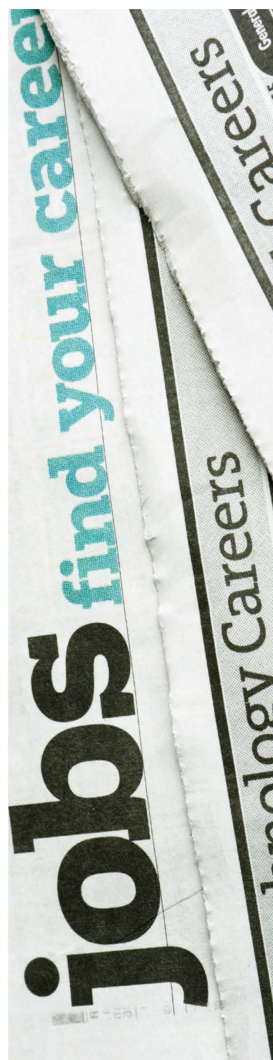




DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT
ECONOMIC AND SCIENTIFIC POLICY **A**



Economic and Monetary Affairs

Employment and Social Affairs

Environment, Public Health and Food Safety

Industry, Research and Energy

Internal Market and Consumer Protection

Employment and Social Affairs in the European Parliament

In-depth Analysis for the EMPL Committee



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

Employment and Social Affairs in the European Parliament

IN-DEPTH ANALYSIS

Abstract

The present paper gives an overview of the area of work covered by the Employment and Social Affairs Committee (EMPL) of the European Parliament. After setting out the legal basis of the Treaties, this expertise prepared by Policy Department A for the Committee on Employment and Social Affairs presents the legal and policy instruments available in this policy field, and explains the existing funds. The analysis concludes with an outlook on the challenges that the EMPL Committee will face in the coming legislature 2014-2019.

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GENERAL OUTLOOK ON THE EMPLOYMENT AND SOCIAL AFFAIRS POLICY AREA

At the moment, the EU is facing huge [employment and social challenges](#) that have emerged in the wake of the economic crisis: weakened labour markets with rising long-term unemployment, growing labour market mismatches and unprecedented high youth unemployment are coupled with increasing levels of poverty and social exclusion, with a quarter of the EU population being at risk. At the same time, socio-economic divergences between Member States have never been as high. Additionally, continuing globalisation and an ageing population are putting strains on Member States' labour markets and social security systems.

The work of the Employment and Social Affairs Committee (EMPL) Committee in the coming legislature will therefore be crucial in addressing these challenges, which will shape the future of Europe's social model. Although many competences in the area of employment and social affairs remain with the Member States, the EU, and in particular the European Parliament, can make a difference in this policy area that will have an impact on the lives of all Europeans.

1. OVERVIEW OF THE EMPLOYMENT AND SOCIAL AFFAIRS POLICY AREA

1.1. Competence of the EU in employment and social affairs

Title IV of the Treaty on the Functioning of the European Union (TFEU) deals, among other things, with the free movement of workers. The Council and Parliament are equally competent to legislate on measures required to bring about freedom of movement for workers (Article 46 TFEU), such as recognition of professional diplomas, and on measures to ensure retention of social security benefits for people moving to other Member States (Article 48 TFEU).

Title IX of the TFEU deals with employment. Competence for employment policy remains in the hands of the Member States, with any harmonisation measures ruled out. The EU is restricted to having the Council issue guidelines for employment each year which Member States must take into account in their employment policies (Article 148 TFEU). Parliament only plays a consultative role in the formulation of these employment guidelines. In addition, the EU can take incentive and support measures to facilitate exchanges of information among Member States, e.g. on successful measures to combat unemployment, and to champion pilot projects to try out innovative approaches (Article 149 TFEU). As these measures are taken under the ordinary legislative procedure (formerly known as 'codecision'), Parliament is on an equal footing with the Council.

Social policy, as set out in **Title X** of the TFEU, contains labour law (excluding provisions on pay, the right of association, the right to strike and the right to impose lock-outs) in addition to certain areas of social policy. In some of these areas, the EU can issue minimum standards, meaning that Member States can still provide for higher protection standards, although different legislative procedures apply (Article 153 TFEU).

