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REPORT

on European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2016
(2015/2330(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 2016 (2015/2330(INI))

The European Parliament,

- having regard to Article 5 TEU and 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 Article 174 TFEU,
- having regard to Article 349 TFEU, which defines a specific status for the outermost regions,
- having regard to Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP,
- having regard to the Charter of Fundamental Rights of the European Union, and in particular to its Title IV (Solidarity),
- having regard to the UN Convention on the Rights of Persons with Disabilities,
- having regard to the Commission communication of 26 November 2015 entitled ‘Annual Growth Survey 2016 - Strengthening the recovery and fostering convergence’ (COM(2015)0690),
- having regard to the Commission report of 26 November 2015 entitled ‘Alert Mechanism Report 2016’ (COM(2015)0691),
- having regard to the Commission recommendation for a Council recommendation of 26 November 2015 on the economic policy of the euro area (COM(2015)0692),
- having regard to the draft Joint Employment Report from the Commission and the Council of 26 November 2015 accompanying the communication from the Commission on the Annual Growth Survey 2016 (COM(2015)0700),
- having regard to the Commission communication of 21 October 2015 on steps towards completing Economic and Monetary Union (COM(2015)0600),
- having regard to the Commission proposal for a Council decision of 2 March 2015 on guidelines for the employment policies of the Member States (COM(2015)0098), and to Parliament’s legislative resolution of 8 July 2015 thereon¹,
- having regard to the Commission communication of 13 January 2015 entitled ‘Making

¹ Texts adopted, P8_TA(2015)0261.

- 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 26 November 2014 entitled 'An Investment Plan for Europe' (COM(2014)0903),
 - having regard to the Commission communication of 4 April 2014 on Effective and Accessible and Resilient, Health Systems (COM(2014)0215),
 - 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 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 the Commission recommendation of 20 February 2013 entitled 'Investing in Children: Breaking the Cycle of Disadvantage' (C(2013)778),
 - 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 20 December 2011 entitled 'Youth Opportunities Initiative' (COM(2011)0933),
 - 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 thereon¹,
 - having regard to the Commission communication of 3 March 2010 entitled 'Europe 2020: A strategy for smart, sustainable and inclusive growth' (COM(2010)2020),
 - having regard to the Communication Strategy for equality between women and men 2010-2015 and the subsequent Strategic engagement for equality between women and men 2016-2019, which specifically refer to women's employment and economic independence,
 - having regard to the Commission's Recommendation 2008/867/EC of 3 October 2008 on the active inclusion of people excluded from the labour market,
 - having regard to the Five Presidents' Report of 22 June 2015 on 'Completing the Economic and Monetary Union',
 - having regard to the Council conclusions on the promotion of the social economy as a key driver of economic and social development in Europe (13414/15 SOC 614 EMPL 404),

¹ OJ C 153 E, 31.5.2013, p. 57.

- having regard to the 2014 report of the Social Protection Committee entitled 'Adequate social protection for long-term care needs in an ageing society',
- having regard to its resolution of 24 November 2015 on reducing inequalities with a special focus on child poverty¹,
- having regard to its resolution of 28 October 2015 on cohesion policy and the review of the Europe 2020 strategy²,
- having regard to Question for Oral Answer O-000121/2015 - B8-1102/2015 to the Council and to its related resolution of 29 October 2015 on a Council recommendation on the integration of the long-term unemployed into the labour market³,
- having regard to its resolution of 10 September 2015 on 'Social Entrepreneurship and Social Innovation in combating unemployment'⁴,
- having regard to its legislative resolution of 8 July 2015 on the proposal for a Council decision on guidelines for the employment policies of the Member States⁵,
- having regard to its resolution of 11 March 2015 entitled 'European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2015'⁶,
- having regard to its resolution of 25 November 2014 on employment and social aspects of the Europe 2020 strategy⁷,
- having regard to its resolution of 17 July 2014 on youth employment⁸,
- having regard to its resolution of 15 April 2014 entitled 'How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?'⁹,
- having regard to its resolution of 16 January 2014 on an EU Homelessness Strategy¹⁰,
- having regard to its resolution of 19 February 2009 on Social Economy¹¹,
- having regard to its legislative resolution of 2 February 2016 on the proposal for a decision of the European Parliament and of the Council on establishing a European

¹ Texts adopted, P8_TA(2015)0401.

² Texts adopted, P8_TA(2015)0384.

³ Texts adopted, P8_TA(2015)0389.

⁴ Texts adopted, P8_TA(2015)0320.

⁵ Texts adopted, P8_TA(2015)0261.

⁶ Texts adopted, P8_TA(2015)0068.

⁷ Texts adopted, P8_TA(2014)0060.

⁸ Texts adopted, P8_TA(2014)0010.

⁹ Texts adopted, P7_TA(2014)0394.

¹⁰ Texts adopted, P7_TA(2014)0043.

¹¹ Texts adopted, P6_TA(2009)0062.

- Platform to enhance cooperation in the prevention and deterrence of undeclared work¹,
- having regard to the concluding observations of the UN Committee on the Rights of Persons with Disabilities on the initial report of the European Union (September 2015),
 - having regard to the European Court of Auditors' Special Report No 3/2015 on 'The EU Youth Guarantee: first steps taken but implementation risks ahead'²,
 - having regard to the Eurostat publication of April 2015 on unemployment in the European Union's regions,
 - having regard to the European Employment and Social situation quarterly review of March 2015³,
 - having regard to the OECD working paper of 9 December 2014 on 'Trends in Income Inequality and its Impact on Economic Growth',
 - having regard to the fifth and sixth editions of the European Working Conditions Survey (2010 and 2015)⁴,
 - having regard to the Eurofound report of 16 February 2016 on the role of social partners in the European Semester,
 - having regard to the Eurofound report of 17 June 2014 on 'Changes to wage-setting mechanisms in the context of the crisis and the EU's new economic governance regime',
 - having regard to the debate with representatives of national parliaments on the priorities of the 2016 European Semester,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs (A8-0031/2016),
- A. whereas the unemployment rate has been slowly diminishing since the second half of 2013, but not significantly enough to curb unemployment and poverty, despite some supportive macroeconomic policies and structural reforms; whereas it nevertheless remains too high in many Member States, currently affecting 9.9 % of active citizens, i.e. 23 million Europeans, about half of them being long-term unemployed, with a figure over 10 % in the euro area, all this still being above the figures of 2008; whereas this highlights that it is essential to take into account specific microeconomic circumstances and the need for further socially just structural reforms, whose social impact should be assessed before they enter into force;
- B. whereas the economic recovery has now entered its third year, with a growth forecast for the EU28 of 2 % in 2016 and of 1.8 % in the euro area, but remains uneven between

¹ Texts adopted, P8_TA(2016)0033.

