Country Case Study: Italy

November 2019

Chiara Belletti, Sebastiano Sabato and Bart Vanhercke

Published as part of the project: Public service trade unions – effective intervention in the European Semester
The authors would like to thank Francesco Corti, for conducting and transcribing the first round of interviews; Boris Fronteddu, for his feedbacks and writing of section 1.5; and all the interviewees for their contribution. The usual disclaimer applies.

THE EFISTU PROJECT

Public service trade unions – effective intervention in the European Semester (EFISTU) was a project running from January 2018 to December 2019 co-ordinated by EPSU (European Federation of Public Service Unions) with partner organisations – University of Nottingham and European Social Observatory – and supported by the ETUCE (European Trade Union Committee for Education). The project was funded by the European Commission’s Directorate-General for Employment, Social Affairs and Inclusion (VS/2017/0436).
1. Context

This section provides a brief overview of the economic, social and political context in Italy since the crisis (Section 1.1) and describes social dialogue and industrial relations arrangements at national level (Section 1.2). It goes on to succinctly describe how public services are addressed in the European Semester (Section 1.3) and discusses the involvement of Italian trade unions in the European Semester (Section 1.4). It finally highlights Italy’s performance with reference to some of the headline indicators of the Social Scoreboard (Section 1.5).

1.1 The Economic, Social and Political Context since the Crisis

Italy is a parliamentary republic with a bicameral and multi-party system and a population of 60.4 million (ISTAT). It is one of the founder countries of the European Communities and introduced the Euro as its national currency, in the form of coins and banknotes, in 2002, after a three-year transitional period.

Political Context

Since 2011, when the European Semester was introduced, the Italian political context has been quite unstable, with seven different governments during three legislatures, and with alternating centre-left and centre-right majorities, up to the 2018 elections when new political actors emerged.

The last parliamentary election was held in March 2018. The ‘anti-establishment’ Five Stars Movement (32.7% of the total votes), together with the right-wing League (formerly the Northern League, 17.4% of total votes), signed The Government Contract in May 2018, thus forming the so-called ‘Yellow-Green’ government. In 2019, two crucial points of the Contract were passed by Parliament: the citizens’ income scheme (‘Reddito di Cittadinanza’) and a new pension scheme (‘Quota Cento’). In August 2019, the Prime Minister Giuseppe Conte resigned his mandate to the president, Sergio Mattarella, following a decision made by the League party to pull out of its coalition with the Five Stars Movement (SSM). At the beginning of September 2019, Italy’s President asked Giuseppe Conte to form a new government at the head of a coalition of the SSM and the centre-left Democratic Party, and handed him a fresh mandate as Prime Minister. The Italian parliament approved a new coalition government formed by the Five Stars Movement, the Democratic Party and Free and Equals (‘Liberi e Uguali’ – LEU), on 10th September 2019.

---

1 Figures as of 1 January 2019.
Economic Context

The Italian economy and public finances were severely hit by the global economic and financial crisis; in the period 2008-2012, Real GDP decreased by -1.5%. From 2012 to 2017 Italian economy slowly recovered; nevertheless, after a Real GDP growth at 1.6% in 2017, the economy ‘slowed down’ in 2018, with a Real GDP growth of only 1.0% (European Commission, Italian CR 2019). However, there are still massive regional disparities, e.g. in 2017, Lombardy had a GDP of 38,000 euros per inhabitant, whilst the GDP of Calabria, the poorest performing region the same year, was only 17,200 euros (Eurostat). Moreover, the Italian labour market is fragile, the unemployment rate of the working age population stood at 10.7% of the total labour force in 2018, and ‘the employment rate remained well below the EU average, particularly for women and young people’ (European Commission, Italian CR 2019).

Italy is currently in the preventive arm of the Stability and Growth Pact and subject to the debt rule. Indeed, in view of Italy’s repeated non-compliance with the criteria set by the Stability and Growth Pact, the country has been the subject of in-depth reviews under the Macroeconomic Imbalance Procedure (MIP) since 2012. For instance, in 2017, Italian general government gross debt accounted for 131.2% of national GDP (European Commission, Italian CR 2019). On 5th June, 2019, the European Commission proposed an Excessive Deficit Procedure (EDP) against Italy, as in 2018 it did not comply with the debt rule of the Stability and Growth Pact. The procedure closed in July and is no longer warranted.

As a result of the aforementioned elements, Italy has been under considerable pressure from the European Commission and, although it has not been directly subject to a Memorandum of Understanding (MoU), Italy has been described as being ‘under conditionality by other means’ (Pavolini and Natili, 2019). The pressure on Italy’s fiscal stability lifted somewhat only in 2016-17, as a consequence of the implementation of some Country Specific Recommendations (CSRs) as part of a programme of domestic reforms (Pavolini and Natili, 2019).

1.2 Social Dialogue and Industrial Relations at National Level

Article 39 of the Italian constitution governs the freedom of trade union association and the right to collective bargaining. In terms of the EU-28, the representativeness of national trade unions in Italy is at a medium level; overall union density, in the period 1990-2016, was of around 35% of total workforce (ETUI, 2019), with half the membership made up of pensioners.

---

2 Eurostat, Gross domestic product (GDP) at current market prices by NUTS 2 regions [nama_10r_2gdp].
4 [https://www.worker-participation.eu/National-Industrial-Relations/Countries/Italy/Trade-Unions](https://www.worker-participation.eu/National-Industrial-Relations/Countries/Italy/Trade-Unions)
Nevertheless, despite little change in the density rate, trust in the trade unions declined significantly during the global economic crisis; according to the Eurobarometer the share of individuals in Italy who agree that Trade Unions have a positive role to play decreased from almost 60% in 2007 to 40% in 2014 (Pavolini and Natili 2019).

Italy has three main trade union confederations, with, especially in the past, clearly defined political ideologies, plus a series of other smaller organizations. The three main trade union confederations, in terms of representativeness and size, are:

the General Confederation of Italian Workers (‘Confederazione Generale Italiana del Lavoro’, CGIL) – the oldest and biggest Italian trade union organisation with the most left-wing ideology;

the Italian Confederation of Workers’ Trade Unions (‘Confederazione Italiana Sindacati Lavoratori’, CISL) – traditionally close to ‘Catholic Christian values’ and not affiliated to any party;

and the Union of Italian Workers (‘Unione Italiana del Lavoro’, UIL) – historically close to socialist and Republican political positions.

These three organizations are affiliated to the European Trade Union Confederation (ETUC) and the International Trade Union Confederation (ITUC-CSI).

