



Europe 2020 & the European Semester

Pillar of social rights

Monitoring Committee

Vilnius, 16 June 2016

Laurent Sens, DG Employment, Social Affairs and inclusion

Link between Country Specific Recommendations and ESIF programming

- *Europe 2020 strategy as the point of departure*

„Europe 2020“ Headline targets

	EU target	LT target	Current situation
Employment rate (20-64)	75%	72.8%	73.4% (2015)
Gross domestic expenditure on R&D (% of GDP)	3	1.9	1.01 (2014)
Greenhouse gas emissions (index 1990=100)	80		41.81 (2013)
Share of renewable energy in gross final energy consumption (%)	20	23	23.09 (2014)
Early leavers from education and training	< 10%	< 9%	5.5% (2015)
Higher Education attainment rate	40%	48.7%	57.6% (2015)
AROPE	- 20 mln (ref. 2008)	814.000	804.000 (2014)

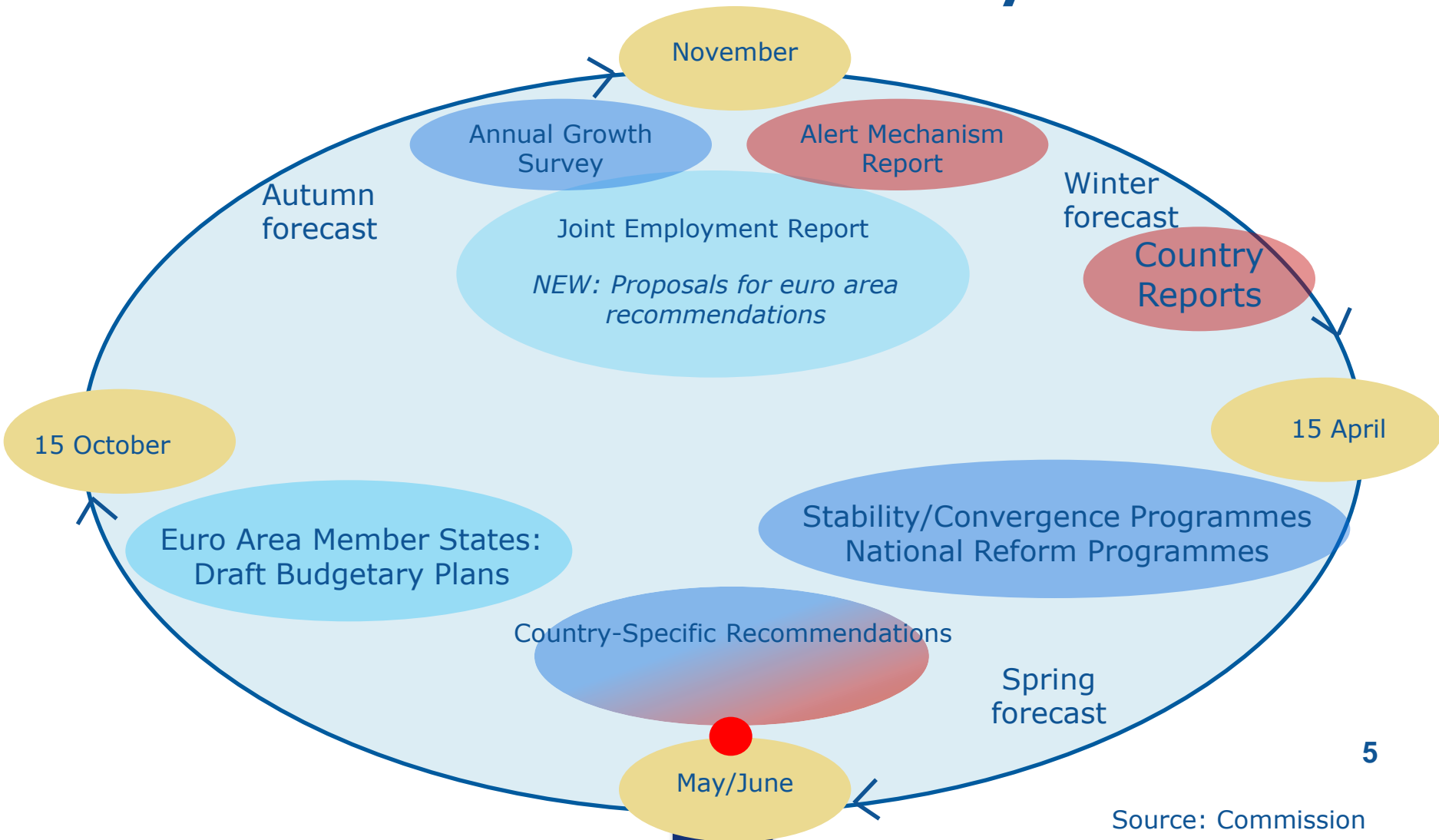
Link between Country Specific Recommendations and ESIF programming