² http://www.eca.europa.eu/Lists/ECADocuments/SR15_03/SR15_03_EN.pdf

³ <http://ec.europa.eu/social/main.jsp?catId=89&Id=en%3DwsId=2193&furtherNews=yes>

⁴ <http://www.eurofound.europa.eu/european-working-conditions-surveys-ewcs>

and within Member States and is partly driven by temporary factors, such as the continued fall in energy prices, which contribute to the increase in spending power, in cases where it has an impact on the real economy; whereas this demonstrates that the EU can do more to boost the economic and social recovery so as to make it more sustainable in the medium term, especially in the current situation of uncertainty in the global economy;

- C. whereas fiscal consolidation in the EU28 is improving, with the general budget deficit decreasing from 4,5 % in 2011 to 2,5 % in 2015;
- D. whereas, as stated by the European Commission¹, employment and social divergences within and between Member States persists and social developments continue to point to further divergence across the EU, hindering growth, employment and cohesion; whereas societies which are characterised by a high level of equality and investment in people do better in terms of growth and employment resilience.
- E. whereas the youth unemployment rate at EU level stands at 22.6 %, and in 2014 the proportion of young people not in education, employment or training (NEETs) stood at 12.3 %, with this group being at risk of exclusion from the labour market, resulting in loss of skills and human capital; whereas this contributes to a lack of individual autonomy and jeopardises social integration; whereas the primary responsibility for tackling youth unemployment rests with the Member States in terms of developing and implementing labour market regulatory frameworks, education and training systems and active labour market policies;
- F. whereas in 2014 the employment rate in the EU-28 rose by 0.8 % while that in the euro area rose by 0.4 %, while there are considerable differences in the performances of Member States, with five having reduced their employment rates by at least five percentage points between 2009 and 2014; whereas in 2014 the number of self-employed increased at about the same pace as employment and from 2013 the increase in overall employment has been mainly driven by an increase in temporary contracts, although this varies greatly between Member States; whereas the level of unemployment and its social consequences differ between European countries; whereas many young people either enrol for additional graduate studies in an effort to escape unemployment or leave their home country in search of employment in other Member States; whereas these two cases are not included in national statistics on youth unemployment;
- G. whereas the employment rate of women (63.5 % in May 2015) remains far below the Europe 2020 headline target of 75 %, and women's part-time employment rate remains high, at 32.2 % compared to a rate for men of 8.8 %, even if one takes account of individual free choices and needs; whereas enhancing women's labour market participation can help reduce these gaps and address women's increased risk of poverty and social exclusion;
- H. whereas the loss of human capital due to unemployment is huge, and the total cost of youth unemployment has been estimated at EUR 153 billion per annum²; whereas, in

¹ Joint employment report 2016, p. 2.

² http://www.eca.europa.eu/Lists/ECADocuments/SR15_03/SR15_03_EN.pdf

addition to its financial and social effects, unemployment, youth unemployment and long-term unemployment negatively affect social convergence and ultimately hamper sustainable economic growth;

- I. whereas in 2014 about 5 % of the labour force in the EU28 had been unemployed for more than a year and 3.1 % for more than two years; whereas only one half of workers aged between 55 and 65 are in employment and long-term unemployment is particularly prevalent among younger and older age groups; whereas discrimination against long-term unemployed jobseekers is unfortunately very common; whereas such practices are based on the psychological stigma associated with unemployment, and employers may perceive older jobless applicants as being less competent and less hireable than employed individuals; whereas there is a need for employers to train human resource managers to overcome possible biases against unemployed workers and older workers and to focus on qualifications and experience rather than the current employment status;
- J. whereas about 20 % of active citizens in the EU have only basic skills and 40 % of the EU's population can be considered insufficiently digitally skilled; whereas despite the difficulties faced by many people, including young people, in entering the labour market, there are approximately 2 million unfilled vacancies in the EU, of which almost 900 000 are in the digital sector, and 39 % of companies still have difficulties in finding staff with the required skills, although research shows that the companies which are unable to find workers with the required skills are often those unwilling to offer long-term contracts; whereas in 2012 one in three Europeans were neither over- or under-qualified for their job; whereas low educational levels and the mismatch between education and the labour market needs are among the key causes of young people becoming NEETs, negatively affecting growth; whereas it is essential to identify the root causes of early school leaving and advises Member States to recover the education spending at levels which will make it possible to achieve the Europe 2020 goals;
- K. whereas undeclared work deprives workers of their social and labour rights, fosters social dumping, and has serious budgetary implications as it leads to loss of tax revenue and social security contributions, producing negative effects for employment, productivity and quality of work, skills development and lifelong learning, as well as going against an efficient and effective system of pension rights, inter alia by widening the pension gap, also affecting access to healthcare in some Member States; whereas there is a need for more efforts to turn undeclared work into declared work;
- L. whereas although atypical or non-standard forms of employment do not in themselves constitute precarious work, it is more likely to be found where contracts of this nature apply, albeit such contracts account for a minority of existing employment relationships¹; whereas insecurity is another element of precariousness, encompassing work uncertainty, income insufficiency, lack of protection against dismissal, and unknown length of employment; whereas there has been a worrying increase in contracts of this type in some Member States; whereas in order to avoid inappropriate use of such contracts, an efficient and effective labour inspection mechanism must be implemented at national level; whereas it is important to stimulate quality employment which provide adequate income and economic security for families;

