Further Socializing the European Semester: Moving Forward for the ‘Social Triple A’?

Bart Vanhercke
and Jonathan Zeitlin
with Astrid Zwinkels

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Executive Summary (1)

This Report produced for the Luxembourg Presidency of the Council of the European Union (EU) focuses on the social dimension of the European Semester. In a previous study we analysed the evolution of the social dimension of the European Semester from 2011 through 2014. We concluded that over this period, a partial but progressive ‘socialization’ of the European Semester had taken place, both at the level of substantive policy orientations and at the level of governance procedures. This Report reviews developments in the 2015 European Semester and provides recommendations about ways of further strengthening its social dimension, including as regards broader social stakeholder participation. We also discuss recent more ambitious proposals for restructuring the European Semester.

‘Streamlining’ the European Semester: Innovations in the 2015 Cycle

The new Juncker Commission introduced a series of significant procedural innovations to the 2015 European Semester. The new Commission ‘streamlined’ the Semester process by integrating two key documents – the In-Depth Reports prepared as part of the Macroeconomic Imbalances Procedure and the Staff Working Documents supporting the Country-specific Recommendations (CSRs) – into single Country Reports. The Commission also released both the Country Reports and CSRs earlier in the Semester cycle, leaving more time for review and debate within the EU committees as well as with national and European policymakers.

The most fundamental change was the Juncker Commission’s decision to reduce drastically the number and scope of the CSRs, focusing on key priority issues identified as actionable and monitorable within a 12-18 month timescale. In most but not all cases, this new generation of CSRs focused more on the ‘what’ of reform challenges and outcomes rather than the ‘how’ specific policy measures to meet them.

Substantive Policy Content: A Less Social Semester?

Did the EU’s social and employment policy objectives figure more or less prominently in the 2015 Semester than in preceding cycles? The Annual Growth Survey (AGS) 2015 no longer considers ‘tackling unemployment and the social consequences of the crisis’ as an overarching priority, but does refer to a range of social and employment issues in its second pillar on ‘a renewed commitment to structural reforms’. Compared to 2014, the number of CSRs addressed to Member States on social and employment policy declined substantially. This was primarily a consequence of the policy decision by the Juncker Commission to significantly reduce the total volume of recommendations. Considered in relative rather than absolute terms, however, there was no clear decline in the proportion of socially oriented CSRs. A striking feature of the 2015 CSRs is their more integrated character, whereby social objectives and concerns were ‘mainstreamed’ into recommendations formally focused on other issues, such as labour market policy, education, and

1. Referring to this report:
taxation. It remains nonetheless true that the linkages between social inclusion and employability received considerably stronger emphasis than in previous years. In addition, the overwhelming majority of CSRs concerning poverty and social exclusion were addressed to central and Eastern Europe Member States. The Europe 2020 targets did not figure explicitly in the recommendations.

**Governance Processes and Procedures: The Role of the Social and Employment Actors**

The Directorate-General for Employment and Social Affairs (DG EMPL) plays an increasingly important role in both the cross-DG expert teams preparing the country analyses and the Core Group responsible for drafting the recommendations themselves. In 2015 DG EMPL was charged with drafting the chapter on social and employment policy in the new Country Reports coordinated by the DG for Economic and Financial Affairs. The revised timetable gave the Employment and Social Protection Committees more time to discuss and review both the Commission’s Country Reports and the CSRs themselves. Compared to previous years, there was better cooperation between the various committees involved in the Semester process.

A number of problematic issues related to the streamlining process nonetheless emerged. One key concern is the increased proportion of social and employment CSRs that are being linked to the Stability and Growth Pact (SGP) and the MIP. A growing number of structural reform issues are also being included in fiscal CSRs falling under the SGP. A second problematic issue concerns the organization of ‘Jumbo’ meetings between the Employment, Social Policy, Health and Consumer Affairs (EPSCO) and Economic and Financial Affairs (ECOFIN) Council formations for joint review of the CSRs. The complexity of the voting rules and the high threshold needed to reach a ‘reinforced qualified majority’ for amending the CSRs undercut the consistency – and thus also the legitimacy – of the review process.

Neither the EU-level social partners nor civil society organizations played a significant role in the European Semester under the previous Commission, either at the EU or Member State level. Both the Juncker Commission and the EPSCO Council have formally sought to strengthen the role of social and civil dialogue within the 2015 European Semester cycle. Crucial in such initiatives are the European Semester Officers, though the emphasis they place on engaging stakeholders appears to vary widely across Member States. But it remains unclear whether this new ‘openness’ from the Commission’s side to social stakeholders made a real difference to the working of the 2015 Semester.

**National Ownership and Deliberation**

A key objective behind the ‘streamlining’ of the European Semester was to increase national ‘ownership’ of recommended reforms and thereby improve their implementation. Our research confirms that these changes have been broadly welcomed by the Member States. Furthermore there is wide agreement that the quality and accuracy of the analysis in the Commission’s Country Reports was much higher than in previous years.

One consequence of the dramatic reduction in the number and scope of the CSRs, however, was that many significant policy challenges did not figure in the recommendations themselves. The
selection among these issues was more self-consciously ‘political’, focusing on assessments of the ‘macroeconomic and social relevance’, actionability, and monitorability of the recommendations. As a result, however, the selection of CSRs also appeared less transparent and more discontinuous than in previous years. The Commission also appears to have been less prepared than in previous years to accept compromise formulations for the CSRs emerging from the committee review process. Thus the CSR amendment process also appears to have been more politicized and less deliberative than in previous years, with the outcome depending more on lobbying and coalitional voting than on the quality of evidence and arguments presented.

**Beyond the CSRs: Monitoring and Reviewing Progress towards EU Social Objectives**

The streamlining of the European Semester creates major challenges for the practices of multilateral surveillance, peer review, and monitoring of progress towards EU social and employment policy objectives. Were the Employment Committee (EMCO) and the Social Protection Committee (SPC) to confine their contribution to the European Semester to multilateral surveillance of the implementation of the new streamlined CSRs, this would represent a very significant loss of collective institutional capacity to monitor national reform challenges and foster progress towards common EU social and employment objectives.

It is therefore essential to combine the sharper focus of the streamlined European Semester with more continuous and comprehensive monitoring, multilateral surveillance, and peer review of national progress towards common EU social and employment policy objectives by the SPC and EMCO. Both committees should also continue to focus attention on common emerging challenges identified through their monitoring instruments, as well as the EU Key Social and Employment Indicators Scoreboard, as the SPC already does with the ‘trends to watch’ in its Social Protection Performance Monitor.

**The Future of the European Semester**

The ‘Five Presidents’ Report’ of June 2015 proposed using a stronger and more integrated European Semester to promote convergence of economic, social, and employment performance among euro area Member States. Following up on this initiative, the Commission proposed a series of specific measures in October 2015. These concern the timetable of the Semester (e.g. clarifying the relationship between the euro area and national dimensions; calling for more forward-looking NRPs) and enhancing the focus on employment and social performance within the MIP (three employment indicators have been moved to the headline indicators of the early warning Scoreboard). Undoubtedly the most ambitious but least developed of the Commission’s current proposals to reinforce the social and employment dimension of the Semester is the ‘European pillar of social rights’, which would consist of two components: modernizing existing legislation and developing employment and social benchmarks in order to foster upwards convergence.

The future of the European Semester, including its social dimension, remains open. But for now, it seems fair to conclude that the European Semester has never been more social, both in terms of its substantive policy orientations and of its governance procedures. At the same time, however, there is still considerable room for further improvement.
Headline recommendations (2)

1. **CSRs on social and employment policy issues should not be overly prescriptive.** They should focus on reform challenges and outcomes rather than specifying the policy measures that Member States should adopt to meet them. CSRs should leave sufficient political space for Member States to find their own contextually appropriate path to major reforms in consultation with domestic stakeholders.

2. **The criteria for including social and employment policy recommendations under the MIP and the SGP should be clarified and made more transparent.** CSRs on these issues should take full account of the EU’s social objectives and values. CSRs on overlapping policy issues should be jointly reviewed and adopted by the committees advising the EPSCO and ECOFIN Councils, irrespective of their legal basis.

