

The Situation and Policy Features of Employment and Income
Distribution in EU and OECD Countries after the Financial Crisis
and with Enlightenments to China
——Report on Dialogue and Study Visit to France and Belgium

Department of Employment and Income Distribution

September 23, 2016

According to the workplan of EU-China Social Protection Reform Project (SPRP), all 6 representatives from the Department of Employment and Income Distribution, the International Cooperation Centre of the National Development and Reform Commission (NDRC) and the Institute of Population and Labor Economics of Chinese Academy of Social Sciences, to France and Belgium for a study visit from August 28th to September 4th. During the visit, the representatives had in-depth communication and discussion with the governmental officials, experts and scholars from France, Belgium, the European Committee, OECD and other countries and international organizations on the theme of “Influence of

Employment and Social Security Policies to Income Distribution in Post-Crisis Era with Particular Reference to the Middle Class”. In general, despite of the impacts on employment and income in EU and OECD countries by the 2008 financial crisis, active labor market policies and well-functional social protection systems have given significant effects on improving enterprise competence and stabilizing incomes, and have helped to alleviate the shock to income and slow down the trend of increasing income gap, from which we have plenty to learn.

I. Major performance of employment and income distribution in EU and OECD countries after the financial crisis

(1) Situation and Features of employment

First, general employment situation was not optimistic. The 2008 international financial crisis greatly hit on the EU labor market. Within short term, unemployment rate raised, and the recovery remained slow. From 2008 to 2015, only 7 member states demonstrated lowered unemployment rate, while more others saw a great increase, with many a much higher rate comparing to the pre-crisis level. In general, southern European countries suffered high unemployment rate – both Greece and Spain witnessed a highest rate of over 25%. Eastern European countries were also at a high rate.

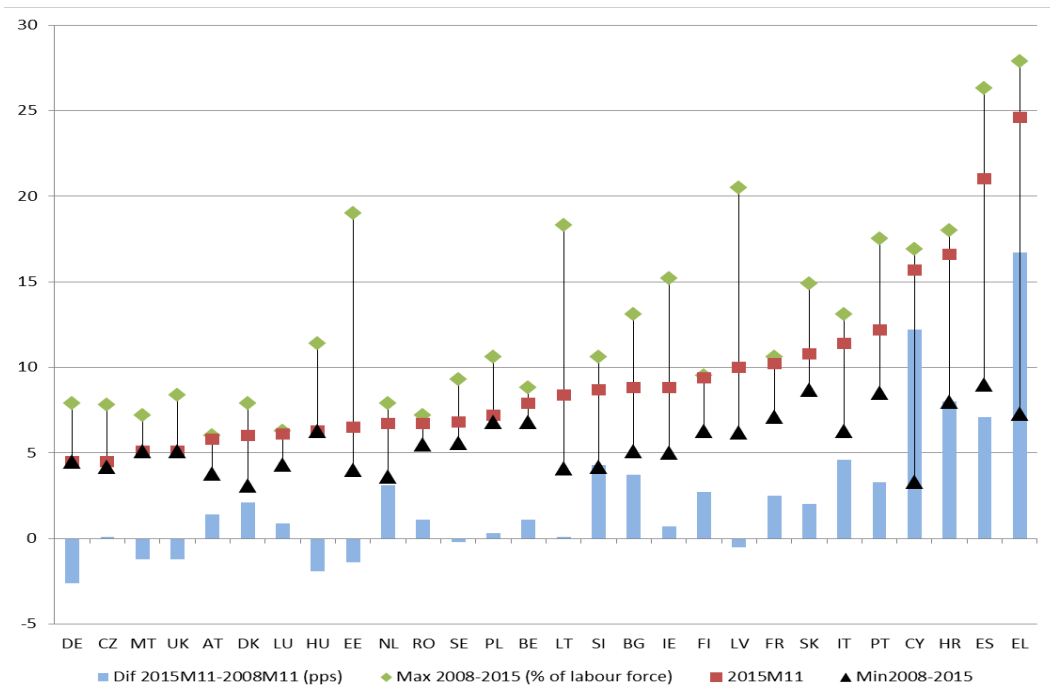


Chart One Unemployment in EU countries

Second, long-term unemployment was severe. After the 2008 financial crisis, long-term unemployment worsened and become a major challenge for employment and social policies. During the crisis, long-term unemployment rate in EU doubled and reached its 5.1% peak point (percentage to labor population) in 2014. Among the unemployed, the percentage of those who had been unemployed over one year gradually rose and came close 50% in 2015. Long-term unemployment caused the loss of human capital, enhancing the possibility of to be out of labor market from unemployed.

Third, divergence between employment and economy was demonstrated in some countries. The financial crisis further differentiated EU countries. From 2008 to 2013, the divergence

between employment and economy took place in 5 countries among 28 EU countries, including the UK, France, Estonia, Slovakia and Poland. Poland's GDP rose by 15% but its employment rate dropped by 2%. With also GDP increase, Estonia saw a 5% decrease of employment. Same situation occurred in France with slight GDP increase but employment decrease. While the UK's case was GDP shrunk but employment went up.