¹ Study on Precarious Work and Social Rights (VT/2010/084), p. 164-170

- M. whereas one of the five Europe 2020 targets aims at reducing by at least 20 million the number of people in or at risk of poverty and social exclusion; whereas almost 123 million people in the EU are in this situation; whereas in 2013 26.5 million children in the EU28 were at risk of falling into poverty or social exclusion; whereas the numbers of Europeans at risk of poverty rose in the period 2009-2012, but the situation has stabilised considering the numbers in 2013 and 2014; whereas homelessness has increased in many EU Member States; whereas 32.2 million persons with disabilities over the age of 16 in 2012 were at risk of falling into poverty and social exclusion; whereas the Europe 2020 targets have not yet been reached, and an immediate review of the strategy is therefore needed;
- N. whereas the proportion of the EU's population aged 65 or above relative to those aged between 15 and 64 is projected to increase from 27.8 % to 50.1 % by 2060, while the total economic dependency ratio¹³ is expected to stabilise at over 120 % up to the middle of the next decade and then to rise above 140 % by 2060; whereas these factors, as well as other demographic changes, such as an ageing population, population density or population dispersal, highlight the need for public authorities to introduce comprehensive and socially responsible policies with the objectives of increasing the birth rate, facilitating high rates of quality employment, and promoting sufficiency in social security systems and active ageing, as well as introducing socially responsible reforms in the labour market and in retirement systems and guaranteeing the sufficiency and adequacy of the first pension pillar in the short, medium and long term;
- O. whereas the EU gender pension gap remains substantial at 40 %, reflecting differences between women and men in relation to full-time and part-time work, as well as the gender pay gap and shorter careers of women;
- P. whereas the growing number of dependent older people has and will have an increasing impact on health and long-term care systems and the need for both formal and informal care resources; whereas current social security systems do not take sufficient account of the situation of informal carers, who constitute a huge resource for society;
- Q. whereas public and private debt remain too high in many Member States, hampering the strength of the EU economies; whereas low interest rates in the euro area can be used to enlarge the margins of action of Member States; whereas it is necessary to hold a thorough debate on the handling of the debt in the EU;
- R. whereas, given the current trend, in the next 10 to 15 years 90 % of the world's growth will come from outside the EU; believes, therefore, that it is necessary to continue to develop and promote real growth and job creation strategies in the Member States; whereas it is essential to implement innovative industrial and market policies in order to increase intra-EU and global competitiveness and thus help deliver sustainable and socially inclusive employment opportunities;
- S. whereas 20 % of European Social Fund expenditure should be used to address poverty and social exclusion in the Member States
- T. whereas the European Fund for Strategic Investments (EFSI) has already approved 69 projects in 18 countries and signed 56 operations (with total financing under this fund accounting for around EUR 1.4 billion), and this is expected to result in over 22 EUR

billion's worth of investment and to involve some 71 000 SMEs; whereas more effort is needed to ensure that funding is provided for social infrastructure such as childcare, with a view to meeting the long standing Barcelona commitments; whereas the current projects involve mostly large infrastructure schemes, while SMEs and micro-enterprises are usually excluded by these funds in spite of their importance as being the backbone of the European economy and a generator of quality employment;

- U. whereas social economy enterprises comprise 2 million businesses (10 % of the EU total) which employ over 14 million people, representing around 6.5 % of workers in the EU;
- V. whereas the outermost regions are facing huge difficulties related to their specific characteristics that limit their potential for growth; whereas unemployment rates in those regions vary between 15 % and 32.4 %;
- W. whereas 6.9 million EU citizens are currently exercising their fundamental right to free movement and to live and work in another Member State; whereas there are over 1.1 million cross-border or frontier workers; whereas the free movement of people is fundamental for enhancing convergence between European countries;
- X. whereas the increasing number of refugees in Europe calls for solidarity and more balanced and enhanced efforts by Member States and regional and local authorities in terms of integration measures, such as social assistance in line with the relevant EU asylum legislation and medium to long-term actions and strategies for receiving and integrating refugees into society;

Investing in people

1. Stresses that the need to invest in social developments is not just a means of guaranteeing that sustainable and inclusive economic development and convergence can be achieved, but must also be a specific target in itself; highlights, therefore, the importance of quality of employment, poverty and inequality indicators; welcomes the Commission's call for investment in services such as housing support, healthcare, childcare and rehabilitation services; underlines that economic and social cohesion should remain the primary objective of all EU policies and that more efforts should be made to carry out a more complex and objective evaluation based on the Member States' diversity and characteristics;
2. Welcomes the fact that the Commission's Annual Growth Survey (AGS) underlines the need to pay more attention to social fairness in the context of the new national stability and reform programmes, adding three employment indicators (activity rate, youth unemployment and long-term unemployment) in for the macroeconomic imbalance procedure; urges that these indicators be put on a genuinely equal footing with the existing indicators, allowing them to trigger in-depth analyses in the relevant Member States and guarantee that their internal imbalances are further assessed, with economic and social reforms being proposed and monitored;
3. Welcomes the Commission's action in the context of the AGS in placing social fairness

at the heart of European economic recovery; stresses the EU's convergence achievements by creating an EMU and calls on the Commission and the Member States to take action to boost upward social convergence in the Union; calls on the Commission to define and quantify its concept of social fairness, taking into account both employment and social policies, to be achieved through the 2016 AGS and the European Semester;