3. **The final review process for the amendment and adoption of the CSRs should be conducted more transparently and deliberatively.** Sufficient time should be devoted to the joint EPSCO-ECOFIN meeting to allow proper debate and considered decisions on contested amendments. The Commission should be more prepared to accept amendments justified by the evidence of multilateral surveillance.

4. **The SPC and EMCO should continue to monitor and review the full range of EU social and employment policy commitments and objectives**, as well as the broad set of national challenges identified in the Commission Country Reports and NRPs. The SPC and EMCO should continue to monitor and discuss national progress in addressing reform challenges flagged by earlier CSRs, as well as common emerging issues identified through their monitoring instruments.

5. **The results of this expanded monitoring and review process within the SPC and EMCO should be fed into the broader EU policy debate** through the key messages of the Joint Employment Report, which should therefore be renamed the Joint Employment and Social Report. These key messages should be discussed by the EPSCO Council, and should inform debate on the next year’s Annual Growth Survey.

6. **The participation of social stakeholders in the European Semester should be significantly enhanced, notably at the national level.** The Commission and the Council should provide stronger guidance to Member States in this respect. Member States should be asked to report in their NRPs on how this participation has been organized, while the European Semester Officers should receive consistent instructions on how to reach out to social stakeholders.

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2. The full version of these Recommendations can be found on page 26.
Introduction

This Report focuses on the social dimension of the ‘European Semester’, introduced by the European Union (EU) in 2010-2011 as a new institutional architecture for socio-economic policy coordination in response to the euro crisis. In this architecture, the Commission, the Council, and the European Council set priorities for the Union through the Annual Growth Survey (AGS), review national progress towards them – based on Commission Country Reports and National Reform Programmes (NRPs) – and issue Country-specific Recommendations (CSRs) to Member States, backed up in some cases by the possibility of financial sanctions. The European Semester brings together within a single annual cycle a wide range of EU governance instruments with different legal bases and sanctioning authority, from the Stability and Growth Pact (SGP), the Macroeconomic Imbalances Procedure (MIP), and the Fiscal Treaty to the Europe 2020 Strategy and the Integrated Economic and Employment Policy guidelines. This process has given the EU institutions a more visible and intrusive role than ever before in scrutinizing national economic, fiscal, and social policies, especially but by no means exclusively within the Eurozone.

In a previous study (Zeitlin and Vanhercke 2014; 2015), we analysed the evolution of the social dimension of the European Semester from 2011 through 2014, based on extensive interviews with high-level policy makers and review of EU policy documents (both published and unpublished). We concluded that over this period, a partial but progressive ‘socialization’ of the European Semester has taken place. This shift was visible at the level of substantive policy orientations, in terms of a growing emphasis on social objectives in the AGS and especially the CSRs. The latter expanded considerably from year to year in social scope and ambition, placing increasing stress on the need for Member States to ensure the adequacy, accessibility, and effectiveness of their social security, pension and healthcare systems; to combat poverty and social exclusion on a variety of dimensions; and to improve their education, training, and activation services – even if the growing volume and coverage of these social CSRs was still counterbalanced by other imperative recommendations on fiscal consolidation.

The progressive socialization of the European Semester was equally visible at the level of governance procedures, in terms of an enhanced role for EU social and employment policy actors – especially the Employment Committee (EMCO) and Social Protection Committee (SPC) which advise the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council – in monitoring, reviewing, and amending the CSRs. Jurisdictional struggles continued with EU economic policy actors about overlapping issues, especially those linked to the SGP and MIP, which fall under the formal responsibility of the Economic and Financial Affairs (ECOFIN) Council. But revisions to the procedural framework of the European Semester, coupled with the detailed knowledge of the social and employment situation in the Member States built up through intensified monitoring, mutual surveillance, and peer review, made it possible for EMCO and the SPC to feed their views into the process at key moments. These developments also enabled the EPSCO committees to obtain amendments of the Commission’s draft CSRs on both larger and
smaller issues – provided that they worked together and argued their case effectively in joint meetings with their counterparts on the ECOFIN side.

We were asked in this report to review developments in the 2015 European Semester and to suggest ways of further strengthening its social dimension, as a means of contributing to the achievement of the Union’s broader social objectives and moving forward towards the ‘social Triple A’ goal enunciated by Commission President Juncker. Given the significant changes introduced by the Juncker Commission to both the focus and procedures of the European Semester, we concentrate in this report on analysing the experience of the 2015 cycle, together with its implications for the social dimension of EU policy coordination and the role of social and employment policy actors within it, including social partners and civil society stakeholders. In the final sections of this report, we discuss more ambitious future proposals for restructuring the European Semester, such as those advanced in the ‘Five Presidents’ Report’ (Juncker et al. 2015) and the Annual Growth Survey 2016, which effectively launched the new cycle of the Semester (European Commission, 2015c). We also advance more detailed practical recommendations for strengthening its social dimension, including as regards broader stakeholder participation, in both the short and longer term.

1. ‘Streamlining’ the European Semester: Innovations in the 2015 Cycle

The new Juncker Commission, which took office in November 2014, introduced a series of significant procedural innovations to the 2015 European Semester. Building on plans initiated by its predecessor and responding to Member State demands, the new Commission sought to ‘streamline’ the Semester process by integrating the In-Depth Reviews (IDRs) prepared as part of the MIP with the Staff Working Documents supporting the CSRs into a single Country Report, setting out its analysis of the main national reform challenges and measures taken to address them. These Country Reports were the subject of intensive bilateral discussions with Member States both before and after publication, giving the latter an opportunity to challenge and in some cases correct the Commission’s assessment. The Commission also released both the Country Reports and CSRs earlier in the Semester cycle (in February and May respectively), in order to leave more time for review and debate within the EU committees, as well as for better coordination of views across national delegations, which had been a major source of tension between social and economic policy actors in previous years (for the revised Semester timetable, see Figure in annex, p. 32). But the most fundamental change was the Juncker Commission’s own decision to reduce drastically the number and scope of the CSRs, focusing on ‘key priority issues of macro-economic and social relevance’ identified as actionable (including in domestic political
In most cases, this new generation of CSRs focused more on challenges and outcomes than on specific policy measures: ‘the what rather than the how’, as one high Commission official put it. Countries further advanced in the Excessive Deficit and Imbalances Procedures (4) tended, however, to receive more numerous, detailed, and prescriptive recommendations (European Commission 2014b; 2015a; 2015b: 3; interviews 2015).

In the sections that follow, we review the practical working of these procedural innovations in the 2015 cycle and examine their consequences for the social dimension of the European Semester, in terms both of substantive policy content and the role of social and employment actors in the governance process. We also consider the implications of the revised Semester process for national ownership and deliberation over policy challenges and reforms between the Commission and the Member States, as well as for multilateral surveillance, monitoring, and peer review of progress towards common European social and employment objectives within the committees advising the EPSCO Council. As with our previous report, these findings are based on more than 20 in-depth interviews with high-level policy makers within the EU institutions and Member States (Commission, Council, advisory Committees, European Parliament) as well as social stakeholders (social partners and European NGOs) concerned with economic, social, and employment issues (5). These were supported by detailed content analysis of both published and unpublished EU documents (including the CSRs and their recitals) (6).

3. The Commission also chose largely to exclude from the 2015 CSRs a series of issues covered by other sectoral policy processes, such as those concerned with energy, environment, research, innovation, and the single market (European Commission 2015a: 10).

4. In 2015, the following Member States were deemed by the Commission to be experiencing imbalances ‘which require decisive policy action’ under the MIP: IE, ES, SI (level 4); BG, FR, HR, IT, PT (level 5): see http://ec.europa.eu/economy_finance/economic_governance/macroeconomic_imbalance_procedure/mip_reports/index_en.htm

5. Our study is confined to participation of social stakeholders (i.e. social partners and civil society) and does not discuss the role of the European or national Parliaments in the Semester. At present, the role of the European Parliament in the Semester is strictly limited: the institution issues regular reports and Opinions on the key stages of the Semester (e.g. on the employment and social aspects of the AGS) and the implementation of the priorities. The European and national Parliaments engage in an ‘Interparliamentary Meeting’ about the Semester, and there are regular exchanges with the European Commission, notably prior to the presentation of the AGS. In its Communication On Steps towards Completing Economic and Monetary Union, the European Commission (2015b: 14-15) underlines the need to strengthen parliamentary oversight as part of the European Semester. The latter also includes national parliaments, which as a rule ‘should be closely involved in the adoption of the National Reform and Stability programmes’. It would seem that so far national parliaments – and especially their Employment and Social Affairs Committees – in many Member States have only been remotely been involved in the different stages of the Semester, even if in the 2015 cycle some of the European Semester Officers have made regular contact with them.

