needs to continue in several countries. Credit growth was negative (-1.9%) in 2013, contrary to the previous year (0.7%). Credit expansion was visible in some Nordic, Central and Eastern European countries during 2013.

Member States have introduced policies to improve access to finance, for instance to create or expand loan guarantee schemes, or to foster alternative financing mechanisms, for instance through the development of corporate bond markets (Denmark, Estonia, Italy and Portugal) or venture capital markets (the Czech Republic, Germany, Spain, Estonia, the Netherlands, and Portugal). Public resources have also been mobilised to sustain investment in innovation, especially by SMEs. Such reforms naturally take time to have an impact on the ground. The Commission thus stresses the need to persevere in a number of domains.

At the EU level, the decision to create a Banking Union is of major significance. Completing the policy agenda and further repairing banks' balance sheets and equity buffers if the current asset quality reivew reveals such needs, will further contribute to repairing the credit channel. The next frontier would be to build deeper capital markets which are better suited than bank credit to financing innovative projects and long term investment.

Promoting growth and competitiveness for today and tomorrow

Structural reforms are necessary to improve framework conditions for growth and jobs, as well as to strengthen the adjustment capacity of our economies. This is particularly crucial at a time where unemployment remains high. Overall, progress compared to 2013 remains limited and the Commission proposes to maintain a number of recommendations into 2014.

Well-functioning services play an essential role for economic growth, both directly as a key source of jobs, and indirectly, as they represent an increasingly important input for other sectors and the productivity of the economy. Many opportunities can still be opened up at national level, but also at European level by completing the single market, particularly in the service and ICT industries.

Better infrastructure and interconnections are crucial for the quality of transport, ICT and energy networks. Some action has been taken in response to last year's recommendations but this must be maintained over time. Progress in implementing the recommendations linked to the functioning of the railway sector, telecommunications infrastructure and postal services in Austria, Belgium, Germany, Spain France, Italy, Romania and Poland is heterogeneous, ranging from substantial progress in Belgium in the area of telecommunications, to some

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progress achieved in France and Spain in the railway sector, limited progress in Germany, Romania, Italy and Poland as regards railway and/or broadband and no progress in the postal sector in Belgium. More progress is also expected in the functioning and opening up of services at local level.

Recent events have again underlined the need for the EU to continue reducing its external energy dependence and to put in place a strong energy security strategy. This is an integral part of the EU's energy and climate strategy. The Commission has recently put forward a strategy[10] for making a qualitative move forward in securing the EU's energy needs, such as by diversifying sources of supply and enhancing energy technologies, moderating energy demand through energy efficiency, more cost-effective development of renewable energy, and enhancing networks. The strategic analysis underpinning these proposals is also reflected in several of the recommendations in this year's package.

An efficient competition framework is a key aspect for the functioning of markets in goods and services. Progress has been mixed in this area. Some action has been taken to implement new competition laws and to enhance the powers of the national competition and regulatory authorities. However, in some countries, there is a case for reinforcing the independence of the competition authorities, including through providing them with sufficient financial and human resources.

Significant benefits can also be obtained from improvements to the quality of research and innovation systems and from a prioritisation of R&D efforts. Further investments should be accompanied by in-depth reforms to modernise the public-private research and innovation system and to improve the broader framework conditions for companies to become more knowledge-intensive. The Innovation Union Scoreboard documents how Member States perform and the Commission has identified a series of specific regulatory bottlenecks at Member State level. Globally, the innovation gap is increasing in the EU, with some countries (Sweden, Germany, Denmark and Finland) performing particularly well and others affected by deteriorating performance (the United Kingdom, Poland, the Czech Republic, Hungary, Portugal, Romania, Greece, Bulgaria and Malta). There have been some encouraging, catching-up trends in Latvia, Slovakia, Lithuania and Estonia.

Efforts are being made by Member States to deliver on their climate and energy targets for 2020, although the Commission recommends some futher steps to make it happen. A particular focus is also put on resource efficiency and several recommendations are made, for instance, to continue to improve waste management.

Tackling unemployment and the social consequences of the crisis

As a result of the crisis, unemployment has increased very significantly in most countries and long-term unemployment, which now represents half of total unemployment on average, has been rising to an historically high level in most Member States. Structural unemployment and labour market mismatches have also been growing. Job destruction has mainly affected precarious occupations, with temporary contracts bearing the brunt of the downturn. The overall number of part-time jobs has been increasing. Recent figures suggest a stabilisation of unemployment at EU level, and a reduction in some countries, but improvements will take time and the impact of the crisis extends far beyond the labour market.

