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# **The country-specific recommendations (CSRs) in the social field**

## **An overview and (initial) comparison of the CSRs 2011-2012, 2012-2013 and 2013-2014**

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Background note, September 2013

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## Introduction

In 2010, the European Commission presented and adopted, as a successor to its earlier Lisbon strategy, the so-called “Europe 2020 strategy”. The main objective of the new strategy is to deliver more growth that is simultaneously “smart” (by investing more in education, research and innovation), “sustainable” (by, among other things, moving in the direction of a low-carbon economy) and “inclusive” (by boosting job creation and reducing poverty). In order to achieve this overall objective, the EU has set itself five – possibly over-ambitious – goals/targets to be achieved by 2020 in the areas of employment (75% of 20-64 year-olds to be employed), innovation (3% of the EU's GDP to be invested in research and development), education (reducing the rates of early school leaving below 10% and ensuring that at least 40% of 30-34-year-olds have completed third-level education), poverty reduction (at least 20 million fewer people in or at risk of poverty and social exclusion by 2020) and climate/energy (greenhouse gas emissions should be 20% – or even 30%, given the right conditions – lower than 1990; 20% of energy should come from renewables and energy efficiency).<sup>1</sup> To ensure that the Europe 2020 strategy delivers on these goals and, in particular, that the Member States, which committed themselves to achieve the above-mentioned objectives and targets, do in fact draw up and implement the requisite policies, a system of economic governance has been put in place to coordinate policy actions between the EU and national levels.<sup>2</sup> One of the main pillars of this new economic governance is the so-called European Semester, a six-month period each year during which Member States' budgetary, macro-economic and structural policies are coordinated so as to allow states to take EU considerations into account at an early stage of their national budgetary processes and in other aspects of their (economic) policymaking. Within the framework of this European Semester, five key stages are established. Following the adoption in January of each year of the Commission's Annual Growth Survey, which sets out EU priorities for the coming year to boost growth and job creation, in March the EU Heads of State and Government issue EU guidance for national policies on the basis of the Annual Growth Survey. One month later, in April, Member States have to submit their plans for sound public finances (by means of so-called Stability or Convergence Programmes), as well as plans for reforms and measures intended to achieve progress towards smart, sustainable and inclusive growth (via so-called National Reform Programmes, hereafter NRPs). Following assessment of these programmes and NRPs, the Commission, in the course of June, puts forward the country-specific recommendations (hereafter CSRs) that it considers appropriate; these, finally, are endorsed and adopted by the European Council by the end of June or early July.<sup>3</sup>

Accordingly on 29 May 2013 the European Commission presented its country-specific recommendations (CSRs) 2013-2014.<sup>4</sup> A total of 142 of what could be called ‘package’ recommendations (as they often contain several sub-recommendations) were

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<sup>1</sup> For more information on the objectives, targets and process of the Europe 2020 Strategy, see: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm); for some critical views on the EU 2020 strategy, see, among others, Pochet (2010a), Pochet (2010b) and Barbier (2011).

<sup>2</sup> For more information on this new European economic governance, see also Degryse (2012).

<sup>3</sup> For more information on the process of the European Semester, see [http://ec.europa.eu/europe2020/making-it-happen/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/index_en.htm).

<sup>4</sup> All proposals and background documents are available at: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm).

delivered to 23 Member States in the fields of public finance, financial-sector regulation and structural reforms in areas such as research and development and energy efficiency, but also in relation to employment and social policies, such as Active labour market policies (ALMPs), labour market participation or wage setting mechanisms (for a general overview of the fields in which these recommendations need to be situated, see Figure 1 below).

This paper provides an overview of the recommendations in the field of employment and social policies. Similar to previous ETUI research (ETUI 2013, in particular Chapter 7, Figure 7.2, p. 91), for the purpose of this analysis the following categories and measures are considered to come within the social field:

Table 1: Categories and measures

Wages	Reviewing wage indexation
	Reviewing wage-setting system – align with productivity developments
EPL	adjusting employment protection legislation
Labour market participation	Enhancing participation of women
	Enhancing participation of older workers, promoting active ageing, LLL
	Reducing tax disincentives for second earners
Youth employment	Facilitating transition from school to work by giving companies incentives to hire young people
	Facilitating transition from school to work through apprenticeships and work-based learning
	Reducing school/education ‘drop outs’
Pensions	Explicit link between pensionable age and life expectancy
	Reducing early retirement
Vulnerable	Ensuring the adequacy and coverage of social protection systems
	Access to quality social services
	Better targeting of social assistance
Child poverty	Making child support more effective
	Facilitating access to childcare services
Tax	Shift away from labour, with a focus on low income earners

