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on European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2015
(2014/2222(INI))

Committee on Employment and Social Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2015 (2014/2222(INI))

The European Parliament,

- having regard to Article 9 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Articles 145, 148, 152 and 153(5) TFEU,
- having regard to the Charter of Fundamental Rights of the EU, in particular to its Title IV (Solidarity),
- having regard to Article 349 TFEU concerning specific measures for the Outermost Regions,
- having regard to the revised European Social Charter, in particular its Article 30 on the right to protection against poverty and social exclusion,
- having regard to its resolution of 25 February 2014 on the European Semester for economic policy coordination: employment and social aspects¹,
- having regard to its resolution of 22 October 2014 on the European Semester for economic policy coordination: implementation of 2014 priorities²,
- having regard to the Commission communication of 28 November 2014 entitled ‘Annual Growth Survey 2015’ (COM(2014)0902), and to the draft Joint Employment Report annexed thereto,
- having regard to the Commission communication of 26 November 2014 entitled ‘An Investment Plan for Europe’ (COM(2014)0903),
- having regard to the Commission communication of 13 January 2015 entitled ‘Making the best use of the flexibility within the existing rules of the Stability and Growth Pact’ (COM(2015)0012),
- having regard to the Commission communication of 2 October 2013 entitled ‘Strengthening the social dimension of the Economic and Monetary Union’ (COM(2013)0690),
- having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),

¹ Texts adopted, P7_TA(2014)0129.

² Texts adopted, P8_TA(2014)0038.

- having regard to its resolution of 25 November 2014 on employment and social aspects of the Europe 2020 strategy¹,
- having regard to the Commission communication of 18 April 2012 entitled ‘Towards a job-rich recovery’ (COM (2012)0173),
- having regard to the Commission communication of 16 December 2010 entitled ‘The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion’ (COM(2010)0758), and to Parliament’s resolution of 15 November 2011 thereon²,
- having regard to the Commission communication entitled ‘Youth Opportunities Initiative’ (COM(2011)0933),
- having regard to the Commission communication of 20 February 2013 entitled ‘Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020’ (COM(2013)0083),
- having regard to its resolution of 13 March 2014 on employment and social aspects of the role and operations of the Troika (ECB, Commission and IMF) with regard to euro-area programme countries³,
- having regard to its resolution of 11 June 2013 on social housing in the European Union⁴,
- having regard to its resolution of 12 February 2014 on ‘How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?’⁵,
- having regard to its resolution of 17 July 2014 on youth employment⁶,
- having regard to the International Labour Organisation (ILO) ‘Global Wage Report 2014/2015’ of 5 December 2014,
- having regard to the OECD working paper ‘Trends in Income Inequality and its Impact on Economic Growth’ of 9 December 2014,
- having regard to the Commission communication of 7 July 2014 entitled ‘Green Employment Initiative: Tapping into the job creation potential of the green economy’ (COM(2014)0446),
- having regard to its resolutions of 14 September 2011⁷ and of 16 January 2014⁸ on an

¹ Texts adopted, P8_TA(2014)0060.

² OJ C 153 E, 31.5.2013, p. 57.

³ Texts adopted, P7_TA(2014)0240.

⁴ Texts adopted, P7_TA(2013)0246.

⁵ Texts adopted, P7_TA(2014)0394.

⁶ Texts adopted P8_TA(2014)0010.

⁷ Texts adopted, P7_TA(2011)0383.

⁸ Texts adopted, P7_TA(2014)0043.

EU Homelessness Strategy,

- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs (A8-0043/2015),
- A. whereas Europe must be committed to the model of the social market economy, ensuring sustainable growth in order to provide the next generation with jobs instead of debts;
- B. whereas the economic and social context in the EU continues to be bleak, and whereas, according to the Commission's 2014 autumn economic forecast, the economic recovery remains fragile; whereas despite the negative growth rates in the eurozone for the past two years, eurozone growth is expected to reach 0.8 % in 2014 and 1.1 % in 2015; whereas only a few Member States have better forecasts, and whereas the Commission has systematically revised downwards its own forecasts during the last years; whereas despite the fact that the forecasted overall deficit in the EU28 has been reduced to 3 % for 2014, it remains high in some Member States, demonstrating the need for further fiscal consolidation that is compatible with growth and better and sustainable employment, since recovery is neither robust nor underpinned;
- C. whereas the quick path of fiscal consolidation adopted during the economic crisis has hindered Member States from reaching the Europe 2020 targets, demonstrating that fiscal policies should be differentiated and adapted to the specific situation of each Member State; whereas the sharp fall in oil prices can provide an additional boost to the economy of many Member States, especially if it is translated quickly into reduced energy costs for families and businesses;
- D. whereas the EU needs to continue to improve its economic and social policies with the aim of reaching the Europa 2020 targets as soon as possible, while overcoming the risks of secular stagnation and deflation, and whereas for this to happen it is necessary to continue efforts to promote investments and structural reforms that increase economic competitiveness in a socially responsible way; whereas an ecological transformation is needed to ensure a shift towards a resource-efficient economy and sustainable development; whereas, worryingly, the EU's standing in the world economy is declining as a result of the crisis, the loss of its industrial base and the lack of trust of investors and entrepreneurs, while other countries are showing solid signs of recovery; whereas in October 2014 the IMF estimated that the probability of a recession in the eurozone had increased and would reach 35-40 % at year's end;
- E. whereas the Member States have the primary role in delivering employment policies, including youth employment policies, and that such measures are best delivered at the national level;
- F. whereas the EU has to tackle the rapid ageing of its population as soon as possible;