In terms of industrial relations and employment, the European Commission clusters Italy in the ‘Southern European’ group of countries, despite some characteristics more similar to the ‘Nordic cluster’. The ‘Southern model’ is characterized by a large share of public sector employment and generally low female and part-time employment. Trade union density is mostly high or medium high, although in Italy ‘the public sector employment share is comparatively medium-low’ (European Commission, 2013). Moreover, according to J. Visser’s (2009) classification of industrial relations systems, Italy, together with Greece, Spain, France, Italy and Portugal, is a country with a ‘state centred regime’: in these countries, ‘state intervention in industrial relations is frequent, the role of the social partners is not institutionalised and the latter are involved on an irregular, often politicised, basis’ (Pavolini and Natili, 2019).

Wage bargaining (setting minimum standards) results in national collective agreements (‘Contratto Collettivo Nazionale di Lavoro’, CCNL), whose coverage stayed stable over time at around 80% of workforce (ETUI, 2019) and which apply de facto also to workers not formally members of a signatory organisation.

---

5 According to the European Commission report ‘Industrial relations in Europe 2012’, the Nordic countries are ‘characterised by a high proportion of public sector employment; a significant female presence; harmonisation between career civil servants and employees under ordinary contracts; very high trade union density; wide-ranging collective negotiations practices with forms of performance-related pay, within a decentralised, two-tier bargaining system with strong coordination mechanisms; and few restrictions to the right to strike but special machinery for collective dispute resolution’ (Industrial Relations in Europe 2012, Brussels: European Commission - 2012).
Agreements contain a set of arrangements taken predominantly at sectoral/industrial level, although more recently the company level has also become increasingly important (Pavolini and Natili, 2019). For this reason, Italian trade unions are traditionally organized in several ‘industry-based’ subsections. Therefore, state employees and the education sector are represented by sectoral trade unions, which are generally federative sections of the biggest confederations.

As for the public sector, bargaining coverage is close to 100%. Public sector agreements are negotiated with the Agency for the Contractual Representation of the Public Administration (‘Agenzia per la rappresentanza Negoziale delle Pubbliche Amministrazioni’ - ARAN), which represents the public administration in the collective barging; most public sector agreements were effectively frozen for more than 10 years, with the last national collective agreement signed back in 2008-2009.

Several federations cover all service areas, such as ‘public schools of all grades; public universities; national health service; ministries; regions and territorial authorities; and compulsory social security … Salary increases are defined at the national level for all the divisions (including the employees of regions and territorial authorities), and are integrated, within limits, by collective agreements at the decentralized, single-employer level’ (European Commission, 2012).

The main organizations covering the Italian public administration are: CGIL – Public Function (FP-CGIL), UIL – Public Administration (UIL-PA), UIL – Local Powers Federations (UIL_FPL), and CISL – Public Function (CISL-FP); other smaller trade unions representing public administration workers are, for instance, ‘Unione Sindacati di Base’ and Confsal. FP-CGIL, CISL-FP, UIL-FPL and UIL-PA, together with federations covering the energy sector – FEMCA-CISL and FICTEM-CGIL, are affiliated to the European Public Service Union (EPSU).

The main trade unions for the education sector are: CGIL-Federation of Education Workers (FLC CGIL, ‘Federazione Lavoratori della Conoscenza’), CISL school, UIL school, all affiliated to the European Trade Union Committee for Education (ETUCE), and other independent organizations, such as the Cobas.

The European Commission has sometimes viewed the considerable centralization of collective bargaining in Italy with concern, and has expressed this in the European Semester (ES). In March 2018, CGIL, CISL and UIL, together with ‘Confindustria’ (the main Italian employers’ federation), signed a framework agreement on this issue, which highlights the role of second-level bargaining (European Commission, CSRs 2019).

The consultation of the social partners in the political debate was described as generally and historically unsatisfactory by all the trade union representatives interviewed for this study (also with regard to the dialogue on the European Semester), despite a slight change of direction at the end of the Gentiloni government, with an improvement in the social dialogue related to the Semester (Interviews Round 1).
The National Council for Economics and Labour (‘Consiglio Nazionale del Lavoro’ - CNEL) is a consultation body for the Parliament and the Government; it is made up of: (i.) representatives of employers and employees; (ii.) representatives of councils and economic public bodies; (iii.) people particularly experienced in work or production problems. According to the representative of Ministry of Economy and Finance interviewed, the CNEL is intended to provide a space of dialogue for the trade unions with the government, as is also specified in the Italian constitution (Article 99), but it seems not to work well in this regard.

Social Dialogue, therefore, seems to have been more formal than substantial. According to a UIL PA representative ‘from Berlusconi Mandate, including Mr. Renzi government, there has been an attempt to weaken the role of intermediate bodies, including trade unions, and of all those structures that represent a window for a structured dialogue… The dialogue with trade unions is restricted to the sectoral level for the contracts, but the interaction at a general level, with the Confederation, seems avoided’ (Interviews Round 1). In the view of the confederal representatives of CGIL and UIL, the situation, as of July, with the ‘Yellow-Green’ Government has brought no new developments in social dialogue with the trade unions (Interviews Round 2).

1.3 The European Semester and Public Services in Italy

Italy has been receiving Country-specific Recommendations (CSRs) since they were first issued under the European Semester system in 2011. Most of these address the macro-economic situation of the country, and recommend reducing the public deficit (whilst, at the same time, preserving growth-enhancing spending in sectors such as Research & Development, innovation, education and essential infrastructure projects).

The issue of public services, with specific attention paid to education and justice, has been included prominently in the Semester from the 2012 cycle of recommendations. Three particular features of the Italian public sector have become matters of concern for the European Commission:

- the inefficiency of the public administration: its regulatory and procedural framework, the quality of governance and administrative capacity, and its negative effects on the business environment, due to the complex regulatory framework;

- the inefficiency of the judiciary system ‘in terms of resource utilisation, procedures and institutional organisation’ (European Commission, CSRs to Italy, 2012) and the excessive duration of case-handling; and

- the situation and performance of the education system, both in terms of demand (high level of early school leaving with strong regional variations), and supply (underperformance of the tertiary education system). Another element of concern is
the ‘single career pathway’, with limited professional development prospects for the teaching profession.

Bearing the above elements in mind, competition, public administration, education and justice were recurring topics in the CSRs Italy received in the period 2012-2018, even after the 2015 reform package adopted by the country, which involved these specific areas among others.

The main recommendations addressed to Italy in the period up to 2017/2018 may be summarized in the following points. Italy is required to:

- extend the process of **opening up** the services sector to further competition in energy and transport, **local public services**, postal services, the health sector. The 2018 CSRs recommended that the country: ‘**Address restrictions to competition, including in services, also through a new annual competition law**’ (European Commission, CSRs 2018);

- improve the **efficiency** of the **public administration** in terms of the use of EU funds and through reforming the distribution of competences between the various levels of government;

- increase the **transparency** of the **public administration** and strengthen the fight against corruption. Although it was recognised that Italy has made progress in its attempts ‘to foster transparency and empower the national anti-corruption authority’ (European Commission, CSRs 2015), a recital to the 2015 CSRs states that ‘the revision of the statute of limitations — also considered by other international organisations as a pillar of the fight against corruption in Italy — has still not taken place’ (European Commission, CSRs 2015);

- reform the **public employment services**, improve efficiency, effectiveness, coordination and monitoring.