The EU can legislate most easily in the areas of protection of workers' health and safety, working conditions, the information and consultation of workers, the integration of persons excluded from the labour market and equality between men and women with regard to the labour market, where **majority voting applies in the Council and in Parliament**.

Unanimity requirements in the Council and consultation with Parliament is foreseen for legislation on minimum standards on social security and social protection of workers, dismissal protection, representation and collective defence of the interests of workers and employers, and conditions of employment for third-country nationals legally residing in Union territory.

Finally, the Council and Parliament, acting in accordance with the ordinary legislative procedure, are only competent to adopt **coordination measures to encourage cooperation between Member States**, excluding any harmonisation of national laws, in the areas of combating social exclusion and the modernisation of social protection systems. The same coordination measures are also possible in all other areas mentioned above and thus form the backbone of the so-called 'open method of coordination' in the social policy field ('social OMC'), which has proven useful in areas where the EU does not have the competence to regulate or when the unanimity required cannot be reached.

In addition, Parliament is to be kept informed about any initiative the Commission takes to encourage Member States to cooperate in social policy fields, e.g. by making studies, establishing guidelines and indicators or by organising an exchange of best practice (Article 156 TFEU).

Title XII encompasses the EU's vocational training policy, where the Union can only support and supplement Member States' actions, excluding any harmonisation.

1.2. Current European instruments and actions in the Employment and Social Affairs domain

In addition to a considerable body of legal instruments in the field of employment and social affairs, the EU has developed different policy instruments, based on the open method of coordination, to encourage convergence of Member States' policies towards the common goals that since 2010 have been pursued in the framework of the Europe 2020 strategy. These goals are further supported by several funds catering to different categories of people in need of assistance, enabling them to make full use of the internal market which, as expressed in Article 3(3) TEU, aims at full employment and social progress, combating social exclusion and discrimination.

1.2.1. Legal instruments

In the area of employment policy, legal harmonisation has until now focused on rights at work, namely as regards working conditions, information and consultation of workers, health and safety at work, and equal treatment in employment.

Minimum requirements on **working conditions** at EU level include provisions on working time, on part-time and fixed-term work, on temporary workers and on the posting of workers. Of these, the revision of the [Working Time Directive](#), which shall ensure the protection of workers against excessive working hours and insufficient rest periods, stands out as it has proven very difficult to reach a common position. After the Commission, the Council and Parliament failed to agree on the issue, the European social partners have tried to find an agreement during a year-long negotiation which also broke down in December 2012, again owing to major differences over the treatment of on-call time as working time. It is therefore now up to the Commission to present a new proposal.

Similarly, the [Posting of Workers Directive](#), which guarantees certain minimum terms and conditions of employment to workers posted to another Member State to avoid so-called 'social dumping' (whereby foreign service providers undercut local service providers by means of lower labour standards) is currently an important topic. This directive is at

present under review as it became evident that there was a need to improve and reinforce its transposition and enforcement, a fact Parliament deplored as early as 2006. The objectives of the so-called Enforcement Directive, which was approved by Parliament in [April 2014](#), after having negotiated an agreement with the Council on amendments to the Commission proposal, are to ensure that the rights of posted workers' are respected by means of clarifying the control obligations of national authorities and granting them the flexibility to include further control measures if they deem it necessary. The deal reached also clarifies the role of trade unions, and of social partners in general, in the framework of the directive, and prevents and sanctions circumvention and abuse of applicable rules (e.g. through false self-employment or letter-box companies), not least through better administrative cooperation. One of the most contentious issues debated by Parliament and the Council concerns joint and several liability in subcontracting chains; in the building sector, according to the compromise reached, the main contractor and the direct subcontractor would be held jointly and severally liable for any failure to pay posted workers. Member States may introduce stricter provisions and include other sectors if they wish so.

At the time of writing, the agreement reached still needs to be formally approved by the Council.

Several of the existing legal instruments are based on agreements concluded between management and labour at Union level in accordance with Article 155 TFEU, namely the framework agreements between the European social partners on the right to parental leave and leave for family reasons, on part-time work and on the limited use of successive fixed-term contracts. In addition, the European social partners have concluded autonomous framework agreements on telework, work-related stress, harassment and violence at work, and on inclusive labour markets, which are to be implemented autonomously by the European social partners and their affiliated organisations in accordance with the national procedures and practices specific to management and labour, such as through national collective agreements.