4. Recalls that quality and inclusive employment constitutes an essential pillar for social fairness, promoting human dignity for all; believes that in this sense creating quality employment and generating growth must be placed at the centre of Member State and EU policies, especially for youth and for the 'Generation 55+', as a means of constructing more sustainable social economies in the EU; urges Member States to implement and further develop policies for youth employment by matching those policies with the actual needs of the labour market;
5. Calls on the Commission to foster, at Member State level, forms of cooperation involving governments, enterprises, including social economy enterprises, educational institutions, individualised services, civil society and social partners, on the basis of exchange of best practices and with a view to better matching Member States' education and training systems to combat skills mismatches, meet the needs of the labour market, and support access to and retention of employment in the open labour market for all people in Europe, in particular through dual training; encourages the Member States to carefully design and evaluate ex ante all structural reforms in national education systems, in cooperation with social partners, in order to guarantee that education provides the proper tools to citizens; calls on the Member States to include the culture of entrepreneurship and the social economy principles in their education and training programmes; calls on the Commission to promote, at Member State level, a broader investment strategy for the full cycle of education and training, encompassing all sectors of lifelong learning, work-based and workplace learning and formal and non-formal learning;
6. Notes that educational efforts are primarily focused on the younger part of the workforce but that many Member States need a broader focus on educating the workforce, including adult education and vocational training opportunities; underlines that insufficient investment in education, especially in digital skills, poses a threat to Europe's competitive position and to the employability of its workforce; encourages the Member States, therefore, to prioritise broad education in digital skills; calls on the Commission to promote, at Member State level, a broader investment strategy for the full cycle of education and training, encompassing all sectors of lifelong learning, work-based and workplace learning, dual learning and formal and non-formal learning taking account of the need to improve adult education in order to respond to demographic change in such a way as to better adapt Member States' education and training systems to the needs of the labour market; calls on the Member States to support apprenticeship and to fully use the Erasmus+ funds available for apprentices in order to guarantee the quality and attractiveness of this kind of training;
7. Stresses the need to invest in people as early as possible in the life cycle in order to reduce inequality and foster social inclusion at a young age; calls, therefore, for access to quality, inclusive and affordable early childhood education and care (ECEC) services

for all children in all Member States;

8. Recalls the importance of skills and competences acquired in non-formal and informal learning environments in terms of improving the employability of young people and people having spent time out of the labour market to take on caring responsibilities; stresses, therefore, the importance of creating a validation system for non-formal and informal forms of knowledge and experience, especially those acquired via voluntary activities; takes the view that coherent certification and mutual recognition of qualifications will contribute to bridge the gap between the skills shortages on the European labour market and young jobseekers; insists on the implementation of the lifelong learning framework approach towards a flexible education path recognising formal, but also non-formal and informal learning, in order to foster equity and social cohesion and allow employment opportunities for more vulnerable groups;
9. Welcomes the Commission's proposal to enhance the Youth Guarantee at national, regional and local level, and stresses its importance for school-to-work transitions; regrets, however, the fact that the Youth Guarantee has not been effectively implemented in many Member States; stresses the need to guarantee suitable forms of collaboration between public and private employment services at local, national and European level and social support services, both mainstream and individualised support services; emphasises the need to ensure that the Youth Guarantee reach young people facing multiple exclusions and extreme poverty; with a view to this, calls on the Commission to consider a targeted review of the Youth Guarantee and its financing instruments, including the Youth Employment Initiative; believes that the Commission can play a role in focusing Member States' attention on the need for action and facilitating the exchange of best practices on how best to combat youth unemployment;
10. Welcomes the Commission's initiative for an individualised approach for the long-term unemployed, but is worried about the plight of the more than 12 million long-term unemployed in Europe; considers that such an approach will require an increased effort in terms of human resources, calling for participants with the educational level needed to be able to orientate the unemployed on how to overcome possible gaps in education or training; calls for adequate support to jobseekers in the form of integrated service provision and access to high-quality education and training in order to overcome possible gaps; stresses that professional requalification processes require adequate financial resources that need to be channelled to unemployed individuals of all ages, and that for active employment policies to be efficient they must include requirements for the competent national authorities and employers as well as for the long-term unemployed;
11. Recalls that the integration of long-term unemployed individuals is crucial for their self-confidence, wellbeing and future development, and is key to fighting poverty and social exclusion and will contribute to guarantee the sustainability of national social security systems; considers that it is necessary to take into account the social situation of these citizens and their needs; underlines, however, that 12.7 % of working age people are suffering from in-work poverty (on 2014 figures, increased from 11% in 2009), so that an integrated active inclusion and social investment approach is needed; calls on the Commission to engage Member States in strategies and actions to reduce poverty and social exclusion in line with the Europe 2020 strategy; calls on the Commission to

support efforts to create inclusive lifelong learning opportunities for workers and jobseekers at all ages and to take measures as soon as possible to improve access to EU funding and mobilise additional resources where possible, as was done in the case of the Youth Employment Initiative.

12. Emphasises the urgent need to ensure that the EU's efforts to fight poverty and social exclusion actively address the growing numbers of homeless people, who are currently not captured by the indicators used to measure the EU poverty target but who represent an alarming social reality affecting at least 4 million people every year¹.
13. Stresses the need for a quick and effective response to the needs of unemployed people aged 55+; calls on both the Commission and the Member States to support flexible employment solutions for this group (including part-time and temporary jobs) that meet their specific needs, thus ensuring that they do not leave the world of work prematurely; underlines the important role of older workers in the workplace in passing on their knowledge and experience to younger workers, e.g. by involving them in workplace training processes, thus ensuring that workers aged 55+ do not end up unemployed.

