



EUROPEAN  
COMMISSION

# Background on the Euro Plus Pact

Information prepared for the European Council,  
9 December 2011

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- 1. Our commitments**
- 2. Competitiveness**
- 3. Employment**
- 4. Sustainability of public finances**
- 5. Financial stability**
- 6. Taxation**
- 7. Country-by-country overview**

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# **Our commitments**

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# EU targets for 2020

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Proposed by the Commission and agreed by the European Council in June 2010: all Member States were invited to set national targets on this basis.

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<b>EMPLOYMENT</b>	<b>75% of the population aged 20-64 should be employed</b>
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<b>INNOVATION</b>	<b>3% of the EU's GDP should be invested in R&amp;D</b>
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<b>CLIMATE / ENERGY</b>	<b>A reduction of greenhouse gas emissions by 20%</b>
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	<b>A share of renewable energies up to 20%</b>
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	<b>An increase in energy efficiency by 20%</b>
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<b>EDUCATION</b>	<b>The share of early school leavers should be under 10%</b>
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	<b>At least 40% of the younger generation should have a degree or diploma</b>
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<b>POVERTY</b>	<b>Lifting at least 20 million people out of poverty</b>
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# The Euro Plus Pact

Agreed in Spring 2011 by the 17 Member States of the Euro area,  
joined by Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania.

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## **FOSTER COMPETITIVENESS**

**Monitor wages and productivity trends**

**Measures to increase productivity**

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## **FOSTER EMPLOYMENT**

**Labour market reforms ('flexicurity')**

**Life-long learning**

**Tax reforms to raise labour participation**

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## **ENHANCE THE SUSTAINABILITY OF PUBLIC FINANCES**

**Pensions, health care and social benefits**

**National fiscal rules**

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## **REINFORCE FINANCIAL STABILITY**

**National legislation for banking resolution**

**Regular bank stress tests**

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## **STRUCTURED DISCUSSION ON TAX POLICY ISSUES**

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# Member States Pact commitments - 2011

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	Foster competitiveness					Foster employment						Sustainability of public finances			Reinforce financial stability
	Wage setting mechanisms	Public sector wage developments	Competition in services	Education, R%D, innovation	Business environment	Labour market flexibility	Labour participation	Undeclared work	Life-long learning	Lower labour taxes	Participation of 2nd earners	Align pensions to demography	Incentives for older workers	National fiscal rule	National legislation for banking resolution and other financial stabilisation measures
AT															
BE															
BG															
CY															
DE															
DK															
EE															
EL															
ES															
FI															
FR															
IE															
IT															
LT															
LU															
LV															
MT															
NL															
PL															
PT															
RO															
SI															
SK															

Note: this table summarises commitments taken by Member States participating in the Euro Plus Pact since Spring 2011

# EU recommendations for action at national level

6

	Public finances				Labour market				Structural policies						Financial stability	
	Fiscal consolidation	Long-term Sustainability	Fiscal framework	Taxation	Wage Setting	Active Labour Market Policy	Labour Market participation	Education	Network industries	Energy efficiency	Service sector	Business environment and SMEs	R & D and innovation	Public services and cohesion policy	Banking	Housing market
AT																
BE																
BG																
CY																
CZ																
DE																
DK																
EE																
ES																
FI																
FR																
HU																
IT																
LT																
LU																
MT																
NL																
PL																
SE																
SI																
SK																
UK																

Note: Recommendations adopted by the EU in July 2011 for 2011-2012. For IE, LV, EL, PT and RO, the only recommendation is to implement existing commitments under EU/IMF financial assistance programmes. More information at: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)



# Competitiveness

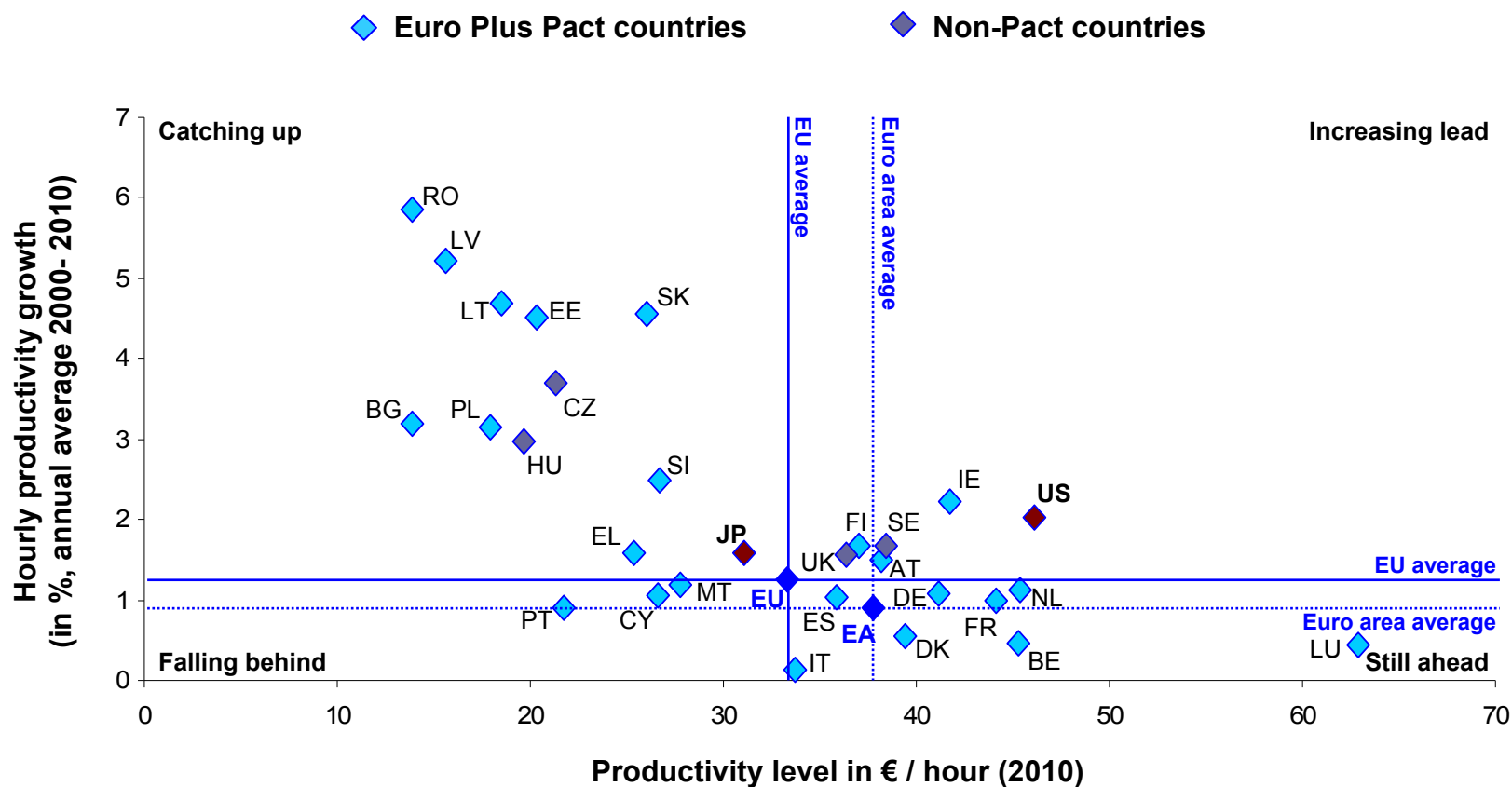




# Productivity levels and dynamics vary

8

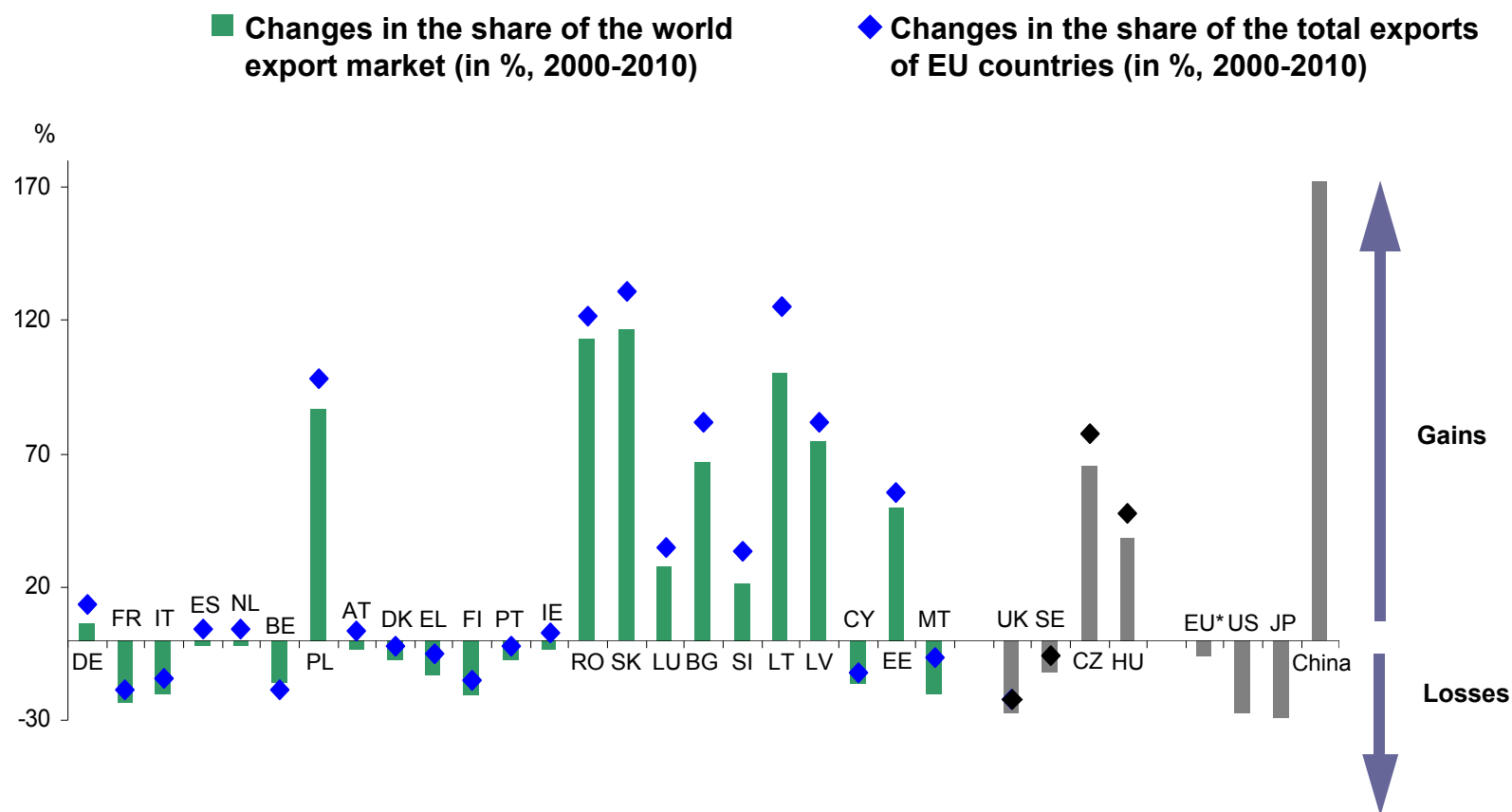
## Productivity levels in 2010 and growth over 2000-2010



# Our global competitiveness is at stake

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## Export performances 2000-2010



\* Total intra- and extra-EU exports

Source: European Commission

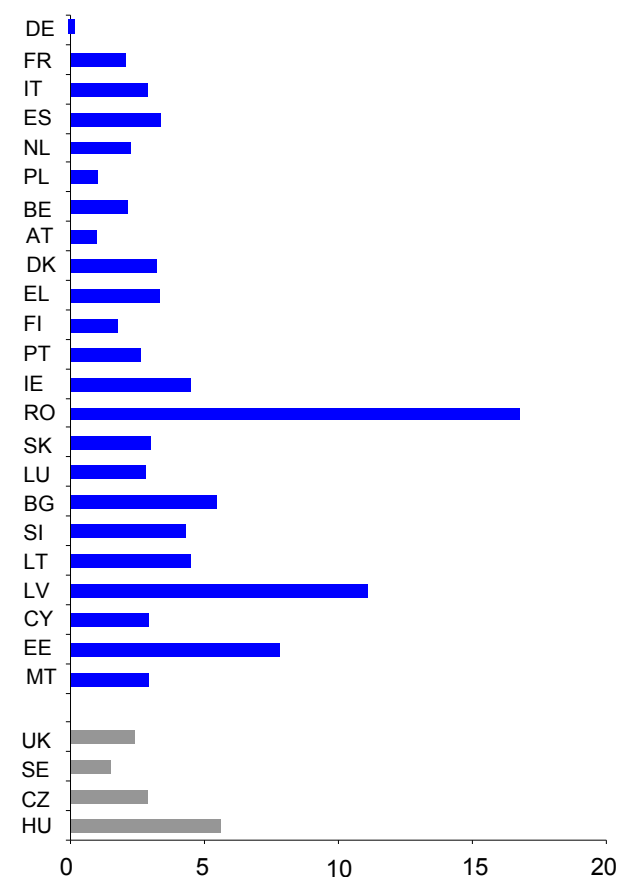
# Internal imbalances increased prior to the crisis

10

Current account as a % of GDP  
(change 2000-2008)



Nominal unit labour costs  
(average annual growth 2000-2008)

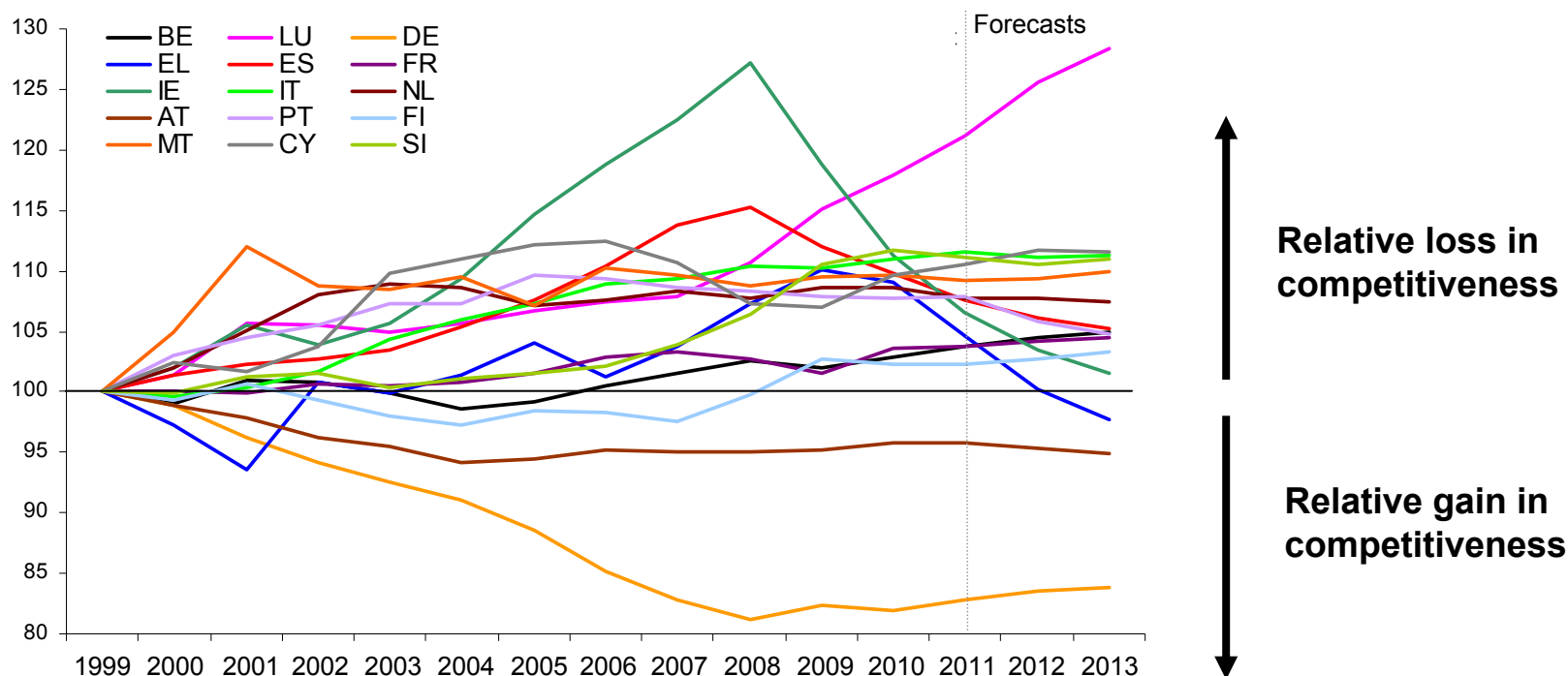


Note: The current account is the sum of the balance of trade (exports minus imports of goods and services), net factor income (such as interest and dividends) and net transfer payments. Nominal Unit labour costs (ULC) measure the average nominal cost of labour per unit of output. Growth in nominal ULCs shows the pace of growth of nominal wages relative to productivity.

# Cost trajectories are very diverse

11

Real effective exchange rates\*  
vis-à-vis the Euro area average (Euro area = 100)

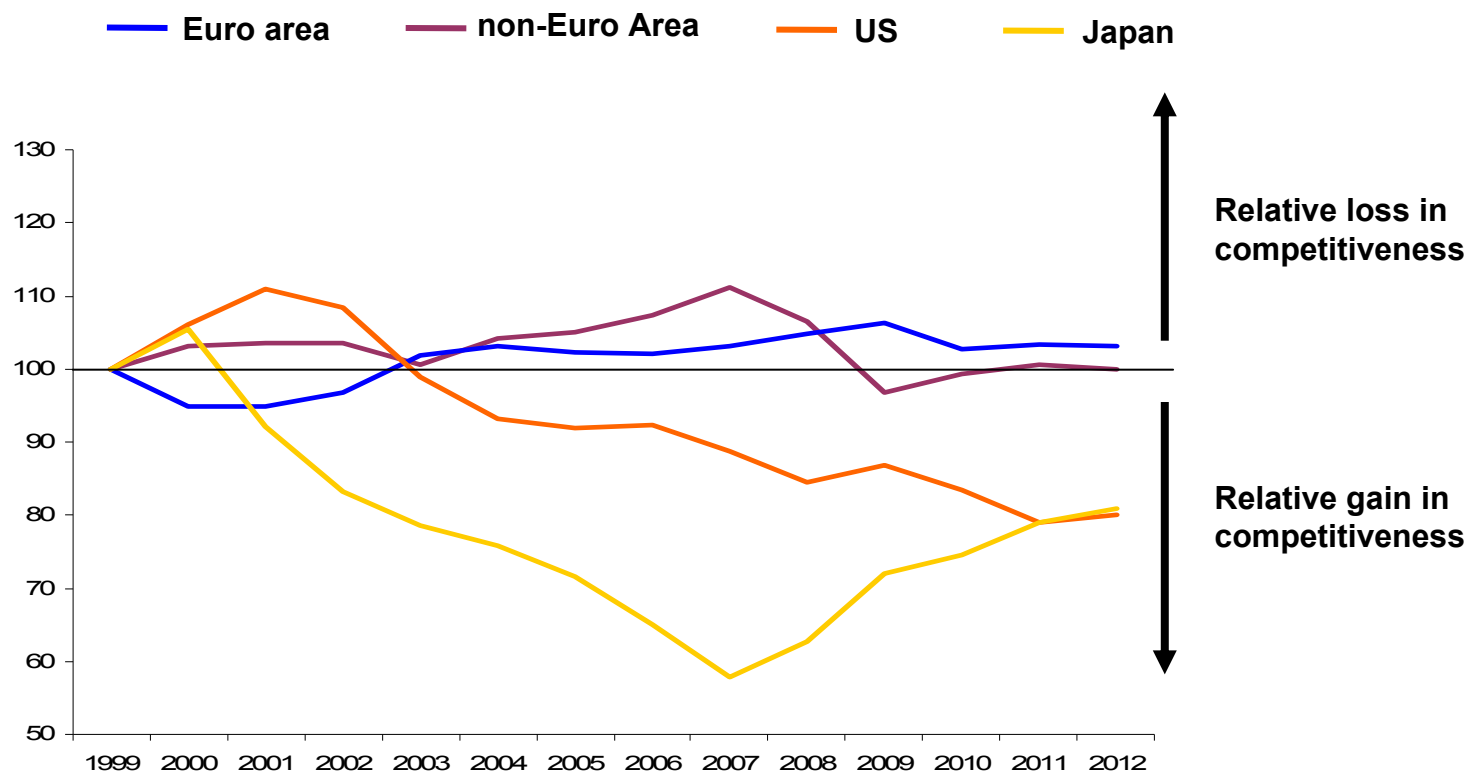


\* This indicator measures changes in price competitiveness relative to other countries.  
EE and SK missing due to high values: 145 and 183 respectively in 2011.

# Our collective price competitiveness is at stake

12

## Real effective exchange rates\* vis-à-vis key trading partners (1999 = 100)

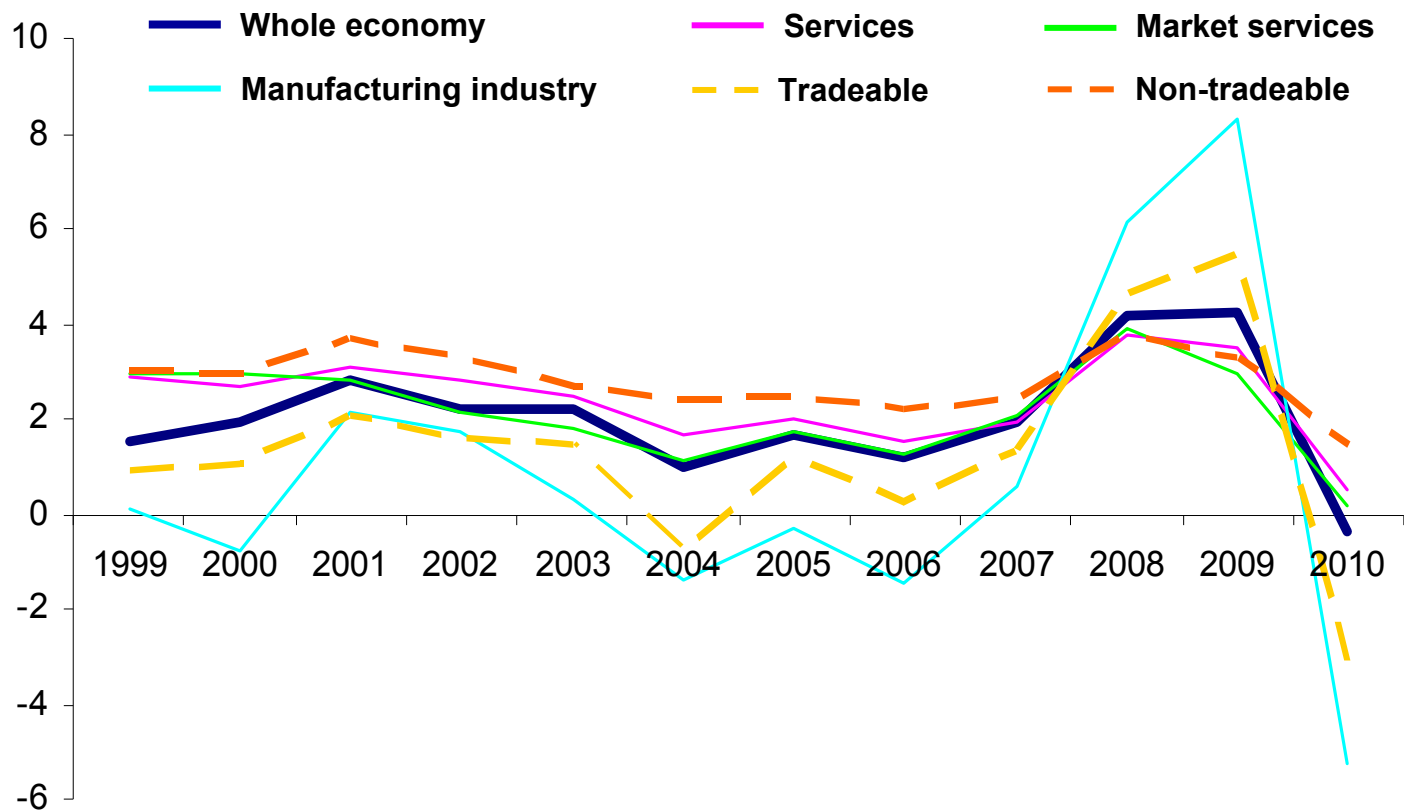


\* This indicator measures changes in price competitiveness relative to other countries

# Labour costs must be watched closely

13

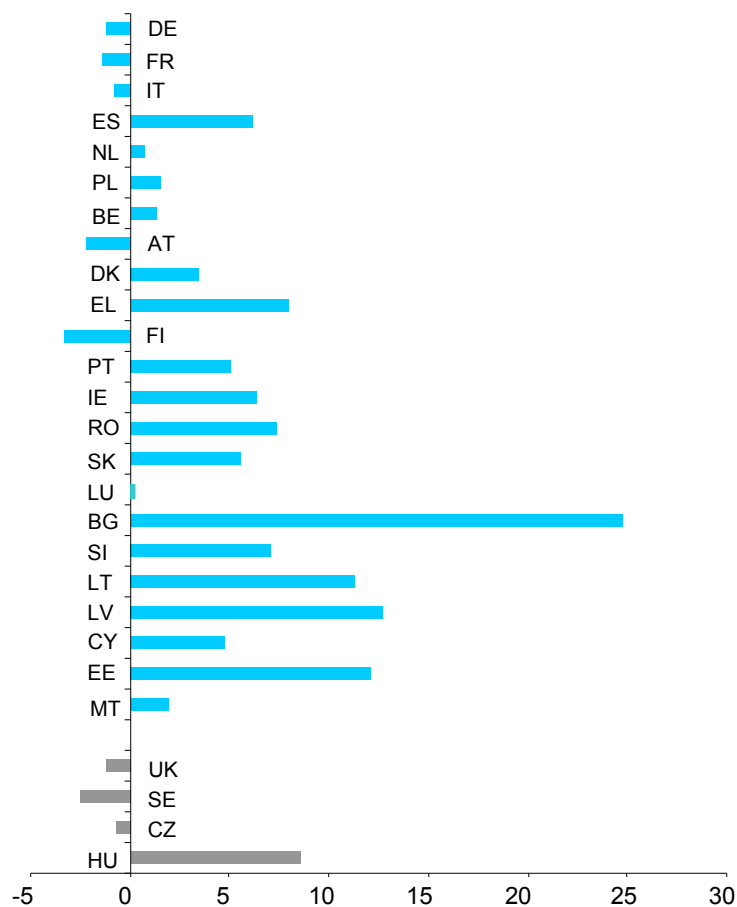
## Nominal unit labour costs (annual % change)



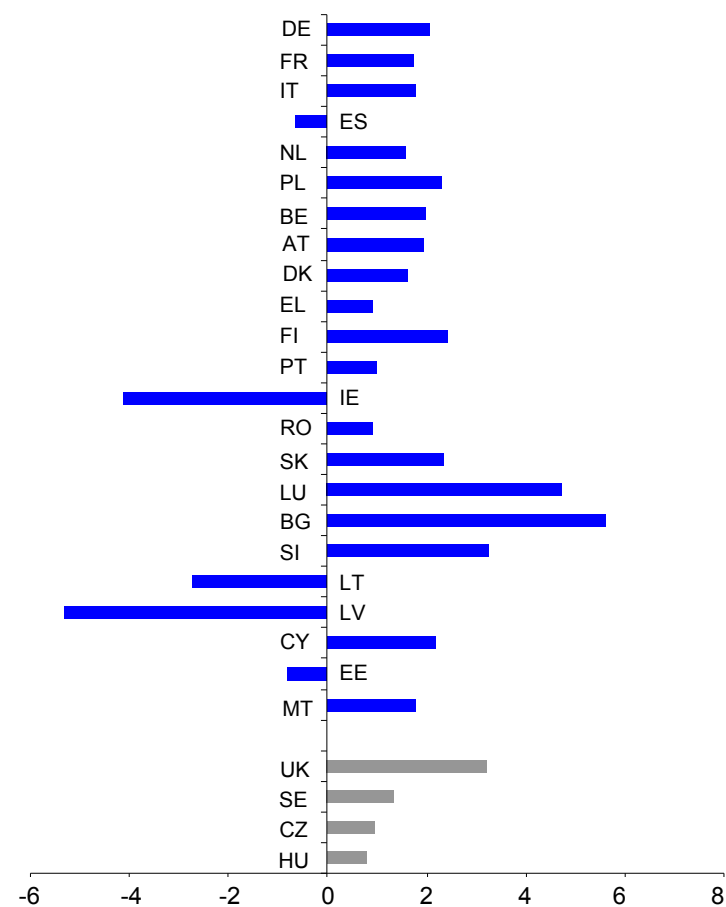
# Corrections are taking place since the crisis