Furthermore, several directives provide for the **right and obligation of employees and their representatives to be informed and consulted** at both national and transnational level, *inter alia* in the event of collective redundancies, the transfer of undertakings and cross-border mergers.

Health and safety at work is one of the EU's most advanced social policies, underpinned by a solid body of legislation and policy tools. As early as 1989, the EU adopted a framework directive on the introduction of measures to encourage improvements in the safety and health of workers at work with minimum occupational health and safety requirements for all sectors of activity. This framework directive was later complemented by 24 individual directives which govern specific issues such as equipment (e.g. personal protective equipment and display screens), specific groups of workers (e.g. pregnant workers, temporary workers and young people at work), the workplace itself (e.g. in mineral-extracting industries) and the agents workers are exposed to (e.g. biological agents, asbestos, noise).

As regards **equal treatment in employment**, in 2000 the EU adopted a [directive safeguarding equal opportunities in employment and occupation](#), based on a new Treaty Article introduced in the Treaty of Amsterdam (now Article 19 TFEU), which allows for action to combat discrimination. It does not take into account discrimination on gender grounds, as this principle is already part of EU legislation, not least in the Treaty itself (Article 157 TFEU on equal pay for men and women). The directive prohibits discrimination on grounds of religion, disability, age or sexual orientation as regards access to employment, vocational training, working conditions and membership of organisations.

However, in certain cases differences in treatment are allowed, if justified by a legitimate labour market aim (e.g. age discrimination might be allowed if it is appropriate and necessary to benefit older workers). Member States can also take positive action, and they are allowed to provide a higher level of protection than the minimum requirements foreseen in the directive. Finally, the directive includes effective remedies in the event of discrimination, e.g. shifting the burden of proof and protecting victims of discrimination against dismissal.

Further, the **free movement of workers** is one of the fundamental freedoms of the internal market and derives from the Treaty itself, while secondary law and the case law of the Court of Justice only develop and refine it. As for EU legislation, it deals mainly with barriers to free movement, e.g. by ascertaining that EU citizens moving to other Member States have their health and social security coverage maintained and have their professional qualifications recognised abroad.

In April 2013 the Commission published a proposal for a [directive to ensure better application of EU legislation on people's right to work in a Member State other than their own](#), and thus make it easier for people to exercise their rights in practice, providing especially for new means of redress for workers discriminated against, including conciliation and mediation. The EMPL committee has, in its [report of November 2013](#), particularly stressed the need for a European network of national contact points to improve cooperation among Member States in enforcing the rights of workers from other EU countries, thus following up on its more comprehensive October 2011 [resolution on promoting workers' mobility within the European Union](#).

In November 2013 a directive modernising the original 2005 [Professional Qualifications Directive](#) was adopted, aiming to 'reaffirm the underlying philosophy of mutual recognition and mutual trust between Member States, whilst exploring innovative ways to better reflect it in practice'.

As regards [social security coverage](#), there is no single European system, but the EU rules provide for coordination of national systems. While national systems provide the basis for determining who is to be insured, which benefits are to be granted and under what conditions, the EU has issued rules to protect these social security rights when people are moving within the EU. The main principles are:

- EU citizens moving to another Member State only pay contributions in one country and cannot obtain several benefits of the same kind (**principle of prevention of overlapping of benefits**)
- EU citizens resident in other Member State than their own have the same rights and obligations as nationals of the host country (**principle of equal treatment**);
- When a worker claims a benefit, previous periods of insurance in his home Member State are taken into account (**principle of aggregation**);
- Persons entitled to cash benefits from one country can receive them even if living in another country (**principle of exportability**).

In its January 2014 [resolution on social protection for all](#), Parliament called on the Commission to review legislation and monitor the implementation and coordination of social security systems to safeguard EU migrant workers' entitlements to benefits.

Beside statutory pension rights provided by the state, which are already covered under the relevant social security coordination rules, Parliament and Member State negotiators reached an agreement at the end of 2013 on rules to allow EU workers who move to a different EU country to [safeguard their supplementary pension rights](#), i.e. occupational

pensions financed or co-financed by employers; until now, individuals who move between Member States run the risk of losing entitlements considered to have been built up over too short a time.