However, given the sometimes slightly different language and/or content of certain CSRs 2013-2014 compared to the 2011-2012 and 2012-2013 recommendations, the categories and measures mentioned above were slightly altered and/or extended. For instance, although tackling labour market participation and youth unemployment rates was already a high priority in CSRs 2012-2013, the European Commission recommended action along the lines of the agreed [EU Youth Guarantee](#) for 17 Member States (with, for 11 countries, an explicit mention of the Youth Guarantee). In the annex, a comparative overview of the text is provided by country – and thus possible shifts in language and/or content – of the [Country Specific Recommendations \(CSRs\) in the social field under the European Semester Cycles 2011, 2012 and 2013](#).

This paper is intended to provide mainly a brief ‘statistical’ comparison between the CSRs 2013-2014 and those presented by the Commission and adopted by the European Council in 2011 and 2012.

### **CSRs 2013-2014 versus CSRs 2011-2012 and 2012-2013**

As already indicated, a total of 142 of what could be called ‘package’ recommendations for 2013–2014 were adopted with regard to 23 EU Member States. (Figure 1). By contrast, in 2011 only 117 recommendations were adopted (concerning 22 Member States). The figure of 142 is a slight but further increase on the 137 CSRs adopted for 2012-2013 (also concerning 23 Member States) (see Table 2).

Figure 1: Overview of country-specific recommendations for 2013-2014

#### **ANNEX 1 - OVERVIEW OF COUNTRY-SPECIFIC RECOMMENDATIONS FOR 2013-2014**

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

Source: European Commission 2013.

As for the member states covered and to avoid duplications with measures set out in the [Economic Adjustment Programme](#), this year Cyprus, Greece, Ireland and Portugal did not receive additional specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (including any subsequent supplements). Last year, Cyprus did get specific recommendations as it had then not yet entered into the Economic Adjustment Programme, whereas Romania, unlike 2011 and last year, now did receive specific recommendations. In 2011, there were no specific recommendations for Greece, Ireland, Latvia, Portugal and Romania.

Out of these 142 package recommendations for 2013-2014, 57 could indeed be considered recommendations concerning the 'social field'. This means a decrease of five compared to the 61 'social' recommendations adopted for 2012-2013 and an increase of three compared to the 54 social recommendations adopted for 2011-2012 (see Table 2).

**Table 2:** Overview of the number of CSRs per country compared to the 'social' CSRs for 2011-2012, 2012-2013 and 2013-2014

Country	CSRs 2011–2012		CSRs 2012–2013		CSRs 2013–2014	
	Total	'Social'	Total	'Social'	Total	'Social'
AT	5	2	7	2	7	3
BE	6	3	7	2	7	4
BG	6	3	7	2	7	3
CY	7	3	7	3	–	–
CZ	6	3	6	3	7	3
DE	4	1	4	1	4	1
DK	5	2	5	2	3	1
EE	4	1	5	2	5	2
ES	7	4	8	5	9	4
FI	5	2	5	2	5	2
FR	5	4	5	3	6	4
HU	5	2	7	3	7	3
IT	6	2	6	3	6	2
LT	6	2	6	3	6	3
LUX	4	3	5	2	6	3
LV	–	–	7	3	7	3
MT	5	3	6	3	5	2
NL	4	2	5	2	4	2
PL	7	3	6	2	7	2
RO	–	–	–	–	8	3
SE	3	1	4	1	4	1
SI	6	3	7	4	9	2
SK	6	3	7	5	6	2
UK	5	2	6	2	6	2
	<b>117</b>	<b>54</b>	<b>137</b>	<b>61</b>	<b>142</b>	<b>57</b>
	<b>46.15%</b>		<b>44.52%</b>		<b>40.14%</b>	

Source: European Commission country-specific recommendations; ETUI calculations.

Figure 2 provides an overview of the categories/measures in the social field in which the European Commission issued CSRs for 2011–2012; Figure 3 provides a similar overview for 2012–2013; and Figure 4 covers CSRs 2013–2014.<sup>5</sup>

**Figure 2:**

<sup>5</sup> See the Introduction, where it was indicated that, given the sometimes slightly different language and/or content of certain CSRs 2013-2014 compared to those of 2011-2012 and 2012-2013, the categories and measures mentioned above were slightly altered and/or extended.