14

Current account as a % of GDP  
(change 2008-2011)



Nominal unit labour costs  
(average annual growth 2008-2011)

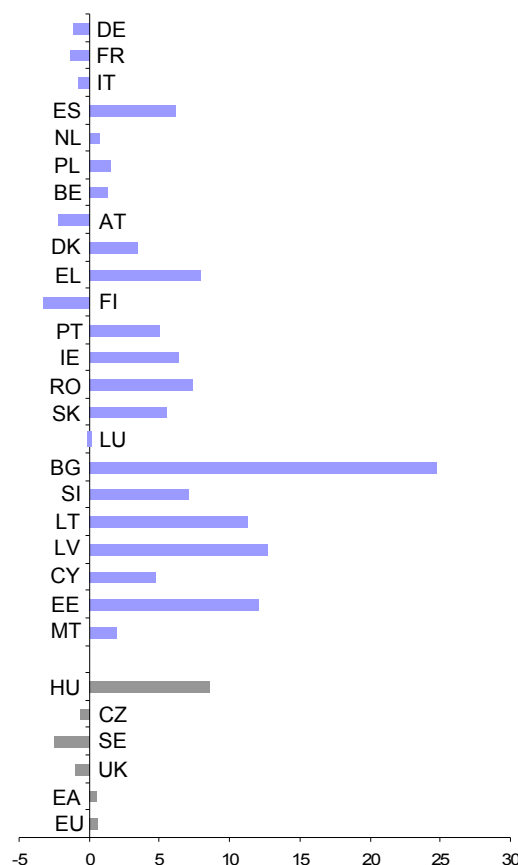


Note: see definitions and explanations on slide 10

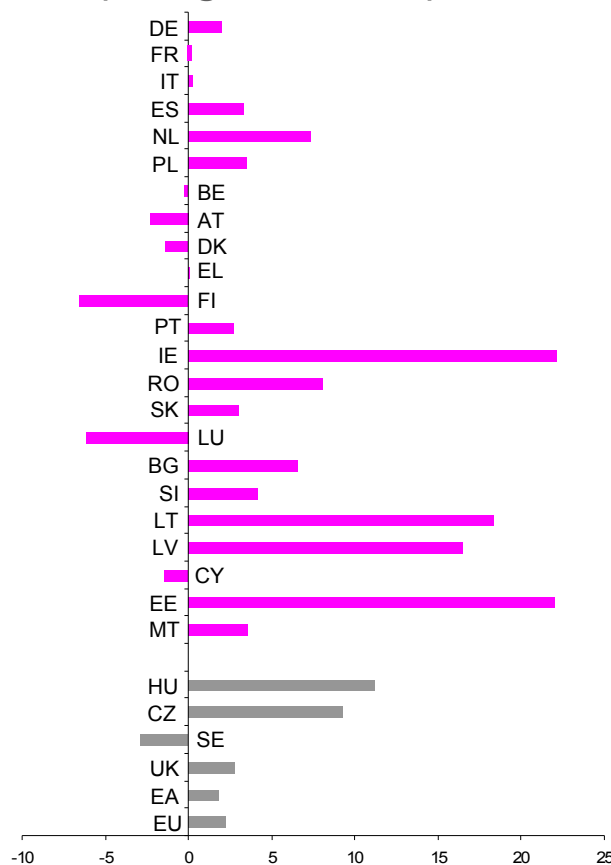
# Limited demand leads to lower imports, but rise in exports is also a factor for some

15

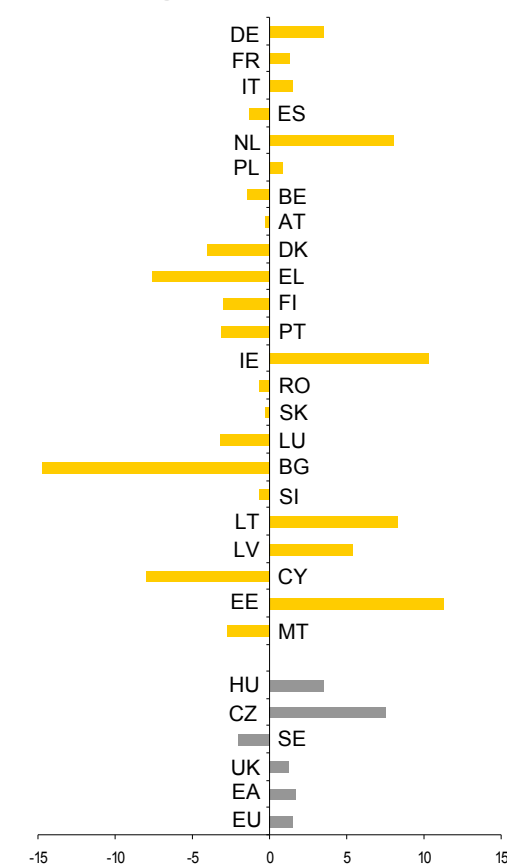
Current account as a % of GDP (change 2008-2011)



Exports of goods and services as a % of GDP (change 2008-2011)



Imports of goods and services as a % of GDP (change 2008-2011)



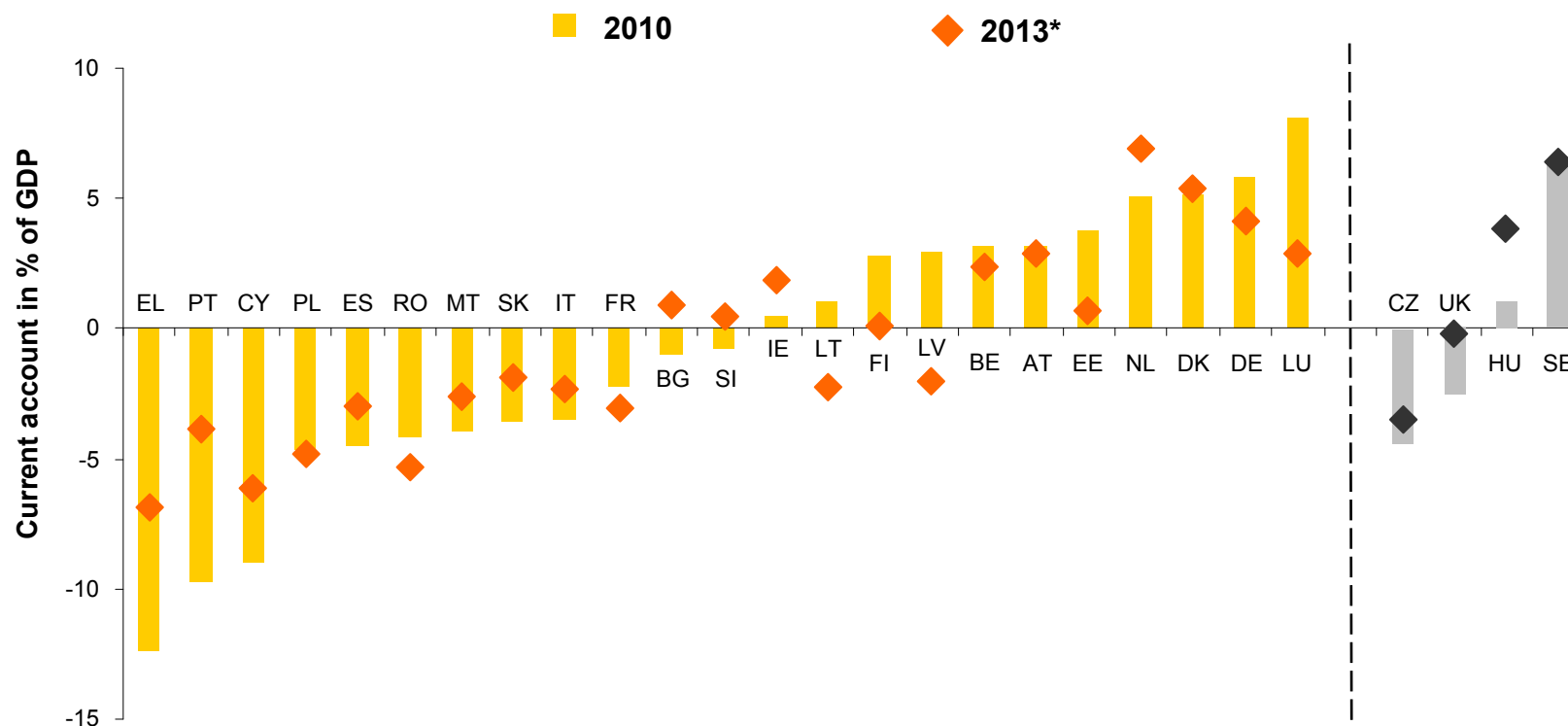
Note: see definitions and explanations on slide 10



# Large current account deficits persist

16

## Current account balance as a % of GDP



\* Forecasts

Note: see definitions and explanations on slide 10

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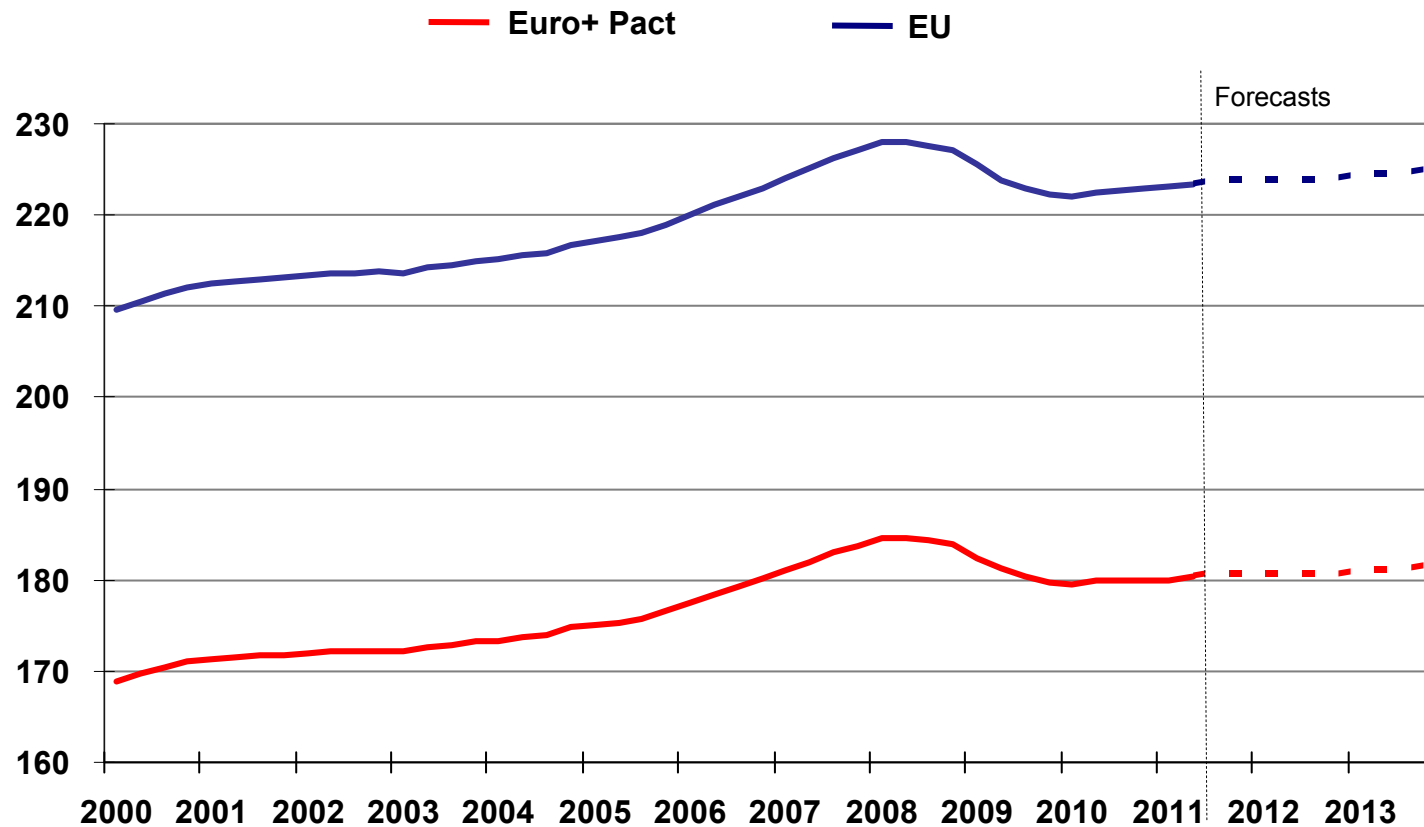
# Employment

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# Europe has lost many jobs due to the crisis

18

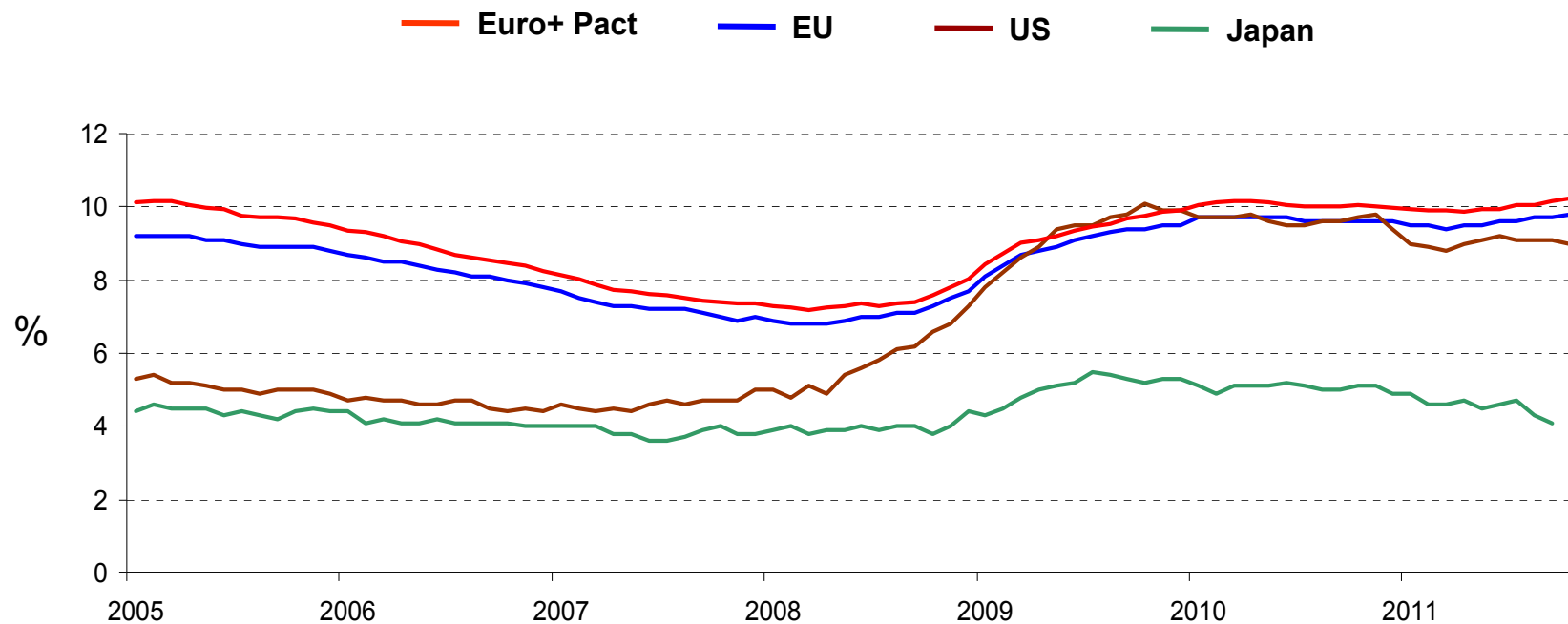
Number of people employed in Euro+ Pact countries and EU  
(in million)



# Unemployment is reaching 10% on average

19

## Unemployment rates in Euro+ Pact and other countries



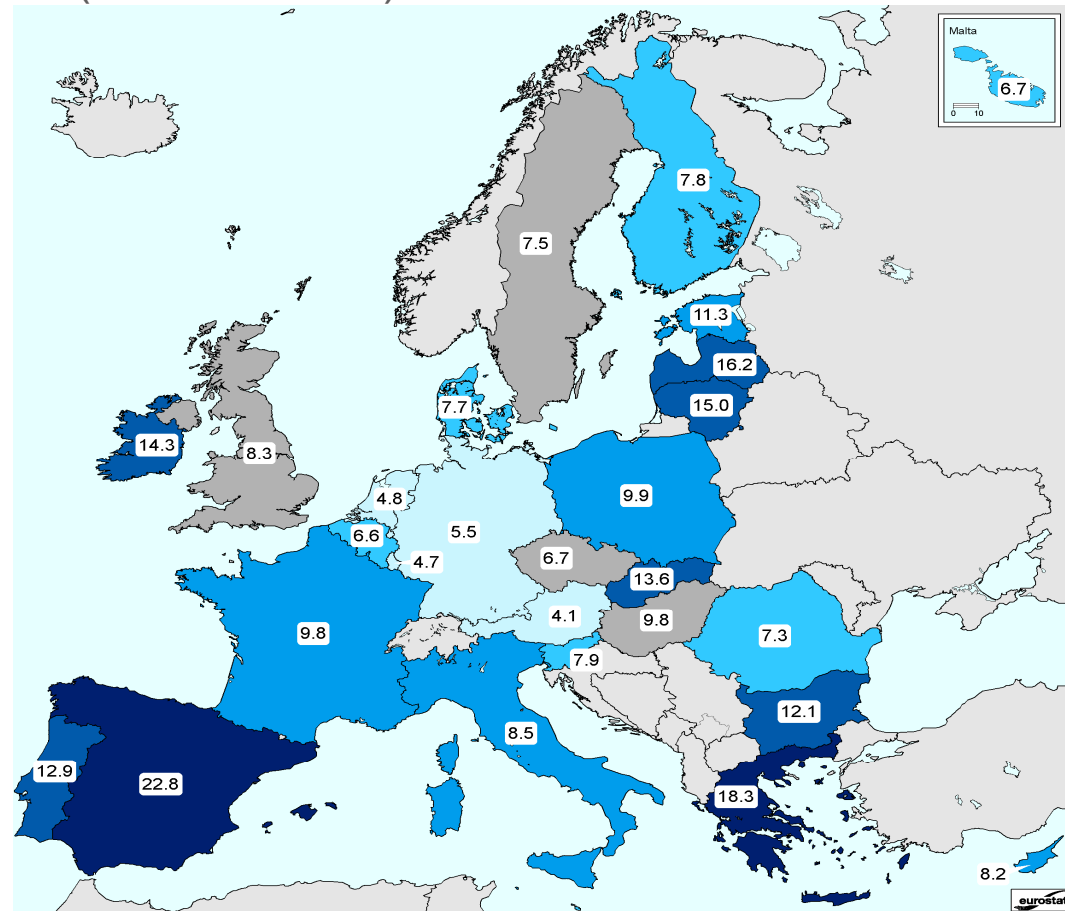
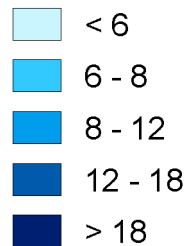
**23.5 million people are now unemployed in the EU (9.8% of the working age population) and close to 20 million in Euro Plus Pact countries (10.2%). For the EU, this represents an increase of more than 7 million compared to early 2008.**

# Unemployment is very high in several countries

20

## Unemployment rates in Euro+ Pact and other countries (October 2011)

% of labour force



# Unemployment will remain high

21

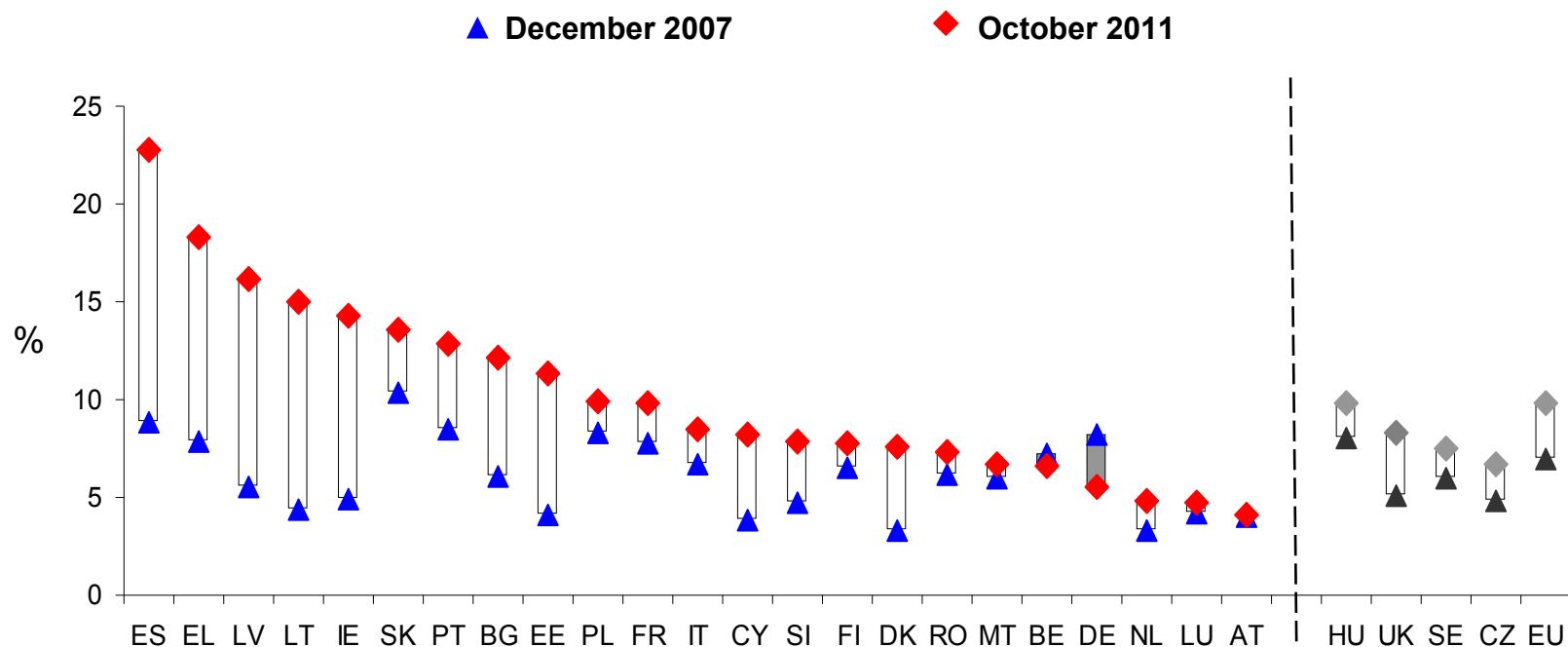
## Unemployment rates in Euro+ Pact and other countries (in %, Autumn 2011 forecasts)

	2010	2011	2012	2013		2010	2011	2012	2013
Belgium	8.3	7.6	7.7	7.9	Bulgaria	10.2	12.2	12.1	11.3
Germany	7.1	6.1	5.9	5.8	Denmark	7.4	7.4	7.3	7.1
Estonia	16.9	12.5	11.2	10.1	Latvia	18.7	16.1	15	13.5
Ireland	13.7	14.4	14.3	13.6	Lithuania	17.8	15.1	13.3	11.6
Greece	12.6	16.6	18.4	18.4	Poland	9.6	9.3	9.2	8.6
Spain	20.1	20.9	20.9	20.3	Romania	7.3	8.2	7.8	7.4
France	9.8	9.8	10	10.1					
Italy	8.4	8.1	8.2	8.2	Czech Republic	7.3	6.8	7	6.7
Cyprus	6.2	7.2	7.5	7.1	Hungary	11.2	11.2	11	11.3
Luxembourg	4.6	4.5	4.8	4.7	Sweden	8.4	7.4	7.4	7.3
Malta	6.9	6.7	6.8	6.6	United Kingdom	7.8	7.9	8.6	8.5
Netherlands	4.5	4.5	4.7	4.8					
Austria	4.4	4.2	4.5	4.2	EU	9.7	9.7	9.8	9.6
Portugal	12	12.6	13.6	13.7	Euro area	10.1	10	10.1	10
Slovenia	7.3	8.2	8.4	8.2	United States	9.6	9	8.9	8.8
Slovakia	14.4	13.2	13.2	12.3	Japan	5.1	4.9	4.8	4.7
Finland	8.4	7.8	7.7	7.4					

# The increase was sharp in most countries

22

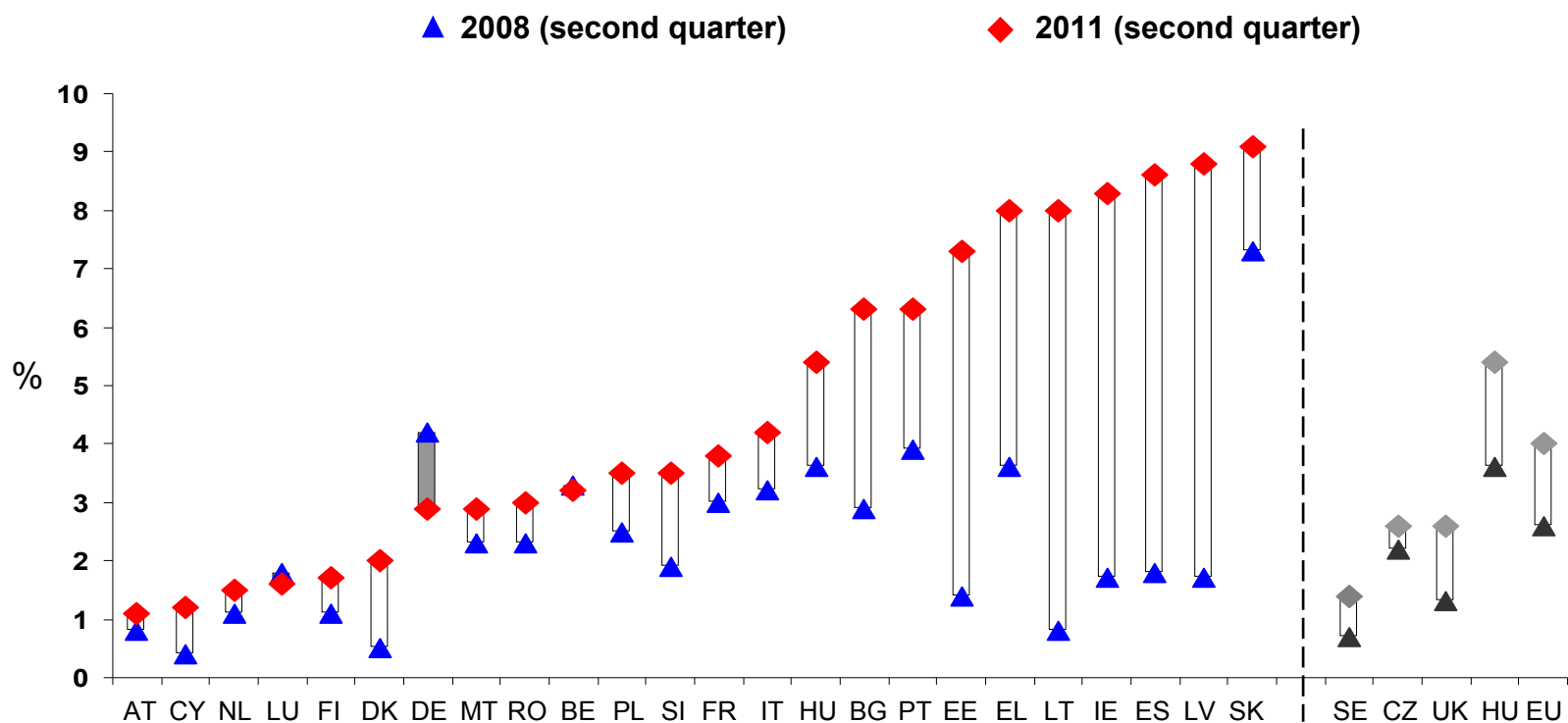
## Evolution of unemployment rates between December 2007 and September 2011



