



2017/2279(INI)

22.3.2018

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Regional Development

on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission
(2017/2279(INI))

Rapporteur: Marita Ulvskog

PA_NonLeg

SUGGESTIONS

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

- A. whereas unemployment and youth unemployment in the Union have been falling gradually since 2013, but are still above 2008 levels at 7.3 % and 16.1 % respectively (December 2017)¹, with considerable differences among and within the Member States, especially in some of the Member States most affected by the financial crisis; whereas regional disparities have started to narrow; whereas the difference in unemployment rates between Member States is still significant, ranging from 2.4 % in the Czech Republic and 3.6 % in Germany to 16.3 % in Spain and 20.9 % in Greece according to the latest figures²; whereas hidden unemployment – unemployed people willing to work but not actively searching for employment – was 18 % in 2016;
- B. whereas long-term unemployment persists, accounting for more than 50 % of total unemployment in some Member States, 45.6 % in the EU as a whole and 49.7 % in the euro area; whereas the unemployment rate only tracks individuals who do not have a job and who have been actively looking for work in the previous four weeks, while the long-term unemployment rate only measures the share of people in the economically active population aged 15 to 74 who have been unemployed for 12 months or more;
- C. whereas the employment rate in the EU has been growing for four consecutive years and now stands at 72.3 %, surpassing the 2008 figure, but still remains below pre-crisis levels in some Member States³; whereas while marked differences remain in the average employment rate between and within more and less developed regions, regional disparities have started to narrow; whereas employment rates range from being well below the EU average in some Member States, with 58 % in Greece, 64 % in Croatia, 63 % in Italy and 66 % in Spain, to more than 75 % in the Netherlands, Denmark, the United Kingdom, Germany, Czech Republic, Estonia, Lithuania, Latvia, Austria and Sweden⁴; whereas employment measured in terms of hours worked per employee remains 3 % below the pre-crisis level in the EU and 4 % in the euro area⁵; whereas young people are increasingly being employed under non-standard and atypical forms of employment⁶; whereas the abuse of part-time contracts should be condemned;
- D. whereas in many less developed regions, GDP per capita has converged towards the EU average through faster productivity growth, but employment has been lost; whereas in several Member States, gross disposable household income (GDHI) per capita has still not recovered from pre-crisis levels; whereas increases in income inequalities have not been reversed from the onset of the crisis in several Member States, and in some cases

¹ <http://ec.europa.eu/eurostat/documents/2995521/8631691/3-31012018-BP-EN.pdf/bdc1dbf2-6511-4dc5-ac90-dbadee96f5fb>

² <http://ec.europa.eu/eurostat/documents/2995521/8701418/3-01032018-AP-EN/37be1dc2-3905-4b39-9ef6-adcea3cc347a>

³ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9051&furtherNews=yes>, chart 14, p. 21.

⁴ Figures as per the Employment and Social Developments in Europe Quarterly Review, February 2018.

⁵ Draft Joint Employment Report 2018, section 1.1.

⁶ Draft Joint Employment Report 2018, section 3.2.1.

have even worsened¹; whereas differences in unemployment and income across the EU are encouraging people to move in order to find better opportunities; whereas unbalanced and rapid change in population, linked to the brain drain issue, creates complications, above all for rural regions in the EU¹³;