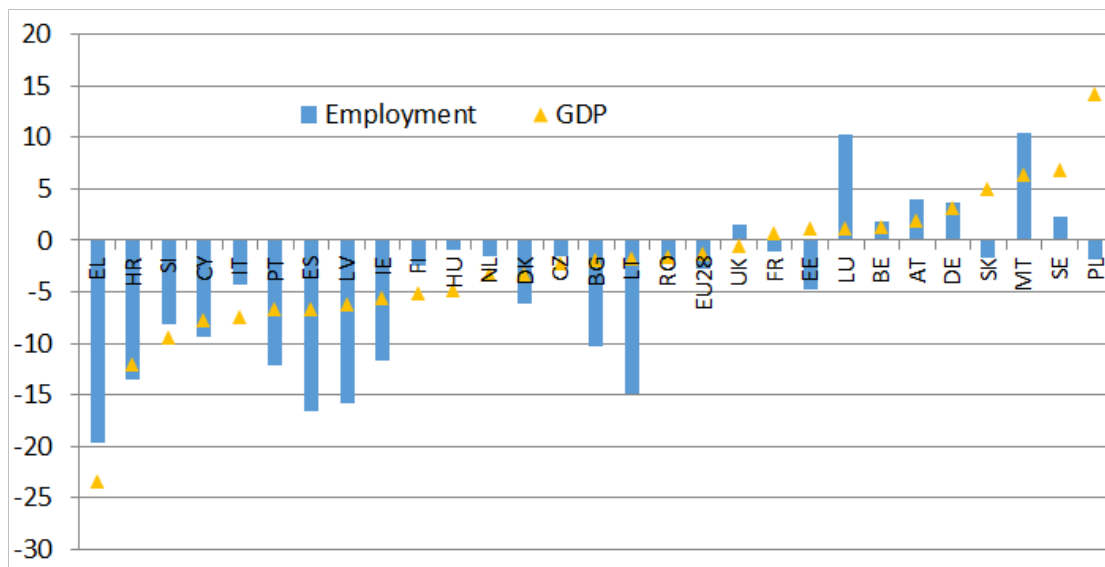


Chart Two Changes of Employment and GDP in EU countries 2008-2013

Fourth, informal employment was observed growing, including part-time, semi-time and short-term jobs. Impacted by the financial crisis, employment opportunities in EU countries reduced and the unemployment rates grew greatly. Some of the unemployed had to take up part-time, semi-time and short-term jobs, resulting a soar in short-term employment contracts. In 2015, around 87% of the newly-signed employment contracts in France were short-term contracts, of which 70% were less than one month.

Fifth, the employment rate of older workers and women increased. EU countries no longer encouraged early retirement; instead, they aimed to improve the employment of older workers (including seniors), women and other groups by extending retirement age, reforming pension system, enhancing childcare and combatting against sex discriminations. From 2008 to 2015, although the overall employment rate in EU countries dropped, the employment rates of older works aged between 55 to 64 and women increased evidently, among which, the one of the workers from 55 to 64 yrs-old exceeded 65%, and the one for female was higher than 65%, reaching further close to male's rate.

(2) Changes and trend of income distribution

First, there is a significant distinction of income distribution among countries. According to the latest statistics, although OECD countries had an average Gini coefficient of 0.32 for disposable income, there is a considerable difference among countries. Gini coefficient in both Mexico and Chile close to 0.5, while in Nordic countries like Norway and Denmark, and east European's Slovenia and Slovakia, the reading are just about 0.25.

Second, it is observed of a long-term trend of deepening income inequality. In the long run, Gini coefficient shows an uprising trend globally. The inequality was not merely deteriorated during the

financial crisis. The Gini coefficient of disposable income in the US gradually increased from 0.3 at 1970s to 0.4 at 2014. For the UK during the same period, a rise was also recorded from less than 0.3 to 0.36. Inequalities deepened as well even in the Nordic countries that have good structure of income distribution. Sweden saw a rapid growth of Gini coefficient in the last dozen years, rising from below 0.18 at 1990s to 0.28 at 2014.

Third, polarization between social groups is significant. There is an outstanding polarization between high and low income groups. From 1985 to 2014 for 17 OECD countries, the actual family disposable income of top 10% income group exceeded over 50%, while the one of bottom 10% group was just about 15%. The polarization also reflected on occupational distribution. There are rapid growth and market demands for the jobs, on one end, with high salaries and skills, and on the other end, with low salaries and skills or those cannot be replaced by technologies or machines. While the jobs in the middle of the two ends were sharply reduced, which further broadened the gap of income distribution

Fourth, the financial crisis brought greater impact on low income groups. During the crisis (2007-2010) for 34 OECD countries, the disposable income of top 10% income group only decreased by 1.3% on a yearly average. By comparison, the bottom 10% group was hit by a 1.9% reduction. During the following recovery period

(2010-2014), the top 10% income group enjoyed a 0.6% increase of annual average disposable income, while the bottom 10% group recovered much slower with just a 0.2% increase.