# This is a radically new situation for many

23

## Evolution of long-term unemployment rates\* across the EU between 2008 and 2011



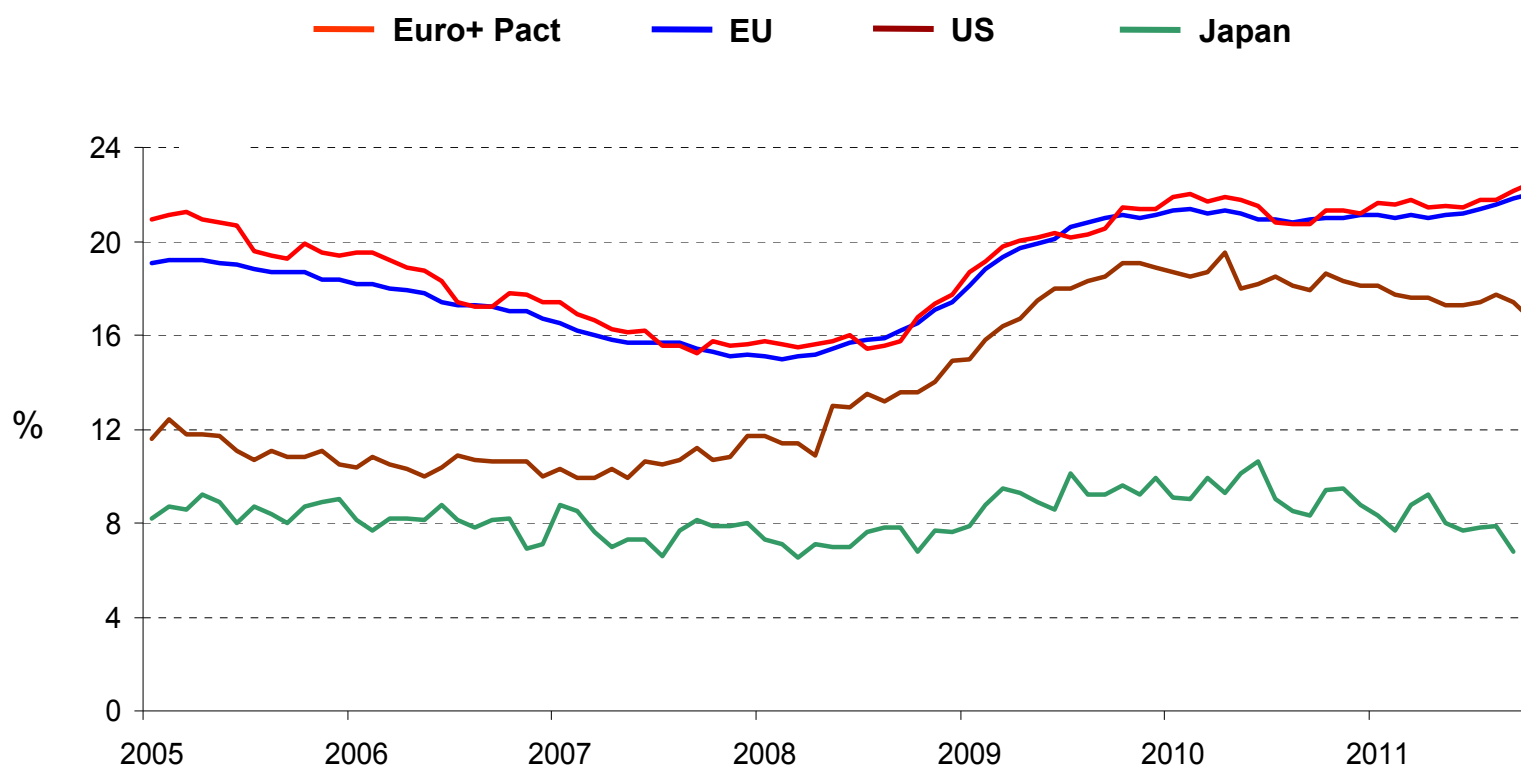
\* Share of people unemployed for more than 12 months



# Unemployment is twice as high for young people

24

## Youth unemployment rates in Euro+ Pact and other countries (under 25 year-olds)

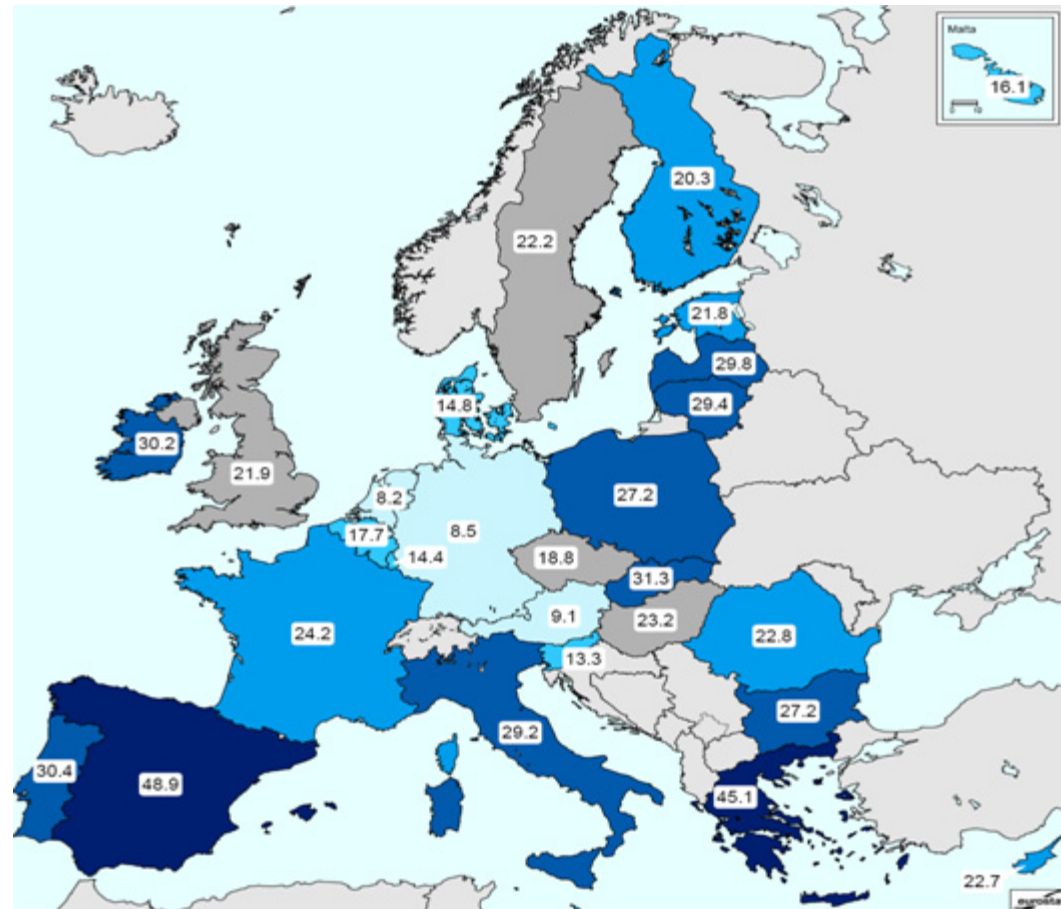
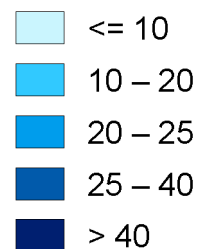


# It even reaches 40% in some Member States

25

## Youth unemployment rates (October 2011)

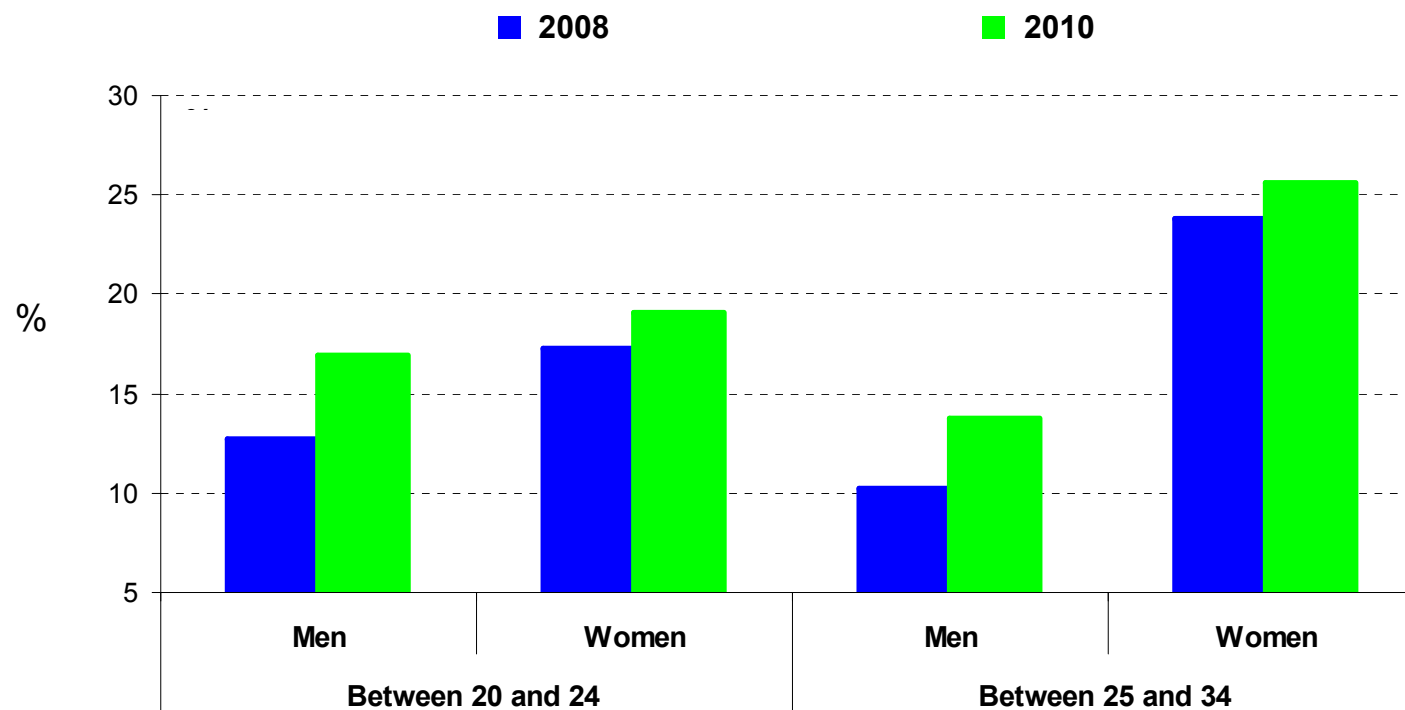
### % of labour force



# Risk of a lost generation?

26

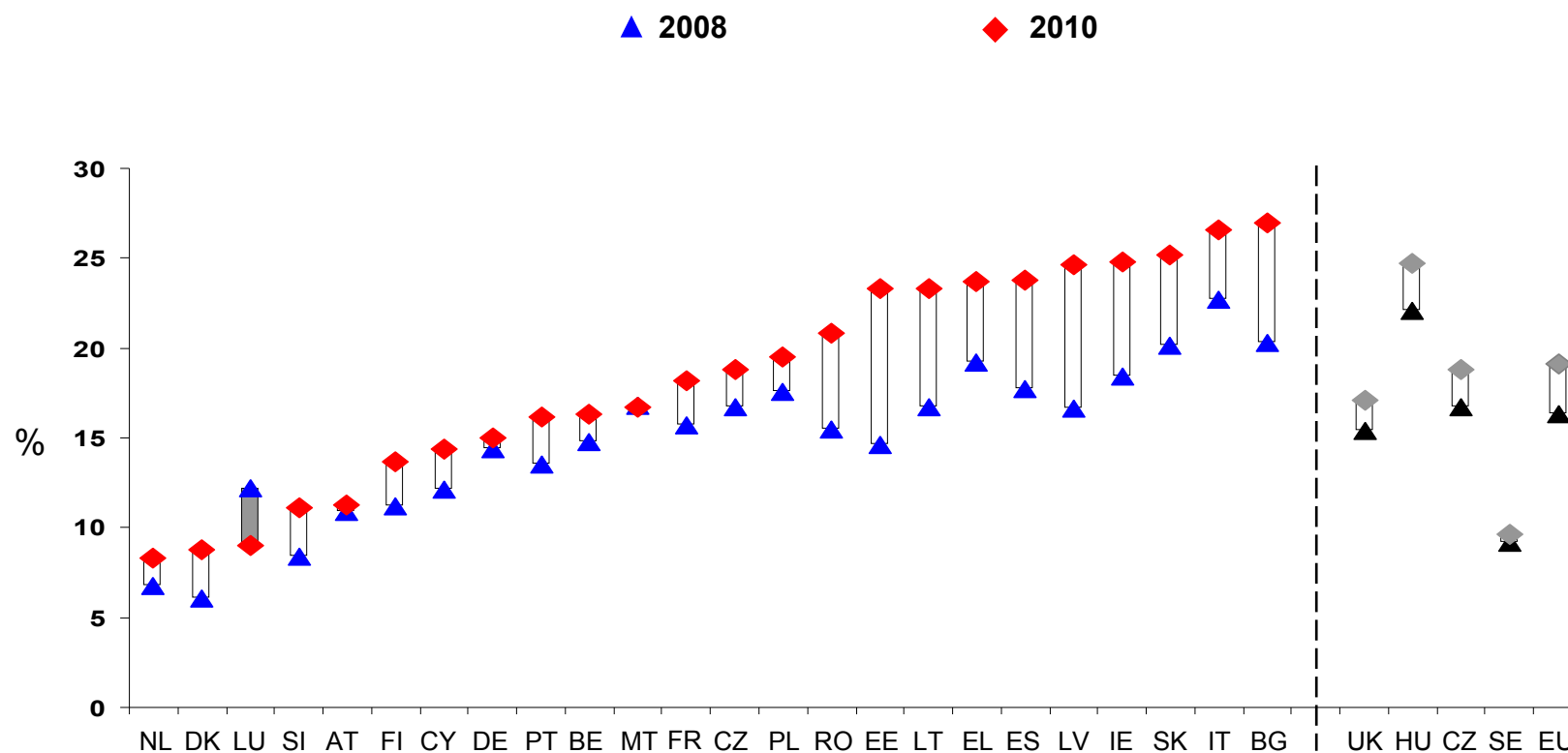
Share of young people not in employment, education or training (NEET) as a % of the age groups 20-24 and 25-34



# The phenomenon is increasing in several countries

27

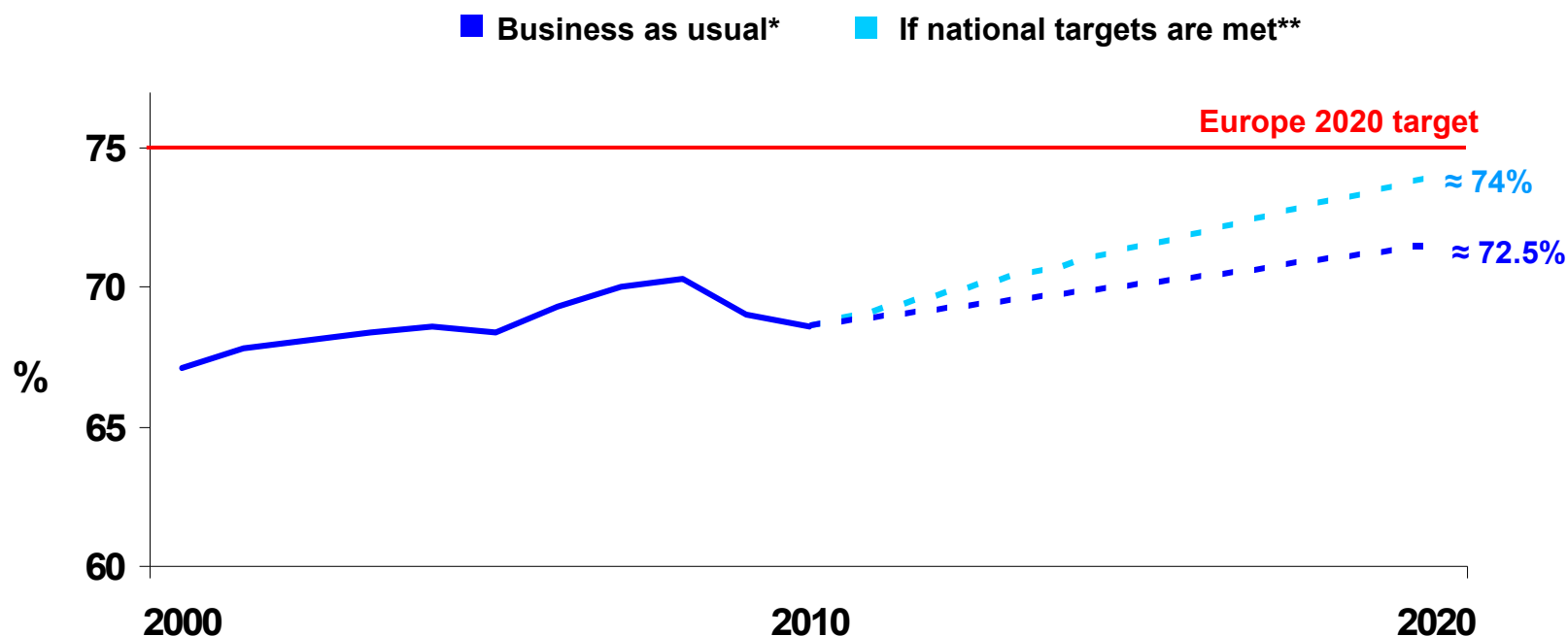
Evolution in the share of young people not in employment, education or training (NEET) as a % of the age group 20-34



# Progress in employment rates is stalling

28

## EU employment rate in 2000, 2010 and 2020 (share of people employed in the 20-64 age group)



**With current trends, the Europe 2020 target will not be met. The demographic reduction in the working age population (- 2 million over 2010-2020) makes it statistically easier to reach the target, but will hamper our growth potential.**

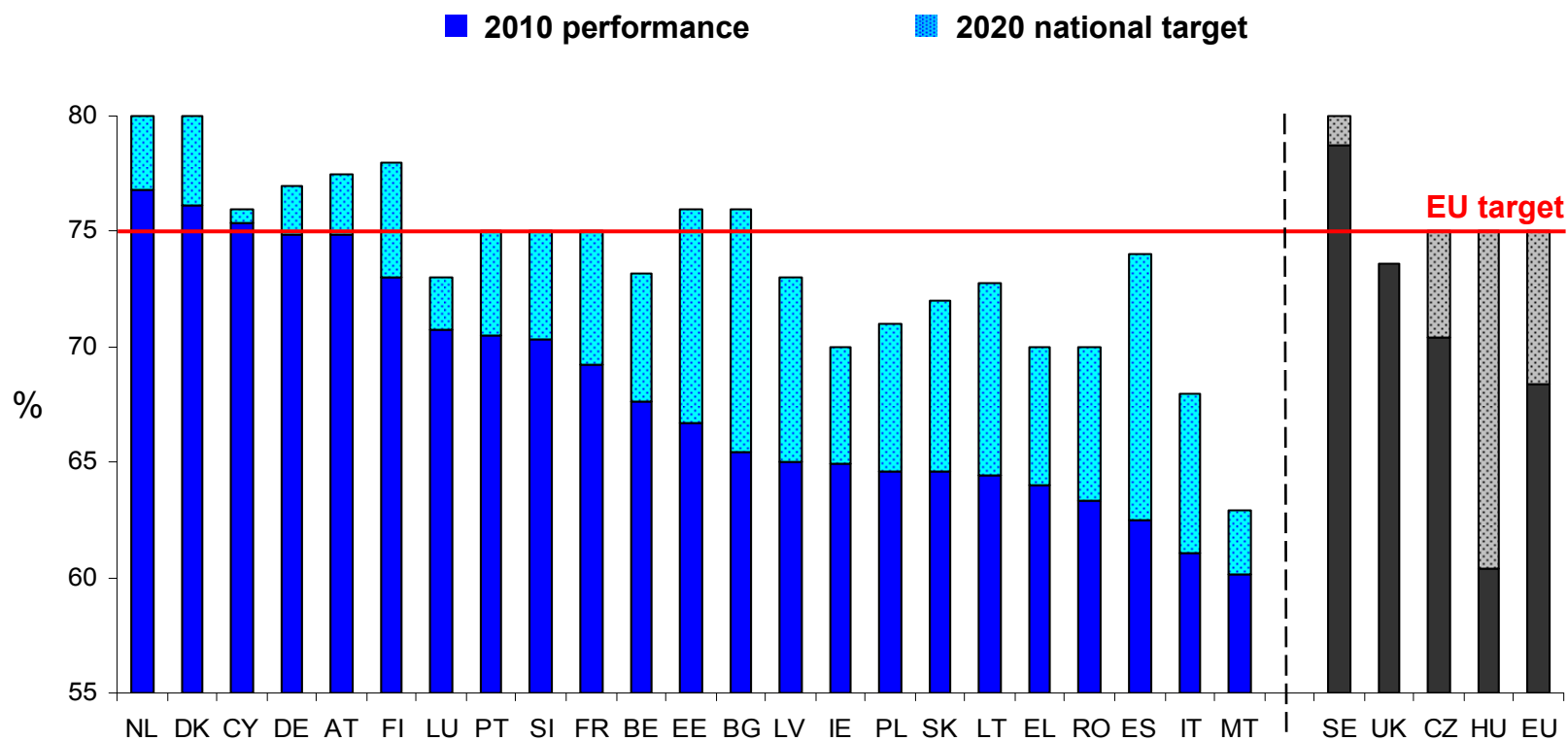
*\* Based on an employment growth of 0.3% per year, as forecast for 2011-2013, and taking into account an annual 0.1% reduction in working age population*

*\*\* No target set by the UK: the projection for the EU assumes 75% in 2020*

# Employment performances vary markedly

29

## Employment rates across the EU (share of people employed in the 20-64 age group)



# This is notably the case for female employment...

30

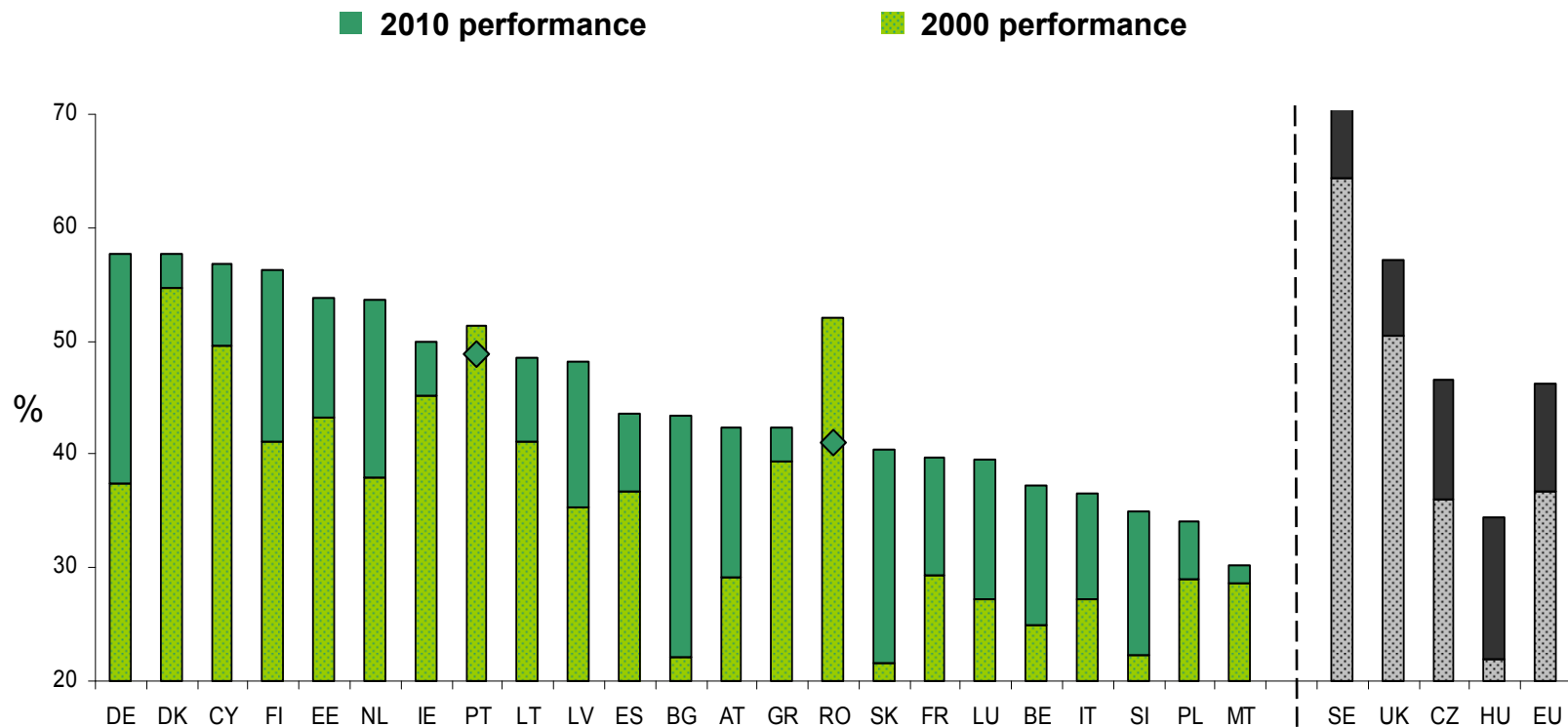
## Female employment rates across the EU (share of women employed in the 20-64 female age group)



## ... and for older workers

31

### Older workers' employment rates across the EU (share of people employed in the 55-64 age group)

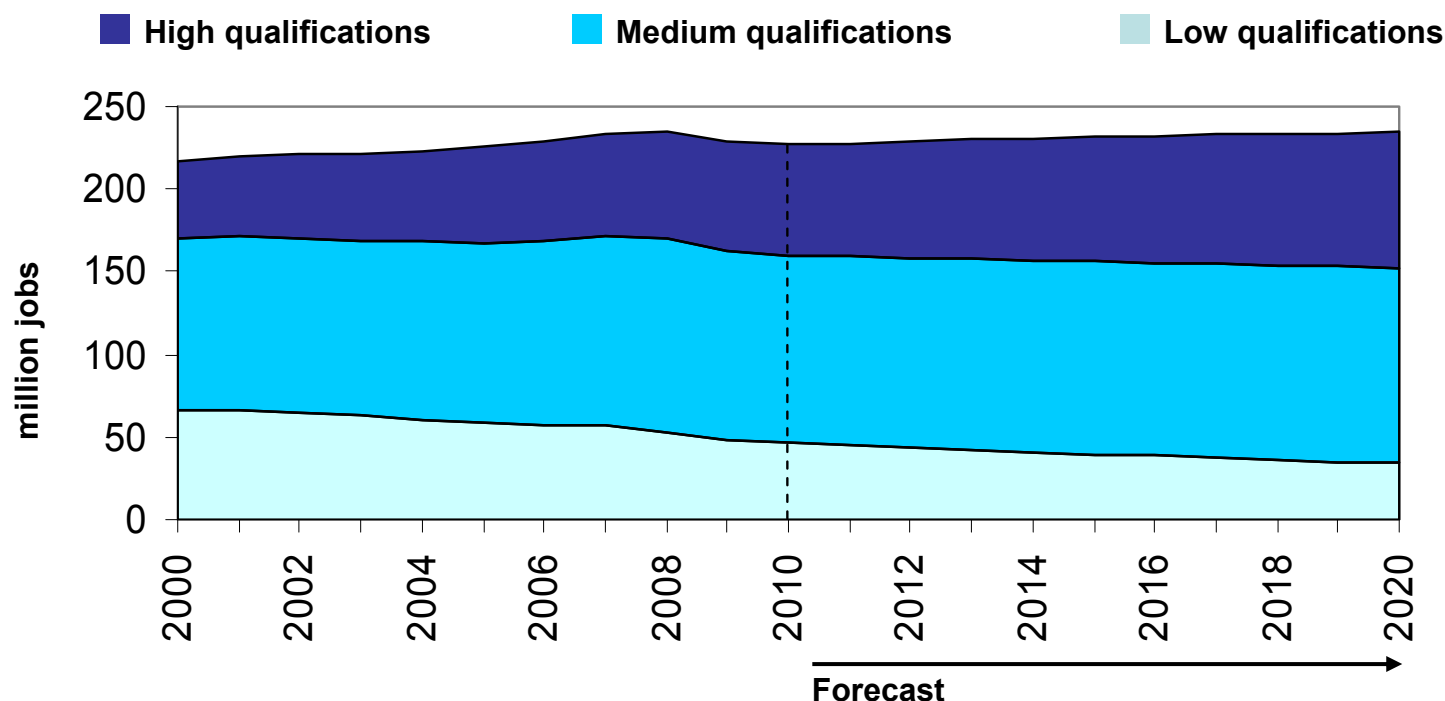




# The skills profile of the economy is changing

32

## Skills content of current and future jobs

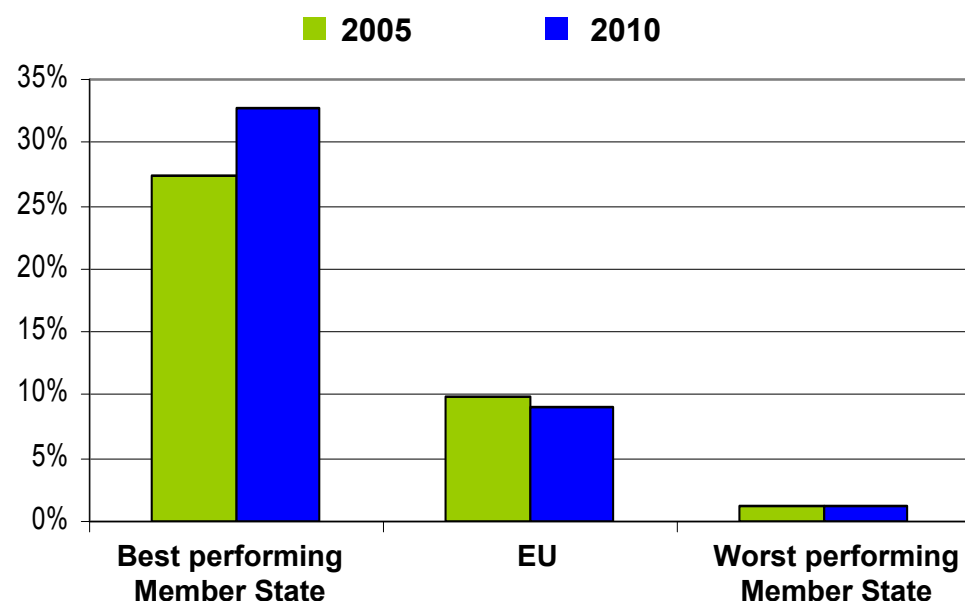


**In 2000, 22% of jobs required high level qualifications while 29% required low level qualifications. In 2010, it was the reverse. By 2020, 35% of jobs will require high level qualifications and 15% will require low level qualifications.**