1.2.2. Policy instruments

Over the years, the EU has developed a comprehensive approach to helping Member States adjust their social and employment policies with a view to achieving an internal market that aims at full employment and social progress, combating social exclusion and discrimination. Given that the Treaties do not allow for harmonisation measures, since 1997 the EU has made use of a benchmarking exercise (open method of coordination) called the European Employment Strategy. This strategy was later complemented by the headline targets of the Europe 2020 strategy, a follow-up to the 2000-2010 Lisbon strategy intended to generate a smart, sustainable and inclusive European economy by 2020. Since 2010, this benchmarking exercise has been included in the new process of the European Semester, which is a procedural tool to improve time consistency of EU policy coordination on macroeconomic, fiscal, employment and social issues in recurring yearly cycles. In addition, three existing EU programmes for testing ideas for reform on the ground, with a view to upscaling the best of these across Member States, have been merged into a singular programme called Employment and Social Innovation Programme (EaSI).

As a response to the rising unemployment rates in the wake of the financial crisis, the Commission has also adopted different 'packages', consisting mostly of a Commission communication and several staff working documents proposing a series of measures to help Member States tackle unemployment and social exclusion.

As regards health and safety at work, the Commission is currently evaluating the contributions received when consulting the public for a new strategy for the period up to 2020.

The **European Employment Strategy** is since 1997 a [framework for the annual cycle for coordinating and monitoring national employment policies](#), based on employment guidelines proposed by the Commission, national action plans, an employment report taking stock of the employment situation in the EU and in the Member States, and recommendations for future action to individual Member States.

These Employment Guidelines encompass common priorities and targets for national employment policies, taking into account the headline targets of the Europe 2020 growth strategy; they have been in an integrated package with the Broad Economic Policy Guidelines since 2005. To allow Member States enough time to adjust their national employment policies to the guidelines, they have remained unchanged since October 2010. Their focus is on

- increasing the labour market participation of women and men, reducing structural unemployment and promoting job quality;
- developing a skilled workforce responding to labour market needs and promoting lifelong learning;
- improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education;
- promoting social inclusion and combating poverty.

The next revision of the Employment Guidelines is planned for 2014.

Since 2010, the European Employment Strategy has been included in the **European Semester for economic policy coordination**, the EU's [annual cycle](#) aimed at improving the coordination of macroeconomic, fiscal, employment and social policies in order to give ex-ante guidance to Member States before national decisions are taken. Accordingly, the Joint Employment Report is now annexed to the Annual Growth Survey, published in November each year, in which the Commission provides an analysis on progress made in meeting Europe 2020 targets, as well as a macro-economic report, and in which it sets out its approach to recovery and growth, concentrating on key priorities. The Joint Employment Report takes stock of the employment situation in Europe and assesses national implementation of the Employment Guidelines as well as draft national reform programmes. The Annual Growth Survey is then endorsed by the Spring European Council in March. In April Member States finalise their National Reform Programmes, including National Job Plans (focussing on structural reforms) and their Stability and Convergence Programmes (focussing on budgetary targets and on preventing fiscal imbalances), which are then cross-checked by the Commission to ensure compliance with the aforementioned Europe 2020 headline targets and the Stability and Growth Pact. In May the Commission proposes country-specific recommendations for the year to come, which are then endorsed by the European Council in June and adopted by the Council in July.

Since 2012, the European Semester has been institutionalised further thanks to the so-called Six-Pack, and has given Parliament a greater say in the economic coordination process. Along the whole cycle, Parliament can use the instrument of Economic Dialogue to strengthen the democratic legitimacy of the procedure. To this end, the EMPL Committee holds joint hearings with the Economic and Monetary Affairs Committee (ECON) on the draft annual growth survey at the end of November/beginning of December and, similarly, holds an exchange of views with the relevant EMPL and ECON Commissioners on the draft Country Specific Recommendations in May/June. In addition, during the European Parliamentary Week in January, relevant parliamentary committees engage in a discussion with national parliamentarians on the Annual Growth Survey. Finally, the EMPL and ECON committees also issue INI reports, one for the Annual Growth Survey adopted ahead of the Spring European Council, and one in the autumn on the implementation of last year's priorities, ahead of the next Commission Annual Growth Survey. This notwithstanding, Parliament has expressed, in a [resolution on the Annual Growth Survey 2014](#) of February 2014, its deep regrets over the limited nature of its role in the European Semester, and has called for an interinstitutional agreement to involve Parliament in the drafting and approval of the Annual Growth Survey and the Economic Policy and Employment Guidelines, reiterating the call already made in its October 2013 [resolution on the implementation of the 2013 European Semester priorities](#).