6. Taken together these qualitative sources allowed us to carefully check the results of our research through triangulation: any claims made by respondents have been confronted, first, with the views of other interviewees and, second, with as many available written sources as possible.
2. Substantive Policy Content: A Less Social Semester?

In his October 2014 speech to the European Parliament where President-elect Juncker set out his ambition for the EU to achieve a 'Social Triple A' standing, he clearly stated that the European Semester is not just an economic and financial process, but must necessarily take into account the social dimension of Economic and Monetary Union, including in the CSRs (Juncker 2015). It might therefore have been expected that social and employment policy objectives – including the Europe 2020 targets – would figure more prominently in the 2015 Semester than in preceding cycles, as urged among others by the European Parliament (European Parliament 2015a).

In the Annual Growth Survey 2015, unlike its predecessors for 2012-2014, ‘tackling unemployment and the social consequences of the crisis’ did not figure explicitly among the three overarching priorities proposed by the Commission for the Union’s economic and social policies. But the second ‘pillar’ of the 2015 AGS, ‘a renewed commitment to structural reforms’, emphasized the need for measures by Member States aimed at ‘improving the dynamics in labour markets and tackling the high level of unemployment’; ‘pension reforms...to ensure both sustainability and adequacy’; and ‘modernising social protection systems’ to ‘be efficient and adequate at all stages of a person’s life’, through simplification and better targeting, ‘complemented by affordable quality childcare and education, prevention of early school leaving, training and job assistance, housing support and accessible health care’ (European Commission 2014b: 10-13).

The Commission’s Communication on the 2015 CSRs included ‘improving employment policy and social protection’ among their four key objectives, alongside ‘removing barriers to financing and supporting investment’, ‘improving the business environment and productivity’, and ‘adapting public finances to make them more supportive to growth’ (European Commission 2015a). But compared to 2014, the number of CSRs addressed to Member States on social and employment policy declined substantially. Using the Commission’s own classification scheme (which differs between the two years), this decline in the number of recommendations was particularly evident in the fields of poverty and social inclusion (from 12 to 6 Member States), education and skills (from 25 to 13), and healthcare systems (from 16 to 11, including a sharper fall for long-term care from 7 to 2) (7). Within the employment field, the reduction in the number of CSRs on personalized activation policy, modernization of public employment services, and implementation of the youth guarantee scheme was also noteworthy (European Commission 2014a: Annex 1; European Commission 2015a: Annex 1; Social Protection Committee 2015a).

This fall in the volume of socially orientated recommendations was greeted with dismay by social policy actors, including not only EU civil society organizations such as the Social Platform (2015)

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7. A detailed coding of the CSRs furthermore points to a significant difference between the issue areas covered: whereas the number of CSRs per country on themes such as ‘public finance’ ranges between one and seven, the maximum number of CSRs a country received on poverty and social inclusion is one.
and the European Anti-Poverty Network (2015a), but also the SPC, which ‘note[d] with concern the decrease in the number of explicit poverty reduction CSRs...despite the increases in the risk and depth of poverty observed in more than one-third of Member States’. The SPC also expressed concern about the primary focus of pension and healthcare CSRs on financial sustainability and cost-effectiveness, together with their limited explicit attention to adequacy, quality, and accessibility, though this was not a new trend relative to previous years (Social Protection Committee 2015a).

The decline in the quantity of socially orientated CSRs, as many of our interviewees emphasized, was first and foremost a consequence of the policy decision by the Juncker Commission significantly to reduce the total volume of recommendations and focus their content more sharply, which also entailed cutting down their length and the number of subsidiary points covered within them. Compared to 2014, the total number of CSRs addressed to the Member States in 2015 fell by 27% (from 142 to 108), while the overall volume of text of the CSR’s (which can be taken as an indicator of their detailed content) was cut by 36% (own calculations based on Council of the EU 2014; 2015; European Parliament 2015b).

Considered in relative rather than absolute terms, however, it is not clear that there has been any decline in the proportion of socially oriented CSRs. Employment issues, as EMCO itself noted, ‘remain perhaps the most prominent element’ of the 2015 CSRs (Employment Committee 2015a). Despite using a narrow definition of the social field which excludes health and long-term care, a recent study by the European Trade Union Institute (ETUI) concludes that 50% of the 2015 CSRs were directed to this field, a higher proportion than in previous years (Clauwaert 2015: 10-14).

Looking beneath the surface, moreover, a striking feature of the 2015 CSRs, as a number of our Commission interviewees argued, was their more integrated character, whereby social objectives and concerns were ‘mainstreamed’ into recommendations formally focused on other issues, such as labour market policy, education, and taxation. Thus for example, while only 6 CSRs were coded as addressing poverty and social inclusion in the Commission’s overview table, a further 6 Member States received recommendations to improve the educational participation and achievement of disadvantaged groups, with particular emphasis on Roma inclusion. Among the CSRs ostensibly directed at labour market issues, 5 urged Member States to improve the availability, quality, and affordability of childcare services, while a number of others addressed broader social equity concerns such as reducing the gender pay gap, facilitating the transition from mini-jobs to other forms of employment, tackling in-work poverty, and decreasing taxation on low-wage earners. Four Member States also received recommendations to improve the adequacy, quality and accessibility of their pension or healthcare systems, more than in any previous year. Figure 2 in the Annex (p. 33) reworks the Commission’s overview table to take account of these ‘hidden’ social CSRs, adding in the social dimension of CSRs primarily coded as directed to other topics. The ‘Key to Figure 2’ in the Annex (p. 34) provides the detailed list of CSRs that are referred to in the table.
If the relative decline in the proportion of socially orientated CSRs on closer examination seems more apparent than real, it remains nonetheless true that the linkages between social inclusion and employability received stronger emphasis than in previous years. The overwhelming majority of CSRs concerning poverty and social exclusion in 2015 were addressed to the Member States of central and eastern Europe – where the absolute problems are arguably greatest. This is in contrast to previous years, when a larger number of EU-15 Member States, especially in southern Europe, also received recommendations on these issues. Although the Commission’s Communication on the 2015 CSRs contained a table on Member State performance in relation to the Europe 2020 targets, including those for employment, education, and reduction of poverty and social exclusion, which were also discussed at greater length in the individual Country Reports, these did not figure explicitly in the recommendations, despite repeated requests from the European Parliament and EU social stakeholders to do so. Nor was there any direct reference in the AGS and the CSRs to the 2013 Social Investment package, although ‘boosting investment’ more generally figured among the Juncker Commission’s top priorities and a number of recommendations called for improvements in childcare, education, training, and activation services by individual Member States.


While the ‘streamlining’ reforms of the 2015 European Semester do not appear to have reversed earlier trends towards the ‘socialization’ of its substantive content, what of their impact on the role of social and employment policy actors in its governance processes and procedures? Under the second Barroso Commission, as our previous research found, the production of the CSRs had become an increasingly collaborative process, in which the Directorate-General (DG) for Employment and Social Affairs (DG EMPL) played a key role alongside the DG for Economic and Financial Affairs (ECFIN) and the Secretariat-General (SECGEN) in both the cross-DG expert teams preparing the country analyses and the Core Group responsible for drafting the recommendations themselves. In 2015, this process was carried a step further, as DG EMPL was charged with drafting the chapter on social and employment policy in the new Country Reports coordinated by DG ECFIN; these Country Reports incorporated the MIP In-Depth Reviews that had previously been written by ECFIN alone. DG EMPL also played an even more prominent part than in previous years within the Core Group drafting the CSRs themselves, as one of two line DGs (alongside ECFIN) working under SECGEN’s lead. In so doing, DG EMPL could draw on a very substantial body of in-house policy and country-level expertise built up over the preceding years. This includes key units on Labour Market Policy and Training and Skills transferred by the Juncker Commission from DGs ECFIN and Education and Culture (EAC) respectively. DG EMPL could also draw on specialized inputs from other DGs on issues such as education and healthcare and the results of the multilateral surveillance conducted by EMCO and the SPC, in which it participates. In the field of healthcare, DG SANTE contributes both to the Country Reports and draft CSRs, drawing on
detailed country knowledge that it has built up in recent years as well as an indicator-based analytical tool for assessing the performance of national systems.