# Access to lifelong learning is limited and uneven

33

**Share of adult population (25-64) participating in lifelong learning**  
(i.e. receiving education or training during the last 4 weeks)



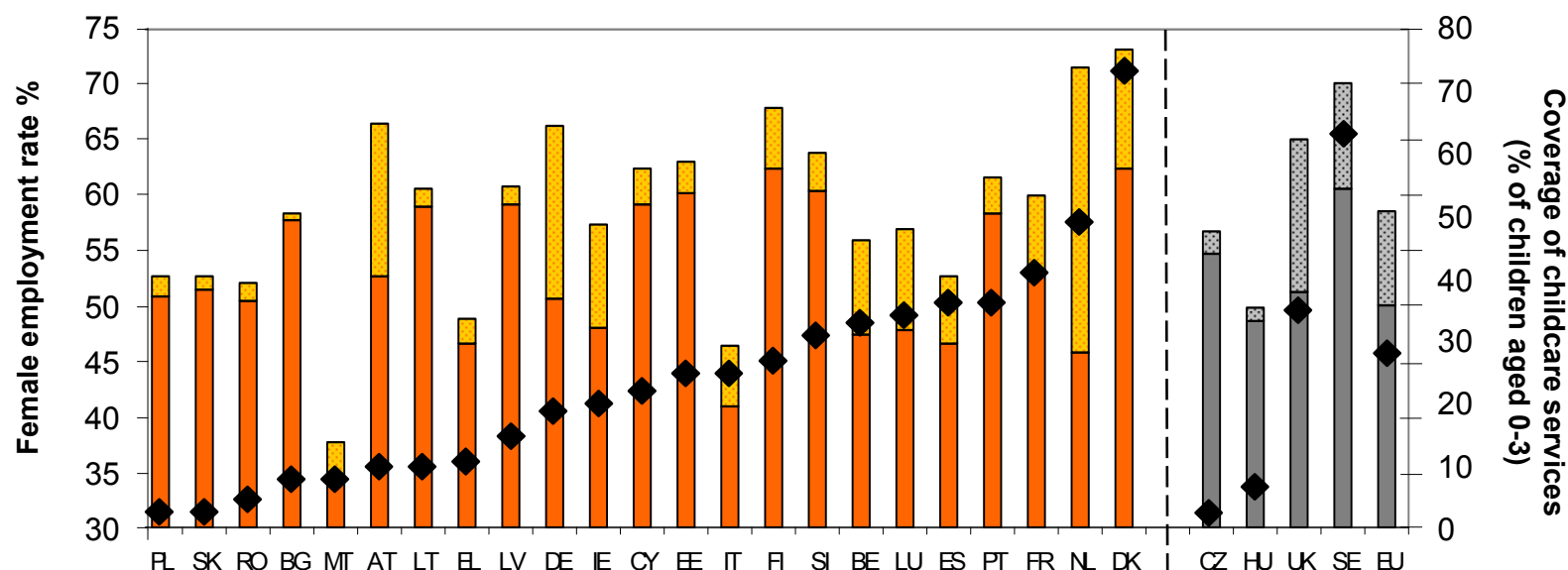
**About 80 million people in the EU have only low or basic skills. More access to training could help reduce this, but actual participation is stagnating. Participation is highest for the youngest, the most educated and the employed, and is thus lowest amongst groups needing training the most.**

# Many obstacles limit access to the labour market

34

## Female employment and coverage of childcare services in 2009

■ Female employment rates ■ Employment rates in full-time equivalent ◆ Coverage of childcare services

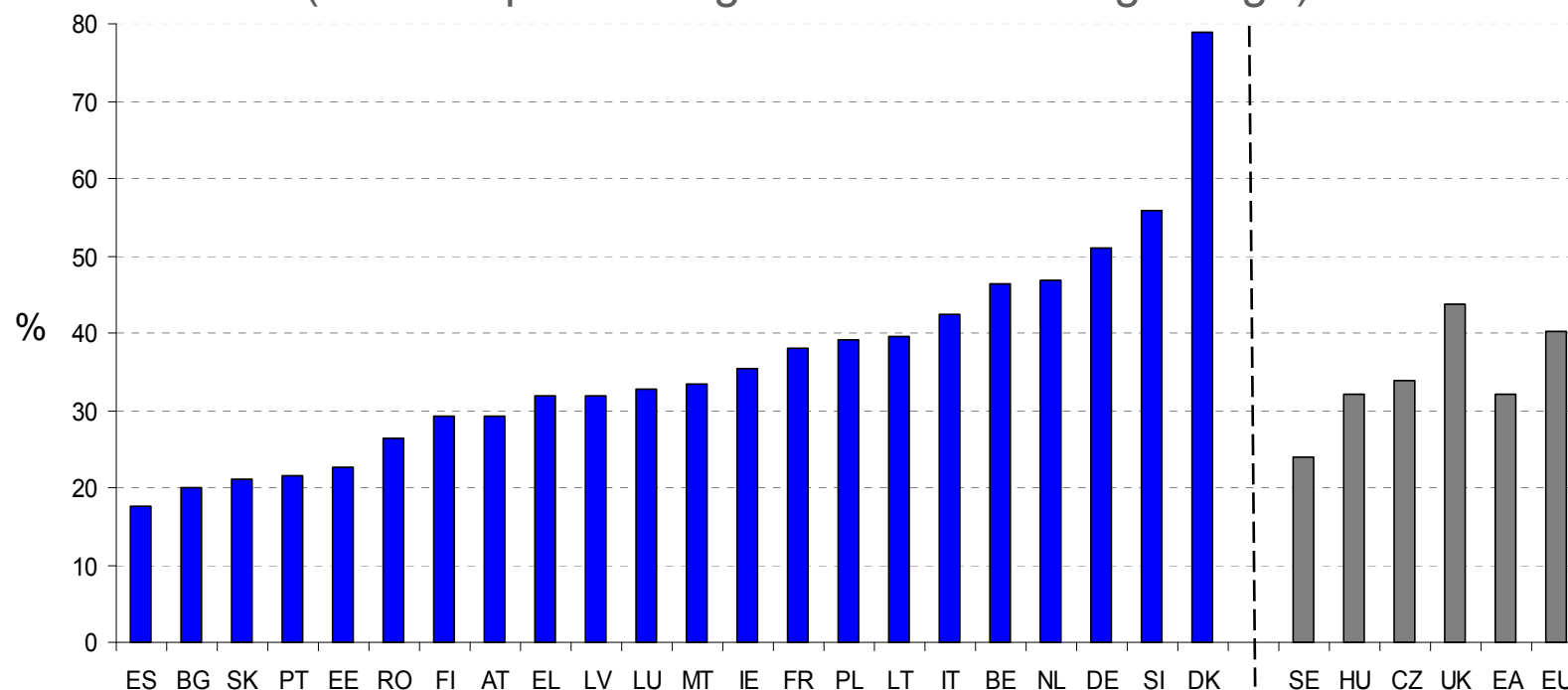


**If the share of part-time work is factored in to estimate a “full-time equivalent employment rate”, less than half of the female workforce is employed in several countries. The availability of childcare seems to play an important role.**

# Disincentives hamper labour participation

35

**Inactivity trap\* in 2009**  
(for a couple earning 67% of the average wage)



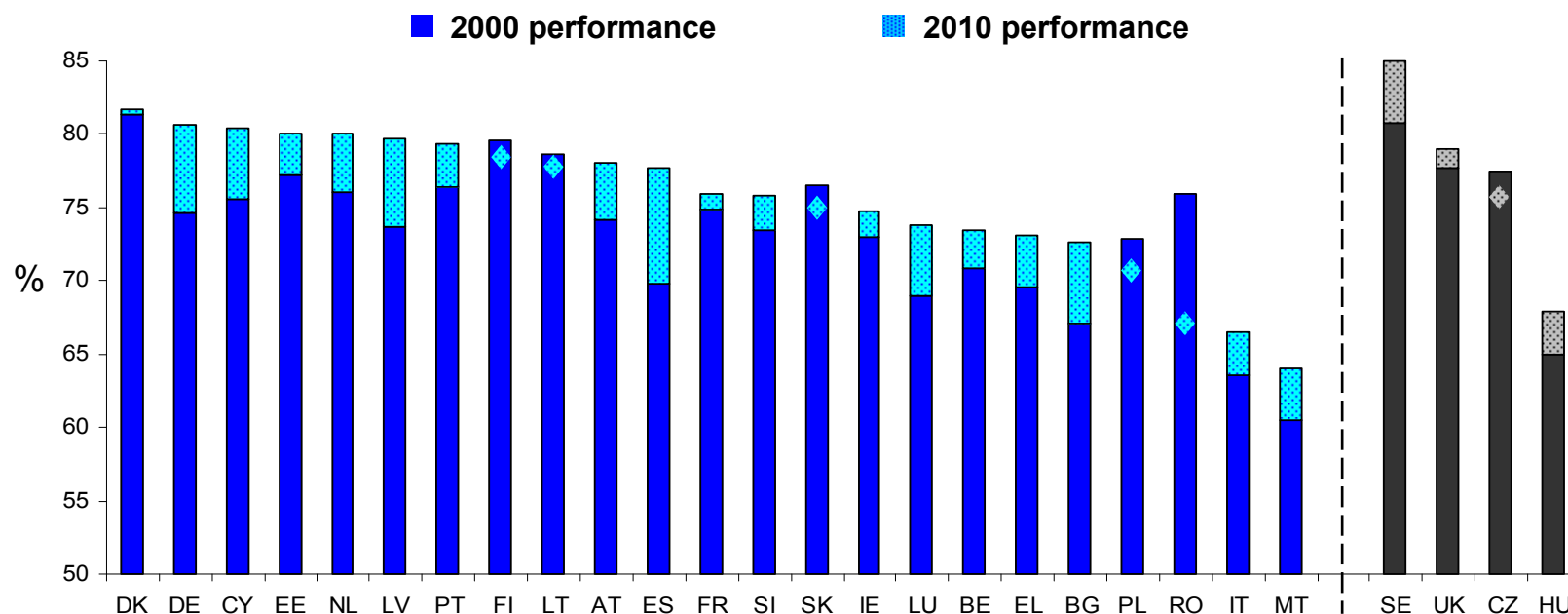
**Participation of second earners is hampered by disincentives embedded in tax and benefit systems. On average, 40% of the income of a second earner is lost (due to the discontinuation of social benefits), taxed away or spent on childcare when getting back to work.**

*\* Hypothesis: share of the second earner's revenue "lost/taxed" when he/she takes back a job, for a couple of two workers with two children, earning 2/3 of the average wage*

# In spite of the crisis, labour participation has not decreased in most countries, at least until recently

36

## Participation rates across the EU (share of people employed or unemployed as a % of the 20-64 population)

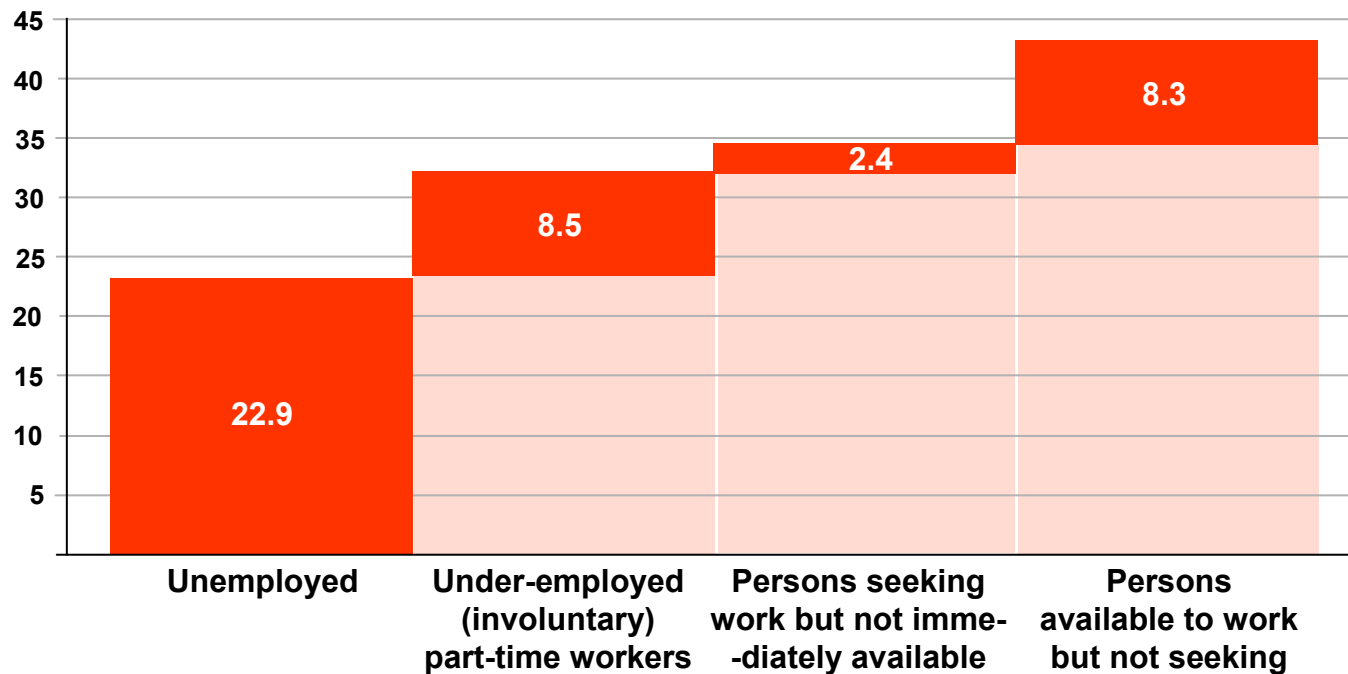


**Participation in the labour market varies significantly across the EU, with a 20% gap between the two extremes. It has generally increased since 2000, driven mainly by women and people over 55. With the prospect of a diminishing working age population, a high level of participation is key to sustain growth and jobs.**

# But inactivity threatens a large pool of people...

37

## Unemployment and related indicators for the year 2010 (million)



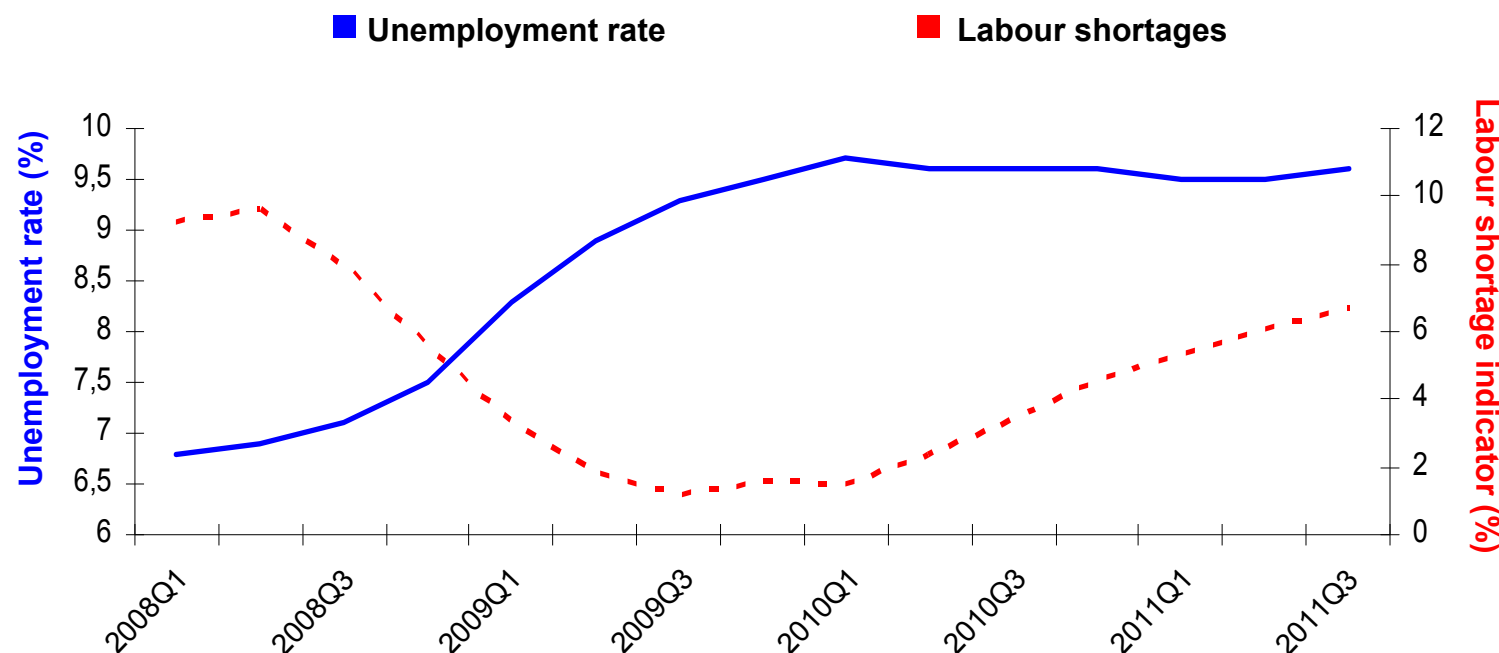
**In addition to 23 million core unemployed, there are 19 million people who are underemployed, “discouraged” or “marginally attached” to the labour market.**

## ... and labour mismatches may hinder recovery

38

### Evolution of unemployment rate and labour shortages in the EU

(labour shortage = % of manufacturing firms indicating labour as a factor limiting the production)



**While unemployment was reaching very high levels, unfilled vacancies also started to increase as of end 2009. This points to labour market mismatches, such as limited mobility or inadequate skills, across EU sectors and regions.**

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# **Sustainability of public finances**

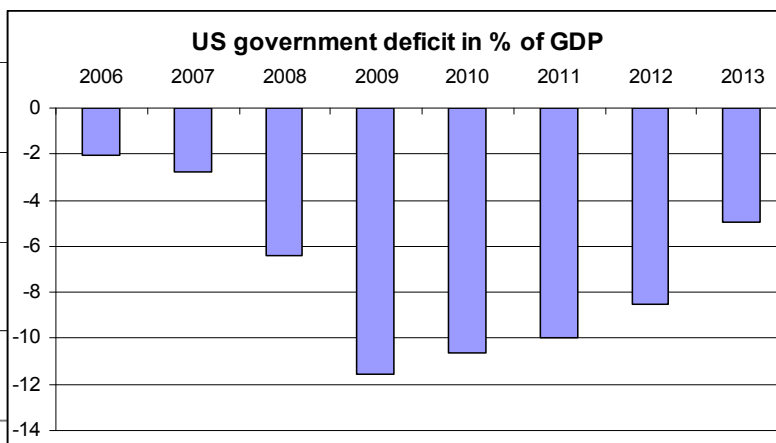
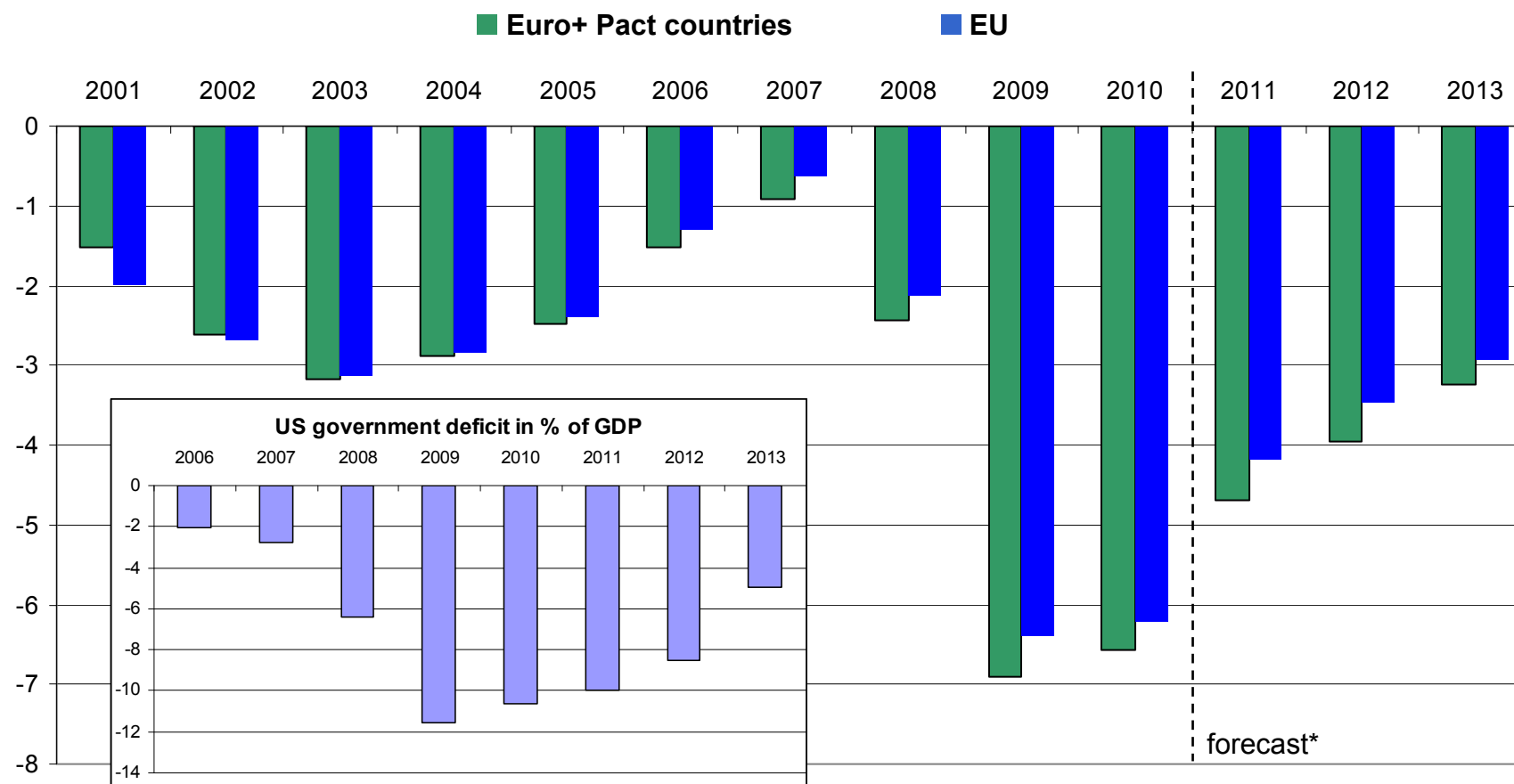
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# Deficits are declining but decisive steps are needed



## Government deficit in % of GDP

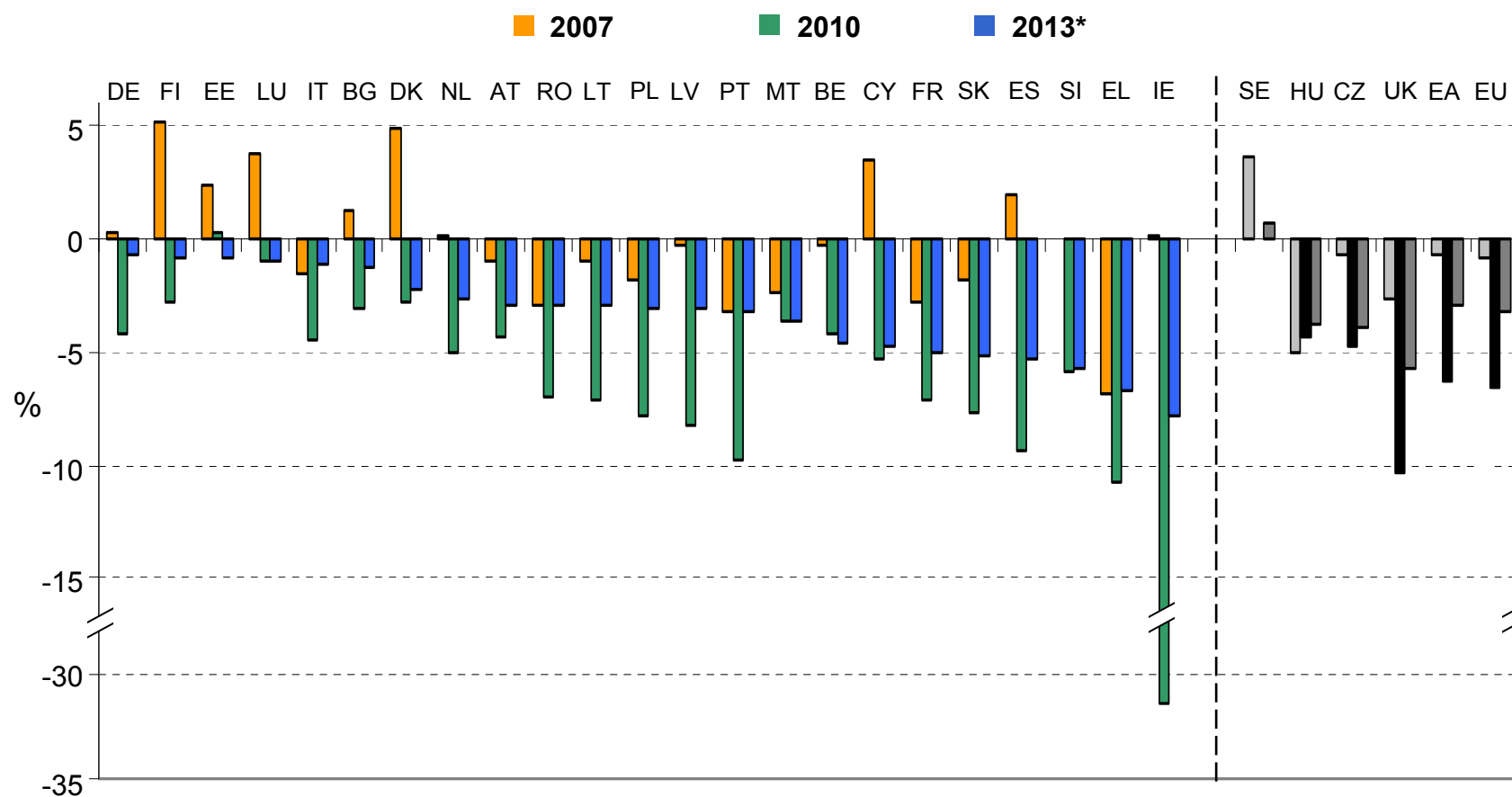


\* This forecast is based on an Autumn 2011 scenario of « no policy change » and does not reflect announcements made since then