- G. whereas, in spite of some improvements (for the first time since 2011 there has been a small increase in full-time contracts), the unemployment rate remains historically high, with nearly 25 million people out of work in the EU; whereas long-term unemployment is worryingly high, and 12 million people have been unemployed for more than a year (up 4 % over the previous year); whereas youth unemployment rates have not decreased significantly (they have only been reduced by 1.9 % compared to 2013), reaching an EU average of 21.2 %; whereas 75% of the long-term unemployed in the EU are under 35 years old; whereas the labour market situation is particularly critical for young people, except in some Member States, regardless of their level of education;
- H. whereas the European Social Fund, with the Youth Guarantee, and the Youth Employment Initiative have to be used fully and correctly to finance sustainable projects in order to fight unemployment, in particular youth unemployment;
- I. whereas the share of young people not in education, employment or training (NEETs) has remained high, and whereas young Roma are over-represented in this group;
- J. whereas several factors – including the failure to create a positive environment to boost investment and growth, the reduction of market incomes and the weakening of the impact of social transfers over time¹, and efforts by some Member States to restore their economic balance by reducing spending on social protection – have led to significant reductions in household gross disposable incomes, contributing to an increase in the number of European families at risk of exclusion, and to an alarming increase in inequalities, including gender inequalities; whereas one in four Europeans are at risk of poverty; whereas underemployment and precariousness has peaked and, for 50 % of all job seekers, securing employment is not enough to lift them out of poverty;
- K. whereas the figures for 2013, the latest on record, portray long-term unemployment at a historically high level of 5.1 % of the labour force in EU-28; whereas long-term unemployment not only has crucial consequences for individuals throughout their lives, but can turn into structural unemployment in the EU;
- L. whereas 25.1 % of the EU population is currently at risk of poverty or social exclusion; whereas the average growth rate of child poverty is higher than the average growth rate of poverty overall, and whereas one in three children live below the poverty line in some Member States;
- M. whereas older workers are the most likely group to be long-term unemployed; whereas only half of the workers aged 55-65 were working in 2012; whereas older people suffer more from reductions in public expenditure on social services, health services and social benefits; whereas some categories of older people, such as people over 80, older women, older migrants and older members of ethnic minorities, are especially at risk of falling into poverty;

¹ ‘Draft Joint Employment Report from the Commission and the Council accompanying the Communication from the Commission on the Annual Growth Survey 2015’ (COM(2014)0906), page 44. See also *OECD Employment Outlook 2014*, http://www.keepeek.com/Digital-Asset-Management/oecd/employment/oecd-employment-outlook-2014_empl_outlook-2014-en#page1.

- N. whereas in order to tackle the crisis, certain Member States have made severe cuts in public expenditures at the same time as demand for social protection has increased in response to the rise in unemployment; whereas national budget allocations for social security cover have been further stretched as contributions have fallen in the wake of large-scale job or wage cuts, thus seriously jeopardising the European social model; whereas the reforms called for fail to meet citizens' needs and expectations as regards employment and the social sphere;
- O. whereas poverty reduction is not just one of the main goals of the Europe 2020 strategy, but also a social responsibility of the Member States, and decent and sustainable employment is the best way out of poverty; whereas efforts must therefore be focused on facilitating access to jobs, in particular to those furthest away from the labour market; whereas the labour market is still marked by significant inequalities in employment conditions, and whereas past the age of 55, women run a greater risk than men of living in poverty or social exclusion;
- P. whereas socioeconomic imbalances between Member States have deepened further, while the reverse is true with regard to the goal of regional convergence; whereas the core-periphery gap in unemployment has increased from 3.5 % in 2000 to 10 % in 2013; whereas this divergence increases the risk of fragmentation and threatens EU economic stability and social cohesion; whereas the Sixth Cohesion Report highlights the role that structural funds play in overcoming inequality especially during the crisis;
- Q. whereas Article 174 TFUE provides that “In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and islands, cross-border and mountain regions”;
- R. whereas regions suffering from severe and permanent natural or demographic handicaps usually have higher unemployment rates, less economic growth and a lack of significant investments aimed at improving their potential;
- S. whereas Parliament has for the past two years warned of the social risks of deflation in a context of low growth, high unemployment and downward pressure on wages; whereas the European Central Bank (ECB) has forecast low inflation in the long run, and has warned of the consequences of this on internal demand, growth and employment; whereas deflation has become a reality since August 2014 in eight Member States (of which six are in the eurozone); whereas demand and job creation in the EU is heavily constrained by the prevailing weakness of credit provision to SMEs and the need to reduce excessive public and private debt with special regards to mortgage loans; whereas the drop in inflation rates significantly increases these difficulties, by raising real interest rates and the real debt burden, and could lead to a vicious circle of economic depression; whereas the ECB reacted to all these aspects on 22 January 2015 by implementing an expanded asset purchase programme, with combined monthly asset purchases amounting to EUR 60 billion, to be carried out until at least September 2016;
- T. whereas an expansionary monetary policy can be used to foster exports as a way to