On the question of justice, the European Commission has repeatedly requested:

- a planned reorganisation of the **civil justice system**, and promotion of the use of alternative dispute settlement mechanisms;

- reduction in the length of case handling and the high levels of litigation in **civil justice**, including by fostering out-of-court settlement procedures. After the 2015 reforms, the Commission started to recognize the important steps taken by Italy to ‘**improve the supply of justice, by revising the geography of courts and creating specialised courts, and to reduce the demand for it, by promoting out-of-court dispute settlements**’ (European Commission, CSRs 2015); however, it also claims that the efficiency of Italy’s justice system has improved only slightly, especially with regard to the length of proceedings.
Lastly, education was also prioritized in the Semester, with the following main messages, to:

- improve the labour-market relevance of education and facilitate the transition to work. *To ensure a smooth transition between education and the labour market, strengthening and broadening practical training, through increased work-based learning and vocational education and training, appear crucial at the upper secondary and tertiary levels* (European Commission, CSRs 2014);

- tackle high school dropout rates and improve the quality of education;

- improve the professional development of teachers by ‘diversifying careers and better linking their career trajectories to merit and performance, coupled with the generalisation of school evaluation’ (European Commission, CSRs 2014);

- allocate funding to universities and research (e.g. CSRs 2018) in order to help to upgrade the quality of universities and increase research and innovation capacity.

### 1.4 The European Semester, Trade Unions and Social Dialogue

The European Semester touches upon several issues of interest to the trade unions. Indeed, all the three main confederations, and their senior representatives, have expressed their perception of the importance of the European Semester, along with awareness of its contents and messages. This awareness has increased as a result of the efforts made by the Commission, with their European Semester Officers (ESO - the officer in charge of working in partnership with stakeholders and overseeing the implementation of the Country-specific Recommendations) and the European Trade Union Confederation, to increasingly involve social partners in the ES.

*CGIL* claims that it has focused strongly on the Semester since it was established, but it also denounces the lack of transparency of the process. Similarly, *UIL* is reported to pay close attention to the ES process, since it deals with economic governance and with government decisions that impact the daily life of citizens – also in view of the foreseen strong connection between the Semester and the Cohesion Funds. Lastly, *CISL* looks with interest at the Semester’s outputs as an indication of the future policies of the government (Interviews Rounds 1 and 2). Therefore, the interviews conducted seem to confirm the unions’ attitude towards the ES described by Pavolini and Natili, 2019: ‘while at the beginning of the present decade the ES was perceived almost as an ‘intrusion’ into the national policy-making process, today Italian trade unions consider it as a ‘window of opportunity’ (Pavolini and Natili, 2019).

Nevertheless, a solid knowledge of the Semester tools, stages and outputs seems limited to the peaks of the confederations, despite the efforts of some union organizations
to increase involvement of their sectoral federations; the CGIL, for example, send their Annual Growth Survey’s (AGS) assessment reports to all the federations to inform and involve them in the ES (Interview Round 1).

The trade unions make use of the Semester’s main messages in their dialogue with the government; however, this usage is selective and sporadic, and limited to the CSRs in line with the organizations’ goals. According to a UIL representative interviewed, CGIL, CISL and UIL used CSRs as part of their ‘platform’ proposal concerning the budgetary law, called ‘Priorities of CGIL, CISL and UIL for the Budgetary Law 2019’ (Interviews Round 2).

According to the CGIL representative, the main reason for the limited use they made of CSRs in the social dialogue is the lack of transparency in the process of drafting the recommendations. It is not clear ‘who and why decide the content of CSRs,’ as it should be: the ETUC has stated that the involvement of social partners should be: ‘timely, significant and transparent.’ Moreover, trade unions do not use CSRs in their protests or in interaction with their members, since the recommendations may still be perceived as an intrusion of the EU in the national decision-making process, or may be seen as linked to demands for austerity measures.

When discussing involvement of the trade unions in the Semester, it is crucial to distinguish between the involvement at national level and at the European one.

The ‘national cycle’ of the Semester includes the following stages: the adoption of budgets in December/January, the presentation of the National Reform and Stability Programmes in April (in Italy these are both contained in the Document of Economy and Finance (‘Documento d’Economia e Finanza’ - DEF), the presentation of the Draft Budgetary Plan in mid-October (this document reflects the main objectives outlined in the DEF, updated and modified in September (in the so-called ‘Nota d’Aggiornamento al DEF’).

The gateways to the social dialogue in the cycle are: parliamentary hearings (as part of the parliament’s information activities), technical meetings with the government, and spontaneous contributions. Since the introduction of the Semester, there has been very little and merely formal interaction between the Trade Unions and the government at the various stages of the national cycle. As a matter of fact, the ETUC ‘Trade Union Involvement Index’ displays that, in 2017, 2018 and 2019, Italian unions had “no involvement” in the Semester, in terms of significant and timely relevant relation with the government. Any consultation of the trade unions by the national institutions depends on the government’s good will, since there is no legal obligation to include any stakeholder in the dialogue processes, other than the local and regional authorities. According to the Ministry of Economy and Finance, there has been no contact with the three main confederations on the DEF in recent years, since the trade unions merely make political points in their contributions and do not provide enough technical details (Interviews Round 2).

Recently, there was another opportunity for exchange with the government: the four technical round table meetings on the new Partnership Agreement 2021-2027 (national
and local public administrations also participated in the meeting), but the confedera-
tions’ assessment of the impact of these meetings is quite negative (Interviews Round 2).

The interaction with European Commission within the Semester was reported to be
slightly more satisfactory (Interviews Round 1 and 2). Trade unions have the oppor-
tunity to dialogue directly with the Commission, with its representatives in Rome and
the European Semester Officer. They can also interact through the European Trade Union
Confederation, for across-the-board issues, and via the European sectoral unions such
as the European Public Service Union and the European Trade Union Committee for
Education, respectively for specific problems related to the public and education sector.
Crucial in the interaction with the ETUC is the role of the Trade Union Semester Liaison
Officer (TUSLO), a role established in 2016 with a view to increasing coordination be-
 tween the European confederation and its affiliates.

Italian trade unions are involved in the Semester almost exclusively at a confederation
level, rather than at federation/sectoral level. The role of sectoral federations, such as
the public sector and education federations, is secondary and indirect, since these are
involved only through the confederation or through the European Sectoral Unions (Interviews Rounds 1 and 2).