# Fiscal consolidation is a challenge for all

41

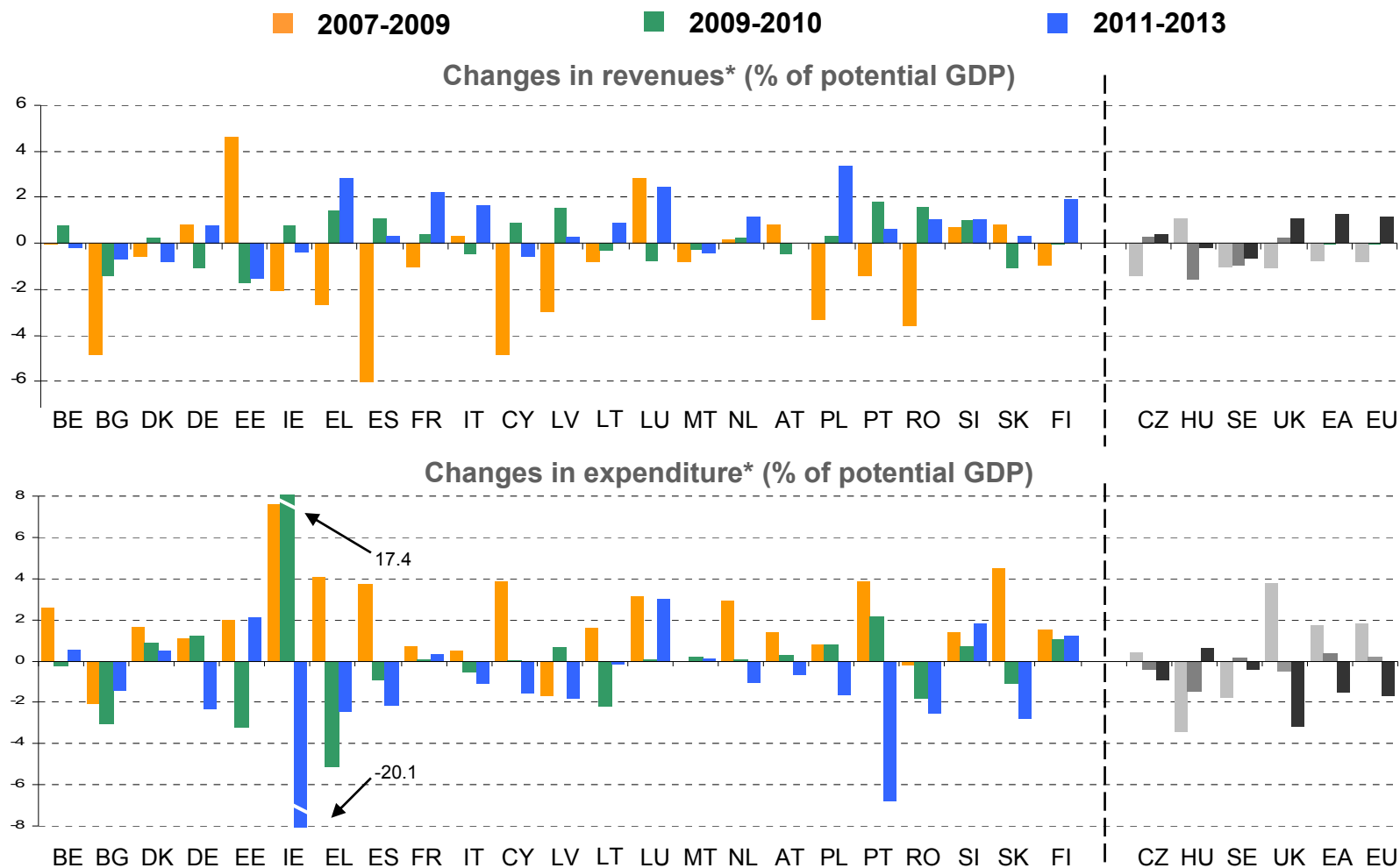
## Government deficit in % of GDP



\* This forecast is based on an Autumn 2011 scenario of « no policy change » and does not reflect announcements made since then

# The quality of the fiscal adjustment matters

42

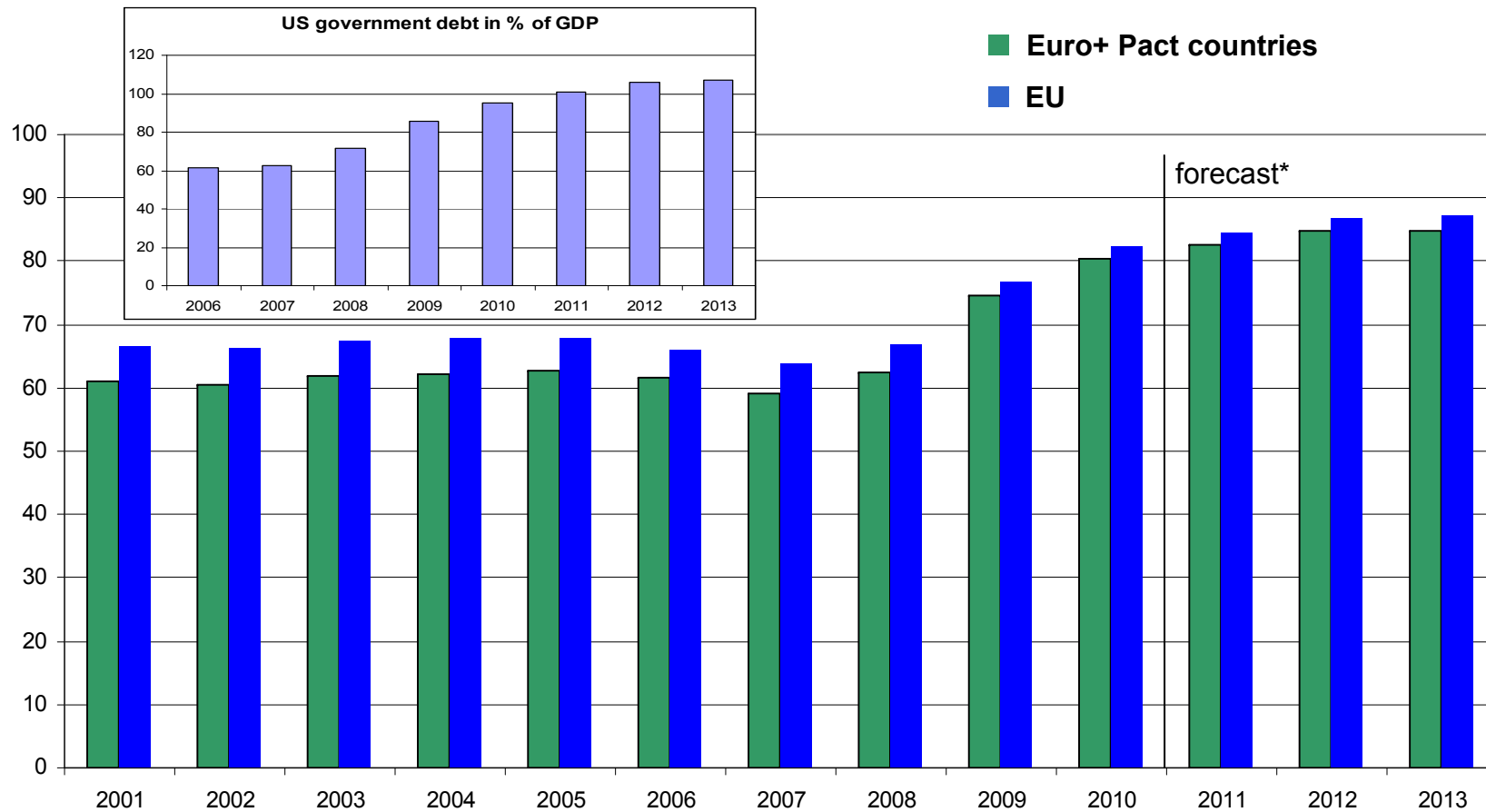


\* Cyclically adjusted

# Debts are not yet on a downward path

43

## Government debt in % of GDP

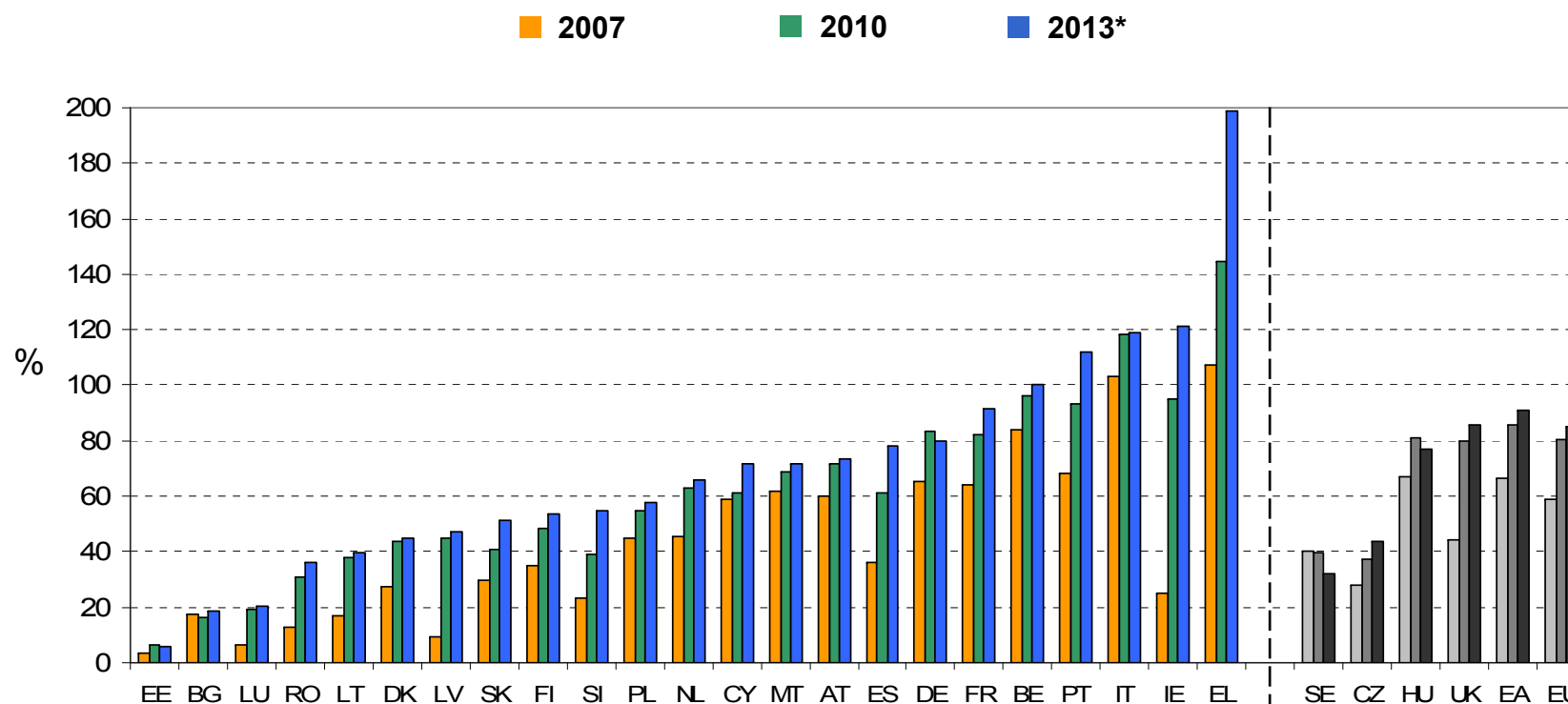


\* This forecast is based on an Autumn 2011 scenario of « no policy change » and does not reflect announcements made since then

# The majority of Member States face rising debt

44

## Government debt in % of GDP

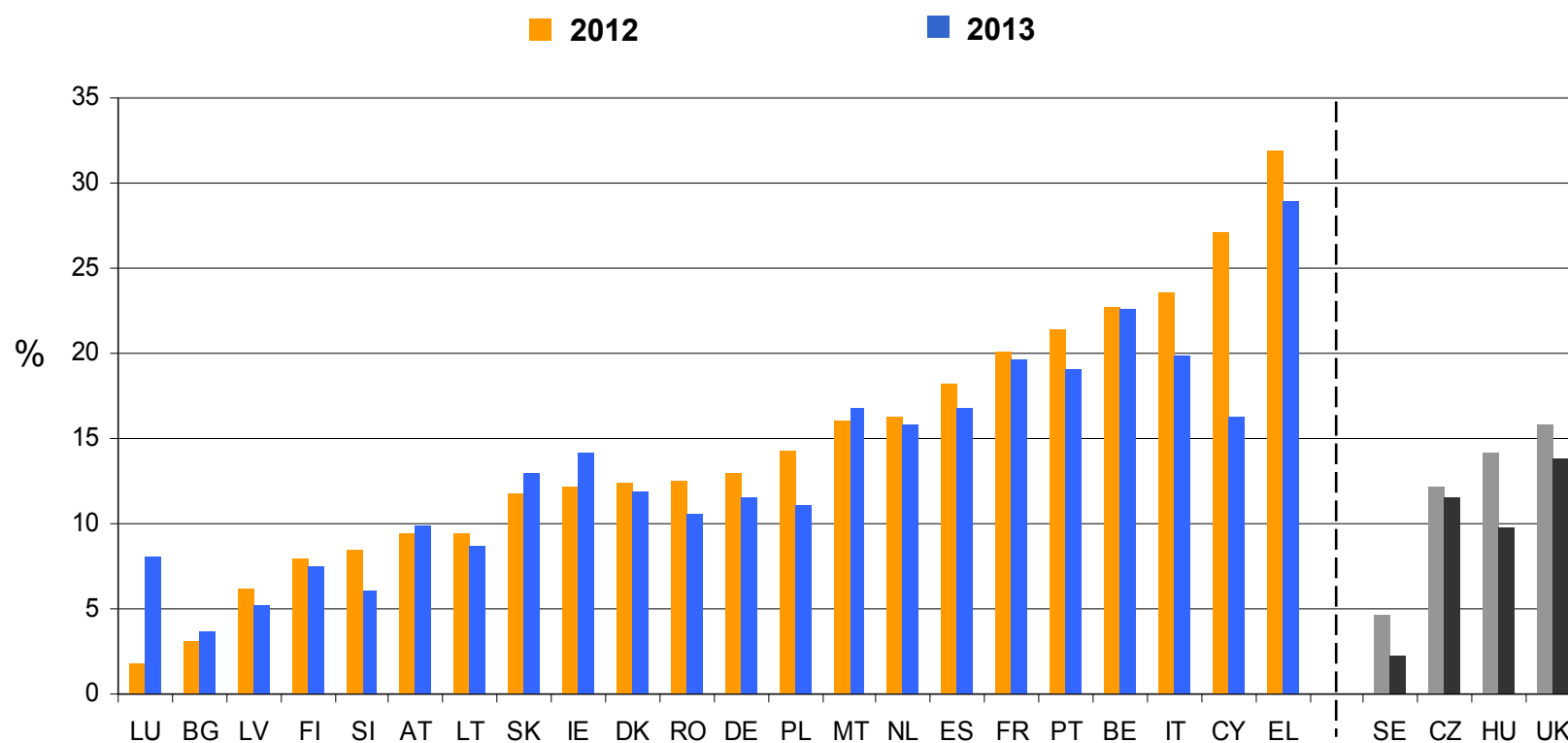


\* This forecast is based on the Autumn 2011 scenario of « no policy change » and does not reflect announcements made since then

# Annual financing needs vary significantly

45

## Governments' gross financing needs\* over GDP, in %

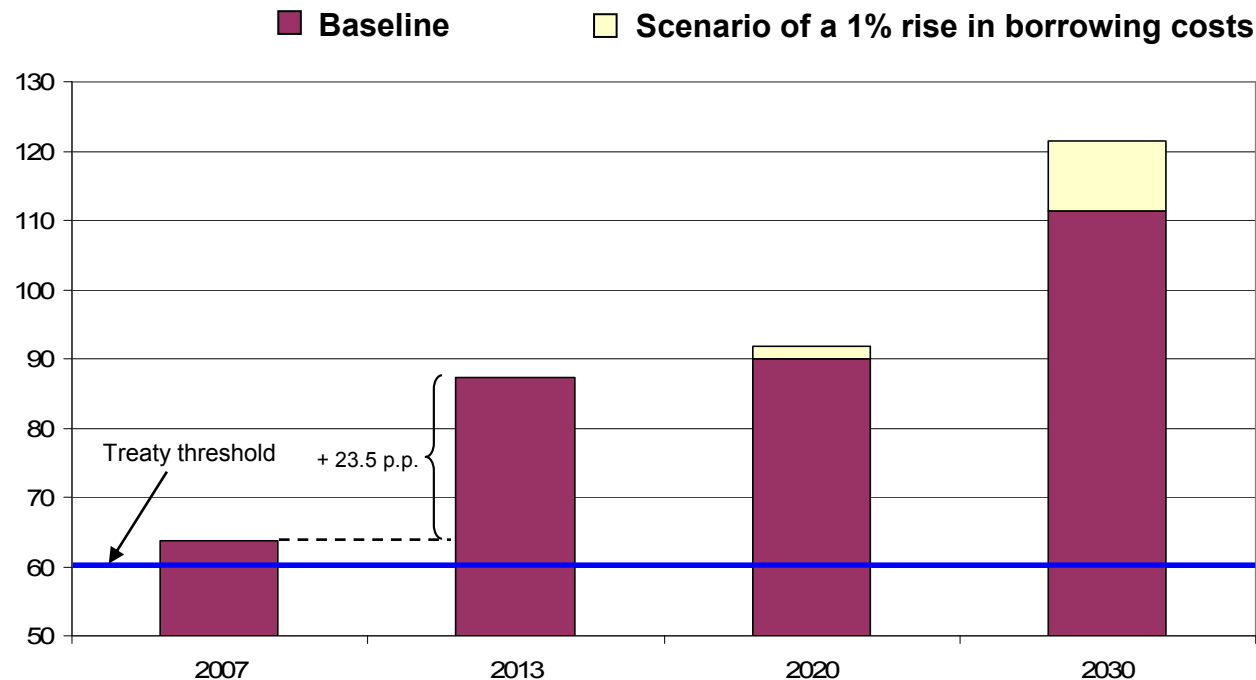


\* Gross financing needs are an estimate of the sum of annual fiscal needs plus maturing debt (assuming that short term debt outstanding in 2013 remains the same as in 2012)

# Further imbalances would mean an extra cost for all

46

## Government debt in Euro Plus Pact countries (% of GDP) (past trends and medium-term projections)

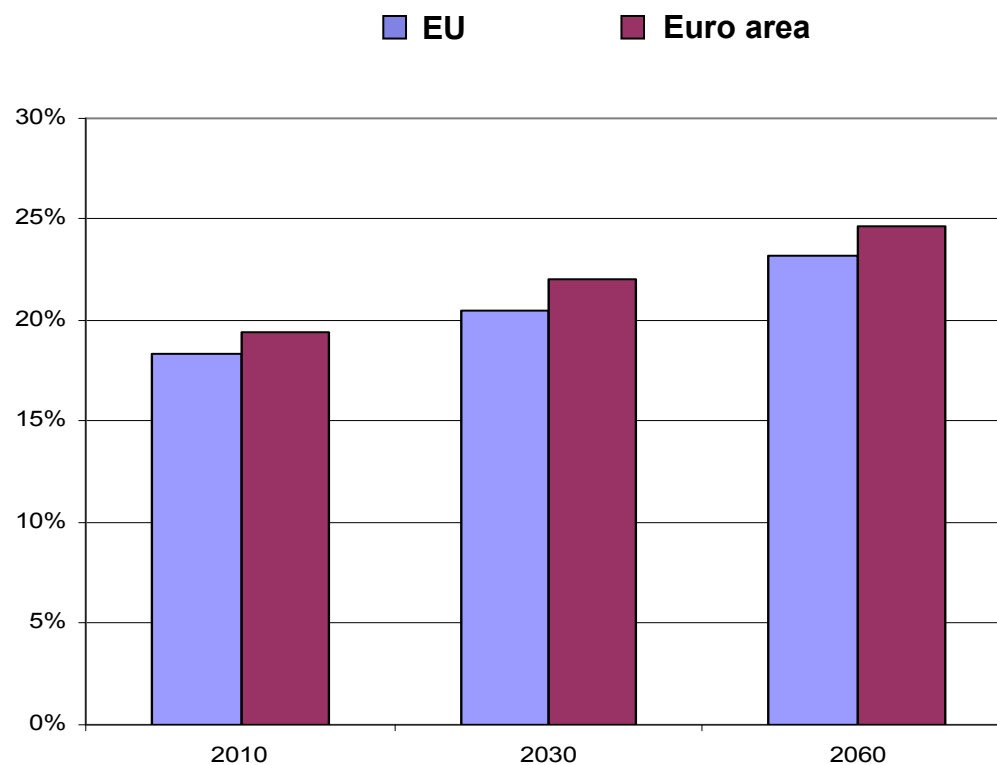


**Debt is projected to rise over time, with ageing adding a further strain. Already now due to the crisis, overall debt increased by 23.5 percentage points in Euro Plus Pact countries in just a few years. Any additional rise in borrowing costs – here by 1% – would increase the burden – by another 10% of GDP by 2030.**

# Ageing will affect our public finances

47

## Age-related public spending, % of GDP (pension, health care, long-term care)

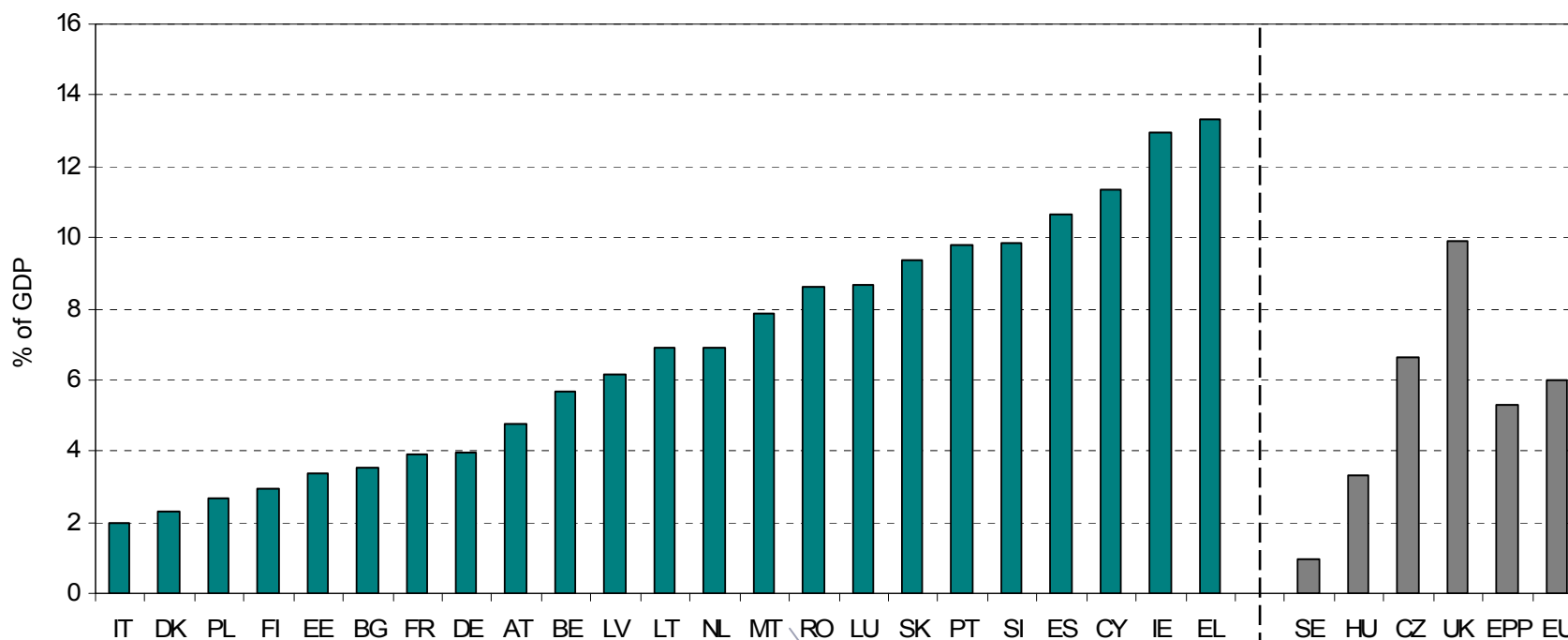




# Age-related fiscal pressures vary widely

48

## Age-related fiscal sustainability needs in the EU, % of GDP

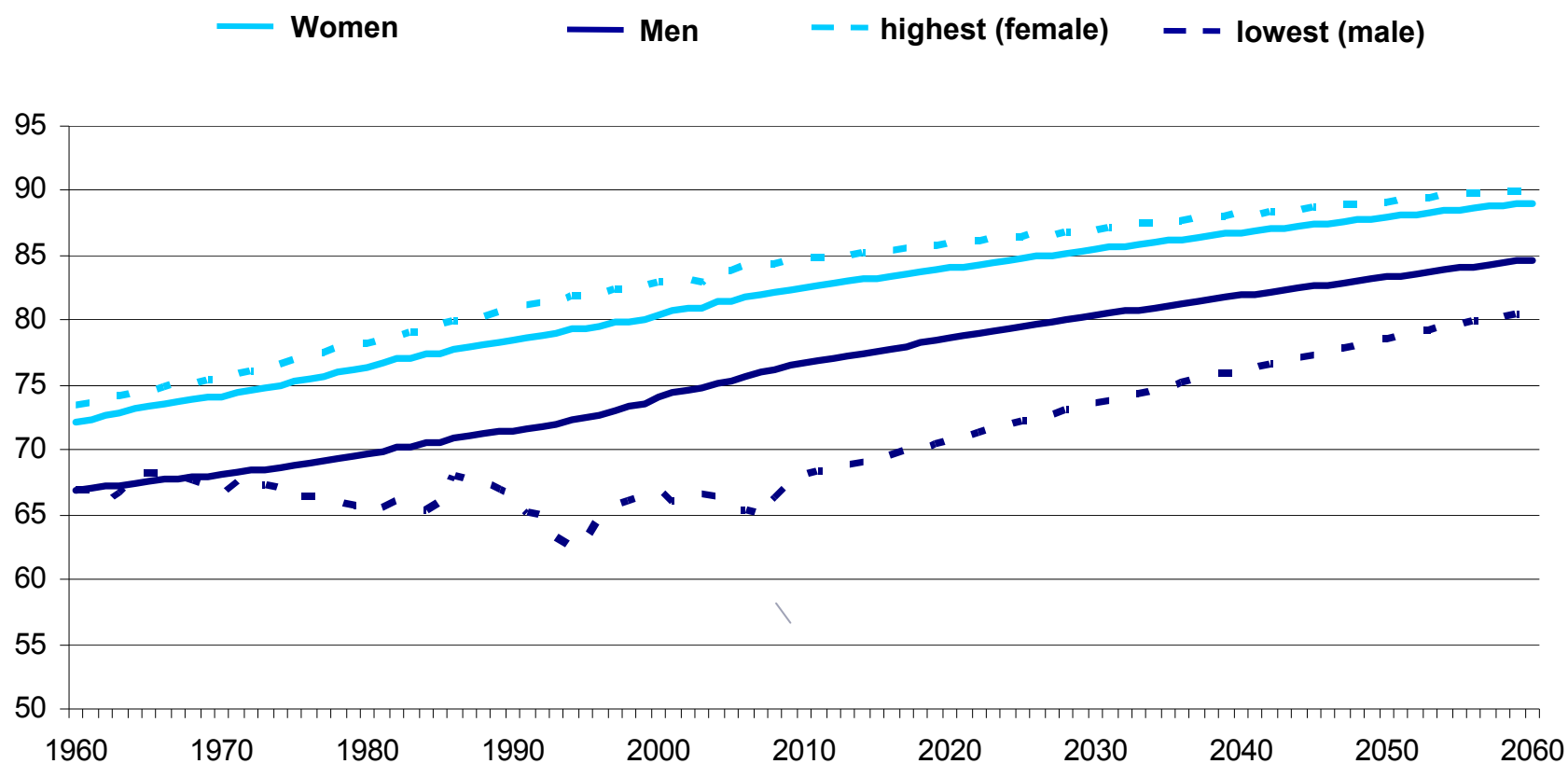


**This indicator (so-called S2) shows the size of the fiscal adjustment needed to stabilise public debt in the long run. A large “need” indicates significant long-term challenges. Taking the example of the EU, a consolidation of 6 p.p. of GDP today would be needed to put public finances on a sustainable path (60% debt target).**

