



The Country-Specific Recommendations as a tool of European Economic Governance – Implications for Trade Unions organising in Health Care, Elderly and Child Care

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1. Introduction

This article provides a description and analysis of the country-specific-recommendations for 2013-2014, and reflects on the implications of European Economic Governance on trade unions organising in health care, elderly and child care services. The article is meant to provide an overview of the EU-wide trends and should therefore be read in conjunction with the respective national [recommendations published by the Commission](#).

Annex 1 reproduces the country-specific recommendations 2013-2014 relevant for health care systems, elderly and child care services.

Annex 2 contains the country-specific recommendations 2013-2014 focusing on wage developments and labour market reforms where they mention an involvement of social partners – but we would consider that this is more due to the fact that the European Commission feels in a way “obliged” to add the phrase “in consultation with the social partners” at various instances rather than this should mean a genuine involvement and possibility to influence the objectives and contents of the process from the start to the end.

2. Context

During the course of the financial and economic crisis the European Commission (EC) – with the consent of the Council of the European Union – formalised its capabilities to intervene in the economic, financial, and social policies of Member States (MS) as part of European Economic Governance (EEG). It applies to all EU MS, with stronger tools to enforce compliance for Eurozone Member States, in particular those under [Excessive Deficit Procedure](#), and with more binding obligations for the countries subject to Economic Adjustment Programmes (the so called programme countries). The annual cycle of economic governance is called the European Semester, which begins with the Commission publishing the Annual Growth Survey (AGS) which identifies the main policy areas to be addressed by Member States in their national reform programmes. These are then reviewed by the Commission which then drafts the [country-specific-recommendations](#). The European Semester has effectively absorbed the process of the [EU 2020 Strategy](#).

The EC describes [the goals of the EU 2020 Strategy](#) as “smart, through more effective investments in education, research and innovation; sustainable, thanks to a decisive move towards a low-carbon economy; and inclusive, with a strong emphasis on job creation and poverty reduction”; insofar it could be argued that initial investment is a fundamental prerequisite to achieving some of these goals.



As the EU 2020 Strategy is set up in the framework of EEG, the CSRs combine the ambitious goals of the EU 2020 Strategy, which requires investment in the areas of employment, innovation, education, poverty reduction and climate/energy, with the EEGs overarching doctrine of fiscal consolidation. It may seem counter-intuitive to combine these two contradicting notions of investment and fiscal consolidation in the same structure, and may explain some of the tension stakeholders face in the implementation.

All Member States received country-specific recommendations across a number of policy areas, except Cyprus, Greece, Ireland and Portugal which were already subject to Economic Adjustment Programmes, this means they are already subject to binding reform programmes, to avoid duplication they do not receive additional CSRs, the following analysis is limited to CSR and does not include national reform programmes.

The CSR for 2013-2014 address a range of policy areas including among others fiscal consolidation, network industries, banking reform, labour markets, public services, tax policy, housing markets, access to regulated professions and a number of social policies. These include first and foremost pension reforms, but also long-term care, labour activation, childcare (also to encourage female labour market participation) healthcare access, healthcare cost efficiency, poverty and social exclusion (see Annex 1 for relevant quotes).

On paper many of the recommendations seem à priori favourable to labour interests, but questions of applicability, policy hierarchy and legitimacy remain largely unresolved and require a cautious and reasonably critical approach.

The next paragraph switches the focus specifically to health care and takes a broader look at the EU approach rather than just economic governance.

In terms of health care the European Semester marks the latest stage in a development where the Commission is taking initiatives in areas that are primarily of national competence. In "Health care policies: European debate and national reforms" (published in: Natali D. and Vanhercke B. (eds) *Social Developments in the European Union 2011*) Rita Baeten and Sarah Thomson consider the broader context of health care reform in Europe based on an analysis a wide range of documents of the European Commission and the Council of the European Union. They draw similar conclusions as De Ruijter and Hervey (forthcoming) "that the Commission is using economic actors and institutional mechanisms (such as the Ecofin Council), where EU competence is less contested, to communicate and progress its policies on health care, an area in which it does not have competence." Further Baeten and Thomson suggest that "the financial crisis created a window of opportunity for the EU to claim greater legitimacy to influence this domain of national competency – something that had been on the Commission's political agenda for a long time." Which they conclude "is now a precedent for the EU to intervene directly in national health policy."