(3) Changes of the middle class

First, middle class is the backbone force to stabilizing income distribution. By OECD definition, middle class are those whose pre-tax income ranges between two thirds to two-folds of the median income. In the US, there was still a 50% middle class population in 2015, despite that numbers of middle class decreased in the last few decades. The middle class structure of France is generally better than that of the US, which can be described as “two out of three”, namely, middle class occupies two thirds of total population in France who are the strong supporting power for the stability of economy, society and income distribution.

Second, there is an emerging shrinking of the size of middle class. From 1996 to 2012, the proportion of middle class decreased from 68.9% to 67.4% in France, and from 54.2% to 50.6% in the US. The reason in France was because of the hit by the financial crisis, while in the US, it was mainly due to the long-term structural problem.

Third, the recession of middle class is directly reflected as the worsening structure of income distribution. From 1996 to 2012, share of the total income of middle class went down from 66.5% to

62.7% in France, and from 48.5% to 43.7% in the US. Along with the growth of share of high-income groups' earnings and the decline of low-income groups', the income inequality became greater. In 2012, the pre-tax Gini coefficient rose to 0.487 in the US and 0.343 in France.

II. Countermeasures

(1) Labor market policies

First is to take the improvement of competitiveness as orientation. An important objective of labor market reform in EU countries is to improve economic competitiveness, including simplifying the firing process for the enterprise, enhancing corporate flexibility, reducing social security contribution and improving the labor participation rate of older workers and women, etc. Take France as an example, the Hollande administration launched preferential tax policies of competitiveness and employment at the end of 2012 against the social situation such as rising salary cost, weakening competitiveness and growing employment rate. The policies aimed at reducing labor costs and offering tax credits to the enterprises that found hard to profit (the amount of credit is calculated based on the number of salariés; enterprises with more employees get greater benefit), so as to encourage the enterprises to hire more employees, enhance investment and innovation, and improve competitiveness.

The policies have lowered the burdens for many enterprises. Since 2013, corporate profits started to rise. For 2014 and 2015, corporate tax burden decreased by 4% and 6% respectively. In August this year, France launched the newly amended Labor Law by simplifying the firing process, which enhances the flexibility in the use of human resources, helps the enterprises to better respond to the change of circumstances and improve its productivity and competitiveness.

Second is to pay attention to re-balancing the labor market. There is an obvious segmentation of labor market in western countries. The labor market is segmented into two forms: one is with high salary, good working condition and comprehensive labor protection; the other is quite on the opposite with low pay, bad working condition and unstable employment. The mobility between these two markets is difficult - the reality is particularly reflected when the labor force from the second one to enter the first one. The reform in EU countries is to unify the two forms of market and enhance the mobility, especially that the channel from low-end to high-end market is smoothened, so as to achieve the re-balance of two markets. On the other hand, there are two types of people already existed on the labor market: the “insiders” who are getting employed and “outsiders” who are unemployed. The outsiders are difficult to become insiders due to some institutional barriers. Through reforms, the EU countries improve the employment quality of insiders, but

meanwhile further make the firing process more simplified for flexible labor use, and enhance the protection of outsiders by improving their employabilities, enabling them easier to access the market of “insiders”, and therefore realize the re-balance.

Third is to strengthen the matchness of employment. Many conflicts exist in labor market as the mismatch between education and employment, skills and jobs, career experiences and vacant jobs. Take France as an example, there will be 2.2 million unfilled vacancies yet 2.3 million people who cannot find a suitable job by 2020, which indicates the severe mismatch of skills and jobs. EU countries have been dedicating to resolve these problems and to strengthen the matchness of employment. Their main approaches include: to establish a bridge between education and labor market, aiming at smoothen the school-work transition through occupational training, especially half-work half-study training programs, and at the same time, to make the education better reflect the demands of labor market; to change from occupational matchness to capacity matchness, focusing on the capacities possessed by the job seekers and help them match their potential jobs rather than on their previous working experiences as what was did before; to visualize the capacities, for instance, the employers provide performance evaluation or reference letter when the employees quit the job,

training institutions provide certification and evaluation, HR service organizations provide psychological and ability assessments, etc.

(2) Social Stabilizer

EU countries pay high attention to social protection as automatic stabilizer of the economy. Economic crisis causes lower income level and higher unemployment rate, however, some impacts could be absorbed by automatic stabilizing system of social protection, such as progressive taxation, unemployment assistance and minimum wage standard, etc., so that negative influences could be lessened.

First, social protection can effectively alleviate the impacts on income. Expert of Centre for European Economics Research, Mathias Dolls, designed an income stabilization coefficient which is used to measure the stabilizing effects contributed by automatic stabilizer when income drops and unemployment rises. When the coefficient is higher, the stabilizing function is greater. Shown in Chart 3 as below, the stabilization coefficient in EU, Euro Zone and the USA are all over 0.3, some even reach 0.5. It means, when faced with impacts, social protection measures, such as taxation, social insurance and welfare have offered stabilizing function for income level. Chart 4 demonstrates the income stabilization coefficient by country. It can be seen that there is a significant variation between

countries: Estonia has an approximately 0.25, and Denmark had a figure of over 0.8. By comparison, Nordic countries such as Denmark and Sweden’s taxation and social welfare system have a stronger stabilizing function, whilst Italy, Spain and Greece experience a worse mechanism. When faced with impacts, different policies have different stabilizing effects. Take Denmark as an example which has the highest income stabilization coefficient; when hit by salary drop, direct taxation can be of most effective, yet when hit by increase of unemployment rate, social welfare is the most useful.