- improve the EU economy in the short term;
- U. whereas low interest rates can be used to boost investments in the EU;
 - V. whereas fiscal consolidation has increased, and new headline targets – focusing more on structural than on cyclical deficits – have been introduced; whereas, in spite of this, the size of fiscal multipliers in the current context is still very high; whereas there is a need to accomplish the medium-term objective and the debt objective to create an environment that will foster economic growth and job creation; whereas there is a need systematically to assess the social, environmental and gender impact of these measures;
 - W. whereas the disparate fiscal policies being pursued in different Member States often force SMEs to close or delocalise, causing job losses and mandatory labour mobility;
 - X. whereas public and private investment in the EU has decreased alarmingly and is now close to 20 % below pre-crisis levels, which is lower than among its main economic partners elsewhere in the world; whereas investment in better and sustainable jobs, human capital, research and innovation (including smaller-scale projects), a resource-efficient energy union, the Digital Single Market, the promotion of entrepreneurship and a better business environment for SMEs must be among the main priorities for both the Commission and the Member States, as investments in these areas are essential not only for ensuring a recovery but also for expanding the EU's economic potential to grow and create prosperity;
 - Y. whereas insufficient involvement in the EU Semester Process at EU and national level on the part of national parliaments, the European Parliament, local and regional authorities, civil society organisations and social partners has limited the ownership of reforms by the Member States, and the development of inclusive, social and sustainable solutions, and has reduced citizens' confidence in the EU project;
 - Z. whereas the setting of wages is the competence of the Member States;

AMBITIOUS ECONOMIC POLICIES FOR GROWTH, QUALITY JOB CREATION AND FIGHTING DEFLATION

1. Welcomes the Commission's integrated approach to growth, founded on three main pillars: an Investment Plan for Europe, structural reforms and fiscal responsibility; calls for an ambitious, expansionary economic and fiscal policy, within the existing rules of the Stability and Growth Pact (SGP), to boost smart, sustainable and inclusive growth and to create better and sustainable jobs; underlines that solidarity is the core value on which the European Union is built; calls on the Commission to support Member States' efforts by providing concrete recommendations that are helpful to them and to the EU as a whole, so that they not only address fiscal consolidation but also structural reforms in a socially balanced and economically efficient and sustainable way; stresses that low inflation is already increasing real interest rates as well as real public and private debt, which together with high, long-term youth unemployment depresses growth and increases poverty;
2. Is aware of the links between fiscal responsibility and the need to boost investments and

structural reforms in the Member States, in the context of the SGP; welcomes, in this sense, the Commission's communication entitled "Making the best use of the flexibility within the existing rules of the flexibility of the Stability and Growth Pact"; calls on the partners to implement the reforms using the flexibility already built into the rules and agreements, should a Member State face excessive macroeconomic imbalances, so as to guarantee that fiscal responsibility is compatible with economic growth, employment creation and the welfare state;

3. Underlines the need for structural reforms in the Member States; notes that while some Member States that have implemented reforms have been successful in regaining competitiveness in the global market, these reforms should be compatible with smart, sustainable and inclusive growth as well as with decent job creation; calls, for these goals to be achieved, for the focus of these reforms to be expanded to include areas such as the Digital Single Market, the Energy Union or fiscal reforms; considers that the reforms promoted in the labour market must also introduce the flexibility and the security needed to end segmentation and ensure decent wages;
4. Welcomes the fact that the new policy mix adds investment to the previous priorities of fiscal consolidation and structural reforms; considers, nevertheless, that the Annual Growth Survey (AGS) should pay greater concern to aggregate demand and its connection to wage increases and social inequalities; underlines that the top priority when it comes to reducing macro-imbalances should not be to increase current account surpluses, but rather to raise the growth, investment and employment rates, and to reduce the poverty rate;
5. Is concerned that investments in the EU have fallen significantly in recent years and are now close to 20 % below the pre-crisis level; warns that the decline has been even greater in peripheral Member States where fiscal consolidation was more acute; highlights again the job potential of the green economy which, according to Commission estimates, could create five million jobs by 2020 in the energy efficiency and renewable energy sectors alone, provided that ambitious climate and energy policies are put in place; calls on the Member States to ensure sufficient levels of investment in these sectors and to anticipate the future skills of workers;
6. Welcomes the fact that one of the three main pillars of the Commission's strategy for 2015 is investment, and calls for the plan to be implemented without delay; takes note of the fact that Member State contributions to the European Fund for Strategic Investments (EFSI) will not be counted when defining the fiscal adjustment under either the preventive or the corrective arm of the SGP;
7. Considers that the three main pillars of the Commission's strategy for 2015 must be implemented jointly in order to boost investments, in a responsible way, in those areas that have a real impact on growth and job creation, such as the digital economy, green sectors and health care;
8. Takes note of the fact that the EFSI will be based on existing EU resources and will not raise public 'fresh' money, apart from an extra EUR 5 billion from the European Investment Bank (EIB); stresses the risks of an insufficient fund based on overly optimistic assumptions about the likelihood of attracting the bulk of the financing

- needed from private investors; calls on the EIB to consider changing its orientation from purely commercial banking to pursuing a project risk assessment model based on defined criteria and transparency; calls on the Commission to explore ways of using the EU budget and other, new resources to ensure that the EFSI will not fail to deliver;
9. Calls on the Commission and the EIB to assess the effects of the economic crisis on the banking system and for the final recipients of EIB funding, with particular attention to SMEs, the social economy sector and public companies;
 10. Stresses the fact that the EFSI must be focused on creating new investments in areas where investor appetite is subdued rather than on substituting investments that would have been produced elsewhere (crowding out), or on focusing on highly profitable investments that would have occurred in any case (deadweight); calls on the Commission also to include and promote social investments that not only generate financial returns but promote positive social spillovers, such as investments in human capital, investments with high impact on better and sustainable job creation or social inclusion and poverty reduction, such as social protection systems and social services, or investments in the social economy; reiterates its call for the implementation of the Social Investment Package (SIP);
 11. Calls on the Commission to ensure investments in economically weaker regions suffering from high unemployment, and in SMEs in such regions, given their very limited access to financing, in order to ensure that these efforts have a meaningful impact where they are most needed, with choices made with due regard to the investments' economic features; shares the Commission's view that there is a need for a skilled work force in growing sectors such as the digital economy, green sectors and health care;
 12. Calls on the Commission and the Member States to tackle specific enhanced mechanisms to implement investment programmes in the outermost regions, whose remoteness, geographical fragmentation, fragile economies and natural constraints lead to heightened inequalities in accessing job opportunities, goods and services;
 13. Call on the Commission to take into account regions suffering from severe and permanent natural or demographic handicaps when programming the European Investment Plan, in particular as regards access to broadband;
 14. Calls on the Commission to review in depth, and to improve, the EU-EIB Project Bond Initiative, launched as a pilot project in 2012 to sum up the European Investment Plan, with a view of giving it a greater role in promoting employment; calls also, in this context, for a detailed review of the social impact bonds included in the SIP;