As regards the role of the Employment and Social Protection Committees, the streamlined procedures of 2015 Semester appear to have worked relatively smoothly. The revised timetable gave these committees more time to discuss and review both the Commission’s Country Reports and the CSRs themselves, enriching the process of multilateral surveillance and contributing to the formation of internal consensus on proposed reforms. Compared to previous years, there was better cooperation between the various committees involved in the Semester process, both between EMCO and the SPC, and between the SPC and the committees advising the ECOFIN Council: the Economic and Financial Committee (EFC) and the Economic Policy Committee (EPC). The SPC for the first time was officially recognized as a full participant in the ‘Jumbo’ EPSCO-ECOFIN meeting at which joint decisions were taken on amendments to the CSRs on overlapping issues (previously known as the EMCO-EPC meeting). The SPC Chair was also formally invited to present the committee’s views, notably on pension and healthcare issues, to a meeting of the EFC-Alternates, which is responsible for reviewing CSRs linked to the Stability and Growth Pact.

If the revised timetable and procedures of the 2015 Semester seem to have had a broadly positive impact on the role of EU social and employment policy actors in drafting and reviewing the CSRs, a number of problematic issues related to the streamlining process nonetheless emerged. One of these concerns the increased proportion of CSRs linked to the SGP and MIP on social and employment issues that fall within the primary competence of the EPSCO Council and its advisory committees. Despite the improved arrangements for joint review and consultation with the ECOFIN advisory committees, both the EMCO and SPC horizontal opinions on the 2015 Semester vigorously argue that the scope of recommendations issued under the MIP was drawn too widely to encompass labour market and social protection issues where the Commission did not establish a direct and immediate linkage to macroeconomic imbalances. Both EPSCO committees likewise strongly objected to the growing number of structural reform issues included in fiscal CSRs falling under the SGP, where the ECOFIN Council takes the lead and the EFC (unlike the EPC in the case of the MIP) refuses to meet jointly with the EPSCO committees to review them. At issue here is not only the competence of the EPSCO Council to take decisions on social and employment issues, which is important ‘in order to support coherence, ownership and implementation’, as the SPC puts it, but also the technical expertise of its advisory committees, built up through the multilateral surveillance process, which is vital to ensure that CSRs on complex issues like pensions are properly calibrated to the specificities of national systems and reform challenges in individual Member States (Employment Committee 2015a; Social Protection Committee 2015a).

Another problematic issue associated with the streamlining process concerns the organization of the ‘Jumbo’ EPSCO-ECOFIN meeting for joint review of the CSRs. Both the size of this meeting (involving some 150-200 people, including Commission officials and Member State representatives) and its compressed timetable (two part days) are not conducive to effective deliberation on
contested issues. This structural problem was exacerbated in 2015 by the Commission’s decision to address a variety of additional issues and concerns, as well as Member States’ progress in addressing previous CSRs, in the recitals introducing the text of recommendations. Although there were fewer proposed amendments to the CSRs themselves, both because of their reduced number and the intensified bilateral dialogue with Member States around the Country Reports, much of the debate at this meeting therefore revolved around proposed amendments to these recitals, which were regarded (rightly or wrongly) by Member States as quasi-CSRs, which might become full recommendations in future years. The ensuing time pressure meant not only that some issues had to be resolved through a written procedure after the meeting itself, but more importantly that the voting process on contested amendments was extremely rushed and confusing to many participants. Given the large number of points to be considered, the confusion resulting from the complexity of the voting rules, and the high threshold needed to reach a ‘reinforced qualified majority’ for amending the Commission’s proposals (between 19 and 21 Member States, depending on the voting procedure applied) (8), the result was that some countries in similar situations obtained different results on the same issues, which undercuts the consistency – and thus also the legitimacy – of the review process.

Despite these problems with the streamlined procedures and the reduced number of CSRs, Member States managed to obtain a roughly similar proportion of contested amendments on social and employment policy issues as in previous years. Thus in 2015, social and employment issues accounted for 6 of 9 successful amendments opposed by the Commission, compared to 10 of 11 in 2014, 10 of 14 in 2013, and 8 of 11 in 2012 (own calculations from Council of the EU 2012, 2013, 2014 and 2015) (9). In two of these cases (IT and FI), the CSRs were amended to recognize explicitly the autonomous role of the social partners in wage bargaining (10). The main change from previous years was that only one of three countries receiving a CSR to align the statutory retirement age with life expectancy was able to obtain an amendment giving it greater flexibility in finding ways to prolong working lives and increase the effective age of retirement (MT), while two others (AT and LU) narrowly failed to reach a reinforced qualified majority. The crucial issue here, as the SPC noted in its opinion on the 2015 Semester, is not whether ‘aligning pensionable age with life expectancy is a valid horizontal orientation for reforms’, but rather whether Member States should be allowed to develop their own nationally ‘appropriate mix of policy options [...] for increasing the effective retirement age and adapting their pension systems to the changing demographic and economic conditions’ (SPC Social Protection Committee 2015a).

8. In a transitional period, running until 2017, Member States can request to have their amendments considered under the Council voting rules in force prior to the Nice Treaty, which require a lower threshold to revise Commission proposals. According to our interviewees, not all Member States were aware of this option during the final review meeting.

9. Using a somewhat different classification scheme, which as mentioned earlier excludes health and long-term care, the ETUI report calculates that 50% of all successful amendments to the 2015 CSRs (both contested and uncontested by the Commission) concerned social issues: see Clauwaert (2015: 15-16).

10. For reasons of length constraints, this report uses official country abbreviations, which are explained in the Annex (p. 36).
While the social and employment policy actors in the Commission and the committees advising the EPSCO Council had already gained enhanced influence within the governance processes and procedures of the European Semester in previous years, the same could not be said of other social stakeholders. As our previous research found (Zeitlin and Vanhercke 2014), neither the EU-level social partners nor civil society organizations played a significant role in the European Semester under the Barroso Commission, as both the Tripartite Social Summit and the European Platform against Poverty were largely decoupled from the EU policy coordination process. At Member State level, participation by social stakeholders in the preparation of the National Reform Programmes likewise remained generally very limited, though a few countries sometimes included autonomous contributions by the social partners as an annex to the main document. Both BUSINESSEUROPE and the European Anti-Poverty Network (EAPN) published annual reviews of the Semester process, focusing on the content and implementation of the CSRs and NRPs, based on regular consultation with their national affiliates (11). In the spring of 2014, a coalition of 15 major civil society organizations and trade unions, coordinated by EAPN, established the ‘EU Semester Alliance’, aimed at supporting ‘progress towards a more democratic, social and sustainable Europe 2020 Strategy, through strengthening civil dialogue engagement in the European Semester at national and EU levels’. This Semester Alliance published its own independent assessment of and proposals for the NRPs and CSRs, as well as a toolkit for stakeholder engagement (http://semesteralliance.net/).

Both the Juncker Commission and the EPSCO Council have actively sought to strengthen the role of social and civil dialogue within the 2015 European Semester. EMCO meets regularly with the EU social partner organizations – the European Trade Union Confederation (ETUC), BUSINESSEUROPE, the European Center of Employers and Enterprises providing Public Services (CEEP), and the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME) – based on a structured cooperation protocol agreed in 2014. EMCO also solicits these organisations’ input on the AGS, the Joint Employment Report (JER), the Social Scoreboard, the NRPs and the CSRs, as well as the working of the Semester more generally (EPSCO Council 2014). Though cooperation remains less formal than with EMCO, both ETUC and BUSINESSEUROPE are also increasingly invited by the SPC to discuss issues of common concern, such as in-work poverty and pension adequacy. The EU social partner organizations likewise meet regularly with the Commission in the framework of the European Social Dialogue Committee, where issues related to the Semester are often discussed, and participate in an ex ante consultation on the AGS, focused more on the underlying analysis than on the determination of EU priorities for the coming year. In the 2015 Semester cycle, EU NGO networks such as the Social Platform and EAPN were invited by the SPC (but not EMCO) and the Commission (including DG ECFIN but not SECGEN) to present their views on the AGS, the NRPs and the CSRs. Beginning with the Italian Presidency in 2014 and continuing under the Luxembourg Presidency in 2015, the Social Platform has also been invited to participate in the informal EPSCO Council on an equal footing with the European social partners.