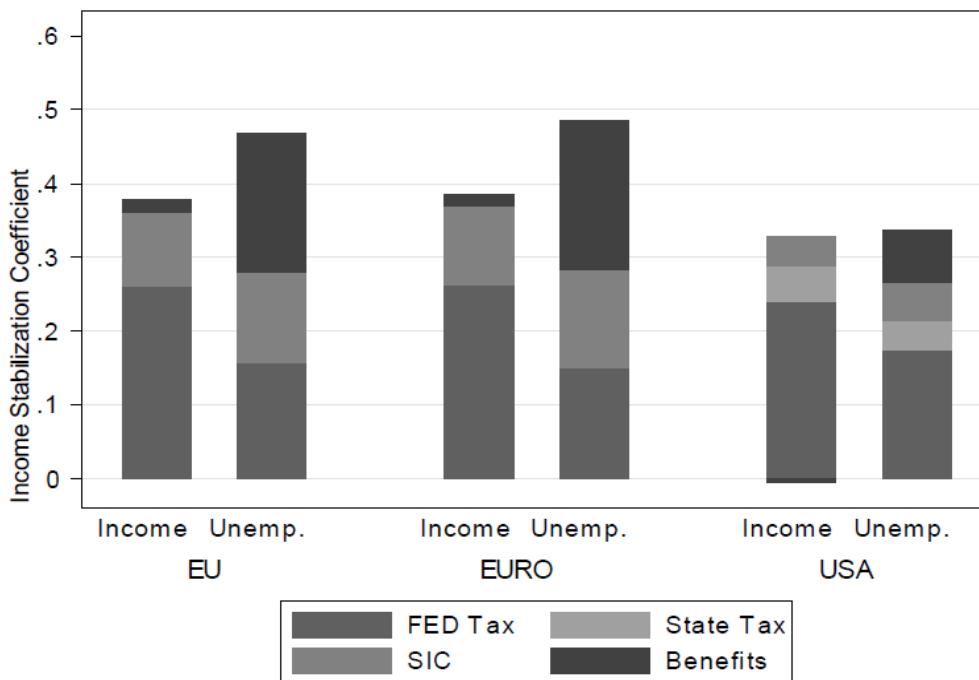


Chart 3 Comparison of Income Stabilization Coefficient between EU, EURO Zone and the USA



Chart 4 Comparison of Income Stabilization Coefficient between EU, EURO Zone and the USA

Second is to use redistribution policy to effectively narrow the income gap. The degree of pre-redistributive average income inequality in OECD countries continued to be amplified. From 2007 to 2013, Gini coefficient for market income increased by 6%. After the adjustment by taxation, social protection, transfer payment and other redistributive policies, Gini coefficient of disposable income only rose by 1%. Thereinto, public cash transfer payment played a positive role – from 2009, OECD countries’ average public cash transfer payment level rose by 15% comparing to 2007 pre-crisis level, which effectively narrowed the income gap. In 2014 for OECD countries, pre-redistribution Gini coefficient was 0.43, and post-redistribution Gini coefficient was 0.32. For this, 0.07 was

contributed by public cash transfer payment, and about 0.04 was by taxation policy.

(3) Policy Tool

a. Dynamic micro-simulation model

As a mature and scientific analytical method, micro-simulation has been widely used on the prediction, making and evaluation of social policies in European countries. By using the micro-simulation model, Gijs Dekkers from Belgium Federal Planning Bureau and Director of International Micro-Simulation Association, calculated and estimated the sustainability of Sweden and Belgium's pension system and its influences on poverty. It is estimated that the share of pension to GDP in Sweden will gradually decrease from 9.3% in 2013 to 8.2% in 2030 and further to 7.8% in 2060, but meanwhile, risk-to-poverty among elders climbs up year by year. For Belgium, the share will rise from 12.2% in 2013 to 15.3% in 2030 and further to 15.7% in 2060; however, risk-to-poverty among elders will be effectively alleviated. Through the calculation and estimation on variables like life expectancy, labor production rate, employment rate, employment rate of elders (55+), it is discovered that only by increase the employment rate of elders (55+) can the financial burden be alleviated and the risk-to-poverty lessened.

b. Social Protection Performance Monitor (SPPM)

EU monitors the recent social tendency of all member states by establishing the system of Social Protection Performance Monitor. As shown in the below table 1, SPPM system has 23 indicators, mainly focusing on the living conditions of children, youths, elders and other disadvantaged groups. It studies whether social safety nets are functioning well in protecting these groups by measuring poverty, social exclusion, unemployment, quasi-unemployment (low work intensity), education/training condition, expenditure, etc. All the indicators are examined by giving positive/negative comments, and if more than 9 countries' see a worsening indicator, it should be highly concerned and given continuing observation.