In the following this paper will provide a brief description and assessment of the [Country-Specific Recommendations for 2013-2014](#) where they concern health care systems, elderly and child care services.

3. Overview on country-specific recommendations relevant for trade unions organising in health care, long-term care/elderly care and child care

The article starts off with a description of country-specific recommendations directly targeted to the sectors of health care, elderly care and child care (3.1 to 3.3). Section 3.4 to 3.6 deal with



the country-specific recommendations concerning issues that have at least a certain impact on the organisation, provision and financing of these services and the trade unions organising workers there. This is why they have been included in this paper.

3.1 Health care

Cost efficiency of health care is a common recommendation. EPSU affiliates should not categorically oppose e.g. the recommendation to work towards reducing costs for pharmaceutical products. In many instances the potentially far reaching recommendations are, however, not elaborated on sufficiently – as in the case of the Czech Republic, where it is recommended to: “3. ... Take measures to significantly improve cost-effectiveness of healthcare expenditure, in particular for hospital care.” Thus it is up to national stakeholders, including trade unions, to prevent measures to improve cost efficiency or recommended cost savings in healthcare – should the national government take up such a recommendation – from having detrimental effects on patients and the health workforce.

Although, fiscal consolidation and cost efficiency of services are a common thread in the CSR, they sometimes suggest protecting expenditure in areas relevant to economic growth. This leaves some room for manoeuvre on national level – and for the actors that are actually involved, in addition to the national governments, in drafting the National Reform Programme, in monitoring its implementation and in assessing its impact – to determine what areas are actually relevant to growth.

For some countries the EC recommended to improve access to healthcare (Bulgaria; Romania).

3.2 Long-term care/elderly care

Another aspect related to an aging population across Europe is long-term care and two common types of country-specific recommendations are 1) “to ensure the cost-effectiveness and sustainability of long-term care” 2) and “to put a stronger focus on prevention, rehabilitation and independent living”.

3.3 Child care

The increase of child care facilities and all-day schools is advocated for by the EC to support the achievement of one of the key objectives of the Europe 2020 Strategy which is to increase the (female) labour market participation.

This also affects employment in this field as additional qualified staff will be required to meet the demand. However, in light of the Commission’s overarching emphasis on fiscal consolidation MS must consider how such schemes might be funded. If this becomes part of a national debate trade unions can consider arguing in favour of investment in child care e.g. with reference to [a study from Austria](#), where evidence showed that availability of child care in fact increased female workforce participation which in turn translated into higher revenues from taxes that paid for the initial investment.

On the other hand the CSRs on child care illustrate how social aspects can only find their way into EEG when they are reconcilable with economic considerations. There are very few recommendations that take a broader social perspective. In consequence this recommendation singularly focusses on employment issues while side-lining other considerations such as the quality of child care or its mission from a pedagogical stand point in turn begging the question if child care plays a role in child development or if it is merely a parking spot for children.



It also side-lined other societal choices such as working time of parents and the way in which this affects the amount of time they spend with their children, better provisions for parental leave for fathers, and more generally shared responsibilities of men and women even when they decide to raise young children at home.

3.4 Employment services and active inclusion

When looking at recent [Eurostat data](#) which suggests that in 2012, 24.8 % of the population (124.5 million people) in the EU-28 were at risk of poverty or social exclusion, the EC recommendations seem to fall short to deliver considering the high number of people affected.

Many of the recommendations in this regard are only indirectly addressing the issue through labour activation measures, but they are not concerned with addressing in-work poverty. On the other hand some countries received recommendations for better access and efficiency of social transfers and services, especially with regard to minorities and other particularly vulnerable groups. More could be done in this regard, also in order to raise public debate on national level, where this is not taking place already.

3.5 Labour markets and wage formation

A number of countries received recommendations regarding their labour markets, wage formation and employment. These are diverse and include calls to align labour costs with productivity, reform of particular types or employment contracts, labour market segmentation, and in-work poverty.

These measures potentially affect workers in and the work of the trade unions organising them in all sectors including the health and social workforce. Further, some recommendations call on the involvement of social partners. This is especially true when they are detrimental to labour interests, which suggests that the EC seeks social partner involvement to legitimise downward pressures on wages and labour standards, as an example from the Belgian recommendation illustrates: “3. To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects sub-regional and local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.”

On the other hand some countries received recommendations with regard to their labour markets and labour law supportive to trade union demands as in the case of Poland where one recommendation reads: “Combat in-work poverty and labour market segmentation including through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.” Polish trade unions have conducted strikes and led campaigns against the (increased) use of these contracts, not least in health and social services.

