



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 15 June 2011**

**11657/11**

**SOC 574  
ECOFIN 430  
UEM 204  
COMPET 325  
ENV 546  
EDUC 204  
RECH 241  
ENER 244**

## **REPORT**

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from: Permanent Representatives Committee (Part I)  
to: Council (EPSCO)

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No. prev. doc. : 11278/11 SOC 497 ECOFIN 348 COMPET 260 ENV 472 EDUC 140 RECH 177  
ENER 178

No. Cion prop.: 10954/11 EUM 131 ECOFIN 304 SOC 454 COMPET 221 ENV 414 EDUC 112  
RECH 142 ENER 140

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Subject: Recommendations for Council Recommendations on the National Reform  
Programmes 2011 to each Member State  
- General approach (Article 148 TFEU)

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## **I. INTRODUCTION**

On 7 June 2011, the Commission presented 27 Recommendations for a Council Recommendation based on Articles 121(2) and 148(4) TFEU. For the first time, the documents combine economic and employment recommendations with the draft Council opinions on Stability and Convergence Programmes. In addition, for the first time, the Recommendations for the Member States are presented in 27 different documents, instead of in a single text.

The Commission also submitted an overall Communication outlining its approach to the country-specific recommendations (doc. 11491/11) as well as, under Article 136 TFEU in combination with Article 121(2) TFEU, a separate set of recommendations for the economic policies of the countries whose currency is euro (doc. 11515/11).

The legal bases require the Council to consult the Employment Committee (EMCO) and the Economic and Financial Committee (EFC) before it decides on the country-specific recommendations. The EFC has delegated part of its work to the Economic Policy Committee (EPC). Certain parts of the recommendations fall under the competence of the Social Protection Committee (SPC), which has provided its input to the EMCO and EPC/EFC.

No consultation of the European Parliament is required, although Article 121(2) TFEU provides that the Council shall inform the European Parliament of the recommendations which it has adopted.

## **II. THE PROCESS - STATE OF PLAY**

Taking into account the roles of the different Committees, EMCO, SPC, EPC and EFC have shared the preparatory work in order to submit the texts of the recommendations for a general approach to the EPSCO Council on 17 June (related to Article 148 TFEU) and subsequently to the ECOFIN Council on 20 June 2011.

The recommendations were examined by the EMCO on 9 and 10 June, including input from the SPC, and then jointly by EMCO and EPC on 14 June. The parts of the recommendations which do not deal with the employment aspects were further examined by the EPC. The EFC is considering the recommendations by written procedure, and on 17 June.

During these successive examinations the EMCO concentrated on the employment aspects falling under Article 148 TFEU and the EPC/EFC essentially on the broader macro- and micro-economic elements. While the recommendations are addressed to individual Member States, the Committees have considered certain issues in a horizontal manner, with the aim of ensuring the consistency of the recommendations across Member States. The work of the EPC is subject to the formal endorsement of the EFC.

The 27 separate texts of the recommendations (one document for each Member State), are to be found in the documents listed the Annex. They reflect the result of the examination by the EMCO (or where relevant by the joint EMCO/EPC examination).

On 15 June, the Permanent Representatives Committee (Part 1) discussed the employment-related parts of the recommendations. At this meeting, Delegations raised a number of horizontal issues:

- it was stressed that the recommendations would need to be clear and focused as well as coherent across countries on horizontal issues such as pensions and collective bargaining;
- it was also stressed that it was important that the recommendations, as well as the recitals, were exact and factual, reflecting the situation in the specific Member State;
- the Commission was requested to provide information on how the implementation of the recommendations would be followed-up, including clarification of the legal basis.