Social dialogue with the Commission is organized as follows:

- At the beginning of every autumn, a series of meetings are organised by the ESO
  between social partners and the European Commission, as part of the so-called
to the Italian ESO, the Commission listens to all the social partners including the
trade unions and Confindustria, together with the main ministries involved in the
Semester. On this occasion, the ESO asks the trade unions to fill out a question-
aire on the main reforms undertaken by the government;

- Once a year (around March), the ESO invites the trade unions to attend and com-
  ment on the presentation of the Italian Country Report;

- The ETUC organizes some meetings with the Commission to present their contri-
  butions; national affiliates’ TUSLOs have the opportunity to participate.

ETUC coordination and activities occur mainly around three main stages of the European
Semester (the AGS, CRs and CSRs’ publication); the ETUC produces the following docu-
ments (each of them, followed by a meeting with the Commission, DG Economic and
Financial Affairs and DG Employment, Social Affairs and Inclusion):

- An annual document called ‘ETUC for Growth and Social Progress’. The three main
  Italian trade unions prepare a document, where they collect inputs on the AGS; the
document is then sent to the ETUC and, for information, to the European Semester
Officers. The ETUC final document is then ‘transmitted to the European Commission
every year before the official consultations with social partners scheduled in the last
week of September for early-stage discussions on the upcoming Annual Growth Survey and the so-called ‘Autumn Package’. Afterwards, the ETUC position is published on the Commission’s website along with the policy documents’ (ETUC, Activity Report 2019 and Interview with ETUC);

- In October, the TUSLOs deliver their inputs and priorities for the Country Report. The ETUC collects such inputs in a single report, the ‘ETUC Report on National Trade Unions Inputs for the Early Stage Consultation on Country Reports’ (ETUC, Activity Report 2019), which is then presented in a meeting with the Commission.

- In spring, the ETUC asks their national affiliates to produce inputs for the Country Specific Recommendations, based on the priorities highlighted in the document ‘ETUC Inputs for Country Reports’.

Lastly, another important forum for trade unions to be involved in the Semester is the EC’s Employment Committee (EMCO). This advisory committee holds regular discussions with the European social partners (trade unions and employers) throughout the year, and is also responsible for the so-called multilateral surveillance, which monitors Member States’ progress in implementing reforms within the Semester and working towards the EU2020 targets. The CGIL representative highlights the potential importance of this participation, but expresses disappointment as to the functioning of this body in recent years, which is considered unsatisfactory (Interviews Round 1).

Overall, the trade unions’ involvement in the Semester up until 2017/2018 seems to have been merely passive and limited to ineffective consultations. However, trade unions seem to have been willing to play a more active role, such as, for example, influencing the process by ‘making some new recommendations’ (Interviews Round 1). According to the interviews, there has been only one specific situation when the Trade Unions claim to have influenced the outputs of the Semester, obtaining, after the meeting with the Commission, the withdrawal of the Commission’s recommendation on the decentralization of collective bargaining from the 2019 CSRs (Interviews Round 1; Pavolini and Natili, 2019).

### 1.5 Country Performance in Relation to the European Pillar of Social Rights

The European Union’s Joint Employment Report (JER) 2019 highlighted that youth unemployment remains particularly high in Italy. At the same time, the Social Scoreboard 2018 stressed that the NEET (Neither in Employment nor in Education or Training) rate is to be considered a ‘critical situation’. Indeed, with 20.1% of the population aged 15-24 considered as NEET in 2017, Italy has the highest rate in the EU, almost double the EU28 average (10.9%). In parallel, 14% of the population aged 18-24 were considered early leavers from school and education in 2017, which the Social Scoreboard also rated as a ‘critical situation’.
With more than a third of children aged less than 3 years in formal childcare in 2016, the Social Scoreboard rated Italy as ‘average/neutral’. However, the situation seems less clear-cut if we consider children aged 12 or below. In that case, Eurostat stressed that for the same year, 2016, Italy was ‘at the end of the scale’, with only 8% of children aged 12 or below receiving formal childcare.

As regards self-reported unmet need for medical care, Italy has been rated as ‘better than average’, with only 1.8% of the population in 2017 not having or not requesting a medical examination for financial reasons, due to a long waiting list or because it was too far to travel. The steep reduction compared to 2016 (5.5%) should be highlighted. However, the Joint Employment Report 2019, taking Italy as an example, emphasized that even for countries where the rate of unmet need is below the EU average, the unemployed may face difficulties in accessing medical care (p. 92).

Table 1. Italy’s scores on selected headline indicators of the Social Scoreboard

<table>
<thead>
<tr>
<th>RATING</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better than average</td>
<td>Self-reported unmet need for medical care in EU Member States (2017)</td>
</tr>
<tr>
<td>Average/neutral</td>
<td>Children in formal childcare in EU Member States (2016) (% of children aged less than 3 years)</td>
</tr>
<tr>
<td>Critical situation</td>
<td>Share of early leavers from education and training in EU Member States (2017)</td>
</tr>
<tr>
<td></td>
<td>NEET rate in EU Member States (2017)</td>
</tr>
<tr>
<td>No data</td>
<td>Population with at least basic digital skills (% of total population aged 16-74) in EU Member States (2017)</td>
</tr>
</tbody>
</table>

Source: European Semester Social Scoreboard, November 2018

2. The 2018-19 European Semester Cycle

The following subsections analyse the different stages of the last round of the European Semester, looking at the context and the inclusion of public sector issues in its main outcomes, as well as considering the involvement of trade unions (confederations and public service representatives) in the cycle.

6 Member States with levels of about average and with a situation not improving or deteriorating much faster than the EU average.

7 Eurostat news release, 28/02/2018: https://ec.europa.eu/eurostat/documents/2995521/8681785/3-20022018-AP-EN.pdf/59fcfaa7-0c72-48a6-8603-89985b270773

8 Each Member State is assigned to one out of seven categories (“best performers”, “better than average”, “good but to monitor”, “on average/neutral”, “weak but improving”, “to watch” and “critical situations”) that reflect the levels and yearly changes of each of the headline indicators included in the social scoreboard.
2.1 The Annual Growth Survey and the EU’s ‘Winter Package’

The 2018/2019 cycle of the European Semester started officially in November 2018 with the publication of the documents related to the so-called ‘Winter Package’: the Draft Euro Area Recommendation for 2019, the 2019 Alert Mechanism Report (AMR, the starting point of the Macroeconomic Imbalance Procedure), the draft Joint Employment Report (JER) and the Annual Growth Survey.

The 2018 AGS (the tool for setting the economic and social priorities for 2019 for the EU as a whole and for its members) expresses an optimistic opinion of the state of the European economy, although it does recognise that not all the Member States are benefiting from economic growth to the same extent. Some countries are still perceived as vulnerable, due to their high unemployment rates and persistent challenges listed in the document, e.g. migration, demographic changes, income inequalities, weak productivity growth and the impact of digitalization. Most of these issues are tackled in other ES documents specifically related to Italy.

