



**ASSESSMENT OF INDIVIDUAL COUNTRY RECOMMENDATIONS BY EACH MEMBER FEDERATION**

*Q1: For each country specific recommendation Member Federations were asked to answer whether it is 1: extremely important; 2: Important; 3: Helpful (but not a priority); 4: Irrelevant; 5: Contrary to federation's advice;*

*Q2: For each recommendation, Member Federations were asked to answer whether government's efforts to implement it were: 1: Excellent, 2: Satisfactory; 3: Mixed; 4: Unsatisfactory; 5: no progress observed.*

*N.B.: Federations in countries under financial assistance commented on recommendations made by the Troika in Economic Adjustment Programmes; Non EU countries commented on recommendations made by the OECD*

**SPRING 2015 REFORM BAROMETER – FRANCE**

**European Semester - Overall assessment of 2015 cycle**

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2015) is appropriate	To some extent	The different fields selected for the reform programme were appropriate and coherent with the recommendations made by the Commission. The reforms mentioned in the NRP go in the right direction but not far enough: too light, too slow. We need structural reforms able to restore confidence from business and investors. The NRP looks very optimistic to us. For Medef, the key points were reduction in public expenditures, reduction in labour costs and, more widely, in mandatory levies, reform of the labour market and reduction in administrative burden. Progress has been made and still ongoing to reduce public expenditures but efforts must be reinforced to reach for 2020 the European average in terms of public expenditures and mandatory levies.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	The Commission's country recommendations are relevant and appropriate, but limited in their scope, in particular regarding what has to be done to reduce public expenses. We totally support the recommendation n°6 regarding the labour law reform, as well as the recommendation aiming at the reduction in labour costs.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The Commission assessment of reform implementation the year before and of their impact on French companies' competitiveness is totally appropriate but the effects expected from the Macron Law, which was not adopted at that time, and from the government initiatives regarding reduction in red tape were quite optimistic.

	To what extent do you agree with these statements:		Detailed comments
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes absolutely	The main imbalances pointed out by the Commission are totally relevant: France is still losing exports market shares, the level of public expenditure stays about the highest among EU member states, financed by a very high level of taxes and a growing public , unemployment is still increasing, in particular youth unemployment.

### Assessment of Country Specific recommendations 2015 in detail

		Q1 : the recommendation is :	Q2 : implementation on effort is :	Detailed comments
CSR 1	Ensure effective action under the excessive deficit procedure and a durable correction of deficit by 2017	Extremely important	Mixed	Efforts have been made but France public expenses are still growing in value terms, about 48 billion of euros between 2014-2017. In particular social expenses stay very high. The public health sector has not been reformed while it represents 50% of the deficit of health insurance. The health law doesn't answer to the challenges that our health system faces and instead increases the burden on the private sector.
CSR 2	Step up efforts to make the spending review effective, take additional measures to bring the pension system into balance...	Extremely important	Unsatisfactory	The public expenses review is a useful tool, but its first application to the 2016 public budget was quite disappointing. The recommendations resulting from the different audits were hardly followed and it is still very difficult to control operating expenditures. One way would be to fix annual targets for each of the three categories of public administration: at the state level, at the local level and for the other public entities.

		Q1 : the recommendation is :	Q2 : implementation on effort is :	Detailed comments
CSR 3	<p>Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform in consultation with the social partners and in accordance with national practices, the wage-setting process to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p>	Extremely important	Mixed	<p>The CICE mechanism is implemented in 2016 as adopted (reduction of 1,8pt in social contributions on wages between 1,6 to 3,5 SMI) but with a 3 months' time lag. Measures concerning strenuous work are confirmed and will jeopardize companies' competitiveness, even though they have been slightly amended. On the pensions side, social partners signed an agreement last October on supplementary pensions which will encourage private sector workers to stay in activity one more year and the further rationalisation of the regimes but the government will not reform either the general pension system for private sector employees (in particular the minimum retirement age) nor the specific systems for public servants. Regarding wage setting process, they haven't been reviewed, though sectoral and company agreements as well as mandatory annual negotiations on wages lead to a wage increase overwhelming productivity.</p>
CSR 4	<p>Reduce regulatory burden, reduce restriction access to regulated professions...</p>	Important	Mixed	<p>A lot of work has been done to try to alleviate the administrative burden with some effective results. The problem is that the flow of new measures doesn't stop, with a lot of new constraints for all sizes of enterprises. Many of them were not submitted to an impact assessment study. Moreover, we are still waiting for the evaluation authority which was supposed to be created for the 1st January 2015.</p>