Structural reforms in a social and responsible way

14. Notes that the EU as a whole and many of its Member States continue to suffer from structural problems that need to be addressed urgently; is concerned at the social impact of those fiscal adjustment policies which focus on cutting expenditure, and stresses that economic policies should guarantee compliance with Article 9 TFEU; points out the need to continue prioritising public and private investment and socially and economically balanced structural reforms that reduce inequalities, and to promote sustainable growth and responsible fiscal consolidation (taking into account debt sustainability, the economic cycle and the investment gap), including revenue policies by fighting tax fraud and tax avoidance, thus reinforcing the path towards greater cohesion and upward social convergence; considers that these policies promote a favourable environment for business and public services with a view to creating quality employment and social progress and fostering investment that delivers both social and economic returns; stresses that those priorities will only be achieved if adequate investment in human capital and lifelong learning is prioritised as a common strategy; insists on involving social partners regarding structural reforms and labour market policies;
15. Highlights that socially responsible reforms must be based on solidarity, integration, social justice and a fair distribution of wealth - a model that ensures equality and social protection, protects vulnerable groups and improves living standards for all citizens;
16. Stresses the need to promote and protect the social market economy, which provides a framework within which competitiveness and high social standards contribute to social justice and social justice stimulates competitiveness; stresses, in addition, the need to find a balance between economic considerations and the need to ensure efficient fiscal consolidation, a sustainable economy, real social cohesion and increased social protection; calls on the Commission to extend its approach to insolvency and business

¹ <http://ec.europa.eu/social/BlobServlet?docId=9770&langId=en>

failure¹ and to improve debt-restructuring and second chance schemes;

17. Stresses that the AGS should assess in a more consistent manner the evolution of inequality in Europe through economic indicators, such as the Gini and Palma indexes;
18. Calls on the Member States to actively participate in the Undeclared Work Platform and to follow up their exchange of best practices with concrete actions in order to tackle undeclared work, letterbox companies and bogus self-employment, since these jeopardise both the quality of work and workers' access to social protection systems and national public finances, leading to unfair competition between European enterprises; calls on the Member States to increase their efforts to turn undeclared work into declared work and to adequately equip labour inspections, as well as to reinforce labour inspection mechanisms and design measures to enable workers to move from the grey to the formal economy, in order to have access to employment protection regimes; encourages Member States to implement rates of taxation related to the degree of stability and the quality of the diverse forms of employment relationship, as one of the incentives for stable contracts;
19. Considers that wage dispersion increases inequalities and damages the productivity and competitiveness of companies; calls on the Commission and the Member States to implement measures to improve job quality in order to reduce labour market segmentation, combined with measures raising minimum wages to an adequate level in accordance with the principle of subsidiarity and strengthening collective bargaining and workers' position in wage-setting systems in order to reduce wage dispersion; believes all this should be done with a view to supporting aggregate demand and economic recovery, reducing wage inequalities and fighting in-work poverty;
20. Considers that carefully considered flexicurity contributes to avoiding labour fragmentation and promoting the maintenance of sustainable quality employment but is concerned that flexicurity has not been applied adequately in a range of Member states; calls on the Member States and the Commission, where appropriate, to ensure that labour rights and social security standards are ensured when applying the flexicurity model; calls on the Member States to modernise their employment protection legislation in order to promote more stability in employment and security in transitions between jobs and also through more and better cooperation between public and private employment services where applicable, as well as employees' access to social security and welfare rights; Several Member States have pursued reforms, with positive effects visible for instance in increasing employment rates, but regrets that in certain cases the labour reforms have favoured flexibility at the expense of security, resulting in precariousness and a lack of employment protection; calls on the Commission to step up monitoring of the abusive practice of successive fixed-term contracts as well as other successive atypical contacts, in both private and public sectors;
21. Calls on the Member States to take into consideration the overall evolution of public service workers' incomes as well as of minimum incomes where applicable, without prejudice to productivity growth and in a sustainable and stable manner that does not jeopardise their own competences;

¹ Expressed in its recommendation of 12 March 2014

22. Welcomes the Commission's initiative on investment in human capital with a view to restoring employment levels and sustainable growth, but is extremely worried at the fact that public expenditure on education has recorded a 3.2 %¹ fall since 2010, with decreases in eleven Member States in the most recent year for which figures are available (2013); stresses that in order to be effective the reforms should focus on school curricula and the public sector;
23. Stresses the importance of active labour market policies in the current context; calls on the Member States to increase the coverage and effectiveness of active labour market policies;
24. Notes the need to embrace the shift towards the digital economy in the context of upskilling and training as well as new forms of employment;
25. Calls on the Member States to gradually shift the tax burden from labour to other sources in a way that hampers neither the most vulnerable groups in society, especially low-paid workers, nor overall competitiveness, while also ensuring the long-term sustainability of public pension systems and the adequate financing of social security and social protection systems; also calls on the Member States to implement tax rules that foster incentives to entrepreneurship and employment creation, especially for young people and also for the 'Generation 55+', in order to utilise those workers' professional experience and secure the transfer of their know-how and to boost research and innovation projects within European enterprises; urges the Member States to cut administrative burdens in order to promote youth entrepreneurship;
26. Calls on the European Semester and the AGS to assess the importance of incomes policies, including pensions, revenue indicators and fiscal policy, in order to guarantee social cohesion and reverse inequality trends;
27. Calls on the Member States to assess and increase investment in their current social protection systems, in order to guarantee their performance in tackling and preventing poverty and inequality while also ensuring their sustainability in the face of expected demographic, economic and new social challenges, and to improve the resilience of Member States' economies in times of crisis; stresses that high-quality welfare systems and social investment are of great importance if Europe wants to maintain its main competitive advantage in terms of highly-skilled workers and productive companies;
28. In accordance with the principle of subsidiarity, Member States should retain full responsibility for the organisation of their pension systems as well as for decisions on the role of each of the three pillars of the retirement system in individual Member States; considers that pension schemes should provide guarantees against old age poverty and that for this reason it is necessary to implement policies to guarantee a strong, sustainable and adequate first pension pillar;
29. Encourages the Member States to strengthen efforts to eradicate the gender pay gap and to take more active measures to strengthen women's participation in the labour market; calls on the Member States and the Commission, where appropriate in line with the principle of subsidiarity with the help of social partners, to promote family-friendly

¹ Joint Employment Report 2016, p. 19

policies that enhance the care of other dependents as well as parents' capacity such as, adequate maternity and paternity leave provisions and access to affordable childcare to ensure children's wellbeing, enabling those with caring responsibilities to have equal access to the labour market in order to achieve a better work-life balance, which is of particular importance for the inclusion of women in the labour market; encourages the Member States to examine the persistence of low birth rates in the EU and to consider applying more favourable fiscal differentiation in line with the number of children in a household; calls on the Member States to provide families with assistance not only by means of financial support but also in the form of services;