3.6 Pension/retirement age

The language of the CSR suggest that one of the main goals of the EC’s recommendations is sound fiscal consolidation, Luxemburg for example received the recommendation to: “1. Preserve a sound fiscal position and remain at the medium-term objective so as to ensure the long-term sustainability of public finances, in particular by taking into account implicit liabilities



related to ageing ...” As this example demonstrates pension systems were one of the areas that was identified as putting pressure on sustainable finances in light of an aging population in MS. One of the most prevalent features of the CSR 2013 is the request to increase the effective retirement age and adjust pension benefits in MS in order to align with on average increased life expectancy. In many instances the EC also asks for reform of early retirement schemes, higher thresholds for receiving pension benefits, and alignment of the statutory retirement age between men and women. As a consequence of the overall envisioned higher retirement age the EC also suggests measures to increase the employment of older workers, which would imply from a trade union perspective to address working conditions and occupational safety and health (OSH) measures to accompany longer working careers.

The EC did not express the need for exceptions to the increase in retirement age or phasing out of early retirement schemes for workers in physically demanding professions such as the health workforce. This leaves it up to stakeholders at national level to promote just transitions in the course of national reform endeavours.

4. Conclusion

In the ETUI working paper [“The Euro crisis and its impact on national and European social policies”](#) the author Christophe Degryse states that "The CSRs convey ideas associated with a particular 'model' of the EU, insofar as they are focused on growth and competitiveness while totally neglecting what constitutes the principle role of social policies, namely, to ensure social cohesion and some degree of redistribution". The paper goes on to argue that their underlying rationale – on the backdrop of a one-sided concern for economic activity and competitiveness – consists of the following considerations: the costs of health care and pension systems should be pegged or even reduced; wage formation systems should be brought within the realm of competition; social benefit systems create disincentives to labour market participation; labour costs must be reduced.

Underlying these principles seems to be the assumption, as suggested in the ETUI paper that social policies under the aegis of economic governance are used as an adjustment variable for internal devaluation, where the monetary union prevents external currency devaluation. In this context the CSR are used to facilitate the implementation of these measures, with social policy taking a subordinated role to economic policy.

Many of the recommendations regarding health and social services provide no indications as to what should be done concretely to achieve these goals. Sometimes they seem to be common sense such as the aim of improving the cost-efficiency of a service. It is also not completely clear how success should be measured. In other cases the recommendations are of no surprise, e.g. given the below EU-average coverage by child-care services in countries with a related recommendation – but nevertheless they support demands formulated by EPSU. In particular in the case of childcare other policy documents such as the [Barcelona targets](#) can serve as a measure of success, whereas this is not necessarily the case with some of the other recommendations, especially in the field of healthcare where the EU does not have formal competences when it comes to the organisation, regulation and financing of health care (Art. 168 TFEU); the same would apply to social services. It might therefore be necessary to look into the reasons given by the EC for the mandate to make recommendations that intervene in national policies in the context of the European Economic Governance that it derives from its more general competence for macro-economic, financial and fiscal coordination on issues that have an impact on the budgets and public debts of EU Member States.



In some instances, selected measures can make sense and be justified, e.g. a reform of the system of public procurement for pharmaceutical products in some countries to overcome a previously inefficient system can lead to tangible positive outcomes. However, this must be considered in the context of massive overall budget cuts for health systems especially in “programme countries” of the Troika (Greece, Ireland, and Portugal) as well as International Monetary Fund “programmes countries” (Latvia and Romania), but e.g. also in Spain, the service cuts for patients and often dramatic wage cuts for health employees in some of these countries (see <http://www.epsu.org/a/9895>) that stand in contrast to the (real or potential) savings on pharmaceutical procurement.

The ETUI also explored the degree to which the country specific recommendations are likely to be binding for member states, with Belgium seen as a test case. One reason for this is that Belgium’s economy was able to cope with the crisis fairly well, and wage developments have by and large remained inflation-and-productivity-neutral. Nonetheless, over the last three years Belgium has received recommendations to reform its wage formation system with a special focus on its wage indexation system. If Belgium in its relatively strong position bows, the authors suggest, CSRs will become de facto binding for any Member State that does not meet the EU’s deficit goals.