Responsible policy refocused on investment, quality job creation and growth

15. Notes that the European Investment Plan is a necessary complement to efforts to boost sustainable economic growth and job creation, which need to be supported by private and public resources to succeed; welcomes the fact that the AGS 2015 continues to call for more efforts from countries with fiscal margins of manoeuvre as a means of encouraging European demand and investment;

16. Welcomes the extension of the pace of fiscal consolidation, and the introduction of new headline targets – focusing more on structural than on cyclical deficits – that should have a positive effect on employment and sustainable growth; notes, however, that the size of fiscal multipliers in the current context is nevertheless still very high and that this will have a negative impact on economic growth and job creation as well as on the sustainability of the social protection systems; calls on the Commission to facilitate the usage of the maximum flexibility within the existing rules of the SGP;
17. Calls on the development of a European framework to assure that all investments under the European Investment Plan have a significant impact in terms of stimulating sustainable growth, creating quality jobs and fostering social progress; calls on the Commission to monitor and control the investments under the Plan and, furthermore, to audit and measure the economic and social impact of the investments in real terms; calls on the Commission to include specialists on social policies in the expert committee of the new EFSI that will approve projects to be funded, and to ensure that positive social impact is one of the major criteria in this selection;
18. Stresses the importance of flexibility which can be used within the existing SGP in order to ensure room of manoeuvre for social investments, namely social investments in people, providing them with the necessary skills and supporting conditions for productive and fulfilling participation in the economy and society throughout their lives; stresses, in this context, the potential role of the social economy in the creation of sustainable, inclusive and quality jobs;

SMEs restored financing to boost private investment and job creation

19. Stresses that while SMEs constitute the backbone of job creation in the EU, they continue to face major difficulties in gaining access to financing, and are worryingly over-indebted; welcomes, therefore, the Commission's new recommendations on SME's access to finance, involving a new approach to insolvency and business failure; calls for further efforts by Member States to improve debt-restructuring schemes as a means to this end; calls on the Commission to foster, when necessary, the implementation at national level of the principles set out in its Recommendation of 12 March 2014 through country-specific recommendations (CSRs); underlines that women-led entrepreneurship and SMEs face more difficulties in gaining access to financing; calls on the Commission to analyse the causes for this situation and to propose measures to resolve it;
20. Stresses the importance of creating a culture of entrepreneurship in the European Union by reducing barriers for self-employment and business foundation; points out that this can be supported by an intelligent mix of financial support such as the microfinance and social entrepreneurship axis of the Employment and Social Innovation (EaSI) programme, or through one-stop-shop solutions in public administrations for registering new business;
21. Is concerned that financial fragmentation in the eurozone is, in some cases, jeopardising SME growth and sustainability; calls for a restoration of the economy's lending capacity, thus allowing SMEs to invest and create jobs, as well as for easing access to entrepreneurship and the access of SMEs to programs such as COSME or

Horizon 2020;

22. Calls on the Member States to eliminate unnecessary administrative burdens and bureaucracy for the self-employed and for micro-enterprises and SMEs, and to facilitate conditions for start-ups;
23. Welcomes the joint Commission-EIB SME lending scheme using structural funds to streamline investment in these companies so as to boost better and sustainable employment creation; calls on the ECB to complement this policy action, and to explore means of purchasing SME assets and support SME development within the framework of quantitative easing programmes based on good practices in other economic regions, or to serve as a guarantor for SME sources of financing, which generate up to 80 % of employment in many Member States;
24. Takes note of the ECB's expanded asset purchase programme which goes, once again, to the banking system; calls, therefore, on the ECB to optimise its potential to improve the real economy by providing credit in order to boost growth and tackle unemployment in the EU;
25. Welcomes the measures announced by the Commission to boost job creation in SMEs by unlocking alternatives to bank loans, and to improve the regulatory and fiscal framework in order to enhance long-term investment in SMEs; calls for these measures to be implemented without delay; calls on the Commission also to support smaller-scale projects; calls on the Commission and the Member States to consider financial cooperatives for funding SMEs (credit unions) as alternative funding instruments, and to enable better access for SMEs to public procurement and funding at EU and national levels;
26. Stresses the importance of the intermediary bodies linked to SMEs, such as chambers of commerce, as engines with a multiplier impact in the implementation of the EU policies related to SMEs, and calls on the Commission to launch a partnership dialogue with these bodies on how EU policies related to SMEs could be better implemented so as to boost quality job creation;