As mentioned above, the [Europe 2020 strategy](#) provides for headline targets for smart, sustainable growth to be achieved by 2020, namely:

- increase the labour market participation of people aged 20-64 to 75% by 2020;
- lift at least 20 million people out of the risk of poverty and exclusion;
- improve the quality and performance of education and training systems by reducing drop-out rates to 10 % (from 15 %) and increase the share of 30-34 years-old having completed tertiary education to at least 40 % (instead of 31 %).

Apart from these headline targets, Europe 2020 also contains flagship initiatives, three of which fall under the areas of employment, social affairs and inclusion, namely:

- [Youth on the move](#), which aims at making education and training more relevant to young people's needs by encouraging more of them to take advantage of EU grants

to study or train in another country, and which encourages EU countries to take measures to simplify the transition from education to work;

- [An agenda for new skills and jobs](#), which aims at stepping up reforms to improve flexibility and security in the labour market (the so-called 'flexicurity'), equip people with the right skills for the jobs of today and tomorrow, improve the quality of jobs and ensure better working conditions, as well as improve the conditions for job creation. This flagship initiative is to be differentiated from the ongoing Commission initiative [New Skills for New Jobs](#), which since 2008 sets out the Commission's agenda for better skills upgrading, anticipation and matching;
- [European platform against poverty and social exclusion](#), which establishes a structured dialogue between the EU and European stakeholders such as NGOs, trade unions, academics, regional authorities and foundations to carry out EU-level actions that cut across the diverse facets of poverty and social exclusion, such as ensuring access to basic banking services, combating child poverty and ensuring participation of Roma people in society. Parliament's latest resolution – from November 2011 – on the European Platform against poverty and social exclusion makes a strong call for putting poverty reduction and social inclusion at the forefront of national efforts in the coming years, as poverty reduction is the main means of ensuring future economic growth and preventing further social inequality and unrest. Parliament deplores the fact that the gender aspect of poverty and social exclusion is ignored in the platform, reiterates its call for decent wage levels and minimum income schemes in each Member State, and calls on the Commission to ensure that austerity measures, as agreed with the Member States, do not undermine efforts to meet the Europe 2020 target of lifting 20 million people out of poverty.

Besides these benchmarking exercises, the EU has a [new programme](#) in place which runs from 2014-2020. The **EU programme for employment and social innovation (EaSI)** brings together three existing programmes which support employment, social policy and labour mobility across the EU, namely:

- **PROGRESS** (Programme for Employment and Social Solidarity), which provides for the generation of analytical knowledge, supports information-sharing and mutual learning, and provides financial assistance to Member States – for developing their policies – and to NGOs in order to promote social inclusion and poverty reduction. Starting in 2014, more programme support has been focused on projects to test social and labour market policy innovations and experimentation, with successful ideas to be pursued with financial support from other sources such as the European Social fund;
- **EURES** (European Employment Services), which is a job mobility network that provides EU-wide information, guidance and recruitment/placement services. In the coming next seven years the self-service tools available on the EURES digital platform will be improved with a view to developing it into a real European-wide job mobility portal. Also, targeted mobility schemes for concrete labour market shortcomings will be developed, following up on the successful '[Your first EURES job](#)' project, originally proposed by Parliament to help 5000 people fill job vacancies for the period 2012-2014;
- **Microfinance and Social Entrepreneurship**, which will continue to facilitate access to microfinance for individuals and micro-enterprises, but also add capacity-building for micro-credit providers. Starting now, it will also serve to funnel investments in developing and expanding social enterprises, that is, businesses that do not seek to maximise profit but whose main purpose is social.

Apart from this programme, the Commission issues policy guidance in the form of 'packages'.

Thus, the [Employment Package](#) of April 2012, consisting of the communication 'Towards a job-rich recovery' and related Staff Working Documents, proposes policy measures focussing on the demand-side of job creation, setting out ways for Member States to encourage hiring by reducing taxes on labour or providing greater support for business start-ups. It also identifies the areas with the biggest job potential for the future: the green economy, health services and ICT. The policy communication underlines the need for a stronger employment and social dimension to EU governance, and lays down ways to ensure greater involvement of employers' and workers' representatives in setting EU priorities.