However, for the time being such a scenario is unlikely to affect countries that have suffered least from the financial and economic crisis such as Germany, Poland or Sweden. This is either because the European Commission lacks formal leverage e.g. Excessive Deficit Procedures, or Economic Adjustment Programmes, which leaves the country in question little choice or no choice in their policy decisions having an impact on their public budgets or the volume of the public debt, but perhaps also due to the relative weight of the country in the EU and/or the Eurozone, which may leave the EC unwilling to risk a major confrontation with certain national governments. Nonetheless, the long-term implications could be that countries that can currently choose to ignore the CSRs, may not enjoy this leeway if their economic and fiscal performance was to decline in the future.

The implications of the country-specific recommendations in the framework of European Economic Governance are potentially far-reaching and likely to last. The elements that constitute EEG take a leap forward towards a more federal structure of the EU, while the elements of democratic control remain arguably limited. Because of this and the implications for labour in the health and social services, as well as elsewhere in other sectors of the economy including public services, it is important to come to grips with the process and content of EEG and CSR in order to be able to lead the process in a direction that serves Social Europe and labour interests.

5. The role of social partners

Social partners on European level have been indirectly involved in the process of formulating CSRs when they were invited to comment on the draft 2013 Annual Growth Survey (AGS), which serves as a basis for the subsequently formulated CSRs. However, they have no direct influence on this step of the process, in response the European social partners published a [declaration](#) in which they called for a greater role to allow them to comment and be consulted in a timely manner.

Apart from that the main role for national social partners lies in engaging national governments before the formulation of National Reform Programmes (NRP) and implementation. To do so



trade unions should monitor the European Semester at all stages in order to respond appropriately.

Social partners play a potentially crucial role in influencing the national debate on the implementation of CSRs. As mentioned above CSRs already call on social partners' involvement for some of the reforms (also see Annex 2). This will likely become even more prevalent in future CSRs with regard for the Commission's [Communication](#) on strengthening the Social Dimension of the EMU that calls for a greater role of the social dialogue in EEG. Therefore it is important to observe the developments in EEG and the CSRs to be able to pro-actively facilitate positive outcomes – in case there is agreement amongst national trade unions to get involved in and to try to influence policy processes and procedures introduced in the context of European Economic Governance.

Examples of concrete action may include, but are not limited to the following areas:

- The fact that many CSRs suggest raising the pension age, trade unions have a significant responsibility and the possibility, according to their own policy, to oppose such policies and/or to address the issues of working conditions and occupational safety and health (OSH) measures to accompany longer working careers.
- With regard to healthcare some of the recommendations vaguely formulate measures to improve cost efficiency. In the larger context of EEG cost efficiency arguably carries connotations of austerity and cuts in health budgets. This in turn means that trade unions should play a role in influencing reforms in a way that is not detrimental to patient health, and the health workforce.
- However, CSRs also offer opportunities to underpin trade union priorities and requests, especially with regard to child care. Expanding child care facilities will create jobs, and improve gender equality as more women will be able to participate in the labour market. However, child care must also be viewed in a broader social perspective that takes account of alternative choices for men and women, as well as considerations addressing the quality and role of child care as a pedagogical instrument that goes beyond the economic factor of providing a parking spot for children so that both parents can increase the GDP.
- Another opportunity lies in the potential to use CSRs as leverage in the work of trade unions, based on existing demands or campaigns. One example for this is the recommendation for Poland that calls on reducing the excessive use of civil law contracts. But one cannot say that the CSR 2013-2014 would contain too many of this type of recommendations.

This article summarises the main features of EEG relevant to trade unions organising in health and social services and should serve as background information for discussion with EPSU affiliates. It contains first assessments and orientations for a future exchange amongst EPSU members concerning the actual and/or desirable roles, and positions of trade unions in the context of the EEG, its objectives and processes. This is in particular true for those linked to the country-specific recommendations that have an impact on the financing, organisation, provision and quality of health and social services as well as the pay and working conditions there.

For questions and comments please contact Mathias Maucher (mmaucher@epsu.org)



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Annex 1

Country-specific recommendations 2013-2014 relevant for health care systems and for long-term care/elderly and child care services

<http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/>

Austria

2. Bring forward the harmonisation of pensionable age for men and women, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy implement and monitor the recent reforms restricting access to early retirement and further improve older workers' employability in order to raise the effective retirement age and the employment rate of older workers.
3. Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and address the high gender pay and pension gaps. ...
4. Effectively implement the recent reforms of the health care system to make sure that the expected cost efficiency gains materialise. Develop a financially sustainable model for the provision of long-term care and put a stronger focus on prevention, rehabilitation and independent living.