As to the public sector, the document highlights the simplification of administrative procedures as a positive move, as this helps to create a more business-friendly environment, and refers to developments in the infrastructure and health system. It also considers the role of education and continuous training as crucial for the future development of Member States, as well as the fight against unemployment, and integration of migrants into the economy.

The involvement of trade unions at this stage of the 2018/2019 European Semester started some months before publication of the winter package, in particular:

- CGIL, CISL, UIL worked jointly on a document on the AGS, to be transmitted to the ETUC and included in the document ‘ETUC for growth and Social Progress’.

2.2 The Commission’s Country Report

The 2018/2019 Semester proceeded with the publication, at the end of February 2019, by the European Commission of the Italian Country Report, including an In-Depth Review on the prevention and correction of macroeconomic imbalances.

The Country Report is a document that ‘covers all areas of macroeconomic or social importance and takes stock of the country’s budgetary situation and also ‘assesses the progress made by each EU country in addressing the issues identified in the previous year’s EU recommendations’ (European Commission).9

With regard to the situation of the public sector in relation to previous CSRs, the *Italian Country Report 2019* highlights that there has been:

- **Some progress** in the fight against corruption
- **Limited progress** in strengthening the framework for publicly-owned enterprises, despite local bodies still being faced with operational difficulties; in the promotion of research, innovation, skills, tertiary and vocational guidance.
- **No progress** is identified in reduction of the duration of civil trials, or in the removal of restrictions to competition.

### Box 1: Analysis of progress in addressing the 2018 country-specific recommendations – Country Report

**Italy has made limited progress in addressing the 2018 country-specific recommendations**

**There has been some progress in:**

- Fighting corruption thanks to a new anti-corruption law;
- ii) the banking sector where the reduction of the stock of non-performing loans has continued and the insolvency reform is being implemented;
- iii) implementing the reform of active labour market policies also thanks to additional resources allocated to public employment services;

**There has been limited progress in:**

- Tackling tax evasion where no action has been taken to encourage e-payments despite some progress in e-invoicing;
- ii) improving market-based access to finance where only measures of narrow scope have been adopted and some past provisions reversed;
- iii) enforcing the framework for publicly-owned enterprises despite local bodies still being faced with operational difficulties;
- iv) encouraging women to work mainly due to the still inadequate provision of care facilities and the parental leave system;
- v) fostering research, innovation, digital skills and infrastructure and vocational-oriented tertiary education in particular because the funding for innovative investment has been reduced overall, despite some planned measures to strengthen administrative capacity;

**There has been no progress in:**

- Shifting taxation away from productive factors, revising tax expenditures and reforming ‘cadastral values’ used as a basis for calculating property tax;
- ii) reducing the share of old-age pensions in public spending, where there has even been some backtracking;
- iii) reducing trial length in civil justice;
- iv) addressing restrictions to competition.

Source: Country Report Italy 2019
Other than a broad analysis of the situation of the country, the 2019 CR includes, for the first time, ‘Annex D’; ‘investment guidance on cohesion policy funding 2021-2027 for Italy’ also concerning, in the case of Italy, the objectives for the public sector and education. For instance, ‘Annex D’ for 2019 requires the country to ‘improve the deployment of digital public services for both citizens and businesses, and e-procurement, to support the efficiency and transparency of public administrations’ (European Commission, Italian CR 2019).

And for an effective delivery of cohesion policy, a factor highlighted, the country should: ‘improve public procurement performance, in particular with regard to the number of contracting authorities, their professional capacity, their ability to integrate sustainability and innovation aspects in procurement …’ (European Commission, Italian CR 2019).

The trade unions appear quite satisfied with the 2019 CR format and content; in particular due to the inclusion of the ‘Annex D’. A representative of UIL reports that: ‘In Annex D I found many of the issues I reported on in three years of hearings in Brussels such as: the involvement of social partners in the Semester and their capacity building, the topic of communication and information in the ES’ (Interviews Round 2).

The involvement of Trade Unions on the Country Report was structured into an ex-ante and an ex-post stage. Prior to the publication of the report:

- In October 2018, as part of the ‘Fact Finding’ mission, the Commission officials made their first visit to Rome, partly with the aim of engaging with stakeholders on issues relating to the EU2020 objectives and of gathering information for the country report; the confederations and the sectoral federations were invited to participate (Interviews Round 2).

- The ETUC gathered all the TUSLO inputs on the CR into the document ‘ETUC Report on National Trade Union Inputs for the Early Stage consultation on Country Reports’. In this document, later on presented in front of the Commission, the main confederations, describe as well the situation with regard to education and healthcare in Italy.

Later, after the publication of the Report:

- Trade unions were invited to attend the presentation of the CR and ‘Annex D’, to comment and debate. The ESO’s and trade unions’ opinion of the efficacy of this meeting as a tool for social dialogue in the ES differed greatly: the first described it as a positive, participative and not a merely informative meeting, whilst the trade unions disagreed. Indeed, the trade union representative interviewed for this study reports that the meeting was open to all stakeholders (‘around 80 people’) and was not specifically for the social partners, leaving very little space for a detailed debate (Interviews Round 2). Luigi Veltro, a UIL representative, made a speech on behalf of all the three signatory unions.

Another opportunity for the trade unions to dialogue with the Commission was during the ex-ante consultation on the CR: 5 technical meetings on a ‘Partnership Agreement’

2.3 The National Reform Plan

In April 2019, the ‘Yellow-Green’ Government issued guidelines for its budget policy and reforms for the following years, in the Document of Economy and Finance (DEF). The document is made up of three sections: a) the Stability Programme for Italy; b) the Analysis and Trends in Public Finance; and c) the National Reform Programme (NRP).

The 2019 DEF gives the main results of the previous 10 months of government activity and defines the budget policy and reform guidelines for the following three years. The stability programme 2019 aims to reduce the structural deficit and to boost growth, by promoting investments.

The NRP is a crucial Semester document. Generally speaking, the objectives identified in the document reflect those of the ‘Government Contract’ signed in May by the SSM and the League; those which concern the public sector are: administrative simplification, efficiency of the justice system, support to school education, still with a view to reducing the growth gap with the other European countries, thus with specific attention to the budget.

No interaction with the government has been reported at this stage. Trade unions were involved in this document only through a single parliamentary hearing of CGIL, CISL, UIL and the General Labour Union (‘Unione Generale del Lavoro’ – UGL) in the Budget Commissions of both the Chambers on 15 April 2019. Confederations had the chance to express their point of view on the DEF in a speech and a written note.

What emerges from their interventions is a more or less shared opinion that although the government acknowledges its mistaken evaluation of growth trends and the excessively optimistic assessment of the measures in the budget law for 2018, it intends to proceed along the same lines as in the previous year and not to tackle the real problems of the country (Interviews Round 2).

The meeting is reported to have been unsatisfactory; according to the UIL representative contacted, the trade unions were only given an hour to take the floor on the country’s economic policies, which was insufficient. (Interviews Round 2).