- *Europe 2020 strategy as the point of departure (National Reform Programmes, Country Specific Recommendations)*
- *Art. 23 of the CPR: between 2015-2019 the Commission may request re-programming of the Partnership Agreement and relevant OPs to support implementation of the Country Specific Recommendations.*
- *ESI Funds should continue to be concentrated on challenges identified in the new Country Specific Recommendations as well as in previously adopted Country Specific Recommendations where these have not been fully addressed*
- *Progress report 2017 will include reporting on contribution to Europe 2020 and new CSRs*



European
Commission

Economic surveillance cycle

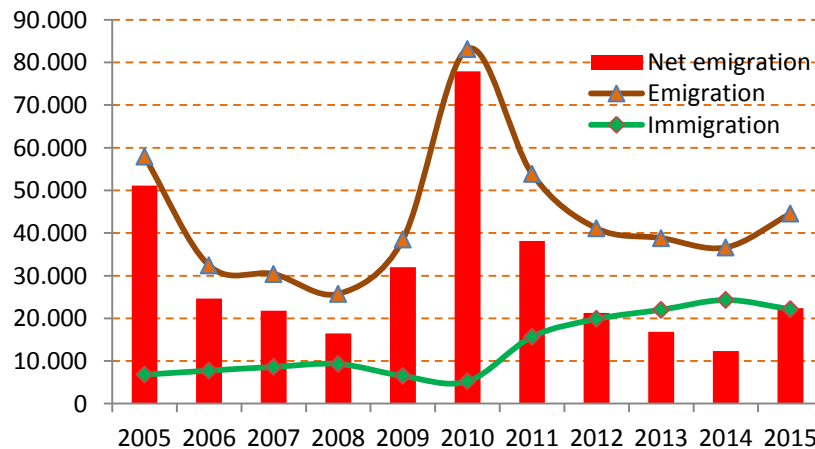


Country report: A remarkable recovery from the crisis

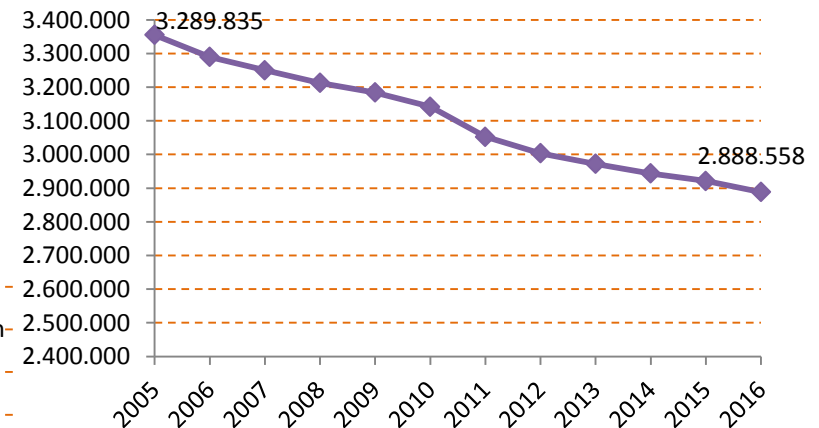
- *Real GDP surpassed its pre crisis peak*
- *Driven first by rapid export growth, then by robust domestic demand*
- *Growing wages*
- *Falling unemployment*

However, potential growth has declined

- *Declining population:*
 - low fertility rates,
 - poor health outcomes,
 - net emigration



