EUROPEAN
COMMISSION

Brussels, 13.5.2015
COM(2015) 250 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK

2015 European Semester: Country-specific recommendations

1. INTRODUCTION

Growth is returning to the EU, with Europe's economies benefitting from many supporting factors at once. Oil prices are relatively low, global growth is steady, the euro has continued to depreciate and economic policies in the EU are supportive of growth. In its latest economic forecast published on 5 May 2015[1], the Commission forecasts GDP growth to be 1.8% in the EU (1.5% in the euro area) in 2015 and expects the trend to accelerate to 2.1% in 2016 (1.9% in the euro area).

However, these positive developments are largely short-term. The EU still faces underlying weaknesses as a result of the crisis and the low longer-term growth trends already experienced pre-crisis. While the labour market situation is gradually improving, not least due to reforms implemented in several Member States in recent years, unemployment is still intolerably high (9.6%). Poverty and marginalisation have increased. The high level of private and public debt continues to weigh on investment and growth in a context of persistently low growth and low inflation. In some Member States, the share of non-performing bank loans is high and still rising. A large investment gap estimated at over EUR 300 bn accumulated over the past six years has had a negative effect on domestic demand in the short term and on potential growth in the medium to long term. The trend of declining productivity growth has not yet been reversed and population ageing will have big impacts on the future labour force.

Greater efforts are needed to overcome these weaknesses and build a robust and balanced recovery that is sustainable beyond the short run.

Since taking office, this Commission has set out a focused and ambitious economic and social agenda and has streamlined the European Semester process to concentrate on the most urgent priorities. In its 2015 Annual Growth Survey[2], the Commission put forward three interrelated priorities for EU level economic policy: a coordinated boost to investment, a renewed commitment to structural reforms, and pursuing fiscal responsibility.

The 2015 country-specific recommendations and the new recommendation to the euro area have been selected against this background to focus on growth drivers that will help make the recovery sustainable and prevent sluggish growth once the temporary tailwinds fade. They focus on:

- Investment to support the sustainability of future growth. This requires the removal of barriers to financing and launching of investment projects as well as the swift implementation of the Investment Plan for Europe.

- Ambitious structural reforms in product, service and labour markets that contribute to increasing productivity, competitiveness and investment. By boosting employment creation and growth, these reforms will contribute to a broader sharing of prosperity. Reforms in the functioning of financial markets will support a durable rebalancing in the economy, ease access to finance for investment and lessen the negative impact of deleveraging in the banking, private and public sectors.

[1] Commission's Spring 2015 forecast, 5 May 2015:
http://ec.europa.eu/economy_finance/publications/european_economy/2015/pdf/ee2_en.pdf

[2] COM(2014) 902 final, 28.11.2014. These priorities are also reflected in the integrated guidelines (COM(2015) 98 and COM (2015) 99).

- Striking a balance between short-term stabilisation and long-term sustainability. For the euro area, whilst the current neutral fiscal stance is broadly appropriate, Member States with high deficits or debt levels need to make further efforts to achieve fiscal sustainability, while Member States with fiscal space should take measures to support productive investment. Changes in the composition of public finances should make them more supportive to growth.

- Improving employment policy and social protection to activate, support and protect people and to ensure stronger social cohesion as key components of sustainable economic growth.

2. THE NEW APPROACH: A MORE STREAMLINED EUROPEAN SEMESTER

The Commission has made a number of changes to the running of the 2015 European Semester. These were designed to focus on the top priority areas for action in each Member State, to promote greater implementation of the recommendations and to increase ownership at national level and with social partners and stakeholders. Changes made include:

- Focusing the priorities in the Annual Growth Survey.

- Publishing the Commission's country-specific and euro area analysis three months earlier than in previous years to enable discussion of the key issues in advance of the conclusions to be drawn from the analysis. For those Member States where the macro-economic imbalance procedure required an in-depth review, these were integrated into a single country report.

- More intensive outreach at political level and deeper discussion between Members of the Commission, national authorities and social partners on implementation of past recommendations and potential areas for future recommendations.

These changes have been broadly welcomed by stakeholders. In particular, Member States have supported a stronger focus of the Semester on a limited number of priorities and challenges. They appreciated the early presentation of an integrated country analysis and the opportunity to engage in a deeper dialogue on the Commission's findings. A discussion of the euro area challenges took place at Eurogroup in April, and indicated general agreement on the Commission report.