2.4 Country-specific Recommendations

The CSRs issued by the European Commission to Italy were published at the beginning of June 2019; they were adopted by the Council in July. In 2019 Italy received five
recommendations from the Council (one more than the previous year). In the first recommendation Italy is required to take action to ‘ensure a nominal reduction of net primary government expenditure of 0.1% in 2020, corresponding to an annual structural adjustment of 0.6% of GDP’, to shift taxation from labour to capital and to tackle tax evasion (European Council, CSR no.1, 2019).

Italy also received recommendations more closely related to the trade unions’ remit.

- On the labour market: ‘Step up efforts to tackle undeclared work. Ensure that active labour market and social policies are effectively integrated and reach out in particular to young people and vulnerable groups. Support women’s participation in the labour market through a comprehensive strategy, including through access to quality child-care and long-term care. Improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills’ (European Council, CSR no.2, 2019);

- Specifically on education and the public sector, Italy is required to ‘Focus investment-related economic policy on research and innovation, and the quality of infrastructure, taking into account regional disparities. Improve the effectiveness of public administration, including by investing in the skills of public employees, by accelerating digitalisation, and by increasing the efficiency and quality of local public services. Address restrictions to competition, particularly in the retail sector and in business services, also through a new annual competition law’ (European Council, CSR no.3, 2019);

- And on justice: ‘Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator and with a special focus on insolvency regimes. Improve the effectiveness of the fight against corruption by reforming procedural rules to reduce the length of criminal trials’ (European Council, CSR no.4, 2019).

The opinion of trade unions on the 2019 CSRs, as this emerged from the interviews, is generally positive but with some concerns relating to the first CSR on fiscal stability. Indeed, according to the representative of the public sector federation of CGIL, CGIL could potentially agree with ‘80% of the CSRs’ content, in particular with respect to recommendation no.2 on the improvement of the skills of public sector employees and the efficiency of the public administration’; nevertheless, the representative sees a contradiction, with one call to reduce public expenditure and another to improve public sector services (Interviews Round 2).

The UIL representative interviewed also claims: ‘It is clear that the debt/GDP and deficit/GDP ratio matter; but, at the same time, it is also true that we cannot “die of austerity”, and adds ‘on the other hand, we agree with some of the indications from the Commission such as the necessity to shift the fiscal burden from work to capital, the fight against tax fraud and illegal employment, etc.’ (Interviews Round 2).
Furthermore, according to the representative of CGIL FP interviewed, the issue of the shortage of workers in the public sector is not sufficiently explored, and the same is true of the reference to the judiciary system (interview Round 2).

Trade unions complain about the low level of involvement and consultation on the CSRs. In this respect, the UIL representative refers that there was almost no dialogue with the government on the CSRs or on the EDP for Italy.

CGIL, CISL and UIL produced a document on their proposals for the recommendations, which was transmitted to the ETUC; on the public sector and corruption, they point to: ‘Combatting tax and social security contribution evasion,’ ‘Investing in an efficient Public Administration and enhancing the role of civil servants as a resource to create a State that really intends to promote democracy and economy,’ ‘An extraordinary plan of investment in childcare public services’ (ETUC, 2019).

2.5 Facilitating Effective Trade Union Involvement - what helped and what hindered?

This section identifies some of the elements that have obstructed the involvement of the Trade Unions in the Semester process, and those that, on the contrary, have facilitated it.

Some hindering factors have been:

2.5.1. An Unstable Political Context and Political Discontinuity

According to the trade union representatives interviewed, social dialogue deteriorated during the term of office of the 5SM-League coalition government. The 2018/2019 ES began in the first year of the “Yellow-Green” government, and therefore the dialogue with the social partners and trade unions in particular was not yet structured. The clash between the above-mentioned parties could also be seen during the social dialogue procedures, meaning that the institutional roles in the dialogue were not clearly defined. One example emerged from the interviews: immediately after the demonstration organized jointly by CGIL, CISL and UIL in June 2019, the three Secretaries-General of these organizations received two separate convocations, a first one issued by Prime Minister Conte and a second one from Minister of the Interior and Vice Prime Minister Matteo Salvini. Our trade union respondents perceive this as a lack of coordination between the two main parties of the ‘Yellow-Green’ Government.

Moreover, the 2018/2019 ES suffered from this political discontinuity: it started under the Conte I mandate and concluded under the new majority government, referred to as

---

the ‘Yellow-Red’ government, led by the re-instated President Giuseppe Conte and supported by the 5 Stars Movement, the Democratic Party and Free and Equals. Indeed, in August 2019 the League party sparked a Government crisis and the budgetary law was among the reasons for the split between the two government parties.

According to a CGIL representative, the ‘Yellow-Red’ government seems to take a more pro-European approach and has more interest in opening up social dialogue with the social partners. Therefore, the initial impression of the unions seems to be that this new government is working for a positive revival of social dialogue. During a phone-call, the CGIL’s TUSLO interviewed reported that this year, for the first time, after the meeting with Prime Minister Conte, four meetings were planned with the government on the budgetary law. Indeed, on October 7th 2019, President Conte and the ministers of Economy and Labour met with the General secretaries of CGIL, CISL and UIL to discuss the 2019 budget law, pensions and the representativeness of trade unions and employers’ organisations, as the first of the four scheduled meetings.

Furthermore, at the end of October 2019, the main Italian Trade Unions asked the minister of European Affairs of the ‘Yellow-Red’ government, to set up a structured debate with the social partners around the main stages of the Semester, the ETUC advisor interviewed reports a positive attitude of the ministries and that the unions’ representatives feel satisfied (Interview with the ETUC).

### 2.5.2. Lack of a Specific Forum on the Semester

The lack of a specific arena for the dialogue, and the absence of structured interaction at all the different stages of the Semester, is a key factor in the low impact of trade union involvement on the ES. During the national cycle, the absence of a legal obligation to consult the social partners discouraged the government from involving the trade unions in the discussion on the main documents of the ES process. Furthermore, there is no coordination between the national and European cycles of the Semester, and the Ministry of Economy and Finance complains of the absence of a single agenda for coordinating the social dialogue initiatives of the government and those of the Commission in the ES procedure.

Nevertheless, according to a telephone interview with a CGIL representative, there have been some recent developments: a meeting between the trade unions and the Ministries for European Policies is scheduled for 21 November 2019; the CGIL is intending to present its activity so far and to propose a unitary round table for social dialogue in the Semester, describing also other good practices in Europe (such as in Belgium).