A more efficient use of funds

27. Stresses that growth and jobs policies have differentiated territorial impacts, depending on the specific situation in each EU region, and that regional disparities have been widening since the beginning of the crisis; stresses that the CSRs should take into account territorial differentiations within Member States to boost growth and jobs while preserving territorial cohesion;
28. Considers that cohesion policy measures have an essential role to play in reducing internal competitive disparities and structural imbalances in regions that need it most; calls on the Commission to consider appropriate solutions for those Member States that, though facing very high unemployment, are obliged to return EU funds owing to co-financing problems; calls on the Commission to consider pre-financing in order to facilitate the full use of funds by these Member States in the 2014-2020 period, while always ensuring that the principle of budgetary accountability is upheld;

29. Calls on the Commission to take urgent action to fight tax dumping, tax fraud and tax evasion, and calls for the adoption at Council level of an ambitious financial transaction tax, as both measures would enable public investment for growth and quality jobs;
30. Strongly believes that EU funding, particularly under the Youth Employment Initiative (YEI) and the European Social Fund (ESF), should not be used to subsidise national approaches, but rather to provide additional support in a way that complements and enhances national programmes as decided by the Member States;
31. Calls on the Commission, the Member States and the regions to ensure full implementation of EU funds for 2007-2013, and to closely align the ESF and other European Structural Funds with the Europa 2020 strategy; calls on the Commission to ensure strict monitoring of the 20 % ring-fencing of ESF for poverty; calls on the Commission to introduce in the next AGS, and in the CSRs, a chapter related to the implementation of the Fund for European Aid to the Most Deprived (FEAD);
32. Calls on the Commission to develop structural reforms in energy markets to achieve a resilient Energy Union, less dependent on external sources, and diversifying the sources of supply (e.g. Algerian gas);

REFORMS TO EXPAND GROWTH POTENTIAL, HUMAN CAPITAL AND PRODUCTIVITY

33. Notes that decisive investment plans for sustainable growth and better and sustainable job creation, as well as measures taken by the ECB, can only be successful if they are coupled with national reforms that enhance quality labour participation, boost activity and productivity, develop human capital in all age groups, including the most vulnerable groups, and support strong social and social protection systems; points out that the decision of Parliament and of the Council to enhance cooperation in the network of Public Employment Services (PES) is a key element in the effort to improve labour markets; believes that structural labour market reforms should introduce internal flexibility measures aimed at maintaining employment in times of economic disruption, ensure job quality and security in employment transitions, and provide unemployment benefit schemes that are based on realistic activation requirements, ensure adequate support for redundant workers and are linked to reintegration policies;
34. Regrets that the focus of the Commission in structural reforms is geared excessively towards reducing employment protection for existing as well as new jobs; recalls that data shows that it is exactly the insistent pursuit of incorrect policy responses, combining flexibility and lower income, that is delaying recovery; stresses that structural reforms should be designed in a broader and more holistic perspective – adapted to each Member State, and targeting different issues, such as: corporate, organisation and labour market management; education; research and innovation; and public administration tax systems – and should aim at fostering growth potential and sustainability, and at reducing social inequalities;
35. Calls on the Commission and the Member States to consider innovative ways to encourage investment in the EU; highlights the recent trend of companies returning production and services to the EU and the opportunities this brings for job creation,

particularly for young people; believes that the economies of the EU have a unique opportunity to accelerate this trend of re-shoring jobs;

36. Calls on the Commission and the Member States to design tailor-made policies to support quality job creation for the long-term unemployed, senior unemployed people, women and other priority groups hit especially hard by the crisis, such as immigrants, the Roma community and people with disabilities, including measures to promote anti-discrimination policies on the workplace, work-life balance, lifelong learning and training, and to combat the low level of education that affects some of these groups, many of whom are at risk of social exclusion; calls for gender pay and pension gaps reduction to be addressed systemically in the CSRs; urges the Commission to demand that each Member State institute a national job plan for job creation in conformity with what they had agreed at the 2012 Spring Council;
37. Calls on the Commission to launch a new initiative aimed at promoting employment opportunities in the Member States for Roma, with measures to promote skills and qualifications, and to fight discrimination and promote job creation, for example through self-employment and entrepreneurship and by using innovative financial instruments;
38. Calls on the Member States to make it a priority to bridge the gender gaps in employment, particularly by addressing the gender pay gap and by implementing measures to facilitate the reconciliation of work and family life, inter alia through increasing the availability of childcare facilities;
39. Regrets that the European Semester has not been well enough aligned with the Europe 2020 strategy; calls on the Commission and the Member States to bring economic measures implemented in the course of the European Semester in line with the social and employment targets of the Europe 2020 strategy and the social principles set out in the Treaties; calls for more determined efforts to guide and coordinate EU policies to boost smart, sustainable and inclusive growth and create better and sustainable jobs; calls on the Commission to present the Europe 2020 Mid Term review without delay, taking into account the urgent need to make more progress towards the poverty reduction and other social targets, and the need for improvement in meaningful stakeholder involvement;

Education and active labour policies to expand human capital

40. Believes that growing international competition driven by increasingly skilled workforces has left the EU with serious skill shortages and mismatches that are acting as a brake on economic growth; believes that if Member States are to have a realistic chance of reaching the Europa 2020 employment targets, they must focus on creating the right environment for job creation;
41. Reiterates its call on the Council, the Commission and the Member States to incorporate a gender pillar in the Europe 2020 framework;
42. Points out that the strategy to regain competitiveness should not only focus on labour costs but also on raising productivity via investments in human capital and structural

reforms;

43. Calls on the Member States to restore investment in human capital to pre-crisis level, in particular to smoothen the transition between education and work for young people, and to invest in vocational training and lifelong learning programmes;
44. Welcomes the fact that in the AGS 2015 the Commission calls on the Member States to protect or promote longer-term investments in education, research and innovation; notes, however, that Member States with already-constrained budgets do not have sufficient means to accomplish that goal; calls, therefore, on the Commission to exclude productive investments in education, research and development from the deficit targets established under EU rules;
45. Stresses the importance of active labour policies for some Member States in the current context; calls on those Member States to increase the coverage and effectiveness of active labour market policies;