The European Parliament has adopted three related own-initiative reports on the European Semester: a Report on the 2015 Annual Growth Survey[3], a Report on the Employment and Social Aspects in the Annual Growth Survey 2015[4] and a Report on Single Market Governance within the Semester[5]. In addition, the European Parliament organised the European Parliamentary Week in Brussels, bringing the European Parliament and national Parliamentarians together to discuss economic, social and budgetary issues.

The social partners discussed analysis of the Member States' economic situation contained in the country reports at EU and national levels, including at the tripartite Social Summit on 9 March 2015 which focused on jobs, growth and investment for Europe.

[3] P8_TA(2015)0067
[4] P8_TA(2015)0068
[5] P8_TA(2015)0069

The Commission is continuing the streamlining process in its presentation of the 2015 country-specific recommendations. The number of recommendations has been reduced significantly in order to focus on the key priority issues of macro-economic and social relevance that require action by Member States in the near term.

3. A NEW FOCUS

For the 2015 European Semester, the Commission has assessed Member State performance in implementing last year's country-specific recommendations and has concentrated its 2015 recommendations on key areas for building a lasting recovery.

As indicated in the country reports, all Member States have made some progress overall in addressing the issues identified in the country specific recommendations for 2014-2015 (see table in annex). The National Reform Programmes together with Convergence and Stability Programmes show however different degrees of commitment by Member States to advancing reforms further.

While it is encouraging to observe progress in some areas, it is worrying to see limited or no progress in other areas that represent important bottlenecks to investment, such as in opening up product and services markets to competition and regulatory frameworks. Structural reforms tackle structural bottlenecks. As such, they boost potential growth and job creation, typically in the medium to long run. But they can also boost confidence and credibility in the short term which is particularly relevant for investment decisions. This means that in advance of the long-run effects, structural reforms can also boost short term demand.

Focusing on priorities

The 2015 Annual Growth Survey, the Alert Mechanism Report, the country reports and the subsequent economic forecasts[6] indicate that a number of macro-economic imbalances are being corrected, but there are still high risks in certain Member States. These include large external public and private debts, even when current accounts have improved. Strengthening export potential remains an urgent priority for several Member States. At the same time, other Member States suffer from weak investment despite available fiscal space. High levels of government debt remain a challenge.

Employment has picked up relatively faster and stronger than expected. This probably reflects the supportive impact of wage moderation and recent labour market reforms. However, there is a time lag between the introduction reforms and their full effect on job creation. This helps to explain why unemployment remains high, in particular among young people and the long term unemployed. This perpetuates negative social developments and is often responsible for rising levels of poverty and social exclusion.

The EU and its Member States have recognised the need to boost investment. The response to the Commission's initiative for a European Fund for Strategic Investments has been positive and several Member States (Germany, France, Spain, Italy, Luxembourg, Poland) have announced sizeable contributions to complement it. At the same time, the European Investment Bank has already identified a first set of projects that could benefit from the new Investment Plan.

[6] See footnote 1.

As part of its wider work to strengthen the links between investment, structural reforms and fiscal responsibility, the Commission has clarified the margin of interpretation on how to use the flexibility that exists in the Stability and Growth Pact.[7] The Commission clarified three specific policy dimensions related to: (i) investment, in particular as regards the establishment of a new European Fund for Strategic Investments as part of the Investment Plan for Europe; (ii) structural reforms; and (iii) cyclical conditions. These guidelines are applied for the first time in the 2015 assessment of Member States compliance with the Stability and Growth Pact. The relevant country proposals explain how the interpretation has been applied in each case.

Correcting macroeconomic imbalances

The country-specific recommendations reflect the priorities for action identified in the 2015 Annual Growth Survey. They also reflect the specific need to correct imbalances for the 16 Member States where the Commission has identified imbalances. In particular for countries with excessive imbalances, the country-specific recommendations cover a broader range of issues to address the root causes of imbalances. In the cases of Croatia and France, where strong reform momentum is needed to address the excessive macro-economic imbalances, the Commission has analysed the policy commitments of both Member States and concluded that there is no need at this stage for an escalation in the macro-economic imbalances procedure (MIP). The five Member States in excessive imbalances will be subject to specific monitoring of the implementation of their reforms.