# Life expectancy is still expected to rise

49

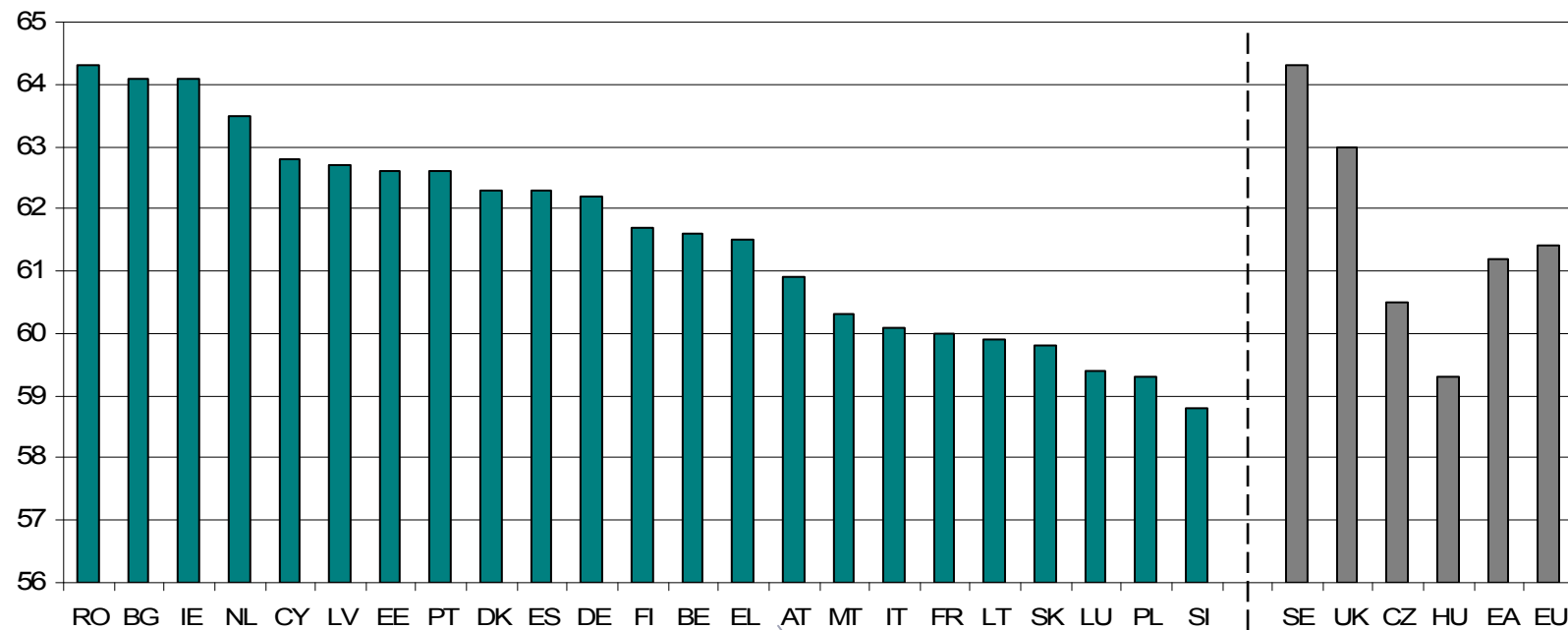
## Life expectancy at birth in the EU



# There is scope for longer working lives...

50

Average exit age from the labour force\*  
(2009 or latest data available)

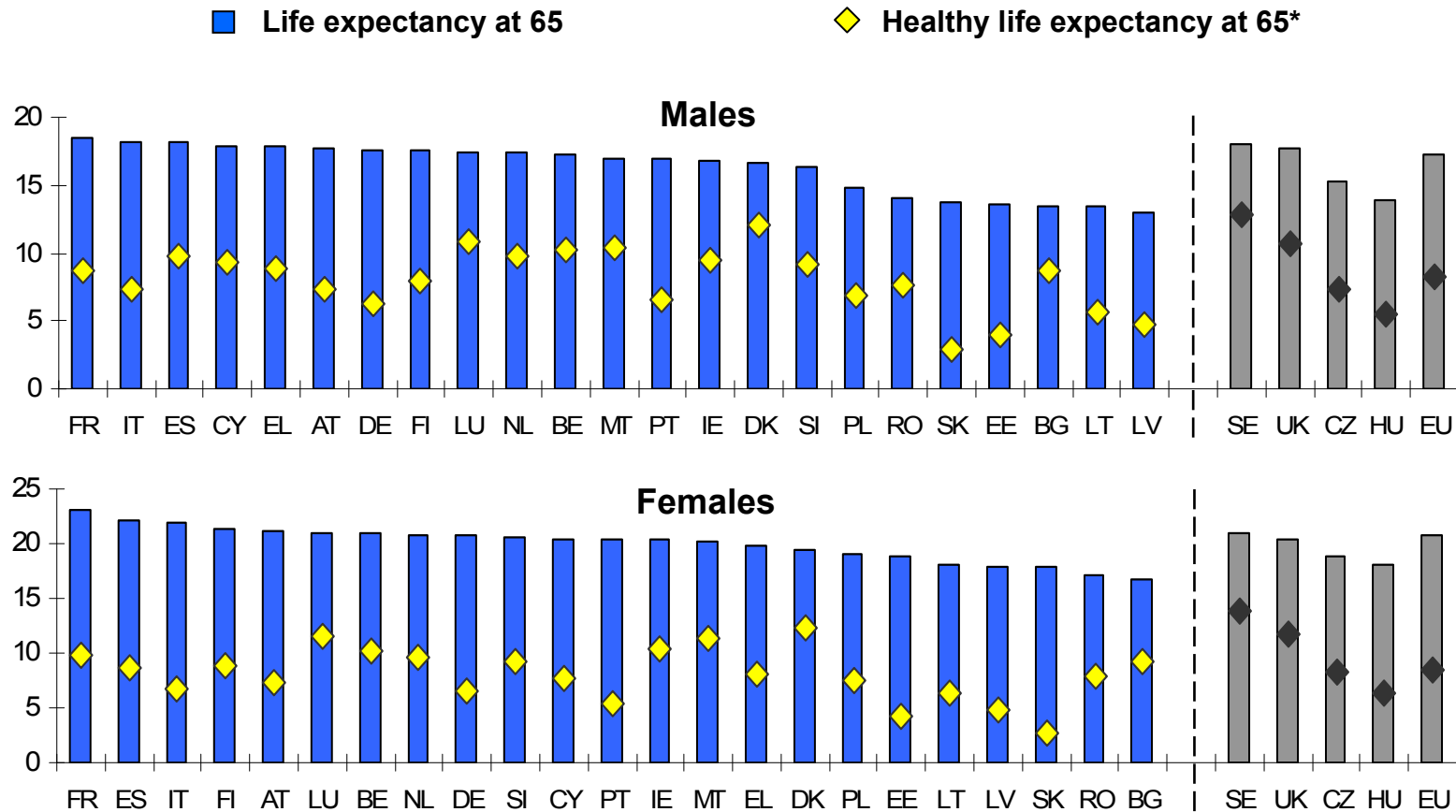


**While a person active at the age of 50 is likely to leave the labour market at over 63 in several countries, this is likely to happen before the age of 60 in some other countries – a gap of about 5 years between the top/bottom EU performers.**

*\* Average age at which a person active at the age of 50 will definitely withdraw from the labour market*

## ... while still enjoying retirement

51

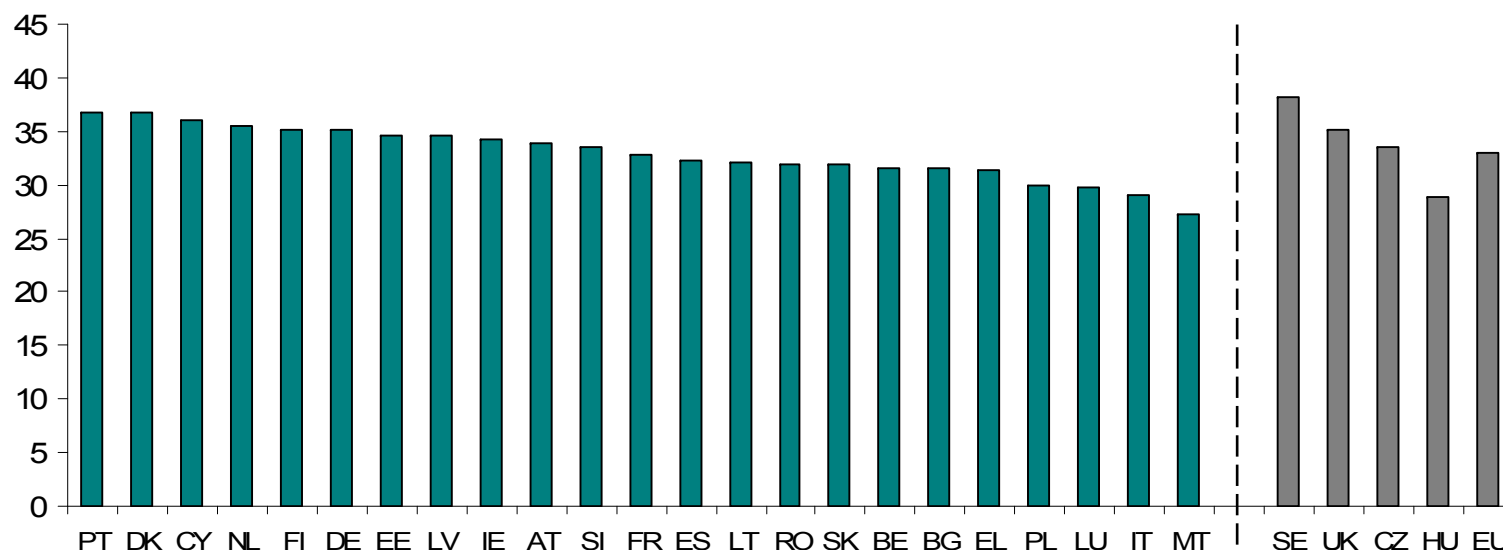


\* Based on activity limitation data assessed by health surveys

# Work can be better spread over the life-cycle (1)

52

## Expected years of active working life at age 20\*



**Young Europeans aged 20 are likely to be active for 33 years during their lifetime on average (excluding periods of inactivity), with differences of up to 10 years across Member States.**

*\* Estimated in 2008 on the basis of typical activity patterns*

## Work can be better spread over the life-cycle (2)

53

Expected duration of active working life at age 20\*  
(total hours worked)



**Taking into account differences in the number of hours worked every year (for instance due to part-time), the amount of total working hours over the life-cycle is 60 000 on average, with differences of up to 30% between countries.**

*\* Estimated in 2008 on the basis of typical activity patterns*

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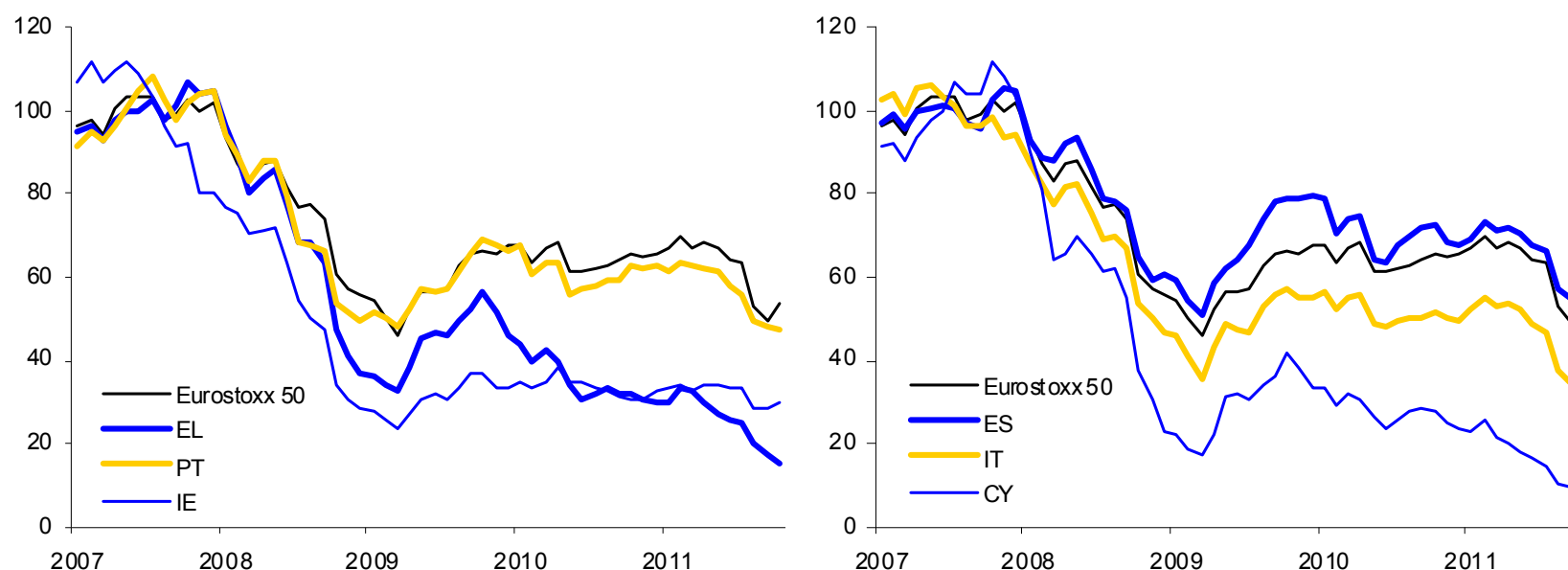
# Financial stability

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# The current financial stress shows in stock values

55

## Stock exchange indices – selected examples (monthly averages, 2007 = 100)



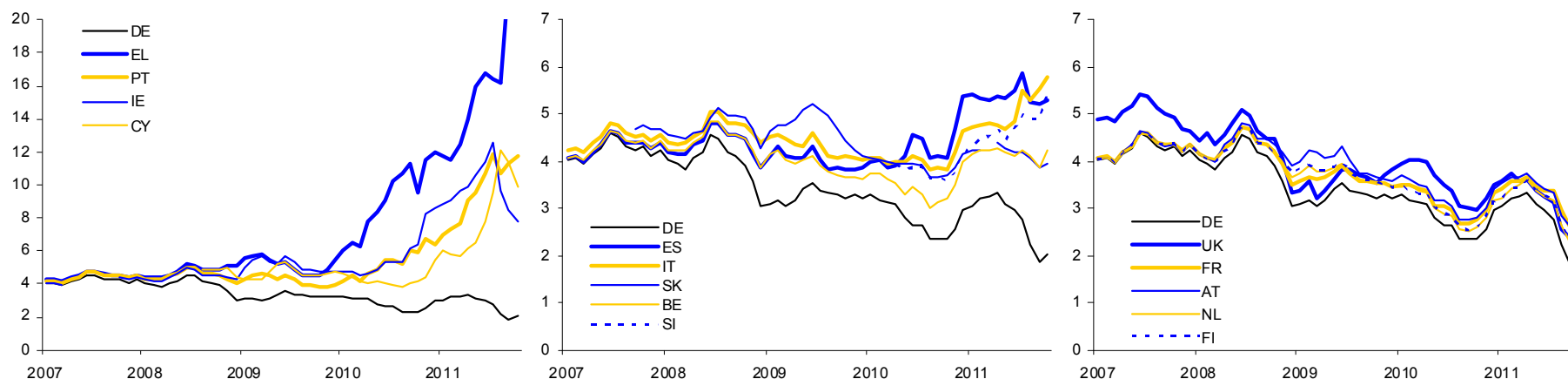
**The stock exchanges reached a low point in early 2009. During the rest of 2009 and the year 2010, there was some recovery. However, the situation deteriorated again in 2011, reaching levels similar to – or even below – those observed in 2009.**



# Spreads on government bond yields are illustrative

56

## Yields of 10-year government bonds (monthly averages, %)

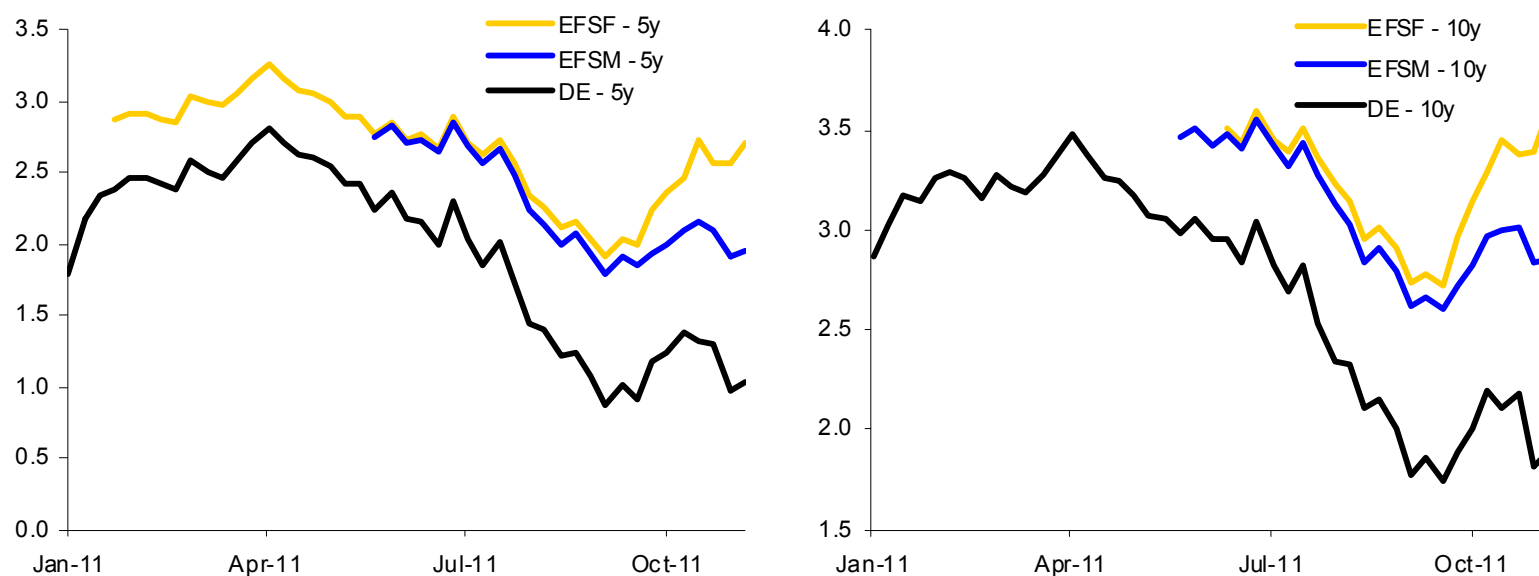


**Government bond yields show the deterioration of financial conditions. Yields increased substantially in programme countries. German yields, at least until recently, have decreased as a result of a “flight-to-security” effect. Bonds from other countries are no longer fully correlated to the German bond.**

# The supranational approach provides an anchor

57

## Yields of the European Financial Stability Facility (EFSF), the European Financial Stability Mechanism (EFSM) and German government bonds (in %, 5 and 10 year-maturity bonds)

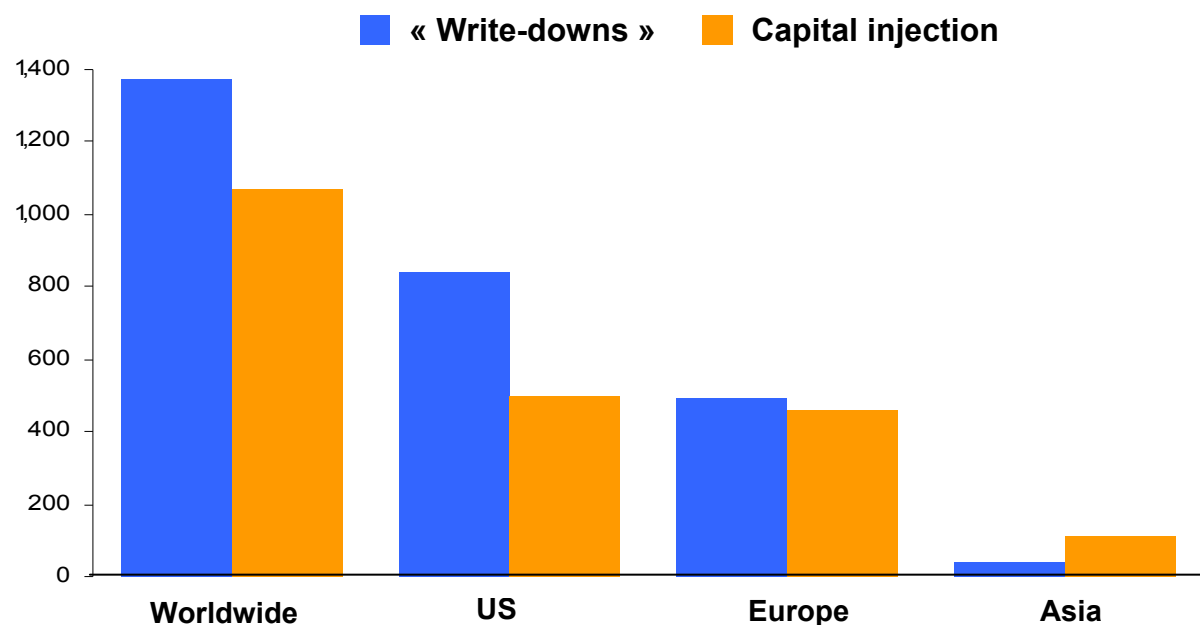


**The yields of the EFSF (based on an intergovernmental system of financial guarantees) have been affected by the stress on financial markets, while the EFSM (backed by the EU budget) remains anchored to lower yields.**

# Our financial sector is adjusting significantly

58

**Total realised “write-downs” (losses) and capital injections  
in the banking sector, from January 2007 to June 2011  
(in € billion, by region)**



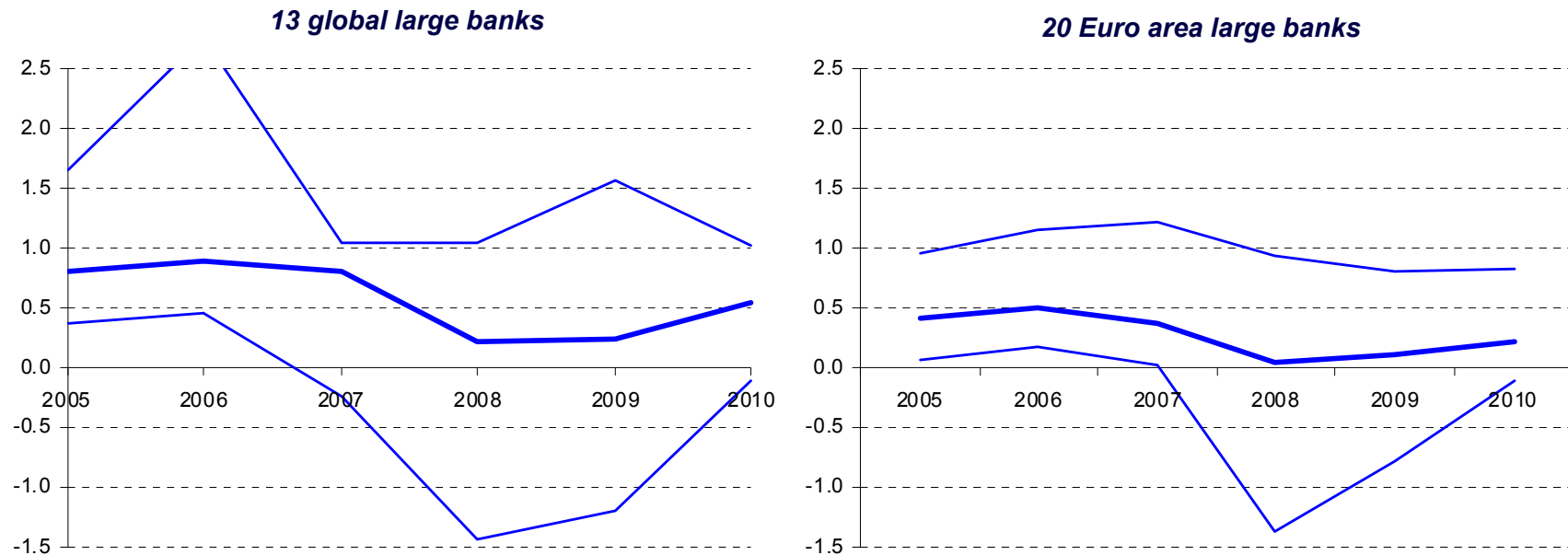
**Since the crisis started, EU banks have raised about as much additional capital as they have “written down” (lost in assets) but a significant adjustment in their balance sheets is currently ongoing (“deleveraging”).**

# Until recently, banks' income had improved...

59

## Net income of large banks

(top quarter, middle value and bottom quarter in % of total assets)



**After the significant losses of 2008 and 2009, banks in the Euro area and worldwide have come back to positive profits in 2010. However, the sovereign crisis is likely to have negative spill-over effects on banks in 2011 and 2012.**

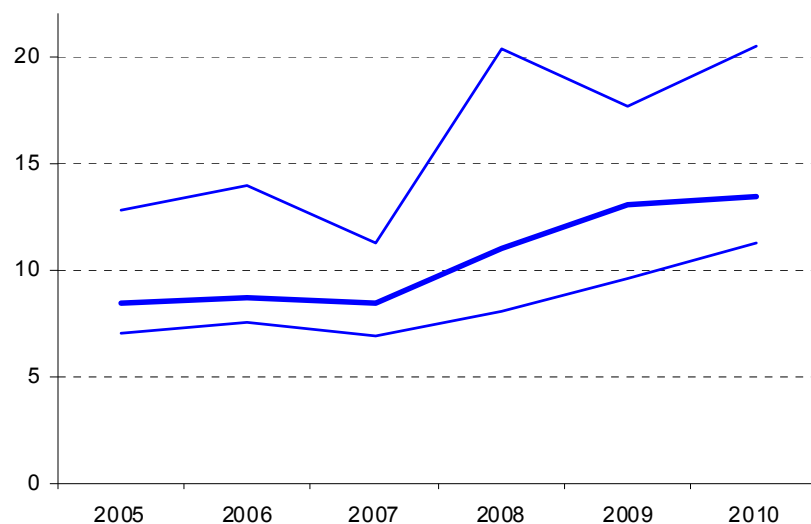
## ... and so did their capital positions

60

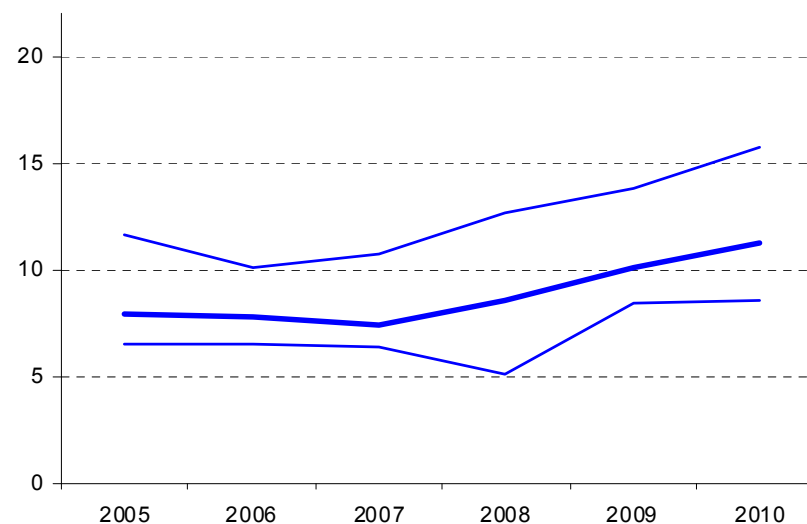
### High quality capital (Tier 1 capital ratio)

(top quarter, middle value and bottom quarter in % of risk-weighted assets)