The worrying situation of **youth unemployment** has led the EU to adopt a [range of measures](#) to tackle the situation of young people in all its facets, especially regarding education and access to the labour market. Many of these initiatives go back to Parliament proposals for concrete, practical actions, such as the EU Youth Guarantee and minimum standards on internships.

In December 2012 the Commission proposed the [Youth Employment Package](#), a series of measures to help Member States specifically tackle youth unemployment and social exclusion. These measures aim specifically at:

- ensuring that traineeships offer high-quality work experience under safe conditions;
- improving the quality and supply of apprenticeships;
- giving young people more opportunities to work and train abroad.

In the wake of this package, the [European Alliance for Apprenticeships](#) was launched in July 2013, and the Council issued a recommendation on a [Quality Framework for Traineeships](#) in March 2014.

Last but not least, this youth employment package contains a recommendation to launch a [Youth Guarantee](#) in every country, as called for by Parliament as early as in its resolution of July 2010 and notably in its resolutions of [16 January 2013](#) and [12 June 2013](#). Since the European Council adopted a recommendation on such a youth guarantee in April 2013, Member States must now ensure that all young people up to the age of 25 receive a quality job offer, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. The Commission monitors the implementation of Youth Guarantees in the European Semester exercise. All Member States must submit their Youth Guarantee Implementation Plans by spring 2014 at the latest, and may profit from practical support from the Commission, including help with peer-learning from countries such as Finland and Austria, which already have such youth guarantees in place.

In February 2013 the European Council proposed that specific funds be allocated to concentrated efforts to fight youth unemployment in the most affected regions of the European Union through the [Youth Employment Initiative](#). With a budget of up to EUR 8 billion for the period 2014-20, it targets individual young people, aged 15-24, not in education, employment or training (NEETs) exclusively in regions with youth unemployment rates above 25 %, helping to integrate them into the labour market. The money under the Youth Employment Initiative should be used to reinforce and accelerate measures outlined in the Youth Employment Package, with a special focus on the Youth Guarantee. In its resolution of 16 January 2013 on a Youth Guarantee, Parliament insisted that support through the Youth Employment Initiative should not be limited to youth under 25, as provided for in the Commission's proposals and defended by the Council, but should

also be available for young people aged between 25 and 29. The compromise reached on this point offers Member States the possibility to broaden voluntarily the scope of the Youth Employment Initiative to cover all young people under the age of 30.

The Commission [Social Investment Package](#) from 2013 was triggered by Parliament's [resolution on a 'Social Investment Pact'](#) of November 2012, which identified the need for targeted social investments. The package provides guidance to Member States seeking to modernise their welfare systems, advocating

- more effective and efficient spending to ensure adequate and sustainable social protection, e.g. by targeting benefits better and making them conditional on the efforts of the person in need;
- investing in people's skills and capacities to improve their opportunities to integrate in society and the labour market, e.g. in education, job-search assistance and rehabilitation;
- ensuring that social protection systems respond to people's needs at critical moments during their lives, thus investing as early as possible instead of curing later, as well as investing in children and young people in order to prevent a circle of social exclusion.

With a view to the longer term, the Commission has issued a [White Paper on Pensions](#), taking stock of demographic ageing for the coming decades and its impact on the work force and pension systems, and proposing a way forward to maintain adequate, sustainable and safe pensions for the future. The Commission reports regularly on the implementation of this White Paper, most recently in [February 2014](#).

In May 2013 the Commission published the results of the evaluation of the 2007-2012 [Health and Safety Strategy](#) and launched a public consultation on a new 2013-2020 Strategy. Results of the evaluation suggest that the 2007-2012 strategy has brought European added value, and has acted as policy driver, but that room for improvement persists, notably with regard to implementation. The evaluation thus suggests that continued efforts should be made, and considers the launch of a new strategy focussing on SMEs and micro-enterprises in particular, as they account for a high number of occupational injuries and fatal accidents. Moreover, there should be a strategic effort on musculoskeletal disorders (the most common occupational disease in the EU), stress and occupational cancer deaths. Parliament had already called for further action in [its resolution on the mid-term review in 2011](#), in which it stressed that austerity measures and budgets cuts should not lead to neglecting occupational health and safety actions.