Quality jobs and wages as engines of productivity and growth

46. Calls on the Member States to pay special attention to high unemployment rates among disadvantaged groups, giving priority to access to, and integration into, the labour market and the mainstreaming of accession and integration policies, as employment is the key to successful integration;
47. Recalls that decent wages are important not only for social cohesion, but also for maintaining a strong recovery and a productive economy; calls on the Commission to investigate the impact of Member States introducing minimum wages in the context of reducing wage inequalities; calls on the Commission to organise a conference on a European framework for minimum wages;
48. Is concerned that labour market reforms in many Member States have not managed to decrease the level of precarious jobs; observes that 50 % of jobs created in 2014 were temporary jobs; notes that, according to the Commission, in-work poverty persists, and that for 50 % of all job seekers, securing employment is not enough to lift them out of poverty, nor does it raise productivity; calls on the Member States to make job quality a priority and to address labour market segmentation; calls on the Member States to ensure that labour market reforms are aimed at – as well as promoting better and sustainable employment creation – reducing segmentation, advancing the inclusion of vulnerable groups in the labour market, promoting gender equality, reducing in-work poverty and ensuring adequate social protection to all workers, including those who are self-employed;
49. Believes that Member States can only create jobs if the market allows for it, if they can rely on a qualified workforce, if labour markets are sufficiently flexible, if labour costs including wages are in line with productivity, if social protection systems make work more attractive and if regulation is proportionate and evidence based;
50. Calls on the Commission and the Member States to reinforce their efforts to tackle social and wage dumping in the EU, which causes significant harm to the workers

- affected and to Member State welfare systems; calls, furthermore, for the social partners to be included at all levels in these efforts;
51. Welcomes the initiative regarding a European platform on undeclared work; reiterates its call on the Member States to ensure that people with precarious contracts, or who are self-employed, enjoy a core set of rights and adequate social protection, especially with regards to family and work-life reconciliation; calls on the Commission to make dedicated efforts to address the additional problems caused by involuntary part-time and temporary employment, and by bogus self-employment;
 52. Is concerned about the Commission's approach towards social and employment indicators; regrets the fact that there is hardly any mention of the quality or the sustainability of the jobs that have been created, especially as regards the employment of women, who are over-represented in part-time work owing to difficulties in reconciling professional and private life;
 53. Considers the achievement of reindustrialisation targets paramount for the competitiveness of the EU and believes that the relaunching of a genuine European industrial policy could foster growth and create new high-quality jobs;
 54. Regrets the fact that when reference is made to unemployment rates, due consideration is not given to other factors, such as the increasing rates of inactive people, mobility and migration;

Youth unemployment and labour mobility

55. Welcomes the reduction in youth unemployment rates, but points out that they are still alarming and not necessarily based on net employment creation; stresses that job insecurity and underemployment have also risen, and that 43 % of the young find themselves working under precarious conditions, on involuntary part-time contracts or as falsely self-employed;
56. Calls on the Commission to propose a European framework for introducing minimum standards for the implementation of Youth Guarantees and for concrete measures to raise public awareness; calls on the Member States to use the available budget efficiently, to implement the Youth Guarantees without delay and to make sure that they also reach young people from disadvantaged social backgrounds; calls for an adequate budget in the mid-term review of the multiannual financial framework in accordance with ILO recommendations; notes that the ILO estimates that EUR 21 billion are necessary to resolve the problem of youth unemployment;
57. Urges the Commission to go above and beyond the March 2014 Council recommendation on a quality framework for traineeships, and to propose a new Quality Framework with a view to preventing discrimination and exploitation of young workers;
58. Calls on the Member States to make labour markets more inclusive for those who have family duties such as raising children and caring for family members who need care; calls, therefore, for measures favouring the reconciliation of work and family life as part of the labour market reforms promoted through the European Semester;

59. Reiterates its call on the Member States to invest in opportunities for lifelong learning, vocational training and on-the-job training; calls for national lifelong learning systems to be assessed as part of the European Semester's strategies for labour market reform;
60. Stresses that, according to the Commission, despite high unemployment rates there are two million job vacancies in the EU, and that in 2013 only 3.3 % of the active population works in another Member State, indicating a level of mobility that remains low in comparison with levels in the United States and Japan; recalls that divergences in labour mobility rates points –which in the case of the Member States hardest hit by the crisis can range up to ten percentage points – can be affected positively using the tool of the EURES platform; expresses its continuous support for the principle of free movement;
61. Calls on the Commission and the Member States to ensure the proper functioning of PES to facilitate and stimulate job seeking abroad;
62. Given the number of workers, particularly young people, who are now leaving their countries of origin for other Member States in search of employment opportunities, there is an urgent need to develop appropriate measures to guarantee that no worker is left uncovered by social and labour rights protection; calls, in this regard, on the Commission and the Member States to improve further EU labour mobility through instruments like EURES while upholding the principle of equal treatment and safeguarding wages and social standards; calls on each Member State to establish social and employment policies ensuring equal rights and equal pay at the same place of work in line with the principles underpinning the freedom of movement of workers, in particular from a gender perspective;
63. Recalls the EU objectives in gender matter, notably the targets of reaching 75 % employment for women and men by 2020 and of reducing by 20 million the number of people in or at risk of poverty;
64. Urges the Commission to present a proposal on parental leave that contributes to ensuring equal working conditions for women and men, not least in light of the fact that the EU is ageing rapidly, placing at risk Member States' future ability to maintain necessary social services; calls on the Commission and the Member States to implement more policies that contribute to the EU's demographic growth by stimulating either birth rates or immigration;
65. Regrets that the austerity measures imposed by the EU aimed at restoring investor confidence have only led to a worsening of employment and social conditions throughout the EU, resulting in higher unemployment, poverty and inequality levels;
66. Calls on the Member States to improve cooperation between businesses and the education sector at all levels;

