



2016/2101(INI)

28.9.2016

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination: implementation
of 2016 priorities
(2016/2101(INI))

Rapporteur: Sofia Ribeiro(*) (*) Associated committee – Rule 54 of the Rules
of Procedure

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SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas according to the Commission¹ economic growth remains relatively modest and the recovery remains uneven, with some countries registering quarterly declines;
 - B. whereas it emerges from the country reports² that the gender gap is still significant, remaining one of the main barriers to achieving gender equality and an unacceptable form of gender discrimination, and urgent efforts are needed to narrow the gap in the employment rate between men and women;
1. Notes that the country-specific recommendations (CSRs) demonstrate the differences that exist between Member States under the European Semester framework and the need for upward social and economic convergence; argues that the Member States should continue to give priority to reforms tailored to their own policy bottlenecks that will strengthen their social and economic recovery and competitiveness, and create quality employment and boost social cohesion; recalls, accordingly, that it is necessary to increase public and private investment, implementing socially responsible structural reforms which reduce economic and social inequalities and taking an approach based on fiscal and budgetary responsibility, making the best use of the existing flexibility margins where necessary so as to make it compatible with economic growth and quality employment; considers that the social partners should be actively involved in the process of drafting and implementing structural reforms when necessary, in order to improve the unsatisfactory implementation of reform; reiterates that these reforms should enable the EU and its Member States to meet the five targets of the Europe 2020 strategy, and insists on these reforms not weakening the protection afforded to workers and SMEs;
 2. Considers that the Council and the Commission should aim to achieve that the fiscal consolidation processes are accompanied by measures that help to reduce inequalities, and highlights that the European Semester process should help to provide answers to existing and emerging social challenges, thus ensuring a more effective economy; points out that social investments in human capital must constitute core complementary action, since human capital is one of the factors of growth and a motor of competitiveness and development; requests that major structural reforms advocated by CSRs be accompanied by a social impact assessment regarding their short-term, medium-term and long-term effects with the aim of better understanding the social, economic and employment consequences, especially the impact on job creation and economic growth;
 3. Underlines that unemployment, and in particular youth unemployment, remains an overriding problem for European societies, and that according to the Commission unemployment has continued to gradually decrease, but remains above 2008 levels, with 21.2 million unemployed in April 2016 and huge differences among Member States; points out the need of qualitative and quantitative evaluation of the employment created,

¹ European Commission, 'Employment and Social Developments in Europe - Quarterly Review, Summer 2016' (June 2016)

² COM(2016)0095 final/2

in order to avoid an increase of employment rates as a mere consequence of precarious employment or of a decrease in the labour force; notes that despite producing results in skills and knowledge, some Member States' education and training systems do not perform internationally and present growing skill shortages, which contributes to the fact that 39 % of companies still have difficulties in finding staff with the required skills; insists that in the CSRs greater priority is given to overcoming structural imbalances on the labour market, including long-term unemployment and mismatch of skills, and underlines the need to further invest in and develop education and training systems, providing society with the tools and capacities to readapt to changing labour market demands;

4. Highlights the importance of private investment, but believes that public expenditure should be also promoted in an efficient and effective way; considers it vital to grant Member States a broad leeway for investing in quality vocational training and education, as well as in granting equal access to them, starting with greater national cofinancing margins to support the main EU projects in these areas; believes Member States should focus on sources of expenditure that will raise productive capacity in the future and that will have strong positive spillover effects on the economy as a whole, especially through education and training (academic, professional and vocational), R&D and infrastructures (transport, energy and communication);
5. Points out that between 2008 and 2014 the numbers of people in the EU at risk of poverty and social exclusion rose by 4.2 million, reaching a total of over 22 million (22.3 %); notes that the Commission has stated that 'most of the Member States are still facing the acute social legacy from the crisis'; calls for a stronger effort from the Commission and the Member States to reduce poverty, social exclusion and growing inequalities, in order to tackle the economic and social disparities between Member States and within societies; is of the opinion that combating poverty and social exclusion and reducing inequalities should be one of the priorities reflected in the CSRs, as being fundamental to achieving lasting economic growth and a socially sustainable rhythm of implementation;
6. Recalls that, as stated by Parliament, 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;
7. Calls for the completion of the European internal market as the most potential tool for growth and the fight against unemployment in the EU, with parallel controls in terms of enforcement of the law and respect for rules;
8. Recalls that the longer-term vision outlined in the Europe 2020 strategy is a good first step, but believes these targets should be adapted to the reality and the needs of the different Member States, leaving sufficient political space for Member States to find their own contextually adapted path to reform in close consultation with stakeholders, while ensuring that the Europe 2020 strategy remains central to their objectives;
9. Recalls the invitation of the European Council¹ to make use of the annual gender equality reports in the context of the European Semester in order to enhance gender