Box 1. Situation of Member States with regard to the macro-economic imbalances procedure

MIP Category	Member States in 2015*
No imbalances	Austria, Czech Republic, Denmark, Estonia, Lithuania, Luxembourg, Latvia, Malta, Poland, Slovakia
Imbalances, which require policy action and monitoring	Belgium, Netherlands, Romania**, Finland, Sweden, United Kingdom
Imbalances, which require decisive policy action and monitoring	Hungary, Germany
Imbalances, which require decisive policy action and specific monitoring	Ireland, Spain, Slovenia
Excessive imbalances, which require decisive policy action and specific monitoring	Bulgaria, France, Croatia, Italy, Portugal
Excessive imbalances, which require decisive policy action and the activation of the Excessive Imbalance Procedure	-

* Cyprus and Greece are in a macroeconomic adjustment programme.
** Romania is in a precautionary financial assistance programme.

4. Key objectives of the 2015 recommendations

Removing barriers to financing and supporting investment

According to the latest European Central Bank lending survey, credit conditions for loans to enterprises were eased further in the first quarter of 2015, thereby supporting the recovery of loan growth. Banks reported a further net easing of credit standards on loans to enterprises, both on loans to both large firms and small and medium-sized enterprises.

[7] COM(2015) 12, 13.1.2015.

Nonetheless, the overall level of credit standards remained tight compared to pre-crisis levels. Credit standards on loans to enterprises were eased in net terms in particular in Italy and switched from a net tightening to a net easing in the Netherlands.

Following the 2014 recommendations, many Member States took action to address vulnerabilities in the financial sector and restore normal lending to the economy. However, progress is still uneven. Several Member States (notably Ireland, Portugal, Spain, Slovenia and the United Kingdom) have continued to restructure the financial sector and to restore normal lending to the economy, including to SMEs.

In today's recommendations, the Commission addresses a number of important remaining challenges. For example in **Bulgaria**, a system-wide independent asset-quality review and a bottom-up stress test of the banking sector should be completed and banking and non-banking financial sector supervision needs to be further strengthened. In **Spain**, the reform of the saving banks' sector needs to be completed, as well as the restructuring and privatisation of state owned savings banks. In **Croatia**, the capacity of the financial sector to support the recovery should be strengthened to tackle challenges from high non-performing corporate loans and foreign currency mortgage loans and weak governance practices in some institutions. **Hungary** should take measures to restore normal lending to the real economy and remove obstacles to market-based portfolio cleaning, in addition to considerably reducing the contingent liability risks linked to increased state ownership in the banking sector. In **Ireland**, restructuring solutions for a vast majority of mortgages in arrears should be finalised by end-2015 and the monitoring arrangements by the Central Bank of Ireland should be strengthened. Restructuring solutions for loans to distressed SMEs and residual commercial real estate loans should be made sustainable, by further assessing banks' performance against own targets. **Italy** should introduce binding measures by end-2015 to tackle remaining weaknesses in the corporate governance of banks, paying particular attention to the role of foundations, and take measures to accelerate the broad-based reduction of non-performing loans. In **Malta**, access to finance for small and micro-enterprises should be improved. **Portugal** should take measures to reduce the corporate debt overhang, to address the corporate non-performing loans ratio in banks and to reduce the debt bias for corporates under tax provisions. **Slovenia** should bring down the level of non-performing loans in banks by introducing specific targets, improve credit risk monitoring capacity in banks and take measures to improve access to finance for SMEs and micro companies.

Improving the business environment and productivity

The crisis has had a strong negative impact on potential output growth in the EU, but potential growth was already on a downward trend well before the crisis. A large part of the output growth lost since the crisis is of a structural nature. Therefore structural impediments need to be tackled first if the EU economy is to move on to a more sustainable growth path and to avoid a long period of stagnation.

The European Commission's Investment Plan and the new European Investment Fund for Strategic Investments, combined with the European Structural Investment Funds are expected to boost investment in the EU. But for their impact to reach its full potential, the regulatory and administrative environment must be modernised as part of efforts to improve the investment climate. The efficiency of administration and justice, of key importance for ensuring a growth-inducive environment for small businesses, still remains a challenge.