Table 1 Social Protection Performance Monitor

Number	Indicator	Definition
1	At-risk-of-poverty or social exclusion rate	Percentage of number of persons at social exclusion to total population. Social exclusion mainly refers to three conditions: at high risk of poverty, severely materially deprived or living in households with very low work intensity.
2	At-risk-of-poverty rate (AROP)	Share of persons with an equivalised disposable income below 60% of the national equivalised median income
3	Severe material deprivation rate (SMD) (total population)	Share of population living in households lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.
4	Share of population(0-59) in very low work intensity households (VLWI)	People living in households, where working-age adults (18-59) work less than 20% of their total work potential during the past year.

5	Relative poverty risk gap rate (total population)	Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, it indicates the intensity of poverty
6	Long-term poverty rate	Total long-term population living in poverty (maintaining in poverty for over 12 months or 2 out of 3 years) as a proportion of total active population.
7	Income quintile ratio S80/S20 (total population)	The ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile).
8	Children at risk of poverty or social exclusion rate (0-17)	The sum of children (0-17) who are at risk of poverty or social exclusion rate
9	Impact of social transfers on poverty reduction	Reduction in the at-risk-of-poverty rate in % due to social transfers,
10	At-risk-of-poverty rate for the population living in very low work intensity households (0-59)	Share of persons at risk of poverty who live in households where working-age adults (18-59) work less than 20% of their total work potential during the past year.
11	In-work at-risk-of-poverty rate	Share of Individuals who are classified as employed, however, their incomes are lower than the 60% of average income median
12	Long-term unemployment rate	Total long-term unemployed population as a proportion of total active population.
13	Youth unemployment ratio	Total unemployed young people (15-24 years): who are able to work and have been looking for jobs in the last four weeks or those who have secured a job but can only start in 3 months as a share of total population
14	Early leavers from education and training	Share of persons aged 18 to 24 who have only lower secondary education
15	Rate of NEET Group	Share of persons (aged 18- 24) who have neither employment nor skills
16	Employment rate of older workers	Employment rate of workers aged 55-64
17	At risk of poverty or social exclusion rate (65+)	The sum of elderly (65+) who are: at-risk-of-poverty or severely materially deprived or living in households with very low work intensity as a share of the total population in the same age group.
18	Median relative income ratio of elderly people	Median equivalised disposable income of people aged 65+ as a ratio of income of people aged 0-64.

19	Aggregate replacement ratio	Median individual pension income of 65-74 relative to median individual earnings of 50-59, excluding other social benefits.
20	Share of the population with self-reported unmet need for medical care	Total self-reported unmet need for medical examination for the following three reasons: financial barriers + waiting times + too far to travel.
21	Housing cost overburden rate	Percentage of the population living in a household where total housing costs represent more than 40% of the total disposable household income.
22	Healthy life years at 65	Number of years that a person at 65 is still expected to live in a healthy condition. To be interpreted jointly with life expectancy.
23	Factual growth of family disposable income	Only indicator that is based upon macro-statistics level. All the above 22 indicators are at micro-level and are acquired through survey.

The analysis finds out the deviation between EU member states became more significant after the financial crisis. The evaluated-best Austria only had two worsening indicators; however, Greece had the worst performance with 17 negative indicators. Chart 5 demonstrated that, in Germany, family disposable income and employment situation remained stable during the period of 2008-2009 when GDP was experiencing a rapid growing speed. This is attributed to its social protection system for functioning as an “iron” to flattening the economic cycle. On the opposite, the social protection mechanism in Spain is relatively weak, which did not “iron flat” the cycle during the economic crisis, but amplified its negative effects.