1.2.3. Funds

The European funds in place to sustain employment and social inclusion have different goals, ranging from the European Social Fund, which provides support for long-term measures for anticipating and managing change in today's labour markets, over the European Globalisation Adjustment Fund, which gives one-off, time-limited support to workers laid off, to the Fund for European aid to the most deprived, which supports the most disadvantaged people with food or basic material assistance.

The [European Social Fund \(ESF\)](#) is a crucial instrument in the fight against unemployment in Europe. It is the EU's instrument for supporting jobs, helping people find better jobs and ensuring fairer job opportunities for all EU citizens. Mirroring calls from Parliament (most recently in its [resolution of June 2013 on social investment for growth and cohesion](#)) the ESF will, in the new programming period, account for 23.1 % of global EU cohesion funding, and 20 % of each Member State's ESF allocation will have to be spent

on social inclusion. The ESF thus invests in people, by supporting local, regional or national employment-related projects. This applies in particular to young people, women and people from disadvantaged groups, with a view to fostering social inclusion. In addition, projects under the ESF focus on reducing school drop-out and on improving vocational and tertiary education. Finally, the ESF also helps Member States improve the quality of their public administration and governance.

The [European Globalisation Adjustment Fund \(EGF\)](#), which works outside the Multiannual Financial Framework, helps workers acquire new skills and find new jobs when they have been made redundant as a result of changing global trade patterns, e.g. when a large company relocates outside the EU. As a response to the crisis, until December 2011 EGF support was also available to workers who lost their jobs as a result of the financial crisis. In brief, EGF provides one-off, time-limited individual support to workers and, as such, must be differentiated from funds set up to provide financing for, on the one hand, social protection measures, which are a national responsibility, and, on the other, strategic, long-term measures for anticipating and managing change, as does the ESF. As of 2014, it will also benefit self-employed, temporary and fixed-term workers. Until the end of 2017, young people not in employment, education or training (NEETs) in regions with high youth unemployment can benefit from EGF support in equal numbers to workers receiving support in those regions.

The [Fund for European aid to the most deprived \(FEAD\)](#) was set up in 2014 as a follow-up to the EU's Food Distribution programme, which since 1987 has made meaningful use of agricultural surpluses while providing food to the poorest. The fund will provide non-financial assistance to the most disadvantaged people, with food assistance remaining the main form of assistance, but Member States can choose whether to distribute food and/or other basic material assistance, or to address the most deprived through other means such as social inclusion activities. As a new element, Member States may also use some of the funding to facilitate food donations from private sources, e.g. from supermarkets. After intensive negotiations with Parliament at the end of 2013, the FEAD budget has been maintained at a level equivalent to that of the earlier food distribution programme. Member States co-finance 15 % of the costs of their national operational programmes, while the FEAD covers 85 % of the costs.

2. CURRENT CHALLENGES IN THE EMPLOYMENT AND SOCIAL AFFAIRS POLICY AREA

The fact that Member States continue to diverge in macroeconomic, employment and social terms threaten the core of what the EU wishes to achieve under the Treaties, namely to benefit all its members by promoting economic convergence and to improve the lives of the citizens of the Member States.

The main challenge for the future will therefore be to ensure a social dimension for Economic and Monetary Union (EMU), encompassing adequate social protection for all, sufficient means for social investments, social inclusion, and poverty indicators on a par with fiscal and macroeconomic indicators in the European Semester Process, as well as sustainable working conditions. Should these goals not be pursued, further deregulation could lead to a race to the bottom, which would downgrade wages, social contributions and social standards, and would ultimately, owing to a depressed demand side, undermine to the basis for better competitiveness and growth in the EU.

Parliament, and more specifically its EMPL committee, will in the coming legislature have multiple levers to influence the future shape of the European social model.

2.1. Develop a social dimension of the Economic and Monetary Union

Parliament will be in the driver's seat to develop the social dimension of the EU and, more specifically, of the EMU.

It could continue insisting on including the monitoring and evaluation of the Europe 2020 employment and social goals more effectively into the European Semester, as it has done in its [resolution of February 2014](#), in which it called for social indicators to be made binding, and indicators to be extended, to ensure comprehensive coverage of Member States' employment and social situations, e.g. for child poverty and decent work. Parliament could also explore the possibility, and potential added value, of introducing a European unemployment insurance, following the outcome of the pilot project commissioned in 2013.