- E. whereas shrinking employment disparities, followed by shrinking disparities in GDP per capita, are evident at regional level across the EU;
- F. whereas the gender employment gap in the EU still remains at more than 10 percentage points (pps) (11.6 %), with employment rates of 76.9 % for men and 65.3 % for women, and even wider gaps among non-EU born and Roma women;
- G. whereas while the risk of poverty or social exclusion in the EU has fallen back to its pre-crisis level, it remains too high, including in more developed regions, and is far from reaching the Europe 2020 poverty and social exclusion target; whereas inequalities continue to rise; whereas in 2015 there were 118.8 million people at risk of poverty or social exclusion (AROE), 1.7 million more than the 2008 figure and far from the Europe 2020 Strategy target of reducing AROE by 20 million; whereas the AROE rate for children (0-17) was 26.4 % in 2016, which was higher than the equivalent rates for adults (16-64, 24.2 %) and, by almost 10 pps, the rate for the elderly (65+, 18.3 %)²; whereas the number of children at risk of poverty or social exclusion in Europe remains alarmingly high, having stood at 24.8 million in 2016³; whereas all EU Member States have signed up to the UN Sustainable Development Goals, which include the goal to ‘end poverty in all its forms everywhere’;
- H. whereas the main objective of cohesion policy is to strengthen economic, social and territorial cohesion by reducing regional disparities both within and between Member States, improving the well-being of EU citizens and providing them with equal opportunities regardless of their place of residence; whereas cohesion policy has played an important role in tackling the impact of the economic and social crisis in recent years by providing much-needed opportunities for public investment; whereas during the current financial period, cohesion policy is expected to help support 1.1 million SMEs, to help 7.4 million unemployed people find a job and 8.9 million people gain new qualifications, to invest EUR 16 billion in the digital economy, and to make substantial investments in social infrastructure;
- I. whereas infra-regional disparities are growing, including in more prosperous regions which contain pockets of poverty; whereas the most prosperous regions provide significant drive in favour of growth;
- J. whereas the Commission and the Member States need to demonstrate stronger commitment to applying Article 174 and 175 of the Treaty on the Functioning of the European Union (TFEU);
- 1. Highlights that cohesion policy is the basis for improving upward social convergence and shared prosperity in the EU and should concentrate on major societal challenges,

¹ Draft Joint Employment Report 2018, section 3.4.1.

² Draft Joint Employment Report 2018, section 1.2.

³ <http://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/EDN-20171120-1>

such as living conditions, unemployment, precariousness, poverty, exclusion, discrimination, migration and climate change; is of the opinion that cohesion policy, as the main public investment policy of the Union for these objectives, should be maintained at at least a similar budgetary level in the future multiannual financial framework (MFF);

2. Stresses the need for a substantial increase in the European Social Fund (ESF), as the main EU instrument for social cohesion and the implementation of the European Pillar of Social Rights, including the integration and reintegration of workers into the labour market, as well as for supporting measures for social inclusion, combating poverty and inequalities, and the creation of equal opportunities, while funding for the fight against poverty and social exclusion should be maintained at 20 %; believes that a scenario in which the ESF is merged into one single social investment fund would be a threat to the integrity of cohesion policy, whose objective of social cohesion, enshrined in the Treaties, is mainly achieved through ESF funding; stresses that the ESF must therefore continue to be an integral part of cohesion policy in order to ensure that the EU's renewed focus of a Social Europe can be realised on the ground;
3. Is of the opinion that the EU Regional Social Progress Index should be evaluated as a possible complement to the GDP indicator, given that increase in GDP per capita does not correspond to an equivalent increase in employment for all regions, and is not sufficient per se for measuring new kinds of inequalities between EU regions, and that economic growth does not impact on certain determinants of social progress and inclusion; calls on the Commission to also take into account the use of new social criteria when determining the allocation of EU funding to thematic objectives with a social dimension and to better integrate cohesion policy with areas currently identified for EU action; considers that social indicators could be used as an ex post evaluation tool to assess the success of EU funding in achieving better social outcomes;
4. Recalls that public investment in the EU is still below pre-crisis levels, leaving regions and Member States in need of more support in order to rise to current and future challenges; believes that in the light of the growing social divergences across the EU, the social investment approach must be put at the centre of a coherent policy framework, with the EU governance framework and its budget aligned with the social investment imperative; stresses that these types of investments with long-term returns are key to the future competitiveness of EU regions;
5. Takes note of the data provided in the 7th cohesion report, which show signs of a general improvement in the social situation, but also point to persistent social divergences among the Member States, which have been aggravated as a result of the harmful impact of the economic crisis and years of austerity measures; observes with concern that despite positive signs, the risk of poverty or social exclusion remains a key challenge, and, together with an increase in inequalities in many Member States, one of the main challenges to social cohesion;
6. Considers that binding cohesion policy programming to quantifiable Europe 2020 targets, such as the reduction of poverty, was one of the main achievements of the 2014-2020 programming period; believes that contributing to economic, social and territorial cohesion in the EU should be the main objective of a Europe post-2020 strategy, based

on the internationally adopted Sustainable Development Goals;