30. Notes that low population density or a highly dispersed population result in a significantly higher cost of providing public services such as healthcare or education; calls on the Commission and the Member States to take account of their causes and consequences while analysing the effects of demographic change and its impact on the sustainability of public finances;
31. Stresses the fact that, in order to be effective, EFSI investments 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 or focusing on highly profitable investments that would have occurred in any case; reiterates its call on the importance of investments in human capital and other social investments, such as healthcare, childcare or affordable housing and on the need of the effective implementation of the Social Investment Package;
32. Invites the Commission and the Member States to involve all levels of government and relevant stakeholders in the identification of obstacles to investments, focusing on the regions and sectors most in need as well as on making available adequate instruments bringing together public and private financing;

Boosting sustainable growth by relaunching investment

33. Underlines the need to promote sustainable and inclusive growth leading to the creation of more and better jobs and tangible prospects for all, including for young people, in order to respond to the internal and external challenges facing the EU; notes that more attention should be paid to adapting existing employment, including that of vulnerable groups, to the fast-changing labour market and emerging new sectors, in view of ensuring its sustainability;
34. Calls on the Commission and the Member States to focus on micro, small and medium-sized enterprises, as a fundamental key for sustainable and inclusive development and job creation, and to level off the differences in self-employment rates between women and men; urges the Member States to implement tax schemes linked to sustainable business models that favour innovative start-ups and the facilitation of job creation by SMEs, to monitor the impact of tax incentives on sustainable development, and to develop mechanisms that might impel such enterprises to achieve or operationalise in an international dimension; underlines, therefore, the need to implement comprehensive policies at EU level in order to enable Member States to face the challenges posed by their non-EU competitors;
35. Calls on the Commission, in close cooperation with Member States, to take steps to

provide better information on all European funds and programmes that have the potential to boost entrepreneurship, investment and access to financing, such as Erasmus for Entrepreneurs, the European Employment Services (EURES), the programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), the programme for Employment and Social Innovation (EaSI) and the European Fund for Strategic Investments (EFSI); recalls the importance of the partnership principle, of a bottom-up approach and of adequate resource allocation;

36. Calls on the Commission to evaluate all the above programmes in a holistic way, in order to prevent conflicts between targets and demands, and to cut red tape; considers that such a revision should include an analysis of each Member State's implementation, thus ensuring greater equity in terms of access to the funds;
37. The European Social Fund should devote more resources to funding the participation of unemployed workers in training programmes in the EU Member States as well as in programmes in their country of origin, thus facilitating their integration in the European labour market chosen by them and enhancing European citizenship;
38. Calls on the Member States to develop policies which boost entrepreneurship among young people from an early age, by providing opportunities for internships and company visits;
39. Calls on the Member States, in order to boost entrepreneurship among young people, to support associations and initiatives which help young entrepreneurs in the development of innovative projects by providing them administrative, legal or organisational support ;
40. Points out that social economy enterprises, including those providing social services, encounter even more difficulties than traditional enterprises in obtaining public or private financing, owing to, among other factors, lack of knowledge of the actual situation on the part of financial intermediary managers; underlines the need to give such enterprises more support, especially as regards access to the different forms of financing, including European funds; further underlines the need to reduce administrative burdens in order to support social enterprises; stresses the need to give them a legal framework, by means of, for example, a European Statute for cooperative societies, associations, foundations and mutuals, recognising their action in the EU and avoiding unfair competition; calls on the Commission to support investment in the social economy, and welcomes the fact that part of the funding for the EaSI programme is earmarked to help provide access to finance for social and solidarity-based economy enterprises;
41. Underlines the high societal and economic value of investment in social protection, including social services; states that such social investment should be given more flexibility within the Macroeconomic Imbalance Procedure, therefore encouraging Member States to invest in social services for positive social and economic development;

Better use of European funds to foster social, economic and territorial cohesion

42. Welcomes the establishment of the EFSI in the first year of its implementation and its role

of supporting the best projects at European level; calls on the Commission to ensure that the EFSI enables a better social and economic convergence of Member States and their regions within the EU and that all Member States make use of the possibility of accessing this fund in line with the objectives of cohesion policy; calls on the Commission to monitor and control investments under the EFSI; believes that a report should be published to audit and measure the economic and social impact of the investment concerned in real terms;

43. Points out that investment priorities must be oriented towards infrastructure projects where they are clearly needed in order to ensure greater cohesion, social fairness or human capital development or to enhance sustainable inclusive growth; calls on the Commission to require both a prior presentation of the expected social and economic outcomes of any EU-funded investment project and to include subsequent monitoring and evaluation; highlights the need to avoid the negative impact on the environment which these projects may cause;
44. Stresses, taking into account Member States' difficulties in fully using European funds, that the EU must guarantee proper and better use of its investments, which need to be matched to its priorities and fundamental values as set out in the Treaties and the Charter of Fundamental Rights, as well as the efficient management of its resources, and must cut the administrative burdens and reduce barriers with regard to access, implementation and evaluation; underlines the need to ensure that all enterprises have equal opportunities to access funding; calls on the Commission to ensure close monitoring of the use of EU funds;
45. Welcomes the Commission's call on Member States to increase their social investment in order to boost European economic, territorial and social cohesion, especially in (formal and informal) healthcare and long-term care as well as social services, childcare, housing support and rehabilitation services; calls on enterprises and all other eligible beneficiaries to make better use of the investment mechanisms provided by European funds and projects having direct application; calls, furthermore, on the Commission to monitor whether EU recommendations are being properly implemented by Member States;
46. Points out that formal and, especially, informal carers represent an important pillar for mastering the rapidly growing demands related to the future of care systems in Europe; underlines the need to improve social protection for caring family members, who often have to cut back on their paid employment in order to provide unpaid care, losing social security entitlements as a result;
47. Recognises the Commission's efforts for enhancing the use of the European Structural and Investment Funds in support of the implementation of the country-specific recommendations (CSRs), and notes the Commission's proposal to the Member States on funding for technical assistance; underlines that these funds should not be used solely to implement the CSRs, since this could potentially lead to other important investment areas being left out;
48. Agrees on the need to develop a process of upward economic and social convergence in order to foster social, economic and territorial cohesion within and between Member States and their regions, but points out that this must be viewed as a goal of a common

project in which social dialogue and the involvement of all the relevant stakeholders play a key role; points out that social policy forms part of the shared competences between the EU and the Member States and that the role of the EU in this area is limited to supporting and complementing the activities of the Member States in accordance with Article 153 TFEU and in line with the subsidiarity principle;