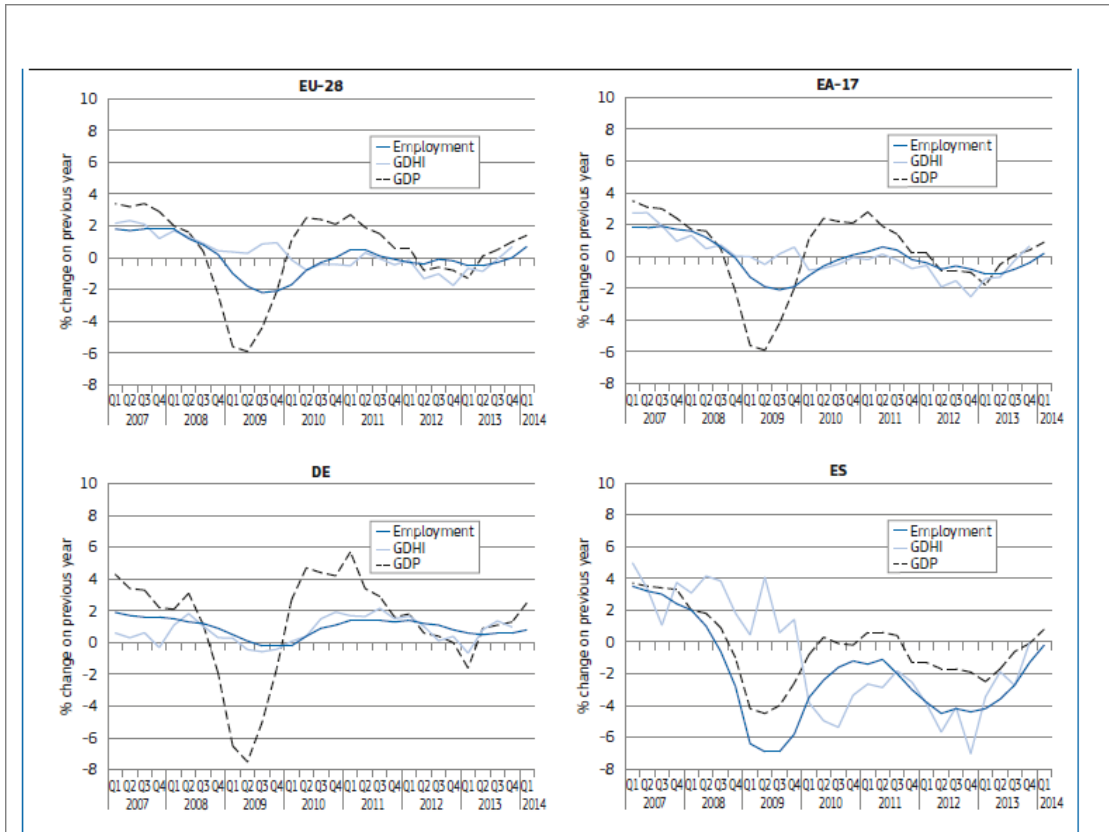


Chart 5 Year-on-year changes of real GDP, actual family disposable income and employment: EU, Euro countries, Germany and Spain (2007-2014)

III. Enlightenment to China

Currently, China's high-speed economic growth has decelerated to be at a medium-high speed. The structural problem of employment and pressure to facilitating residents' income growth become increasingly significant. Under such situation, it is highly necessary to learn best international practices and improve relevant policies.

(1) Optimize the employment policies towards the orientation of improving competitiveness.

The policy of reducing rates of pension and unemployment

insurances step-by-step has been implemented in China. It is beneficial to lower the cost of human resources and improve the corporate competitiveness. Next step is to learn international experiences for further improvement. First is to take reference from France's policies of competitiveness and employment tax credit. Enterprises could be given certain tax reduction according to the numbers of low-skilled workers they employed, so as to reduce their labor costs, enhance competitiveness and encourage them to employ more workers. Second is to make differential labor market policies to address the polarization of labor market. For high-end labor market, the implementation regulations of Labor Contract Law can be adjusted with limitations and differentiations so as to improve the mobility and flexibility. For low-end labor market, labor protection should be strengthened by enhancing labor skills training and improving minimum wage protection system. Third, social protection, employment, wage payment and other relevant systems that are suitable with the development of new economy should be improved, and the new model of employment should be standardized and supported. Fourth is to extend retirement age appropriately, encourage more labor participation of older workers, elders and women, and to fully utilize various types of human resources.

(2) Promote the demand-supply matchness of labour market.

To address China's structural problem of employment, mismatch

between demand and supply, as well as the “two difficulties” in recruitment and employment, multiple measures should be adopted to stress on the matchness of demand and supply of labor market. First is to accelerate the pace of improving labor quality, promote educational, industrial and employment policies in a coordinated way, achieve positive interaction between labor quality improvement and industrial upgrading, and encourage the stock labor to smoothly change jobs or positions. Second is to make great effort to develop vocational education and training, carry out pilots of modern apprenticeship system, and cultivate more skilled workers through school-enterprise joint operation, work/study programs, practical skill trainings. Third is to establish the unified, regulated and flexible human resource market, improve public employment and service system, and strengthen the capacity of providing informationalized employment service. Fourth is to fully explore the ability of job seeker, promote ability visualization, and facilitate the job matchness to transform from the matchness of occupation to ability.

(3) Pay attention to the function of automatic stabilizer.

Automatic stabilizer can automatically function without motivation or special timing. It reduces social risk during economic crisis, suppresses over-speedy economic growth and narrows the income gap during the prosperous period, which is beneficial for ironing flat the economic cycle. Therefore, automatic stabilizer should be used

as the basic adjustment mechanism for stabilizing economy, at the same time, its sensitivity to the change of economic cycle should be improved. First is to speed up the reform of taxation system, increase the proportion of direct tax, set up an appropriate progressive tax and intensify its dominant position in tax structure. Second is to improve the systems of social insurance and social assistance, enhance the level of social security, improve minimum wage system, and strengthen the protection of certain social group such as those who find difficulties in living, marginalized group, long-term unemployed, low-skilled migrant workers. Particular attention should be given to the group whose income is above minimum living standard but below half of average income (international relative poverty line). This group could not enjoy either the policy of minimum living standard, or other assistance and welfare policies attached to the minimum living standard. Their income level is low and prone to be impacted by economic recession, thus needing for special help and assistance.

(4) Take discretionary policy prudently.