[10] COM(2014)330 of 28.5.2014.

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In some Member States, the real gross disposable income of households has declined and overall, nearly a quarter of the EU population is now considered to be at risk of poverty or exclusion. The main drivers of poverty and social exclusion are long-term unemployment, labour market segmentation and wage polarisation but the weakening of the redistributive impact of tax and benefits systems also plays a role. In a number of countries, the stabilisation impact of social spending has weakened over time as the number of long-term unemployed losing their entitlements increased. The need to restore the financial sustainability of welfare systems has also played a role. In several cases, measures were taken to reduce the level or duration of benefits, with tightened eligibility rules to increase incentives to take up work, but this has also led to excluding beneficiaries from certain schemes. A new Scoreboard[11] was developed by the Commission and is now being used to monitor unemployment, poverty and inequality trends as part of the overall EU economic governance.

Against the background of a deteriorating employment situation, many Member States have launched important reforms, for instance to tackle labour market segmentation (Spain, Portugal, Italy or France among others). The quality and effectiveness of active labour market policies and the efficiency of public employment services are also essential to fight unemployment and recommendations are addressed to a number of Member States in this regard. In particular, Bulgaria, Germany, Estonia, Ireland, Greece, Italy, Luxembourg, Spain, Protugal, Slovakia, Finland, Sweden and the United Kingdom have strengthened and/or improved the efficiency of their active labour market policies.

Table 2. Unemployment, youth unemployment and NEET indicators, 2013

	Unemployment rates in %	Youth unemployment rates in %	Youth unemployment (thousands)	NEET rates 15-24 in %	NEET 15-24 (thousands)
EU	10.8	23.4	5 611	13.0	7 345
BE	8.4	23.7	97	12.7	168
BG	13.0	28.4	65	21.6	167
CZ	7.0	18.9	69	9.1	104
DK	7.0	13.0	57	6.0	43
DE	5.3	7.9	356	6.3	558
EE	8.6	18.7	11	11.3	17
IE	13.1	26.8	57	16.1	86
EL	27.3	58.3	176	20.6	219
ES	26.1	55.5	951	18.6	832
FR	10.3	24.8	699	11.2	818
HR	17.2	49.7	74	18.6	96
IT	12.2	40.0	655	22.2	1 337
CY	15.9	38.9	16	18.7	20
LV	11.9	23.2	22	13.0	31
LT	11.8	21.9	27	11.1	44
LU	5.8	17.4	3	5.0	3
HU	10.2	27.2	84	15.4	175
MT	6.5	13.5	4	9.9	6
NL	6.7	11.0	157	5.1	104
AT	4.9	9.2	54	7.1	70
PL	10.3	27.3	407	12.2	547
PT	16.5	37.7	148	14.2	156
RO	7.3	23.6	187	17.2	442
SI	10.1	21.6	16	9.2	20
SK	14.2	33.7	73	13.7	97
FI	8.2	19.9	66	9.3	59
SE	8.0	23.4	154	7.5	92
UK	7.5	20.5	924	13.3	1 021

Source: Commission services

[11] COM(2013)690 of 2.10.2013 and COM(2013)801 of 13.11.2013.

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To support job creation, a number of countries have taken steps aimed at decentralising their wage setting system and easing the adaptation of wage conditions to the economic environment (e.g, France, Italy, Portugal and Spain). The scope for reducing non-labour costs, notably the tax wedge, has not always been fully used given the current budget constraints, but recent steps have been taken in that direction (France, Italy) and more action is foresen (e.g. Spain).

In a number of recommendations, the Commission also puts a particular focus on the coverage, adequacy and design of unemployment benefits and social assistance. The aim is to ensure that the appropriate balance is struck between supporting people back into employment and ensuring adequate income support in a situation of growing poverty.

Young people have been particularly affected by the crisis. The EU youth unemployment rate increased sharply – more than 7.5 percentage points between 2008 and 2013 (from 15.6% to 23.3%) - and it is currently nearly 2.5 times higher than the adult rate, affecting 5.6 million young people aged 15-24. There is also a large number of young people neither working nor studying: in total, in 2013 7.3 million people in the age group 15-24 were neither in employment nor in education or training, an overall share of 13% of this age group. Important efforts have been initiated at EU level and national levels to fight youth unemployment (see Box 2). In line with the objectives of a youth guarantee, recommendations are made, for instance on the effectiveness of public employment services, on the quality of education and training, including apprenctiships and on a better outreach to inactive young people.