49. Calls for the tackling of economic inequalities which act as an obstacle to long-lasting economic growth; stresses that the divisions between the poorest regions and the rest of the EU are deepening, and calls for urgent targeted efforts at both European and national level for promoting cohesion and growth in those regions; calls on the Commission and the Member States, accordingly, to boost strategic investments in order to increase competitiveness with respect to Article 174 TFEU, in particular in those regions that suffer from severe and permanent natural or demographic handicaps;
50. Calls on the Commission to enhance the application of Article 349 TFEU in order to make the outermost regions more integrated in the Europe of Regions, differentiating EU policies in order to guarantee equity between regions and promote upward convergence; underlines that it is necessary to maintain the special attention given to outermost regions, not only in terms of allocation of funds but also in the light of the impact that European policies can have on their social situation and levels of employment; calls on the Commission to ensure that European decisions and funding allocations are accompanied by proper monitoring , reproducing significant improvement in the wellbeing of the outermost regions' citizens;
51. Calls on the Commission, in the framework of the mid-term review of the Multiannual Financial Framework (MFF), to study the possibility of increasing funding for the ESF in order to ensure the adequacy of its objectives and take account of the new challenges that have been incorporated, such as long-term unemployment or the integration of refugees; also calls for the establishment of a specific programme, within the MFF as agreed, for those EU subregions whose unemployment rates exceed 30 %;

Social inclusion as an opportunity for society

52. Welcomes the renewal of the Europe 2020 integrated guidelines; stresses that the pertinence of the Europe 2020 strategy has increased since its creation, and calls on the Member States to reinforce its implementation on the ground; asks the Commission and Council to undertake closer monitoring of its global and national implementation; considers it necessary to start projecting a post-Europe 2020 scenario linked to the Sustainable Development Goals;
53. Is concerned at the fact that a job is no longer, by itself, a guarantee out of poverty or the best tool for ensuring social inclusion, with 12.7 % of working-age people suffering in-work poverty in 2014, an increase on 11 % in 2009; calls on the Commission to propose an integrated anti-poverty strategy for the EU, in order to tackle the multidimensionality of poverty for all groups, especially the most vulnerable ones, and promote integrated active inclusion, underpinned by the right to proper social protection; in this sense, reiterates its call on the Commission to propose an initiative to promote the introduction of minimum incomes in the Member States without breaching the principle of subsidiarity;

54. Calls on the Member States to implement and monitor more effective, efficient and inclusive forms of social protection systems and income support, in order to ensure that these systems offer an adequate standard of living for the unemployed and those at risk of poverty and social exclusion, while guaranteeing that such mechanisms do not perpetuate social dependency and ensure access to education, training and opportunities to enter the labour market; calls on the Commission and the Member States to exchange best practices on the efficiency of a minimum income in terms of reducing inequality and social exclusion in Europe;
55. Encourages the Member States to implement the necessary measures for the social inclusion of refugees, migrants legally residing in the EU and asylum seekers, in line with the relevant asylum legislation; points out, however, that such measures can be effective only if shared and implemented by all Member States; considers that such an approach will require an adequate allocation of funds and in the current fragile situation cannot be provided solely by Member States; calls on the Commission to provide the funding required to develop such a holistic approach to migration, as part of the mid-term review of the MFF; calls on the Commission and the Member States to take adequate measures to help refugees settle and integrate, as well as ensuring that public services are sufficiently resourced and that there is early anticipation of requirements so as to facilitate refugees' smooth transition to the labour market, including mechanisms for the recognition of skills and competences; local authorities and social partners should play a key role in facilitating the proper integration of migrants in the labour market and the prevention of labour abuse;
56. Urges the Member States to fully transpose into national legislation and to implement all the provisions included in the updated European Agenda on Migration; deplors the fact that the Commission has had to adopt 40 infringement decisions against different Member States, including Letters of Formal Notice served on 19 Member States for not having taken the necessary measures to transpose the Reception Conditions Directive; supports the Commission in its efforts to strengthen the European Agenda on Migration;
57. Points out to the Member States, in view of the ageing of Europe's citizens and the high unemployment rates among young people in some parts of the EU, the social risk implied in not being able to guarantee the sustainability, safety, adequacy and effectiveness of social security systems over the coming decades; therefore encourages the Member States to develop strategies which ensure that more people can remain active within society;
58. Calls on the Commission and the Member States to work together on removing the obstacles to fair labour mobility, since free movement is a fundamental right in the EU, and to act on the one hand to increase the employment rate and on the other hand to ensure that EU mobile workers are treated equally as national workers and are not abused or discriminated against, and that their employment and social rights are guaranteed;
59. Calls on the Commission and the Member States to support intra-EU labour mobility throughout the Union, as a means of creating opportunities for both workers and companies; calls on the Member States to use and promote the European tools available to facilitate this labour mobility, especially the European jobs network EURES; in the

case of cross-border regions where labour mobility is really high, encourages Member States to develop EURES cross-border partnerships in order to help workers in their mobility plans;