		Q1 : the recommendation is :	Q2 : implementation on effort is :	Detailed comments
CSR 5	simplify and improve efficiency of tax system, reduce taxes on production...	Important	Unsatisfactory	The tax system has not been simplified: very few small taxes have been abolished, the number of taxes on production stays roughly the same, capital taxation should be deeply reviewed ...
CSR 6	reform the labour law ...	Extremely important	Mixed	Progress have been made over the past years: companies gained some flexibility while some new rights have been attributed to workers which should in the same time encourage them to take a new job when unemployed and so help to balance the unemployment benefit system. But the reform progress is too slow and has to be significantly intensified: priority should be given to social dialogue at the company level rather than at the national level, the number of the social thresholds and their consequences should be reduced , flexibility on open-ended contracts has to be increased....

**Reform Progress in your Member State in 2015**

How would you assess reform progress in 2015, for the following broad areas:

<b>Taxation and Public Finances</b>	Unsatisfactory
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Satisfactory for innovation Mixed for skills
<b>Access to finance and Financial stability</b>	Satisfactory

**Reform priorities for 2015**

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p><b>Priority 1</b></p>	<p>Active labour market policies (8) and Labour market mismatch and labour mobility (12)</p>	<p>(8) 3 areas of action: - continuing the improvement of services provided by the national employment agency, regarding both unemployed and employers; - continuing the improvement of vocational training system to better address the labour market needs, and to increase the access of unemployed to training programs; - making the unemployment benefits scheme more efficient and more incentive to get back to work. (12) there are 300,000 unfilled jobs in France. 3 areas of action: - improvement of employers services provided by the national employment agency - improvement of vocational training system to better address the labour market needs - strengthening of the controls over the unemployed (effectiveness of the job search)</p>	<p>Partly for 8 Not for 12</p>

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p><b>Priority 2</b></p>	<p>Job protection</p>	<p>It is crucial is to reform the labour law in order to restore competitiveness and business confidence. To achieve this, we think that:</p> <ul style="list-style-type: none"> <li>- the scope of collective bargaining at company level must be widened (to the fields of wages, working time, working conditions and employment contract)</li> <li>- company agreements should take priority over on the employment contract so that collective agreements can effectively apply.</li> <li>- the labour code must be reformed in order to better make the difference between imperative standards and supplementary ones which could be subject to exemptions.</li> </ul> <p>It is crucial is to reform the labour law in order to restore competitiveness and business confidence. To achieve this, we think that:</p> <ul style="list-style-type: none"> <li>- the scope of collective bargaining at company level must be widened (to the fields of wages, working time, working conditions and employment contract)</li> <li>- company agreements should take priority over on the employment contract so that collective agreements can effectively apply.</li> <li>- the labour code must be reformed in order to better make the difference between imperative standards and supplementary ones which could be subject to exemptions.</li> </ul>	<p>Yes partly and no</p>



	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Consolidation of public expenditures and Public sector efficiency	3 prior fields of action: (1) a global one: we need an objective of 0 value growth over the period 2015-2020 to get back to a ratio public expenses/ GNP of 48%, which is the European average. in that objective, the results of the public expenses review should be effectively taken into account; (2) a real reform of health sector which preserves private sector competitiveness (rationalisation of public hospital, better use of new technologies, wider use of ambulatory hospitalization...) (3) reform of the general pension system for private sector employees (in particular the minimum retirement age)and of the specific systems for public servants.	Yes partly And no
<b>Priority 4</b>	Tax reforms	One general objective: simplify our tax system and reduce the level of taxation to the European average. Three specific objectives: (1)to suppress taxes on production factors; (2) to lower the corporate tax rate to the EU average level (21%); (3) to adopt a simple capital taxation which encourages companies financing: suppression of the wealth tax and adoption of a flat tax on capital gains, dividends and interests.	Yes partly

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p><b>Priority 5</b></p>	<p>Long term investment instruments</p>	<p>Two types of priority: (1) regarding the simplification process, there is an urgent need to significantly slow down the production of laws and rules, to create the authority in charge of impact assessments and to produce systematically such an assessment for each project, to dedicate an appropriate number of public servants to the simplification process and to verify systematically the way simplification measures are reflected in the legislation and rules and effectively applied. (2) Concerning the contents of the measures, efforts must be concentrated on the issues which would have the greatest impact for enterprises.</p>	<p>Yes Partly</p>