European Commission Country specific recommendations 2011-2012 (social field only)

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	MT	NL	PL	SE	SI	SK	UK
Wages	reviewing wage indexation		•		•					•						•	•						
	reviewing wage-setting system-align with productivity developments		•		•					•		•		•		•	•						
EPL	adjusting Employment Protection Legislation					•		•				•		•	•							•	
Labour Market participation	enhancing participation of women				•	•				•			•	•					•				
	enhancing participation older workers, promoting active ageing, LLL		•	•	•	•						•				•	•					•	
	reducing tax disincentives for second earners						•							•				•					
Youth employment	facilitating transition school to work by incentives for companies to hire young people										•												
	facilitating transition school to work through apprenticeships and work-based learning					•		•	•	•	•					•				•		•	•
	reducing school/education "drop outs"	•						•		•							•						
Pensions	explicit link between pensionable age and life expectancy	•	•	•	•	•				•	•					•	•	•	•		•	•	
	reducing early retirement	•	•	•				•		•	•					•	•	•	•		•	•	
	ensuring the adequacy and coverage of social protection systems	•							•				•										•
Vulnerable	(access to) quality social services																						
	better targeting social assistance			•											•								
Child poverty	making child support more effective																						
	access to and quality of childcare services	•				•	•					•	•						•				
Tax	shift away from tax on labour (incl. attention for low income earners)	•	•			•	•		•	•		•	•										•

Source: European Commission Country specific recommendations 2011-2012; EL, IE, LV, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

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Figure 3:

European Commission Country specific recommendations 2012-2013 (social field only)

		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	SE	SI	SK
Wages	reviewing wage indexation		•		•											•		•					
	reviewing wage-setting system-align with productivity developments		•				•				•	•		•					•			•	•
EPL	adjusting Employment Protection Legislation							•				•		•	•				•	•	•	•	
Labour Market participation	enhancing participation of women	•			•	•						•	•						•		•		•
	enhancing participation older workers, promoting active ageing, LLL	•	•							•		•				•			•	•			•
	reducing tax disincentives for second earners						•												•				
Youth employment	facilitating transition school to work by incentives for companies to hire young people										•	•											
	facilitating transition school to work through apprenticeships and work-based learning							•	•	•	•	•		•	•	•	•	•		•		•	•
	reducing school/education "drop outs"	•						•	•	•			•	•			•						
Pensions	explicit link between pensionable age and life expectancy	•	•	•						•	•					•	•	•	•		•	•	
	reducing early retirement	•	•	•		•		•		•	•					•	•	•	•		•	•	
	ensuring the adequacy and coverage of social protection systems				•				•														
Vulnerable	access to quality social services			•																			
	better targeting social assistance			•					•						•		•						
Child poverty	making child support more effective									•													
	facilitating access to childcare services			•																			
Tax	shift away from labour, with focus on low income earners	•	•			•	•		•	•		•	•				•						•

Source: European Commission Country specific recommendations 2012-2013; note that GR, IE, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)

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Figure 4:

European Commission Country specific recommendations 2013-2014 (social field only)		AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HU	IT	LT	LU	LV	MT	NL	PL	RO	SE	SI	SK	UK
Wages	reviewing wage indexation		•												•									
	reviewing wage-setting system-align with productivity developments		•			•				•	•		•		•								•	
EPL	adjusting Employment Protection Legislation										•			•					•	•				
Labour Market participation	enhancing participation of women	•										•	•					•	•					
	enhancing participation older workers, promoting active ageing, LLL	•	•	•	•						•			•	•			•	•	•	•		•	
	reducing tax disincentives for second earners					•							•						•					
Youth employment	youth guarantee			•					•	•	•	•	•	•		•				•	•		•	•
	facilitating transition school to work by incentives for companies to hire young people																			•	•	•	•	•
	facilitating transition school to work through apprenticeships and work-based learning		•								•			•		•	•			•	•		•	•
	reducing school/education "drop outs"	•					•		•				•				•			•				
Pensions	explicit link between pensionable age and life expectancy	•	•	•	•			•	•	•	•			•	•				•			•		
	reducing early retirement	•	•	•	•			•	•					•	•				•					
Vulnerable	ensuring the adequacy and coverage of social protection systems		•									•							•	•			•	
	(access to) quality social services		•						•															
	better targeting social assistance												•							•			•	
Child poverty	making child support more effective		•									•												
	access to and quality of childcare services				•	•						•	•					•	•	•			•	•
Tax	shift away from tax on labour (incl. attention for low income earners)	•			•	•					•	•	•			•			•				•	•

Source: European Commission Country specific recommendations 2013-2014; CY, GR, IE, and PT did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements)



In Table 3, an overview is provided on the evolution over the period 2011-2013 of the number of recommendations per (sub-)category. It indicates over the years mainly the following trends: (i) continuous intervention in wage(setting) mechanisms,<sup>6</sup> (ii) apparently decreased attention/concern for changes to employment protection legislation, (iii) high and even increasing concern for the employability of older workers and young workers, (iv) constantly high persistence of pension reform, mainly through increasing the retirement age and phasing out early retirement schemes and (v) constantly high insistence on tax reform, shifting the tax burden from labour.