¹ Council conclusions on Gender Equality, 337/16

mainstreaming;

10. Regrets the absence of gender mainstreaming in the Europe 2020 Strategy, and calls on the Commission and the Council to introduce into the strategy a gender equality pillar and an overarching gender equality objective;
11. Believes that economic growth should guarantee a positive social impact; welcomes the introduction of the three new headline employment indicators in the macroeconomic scoreboard ; reiterates the call for these to be placed on an equal footing with existing economic indicators, thereby guaranteeing that internal imbalances are better assessed and making structural reforms more effective; calls, in this sense, in order to avoid a selective application, for them to be allowed to trigger in-depth analyses, and for better understanding of the cause-effect linkage between policies and actions; proposes introducing a social imbalances procedure in the design of the CSRs so as to prevent a race to the bottom in terms of social standards, building on effective use of the social and employment indicators in macroeconomic surveillance; takes the view that in case of placing employment and economic indicators on an equal footing it should go hand in hand with upgrading the role of the EPSCO Council in the European Semester;
12. Considers that the introduction of the three employment indicators shows that the European Employment Strategy, including the Employment Guidelines, is playing an important role in the EU economic governance process, but that more efforts need to be made, notably through the introduction of social indicators;
13. Recognises that the Commission has initiated work on the establishment of a European Pillar of Social Rights, but recalls the need to deliver the results of the consultation process and to move forward with new effective steps which seek to deliver a deeper and fairer EU and should play an important role in addressing inequality; highlights, in this regard, the Five Presidents' Report, which calls for greater, economic and social convergence, but recognises that there are no one-size-fits-all solutions; believes, in this sense, that each common policy should be adapted to each Member State; considers that European action should also address inequalities and income differences within Member States, and must do more than simply address the situation of those in greatest need;
14. Recognises that the European Semester now has a stronger focus on employment and social performance; while respecting the Member States' competences, calls on them to take urgent action to ensure decent work with a living wage, access to an adequate minimum income and social protection (which has already reduced the poverty rate from 26.1 % to 17.2 %) and quality public services, and advocates the development and establishment of a proper sustainable social security system; calls on the Commission to offer support and exchange of best practices with Member States in order to improve administrative capacity at national, regional and local level, since this is a key challenge for relaunching long-term investment and ensuring job creation and sustainable growth;
15. Notes that social protection, including pensions and services such as healthcare, childcare and long-term care, are considered in the 2016 CSRs¹ to be essential for balanced and inclusive growth, and can contribute to increasing the employment rate and reducing the

¹ COM(2016) 321 final

gender gap;

16. Stresses that the provision and management of social security systems are a Member State competence which the Union coordinates but does not harmonise;
17. Calls on the Member States to incorporate the gender dimension and the principle of equality between women and men in their National Reform Programmes and stability and convergence programmes, through the setting of qualitative targets and measures that address persisting gender gaps;
18. Recognises that setting of wages is a Member State competence which must be respected in line with the principle of subsidiarity;
19. Recognises that the European Fund for Strategic Investments (EFSI) has been developed to play a key role in leveraging investment and promoting growth and job creation; calls on the Commission to make a strong commitment to promoting EFSI and the use of the resources earmarked for it in European territories that are especially affected by severe unemployment and in those with a low or zero level of participation; calls on the Commission to closely monitor and control the investments under the Juncker Plan, in order to assess the economic and employment impact of the investments in real terms, with a parallel analysis of the obstacles encountered, particularly with regard to SMEs since the Plan does not only represent a new source of finance for them but also provides them with technical assistance and advice; calls at the same time on the Commission to continue its efforts to improve the business environment and conditions for obtaining business finance; advocates an increase in social and environmental investments and support for the participation of social actors in the operation of the fund; also stresses the importance of ensuring that the rules governing the EFSI-funded programmes are fully adhered to; considers that, as requested by Parliament, the projects should be focusing on quality and, additionally, should boost the creation of quality employment and upward social convergence; reiterates its stress on the importance of investments in human capital and other social investments and on the need for effective implementation of the Social Investment Package;
20. Stresses that to date the Juncker Plan (EFSI) has not achieved its intended results, as the projects it has financed concern exclusively major infrastructure, which does not create sustainable and lasting employment; highlights the fact, moreover, that there is a need for measures and investment for existing infrastructure that has become obsolete and needs to be secured and modernised;
21. Regrets that the social economy has been overlooked by the Commission in its package of assessments/recommendations; points out that this sector encompasses 2 million businesses employing more than 14 million people and contributing to the achievement of the 2020 targets; calls on the Commission and the Member States to give social enterprises greater recognition and a higher profile; considers that this lack of recognition makes it harder for them to access funding; calls on the Commission to come forward with a proposal for a European statute for cooperatives, associations, foundations and mutual societies;
22. Calls on the Member States to use their fiscal space to increase public investment in areas conducive to growth, such as infrastructure, education and research;