Belgium

2. Step up efforts to close the gap between the effective and statutory retirement age, including by pursuing the on - going reforms to reduce the early – exit possibilities. Underpin reforms of the old-age social security systems with employment – support measures and labour-market reforms conducive to active ageing. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Continue to improve the cost-efficiency of public spending on long term institutional care.
3. To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects subregional and local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.

Bulgaria

2. Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.
3. ... Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.
4. ... Ensure effective access to healthcare and improve the pricing of healthcare services by linking hospitals' financing to outcomes and developing out-patient care.

Croatia

N.B.: Croatia took part in the 2013 European Semester on a voluntary and informal basis.

Cyprus (Economic Adjustment Programme)

Czech Republic

3. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy, and review the indexation mechanism. Accompany the increase in retirement age with measures promoting employability of older workers and reduce early exit pathways. In particular, remove the public subsidy for the pre-retirement scheme ...



3. ...Take measures to significantly improve cost-effectiveness of healthcare expenditure, in particular for hospital care.
4. ...Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old, and the participation of Roma children, notably by adopting and implementing the law on provision of childcare services and strengthening the capacities of both public and private childcare services.

Denmark

None

Estonia

1. ... and continue enhancing the efficiency of public spending
2. ... Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. ...

Finland

1. Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the MTO over the programme horizon. Continue to carry out annual assessments of the size of the ageing-related sustainability gap and adjust public revenue and expenditure in accordance with long-term objectives and needs. Ensure the cost-effectiveness and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living.
2. Ensure effective implementation of the on-going administrative reforms concerning the municipal structure, in order to deliver productivity gains and cost savings in the provision of public services, including social and healthcare services.
3. Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. ...

France

1. ... further increase the efficiency of public expenditure, in particular by proceeding as planned with a review of spending categories across all sub-sectors of general government. ... Take action through the forthcoming decentralisation law to achieve better synergies and savings between central and local government levels. ... Take measures by the end of 2013 to bring the pension system into balance in a sustainable manner no later than 2020, for example by adapting indexation rules, by increasing the full-pension contribution period, by further increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by reviewing special schemes, while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.
2. Ensure that the reduction in the labour cost resulting from the '*crédit d'impôt compétitivité et emploi*' yields the planned amount and that no other measure will offset its effect. Take further action to lower the cost of labour, in particular through further measures to reduce employers' social-security contributions, in association with social partners. Ensure that developments in the minimum wage are supportive of competitiveness and job creation, taking into account the existence of wage support schemes and social contribution exemptions.
6. Implement fully and without delay the January 2013 inter-professional agreement, in consultation with the social partners. Take further action to combat labour-market segmentation, in particular to address the situation of interim agency workers ...

Germany

1. ... Pursue a growth-friendly fiscal policy through additional efforts to enhance the cost-effectiveness of public spending on healthcare and long-term care through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living. ...



3. Sustain conditions that enable wage growth to support domestic demand. To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people ... increase the availability of fulltime childcare facilities and all-day schools.

Greece (Economic Adjustment Programme)

Hungary

4. ... Continue to expand child-care facilities to encourage women's participation. Ensure that the objective of the National Social Inclusion Strategy is mainstreamed in all policy fields in order to reduce poverty, particularly among children and Roma.

Ireland (Economic Adjustment Programme)

Italy

1. ... Continue pursuing a durable improvement of the efficiency and quality of public expenditure ...
4. Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity. ...Reduce financial disincentives for second earners to work and improve the provision of care, especially child-and long-term care, and out-of-school services.

Latvia

1. Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform. ...
4. Tackle high rates of poverty by reforming social assistance for better coverage, by improving benefit adequacy and activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty.

Lithuania

2. Adopt and implement legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes while ensuring implementation of ongoing reforms. Underpin pension reform with measures that promote the employability of older workers.
3. Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.
4. Implement concrete targeted measures to reduce poverty and social exclusion. Continue strengthening the links between the cash social assistance reform and activation measures.

Luxembourg

1. Preserve a sound fiscal position and remain at the medium-term objective so as to ensure the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing ...
3. Curb age-related expenditure by making long-term care more cost effective, in particular through a stronger focus on prevention, rehabilitation and independent living, strengthening the recently adopted pension reform, taking additional measures to curb early retirement and increasing the effective retirement age by aligning retirement age or pension benefits to change in life expectancy
4. Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage setting system, including wage indexation, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness. ...