Discretionary policy is an important supplementation of automatic stabilizing mechanism; its flexibility can cover the shortage of automatic stabilizer. Through appropriate discretionary policy, economy can be better adjusted. However, targeting should be precise and policies should be tailored. And meanwhile, the

implementation of policies should be in time and by stage with a clear exit mechanism. First, for certain regions with special difficulties, it could be considered to increase the transfer payment of central finance, implement temporary assistance policy and ensure there is a cushion in place for those most in needs. Second, for the industries of special difficulties such as excessive production capacity, it should be focused on intensifying the support for re-employment, appropriately extending the period of claiming unemployment benefit, further reducing the contribution of social security, enhancing the training with clear directions, and encouraging new-emerging industries to absorb labors. Third, for the farmers and villagers, it should be stressed on stabilizing income, and suggested to adopting the direct subsidy to farmers, raising the level of minimum living standard in rural areas, enhancing the support to those who go back to hometown and start their own business, and expanding the demonstrations and practices of increasing farmers' income. Fourth is to explore new forms of transfer payment and different approaches such as distributing consumption voucher to targeted groups, so as to increase the income level and enhance the consuming ability of low-income group.

(5) Use the policy tools with flexibility, and be scientific when make and implement policies.

To fully learn the advanced international methods of policy analysis

and evaluation, and to make China's social policies scientific and targeted. First is to use dynamic micro-simulation model to establish a comprehensive evaluation mechanism of macro-economy, income distribution adjustment policy and micro-statistics, so as to correctly assess the influences of policy measures on different groups, and monitor and adjust regulations in time. Second is to learn the social protection evaluation indicator system of EU, establish evaluation indicator system suitable to China's national reality, monitor the living condition and changing trend of disadvantaged groups in each locality, evaluate the safety of social protection net in a timely, accurate and comprehensive way, and adjust the direction and enforcement of policies when appropriate.

English version: 29.11.2016

Participants:

Name	Date of Birth	Organization	Position
Mr. Pu Yufei	Oct. 3, 1971	Department of Employment and Income Distribution, National Development and Reform Commission (NDRC)	Director General (Delegation Head)
Ms. Chen Jun	Jul. 21, 1979	Department of Employment and Income Distribution, NDRC	Division Director
Ms. Tong Siyun	Sep. 30, 1985	Department of Employment and Income Distribution, NDRC	Official
Mr. Chen Lin	Apr. 9, 1986	Department of Employment and Income Distribution, NDRC	Official
Ms. Wang Yingsi	Feb. 9, 1982	International Cooperation Centre, NDRC	Official
Mr. Cheng Jie		Institution of Population and Labor Economies, Chinese Academy of Social Sciences	Associate Researcher

Programme:

<p>The Influence of Employment and Social Security Policies on Income Distribution in Post-Crisis Era</p> <p>August 28 to September 4, 2016</p> <p>France & Belgium</p> <p><u>28 August 2016</u></p> <p>Departure from Beijing (02:05) to Paris CDG Terminal 1 (7:25)</p> <p>8:00 Bus trip in Paris</p> <p>12:00 lunch at Opéra Mandarin, 23 Boulevard des Capucines, 75002 Paris 01 47 42 49 56</p> <p>13:00 Hotel check-in: Hotel Louison, 105 Rue de Vaugirard, 75006 Paris</p> <p><u>29 August 2016</u></p> <p>Session 1 10:00-12:00 Expertise France 73 rue de Vaugirard 75006 Paris, FRANCE Chair:</p> <ul style="list-style-type: none">• Lead of the Chinese delegation: Mr. Pu Yufei• Mr Frédéric Sansier, Director of Employment and Social Protection Department, Expertise France <p>Topics:</p> <ul style="list-style-type: none">• Overall management of Component 1• Organization of the Policy dialogue and study visit• Preparation of the High Level Event in September 2016 <p>Lunch: Saveurs de Chine, 18 Rue de L'arrivée, 75015 Paris Tel : 09 67 22 94 05</p> <p>Session 2 14:00-17:00 Ministry of Labour, Employment, Vocational Training and Social Dialogue 10 place des 5-Martyrs-du-Lycée- Buffon 75015 Paris, FRANC Speakers:</p> <ul style="list-style-type: none">• Nathalie Nikitenko, Delegate for European and International Affairs, Ministry of Labour and Ministry of Health and Social Affairs• Olivier Toche, Chief of Service and Jean-Henri Pyronnet Deputy Director• Hugues de Balatier, Chief of Service and Deputy General Delegate, General Delegation for Employment and Vocational Training
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Topics to be discussed:

- Presentation of the recent Law on Labour (its content, key issues and context) and its outcomes
- Overview of public policies to promote employment with a focus on measures dedicated to vulnerable individuals

30 August 2016

Hotel pickup 8:15

Session 3

09:00-12:00

Pôle Emploi, National Employment Public Service, 1 avenue du Docteur Gley – 75020 Paris**Speakers:**

- Annie Gauvin, Director of International Affairs and Relationships, Public Employment Service of France
- Quentin Duvivier, Chief of Department for cooperation for companies
- Laurence Salter, Chief of Department for Local social action

Topics to be discussed:

- Presentation of the National Employment Public Service and of the European employment perspective
- Strategy to support employment and companies
- Global approach towards employment issues and social vulnerability