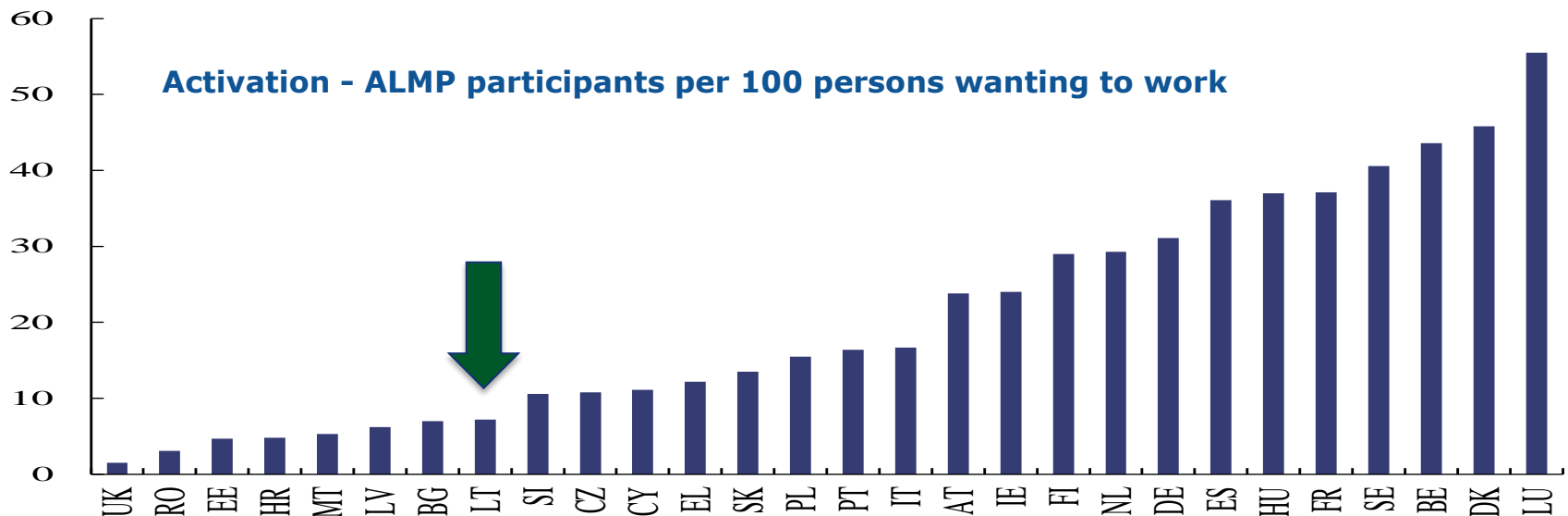
Population (1 January)



- *Sluggish private investment*

Ample room for sustained convergence in the future

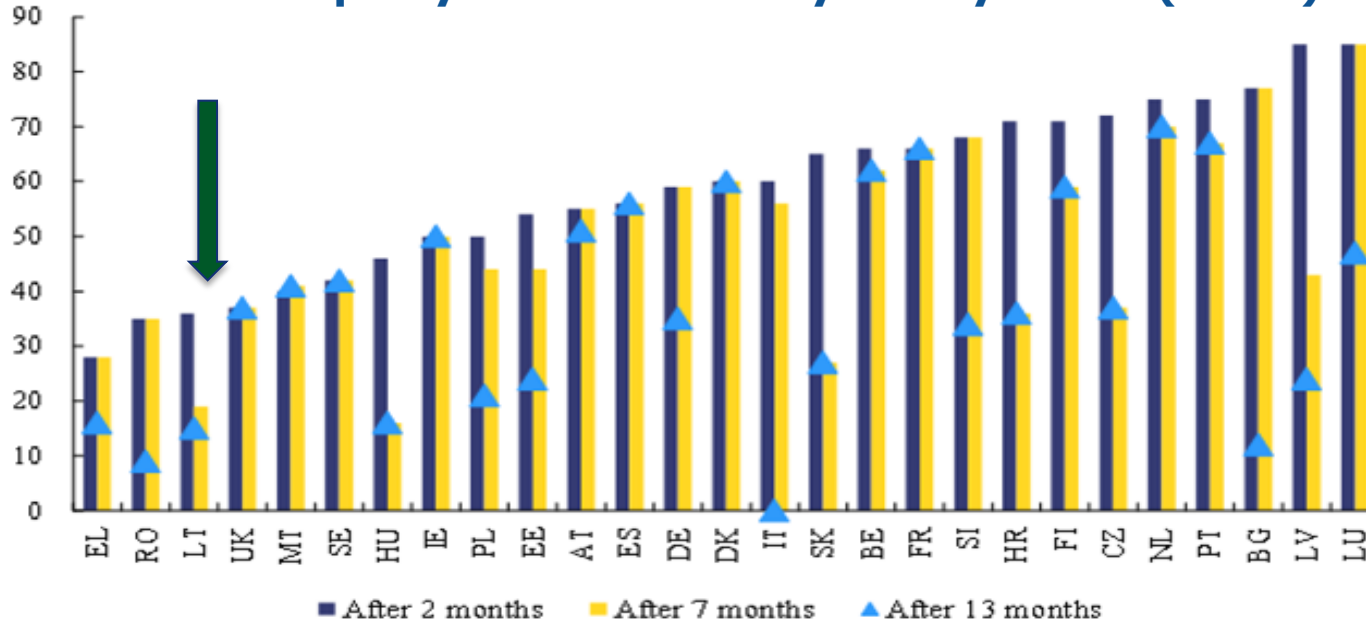
- labour force: Need a broad-based strengthening of investment in human capital: despite high education levels, skills do not always match labour market needs, very long term unemployment remains, still high Youth Unemployment*