In a number of Member States there is an urgent need to improve the efficiency of the administration, shorten the length of the judiciary proceedings, strengthen the independence quality and efficiency of the justice system and to rethink the system of public procurement. For example, **Bulgaria** should prepare a comprehensive reform of the insolvency framework drawing on international best practice and expertise, in particular to improve mechanisms for pre-insolvency and out-of-court restructuring. In the **Czech Republic**, efforts made in recent years to tackle the problem of corruption have met with serious delays and concerns about the transparency of public procurement remain. In **Croatia**, the efficiency and quality of the justice system, in particular commercial courts, should be improved. **Italy** should adopt and implement the pending laws aimed at improving the institutional framework and modernising the public administration and ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings. In **Latvia**, the business climate and the quality of public services would also benefit from stronger measures against conflict of interest and corruption. **Slovakia** should boost investment in infrastructure, improve and streamline the administrative procedures for obtaining land-use and construction permits and increase competition in public tenders. In **Slovenia**, the efficiency of the courts further improved in 2014, although at a slower pace, but the length of proceedings and the number of unresolved cases remain significant.

In many Member States there is the need for ambitious implementation of structural reforms to make product and services markets more flexible and competitive. The 2015 Annual Growth Survey highlighted in particular the following six barriers of importance from a European perspective: (i) disproportionate and unjustified authorisation requirements, notably legal form and shareholding requirements; (ii) lack of clarity of domestic legislation as to the rules applicable to businesses providing cross-border services; (iii) lack of mutual recognition; (iv) cumbersome administrative procedures; (v) uneven progress on the ongoing mutual evaluation of professional regulations and reforms of regulated professions; (vi) remaining obstacles to the free movement of goods.

Against this background, the 2015 country-specific recommendations seek to further reduce anticompetitive regulations, lower barriers to entry and increase domestic and cross-border competition. For example: in **Germany**, which is among the EU Member States where regulation is least conducive to competition in the professional services sector; in **Denmark**, where productivity growth has been affected by barriers to entry and regulatory burden in services sectors oriented to the domestic market, in particular in the construction and retail sectors; in **Spain**, where a number of barriers remain in place which prevent businesses from growing, including size-contingent regulations, and where reforms of professional services and professional associations still need to be adopted; in **France**, where there is scope for increasing competition in the services sector, in particular in professional services, retail trade and network industries, and where a number of regulations and tariffs for regulated professions constrain economic activity; in **Croatia**, where the business environment suffers from major institutional shortcomings, including excessive barriers for service providers and a plethora of parafiscal charges; in **Hungary**, where barriers introduced in recent years to market entry in the service sector have not been removed and where further barriers were introduced in 2014 – such as the requirement for all retail establishments to be centrally authorised; in **Italy**, where a range of restrictions on competition still hamper the proper functioning of product and services markets. Significant barriers remain for the local public services, airports and ports, legal services, banking, pharmacies and healthcare sectors. In addition, significant weaknesses remain in public procurement despite wider use of centralised procurement and local public services remain sheltered from competition.

Adapting public finances to make them more supportive to growth

Most of the Member States have successfully brought their deficit levels down to below 3% of GDP in 2014. The deficit in the euro area continued to decline to 2.4% and the general government debt ratio is expected to reduce from 2015. This provides fiscal breathing space for a number of Member States and an opportunity to accelerate the benefits of structural reforms. However, for countries with high debt and deficits, further consolidation is still needed to comply with the Stability and Growth Pact, and the effectiveness, quality and growthfriendliness of public finances should be strengthened.

Moreover, there are long term issues that require attention. A number of Member States, including Italy, Spain and Hungary, embarked on reforming their tax system and improving tax compliance. Although many Member States recognise the need to shift taxation away from labour and to eliminate distortions in the tax systems, progress has been slow. Long term challenges also exist with respect to the health and pension systems, expenditure on which constitutes a significant share of public finance. At the same time they are key for ensuring social fairness across and between generations.

Many Member States have taken steps to reform the health care and pension systems. The Commission recommends further reforms for these areas for Member States such as Bulgaria, the Czech Republic, Finland, France, Croatia, Latvia, Luxembourg, Malta, Romania, Slovenia, Spain and Poland.

For the Member States under the excessive deficit procedure the Commission recommends that Malta and Poland should now exit from the procedure. This would leave nine Member States in excessive deficit procedure after this Semester round – well below the 24 countries in excessive deficit procedure in 2011. The Commission has produced a report under Article 126(3) for Finland analysing its breach of debt and deficit criteria of the Treaty, which may lead to an opening of an excessive deficit procedure.