23. Recognises the efforts made by several Member States in implementing structural reforms to enhance productivity, foster job creation, raise competitiveness and improve the business environment; recalls that in some Member States the reforms implemented have favoured flexibility at the expense of security, and therefore insists on the need to rebalance the general approach so as to implement new socially responsible reforms focusing on the wellbeing of citizens and making efficient and sustainable economic growth compatible with EU social standards; takes the view, nevertheless, that further progress is necessary, especially in cases of inefficiency and in particular in the case of Member States with large current account surpluses, notably through the implementation of measures to channel excess savings towards the domestic economy and thereby boost domestic investment; recalls that, in order to boost strong and sustainable growth and upward social convergence, there are many other pending structural reforms, in areas such as fiscal policy, energy and industrial policy, and reforms with regard to pension and healthcare systems, public spending and social investment, as well as shifting taxes from labour in such a way as to foster job creation and incentives for entrepreneurship and employment creation;
24. Takes note of the fact that youth unemployment has decreased, but points out that it is still at incredibly high levels, with more than 4 million persons aged under 25 unemployed in the EU, 2.885 million of them in the euro area; regrets that more than three years after the launch of the Youth Employment Initiative, the results of the implementation of the Youth Guarantee are so uneven, and sometimes ineffective; calls on the Commission to present in October a thorough analysis of its implementation which can serve as the basis for the continuation of the programme;
25. Recalls that in many Member States unemployment benefits are decreasing year after year, as a result of, among other factors, long-term unemployment, therefore increasing the number of people living under the poverty and social exclusion threshold; calls for the guaranteeing of adequate unemployment benefits enabling people to live with dignity and actions to ensure the smooth integration of these people in the labour market;
26. Reiterates the importance of systematically monitoring transparency in the general government sector, as a crucial criterion for increasing trust in Europe and as a way of promoting a virtuous circle of growth and investment;
27. Strongly believes that a more business- and employment-friendly regulatory environment will encourage greater private investment, growth and job creation;
28. Stresses the fact that the imbalances in pension systems are basically the consequence of unemployment, wage devaluation and labour precarisation; calls therefore for reforms which guarantee adequate financing for a strong first pension pillar which ensures decent pensions, at the very least at a level over the poverty threshold;
29. Recalls once again that the free movement of people is fundamental to enhancing convergence and integration between European countries;
30. Notes the increased number of recommendations (to five Member States) on minimum income regimes; however, taking into account that broad income inequalities are detrimental not only for social cohesion but also for sustainable economic growth (as both the IMF and the OECD have recently stated), calls on the Commission to deliver on the

promise made by President Juncker in his inaugural address to provide an adequate income for all Europeans through a European minimum income framework to cover basic living costs, while respecting national practices and the subsidiarity principle;

31. Is concerned at the increase in income inequalities linked partially to inefficient labour market reforms; calls on the Commission and the Member States to implement measures to improve job quality so as to reduce labour market segmentation, combined with measures raising minimum wages to a decent level and strengthening collective bargaining and the position of workers in wage-setting systems in order to reduce wage dispersion; warns that in recent decades corporate management has been receiving a greater share of economic benefits while workers' wages have stagnated or have been reduced; considers that this excessive dispersion in wages increases inequalities and damages the productivity and competitiveness of companies;
32. Is concerned at the fact that long-term unemployment is still high, standing at 10.5 million in the EU, and recalls that the integration of the long-term unemployed into the labour market is crucial to guarantee the sustainability of social protection systems, as well as for their self-confidence; therefore regrets the lack of action by the Member States in terms of implementing the Council recommendation on the integration of the long-term unemployed into the labour market; reiterates its call on the Commission to support efforts to create inclusive lifelong learning opportunities for workers and jobseekers of all ages and to take measures as soon as possible to improve access to EU funding, as well as mobilising additional resources where possible;
33. Considers that social protection, including pensions and services such as healthcare, child care and long-term care, remains essential for balanced and inclusive growth, for a longer working life, for creating employment and for reducing inequalities; therefore calls on the Commission and the Member States to boost policies which guarantee the sufficiency, adequacy, efficiency and quality of social protection systems throughout the life cycle of a person, guaranteeing a decent life, fighting inequalities and boosting inclusion with the aim of eradicating poverty, especially for those excluded from the labour market and for the most vulnerable groups;
34. Regrets the fact that the Commission, in its package of recommendations, has disregarded Parliament's request to strengthen the application of Article 349 TFEU, in particular through the adoption of specific measures, with a view to enhancing the outermost regions' integration into the EU; notes that these regions have specific characteristics and constraints and unemployment rates of over 30 %; stresses the need for differentiated measures and programmes to be implemented to reduce asymmetries and maximise social cohesion in the EU; calls on the Commission to pay particular attention to other rural areas that are faced with a great many economic, environmental, demographic and social challenges; considers that priority should be also given to all regions that still face high long-term and youth unemployment, and that productivity growth remains slow, affecting living standards and competitiveness; calls, in this regard, on the Member States to establish specific investment programmes for their subregions whose unemployment rates exceed 30 %; reiterates its call on the Commission to help those Member States in the design and financing within the MFF as agreed, of those investment programmes;
35. Calls on the Commission and the Member States to show greater commitment to