7. Reaffirms the need to reinforce the EU budget, on the basis of national contributions which take into account gross national incomes, in order to foster public investment to support national productive sectors, and to contribute to the reduction of multiple structural dependencies, to promote employment with rights and quality public services, and to fully harness Member States' global potential;
8. States that some of the more significant employment and social imbalances and social divergences in Europe, such as labour market segmentation, wage dispersion and child poverty, have not been resolved but have worsened, which demonstrates that national public policies and European mechanisms are insufficient for building stronger social cohesion and a fairer European labour market; highlights that stronger and more comprehensive EU policies are required in order to complement the efforts currently undertaken by Member States; stresses the critical need for fiscal flexibility, in order to support social investment in social rights, and for the mainstreaming of all principles enshrined in the European Pillar of Social Rights effectively at all stages;
9. Stresses the importance of the compatibility of family and career in the economic advancement and cohesion of all regions;
10. Regrets the sluggish implementation of the 2014-2020 programmes, with just 39 % of the total funding allocated as at July 2017¹; considers that faster implementation, a smoother transition between programming periods, clear targets, benchmarks and result indicators, genuine simplification and capacity development are necessary;
11. Notes, in this regard, the suggestion put forward in the Commission's reflection paper on the future of EU finances² that coherence could be improved via a single rule book for cohesion policy and other funding instruments with programmes or projects of the same type, which would ensure stronger complementarity between cohesion policy and innovation and infrastructure spending and simplification for beneficiaries; believes that more efficient and flexible implementation of the funds will be crucial in the new MFF period;
12. Believes that regional authorities must be involved and changes to the indicators for social progress in cohesion policy must be made before social funding can be linked to the policy priorities agreed with Member States in the European Semester; stresses that country reports and country-specific recommendations cannot become the only reference documents for programming EU investments on the ground, especially social investment;
13. Calls on the Commission to introduce policies designed to combat demographic decline and the dispersion of populations; stresses that cohesion policy should prioritise attention for regions suffering from demographic decline; calls, therefore, for strategic investment in those regions, in particular in broadband access, with a view to making them more competitive, improving industry and territorial structure;

¹ 7th Commission report on economic, social and territorial cohesion, p. 175.

² https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-eu-finances_en.pdf, p. 24.

14. Recalls that the principle of proportionality must prevail in the management and control of cohesion programs; calls on the Commission and the Member States to explore the possibility of an online application system which would better enable project managers to streamline administrative procedures;
15. Stresses that of the numerous challenges the European regions will face in the coming years, social inclusion, poverty, unemployment and inequalities, both between and within regions, are of particular relevance to cohesion policy; recalls that inequalities jeopardise the future of the European project, erode its legitimacy, and can damage trust in the EU as an engine of social progress, and that the reduction of inequalities must be one of the main EU priorities, as recently stated by Parliament; considers it essential to improve the process of policy coordination at national level in order to better monitor, prevent and correct negative trends that could increase inequalities and weaken social cohesion or negatively affect social justice, by putting in place preventive and corrective measures when necessary; stresses that a bottom-up approach is needed in order to tackle effectively poverty and social exclusion within communities, as these issues require a tailor-made response and the active involvement of the level of government directly concerned;
16. Takes the view that the job creation potential of Union funds is still insufficiently leveraged and should therefore be further strengthened through more efficient and results-based policymaking and implementation, supported by effective technical assistance, and focusing in particular on future-oriented sectors with a net quality job creation potential, in particular the green and circular economy, the care sector and the digital sector; considers, moreover, that access to funding should be eased for all beneficiaries, including social economy actors, SMEs, NGOs, smaller municipalities and the self-employed;
17. Calls on the Member States to invest more in skills that improve economic growth, by narrowing the skills gap and reducing child poverty and social exclusion; calls on the Member States to devote greater attention to rural regions which have not sufficiently benefited from economic growth;
18. Calls on the Member States, particularly those with low productivity levels, to launch or continue with structural reforms in order to improve competition, the business environment and skills potential;
19. Insists that transparent public procurement is essential in order to promote development and fair competition; takes the view that public procurement is the best way of delivering socially and environmentally beneficial investment;
20. Calls on the Commission and the Member States to continue initiatives aimed at increasing access to quality and inclusive public education and training, including tertiary education, vocational education and training (VET), work-based learning and acquiring and updating skills, particularly digital skills, as well as access to quality, sustainable and inclusive employment, especially for young people and low-qualified and older workers; notes the importance, in this regard, of the New Skills Agenda for Europe, and particularly its Upskilling Pathways initiative; points out that training programmes financed under the ESF should be tailored to the needs of workers and the unemployed, while at the same time taking into account labour market opportunities;