Table 3:

<sup>6</sup> It is worth noting here that the Commission's proposals for CSRs 2012-2014 recommended that Sweden '3. Take further measures to improve the labour market participation of youth and vulnerable groups by focusing on effective active labour market policy measures, encouraging increased wage flexibility, notably at the lower end of the wage scale, and reviewing selected aspects of employment protection legislation like trial periods to ease the transition to permanent employment, review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.' The underlined recommendations were not taken up in the final recommendations, however, as adopted by the Council.

		CSRs 2011- 2012	CSRs 2012-2013	CSRs 2013-2014
<b>Wages</b>	Reviewing wage indexation	5	4	2
	Wage-setting mechanisms	8	7	7
<b>EPL</b>	Employment protection legislation	6	8	4
<b>Labour market participation</b>	Women	6	9	5
	Older workers	8	7	12
	Tax disincentives for second earners	3	2	3
<b>Youth</b>	Youth Guarantee	0	0	12
	Transition from school to work via companies	0	2	5
	Apprenticeships/work-based learning	9	12	8
	'Drop outs'	4	7	6
<b>Pensions</b>	Link pensionable age to life expectancy	13	12	11
	Reducing early retirement	12	11	10
<b>Vulnerable</b>	Social protection systems	4	2	5
	Quality social services	0	1	2
	Targeting social assistance	2	4	3
<b>Child poverty</b>	Effective child support	0	1	2
	Childcare facilities	6	7	9
<b>Tax</b>	Shift tax burden away from labour	9	9	10

Source: European Commission country-specific recommendations; ETUI calculations.

### **Preliminary conclusion**

Via the European Semester and, in particular, the country-specific recommendations, the European institutions, especially the European Commission and the Council, continue to exert a huge influence in directing the Member States on how they should frame the structural reforms needed to overcome the impact of the economic crisis. This also applies to the reforms requested and adopted in the social field. The figures show that the total number of package recommendations keeps on increasing. The fact that, since 2011, the number of recommendations in the social field has decreased in percentage terms compared to the total number of recommendations might give a misleading view. As already mentioned, over the years the general trend in CSRs in the social field indicates (i) continuous intervention in wage(setting) mechanisms,<sup>7</sup> (ii)

<sup>7</sup> It is worth noting here that in its proposals for the CSRs 2012–2014 the Commission recommended that Sweden '3. *Take further measures to improve the labour market participation of youth and vulnerable groups by focusing on effective active labour market policy measures, encouraging increased wage flexibility, notably at the lower end of the wage scale,*

apparently decreased attention/concern for changes to employment protection legislation, (iii) high and even increasing concern for the employability of older workers and young workers, (iv) constantly high persistence of pension reform, mainly by increasing the retirement age and phasing out early retirement schemes and (v) a constantly high insistence on tax reform shifting the tax burden from labour. Secondly, it might also be misleading that the number of CSRs is decreasing in certain (sub)areas as this only means that for the European Commission the required structural reform is being implemented satisfactorily. It permits no negative or positive judgment on the actual impact these reforms have had, however. For instance, the fact that, over the years, the number of CSRs in relation to 'adjusting employment protection legislation' has fallen significantly only indicates that member states have indeed implemented reforms in this area, but tells us nothing about the negative impact of these deregulatory reforms on workers' individual and collective fundamental social rights; on the contrary, as shown by other ETUI research (Clauwaert *et al.* 2012). Thirdly, other research shows us that although neither the content nor the language of the CSRs seems to reveal a requirement of reform in a certain (sub)area, via the structural reforms taken by the member states important areas in the social field – for example, health and safety at work – might be affected (Clauwaert 2013). It is therefore important to remain vigilant and keep on monitoring closely both the content and, more importantly, the implementation of CSRs as they will continue to have a considerable direct and indirect impact on citizens' and workers' social rights, welfare and well-being.

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*and reviewing selected aspects of employment protection legislation like trial periods to ease the transition to permanent employment, review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.'* The underlined recommendations were not taken up in the final recommendations as they were adopted by the Council, however.

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**Annex: Country specific recommendations (CSRs) in the social field under the European Semester Cycles 2011, 2012 and 2013**