combating demographic challenges through implementation of the cohesion policy, as laid down in Article 174 TFEU, especially in those regions which suffer from severe and permanent natural or demographic handicaps; considers that with reference to the European Semester, the focus on demographic problems should be widened to take in other aspects that go beyond the impact of ageing on national budgets; is of the opinion that these points should be included in the CSRs as a sign of not just national but also regional and local awareness; reiterates that territorial cohesion needs to be strengthened through strategic investment in areas suffering from serious demographic problems, in order to increase competitiveness, improve the industrial fabric and territorial cohesion, and, ultimately, maintain population levels;

36. Believes that the reduction of administrative burdens and compliance costs on businesses, especially SMEs, and the repeal of unnecessary legislation while continuing to ensure high standards of consumer, employee, health and environmental protection is key to delivering growth and jobs;
37. Points out that the challenges that have been emerging in the EU since 2015, such as the need to accommodate refugees, the need to fight terrorism and boost security, the ongoing economic and social crisis, the farming crisis and the identity crisis affecting the European Union itself, require serious adaptation efforts and careful consideration with regard to the application of sanctions to Member States with an excessive deficit; highlights the serious efforts that have been made to adapt to these new circumstances; notes the importance of the Commission consistently and coherently applying the rules of the Stability and Growth Pact; calls on the Commission and the Council to consider not applying any cuts to the ESF, as sanctions on Member States in 2016, given the current situation, and considering that this would imply a suspension of the application of this fund in the countries under sanction at the moment when they most need them;
38. Stresses that Member States' deficit levels may be increase by their need to cofinance projects financed by ESI funds; notes that with regard to budgetary restrictions, many deprived regions have less possibilities of benefiting from ESIF; asks the Commission to revise the requests for cofinancing concerning areas with dramatic levels of indebtedness or deficit;
39. Regrets that Parliament's position, after being adopted in plenary, will have little possibility of influencing or indeed modifying the CSRs under discussion; calls for an enhanced democratic component in the European Semester procedure at both EU and national levels; calls for an agenda in which Parliament's position is strengthened and is taken into consideration before the Council takes a decision;
40. Regrets that stakeholder engagement in the European Semester at national and EU level is still insufficient, too low-quality and inadequately monitored; calls on the Commission and the Council to issue strong recommendations, particularly on the involvement of civil society organisations in a quality structured dialogue, on a par with the social partners, in order to ensure the visibility, ownership and accountability to the citizens which are essential for democratic engagement and societal understanding of the role of the Semester process;
41. Highlights the obstacles and barriers, both physical and digital, which persons with disabilities still encounter today; hopes that the Disability Act launched by the

Commission will be promptly implemented and will focus effectively on specific measures to promote inclusion and access;

42. Stresses the importance of listening to the voices of social and democratic representatives, the majority of whom, over the past few years, have been calling for a review of the European Semester procedure, to the benefit, in particular, of investments, the quality of social spending, and extraordinary measures for employment and training.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	26.9.2016
Result of final vote	+: 35 -: 12 0: 0
Members present for the final vote	Laura Agea, Tim Aker, Guillaume Balas, Brando Benifei, Mara Bizzotto, Enrique Calvet Chambon, David Casa, Ole Christensen, Martina Dlabajová, Lampros Fountoulis, Elena Gentile, Arne Gericke, Thomas Händel, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Jan Keller, Ádám Kósa, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Morten Løkkegaard, Dominique Martin, Elisabeth Morin-Chartier, Emilian Pavel, João Pimenta Lopes, Georgi Pirinski, Marek Plura, Sofia Ribeiro, Maria João Rodrigues, Anne Sander, Jutta Steinruck, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská
Substitutes present for the final vote	Georges Bach, Rosa D'Amato, Rosa Estaràs Ferragut, Tania González Peñas, Sergio Gutiérrez Prieto, Eduard Kukan, Flavio Zanonato, Gabriele Zimmer