The open issues at the end of the meeting were as follows:<sup>1</sup>

- (i) The Bulgarian delegation requested to replace in Recommendation 3 on pensions (doc. 11413/11) the part in bold

*"Implement the agreed steps with social partners under the current pension reform, advance some of its key measures to increase the **effective retirement age and reduce early exit** and strengthen measures to help older workers to stay longer in employment"*

by:

*"Implement the agreed steps with social partners under the current pension reform, advance some of its key measures that would help to increase the **social insurance period through gradual increase of the social insurance length of service** and strengthen policies to help older workers to stay longer in employment."*

- (ii) The Czech delegation entered a reservation on recital nr. 11 in doc. 11414/11 which refers, in alia, to child-care issues; it requested the deletion of the wording "*especially for children below the age of three*",
- (iii) While an agreement on the recommendations for Spain was reached at the EMCO/EPC meeting, the place of recommendation 4 was left open (see doc. 11421/11). The Spanish delegation considered that it should be either integrated in recommendation 1 or immediately after that recommendation;
- (iv) The Cypriot delegation entered reservations on the three employment-related recommendation, i.e. recommendations 3, 4 and 5 (doc. 11424/11);

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<sup>1</sup> In the order the countries are listed in the Annex.

- (v) The Lithuanian delegation agreed in general with the draft Recommendations addressed to it but considered that recommendations 2 and 3 should not mention specific legislative acts (doc.11426/11);
- (vi) The Maltese delegation considered that Recommendation nr. 4 on reforming the automatic wage indexation mechanism should be deleted. This recommendation nr. 4 was discussed jointly by the EMCO and EPC. Malta maintained a reservation on this recommendation (see doc. 11432/11);
- (vii) The Polish delegation reiterated its factual request to modify to recital 11 in document 11435/11. The last sentence of recital 11

*"..... Moreover, the heavily subsidised farmers' social security fund (KRUS) distorts incentives for farmers to move to more productive sectors, which is also affected by education, infrastructure and mobility challenges, slowing economic restructuring and hampering productivity growth".*

should be replaced by the following:

*"..... Moreover, the **very** heavily subsidised farmers' social security fund (KRUS) **provides little** incentives for farmers to **leave the sector**, slowing economic restructuring and hampering productivity growth, which is also affected by education, infrastructure and mobility challenges **in rural areas**".*

- (viii) The Portuguese delegation noted that the title of document 11436/11 should be corrected, as Portugal does not have a Stability Programme.

The Commission Representative entered a global reservation on the above amendments to the draft Recommendations.

The UK delegation entered a parliamentary scrutiny reservation on doc. 11442/11.

In addition, the Belgian delegation entered a reservation on recommendation 2 ("*...increase the effective retirement age, and linking the statutory retirement age to life expectancy*"), stressing that the issue of that recommendation was also related to employment. However, EMCO has not included it in its opinion in doc. 11412/11.

The Greek delegation requested a factual amendment (depending on the clarification of a question of legal nature) to recital 7 in document 11420/11, which is under discussion by the EFC.

The Chair of the Committee requested the relevant delegations and the Commission to continue discussions with a view to solve any open issues bilaterally before the Council meeting.

### **III. CONCLUSION**

The Council (EPSCO) is invited to examine the remaining open issues in the employment specific parts of the recommendations, with a view to reaching a general approach on the 27 documents of draft Recommendations (employment-related aspects).

On 20 June, the ECOFIN Council will consider the country-specific recommendations, on the basis of the preparation by the Economic Policy Committee and the Economic and Financial Committee.

The final documents of the country-specific Recommendations will be submitted to the European Council on 23-24 June 2011.