### 2.5.3. Lack of Time for Processing Information and Providing Opinions

Another element that has hampered social dialogue in the 2018/2019 ES is the timing of the prominent stages of the Semester, when the trade unions are given very little time
2.5.4. Main Responsibilities at the Confederation Level and Limited Involvement at Sectoral Level

Because of the cross-cutting nature of the issues tackled in the Semester, almost all the involvement of trade unions in the process occurs through the confederations. Therefore it is only the peak organisations or confederations which have sound knowledge of the ES procedures, while the ES is perceived as something distant by the sectoral federations and the public sector unions (which are included only indirectly); they do not have experience of its procedures and of how the ES can benefit the federations and support their demands. Indeed, the interviews with the representatives of the public sector and education trade unions did not refer to a structured relationship with the TUSLO. The CISL public sector representatives said that: ‘We interact with the TUSLO and we address him in case of relevant issues, to express our demands to him. Although, so far, we do not have a well-structured dialogue; it is still a work in progress.’ He adds ‘there is not enough evidence yet to evaluate the efficiency of this role, introduced less than one year ago...’ (Interviews Round 1).

2.5.5. Trade Unions’ Limited Capacity in Terms of Consensus and Membership

The confidence of the general public in trade unions was eroded during the global economic and financial crisis (Pavolini and Natili, 2019). Furthermore, due to their medium level of representativeness, Italian Confederations seem to lack the political power they need to foster dialogue and promote their interests. Moreover, the trade unions’ capacity to provide technical contributions at the key stage of the national cycle (the NRP) is called into question by the Ministry of Economy and Finance, which plays a leading role in the national stages of the Semester. According to the trade union representatives interviewed, their contribution is not only political, but they also provide technical documents through their research centres and, particularly on the ES, through the ETUC (Interviews Round 1 and 2).

Despite the above-mentioned elements, the following factors have facilitated the dialogue:

2.5.6. The Crucial Role of the ETUC, the TUSLO and the ESO

The ETUC played an important coordinating and ‘networking’ role in connecting trade unions with other national players and the European Commission (Pavolini and Natili, 2019).
All the trade union representatives agree on the crucial role of the ESO in expanding possibilities for discussion between the social partners and the Commission (Interviews Round 2).

Finally, there is the Trade Union Semester Liaison Officer. Although this figure is still not seen as having close links with the public sector and education sectoral federations, the TUSLO has helped to support trade union interests in Brussels, facilitating relations between the national signatory organizations and the ETUC. The crucial role of this figure is also acknowledged by the Italian ESO, who said that: ‘I was not there when the TUSLO was not in office, but I can say that, so far, it works quite well and it makes it possible to avoid disordered interactions between more figures within the trade unions’ (Interviews Round 1).

Training courses aimed at empowering Trade Union Semester Liaison Officers to analyse and reinforce the social dimension of the Semester have been organized by the ETUC and the ETUI. Further training by the ETUI is scheduled for the 4th and 5th November 2019 in Helsinki, on the new role of the TUSLOs in the context of recent links between the Semester and the ‘Agenda 20-30 for Sustainable Development’ (Telephonic Interview).

2.5.7. Shared Lines of Argument Between the Three Main Confederations

On the main social issues, CGIL, CISL and UIL seem to have a united stance, in particular on the documents of the Semester. At the ETUC level, the confederations produce shared documents; at the national level, in October 2018 the three main signatory organizations signed a ‘Shared Platform’ on the budgetary law, an agreed document relating to the ‘Budget Law’ with joint demands concerning the country’s economic policies; nonetheless, according to a UIL representative, the government did not take any account of their contribution (Interviews Round 2). The platform was also supported by a joint demonstration organized by CGIL, CISL and UIL on February 9th in Rome, which led to a series of meetings with the Prime Minister.

Another recent document expressing the shared position of the three main Confederations on several issues is the CGIL, CISL and UIL document ‘For a Model of Sustainable Development, Work, Environment, Climate, Territory’, produced in September 2019.

2.5.8. Introduction of the European Social Pillar and the Social Scoreboards into the Semester

According to Pavolini and Natili 2019: ‘the Juncker Commission’s recent commitment to strengthening European social dialogue has provided a new arena for the trade unions – and Confindustria – to discuss the analysis leading to the CSRs: The ESOs, on several occasions, involved the trade union representatives in the dialogue on the Social Pillar, and the synergy of this tool with the Semester has been viewed positively by the trade unions as a change of direction, causing greater attention to be paid to social issues in the Semester. On the other hand, the trade unions criticise the Semester’s social approach as
merely intentional; according to Pavolini and Natili (2019), and as also emerged from the interviews, the Trade Unions believe that the CSRs on social issues have been used on some occasions by the government to bypass the social dialogue, with the government justifying their measures as ‘having implemented the Commission’s demands’. For instance, some trade union representatives claim that this may have been the case for the Reddito di Cittadinanza (Citizenship Income); this phenomenon is described as a ‘strategy to defend some measures, such as the ‘Citizenship Income’ and a trade union representative has also added: ‘The SSM in particular ‘sell it’ as: ‘having fulfilled the requests of the European Commission’” (Interviews Round 2).

3. Conclusions and Recommendations

This section, before identifying useful recommendations for a more significant involvement of the Trade Unions in the Semester, summarizes the main findings of the case-study, which are:

• An increasing awareness of the Semester outcomes and procedures by the Italian Trade Unions. Nonetheless, despite this new attitude towards the semester, seen now as a ‘window of opportunity’ and despite the inclusion of public sector, education and justice matters in many CSRs, these messages from the semester have not been strongly used yet by the Trade Unions in the national dialogue with the government or with their members.

• An almost non-existent dialogue structured around the main stages of the Semester, between the Unions and the government.

• The limited role of professional associations, i.e. the federations, representing the public sector and education, in the Semester. Indeed, the involvement in this procedure is almost entirely delegated to the confederations.

• The unitary position of the three main Confederations, CGIL, CISL and UIL, regarding the main semester-related issues.

Considered the above-mentioned issues, some recommendations for a meaningful involvement of the trade unions in future Semester cycles are hereby identified. The following measures may enhance the impact of unions in the ES:

• Improve the coordination between the government and Commission agendas when discussing the Semester with the trade unions. Extend the dialogue between the trade unions and the European Commission (mostly limited to the job
market and to education) to other issues falling under the remit of the trade unions: such as the serious regional disparities in the country.

- Create a statutory role for social dialogue and trade unions in the Semester, especially during the national cycle. In this regard, more pressure from the Commission on national governments would be extremely helpful. According to some interviewees, it could be useful to embed the obligation of interaction with the social partners when a new directive on a specific and related issue is approved.

- Increasingly involve the public sector and education federations in the Semester; an internal reorganization of trade union levels of social dialogue could help and it could be useful as well to strengthen their role throughout the EU sectoral federations.