*13 global large banks*



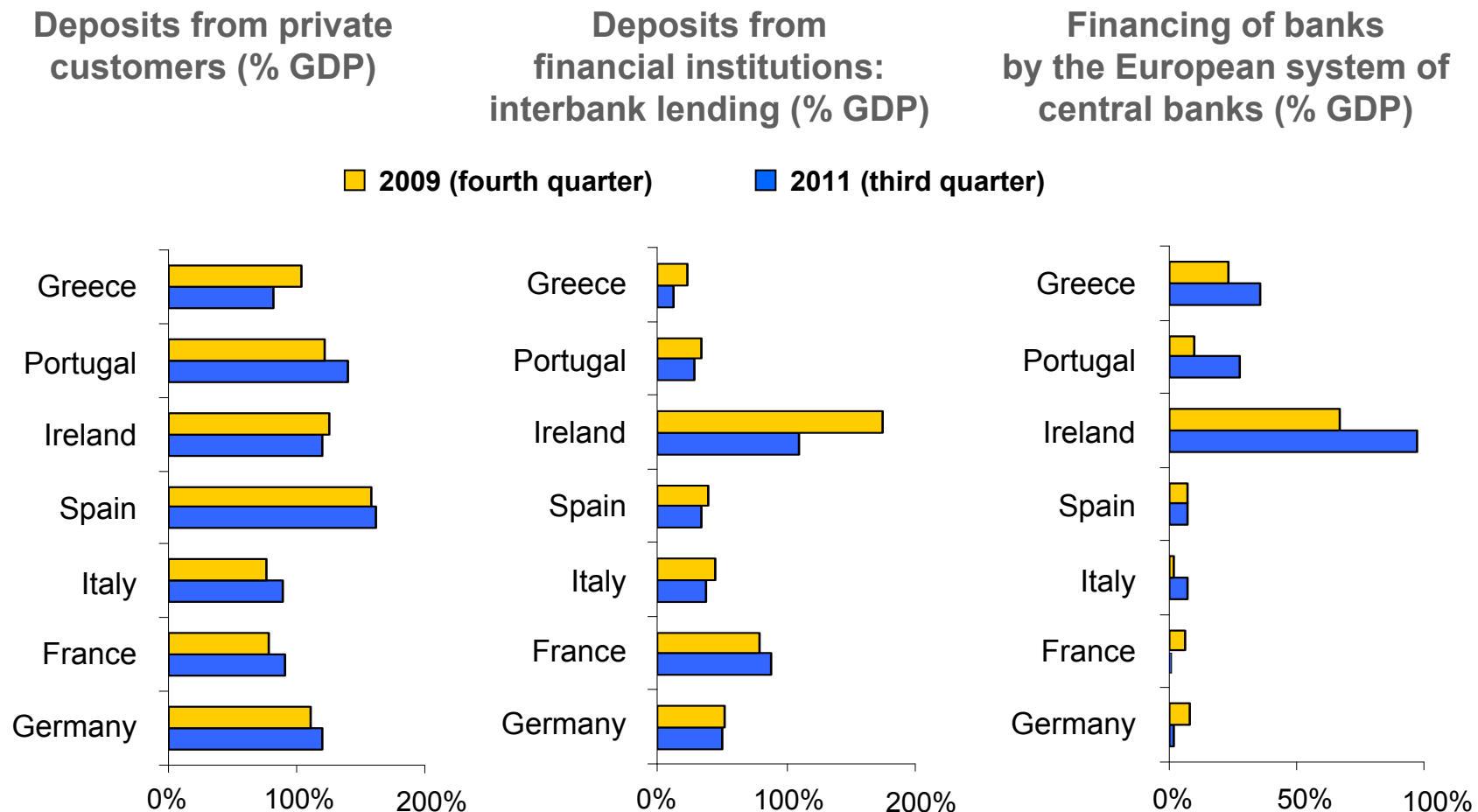
*20 Euro area large banks*



**The capital positions of banks in the Euro area and worldwide have significantly improved compared to pre-crisis levels, in anticipation of regulatory reforms (Basel III) and as a result of market pressure.**

# Greater financial stability is essential

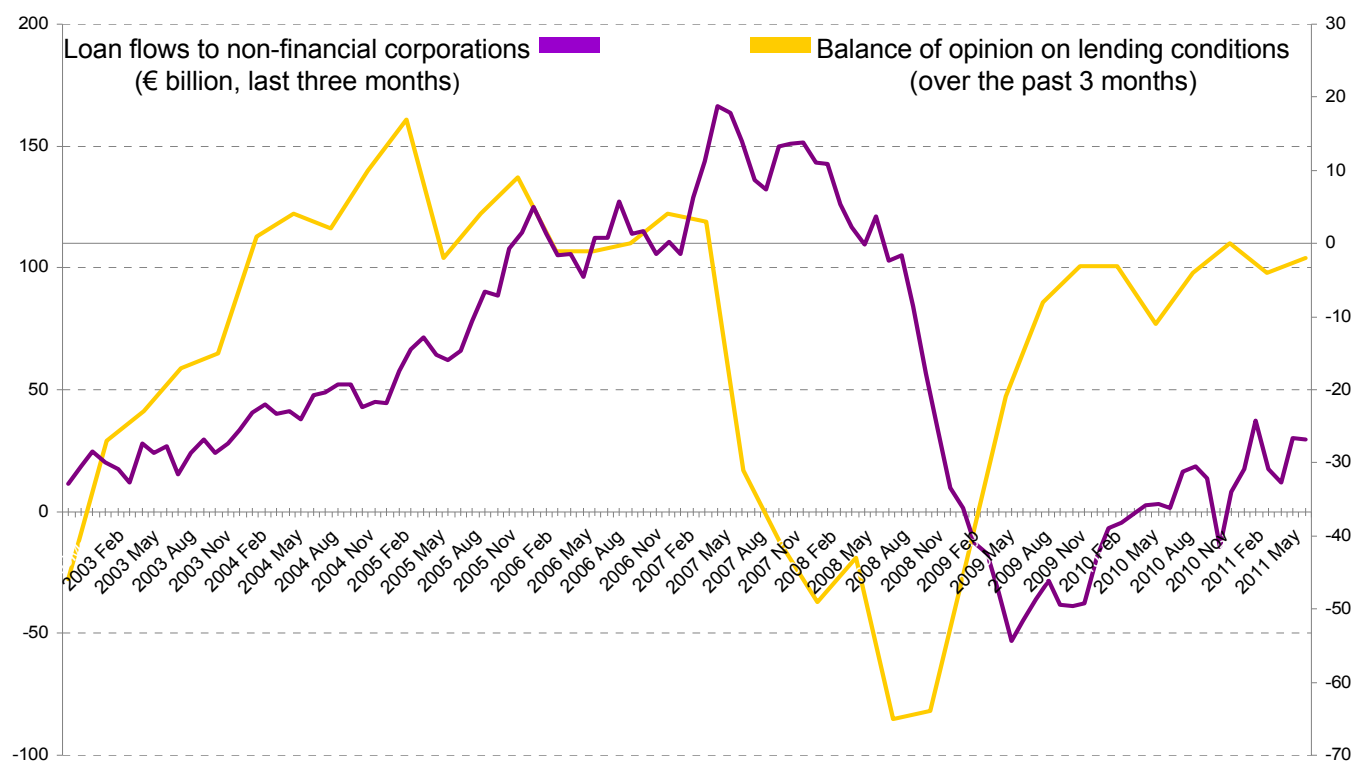
61



# Lending conditions are affected, hindering recovery

62

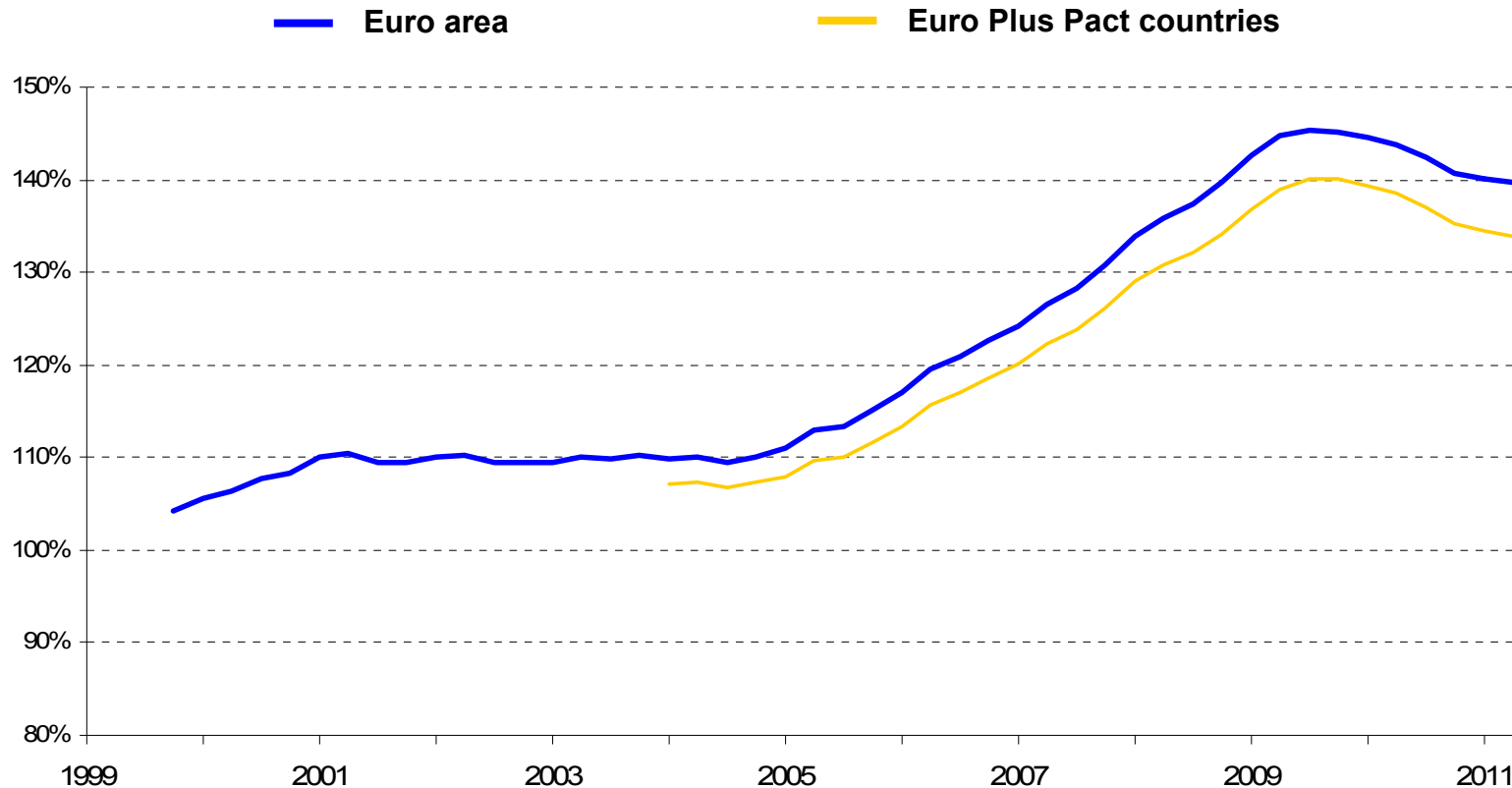
## Loan flows to non-financial firms and bank lending conditions



# Debt still holds back firms (in spite of a recent fall)

63

## Stock of debt of non-financial corporations (in % of GDP, quarterly data)

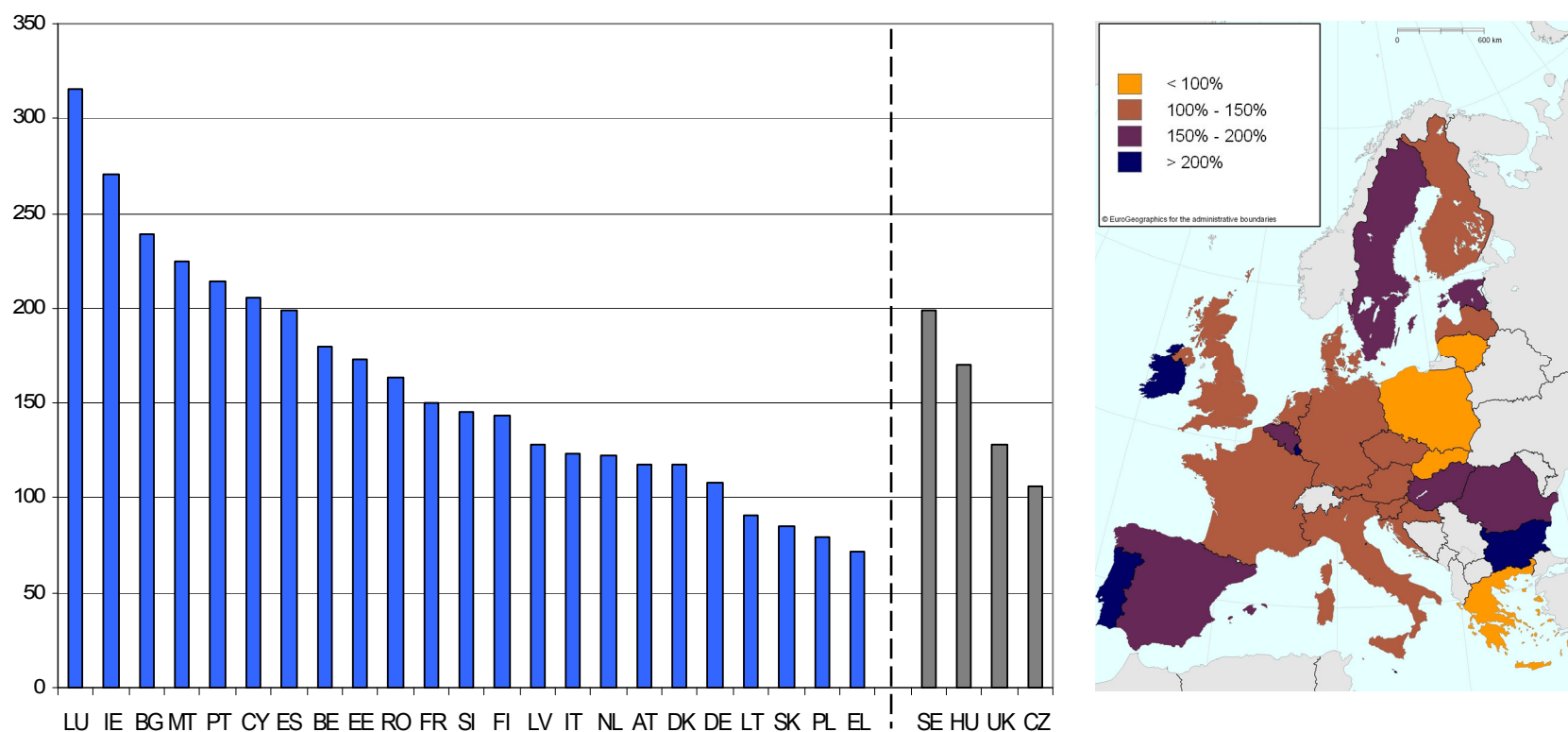




# This is true to varying degrees in the EU

64

## Stock of debt of non-financial corporations (in % of GDP, average 2008-2010)



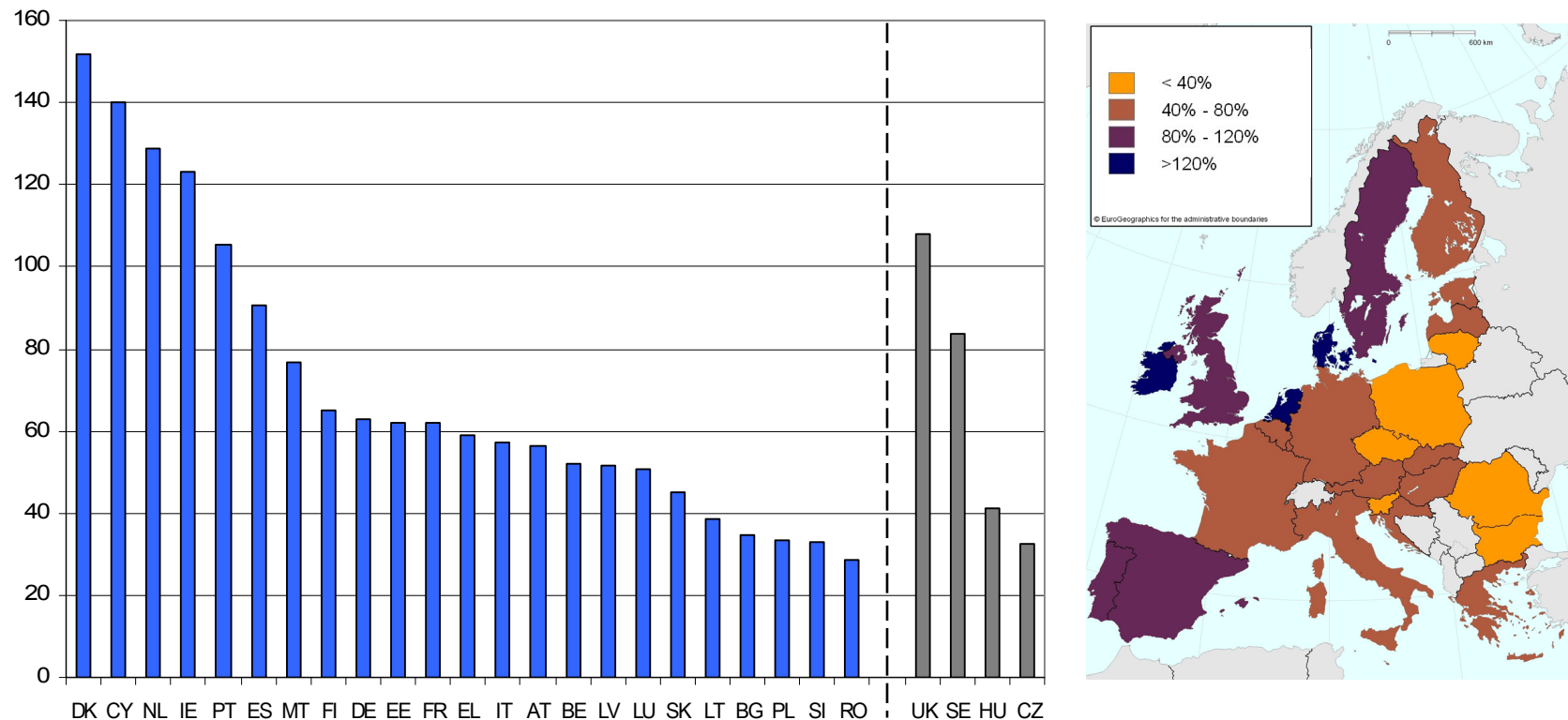
**In most Member States, company debt is higher than GDP. This may become a risk if, due to a crisis situation, companies are not able to pay back.**

# Households are also constrained

65

## Stock of debt of households

(in % of GDP, average 2008-2010)



**Household debt increased pre-crisis (relative credit boom). On average, every European was liable for € 18 300 of debt, representing 115% of households' disposable income, between 2008 and 2010.**

Background information for the European Council, 9 December 2011

Source: European Commission

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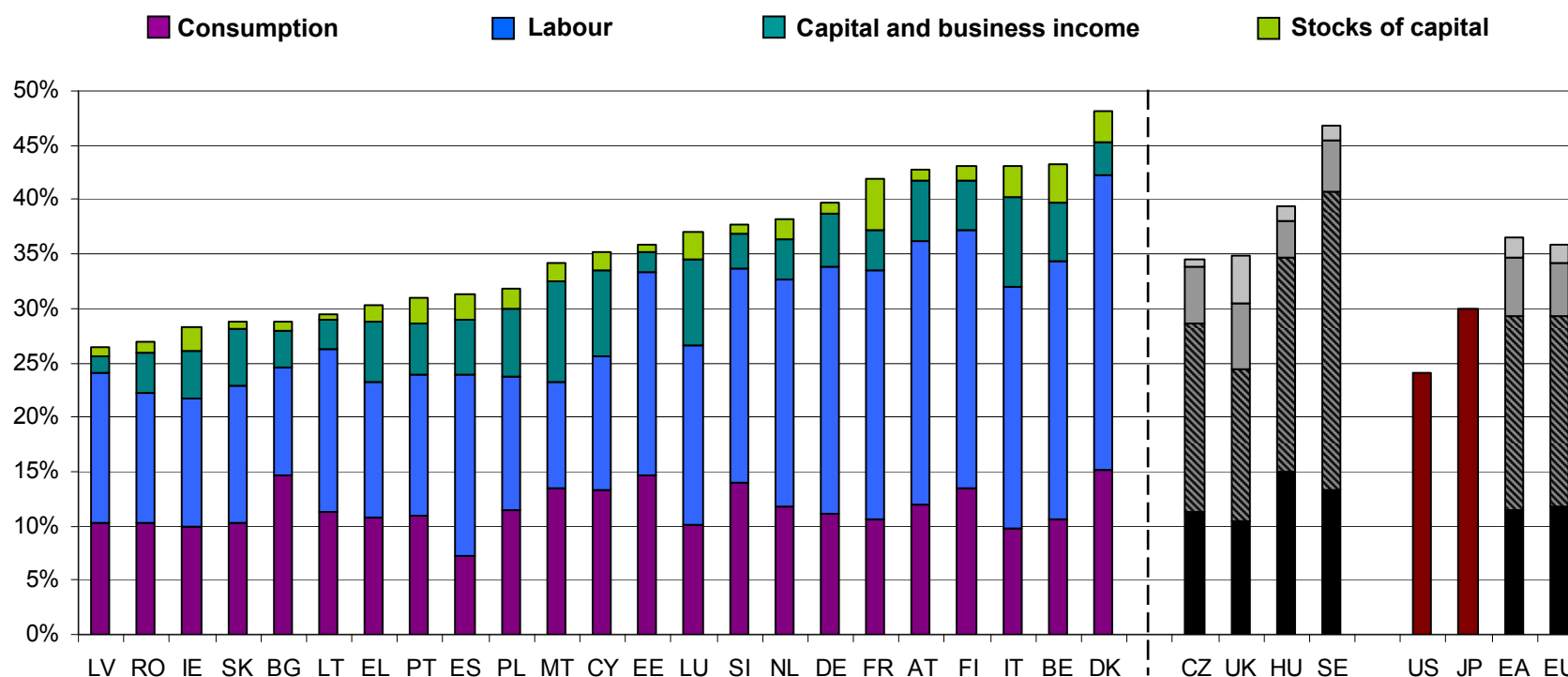
# Taxation

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# Tax levels are comparatively high in the EU

67

## Total tax burden by economic function in the EU (2009, in % of GDP)



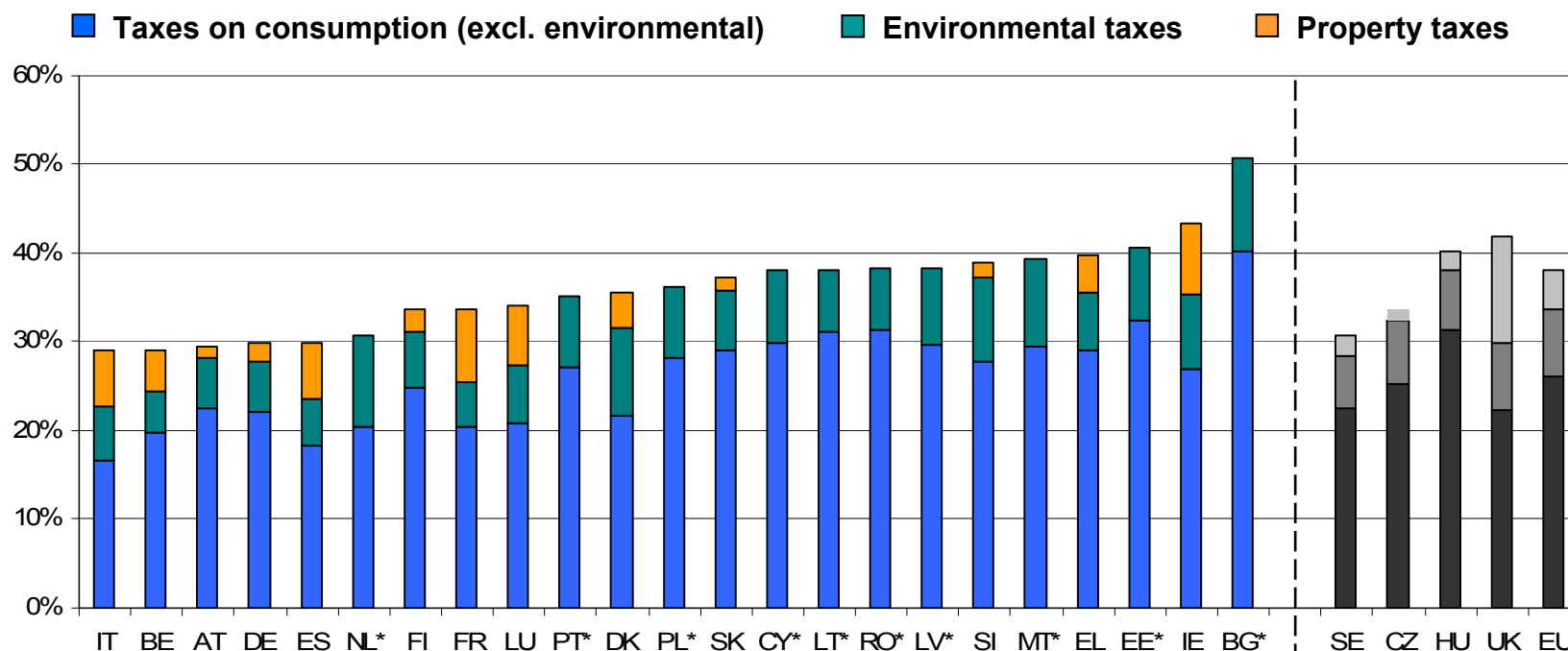
**The comparatively high tax burden in the EU reflects societal preferences, notably the financing of welfare systems. Given the high tax burden in the EU, it is important to have tax structures conducive to growth.**

# Some taxes are less distortive for growth

68

## Share of selected taxes in the EU

(2009, in % of total taxation)



**Research shows that consumption, environmental and property taxes are least likely to hamper economic growth over time. Their share varies significantly across Member States.**

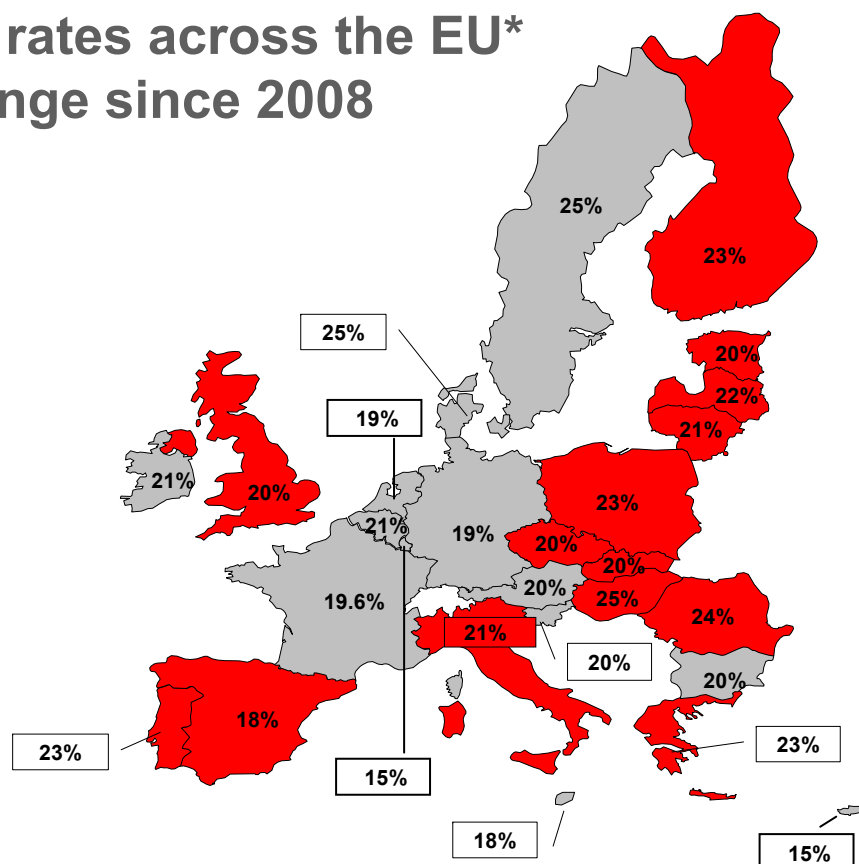
*\* No data on property taxes*

# VAT rates have increased

69

## VAT standard rates across the EU\* and change since 2008

- No change since 2008
- Increase since 2008

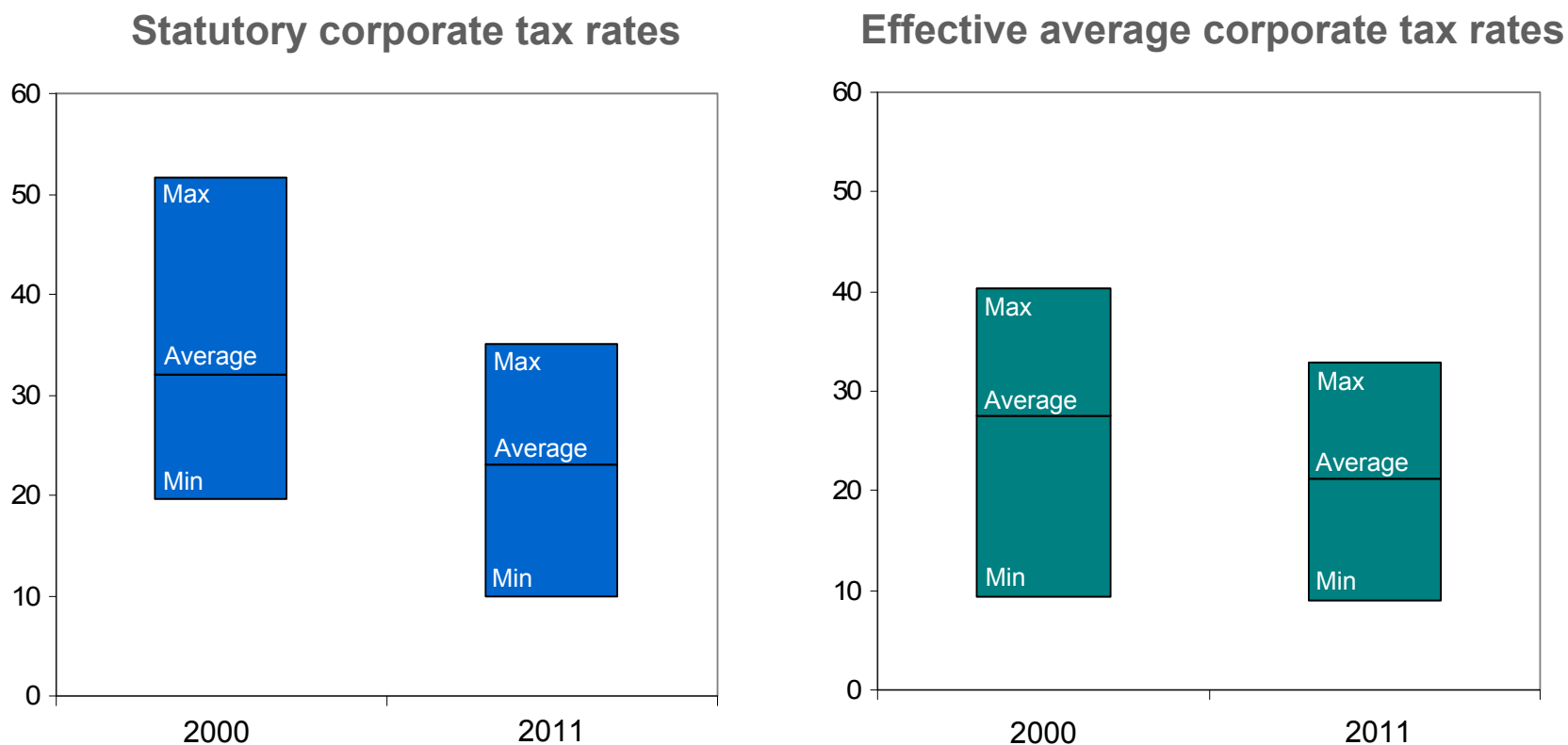


**Following the crisis, many countries have increased their VAT rates. On average, the standard rate is now 20.8%, an increase by 1.3 percentage point since 2008.**