A DECISIVE CALL FOR THE EU SOCIAL DIMENSION AND FOR CONVERGENCE

67. Reiterates its warning of the socioeconomic challenges facing the Union, especially in

some Member States, and of the risks to its sustainability and stable growth potential posed by a reversal in regional convergence; recalls that more than 122 million EU citizens are at risk of poverty or social exclusion, including in-work poverty and child poverty; points out that 19% of children in the EU are currently estimated to be at risk of poverty, and insists that these levels are unacceptable and need to be reduced immediately; calls on the Commission to continue developing the social dimension in the EU; acknowledges the Commission's work on the social pillar of the Economic and Monetary Union, as part of the process of integrating the social dimension into the current structure of the economic governance mechanisms, and calls for the continuation on this path with the aim to advance with the fulfilling of the Europa 2020 strategy;

68. Regrets that there are no indicators on, or clear definitions of, absolute poverty, an issue of concern to many Member States;
69. Reminds the Commission that, under Article 9 TFEU, employment and social policies to promote the European social acquis should govern all EU policies; asks the Commission to fulfil its obligation to link the European Semester with the objectives of the Europa 2020 strategy;
70. Points out that social protection and social policy – in particular unemployment benefits, minimum income support and progressive taxation – initially helped to reduce the depth of the recession and stabilised labour markets and consumption; stresses, however, that social stabilisers have been widely used as adjustment factors by those EMU members experiencing negative economic shocks; stresses that social protection and social policies are the competence of the Member States;

European social stabilizers

71. Observes that, in its 2013 annual report on the EU employment and social situation, the Commission highlighted the importance of social protection expenditure as a safeguard against social risks; recalls the importance of automatic stabilisers in dealing with asymmetrical shocks, avoiding excessive depletion of national welfare states and thus strengthening the sustainability of EMU as a whole; calls on the Commission to include in its CSRs the importance of preserving strong automatic stabilisers in the Member States, in view of their outstanding role in maintaining social cohesion as well as in stimulating internal demand and economic growth; reiterates its call on the Commission to produce a Green Paper on automatic stabilisers in the eurozone;
72. Notes the Commission objective 'to make EU law lighter, simpler and less costly for the benefit of citizens and enterprises'; stresses that this removal of regulatory barriers should undermine neither the European social acquis in fields such as occupational health and safety, information and consultation of workers, the ILO core conventions nor the European Social Charter, and should respect the autonomy of the social partners as foreseen in the Treaty; urges the Commission to make credible efforts to ensure the protection of pregnant workers and workers that have recently given birth;

Social indicators

73. Welcomes the fact that the Joint Employment Report annexed to the AGS includes a scoreboard for employment and social policies; calls on the Commission to study if these indicators are sufficient so as to do a thorough analysis of the socioeconomic situation in the Member States; highlights the importance of understanding the dynamics and consequences of household income developments and rising income inequalities; regrets that much of the data presented in this year's edition of the scoreboard is outdated; asks the Commission to make greater use of this scoreboard in policy formulation; calls for a detailed overview of Member States' choices in different policy fields and the corresponding results; calls on the Commission to assess and improve its scope and effectiveness to ensure that they are taken fully into account when developing country specific recommendations;
74. Stresses that employment and social considerations should be put on a par with macroeconomic considerations in the procedure of the European Semester;
75. Calls for the identification of the major macro-economic and macro-social imbalances within the EU and eurozone economies, and for CSRs prepared in the context of the European Semester to be formulated on that basis, including steps towards convergence on labour and social standards and the coordination of wage-setting;

Poverty and social exclusion

76. Regrets that the Annual Growth Survey and the Joint Employment Report do not contain any measure or policy framework to meet the Europe 2020 strategy objective on poverty reduction; calls on the Commission and the Member States to ensure that this objective is reflected in a better way in the European Semester;
77. Underlines the need to enforce the social acquis, the horizontal social clause and the protocol on services of general interest;
78. Welcomes the appeal by the President of the Commission to the Member States to introduce a minimum income with the aim of reducing poverty in the EU; calls on the Commission to propose an initiative to promote the introduction of minimum incomes in the Member States; stresses that it is up to each Member State to set minimum income levels and that these should be commensurate to the specific socioeconomic situation in the country in question;
79. Regrets the fact that the Commission approach aimed at tackling gender inequalities mainly treats the reconciliation of professional and family life as a women's issue; notes that measures aimed at promoting reconciliation for both men and women are crucial for the creation of jobs and have a direct influence in the quality of jobs created; notes that access to affordable and quality childcare services is still a major barrier to such reconciliation, and calls, therefore, on the Commission to pay attention to this indicator when analysing the scoreboard of key employment and social indicators;
80. Calls on the Commission to work with the Member States to tackle immediately the alarming increase in child poverty throughout the EU through long-term and holistic measures based on the good practices of some Member States, in particular measures to increase state support for school feeding, and to implement the three-pillared

Commission recommendation ‘Investing in Children’ included in the Social Investment Package;