Lunch: Scarlett et le Cochon Volant 5 Rue de Romainville, 93260 Les Lilas

Session 4

14:30-17:00

France Stratégie, 18 Rue de Martignac, 75007 Paris**Speakers:**

- Jean Pisani-Ferry, Chief Commissioner
- Fabrice Lengart, Delegate Chief Commissioner
- M. Gautier Maigne, Director of the Society and social policies department.
- M. Vincent Aussilloux, Director of the Economics Department

Topics to be discussed:

- Welcoming, presentation of France Stratégie and presentation of NDRC and the UE cooperation project
- « Impact of the crisis on income distribution and on middle class », Q/A
- Public policies implemented in order to mitigate the crisis effects: feedbacks from the work of the committee for the monitoring and evaluation of the « CICE » (tax credit for competitiveness and employment), Q/A
- Conclusion and photos.

Travel from Paris (18:55) to Brussels (20:17)

Hotel check-in: Hotel Bloom, Rue Royale 250, 1210 Saint-Josse-ten-Noode

31 August 2016

**Federal Public Services Social Security of Belgium
Kruidtuinlaan 50, 1000 Brussel, Belgium**

Session 5

09:00-12:00

Chair:

- Mr. Pu Yufei, Lead of the Chinese Delegation, Director General, Department of Employment and Income Distribution, NDRC
- Dr. Koen Vleminckx, Director Belincosoc

Topics and Speakers:

- Changes in income distribution in EU member states since the financial crisis, especially the changes of quantity and income level of middle class
 - Ms. Ana Llena-Nozal, Directorate for Employment, Labour and Social Affairs, OECD¹
- Social Protection as an economic stabilizer
 - Dr. Mathias Dolls, Senior Researcher, Centre for European Economic Research, Mannheim²

Session 6

14:00-18:00

Chair:

- Mr. Pu Yufei, Lead of the Chinese Delegation, Director General, Department of Employment and Income Distribution, NDRC
- Dr. Koen Vleminckx, Director Belincosoc

Topics and Speakers:

- Impact of the Financial Crisis on the EU labour market
 - Mr. Tom Bevers, Chairman of the Employment Committee of the European Union (EMCO)

¹Co-author of the two latest OECD inequality studies, “Divided We Stand” (2011) and “In It Together” (2015). She is currently working on a draft report on inequalities and inclusive growth in selected emerging economies (including China).

² Co-author of ‘Automatic Stabilizers and Economic Crisis: US vs. Europe’ in: Journal of Public Economics 96 (3-4), 279-294

- Temporary agency employment as a way to deal with fluctuations in the labour market
- Mr. Denis Pennel, Managing Director of the International Confederation of Private Employment Services

1 September 2016

Federal Public Services Social Security of Belgium Kruidtuinlaan 50, 1000 Brussel, Belgium

Session 7

09:00-12:00

Chair:

- Mr. Pu Yufei, Lead of the Chinese Delegation, Director General, Department of Employment and Income Distribution, NDRC
- Dr. Koen Vleminckx, Director Belincosoc

Topics and Speakers:

- Impact of policies, wage development and employment on poverty among the elderly
- Mr. Gijs Dekkers, Federal Planning Bureau, Belgium
- Recent changes in unemployment benefits and coverage
- Ms. Maria Vaalavuo, DG Employment, Social Affairs and Inclusion, European Commission
-

Session 8

14:00-18:00

Chair:

- Mr. Pu Yufei, Lead of the Chinese Delegation, Director General, Department of Employment and Income Distribution, NDRC
- Dr. Koen Vleminckx, Director Belincosoc

Topics and Speakers:

- Evolution of poverty and income inequality in Belgium and the impact of the Financial Crisis
- Mr. Rudi Van Dam, Chair of the Indicators' Sub-Group (ISG) of the Social Protection Committee (SPC)
- The role of labour market policy during and after the financial crisis
- Mr. Fons Leroy, Managing Director, VDAB
- European minimum income and poverty

2 September 2016

Directorate-General Employment of the European Commission

Session 9

9:45-12:00

Meeting with European Commission– DG Employment, Social Affairs and Inclusion (Jordi Curell - TBC)

Topics:

- Perspective and implementation of next-step cooperation with EU in terms of optimizing income distribution and increasing the number of middle class
- How to effectively combine employment strategy with the increasing of middle class and the promotion of social stability?
- In the process of adjusting economic structure, how to enhance employment quality and increase workers' income through guaranteeing and promoting free labour mobility?
- In the process of global capitalization, how to ensure opportunity equity and improve social inclusiveness through eliminating poverty and social marginalization?

9:45 – 10:45: Meeting with Mr. Stefan Olsson, Director for Employment policies, DG Employment, Social Affairs & Inclusion (Rue Joseph II 54, Brussels)

11:00 – 12:00: Meeting with Mr. Michel Servoz, Director-General, DG Employment, Social affairs and Inclusion (Rue Joseph II 27, Brussels)

Travel from Brussels back to Paris

No.9452 15:13-16:35

Hotel check-in

Address: Hotel Louison, 105 rue de Vaugirard Paris

3 September 2016

Departure from Paris back to Beijing

Flight number: CA934 20:20-12:25(+1)