*\* Situation at the end of November 2011*

# Corporate tax rates have declined

70

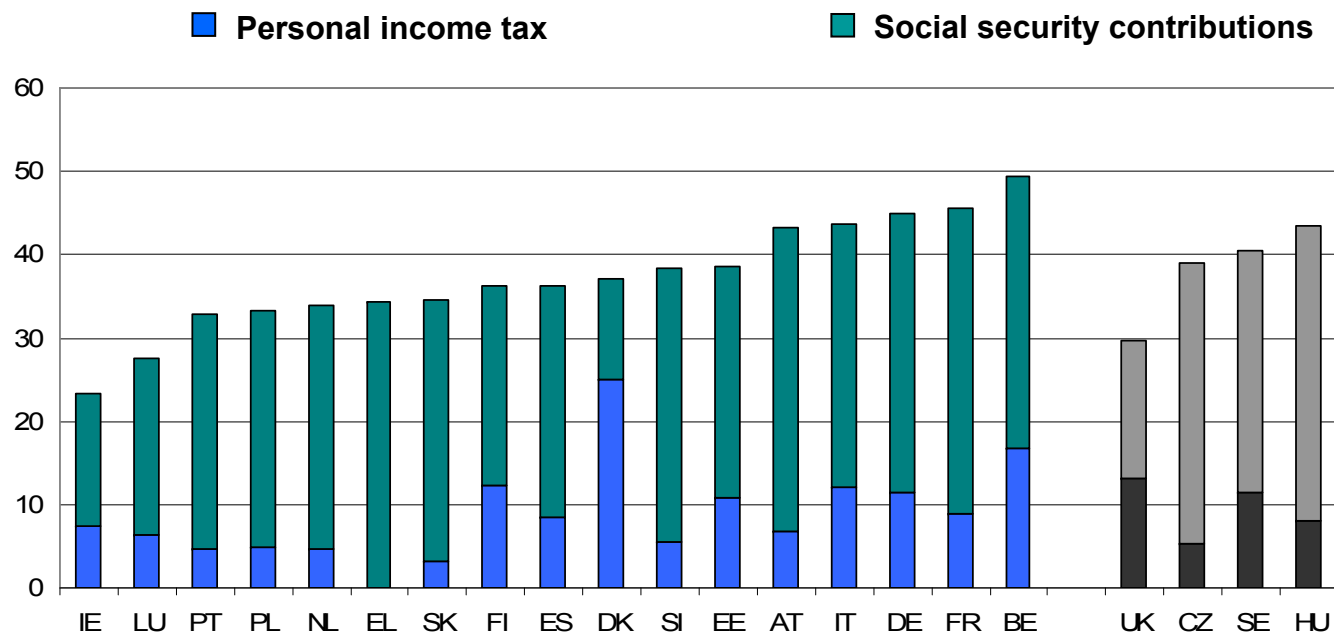


**Statutory corporate tax rates, i.e. stated in the law, are particularly relevant for multinational firms to decide where their profit is taxed. The effective tax rates measure the actual tax burden on new investment and influence long-term location decisions. Both statutory and effective rates have decreased over the last decade.**

# Tax wedge may affect work opportunities

71

**Tax wedge\* in 2010**  
(for a single person earning 67% of the average wage)



**Labour taxation can be an obstacle for recruiting low-wage / low-skilled labour. In most cases, high non-wage labour costs stem from high social security contributions, rather than from income taxation.**

\* Differences between the costs of a worker to their employer and the amount of net earnings that the worker receives.  
Hypothesis: a single person without children earning 67% of the average wage.



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# Country-by-country overview\*

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*\*For explanations and definitions, see glossary on slide 100.  
Concerning energy efficiency, Member States used different definitions for their national objectives: in bilateral discussions with them, these were converted in Mtoe (million tons of oil equivalent) in order to have a comparable base at EU level.*

# AUSTRIA - commitments

73

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 77-78%</p> <p><b>R&amp;D:</b> 3.76%</p> <p><b>Tertiary education:</b> 38% (including ISCED 4 category, which is currently at about 12%)</p> <p><b>Early school leaving:</b> 9.5%</p> <p><b>Greenhouse gas emissions:</b> -16%</p> <p><b>Renewable energy:</b> 34%</p> <p><b>Energy efficiency:</b> 7.16 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 235 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation (particularly of young people)</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ education, R&amp;D, Innovation</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ participation in the labour market, particularly women, availability of care services, tax burden on low paid</li> <li>▪ education, school drop-out</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in the service sector, restrictions to some professions</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> <li>▪ fiscal framework</li> </ul>

# BELGIUM - commitments

74

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 73.2%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 47%</p> <p><b>Early school leaving:</b> 9.5%</p> <p><b>Greenhouse gas emissions:</b> -15%</p> <p><b>Renewable energy:</b> 13%</p> <p><b>Energy efficiency:</b> 9.8 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 380 000</p>	<p><b>Employment</b></p> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanism</li> <li>▪ competition in services</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ wage setting</li> <li>▪ labour market participation: decrease unemployment benefits with time, shift tax away from labour, reduce tax for lower wages</li> <li>▪ active labour policies for older workers and vulnerable groups</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in the retail sector</li> <li>▪ competition in electricity/gas markets</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ address structural weaknesses in the financial sector</li> </ul>

# BULGARIA - commitments

75

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 76%</p> <p><b>R&amp;D:</b> 1.5%</p> <p><b>Tertiary education:</b> 36%</p> <p><b>Early school leaving:</b> 11%</p> <p><b>Greenhouse gas emissions:</b> +20%</p> <p><b>Renewable energy:</b> 16%</p> <p><b>Energy efficiency:</b> 3.20 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 260 000 (national definition)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation, particularly of youth, elderly, disadvantaged groups</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> <li>▪ lower labour taxes</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ link wage growth to productivity</li> <li>▪ labour market participation: modernise public employment services</li> <li>▪ combat poverty and social exclusion</li> <li>▪ education reform, support young people with low skills</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in electricity/gas markets</li> <li>▪ improve public procurement, enhance administrative capacity</li> <li>▪ energy efficiency of buildings</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation, while prioritising growth-enhancing expenditure.</li> <li>▪ long-term sustainability (pensions)</li> <li>▪ strengthen fiscal governance</li> </ul>

# CYPRUS - commitments

76

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75-77%</p> <p><b>R&amp;D:</b> 0.5%</p> <p><b>Tertiary education:</b> 46%</p> <p><b>Early school leaving:</b> 10%</p> <p><b>Greenhouse gas emissions:</b> -5%</p> <p><b>Renewable energy:</b> 13%</p> <p><b>Energy efficiency:</b> 0.46 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 27 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ undeclared work</li> <li>▪ life-long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage development</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ wage setting</li> <li>▪ labour market participation</li> <li>▪ vocational education and training</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ service sector</li> <li>▪ diversity of energy mix and renewable energy sources</li> <li>▪ sustainable management of water resources</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions and health care reform)</li> <li>▪ fiscal framework</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ framework for bank supervision</li> </ul>

# CZECH REPUBLIC - commitments

77

Europe 2020 targets	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75%</p> <p><b>R&amp;D:</b> 1% (only public sector)</p> <p><b>Tertiary education:</b> 32%</p> <p><b>Early school leaving:</b> 5.5%</p> <p><b>Greenhouse gas emissions:</b> +9%</p> <p><b>Renewable energy:</b> 13%</p> <p><b>Energy efficiency:</b> no target</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> Maintaining the number of persons at risk of poverty or social exclusion at the level of 2008 (15.3% of total population) with efforts to reduce it by 30 000</p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>labour market participation: child care facilities and flexible work arrangements</li> <li>improve performance of public employment service</li> <li>improve the performance of tertiary education</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>improve public services in areas essential for the business environment</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>fiscal consolidation</li> <li>long-term sustainability (pensions)</li> <li>taxation</li> </ul>

# DENMARK - commitments

78

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 80%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> at least 40%</p> <p><b>Early school leaving:</b> &lt;10%</p> <p><b>Greenhouse gas emissions:</b> -20%</p> <p><b>Renewable energy:</b> 30%</p> <p><b>Energy efficiency:</b> 0.83 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 22,000 (persons living in households with very low work intensity)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation (target flex-job scheme)</li> <li>▪ education system (vocational education, apprenticeship, reduce drop out)</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in the retail sector and local services</li> <li>▪ reviewing legislation on land use and opening up local public procurement</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ stability of the real estate market (including property tax reform)</li> </ul>

# ESTONIA - commitments

79

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 76%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 40%</p> <p><b>Early school leaving:</b> 9.5%</p> <p><b>Greenhouse gas emissions:</b> +11%</p> <p><b>Renewable energy:</b> 25%</p> <p><b>Energy efficiency:</b> 0.71 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 61 860 people out of risk-of-poverty</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ life-long learning</li> <li>▪ lower labour taxes</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ public sector wage developments</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation - reduce tax and social security burden</li> <li>▪ active labour market policies (young people and long term unemployed, life long learning)</li> <li>▪ education reform</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ better market functioning</li> <li>▪ energy efficiency (building and transportation), reduce energy intensity</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ achieve structural surplus by 2013</li> </ul>



# FINLAND - commitments

80

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 78%</p> <p><b>R&amp;D:</b> 4%</p> <p><b>Tertiary education:</b> 42% (national definition)</p> <p><b>Early school leaving:</b> 8%</p> <p><b>Greenhouse gas emissions:</b> -16%</p> <p><b>Renewable energy:</b> 38%</p> <p><b>Energy efficiency:</b> 4.21 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 150 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> <li>▪ lower labour taxes</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ active labour market measures (long-term unemployed and young people)</li> <li>▪ labour market participation - employability of older workers</li> <li>▪ lifelong learning</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ open up service sector</li> <li>▪ efficiency in public service</li> <li>▪ business environment</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul>

# FRANCE - commitments

81

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 50%</p> <p><b>Early school leaving:</b> 9.5%</p> <p><b>Greenhouse gas emissions:</b> -14%</p> <p><b>Renewable energy:</b> 23%</p> <p><b>Energy efficiency:</b> 34 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 1 600 000 over 2007-2012</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation (particularly young people and women)</li> <li>▪ life-long learning</li> <li>▪ participation of 2<sup>nd</sup> earners</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation (flexicurity)</li> <li>▪ wage setting (minimum wage)</li> <li>▪ active labour market policies</li> <li>▪ life-long learning</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ efficiency of the tax system</li> <li>▪ service and retail sector restrictions</li> <li>▪ reform of public employment service</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul>

# GERMANY - commitments

82

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 77%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 42% (including ISCED 4 category, which is currently at 11.4%)</p> <p><b>Early school leaving:</b> &lt;10%</p> <p><b>Greenhouse gas emissions:</b> -14%</p> <p><b>Renewable energy:</b> 18%</p> <p><b>Energy efficiency:</b> 38.3 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 330 000 (long-term unemployed)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation (tax wedge on low wages, 2nd earners, childcare)</li> <li>▪ access to education and training</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in network industries, renewable energy and cross border energy connections</li> <li>▪ competition in services</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ fiscal framework</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ structural weaknesses in the financial sector (in particular Landesbanken)</li> </ul>

# GREECE - commitments

83

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 70%</p> <p><b>R&amp;D:</b> no target</p> <p><b>Tertiary education:</b> 32%</p> <p><b>Early school leaving:</b> 9.7%</p> <p><b>Greenhouse gas emissions:</b> -4%</p> <p><b>Renewable energy:</b> 18%</p> <p><b>Energy efficiency:</b> 2.7 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 450 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ lifelong learning</li> <li>▪ participation 2<sup>nd</sup> earners</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p>The only recommendation is to implement existing commitments under EU/IMF financial assistance programmes</p>

# HUNGARY - commitments

84

Europe 2020 targets	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75%</p> <p><b>R&amp;D:</b> 1.8%</p> <p><b>Tertiary education:</b> 30.3%</p> <p><b>Early school leaving:</b> 10%</p> <p><b>Greenhouse gas emissions:</b> +10%</p> <p><b>Renewable energy:</b> 14.65%</p> <p><b>Energy efficiency:</b> 2.96 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 450 000</p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>labour market participation: childcare facilities (women), address impact of tax reform on low earners</li> <li>active labour market policy measures</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>improve the business environment, reduce administrative burden</li> <li>assess effectiveness of SME support policies, improve access to non-bank funding</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>fiscal consolidation</li> <li>fiscal framework</li> </ul>

# IRELAND - commitments

85

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 69-71%</p> <p><b>R&amp;D:</b> Approx. 2%-2.5% GNP</p> <p><b>Tertiary education:</b> 60%</p> <p><b>Early school leaving:</b> 8%</p> <p><b>Greenhouse gas emissions:</b> -20%</p> <p><b>Renewable energy:</b> 16%</p> <p><b>Energy efficiency:</b> 2.75 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 186 000 by 2016 (national definition)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> <li>▪ lower labour taxes</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage development</li> <li>▪ competition in services</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p>The only recommendation is to implement existing commitments under EU/IMF financial assistance programmes</p>

# ITALY - commitments

86

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 67-69%</p> <p><b>R&amp;D:</b> 1.53%</p> <p><b>Tertiary education:</b> 26-27%</p> <p><b>Early school leaving:</b> 15-16%</p> <p><b>Greenhouse gas emissions:</b> -13%</p> <p><b>Renewable energy:</b> 17%</p> <p><b>Energy efficiency:</b> 27.9 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 2 200 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ life-long learning</li> <li>▪ lower labour taxes</li> <li>▪ participation of 2<sup>nd</sup> earners</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation: reduce segmentation in the labour market, fight undeclared work, incentives for labour market participation of women</li> <li>▪ wage setting (reform collective bargaining)</li> <li>▪ active labour market policy</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ opening service sector to competition, including professional services</li> <li>▪ business environment</li> <li>▪ R&amp;D and innovation</li> <li>▪ cohesion policy</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ fiscal framework (multiannual)</li> </ul>

# LATVIA - commitments

87

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b>73%</p> <p><b>R&amp;D:</b> 1.5%</p> <p><b>Tertiary education:</b> 34-36%</p> <p><b>Early school leaving:</b>13.4%</p> <p><b>Greenhouse gas emissions:</b> +17%</p> <p><b>Renewable energy:</b> 40%</p> <p><b>Energy efficiency:</b> 0.67 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 121 000 (national definition)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> <li>▪ lower labour taxes</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finance</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p>The only recommendation is to <b>implement existing commitments under EU/IMF financial assistance programmes</b></p>



# LITHUANIA - commitments

88

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 72.8%</p> <p><b>R&amp;D:</b> 1.9%</p> <p><b>Tertiary education:</b> &lt;9%</p> <p><b>Early school leaving:</b> 40%</p> <p><b>Greenhouse gas emissions:</b> +15%</p> <p><b>Renewable energy:</b> 23%</p> <p><b>Energy efficiency:</b> 1.14 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 170 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ public sector wage developments</li> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial Stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation: remove (fiscal) disincentives to work</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ network industries: competition in the energy sector</li> <li>▪ services: competition in the retail sector</li> <li>▪ energy efficiency in buildings</li> <li>▪ business environment and state owned enterprises reform</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> <li>▪ fiscal framework</li> </ul>

# LUXEMBOURG - commitments

89

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 73%</p> <p><b>R&amp;D:</b> 2.3-2.6%</p> <p><b>Tertiary education:</b> 40%</p> <p><b>Early school leaving:</b> &lt;10%</p> <p><b>Greenhouse gas emissions:</b> -20%</p> <p><b>Renewable energy:</b> 11%</p> <p><b>Energy efficiency:</b> 0.2 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> no target</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ life long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> </ul> <p><b>Financial Stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ increase participation rate of older workers</li> <li>▪ wage setting</li> <li>▪ active labour market policies</li> <li>▪ training and education (reduce youth unemployment)</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul>

# MALTA - commitments

90

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 62.9%</p> <p><b>R&amp;D:</b> 0.67%</p> <p><b>Tertiary education:</b> 33%</p> <p><b>Early school leaving:</b> 29%</p> <p><b>Greenhouse gas emissions:</b> +5%</p> <p><b>Renewable energy:</b> 10%</p> <p><b>Energy efficiency:</b> 0.24 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 6 560</p>	<p><b>Employment</b></p> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ competition in services</li> <li>▪ education, R&amp;D, innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation – active ageing</li> <li>▪ active labour market policies – active ageing, discourage early retirement schemes</li> <li>▪ wage setting</li> <li>▪ higher education, early school leaving, vocational training</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ energy efficiency and renewable energies</li> <li>▪ make full use of available EU funds to upgrade infrastructure and promote energy efficiency</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> <li>▪ fiscal framework</li> </ul>

# THE NETHERLANDS - commitments

91

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 80%</p> <p><b>R&amp;D:</b> 2.5%</p> <p><b>Tertiary education:</b> &gt;40%</p> <p><b>Early school leaving:</b> &lt;8%</p> <p><b>Greenhouse gas emissions:</b> -16%</p> <p><b>Renewable energy:</b> 14%</p> <p><b>Energy efficiency:</b> no target</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 100 000 (national definition)</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation</li> <li>▪ active labour market policy</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ innovation, R&amp;D</li> <li>▪ business environment - closer business-science links</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability, including reform of long-term care</li> </ul>

# POLAND - commitments

92

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 71%</p> <p><b>R&amp;D:</b> 1.7%</p> <p><b>Tertiary education:</b> 45%</p> <p><b>Early school leaving:</b> 4.5%</p> <p><b>Greenhouse gas emissions:</b> +14%</p> <p><b>Renewable energy:</b> 15.48%</p> <p><b>Energy efficiency:</b> 14 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 1 500 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> <li>▪ lower labour taxes</li> <li>▪ participation of 2<sup>nd</sup> earners</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ public sector wage developments</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation (lifelong learning strategy, child care)</li> <li>▪ vocational training/apprenticeship</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ R&amp;D, innovation and higher education</li> <li>▪ network industries: energy and railway infrastructure</li> <li>▪ business environment, administrative burdens and procedures</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ fiscal framework</li> <li>▪ long-term sustainability (pensions)</li> </ul>

# PORTUGAL - commitments

93

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75%</p> <p><b>R&amp;D:</b> 2.7-3.3%</p> <p><b>Tertiary education:</b> 40%</p> <p><b>Early school leaving:</b> 10%</p> <p><b>Greenhouse gas emissions:</b> +1%</p> <p><b>Renewable energy:</b> 31%</p> <p><b>Energy efficiency:</b> 6.0 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 200 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ competition in services</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p>The only recommendation is to implement existing commitments under EU/IMF financial assistance programmes</p>

# ROMANIA - commitments

94

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b>70%</p> <p><b>R&amp;D:</b> 2%</p> <p><b>Tertiary education:</b> 26.7%</p> <p><b>Early school leaving:</b>11.3%</p> <p><b>Greenhouse gas emissions:</b> +19%</p> <p><b>Renewable energy:</b> 24%</p> <p><b>Energy efficiency:</b> 10.0 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 580 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ incentives for older workers</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p>The only recommendation is to implement existing commitments under EU/IMF financial assistance programmes</p>

# SLOVAKIA - commitments

95

Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 72%</p> <p><b>R&amp;D:</b> 1%</p> <p><b>Tertiary education:</b> 40%</p> <p><b>Early school leaving:</b> 6%</p> <p><b>Greenhouse gas emissions:</b> +13%</p> <p><b>Renewable energy:</b> 14%</p> <p><b>Energy efficiency:</b> 1.65 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 170 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ align pensions to demography</li> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ reduce tax for low-paid workers</li> <li>▪ active labour market policies</li> <li>▪ education, vocational training, life-long learning</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ public services - public procurement rules, transparency of the judicial system</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ fiscal framework</li> <li>▪ long-term sustainability (pensions)</li> </ul>



# SLOVENIA - commitments

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Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 75%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 40%</p> <p><b>Early school leaving:</b> 5%</p> <p><b>Greenhouse gas emissions:</b> +4%</p> <p><b>Renewable energy:</b> 25%</p> <p><b>Energy efficiency:</b> no target</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 40 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ flexicurity</li> <li>▪ increase labour participation</li> <li>▪ life-long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ public sector wage developments</li> <li>▪ competition in services</li> <li>▪ education, R&amp;D and innovation</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation on banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ labour market participation (older workers), parallel labour market and flexicurity</li> <li>▪ active labour market policies</li> <li>▪ education, lifelong learning - matching skills to labour market needs</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ regulated professions</li> <li>▪ business environment and competition</li> <li>▪ administrative capacity of the Competition Protection Office</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> <li>▪ fiscal framework</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ measures in the banking sector</li> </ul>

# SPAIN - commitments

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Europe 2020 targets	Euro Plus Pact commitments in 2011	European semester recommendations for 2011/2012
<p><b>Employment:</b> 74%</p> <p><b>R&amp;D:</b> 3%</p> <p><b>Tertiary education:</b> 44%</p> <p><b>Early school leaving:</b> 15%</p> <p><b>Greenhouse gas emissions:</b> -10%</p> <p><b>Renewable energy:</b> 20%</p> <p><b>Energy efficiency:</b> 25.2 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> 1 400 000 – 1 500 000</p>	<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>▪ increase labour participation</li> <li>▪ undeclared work</li> <li>▪ life-long learning</li> </ul> <p><b>Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ wage setting mechanisms</li> <li>▪ competition in services</li> <li>▪ business environment</li> </ul> <p><b>Sustainability of public finances</b></p> <ul style="list-style-type: none"> <li>▪ national fiscal rule</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ national legislation for banking resolution or other measures</li> </ul>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>▪ wage setting</li> <li>▪ efficiency of the tax system</li> <li>▪ active labour market policies, vocational training</li> <li>▪ early school leaving</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ reform professional services</li> <li>▪ improving the business environment, competition in the product and service market</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>▪ fiscal consolidation</li> <li>▪ long-term sustainability (pensions)</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>▪ restructuring of the banking sector</li> </ul>

# SWEDEN - commitments

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Europe 2020 targets	European semester recommendations for 2011/2012
<p><b>Employment:</b> well over 80%</p> <p><b>R&amp;D:</b> 4%</p> <p><b>Tertiary education:</b> 40-45%</p> <p><b>Early school leaving:</b> &lt;10%</p> <p><b>Greenhouse gas emissions:</b> -17%</p> <p><b>Renewable energy:</b> 49%</p> <p><b>Energy efficiency:</b> 12.8 Mtoe</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> Reduction of the % of women and men who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14% by 2020</p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>labour market participation (young people and vulnerable groups)</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>ensure fulfilment of surplus target</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>house prices and household indebtedness</li> </ul>

# UNITED KINGDOM - commitments

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Europe 2020 targets	European semester recommendations for 2011/2012
<p><b>Employment:</b> no target</p> <p><b>R&amp;D:</b> no target</p> <p><b>Tertiary education:</b> no target</p> <p><b>Early school leaving:</b> no target</p> <p><b>Greenhouse gas emissions:</b> -16%</p> <p><b>Renewable energy:</b> 15%</p> <p><b>Energy efficiency:</b> no target</p> <p><b>Reduction of people at risk of poverty or social exclusion:</b> existing numerical targets of the 2010 Child Poverty Act</p>	<p><b>Employment/labour market</b></p> <ul style="list-style-type: none"> <li>labour market participation (young people and lone parents, including through adequate provision of care services)</li> <li>education and training (skill shortages and early school leavers)</li> </ul> <p><b>Structural policies/competitiveness</b></p> <ul style="list-style-type: none"> <li>business environment – access to finance, in particular for SMEs, and competition in the banking sector</li> </ul> <p><b>Public finances</b></p> <ul style="list-style-type: none"> <li>fiscal consolidation, while prioritising growth-enhancing expenditure</li> <li>long-term sustainability</li> </ul> <p><b>Financial stability</b></p> <ul style="list-style-type: none"> <li>housing sector and house prices, set of reform measures including property tax reform</li> </ul>

# Glossary for the country-by-country overview

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Europe 2020 targets were proposed by the Commission in Spring 2010 and agreed by the European Council in June 2010. All Member States were invited to set targets on this basis.

- **EMPLOYMENT:** share of people employed in % of the population aged 20-64 (EU target: 75%)
- **R&D:** expenditure on R&D in % of the Member State's GDP (public and private sectors combined) (EU target: 3%)
- **GREENHOUSE GAS EMISSION REDUCTION:** national targets are expressed in % compared to 2005 and concern emissions not covered in the Emission Trading System (ETS) (EU target: -20% compared to 1990, covering both ETS- and non-ETS emissions)
- **RENEWABLE ENERGY:** in % of the overall energy mix (EU target: 20%)
- **ENERGY EFFICIENCY:** reduction of energy consumption in million tons of oil equivalent (Mtoe) (EU target: 368 Mtoe reduction of energy consumption or 20%)
- **EARLY SCHOOL LEAVING:** in % of the population aged 18-24 with maximum lower secondary education degree and who are not in education nor in training (EU target: under 10%)
- **TERTIARY EDUCATION:** in % of the population aged 30-34 having completed tertiary education or equivalent (EU target: at least 40%)
- **REDUCTION OF PEOPLE AT RISK OF POVERTY AND EXCLUSION:** in number of people according to three indicators: at-risk-of poverty, material deprivation, jobless household. Member States are free to set their targets on the basis of the most appropriate indicators, taking into account their national circumstances and priorities (EU target: at least 20 million people)

The Euro Plus Pact was agreed in Spring 2011 by the 17 Member States of the Euro area, joined by Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania. Participating countries presented voluntary commitments on this basis.

The European semester recommendations for 2011-2012 were proposed by the Commission in June 2011, endorsed by the European Council and adopted in July by the Council. They are based on the national programmes presented in Spring 2011, including commitments made under the Euro Plus Pact by participating countries.





EUROPE 2020