60. Calls on the Commission to develop a concrete plan on how the European Semester will be used to implement the principles of the UN Convention on the Rights of Persons with Disabilities;
61. States that social dialogue is a key instrument for improving working conditions, and that in order to ensure the best conditions possible for the dialogue between social partners, the necessary preconditions in this context are the existence of strong trade unions, the participation of employees in company affairs and the strengthening of collective agreements; calls on the Commission and the Member States to boost the quality of social dialogue also at the European level, ensuring timely and meaningful social partner consultations and allowing for the necessary analysis and integration of proposals in decision-making processes;
62. 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;

Better coordination of the European Semester

63. Welcomes the Commission recommendation on the euro area, which consolidates the joint analysis and definition of strategies of the social and economic dimensions of Member States under EMU, stressing the need for these criteria to be reconciled; however, warns about the possibility of development of a two-tier EU;
64. Believes that the euro area recommendation needs to be the starting point to strengthen the social dimension in the sense of:
 - (a) enhanced democratic accountability mechanisms at both EU and national levels, including an interinstitutional agreement with the European Parliament and ensuring that all euro area national parliaments have the conditions to follow each step of the European Semester process;
 - (b) a social dimension aimed at preserving Europe's social market economy, envisaging better wage floors in the form of, where applicable and in compliance with the subsidiarity principle, minimum wages set at adequate levels and with the involvement of social partners.
 - (c) joint meetings between the EPSCO Council and ECOFIN, to be held with a view to promoting coordinated socio-economic policies geared towards strengthening competitiveness in Europe and giving growth and quality jobs a sustainable boost;
 - (d) meetings of the euro area Labour and Social Ministers so as to better integrate its social dimension and properly address social imbalances;
65. Calls on the Commission to present, as soon as possible, a proposal for establishing a

Pillar on social rights capable of ensuring a level playing field across the EU, as part of the efforts towards a fair and truly pan-European labour market as well as being a means to foster upward economic and social convergence in order to tackle the economic and social disparities existing within and between Member States;

66. Calls on the Commission to provide adequate monitoring and follow-up of the implementation of the CSRs and to ensure that there is an adequate focus on employment and social inclusion issues;
67. Calls for a stronger role for the Europe 2020 strategy for smart, inclusive and sustainable growth and for its targets, particularly the social targets, to be reflected equally in all the Semester instruments, including the CSRs;
68. Welcomes the fact that the Commission has clearly distinguished a European and a national phase with regard to the European Semester; stresses the need for closer coordination between the European institutions in the design, implementation and evaluation of the European strategy for sustainable and inclusive growth; calls on the Commission to establish a clear agenda in this respect, also involving the social partners, the national parliaments and other relevant stakeholders from civil society, and ensuring that the Spring European Council remains the main timeframe for the definition of policy priorities on the basis of the input from the Commission, Parliament and the Council; believes that the Commission could undertake monitoring and reporting as regards whether the suggestions for implementing certain CSRs on a basis of 'consultation with the social partners' were taken up;
69. Believes that, in order to match European and national policies on growth and guarantee their suitability on the ground, it is crucial to strengthen the role of the social partners at both European and national level; stresses that, in order to progress with upward convergence and balance competitiveness and fairness, social dialogue must be pursued in all the phases of the Semester; in this sense, welcomes the Commission's efforts to relaunch social dialogue and the streamlined approach introduced by the AGS for 2015; points out, however, that in many Member States the situation remains weak at national level;
70. Believes the Commission could strengthen the role of the European Semester Officers by better defining their objectives and functions;
71. Instructs its President to forward this resolution to the Council and the Commission.

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	17.2.2016
Result of final vote	+: 38 -: 9 0: 8
Members present for the final vote	Laura Agea, Guillaume Balas, Tiziana Beghin, Brando Benifei, Mara Bizzotto, Viliija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Jane Collins, Martina Dlabajová, Lampros Fountoulis, Elena Gentile, Arne Gericke, Thomas Händel, Marian Harkin, Czesław Hoc, Danuta Jazłowiecka, Agnes Jongerius, Jan Keller, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Jérôme Lavrilleux, Patrick Le Hyaric, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Thomas Mann, Dominique Martin, Joëlle Mélin, Elisabeth Morin-Chartier, Emilian Pavel, João Pimenta Lopes, Marek Plura, Sofia Ribeiro, Maria João Rodrigues, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Romana Tomc, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská
Substitutes present for the final vote	Amjad Bashir, Tania González Peñas, Sergio Gutiérrez Prieto, António Marinho e Pinto, Tamás Meszerics, Neoklis Sylikiotis, Ivo Vajgl

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

38	+
ALDE Group	Enrique Calvet Chambon, Marian Harkin, António Marinho e Pinto, Ivo Vajgl, Renate Weber
NI	Lampros Fountoulis,
PPE Group	David Casa, Danuta Jazłowiecka, Agnieszka Kozłowska-Rajewicz, Ádám Kósa, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Thomas Mann, Elisabeth Morin-Chartier, Marek Plura, Sofia Ribeiro, Claude Rolin, Anne Sander, Sven Schulze, Romana Tomc,
S&D Group	Guillaume Balas, Brando Benifei, Vilija Blinkevičiūtė, Ole Christensen, Elena Gentile, Sergio Gutiérrez Prieto, Agnes Jongerius, Jan Keller, Javi López, Emilian Pavel, Maria João Rodrigues, Siôn Simon, Jutta Steinruck, Marita Ulvskog,
Verts/ALE Group	Jean Lambert, Tamás Meszerics, Tatjana Ždanoka,

9	-
EFDD Group	Jane Collins,
ENF Group	Mara Bizzotto, Dominique Martin, Joëlle Mélin,
GUE/NGL Group	Tania González Peñas, Thomas Händel, Patrick Le Hyaric, João Pimenta Lopes, Neoklis Sylikiotis,

8	0
ALDE Group	Martina Dlabajová,
ECR Group	Amjad Bashir, Arne Gericke, Czesław Hoc, Ulrike Trebesius, Jana Žitňanská,
EFDD Group	Laura Agea, Tiziana Beghin,

Key to symbols:

+ : in favour

- : against

0 : abstention