At Member State level, our interviewees similarly report an increased but uneven effort on the part of the Commission to involve national social partners in the work of the Semester, through consultations on both the Country Reports and the draft CSRs. Crucial in such initiatives are the European Semester Officers, Commission officials based in national capitals, who participate in the preparation of the Country Reports, though the emphasis they place on engaging stakeholders appears to vary widely across Member States. A forthcoming EUROFOUND study of the role of the social partners in the European Semester finds that the Commission ‘has established some kind of contact to discuss past CSRs or debate general issues related to the European Semester in 12 Member States’, in some cases at its own initiative, while in others in response to approaches from the national social partners or governments (EUROFOUND 2015: 50). In some cases, European Semester Officers have also reached out to civil society organizations, notably in countries like Ireland and Denmark, where EAPN has funded national Semester Alliances of NGOs, but also in Portugal. A number of EAPN affiliates report some improvement in their engagement with national administrations around the Semester, whether as part of an on-going structured dialogue process (BE, DK, FR, IE, PL, ES) or more limited opportunities to provide input to the NRPs (SE, NL, DE, PT). Overall, 47% of EAPN affiliates report that anti-poverty NGOs were consulted in the development of the NRPs (EAPN 2015b: 9, 72). In nearly all Member States, according to the above-mentioned EUROFOUND study, national social partners are consulted in some way on the definition and implementation of the NRPs, but their degree of involvement varies widely across countries, with a high level of institutionalization, defined in terms of regular, predictable, and balanced consultations, with sufficient time for discussion, reported in no more than 10 of 22 cases (EUROFOUND 2015: 6-7, 33-64).

Both the social partners and civil society organizations welcomed these efforts by the Commission and the Council to enhance stakeholder engagement at both EU and national level, and appreciated the opportunities this provided to feed their views into the Semester process at key moments. At the same time, however, some of our interviewees on the trade union and civil society side questioned how much difference such increased consultation had made to the substantive content and policy messages of the Semester, emphasizing the continuing gap between ‘merely listening’ and ‘actually hearing – and even possibly heeding’ what social stakeholders had to say (Clauwaert 2015: 17-18). At Member State level, EUROFOUND reports that the views of the social partners had a significant impact on the content of the NRPs in only a few countries (EUROFOUND 2015: 6-7, 38-41), while no national EAPN members reported ‘any clear policy impact from their engagement’ (EAPN 2015b: 72). A significant obstacle to meaningful stakeholder participation in this process has been the declining relevance of the NRPs themselves, which largely remain government reports rather than genuine planning documents in most countries, and are submitted in April after the publication of the Commission’s Country Reports, too late to have much impact on the Semester cycle (EAPN 2015b: 67-74; Economic Policy Committee 2015; Employment Committee 2015a).
All of our interviewees highlighted the unevenness of stakeholder participation in the Semester across Member States as a significant problem, and called for a more consistent approach from the Commission to this issue, both in relation to national governments and to the role of its own European Semester Officers. BUSINESSEUROPE in particular stressed issues of duplication, with affiliates being approached on overlapping issues by European Semester Officers and Commission country missions, and requests for input into the Country Reports at the end of the year clashing with the timing of its own consultation of members on CSR implementation for its annual Reform Barometer published in March. ETUC for its part still struggles to mobilize the country knowledge of its affiliates, and is working with them on a methodology to strengthen its capacity to participate effectively in the Semester process.

4. National Ownership and Deliberation

A key objective behind the ‘streamlining’ of the European Semester, including both its revised timetable and the refocusing of the CSRs, was to increase national ‘ownership’ of recommended reforms and thereby improve their implementation (European Commission 2015a: 3, 10). Our interviewees and EU committee documents together confirm that these changes have been broadly welcomed by the Member States, who particularly appreciated the opportunity to discuss and sometimes correct the Commission’s analysis of national reform challenges and implementation progress in both bilateral and multilateral settings. There was likewise widespread agreement that as a result, the quality and accuracy of the analysis in the Commission’s Country Reports was much higher than in previous years. Member States also largely approved of the sharper focus of the CSRs on a reduced number of key priorities, together with the Commission’s greater emphasis on outcomes (the ‘what’) rather than specific policy measures (the ‘how’) in responding to national challenges. Both EMCO and the SPC complained nonetheless that some CSRs still remained too prescriptive, leaving insufficient political space for Member States to find their own path to major reforms in consultation with social partners and other stakeholders, as in the case of pensions discussed earlier (Employment Committee 2015a; Social Protection Committee 2015a). Some EFC members, by contrast, ‘expressed their concerns on the fewer number and broader formulation of CSRs, which in their view entailed a risk of weakening the CSRs in spite of persisting significant vulnerabilities’ (Economic and Financial Committee 2015).

One consequence of the dramatic reduction in the number and scope of the CSRs was that many significant policy challenges – including ones flagged in the Country Reports and the recitals to the CSRs – did not figure in the recommendations themselves. The selection among these issues, which was decided at the highest levels within the Commission (SECGEN, cabinets, President’s office, College), was more self-consciously ‘political’ than in the past, in line with the broader approach announced by President Juncker himself. As discussed in section 1, the CSRs focused on assessments of the ‘macro-economic and social relevance’, actionability, and monitorability of the recommendations for each Member State. As a result, however, the selection of CSRs also
appeared less transparent and more discontinuous than in previous years, even for many of the officials involved in the process itself, who experienced the new framework as a ‘coordination shock’. Although Member States agreed that the quality of the CSRs themselves was also higher than in previous years, reflecting the intensified dialogue with the Commission around the Country Reports, the analysis of national reform challenges and implementation progress did not always match the conclusions of the multilateral surveillance reviews conducted by EMCO and the SPC, which helps to explain the energy devoted to amending the recitals. Perhaps because of this more ‘political’ approach, the Commission also appears according to some of our interviewees to have been less prepared than in previous years to accept compromise formulations emerging from the committee review process, leading to considerable frustration among the participants on the economic as well as the social and employment side, who complained that they were used in the past to having a ‘dialogue on substance’ rather than Commission representatives being obliged to stick to their ‘mandate’. The result of this approach, combined with the overloaded agenda and tight timetable of the final joint review meeting, was that the CSR amendment process also appears to have been more politicized and less deliberative than in previous years, with the outcome depending more on lobbying (including by Member State permanent representations) and coalitional voting than on the quality of evidence and arguments presented (interviews 2015).

These tensions and glitches in the CSR review process highlight a deeper tension in the Juncker Commission’s approach to the European Semester. On the one hand, the Commission is seeking to promote greater national ownership of the reform process, by engaging in a deeper and more interactive dialogue with Member States about their key challenges, focusing on a smaller number of priority issues, and giving them more scope to determine how to reach the required outcomes. On the other hand, however, the Commission is also seeking in its CSRs to challenge Member States and hold them accountable for reform implementation by demanding specific policy measures that are easy to monitor and follow up. Understandable though these latter concerns may be, they appear to have resulted in recommendations that may still be considered over-prescriptive in some fields (such as pension reform), as well as to an excessive reluctance to accept consensual amendments to the CSRs (which also reflects internal political considerations within the College of Commissioners).