21. Reiterates its concern about the growing trend towards underemployment and hidden unemployment, the increasingly chronic nature of long-term unemployment and the level of youth unemployment and long-term unemployment; recalls the importance of investing in plans which make the reduction of long-term unemployment a priority, combining vocational training with personalised guidance;
22. Calls for the strengthening of budget lines that promote effective responses to the reception and social inclusion of refugees and migrants;
23. Underlines the fact that social and fiscal convergence contribute to the cohesion objective and that divergent practices in this area are liable to cause further problems for territories most vulnerable to globalisation;
24. Stresses the necessity of retaining schools and educational institutions close to people's homes and demands nationwide policies for this, to be supported by the European structural funds where possible;
25. Is of the opinion that the EU funds must adhere to the UN Convention on the Rights of Persons with Disabilities (UNCRPD) and should continue to foster deinstitutionalisation.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	21.3.2018
Result of final vote	+: 34 -: 6 0: 5
Members present for the final vote	Laura Agea, Guillaume Balas, Brando Benifei, Enrique Calvet Chambon, David Casa, Michael Detjen, Lampros Fountoulis, Czesław Hoc, Danuta Jazłowiecka, Agnes Jongerius, Adam Kósa, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Jeroen Lenaers, Thomas Mann, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Miroslav Mitrofanovs, Elisabeth Morin-Chartier, Emilian Pavel, Georgi Pirinski, Marek Plura, Dennis Radtke, Sofia Ribeiro, Robert Rochefort, Claude Rolin, Siôn Simon, Romana Tomc, Yana Toom, Ulrike Trebesius, Renate Weber
Substitutes present for the final vote	Maria Arena, Georges Bach, Amjad Bashir, Lynn Boylan, Tania González Peñas, Sergio Gutiérrez Prieto, Paloma López Bermejo, Ivari Padar, Sven Schulze, Jasenko Selimovic, Tom Vandenkendelaere, Flavio Zanonato
Substitutes under Rule 200(2) present for the final vote	Jytte Guteland

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

34	+
ALDE	Enrique Calvet Chambon, Robert Rochefort, Jasenko Selimovic, Yana Toom, Renate Weber
EFDD	Laura Agea
PPE	Georges Bach, David Casa, Danuta Jazłowiecka, Agnieszka Kozłowska-Rajewicz, Thomas Mann, Elisabeth Morin-Chartier, Marek Plura, Dennis Radtke, Sofia Ribeiro, Claude Rolin, Sven Schulze, Romana Tomc, Tom Vandenkendelaere
S&D	Maria Arena, Guillaume Balas, Brando Benifei, Michael Detjen, Jytte Guteland, Sergio Gutiérrez Prieto, Agnes Jongerius, Ivari Padar, Emilian Pavel, Georgi Pirinski, Siôn Simon, Flavio Zanonato
VERTS/ALE	Jean Lambert, Mirosłavs Mitrofanovs
NI	Lampros Fountoulis

6	-
PPE	Jeroen Lenaers
GUE/NGL	Lynn Boylan, Tania González Peñas, Paloma López Bermejo
ENF	Dominique Martin, Joëlle Mélin

5	0
PPE	Ádám Kósa
ECR	Amjad Bashir, Czesław Hoc, Anthea McIntyre, Ulrike Trebesius

Key to symbols:

+ : in favour

- : against

0 : abstention