Ample room for sustained convergence in the future (2)

- Poverty and social exclusion, income inequalities remain among the highest in the EU*

Adequacy of social safety net systems (2014)



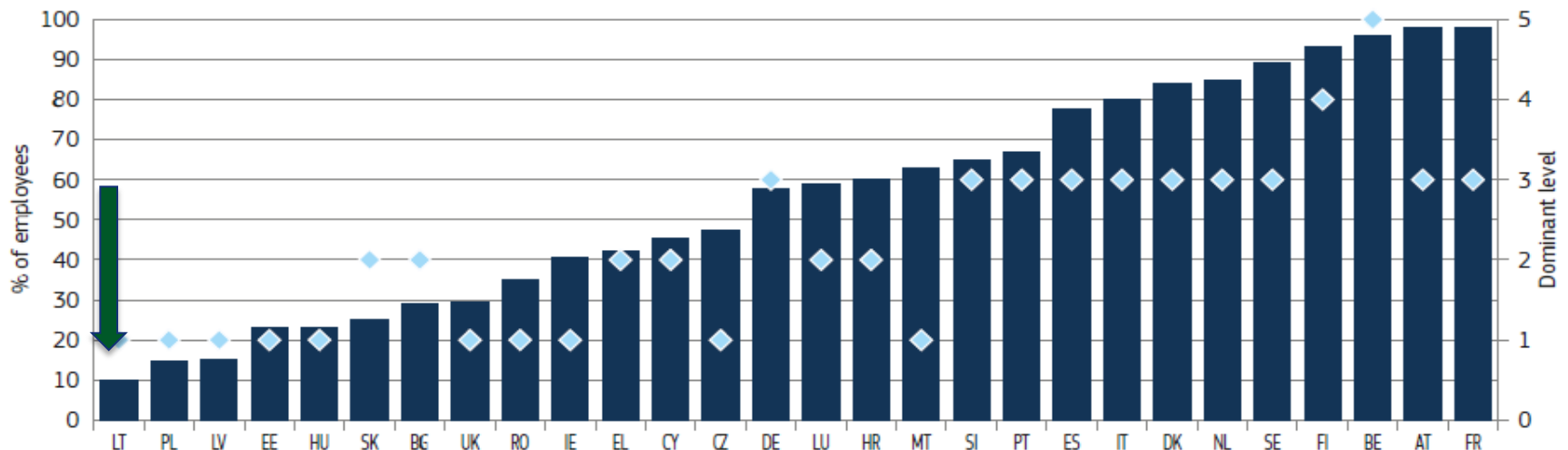


Europäische
Kommission

Ample room for sustained convergence in the future (3)

- *Weak social dialogue mechanisms*

Chart 4: Collective bargaining coverage rate and dominant level of bargaining



Source: ICTWSS database (Visser, 2015).

Notes: Collective bargaining coverage represents the share of employees covered by collective (wage) bargaining agreements (excluding sectors or occupations that do not have the right to bargain).

Dominant level of bargaining: 5 = bargaining predominantly takes place at central or cross-industry level and there are centrally determined binding norms or ceilings to be respected by agreements negotiated at lower levels; 4 = intermediate or alternating between central and industry bargaining; 3 = bargaining predominantly takes place at the sector or industry level; 2 = intermediate or alternating between sector and company bargaining; 1 = bargaining predominantly takes place at the local or company level.