National ownership of proposed reforms depends on deliberation and persuasion about the validity of the analysis behind them, not on the procedural capacity to impose recommendations and block proposed amendments. Hence it is crucial not only that the CSRs leave sufficient political space for Member States to find their own contextually appropriate pathway to major reforms, but also that the review process be conducted more deliberatively. This would mean in turn that the Commission should be more prepared to accept amendments justified by the evidence of multilateral surveillance in the Council advisory committees, without necessarily requiring its position to be overturned by the high threshold of a reinforced qualified majority vote.
5. Beyond the CSRs: Monitoring and Reviewing Progress towards EU Social Objectives

The streamlining of the European Semester, particularly the refocusing of the CSRs on a more restricted set of national reform priorities, which can be expected to vary more from year to year, creates major challenges for the practices of multilateral surveillance, peer review, and monitoring of progress towards EU social and employment policy objectives as these have developed within EMCO and the SPC over the past five years (Zeitlin and Vanhercke 2014). The Commission has emphasized that CSRs issued in previous years remain important, and that it will continue to monitor them through the Country Reports and encourages Member States to take ‘a holistic approach’ in their NRPs. The Commission likewise notes that where reforms are underway but cannot yet be evaluated, it did not issue recommendations this year, but will ‘monitor closely both implementation and outcomes to see whether they deliver as expected’ (European Commission 2015a: 11). For countries subject to specific monitoring under the MIP (levels 4 and 5), the Commission has announced that such monitoring ‘would be more comprehensive, and therefore go beyond the 2015 CSRs’ (Economic and Financial Committee 2015). The CSRs themselves are much narrower in scope than the Integrated Economic and Employment Guidelines, which were extensively amended by the EPSCO Council and its advisory committees, especially the new guideline 8 on ‘Fostering social inclusion, combating poverty and promoting equal opportunities’ (Council of the EU 2015a), and do not directly track the social and employment objectives and targets of the Europe 2020 Strategy.

Were EMCO and the SPC to confine their contribution to the European Semester to multilateral surveillance of the implementation of the new streamlined CSRs, this would represent a very significant loss of collective institutional capacity to monitor national reform challenges and foster progress towards common EU social and employment objectives. Since the onset of the European Semester, both committees have developed broad indicator-based Employment and Social Protection Performance Monitors (EPM and SPPM) for identifying and comparing emerging challenges and outcomes, which they use not only to underpin multilateral surveillance of CSR implementation, but also to support Member States in establishing their reform priorities, identifying good practices, and promoting mutual learning.

This learning dimension has likewise become an increasingly prominent feature of the multilateral surveillance process, especially in the ‘thematic reviews’ of CSRs in different fields, which are framed by cross-national and over-time comparisons of Member State performance. The SPC’s thematic reviews in particular are aimed at stimulating multilateral discussion on how to tackle specific policy challenges identified as common negative ‘trends to watch’ in its performance monitor. They cast weakly performing countries as examiners of their better performing peers, while encouraging them to focus on the identification of policy approaches which could and could not be transferred to meet their own domestic challenges. The thematic reviews are the moment within both committees when the greatest efforts are made to mobilize specialized expertise
across national administrations and the Commission on cross-cutting issues such as healthcare, education, and activation services in order to pose probing questions and stimulate an open policy debate. But even in the case of the country reviews of CSR implementation, which are more routinized and conducted under greater time pressure, interviewees argued that participants learn about what other Member States are doing and draw inspiration and lessons for their own policies, especially when they need to do something novel, as for example in the introduction of a minimum wage in Germany.

Both the SPC and EMCO have also experimented since 2014 with ex ante reviews of projected reforms, where Member States present planned measures before their enactment and receive ‘experience-based feedback’ from other countries ‘who had implemented similar reforms in the past’, together with ‘concrete advice on how to improve the[ir] policy design’, which can then be deepened through EU-funded peer review seminars with national experts and stakeholders. Such ex ante reviews may also inspire other Member States to consider adapting the proposed measures to their own reform challenges, as in the case of the new Italian Jobs Act, whose approach to reducing labour market dualism through a revision of contract types is reportedly being taken up by Poland, which received a CSR in 2015 to address similar issues (Social Protection Committee 2014; Employment Committee 2015b). Increasingly, too, interviewees report that that multilateral surveillance process blurs the distinction between ex post and ex ante review of national reforms, as the committees examine not only the implementation and outcome of existing policies, but also the design and prospective impact of new measures announced by Member State governments in their NRPs (2014-15 interviews).

Participants in this multilateral surveillance and peer review process emphasize that its iterative character has produced a strong learning and consensus-building effect within the committees. One leading SPC figure argued that in some policy fields like pensions and long-term care, Member State representatives in the committee were moving, as a result of the Semester process and the adaptation to it of the working methods of the Open Method of Coordination (OMC), towards ‘a common European view on social issues’, based on a shared knowledge base and understanding of national differences, coupled with broad ‘agreement that when you reform your system, there are certain things you should and should not do’ (Zeitlin and Vanhercke 2014: 58-60).

In order to maintain and build on this collective knowledge base and institutional acquis, it is vital that EMCO and the SPC continue to monitor and review the full range of EU social and employment policy commitments and objectives, including those embodied in the Integrated Guidelines and Europe 2020 targets, as well as the broad set of national challenges identified in the Commission Country Reports and NRPs. This is important not only in relation to these committees’ mandates, which are much broader than the streamlined CSRs, but also for the European Semester itself. Were the committees to confine themselves to reviewing individual CSRs, whose focus will shift from year to year depending on changing political priorities and whether a Member State is deemed to have made sufficient progress by the Commission, their...
capacity to contribute effectively to multilateral surveillance of CSR implementation would be drastically reduced. There is also a risk that Member States will selectively disengage from the review process, concentrating attention only on those issues raised by the Commission’s Country Reports that seem likely to become the subject of a CSR – for example, because they are discussed in the Executive Summary. It is thus essential to combine the sharper focus of the streamlined European Semester with more continuous and comprehensive monitoring, multilateral surveillance, and peer review of national progress towards common EU social and employment policy objectives by the SPC and EMCO.

6. The Future of the European Semester

Since its inception in 2011, the European Semester has become increasingly central to EU socio-economic governance and policy coordination. Over the same period, as our research has shown, there was also a partial but progressive ‘socialization’ of the Semester, in terms both of its substantive policy content and of its governance procedures. The preceding sections demonstrated that this trend largely continued and even expanded in some respects during the 2015 Semester cycle, despite the Juncker Commission’s decision to reduce sharply the number of CSRs and focus them more narrowly on key reform priorities. But what of the future? How sustainable is the socialization of the European Semester, and what are the prospects for its further development in the short and medium-term?

The ‘Five Presidents’ Report’ on Completing Europe’s Economic and Monetary Union (Juncker et al. 2015) has proposed using a stronger and more integrated European Semester to promote convergence of economic, social, and employment performance among euro area Member States, based on ‘common high level standards’ eventually defined in EU legislation, including a ‘social protection floor’. In some areas, this would involve ‘further harmonisation’, while in others, ‘where different policies can lead to similarly good performance’, it would mean ‘finding country-specific solutions’. Progress towards these standards would be monitored and followed up through the CSRs and an expanded version of the MIP. In the first stage of this process, euro area Member States would continue to receive ‘concrete and ambitious’ CSRs focused on priority reforms, especially as regards expected outcomes and timeframe, but would retain ‘a degree of freedom concerning the exact measures to be implemented’, subject to more systematic reporting, peer review, and ‘comply or explain’ requirements. The Eurogroup could play ‘a coordinating role in cross-examining performance, with increased focus on benchmarking and pursuing best practice’, accompanied by a fuller use of the MIP, including in dealing with necessary reforms ‘in countries accumulating large and sustained current account surpluses’ (Juncker et al. 2015: 7-9, 22).

The most ambitious proposals of the Five Presidents’ Report for using the European Semester to promote stronger socio-economic convergence in the euro area will not be taken up until 2017 – assuming that there is sufficient support for them among Member States, which remains far from
evident. But the Commission has proposed a series of specific measures for the first stage of this process in its recent communication *On Steps towards Completing Economic and Monetary Union* (European Commission 2015b), several of which have already begun to be implemented in the newly started 2016 European Semester.

A first set of proposed measures concern the timetable of the Semester, particularly the relationship between the euro area and national dimensions. Here the aim is to organize collective discussions on priorities and recommendations for the euro area as a whole, including the aggregate fiscal stance, before those on individual Member States, ‘so that common challenges are fully reflected in country-specific actions’ (European Commission 2015b: 3-4). This proposal has been incorporated into the 2016 AGS, which was accompanied by early draft CSRs for the euro area (European Commission 2015c; 2015d). In response to the changes introduced in the previous Semester cycle, notably the earlier publication of the Country Reports, the Commission also underlines the need to adapt the role of the NRPs, which ‘should become an instrument for Member States to respond to [its] analysis by presenting forward-looking policy initiatives’ (European Commission 2015b: 3).