The Commission recommends that the Council decides that the United Kingdom has not taken effective action under the excessive deficit procedure because it is expected to have missed the 2014-15 deadline and failed to reach the recommended average annual fiscal effort. It also recommends that the Council issues a new recommendation under Article 126(7) with 2016-17 as the new deadline.

After 10 June,[8] the Commission will assess the action taken by France in response to the Council recommendation of 10 March 2015. The Commission has also identified risks in other Member States under excessive deficit procedure regarding the timely and sustainable correction of the excessive deficit and therefore sees a need for further measures. This is the case notably as regards Croatia and Spain because of the deadline in 2016 but also regarding Portugal because of the 2015 deadline (which is within reach).

Based on the Commission's 2015 Spring Forecast, a risk of a significant deviation is projected for Hungary in 2015. In 2016, on a no-policy-change basis, for a number of countries there are either significant or smaller deviations. In all these cases, the Commission sees a need for further measures.

[8] See Council recommendation of 10 March 2015.

Following its Communication on the flexibility within the existing rules of the Stability and Growth Pact[9], a number of Member States will already benefit from it in 2016. Lithuania will be able to use the pension reform clause provided that Eurostat confirms the systemic nature of the reform. Italy can benefit from the structural reform clause provided the government takes the necessary measures in 2015 (see details in the CSRs). The way in which the Italian government reacts to the Constitutional Court ruling on pensions of end April 2015 will be monitored to see whether a report under Article 126(3) of TFEU would be needed at a later stage, with a consequent revision of the fiscal objectives.

Guidance for further action under the Stability and Growth Pact is reflected in the relevant country-specific recommendations presented by the Commission.

Box 2. Situation of Member States with regard to the Stability and Growth Pact, as of 13 May 2015	
No excessive deficit procedure	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Romania, Slovakia, Sweden
Abrogation of the excessive deficit procedure	Malta, Poland
On-going excessive deficit procedures	Croatia, Cyprus, France, Greece, Ireland, Portugal, Slovenia, Spain,
New deadline: 2016/17	United Kingdom
Consideration of opening a new excessive deficit procedure	Finland

Improving employment policy and social protection

In the 2015 Annual Growth Survey, the Commission highlighted the need to improve the dynamics of the labour market and to tackle high levels of unemployment. This is crucial to boost job creation and correct distortions such as high levels of segmentation, long-term and youth unemployment and skills mismatches. Rigid rules on dismissals and lengthy labour disputes can impede new hirings on open ended contracts, restrict professional mobility and encourage the excessive use of temporary contracts. High levels of labour taxation, particularly on low income earners, may inhibit job creation and incentives to participate in the labour market. The promotion of job creation also requires real wages to move in line with productivity developments and reflect differences in situations across industry and companies. Taking into account different conditions for competitiveness and productivity developments across and within sectors may require some flexibility for differentiated wage developments. These should be designed with the involvement of the social partners, in line with national practice and tradition. If wage setting mechanisms result in wages that are not in line with productivity levels and trends they can lead to employment losses or segmentation of labour markets, notably if employers resort to alternative forms of employment which are not

[9] See footnote 8.

covered by these mechanisms. Efficient and effective vocational education and training programmes, including targeted adult learning play a key role in improving employability. The role of public employment services also needs to be adapted in some Member States and active labour market tools could be more efficiently targeted to support the inclusion of those furthest from the labour market. Long-term unemployment needs to be tackled by combining effective social assistance with employability.

Recognising the progress that has been made in some Member States, the Commission sees the need to advance labour market reforms, given the acute situation on the labour markets in many Member States. In **France** the cost of labour at the minimum wage remains high compared to other Member States and it continues to evolve in a manner that is not supportive of competitiveness and job creation. In addition, in a context of low inflation, the existing automatic indexation mechanism of the minimum wage may lead to wage increases beyond what is necessary to preserve the purchasing power. In **Poland** the share of temporary employment contracts is the highest in the EU, while the transition rate from temporary to permanent employment is low and the wage differential is among the highest in the EU. Rigid dismissal provisions, long judicial proceedings as well as other burdens for employers foster the use of fixed-term and atypical employment contracts. Furthermore, the perceived high costs of labour code-covered contracts lead to an excessive use of civil law contracts (attractive for employers because of associated lower social security contribution) but this may weaken the quality of employment, especially for young workers.