The Commission also highlights the fact that, contrary to its recommendations, many Member States such as Bulgaria, Italy, Slovakia and Romania have cut public spending for education in recent years. The supply of appropriate educational facilities is necessary to absorb young students, at a time of increased enrolment rates in higher-level education partly as a result of reduced chances of labour market entry since the crisis. As reflected in the Commission's recommendations, it is also important that education and training systems contribute to the upgrading of the human capital of older workers,[12] with a view to achieving longer and more productive working lives.

Box 2. Implementing the EU Youth Guarantee

The Youth Guarantee recommendation, proposed by the Commission and adopted last year by the Council, commits Member States to the objective of ensuring that all young people under 25 receive a quality offer of work, education or training within 4 months of leaving formal education or becoming unemployed. This implies establishing effective and innovative structures, processes and measures as well as pursuing reforms to achieve more successful transitions from school to the labour market.

The Commission has received Youth Guarantee Implementation Plans from all Member States which are now being implemented. The "Youth Guarantee service provider", in many cases the Public Employment Services, will be key to success, bringing millions of young people "not in employment, education or training" (NEETs) under the wings of the Youth Guarantee. Progress is also being made on early activation and reaching out to young people not registered with the employment services.

[12] Recent analysis confirms that beyond the situation of young people, there is also an alarmingly high share of adults – around 20% – with very low basic skills. The European Structural and Investment Funds can also help to finance action in this field.

Stakeholders, social partners and companies have committed under the European Alliance for Apprenticeships, mobilising to increase the supply, quality and attractiveness of apprenticeships, underpinning the importance of apprenticeship reform. Private sector involvement will also be crucial to ensure the supply of quality offers. For some Member States, the Commission notes particularly important challenges in establishing their Youth Guarantee, as reflected in its recommendations (Spain, Italy, Slovakia, Croatia, Portugal, Poland, Bulgaria, Ireland).

Following proposals by the Commission and endorsement by the European Council, EU funding is mobilised to support the fight against youth unemployment. A special fund (the EUR 6 billion Youth Employment Initiative) will provide support to Member States and regions with particularly high youth unemployment rates (above 25% for the 15-24 age group in 2012). Currently, Member States are preparing their respective Operational Programmes through which these funds will be committed over the next two years. The European Social Fund can also support youth employment.

Modernising public administration

Several Member States have launched major reforms to improve the quality and efficiency of their administration. This reflects a significant increase in awareness regarding the role that the quality of public administration plays in overall economic performance and competitiveness, as well as the pressure of fiscal consolidation.

Reform priorities vary. Some Member States have started to address overlaps between different parts and layers of government. Others are working on strengthening the administrative capacity of the public service, its professionalism and the quality of policy-making.

Many of these reforms include efforts to increase the use of ICT and further deploy e-government services, such as e-procurement, as a way to increase transparency and reduce costs. An increasing number of Member States are also looking into ways to modernise tax collection, for example by providing pre-filled tax forms, on-line services and "one time only" data for citizens and business. Member States are also addressing the issue of administrative burden, using impact assessments when designing new legislation and reviewing the stock of existing national legislation to make it more fit for purpose and to reduce red tape. At EU level, the Commission has been working for several years to overhaul EU legislation, eliminating outdated rules, reducing the burden of compliance and striving to improve the overall quality of EU law.[13]

The improvement of the quality, independence and efficiency of national justice systems is another important element in the modernisation of public administration, and it has a direct economic significance for starting businesses, contract enforcement, including employment contracts, debt recovery, property and social rights, as well as for all disputes with public administration on taxation and social security. As a response to last years' recommendations, a number of Member States, namely Italy, Spain, Latvia, Hungary and Slovenia, have made progress in this area while progress has been more limited in other countries. The Commission is recommending further action in a number of cases.

[13] See COM(2013)685 of 2.10.2013 for the latest details on the EU level.

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High levels of corruption have a negative impact on the business environment as well as their more generally corrosive effects on society. Following on previous year's recommendations and the publication in 2014 of its anti-corruption report[14], the Commission recommends further action to a number of Member States.

4. Conclusion

Sustained policy efforts at all levels in recent years have put the EU economy on much firmer ground. Driven by a clear political determination to safeguard the integrity and future of the Economic and Monetary Union, all strands of economic policy-making have been working together to overhaul economic governance, to improve economic fundamentals and to create effective financial firewalls so as to ensure a more sustainable growth model in future.