A second set of measures concern steps to enhance the focus on employment and social performance within the Semester. Within the MIP, the Commission proposed to increase the emphasis on employment and social issues by moving three indicators (the activity rate, youth unemployment, long-term unemployment) from the auxiliary to the headline indicators of the early warning Scoreboard. The aim of this proposal, which was already implemented in the 2016 Alert Mechanism Report (published on 26 November 2015), is to deepen the analysis of macroeconomic imbalances by better incorporating the social context of adjustment, including the risks to potential growth created by prolonged unemployment and inactivity, without using flashes in these indicators as a trigger for the MIP (European Commission 2015b: 4-5; 2015d: 2-3). The inclusion of these employment indicators in the MIP Scoreboard was opposed by both the ECOFIN and the EPSCO advisory committees for different reasons, including concerns about diluting the focus of the MIP on the one hand and about their fitness for purpose on the other. In light of these concerns, the SPC has constructively proposed that the Scoreboard of Key Employment and Social Indicators, which provides a broader coverage of the social situation in Member States, should be taken into account in analyzing the social context of macroeconomic adjustment alongside the MIP Scoreboard (Economic Policy Committee and Employment Committee 2015; Social Protection Committee 2015b). Beyond these changes to the MIP indicators, the Commission has promised to increase the transparency of the process by publishing an explicit justification of its decisions, including regarding the CSRs linked to the MIP (European Commission 2015b: 9), which could help to address the concerns raised by the EPSCO advisory committees about their overly broad scope discussed earlier.

With similar goals in mind, the Commission urges Member States to involve national social partners more actively in the elaboration and implementation of their NRPs, ‘to strengthen
ownership of the reform process’, and commits its own representatives to consult social partners regularly at key milestones of the Semester, including during the regular country missions. The Commission also undertakes to reinforce the contribution of the EU-level social partners to the Semester process by enhancing the role of the Tripartite Social Summit and Macroeconomic Dialogue (European Commission 2015b: 5). The 2016 AGS casts its net more widely and inclusively, calling for ‘close involvement of the European and national Parliaments, social partners, national, regional and local authorities and the civil society at large’ in achieving the Semester’s priorities of ‘bringing recovery to a sustainable path and reviving the convergence process’ (European Commission 2015c: 4).

Undoubtedly the most ambitious but still least developed of the Commission’s current proposals to reinforce the social and employment dimension of the Semester is the idea of a ‘European pillar of social rights’, ‘which would build on the existing “acquis” and serve as a compass for the overall convergence process’ (European Commission 2015b: 5). According to Mariannë Thyssen, Commissioner for Employment and Social Affairs, this ‘social pillar’ would consist of two components: ‘modernising existing legislation, including by bringing in new laws, if necessary’, and ‘developing employment and social benchmarks’, in order ‘to foster upwards convergence and to limit possible negative spill-overs in the field of employment and social protection’. The definition of such benchmarks, she suggested, could be explored in different areas, ‘such as minimum income, care services, unemployment benefits, healthcare, or skills’, and could be used ‘to strengthen the social dimension of Europe 2020 and the European Semester and allow us to monitor progress on key targets’ (Thyssen 2015). The Commission communication on steps towards completing Economic and Monetary Union (EMU) envisages developing common benchmarks around the components of the ‘flexicurity’ concept, ‘such as flexible and reliable labour contracts that avoid a two-tier labour market, comprehensive lifelong learning strategies, effective policies to help the unemployed re-enter the labour market, modern and inclusive social protection and education systems and enabling labour taxation’ (European Commission 2015b: 5). It would be fair to say, however, that these proposals to develop social and employment benchmarks for upwards convergence have met with considerable scepticism from Member State representatives, including within the SPC, focused both on concerns about their adaptability to national contexts and on their potential for expanding EU competences (Social Protection Committee 2015c; 2015d). Exploratory work on defining such benchmarks is nonetheless continuing, and President Juncker has recently announced that the Commission is planning to present next year a proposal on ‘common, minimum social rights to be applied in all member states’ (Zalan 2015).

More generally, both the Commission communication on completing EMU and the 2016 AGS place considerable emphasis on the role of benchmarking and cross-examination of performance in promoting convergence among Member States, especially within the euro area. As the AGS puts it: ‘Benchmarking, i.e. the cross-examination against a particular benchmark of indicators related to economic and social performance and policies in each Member State, can be a useful tool to
identify underperformance and the need for action at an early stage, to monitor progress and to effectively communicate the results of policy action. It can contribute to increasing the ownership of structural reforms by the Member States and towards ensuring their implementation’ (European Commission 2015c: 9; cf. 2015b: 5). Hence beginning with the 2016 Semester, the Commission will propose the development of benchmarks and exchange of best practices across a series of policy areas, ‘with a view to fostering a common understanding of challenges and policy responses’. Such exercises will build on ‘the existing thematic analysis developed with Member States in various fora’, including notably the Eurogroup, which has used this benchmarking approach to drive forward the implementation of common agreed principles on reducing the tax wedge on labour (European Commission 2015b: 5-6; 2015c: 9; Eurogroup 2015). While the AGS follows the Five Presidents’ Report in suggesting that common standards developed through such benchmarking processes ‘should focus primarily on labour markets, competitiveness, business environment and public administrations, as well as certain aspects of tax policy’, the President of the Eurogroup has proposed that they should also include ‘joint ambition level(s)’ for eurozone Member States on issues such as pension reforms and modernizing social security, progress towards which would be monitored by the Eurogroup itself on the basis of Commission reports (European Commission 2015c: 9-10; Dijsselbloem 2015). Hence there is a clear risk that if EU social policy actors do not participate in developing appropriate indicators for benchmarking Member States’ performance in their field of expertise, these will be defined independently by the economic policy actors without their input (12).

A further significant social development concerns the future of the Europe 2020 Strategy. Following a policy debate in the College on the mid-term review of Europe 2020, in which a variety of options were considered, the Commission has affirmed its commitment ‘to make the best use of the existing strategy and its tools’ – including the headline targets – ‘by improving its implementation and monitoring in the context of the European Semester’. Hence Member States have been requested in preparing their 2016 NRPs ‘to make sure that the Europe 2020 Strategy continues to play a prominent role’. At the same time, however, the Commission will begin work on developing a new longer-term vision for the period beyond 2020, taking account of the United Nations’ Sustainable Development Goals for 2030 (European Commission 2015c: 5-6; 2015e). Commissioner Thyssen has also recently announced the launch of a new annual ‘Social Platform on Inclusive Growth’, which will serve as a focus for renewed civil dialogue with social NGOs and other stakeholders about how to define and put into practice the proposed ‘pillar of social rights’, as well as how to get the Europe 2020 poverty target back on track (Thyssen 2015).

12. Appropriate benchmark indicators, according to the Commission, need to meet two requirements: ‘First they need to closely relate to the policy levers, such they can lead to actual and meaningful policy implications. Second, there needs to be robust evidence and enough consensus that they contribute significantly to higher level objectives such as jobs, growth, competitiveness, social inclusion and fairness or financial stability’ (European Commission 2015b: 6).
What, finally, of the substantive policy orientations and priorities of the European Semester? Here the 2016 AGS and accompanying autumn package is distinctly encouraging. Although the three overarching priorities of the previous year (relaunching investment, structural reforms, and responsible fiscal policies) remain largely unaltered, inclusive social and employment policy objectives have been systematically mainstreamed throughout the AGS. Thus the Commission affirms that ‘investment priorities must go beyond traditional infrastructure and extend to human capital and related social investment’; ‘labour market policies need to balance flexibility and security considerations’, with a particular focus on tackling youth and long-term unemployment; and ‘social protection systems should be modernised to efficiently respond to risks throughout the lifecycle while remaining fiscally sustainable in view of the upcoming demographic challenges’ (European Commission 2015c: 4-5). Central to the policy orientations of the AGS is a renewed focus on social investment (including not only education and training systems, but also healthcare, childcare, housing support and rehabilitation services) and flexicurity (including measures to combat undeclared work and foster transitions towards more permanent contracts, as well as ‘well-designed income support systems, policies to ease transitions to new jobs, equip job seekers with the right skills and better match them with vacancies’). The 2016 AGS also emphasizes more strongly than in previous years key social policy themes such as active inclusion through integrated and personalized services for people with weak links to the labour market, reducing the gender employment gap by improving work-life balance, and ensuring the adequacy and accessibility of pension and healthcare systems (European Commission 2015c: 7-8, 10-12, 15).