Other policy areas covered by the European Semester

As a consequence of the new focus and prioritisation of the 2015 country-specific recommendations on the key priority issues of macro-economic and social relevance that require action by Member States in the near term, the number of recommendations has been reduced significantly.

However, this does not mean that those areas covered by the more extensive scope of country specific recommendations in previous years have lost in importance. The Commission will continue to monitor them in its country reports and will continue to encourage Member States to take a holistic approach in their National Reform Programmes. Many of these issues will be taken up via other policy processes (e.g. in the context of the Energy Union, the Digital Single Market, in the monitoring and enforcement mechanisms related to the Single Market and in areas such as environment and the monitoring of the European Research Area and the Innovation Union) and/or in discussions on policy implementation with sector committees of the European Parliament, with sectoral Councils and with the relevant stakeholders. Where EU law is not being correctly implemented the Commission will use infringement proceedings to ensure the necessary compliance rather than issue recommendations.

In cases where the Commission has noted that reforms are underway but that their impact cannot yet be evaluated, it does not make a recommendation this year but signals that it will monitor closely both implementation and outcomes to see whether the reforms deliver as expected.

5. CONCLUSION

Greater focus, more time to discuss and more opportunities to engage on substance in the light of evidence and European priorities: in the Commission’s assessment, this is the way forward for a stronger and streamlined European Semester at national and European level.

Streamlining the European Semester goes hand in hand with increasing political ownership and accountability and is designed to help improve the implementation of the country-specific recommendations. The purpose of this new approach, building on Member States' views on European governance, is to advance the reforms so that their positive impacts can be felt by business and citizens.

The Commission calls on the Council to endorse the proposed approach for the 2015-2016 country specific recommendations, and on Member States to strictly implement them.

The annual priorities need to be set in a context of a renewed long-term economic strategy. For this reason the Commission is working on the mid-term review of Europe 2020 Strategy, and intends to present it by the end of this year.

The Commission will also continue its work on deepening the Economic and Monetary Union, including the review of the economic governance framework.

ANNEX 1 - OVERVIEW OF EU COUNTRY-SPECIFIC RECOMMENDATIONS FOR 2015-2016

	Public finances and welfare systems				Financial sector		Labour market			Product and service markets		Education	Social inclusion	Administration	
	Public finances	Taxation	Pension system	Healthcare system	Banking and access to finance	Housing and private debt	Labour market	Labour taxation	Wage-setting	Services and network industries	Innovation and business environment	Education and skills	Poverty and social inclusion	Administrative modernisation and rule of law	
AT	■		■		■		■			■		■		■	AT
BE	■	■	■				■	■	■					■	BE
BG	■	■		■	■				■			■	■	■	BG
CZ	■	■		■				■				■	■	■	CZ
DE		■	■				■	■		■	■	■		■	DE
DK	■									■					DK
EE	■						■	■			■	■		■	EE
ES	■			■	■		■		■	■				■	ES
FI	■		■	■			■		■	■				■	FI
FR	■	■	■				■		■	■				■	FR
HR	■	■	■	■	■	■	■		■	■				■	HR
HU	■	■			■		■	■		■		■	■	■	HU
IE	■	■		■	■	■	■						■		IE
IT	■	■			■		■		■	■	■	■		■	IT
LT	■	■	■				■	■				■			LT
LU		■	■						■						LU
LV	■			■			■	■			■	■		■	LV
MT	■		■		■							■			MT
NL			■			■					■				NL
PL	■	■	■				■			■					PL
PT	■	■	■		■	■	■		■	■				■	PT
RO	■	■	■	■			■		■			■	■	■	RO
SE						■									SE
SI	■		■	■	■		■		■					■	SI
SK		■		■			■			■		■	■	■	SK
UK	■					■	■								UK
Euro area	■	■			■			■		■					Euro area

ANNEX 2 – OVERVIEW OF EUROPE 2020 TARGETS[10]

*Countries that have expressed their national target in relation to an indicator different than the EU headline target indicator

Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels)[11]	Renewable energy (in % of gross final energy consumption)	Energy efficiency[12]	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
EU headline target	**75%**	**3%**	**-20% (compared to 1990 levels)**	**20%**	**20%**	**<10%**	**40%**	**20,000,000**
AT	77-78%	3.76%	-16%	34%	31.5	9.5%	38% (including ISCED 4/4a)	235,000
BE	73.2%	3%	-15%	13%	43.7	9.5%	47%	380,000
BG	76%	1.5%	20%	16%	15.8	11%	36%	260,000
CY	75-77%	0.5%	-5%	13%	2.2	10%	46%	27,000
CZ	75%	1% (public sector only)	9%	13%	39.6	5.5%	32%	Maintaining the number of persons at risk of poverty or social exclusion at the level of 2008, with efforts to reduce it by 30,000*
DE	77%	3%	-14%	18%	276.6	<10%	42% (including ISCED 4)	Reducing the number of long-term unemployed by 320,000 compared to 2008*
DK	80%	3%	-20%	30%	17.8	<10%	40%	Reducing the number of persons in households with low work intensity by 22,000 compared to 2008*
EE	76%	3%	11%	25%	6.5	9.5%	40%	Reducing the at risk of poverty rate to 15%*
EL	70%	1.21%	-4%	18%	27.1	9.7%	32%	450,000
ES	74%	2%	-10%	20%	119.9	15% (school dropouts)	44%	1,400,000-1,500,000
FI	78%	4%	-16%	38%	35.9	8%	42% (narrow national definition)	Reducing to 770,000 the number of persons at risk of poverty or social exclusion

[10] The national targets as set out in the National Reform Programmes (NRP) in April 2015.

[11] The national emissions reduction targets defined in Decision 2009/406/EC (or "Effort Sharing Decision") concern the emissions not covered by the Emissions Trading System. The emissions covered by the Emissions Trading System will be reduced by 21% compared to 2005 levels. The corresponding overall emission reduction will be -20% compared to 1990 levels. Targets are defined in terms of reduction of emissions or maximum increase in emissions.

[12] The Energy Efficiency Directive 2012/27/EU sets out in article 3(1)(a) that the European Union 2020 energy consumption has to be of no more than 1474 Mtoe of primary energy or no more than 1078 Mtoe of final energy. This table only reports on primary energy consumption levels in 2020 expressed in Mtoe.

Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels)[11]	Renewable energy (in % of gross final energy consumption)	Energy efficiency[12]	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
FR	75%	3%	-14%	23%	236.3	9.5%	50% (for 17-33 year-olds)	1,900,000
HR	62.9%	1.4%	11%	20%	9.2	4%	35%	Reducing to 1,220,000 the number of persons at risk of poverty or social exclusion (equivalent to a reduction by 150,000 persons)
HU	75%	1.8%	10%	13%	26.6	10%	30.3%	450,000
IE	69-71%	Approximately 2% (2.5% of GNP)	-20%	16%	13.9	8%	60%	Reducing by a minimum of 200,000 the population in combined poverty (consistent poverty, at-risk-of-poverty or basic deprivation)*
IT	67-69%	1.53%	-13%	17%	158	16%	26-27%	2,200,000
LT	72.8%	1.9%	15%	23%	6.49	<9%	48.7%	Reducing to 814,000 the number of persons at risk of poverty or social exclusion
LU	73%	2.3-2.6%	-20%	11%	4.48	<10%	66%	6,000
LV	73%	1.5%	17%	40%	5.37	10%	34-36%	121,000 (at risk of poverty after social transfers and/or living in households with very low work intensity)*
MT	70%	2%	5%	10%	0.825	10%	33%	6,560
NL	80%	2.5%	-16%	14%	60.7	<8%	40%	Reducing by 100,000 the number of people (aged 0-64) living in households with very low work intensity*
PL	71%	1.7%	14%	15%	96.4	4.5%	45%	1,500,000
PT	75%	2.7-3.3%	1%	31%	22.5	10%	40%	200,000
RO	70%	2%	19%	24%	42.99	11.3%	26.7%	580,000
SE	>80%	4%	-17%	49%	43.4	<10%	40-45%	Reducing to well under 14 % the number of people aged 20-64 who are not in the labour force (except full-time students), long-term unemployed or on long-term sick leave*
SI	75%	3%	4%	25%	7.31	5%	40%	40,000
SK	72%	1.2%	13%	14%	16.2	6%	40%	170,000
UK	None	None	-16%	15%	175	None	None	None