BELGIUM: 11412/1/11 REV 1 SOC 532 ECOFIN 386 UEM 162  
COMPET 291 ENV 505 EDUC 172 RECH 207 ENER 207

BULGARIA: 11413/1/11 REV 1 SOC 533 ECOFIN 387 UEM 163  
COMPET 292 ENV 506 EDUC 173 RECH 208 ENER 208

CZECH REPUBLIC: 11414/11 SOC 534 ECOFIN 388 UEM 164 COMPET 293  
ENV 507 EDUC 174 RECH 209 ENER 209

DENMARK: 11415/11 SOC 535 ECOFIN 389 UEM 165 COMPET 294  
ENV 508 EDUC 175 RECH 210 ENER 210

GERMANY: 11416/11 SOC 536 ECOFIN 390 UEM 166 COMPET 295  
ENV 509 EDUC 176 RECH 211 ENER 211

ESTONIA: 11417/11 SOC 537 ECOFIN 391 UEM 167 COMPET 296  
ENV 510 EDUC 177 RECH 212 ENER 212

IRELAND: 11418/11 SOC 538 ECOFIN 392 UEM 168 COMPET 297  
ENV 511 EDUC 178 RECH 213 ENER 213

GREECE: 11420/11 SOC 539 ECOFIN 393 UEM 169 COMPET 298  
ENV 512 EDUC 179 RECH 214 ENER 214

SPAIN: 11421/11 SOC 540 ECOFIN 394 UEM 170 COMPET 299  
ENV 513 EDUC 180 RECH 215 ENER 215 + COR 1

FRANCE: 11422/11 SOC 541 ECOFIN 395 UEM 171 COMPET 300  
ENV 514 EDUC 181 RECH 216 ENER 216

ITALY: 11423/11 SOC 542 ECOFIN 396 UEM 172 COMPET 301  
ENV 515 EDUC 182 RECH 217 ENER 217 + COR 1

CYPRUS: 11424/11 SOC 543 ECOFIN 397 UEM 173 COMPET 302  
ENV 516 EDUC 183 RECH 218 ENER 218

LATVIA: 11425/11 SOC 544 ECOFIN 398 UEM 174 COMPET 303  
ENV 517 EDUC 184 RECH 219 ENER 219

LITHUANIA: 11426/11 SOC 545 ECOFIN 399 UEM 175 COMPET 304  
ENV 518 EDUC 185 RECH 220 ENER 220

LUXEMBOURG: 11430/11 SOC 546 ECOFIN 400 UEM 176 COMPET 305  
ENV 520 EDUC 186 RECH 221 ENER 221

HUNGARY: 11431/11 SOC 547 ECOFIN 401 UEM 177 COMPET 306  
ENV 521 EDUC 187 RECH 222 ENER 222

MALTA: 11432/11 SOC 548 ECOFIN 402 UEM 178 COMPET 307  
ENV 522 EDUC 188 RECH 223 ENER 223

THE NETHERLANDS: 11433/11 SOC 549 ECOFIN 403 UEM 179 COMPET 308  
ENV 523 EDUC 189 RECH 224 ENER 224

AUSTRIA: 11434/11 SOC 550 ECOFIN 404 UEM 180 COMPET 309  
ENV 524 EDUC 190 RECH 225 ENER 225

POLAND: 11435/11 SOC 551 ECOFIN 405 UEM 181 COMPET 310  
ENV 525 EDUC 191 RECH 226 ENER 226

PORTUGAL: 11436/11 SOC 552 ECOFIN 406 UEM 182 COMPET 311  
ENV 526 EDUC 192 RECH 227 ENER 227

ROMANIA: 11437/11 SOC 553 ECOFIN 407 UEM 183 COMPET 312  
ENV 527 EDUC 193 RECH 228 ENER 228



SLOVENIA: 11438/11 SOC 554 ECOFIN 408 UEM 184 COMPET 313  
ENV 528 EDUC 194 RECH 229 ENER 229

SLOVAKIA: 11439/11 SOC 555 ECOFIN 409 UEM 185 COMPET 314  
ENV 529 EDUC 195 RECH 230 ENER 230

FINLAND: 11440/11 SOC 556 ECOFIN 410 UEM 186 COMPET 315  
ENV 530 EDUC 196 RECH 231 ENER 231

SWEDEN: 11441/11 SOC 557 ECOFIN 411 UEM 187 COMPET 316  
ENV 531 EDUC 197 RECH 232 ENER 232

UNITED KINGDOM: 11442/11 SOC 558 ECOFIN 412 UEM 188 COMPET 317  
ENV 532 EDUC 198 RECH 233 ENER 233

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