



The Employment Committee

Multilateral Surveillance by EMCO under Europe 2020

What is multilateral surveillance?

The term is used to explain the review process amongst peers (Member States and the European Commission) of policy reforms, and, in EMCO's context, to address labour market challenges. The focus is on the monitoring of policies and measures to implement the Europe 2020 strategy, through the country specific recommendations (CSRs) in the context of the European Semester. These reviews are both ex-post (backward looking) assessing implementation over the year, but also contain a strong ex-ante (forward looking) flavour because they usually examine policy announcements before implementation.

The multilateral surveillance work uses a broad range of tools to help EMCO deliver Peer Pressure through a common view on the progress in the implementation of the reforms to address the CSRs: the **multilateral position**. Together with EMCO's analytical instruments, this position is then used in June to discuss the Commission's proposals for new CSRs

Why has this become such a focus of EMCO work?

In the follow-up to the June 2011 negotiations on the CSRs EMCO and its chair recognised that the Committee needed to change the bilateral discussion on the CSRs between Member States and the Commission to a multilateral decision making process. EMCO has since built up its capabilities to evaluate the implementation of policies in order to meet the CSRs and to better collectively assess the proposals in June. This has led to significant progress in the past eighteen months.

Which reforms are covered?

All CSRS addressed to Member States which cover labour market issues are reviewed throughout the annual cycle of surveillance. This is an ambitious objective given that in the 2013 European Semester EMCO will review progress on over 60 CSRs. Furthermore, Member States operating under a Memorandum of Understanding are also fully included in the process, in recognition of the scale of reform and wealth of experience they have to offer.

THE REVIEW PROCESS EXPLAINED IN THREE STAGES.

The starting position: We begin with the Council adopted CSRs from July of the last year (year n-1). So for the 2013 European Semester EMCO takes all CSRs adopted by the Council in July 2012 and will assess the degree of implementation of policies to address each CSR during the following European Semester (late November until end May).

Stage 1: Thematic Reviews of the CSRs: The first stage is to look at individual CSRs within themes or clusters. These thematic reviews are the main meat of EMCO's work during the European Semester. The themed approach is used in order to look at implementation across Member States with similar challenges, but each Member State's CSR is assessed independently. It also helps assess policy options and plans in case measures are still being developed.

When the issues addressed under these themes overlap with the work of other Council Committees these meetings are held jointly, notably with the Economic Policy Committee, the Education Committee, and on occasion with the Social Protection Committee.

For the 2013 European Semester EMCO has or will hold thematic reviews on 8 issues:

- Female labour market participation
- Active labour market policies and Public Employment Service Reform
- The tax wedge on labour
- Labour market disadvantage – looking at (for example) the young, older workers, migrants
- Labour market functioning – addressing employment protection legislation, benefit reform, and regional labour market mobility
- Wages
- Education and the transition to work
- Lifelong learning and vocational training

Each review follows a similar process:

Background documents: Four sets of background documents are circulated to help discussions:

- 1) Over-arching thematic fiches. These address the general issues raised by the labour market challenges under each theme. They are prepared by the Commission, and in some cases the EMCO Indicators sub group.
- 2) A Commission Fiche on each Member State under review. These recall the CSR itself and summarise the justification found in the Commission's Staff Working Document for the CSR.
- 3) A Fiche prepared by the Member State under review with detail on policies implemented or announced since the CSR was adopted.
- 4) A Discussant fiche: Each Member State under review is allocated a discussant. The fiche prepares an initial analysis of progress and some starting questions for the review.

The review itself: Each review is introduced by the Commission, presenting the rationale and focus for the CSR. The Member State under review presents their policy response, followed by an assessment from a discussant country, and a general Q&A session from all Member States and the Commission. The Chair concludes each session with a set of provisional conclusions on progress which are subsequently circulated to the committee. These conclusions are the focus for further discussions at the country by country examination.

Stage 2: The country by country examination "Cambridge Examination" (CE) of the National Reform Programmes: These take place each May. The primary aim of the CE is to explore the response to the CSRs and wider employment challenges set out in the National Reform Programmes. The CE process has evolved over time, and the objective now is to complement the thematic examinations to produce as complete and up-to-date an assessment as possible.

Each country is reviewed within a workshop (1/3 of the Member States each) by peers and the Commission. The Member State presents the NRP and its response to the CSRs, with emphasis on the draft conclusions coming out of the thematic reviews. They are then reviewed by both the Commission

and a peer Member State. The summary of the conclusions from all the thematic reviews are adapted in light of this discussion.

This is also the moment when the analytical instruments that have been developed are brought into the debate. Since the start of Europe 2020 EMCO, SPC and the Commission have developed an indicators based Joint Assessment Framework (JAF). The results coming out of the Framework are brought together with the analysis from the Commission. This leads to a synthetic overview: the Employment Performance Monitor (EPM) with the main data and a table with the key employment challenges for each Member State.

Stage 3: Adoption of the conclusions by the Committee: At the end of May, immediately prior to the discussions on the Commission's draft CSRs, EMCO adopts a set of conclusions from the reviews. This is the multilateral position on implementation.

As a final step, this multilateral position is used alongside the EPM as the primary evidence base for the committee when discussing the new set of proposed CSRs in June. When this discussion leads to changes to the Commission proposal, these instruments provide the key input to explain changes from the initial proposal that can be used by the Council when it formally adopts the CSRs, thereby ensuring that the whole process has a strong analytical and multilateral foundation.

The chart on the next page is an effort to present this process in its most simple form.