- Fully implement the Social Pillar and strengthen its role in the Semester. The CGIL – public sector asked the Commission to establish a precise schedule for implementation of the European Pillar of Social Rights, which could potentially take place through the ES (Interviews Round 2).
Bibliography


CISL, Audizione CISL. Documento di Economia e Finanza 2019 Programmema di Stabilita, April 2019, [https://www.cisl.it/attachments/article/12617/Audizione%20Def.pdf](https://www.cisl.it/attachments/article/12617/Audizione%20Def.pdf)

European Commission, Joint Employment Report 2019, 2019

European Commission, Recommendation for a council recommendation on Italy’s 2011 national Reform programme and delivering a Council opinion on Italy’s 2011 stability programme, 7 June 2011

European Commission, Recommendation for a council recommendation on Italy’s 2012 national Reform programme and delivering a Council opinion on Italy’s 2012 stability programme, 30 May 2012

European Commission, Recommendation for a council recommendation on Italy’s 2013 national Reform programme and delivering a Council opinion on Italy’s 2013 stability programme, 20 May 2013

European Commission, Recommendation for a council recommendation on Italy’s 2014 national Reform programme and delivering a Council opinion on Italy’s 2014 stability programme, 20 May 2014

European Commission, Recommendation for a council recommendation on Italy’s 2015 national Reform programme and delivering a Council opinion on Italy’s 2015 stability programme, 20 May 2015

European Commission, Recommendation for a council recommendation on Italy’s 2016 national Reform programme and delivering a Council opinion on Italy’s 2016 stability programme, 18 may 2016

European Commission, Recommendation for a council recommendation on Italy’s 2017 national Reform programme and delivering a Council opinion on Italy’s 2017 stability programme, 22 May 2017

European Commission, Recommendation for a council recommendation on Italy’s 2018 national Reform programme and delivering a Council opinion on Italy’s 2018 stability programme, 23 May 2018
**European Commission**, *Recommendation for a council recommendation on Italy’s 2019 national Reform programme and delivering a Council opinion on Italy’s 2019 stability programme*, 5 June 2019


**European Council**, *Council Recommendation of 13 July 2018 on the 2018 National Reform Programme of Italy and delivering a Council opinion on the 2018 Stability Programme of Italy*, 2018

**European Council**, *Council Recommendation of 9 July on the 2019 National Reform Programme of Italy and delivering a Council opinion on the 2019 Stability Programme of Italy*, 2019


ETUI, Industrial Relations in Italy: background summary; https://www.etui.org/reformswatch/italy/industrial-relations-in-italy-background-summary

ETUI, workersparticipation.eu, https://www.worker-participation.eu/National-Industrial-Relations/Countries/Italy/Trade-Unions


Pavolini E., Natili M., From an ‘intrusion’ to a ‘window of opportunity’? Influencing the national debate through the European Semester, 2019, OSE Paper Series


Annex 1: 
Country-specific Recommendations to Italy in 2018 and 2019 
(Council Recommendations)

CSRs to Italy 2018

Italy is required to take action in 2018 and 2019, to:

‘Ensure that the nominal growth rate of net primary government expenditure does not exceed 0.1 % in 2019, corresponding to an annual structural adjustment of 0.6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. Step up efforts to tackle the shadow economy, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. Reduce the share of old-age pensions in public spending to create space for other social spending.

Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. Achieve more effective prevention and repression of corruption by reducing the length of criminal trials and implementing the new anti-corruption framework. Ensure enforcement of the new framework for publicly-owned enterprises and increase the efficiency and quality of local public services. Address restrictions to competition, including in services, also through a new annual competition law.

Maintain the pace of reducing the high stock of non-performing loans and support further bank balance sheet restructuring and consolidation, including for small and medium-sized banks, and promptly implement the insolvency reform. Improve market-based access to finance for firms.

Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training. Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in vocational-oriented tertiary education.
CSRs to Italy 2019

Italy is required to take action in 2019 and 2020, to:

Ensure a nominal reduction of net primary government expenditure of 0.1% in 2020, corresponding to an annual structural adjustment of 0.6% of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. Fight tax evasion, especially in the form of omitted invoicing, including by strengthening the compulsory use of e-payments including through lower legal thresholds for cash payments. Implement fully past pension reforms to reduce the share of pensions in public spending and create space for other social and growth-enhancing spending.

Step up efforts to tackle undeclared work. Ensure that active labour market and social policies are effectively integrated and reach out in particular to young people and vulnerable groups. Support women’s participation in the labour market through a comprehensive strategy, including through access to quality childcare and long-term care. Improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills.

Focus investment-related economic policy on research and innovation, and the quality of infrastructure, taking into account regional disparities. Improve the effectiveness of public administration, including by investing in the skills of public employees, by accelerating digitalisation, and by increasing the efficiency and quality of local public services. Address restrictions to competition, particularly in the retail sector and in business services, also through a new annual competition law.

Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator and with a special focus on insolvency regimes. Improve the effectiveness of the fight against corruption by reforming procedural rules to reduce the length of criminal trials.

Foster bank balance sheet restructuring, in particular for small and medium-sized banks, by improving efficiency and asset quality, continuing the reduction of non-performing loans, and diversifying funding. Improve non-bank financing for smaller and innovative firms.
## Annex 2: List of interviews

### ROUND 1 – OCTOBER 2018

<table>
<thead>
<tr>
<th>POSITION</th>
<th>ORGANIZATION</th>
<th>MODALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TUSLO + European and International Policy Department + GCIL Public Function Federation (FP) International Office</td>
<td>CGIL + CGIL FP</td>
<td>face to face</td>
</tr>
<tr>
<td>Federal Secretary</td>
<td>CISL-FP</td>
<td>Face to face</td>
</tr>
<tr>
<td>Director of the International Department</td>
<td>UIL</td>
<td>Face to face</td>
</tr>
<tr>
<td>Federal Secretary</td>
<td>UIL-PA</td>
<td>Face to face</td>
</tr>
<tr>
<td>Director (Treasure, Office 4)</td>
<td>Ministry of Economic and Finance</td>
<td>Face to face</td>
</tr>
<tr>
<td>European Semester Officer (ESO)</td>
<td>European Commission</td>
<td>Face to face</td>
</tr>
</tbody>
</table>

### ROUND 2 – JULY 2019

<table>
<thead>
<tr>
<th>POSITION</th>
<th>ORGANIZATION</th>
<th>MODALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TUSLO + CGIL FP (International Office)</td>
<td>CGIL + CGIL FP</td>
<td>Face to face</td>
</tr>
<tr>
<td>Territorial policies service</td>
<td>UIL</td>
<td>Face to face</td>
</tr>
<tr>
<td>Director (Treasure, Office 4)</td>
<td>Ministry of Economic and Finance</td>
<td>Face to face</td>
</tr>
</tbody>
</table>

### FOLLOW UP – OCTOBER 2019

<table>
<thead>
<tr>
<th>POSITION</th>
<th>ORGANIZATION</th>
<th>MODALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TUSLO</td>
<td>CGIL</td>
<td>Phone call</td>
</tr>
<tr>
<td>European Semester Advisor</td>
<td>ETUC</td>
<td>Face to face</td>
</tr>
</tbody>
</table>