Further, Parliament could critically follow future fiscal consolidation measures, given that social policies and social standards have in some past instances been used as adjustment factors, thereby losing sight of the relevant Europe 2020 poverty reduction targets. With this in view, Parliament could try to be fully involved in Council discussions on the new 'Convergence and Competitiveness instrument' proposed in the [October 2013 Commission communication](#) on strengthening the social dimension of the EMU.

In this respect, Parliament could also play a leading role in the discussion that was launched with its [resolution of 13 March 2014](#) on employment and social aspects of the role and operations of the Troika (the ECB, the Commission and the IMF) with regard to euro area programme countries, namely as regards whether the EU is able to intervene in policy areas in which, according to the Treaties, it is not competent by means of the 'back door' of fiscal consolidation measures.

Strengthening the social component of the European project will also depend crucially on the involvement of the social partners both in the European Semester process and before fiscal consolidation measures are implemented. It will therefore be up to Parliament to monitor whether the Commission is following up on its intention to involve social partners more fully in the European Semester process, especially prior to the annual adoption of the

Annual Growth Survey, and to call on the Commission to ensure stakeholder participation before imposing fiscal consolidation measures.

The influence of Parliament in the coming legislature will also depend on its capacity to ensure its effective participation as a democratically elected institution, not only in the increasingly institutionalised European Semester process, but also in measures that as yet are excluded from the supranational framework, such as the measures recently taken by the Troika. The resolution of 13 March 2014 on employment and social aspects of the role and operations of the Troika states clearly that only genuinely democratically accountable institutions should steer the political process of designing and implementing the adjustment programmes for countries in severe financial difficulties. In this regard, Parliament could also insist on social impact assessments and on increased transparency, especially when concluding Memoranda of Understanding with debt-ridden countries, in order to be able to fulfil its role of holding the Commission accountable.

2.2. Ensure social protection for all

In order to ensure social protection for all, regardless of the kind of work or employment status, Parliament could follow up on its January 2014 [resolution on social protection for all](#), also taking into account that social protection plays the role of an economic and social stabiliser; this safety net should apply to all people regardless of their economic situation and should cater specifically to young people (given the risk of inadequate pensions for today's unemployed youth), women (whose pension rights are considerably lower than men's owing to women's lower labour market participation rate), migrants (who are often trapped in temporary or atypical contracts) and the long-term unemployed, as Parliament has called for in its [resolution of February 2014](#).

In addition, Parliament will play a crucial role in helping to shape the definition of social investment and determine how it should be taken into account in budget surveillance in order to enable especially debt-ridden Member States to exit their situation by investing in people and, thus, in future growth.

Finally, Parliament could help bring the Maternity Leave Directive back to life and try to find a compromise on a minimum length of maternity leave.

2.3. Tackle poverty and social exclusion

In line with its [resolution of February 2014](#), Parliament could reiterate calls to tackle income inequality to ensure a cohesive society. A main task will be to address in-work poverty by, among things, ensuring an adequate level of minimum wages. As in its [resolution of 14 March 2013](#) on the integration of migrants, its effects on the labour market and the external dimension of social security coordination, Parliament could also reiterate its calls for measures to end the discrimination of migrants.

2.4. Maintain fair working conditions

In order to maintain fair working conditions, Parliament's role will be twofold. On the one hand, it could help debt-ridden countries deal with the consequences of Troika measures by calling for measures to repair the situation, such as restoring fundamental workers' rights e.g. on collective bargaining and social security. Parliament has already called for a social recovery plan in its resolution on employment and social aspects of the role and operations of the Troika of 13 March 2014.

On the other hand, Parliament could continue to critically monitor labour market developments and its impact on workers, in particular as regards new forms of work, such

as telework and atypical contracts, and the impending shift of main sectors of activity to services, health and green jobs.

Regarding health and safety, changes in working environment require adaptations to new sources of risks such as nanomaterials, the 'cocktail effect of chemicals' and the changing nature of existing hazards. Parliament should help ensure that the new Health and Safety Strategy for the period until 2020 will soon be put into place and will cater for these new and emerging risks, and help prevent workers' health and safety from being considered a cost factor that employers can cut at will.

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

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