The EU economic outlook is now strengthening. However, growth will remain uneven and fragile over 2014-2015 so the momentum for ongoing structural reform must be maintained. Moreover, over the longer term, the EU's growth potential is still relatively low. This means that high unemployment levels and the difficult social situation will only improve slowly and that the large investment gap will take time to be filled. The Commission has emphasised in a number of recommendations the need for policies to take more steps in good times to build up resilience for bad times. Given the need for higher, more sustainable levels of growth and employment, the Commission highlights the need for more determined effort in key policy areas and pinpoints where current efforts are not sufficient.

The reinforced economic governance system of the EU will prove its usefulness also in the post-crisis era. As Europe gradually exists from prolonged and deep economic crisis, it will be important to take the opportunity of the public consultation on the Europe 2020 strategy, as well as of the upcoming review of the Two-Pack and Six-Pack legislation, to review priorities for growth and jobs and to reflect more broadly on how to use policy coordination to boost them, paying particular attention to the need for coordination inside the Euro area.

The fundamental challenge for the EU in the coming years is a political one. Member States have taken action where it was immediately needed, for example, on fiscal consolidation and have taken some measures in areas of structural reform. But outside of the programme countries the pace of necessary change has been slower and more timid than is needed. Away from the immediate impact of the crisis it will be more difficult to keep up the political momentum for reform. And yet, if the EU is to grow in the future and to be able to reap the benefits of globalisation, it must find the political will to deliver on structural reforms and to promote investments. The Commission considers that the reinforced economic governance cycle has an important role to play in this process but it cannot replace the political will needed to drive the EU forward to a period of sustainable growth and prosperity. Economic and Monetary Union is still work in progress and further steps will be necessary to truly reflect the interdependence between Europe's economies, in particular between those that share the same currency.

[14] COM(2014)38 of 3.2.2014.

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ANNEX 1 - OVERVIEW OF EU COUNTRY-SPECIFIC RECOMMENDATIONS FOR 2014-2015

	Public finances				Financial sector		Structural reforms					Employment and social policies					
	Sound public finances	Pension and healthcare systems	Fiscal framework	Taxation	Banking and access to finance	Housing market	Network industries	Competition in service sector	Public administration and smart regulation	R&D and innovation	Resource efficiency	Labour market participation	Active labour market policy	Wage setting mechanisms	Labour market segmentation	Education and training	Poverty and social inclusion
AT	■	■	■	■	■			■	■			■	■			■	
BE	■	■	■	■			■	■		■	■	■	■	■		■	
BG	■	■	■	■			■		■			■	■	■		■	■
CZ	■	■	■	■				■	■	■	■	■	■			■	
DE	■	■	■	■	■		■	■	■			■	■	■	■	■	
DK	■							■					■			■	
EE	■		■				■		■	■	■	■	■			■	
ES	■	■	■	■	■		■	■	■	■			■	■	■	■	■
FI	■	■					■	■	■	■		■	■			■	
FR	■	■		■			■	■	■	■			■		■	■	
HR	■	■	■	■	■				■			■	■	■	■	■	■
HU	■		■	■	■		■	■	■		■		■		■	■	■
IE	■	■		■	■			■	■			■	■			■	■
IT	■		■	■	■		■	■	■			■	■	■	■	■	■
LT	■	■	■	■			■		■		■	■	■			■	■
LU	■	■	■	■						■	■	■	■	■		■	
LV	■			■			■		■	■	■		■			■	■
MT	■	■	■	■	■		■		■			■				■	
NL	■	■		■		■						■		■	■		
PL	■	■	■	■			■	■	■	■	■	■	■		■	■	■
PT	■	■	■	■	■	■	■	■	■			■	■	■	■	■	■
RO	■	■		■			■		■		■	■	■	■		■	■
SE	■			■		■							■			■	
SI	■	■	■		■			■	■			■	■	■	■	■	
SK	■	■	■	■			■		■	■		■	■			■	
UK	■			■	■	■	■						■			■	■

Note: Country-specific recommendations for 2014-2015 proposed by the Commission on 2 June 2014. Cyprus and Greece should implement commitments under EU/IMF financial assistance programmes. Recommendations for Portugal are conditioned by exit from the programme. More information at : http://ec.europa.eu/europe2020/index_en.htm

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ANNEX 2 – OVERVIEW OF EUROPE 2020 TARGETS[15]

*Countries that have expressed their national target in relation to an indicator different than the EU headline target indicator

Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels)[16]	Renewable energy (in % of gross final energy consumption)	Energy efficiency[17]	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
EU headline target	**75%**	**3%**	**-20% (compared to 1990 levels)**	**20%**	**20%**	**<10%**	**40%**	**20,000,000**
AT	77-78%	3.76%	-16%	34%	31.5	9.5%	38% (including ISCED 4/4a)	235,000
BE	73.2%	3.0%	-15%	13%	43.7	9.5%	47%	380,000
BG	76%	1.5%	20%	16%	15.8	11%	36%	260,000 (persons living in monetary poverty)*
CY	75-77%	0.5%	-5%	13%	2.8	10%	46%	27,000
CZ	75%	1% (public sector only)	9%	13%	39.6	5.5%	32%	Maintaining the number of persons at risk of poverty or social exclusion at the level of 2008 (15.3% of total population) with efforts to reduce it by 30,000
DE	77%	3%	-14%	18%	276.6	<10%	42% (including ISCED 4)	320,000 (long-term unemployed)*
DK	80%	3%	-20%	30%	17.8	<10%	>40%	22,000 (persons living in households with low work intensity)*
EE	76%	3%	11%	25%	6.5	9.5%	40%	Reduction of the at risk of poverty rate after social transfers to 15%, equivalent to an absolute decrease by 36,248 persons*
EL	70%	1.21%	-4%	20%	27.1	9.7%	32%	450,000
ES	74%	2%	-10%	20%	121.6	15% (school drop-outs)	44%	1,400,000-1,500,000
FI	78%	4%	-16%	38%	35.9	8%	42% (narrow national	770,000 persons living at risk of poverty or social exclusion, equivalent to an absolute

15 The national targets as set out in the National Reform Programmes (NRP) in April 2014.

16 The national emissions reduction targets defined in Decision 2009/406/EC (or "Effort Sharing Decision") concern the emissions not covered by the Emissions Trading System. The emissions covered by the Emissions Trading System will be reduced by 21% compared to 2005 levels. The corresponding overall emission reduction will be -20% compared to 1990 levels. Targets are defined in terms of reduction of emissions or maximum increase in emissions.

17 The Energy Efficiency Directive 2012/27/EU sets out in article 3(1)(a) that the European Union 2020 energy consumption has to be of no more than 1474 Mtoe of primary energy or no more than 1078 Mtoe of final energy. This table only reports on primary energy consumption levels in 2020 expressed in Mtoe.

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Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels)[16]	Renewable energy (in % of gross final energy consumption)	Energy efficiency[17]	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
							definition)	decrease by 140,000 persons
FR	75%	3%	-14%	23%	236.3	9.5%	50% (17-33 year-olds)	1,900,000
HR	62.9%	1.4%	11%	20%	9.19	4%	35%	Reduction of the number of persons at risk of poverty or social exclusion to 1,220,000, equivalent to a decrease by 152,000 persons compared to 2011
HU	75%	1.8%	10%	14.65%	26.6	10%	30.3%	450,000
IE	69-71%	approx. 2% (2.5% of GNP)	-20%	16%	13.9	8%	60%	200,000 (persons in combined poverty)*
IT	67-69%	1.53%	-13%	17%	158.0	16%	26-27%	2,200,000
LT	72.8%	1.9%	15%	23%	6.485	<9%	48.7%	Reducing the number of persons at risk of poverty or social exclusion to 814,000
LU	73%	2.3-2.6%	-20%	11%	4.482	<10%	66%	6,000
LV	73%	1.5%	17%	40%	5.37	10%	34-36%	121,000 (at risk of poverty after social transfers and/or living in households with very low work intensity)*
MT	70%	2%	5%	10%	0.825	10%	33%	6,560
NL	80%	2.5 %	-16%	14%	60.7	<8 %	>40%	100,000 (people aged 0-64 living in a jobless household)*
PL	71%	1.7%	14%	15%	96.4	4.5%	45%	1,500,000
PT	75%	2.7-3.3%	1%	31%	22.5	10%	40%	200,000
RO	70%	2%	19%	24%	42.99	11.3%	26.7%	580,000
SE	>80%	4%	-17%	49%	43.4	<10%	40-45%	Reduction of the % of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14%*
SI	75%	3%	4%	25%	7.313	5%	40%	40,000
SK	72%	1.2%	13%	14%	16.2	6%	40%	170,000
UK	No target in NRP	No target in NRP	-16%	15%	177.6	No target in NRP	No target in NRP	Existing numerical targets of the 2010 Child Poverty Act and Child Poverty Strategy 2011-2014*