Data years: dominant level: 2014 for all Member States; collective bargaining coverage: 2014 for FI and PT; 2013 for AT, BE, CY, CZ, DE, DK, EL, ES, HU, LV, NL, RO, SE, SI, SK and UK; 2012 for BG, EE, FR, LT, LU, MT and PL; 2010 for IT; 2009 for HR and IE.

Ample room for sustained convergence in the future (4)

- *Some investment bottlenecks are still in place, discouraging private investment*
- *research and innovation: innovation is low, adoption and absorption of new technology has not spread across the economy, fragmented support to innovation*
- *The economy is dependent on energy imports and energy efficiency is low*



2015 Country Specific Recomm. for Lithuania

CSR1: Avoid deviating from the medium-term budgetary objective in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the systemic pension reform. Broaden the tax base and improve tax compliance.

CSR2: Address the challenge of a shrinking working-age population by improving the labour-market relevance of education, increasing attainment in basic skills, and improving the performance of the healthcare system; reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth.

CSR3: Adopt a comprehensive reform of the pension system that also addresses the challenge of achieving pension adequacy. Improve the coverage and adequacy of unemployment benefits and cash social assistance and improve the employability of those looking for work.

2016 Proposal CSRs for Lithuania

CSR1: : Ensure that the deviation from the medium-term budgetary objective is limited to the allowance linked to the systemic pension reform in 2016 and in 2017. **Reduce the tax burden on low-income earners by shifting the tax burden to other sources less detrimental to growth** and improve tax compliance, in particular in the area of VAT.

CSR2: Strengthen investment in human capital and address skills shortages, by **improving the labour market relevance of education**, **raising the quality of teaching** and **pursuing more active labour market policies and adult learning**.

Strengthen the role of social dialogue mechanisms.

Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and health promotion.

Improve the coverage and adequacy of unemployment benefits and social assistance.

CSR3: Take measures to strengthen productivity and improve the adoption and absorption of new technology across the economy. Improve the coordination of innovation policies and encourage private investment, *inter alia* by developing alternative means of financing.

Consequences for the OP?

- *Investment in Human capital: Education, More (effective, targeted) Active labour market measures and adult learning*
- *Healthcare measures*
- *Reinforce social dialogue (capacity of social partners, ...)*
- *Fight against poverty*
- *innovation, encourage private investment in R&I*

The European Pillar of Social Rights

A blue-tinted portrait of President Juncker, wearing glasses and a suit, looking slightly to the right. The background is blurred, showing what appears to be a large hall or auditorium.

**PRESIDENT JUNCKER,
STATE OF THE UNION ADDRESS,
9 SEPTEMBER 2015**

*"We have to step up the work for a **fair and truly pan-European labour market** (...). As part of these efforts, I will want to develop a **European Pillar of Social Rights**,*

*which takes account of the **changing realities of Europe's societies and the world of work**. And which can serve as a **compass for the renewed convergence within the euro area...**"*



European
Commission

BACKGROUND TO THE PILLAR OF SOCIAL RIGHTS

- the **far-reaching consequences of the crisis**
- a **changing world of work**
- accentuating **demographic trends**
- very **different performances** within the euro area



DOCUMENTS FOR THE CONSULTATION

- A Communication on "why", "what" and "how"
- A preliminary outline of the Pillar
- A background document on key economic, employment and social challenges
- A background document on the EU legal "acquis"
- Background fiches on each domain covered by the draft Pillar

<http://ec.europa.eu/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights>

European Pillar of Social Rights

- *The European Pillar of Social Rights will set out a number of essential principles to support well-functioning and fair labour markets and welfare systems within the euro area.*
- *The outline for the Pillar is structured around 3 headings:*
 - ✓ *Equal opportunities and access to the labour market*
 - ✓ *Fair Working Conditions*
 - ✓ *Adequate and Sustainable Social Protection*



Read more, connect, contribute

<http://ec.europa.eu/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights>

- Public consultation on the Social Pillar until 31 December 2016 (10 specific questions on employment, social rights at work and social rights in society)
- Work with EU social partners, the EU Social and Economic Committee, NGOs, academia and Member States until the end of the year
- European conference by end 2016; proposal for the 2017 White Paper on EMU

Thank you for your attention