Malta

2. To ensure the long-term sustainability of public finances, continue to reform the pension system to curb the projected increase in expenditure, including by measures such as accelerating the increase



in the statutory retirement age, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by encouraging private pension savings. Take measures to increase the employment rate of older workers by finalising and implementing a comprehensive active ageing strategy. Pursue health-care reforms to increase the cost-effectiveness of the sector, in particular by strengthening public primary care provision. Improve the efficiency and reduce the length of public procurement procedures.

3. ...enhancing the provision and affordability of child-care and out-of-school centres.

The Netherlands

1. ... ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the EDP. Protect expenditure in areas directly relevant for growth such as education, innovation and research...

2. ... and by providing for a more market-oriented pricing mechanism in the rental market, and by further relating rents to household income in the social housing sector. Refocus social housing corporations to support households most in need.

3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra-and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. Implement the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in costs, with a view to ensure sustainability.

4. ... address labour market rigidities, including by reforming employment protection legislation and the unemployment benefit system.

Poland

1. ... public finances minimise cuts in growth-enhancing investment, reassess expenditure policies improving the targeting of social policies and increasing the cost effectiveness and efficiency of spending in the healthcare sector....

3. ... Combat in-work poverty and labour market segmentation including through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.

4. Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff. With a view to improving sectoral labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.

Portugal (Economic Adjustment Programme) & (Excessive Deficit Procedure)

Romania

2. ... Continue the pension reform started in 2010 by equalising the pensionable age for men and women and by promoting the employability of older workers.

3. Pursue health sector reforms to increase its efficiency, quality and accessibility, in particular for disadvantaged people and remote and isolated communities. Reduce the excessive use of hospital care including by strengthening outpatient care.

4. ... To alleviate poverty, improve the effectiveness and efficiency of social transfers with a particular focus on children. Complete the social assistance reform by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy.

5. ... Speed up the transition from institutional to alternative care for children deprived of parental care.

Slovakia

1. Implement as envisaged the budget for the year 2013, so as to correct the excessive deficit in a sustainable manner and achieve the fiscal effort specified in the Council recommendations under



EDP. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Slovakia to reach the medium-term objective by 2017. Avoid cuts in growth enhancing expenditure and step up efforts to improve the efficiency of public spending. Building on the pension reform already adopted, further improve the long term sustainability of public finance by reducing the financing gap in the public pension system and increasing the cost-effectiveness of the health-care sector.

3. ... enhancing the provision of child-care facilities, in particular for children below three years of age. Reduce the tax wedge for low-paid workers and adapt the benefit system.

Slovenia

2. Strengthen the long-term sustainability of the pension system beyond 2020 by further adjusting all relevant parameters, including through linking the statutory retirement age to gains in life expectancy, while preserving the adequacy of pensions. Contain age-related expenditure on long-term care and improve access to services by refocusing care provision from institutional to home care, sharpening targeting of benefits, and reinforcing prevention to reduce disability/ dependency.

3. Ensure that wage developments, including the minimum wage, support competitiveness and job creation. Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, including through the regulation for student work.

Spain

1. ...Increase the cost-effectiveness of the health-care sector, while maintaining accessibility for vulnerable groups, for example by reducing hospital pharmaceutical spending, strengthening coordination across types of care and improving incentives for an efficient use of resources....Finalise by end-2013 the regulation of the sustainability factor so as to ensure the long-term financial stability of the pension system, including by increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy.

6. Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to improve employability of people further away from the labour market and by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.

Sweden

None

United Kingdom

2. (recommendation concerns housing, having positive implications for social inclusion)

4. Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services. Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.



Annex 2

Country-specific recommendations 2013-2014 specifically mentioning an involvement of social partners

Belgium

3. To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects sub-regional and local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.

France

2. Ensure that the reduction in the labour cost resulting from the '*crédit d'impôt compétitivité et emploi*' yields the planned amount and that no other measure will offset its effect. Take further action to lower the cost of labour, in particular through further measures to reduce employers' social-security contributions, in association with social partners. Ensure that developments in the minimum wage are supportive of competitiveness and job creation, taking into account the existence of wage support schemes and social contribution exemptions.

Lithuania

3. Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.

Luxembourg

4. Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage setting system, including wage indexation, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness.

The Netherlands

3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. Implement the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in costs, with a view to ensure sustainability.