It remains to be seen how these social and employment priorities will be taken up in the Country Reports and CSRs. But the draft euro area recommendations proposed by the Commission urge Member States to implement flexicurity-oriented reforms that combine, inter alia, ‘flexible and reliable labour contracts that promote labour market transitions and avoid a two-tier labour market’, ‘comprehensive lifelong learning strategies’, ‘effective policies to help the unemployed re-enter the labour market’, and ‘modern social protection systems that support those in need and provide incentives for labour market integration’, as well as budgetary-neutral reductions in the tax wedge on labour, particularly for low earners (European Commission 2015d: 4).

The future of the European Semester, including its social dimension, remains open, notably as regards the ‘European pillar of social rights’ and the longer-term proposals of the Five Presidents’ Report for completing EMU. But for now, it seems fair to conclude that the European Semester has never been more social, both in terms of its substantive policy orientations and of its governance procedures. At the same time, however, there is still considerable room for further improvement, on which our policy recommendations focus.
7. Policy Recommendations

1. **CSRs on social and employment policy issues should not be overly prescriptive.** They should focus on reform challenges and outcomes rather than specifying the policy measures that Member States should adopt to meet them. To enhance national ownership, CSRs on these issues should leave sufficient political space for Member States to find their own contextually appropriate path to major reforms in consultation with domestic stakeholders.

2. **The criteria for including social and employment policy recommendations under the MIP and the SGP should be clarified and made more transparent.** CSRs on these issues should take full account of the EU’s social objectives and values, consistent with the ‘horizontal social clause’ (Article 9) of the Lisbon Treaty. CSRs on overlapping policy issues should be jointly reviewed and adopted by the committees advising the EPSCO and ECOFIN Councils, irrespective of their legal basis, with decisions based on substantive expertise and argument rather than procedural formalities and jurisdictional claims. In analyzing the social context of macroeconomic adjustment within the MIP, the Scoreboard of Key Employment and Social Indicators should be taken into account alongside the MIP Scoreboard.

3. **The final review process for the amendment and adoption of the CSRs should be conducted more transparently and more deliberatively.** Sufficient time should be devoted to the joint EPSCO-ECOFIN meeting to allow proper debate and considered decisions on contested amendments. The voting procedures should be clarified. The Commission should be more prepared to accept amendments justified by the evidence of multilateral surveillance in the Council advisory committees, without necessarily requiring its position to be overturned by a reinforced qualified majority vote.

4. **The SPC and EMCO should continue to monitor and review the full range of EU social and employment policy commitments and objectives**, including the Europe 2020 targets, as well as the broad set of national challenges identified in the Commission Country Reports and National Report Programmes. In addition to reviewing multilaterally the implementation of the past year’s CSRs, the SPC and EMCO should likewise continue to monitor and discuss national progress in addressing reform challenges flagged by earlier CSRs as well as other significant social and employment policy issues raised in the Country Reports. Both committees should also focus attention on common emerging challenges identified through their monitoring instruments, as the SPC already does with the ‘trends to watch’ in its Social Protection Performance Monitor. To underpin this process, the indicators and data sources on which these monitoring instruments are based should be reinforced and key gaps filled, for example in the area of healthcare. Such reviews should be conducted thematically to maximize opportunities for multilateral discussion of promising policy approaches and mutual learning. Both country and thematic reviews should combine...
ex post evaluation of the outcomes of existing policies with ex ante assessments of proposed national reforms, which should be supported more systematically through Commission-funded external peer review and mutual learning activities. The SPC and EMCO should cooperate with the Commission in developing appropriate indicators for benchmarking Member States’ social and employment performance, both within the context of the European Semester and of the proposed pillar of social rights.

5. **The results of this expanded monitoring and review process within the SPC and EMCO** should be fed into the broader EU policy debate through the key messages of the Joint Employment Report (which should therefore be renamed the Joint Employment and Social Report, as proposed in the ‘Five Presidents’ Report’), drawing on the more detailed analysis in the SPC’s own annual Social Europe Report. These key messages should be discussed by the EPSCO Council, and should inform debate on the EU’s priorities in the next year’s Annual Growth Survey.

6. **The participation of social stakeholders in the European Semester should be significantly enhanced**, notably at the national level. The Commission and the Council should provide stronger guidance to Member States about the participation of civil society organizations and social partners in the national phase of the Semester, both in the formulation of more forward-looking NRPs and the implementation of the CSRs. Member States should be asked to report in their NRPs on how this participation has been organized. The Commission’s own planned guidance for organizing the work of the European Semester Officers and country missions should include instructions on reaching out to civil society organizations as well as national social partners. At the European level, the Commission, the EPSCO Council and its advisory committees (EMCO and SPC) should reinforce the practice developed in recent years of consulting, in a more regular and structured way, both EU civil society networks and social partner organizations at clearly identified moments in the Semester cycle. Opportunities should be created for these groups to feed their country-specific knowledge of what is happening on the ground into the multilateral surveillance reviews conducted by EMCO and the SPC. The proposed Social Platform on Inclusive Growth should be used to involve social NGOs and other stakeholders in EU policy developments of mutual interest, including stocktaking of the European Semester.
References


European Commission (2015e) ‘Minutes of the 2140th meeting of the Commission held in Brussels (Berlaymont) on Wednesday 30 September 2015 (morning)’, *PV(2015) 2140 final*.


## List of abbreviations

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<tr>
<th>Abbreviation</th>
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<td>European Center of Employers and Enterprises providing Public Services</td>
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<td>UEAPME</td>
<td>European Association of Craft, Small and Medium-Sized Enterprises</td>
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Figure 1: Revised 2015 Semester timetable (European Commission 2014b)
Figure 2: 'Hidden' Social Recommendations in the 2015 CSRs

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Source: European Commission (2015a), Annex 1, plus own calculations from European Parliament (2015a)
Key to Figure 2: ‘Hidden’ Social Recommendations in the 2015 CSRs

Sentences below include both ‘social’ CSRs and CSRs that are primarily directed to other topics but contain ‘hidden’ social aspects. The social dimension of these recommendations is shown in italics.

AT
Strengthen measures to increase the labour market participation of older workers and women, including by improving the provision of childcare and long-term care services.
Take steps to improve the educational achievement of disadvantaged young people.

BG
In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.
Increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.

CZ
Further improve the availability of affordable childcare.
Take measures to increase participation among disadvantaged children, including Roma.

DE
Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.

EE
Take action to narrow the gender pay gap.
Ensure high-quality child care and social services at local level.

HR
Improve the adequacy and efficiency of pension spending by tightening the definition of arduous and hazardous professions.

HU
Increase the participation of disadvantaged groups in particular Roma in inclusive mainstream education, and improve support offered to these groups through targeted teacher training.
LT
Adopt a comprehensive reform of the pension system that also addresses the challenge of pension adequacy.
Improve the coverage and adequacy of unemployment benefits and cash social assistance

LV
Take concrete steps to reform social assistance, ensuring adequacy of benefits.
Take action to improve accessibility, cost-effectiveness and quality of the healthcare system.

PT
Ensure effective activation of benefit recipients and adequate coverage of the minimum income scheme

RO
Increase the provision and quality of early childhood education and care, in particular for Roma.
Pursue the national health strategy 2014-2020 to remedy issues of poor accessibility.

SI
Review, in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum wage, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness.

SK
Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities.
Increase the participation of Roma children in mainstream education and in high-quality early childhood education.

UK
Further improve the availability of affordable, high-quality, full-time childcare.

Horizontal (CZ, DE, EE, HU, LT, LV)
CSRs on labour taxation call for reduction of tax wedge on low-wage or income earners.
# List of country acronyms

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