81. Points out that emerging new forms of poverty aggravated by the debt crisis – such as in-work poverty compounding difficulties such as, e.g., paying mortgages, or high utility prices creating energy poverty – have resulted in an increase in the number of evictions, foreclosures and homeless people; calls on the Commission and the Member States to implement integrated policies favouring social and affordable housing, effective prevention policies aimed at reducing the number of evictions, and policies tackling energy poverty based on good practices by Member States, and to stop the criminalisation of homeless people that has come to light in some Member States; calls on the Commission to launch immediately an EU action plan on homelessness, as requested by Parliament on several occasions and called for as well by other EU bodies, in order to help Member States tackle the urgent and rapidly growing problem of homelessness;
82. Ask the Commission to develop a strategy that would support Member States to tackle homelessness through integrated policies and appropriate social investment;
83. Calls on the Commission and the Member States to take urgent action to address homelessness; points out that this extreme manifestation of poverty and social exclusion violates fundamental rights and has increased in a large majority of Member States; calls on the Commission to propose concrete mechanisms to monitor and support Member States’ efforts to confront homelessness, as called for in its resolutions of 14 September 2011 and 16 January 2014 on an EU homelessness strategy;
84. Calls on the Commission to evaluate whether it is possible to increment the FEAD during the mid-term review of the multiannual financial framework;

Sustainable pensions and health

85. Calls for affordable and quality public services in the field of child and dependent people care that will permit women in particular to return to employment and facilitate the reconciliation of work and private life;
86. Reminds the Commission that in order to ensure both the sustainability, safety and adequacy of pensions, pension reforms need to be accompanied by policies that: develop employment opportunities for older and young workers in order to contribute to a sustainable pensions system; limit incentives to early retirement schemes and other early exit pathways; provide for the compensation of times spent caring for children or dependent family members; develop employment opportunities for older workers; guarantee access to lifelong learning for both employed and unemployed people of all ages; enhance healthy ageing at the workplace, considering physical and psycho-social risks to health and safety; introduce tax benefit policies offering incentives to stay in work longer; and support active healthy ageing; stresses that pension reforms require national political and social cohesion, and should be negotiated with the social partners and representatives of younger and elder generations as the directly affected population groups in order to be successful; calls on the Member States to take into full account Parliament’s position on the Green and White Papers on pensions;

87. Takes note of the Commission's recommendation to reform healthcare systems so that they meet their objectives of providing universal access to high-quality care – including affordable access to medicines, especially those that are life-saving – and to secure respect for the rights of health staff; observes that, as a consequence of the crisis, some Member States haven't been able to ensure full coverage of public health; calls on the Commission to issue concrete recommendations to correct this situation; calls for further reform efforts to ensure that the quality and financial accessibility of health infrastructure is not put at risk;
88. Notes the Commission's recognition that the health and social care sectors hold significant potential for growth and represent crucial areas for investment in pursuit of sustainable economies; invites the Commission to report on progress in developing initiatives, as part of the Europe 2020 strategy, for investment in the health and social care sectors with regards to quality employment;
89. Calls for effective health prevention measures such as "lifetime healthy ageing" to be strengthened and developed with a view to increasing life quality while, at the same time, reducing costs to national health systems of the medical treatments and pharmaceuticals needed late in life;

Fairer labour taxation systems

90. Stresses that the tax wedge has bigger impact for low-wage and second-income earners, and that this remains an issue; calls on the Commission to take note of the IMF's October 2013 tax report, which points out that there is scope for better and more progressive forms of taxation;
91. Notes the importance of reducing taxation on labour, especially by low-paid and low-skilled workers, the long-term unemployed and other vulnerable groups, while ensuring the long-range sustainability of public pension systems; calls on the Member States to shift taxes from labour to consumption, capital and environmental taxes, while paying due regard to potential redistributive effects;

STRENGTHENING THE DEMOCRATIC LEGITIMACY OF THE EUROPEAN SEMESTER

92. Expresses its deep concern over the limited role that it, the national parliaments as well as social partners and civil society organisations have to play in the formulation, monitoring and implementation of economic and social priorities in the European Semester; reiterates its call for increased and structured involvement of civil society and social partners at EU as well as national level so as to improve the legitimacy of the European Semester process by developing concrete guidelines;
93. Calls for the involvement of subnational parliaments and local and regional authorities in the design and implementation of the National Reform Programmes, including through multi-level governance arrangements;
94. Urges the Commission to involve social partners more closely in the preparation of the AGS and, more generally, to formalise the role of social partners in the European

Semester process;

95. Reiterates its call for an interinstitutional agreement to involve Parliament in the drafting and approval of the AGS and the Economic Policy and Employment Guidelines;
96. Instructs its President to forward this resolution to the Council and the Commission.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.2.2015
Result of final vote	+: 38 -: 10 0: 4
Members present for the final vote	Laura Agea, Guillaume Balas, Tiziana Beghin, Brando Benifei, Mara Bizzotto, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Martina Dlabajová, Lampros Fountoulis, Elena Gentile, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Jan Keller, Zdzisław Krasnodębski, Jean Lambert, Jérôme Lavrilleux, Patrick Le Hyaric, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Georgi Pirinski, Marek Plura, Terry Reintke, Sofia Ribeiro, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Romana Tomc, Yana Toom, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Jana Žitňanská, Inês Cristina Zuber
Substitutes present for the final vote	Heinz K. Becker, Tania González Peñas, Sergio Gutiérrez Prieto, Miapetra Kumpula-Natri, Paloma López Bermejo, Csaba Sógor, Neoklis Sylikiotis, Ivo Vajgl
Substitutes under Rule 200(2) present for the final vote	Andrey Kovatchev