



2015/2210(INI)

24.9.2015

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 2015 priorities
(2015/2210(INI))

Rapporteur for the opinion (*): Sergio Gutiérrez Prieto

(*) Associated committees – 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:

1. Notes that many Member States still have large deficits, while others are accumulating current account surpluses, and that there is a need to develop and coordinate fiscal responsibility programmes which take account of these differences and are compatible with decent job creation leading to quality employment, economic growth and, consequently, a sustainable welfare state for future generations; calls on the Commission, which has already received the national budget proposals for 2016, and within the framework of the fiscal policy defined in the Stability and Growth Pact (SGP), to make full use of its existing flexibility¹ to provide, where appropriate, a flexible national responsibility process which better reflects the cyclical situations in Member States and enables the adoption of socially responsible and economically efficient policies aimed at creating decent jobs leading to quality employment and social investment in quality services;
2. Considers that, while Member States with high deficits or debt levels need to continue their efforts to achieve fiscal sustainability, those that have fiscal space should use that space to encourage domestic demand and growth-friendly investment;
3. Regrets that no overall reference is made to the Europe 2020 goal of smart, sustainable and inclusive growth; stresses that social and employment policies should not be looked at merely from a cost perspective, but also from the long-term benefit perspective; calls therefore for the relevant social and environmental targets to be mainstreamed in the new assessment framework to ensure that Country-Specific Recommendations (CSRs) are proposed to all countries that are not making progress in combating poverty, providing decent jobs leading to quality employment, preventing early school leaving, fostering lifelong learning and resource efficiency and preventing climate change;
4. Calls for the CSRs to include the Commission's recommendation² on preventive restructuring of businesses at risk of insolvency and discharge of debts of bankrupt entrepreneurs, whether natural or legal persons, with the aim of creating second chances for enterprises; calls also on the Commission to investigate the possibility of extending such programmes to families at risk of eviction in order to ensure greater social cohesion by reducing the risk of homelessness; stresses that even if household financial distress has reduced, it is still well above the levels seen in the previous decade and, according to the Commission, a large gap remains between levels of financial distress in low-income households and those in the higher income quartile³;
5. Notes that, while deficits have been reduced in a number of countries, this process has also caused a fall in public investment in the Union; welcomes therefore the fostering of a European investment policy aimed at boosting growth and job creation, and calls for

¹ COM(2015)0012, 'Making the best use of the flexibility within the existing rules of the SGP'.

² Recommendation of 12 March 2014 on a new approach to business failure and insolvency.

³ EU Employment and Social situation in the EU quarterly review June 2015.

further efforts to ensure the financing of the real economy; takes the view that the main aims of projects receiving EFSI support should be decent job creation leading to quality employment and achieving social, economic and territorial cohesion; considers that there should be stronger measures in response to Parliament's call¹ to promote social investment not only in pursuit of financial profit, but also with the aim of promoting a positive social impact and reducing inequality by, inter alia, improving public services and supporting the creation of jobs for categories of disadvantaged people; stresses, in this regard, the need to strengthen the Commission's regulatory tools (such as impact assessments, evaluations, etc.) and to implement forms of control and monitoring where investments are made;

6. Stresses that, while SMEs constitute the backbone of job creation in the Union, they continue to face difficulties as regards access to credit and unnecessary administrative burdens and bureaucracy, which hinder their growth and sustainability, as well as their job creation potential; notes the Commission's initiative to modernise the regulatory and administrative environment in order to improve the investment climate and conditions for SMEs, and supports recommendations leading to improvement while respecting social and labour standards; stresses the importance of investing in the development of innovative funding channels such as crowdfunding and microcredit, and of investments aimed at fostering the development of SMEs, microenterprises, innovative start-ups and business promoting green employment, for example;
7. Recalls that regions which suffer from severe and permanent natural or demographic handicaps usually have higher unemployment rates and less economic growth; considers therefore that investment is needed to improve their growth potential and to attract people to live in those areas, in order to ensure their sustainability;
8. Takes note of the recommendations on the need to move forward with new labour reforms, and calls for these reforms, if carried out, to guarantee social protection and social dialogue (in accordance with national practices) and to ensure the political consensus needed for them to be sustainable and effective; considers that the labour reforms should strike the required balance between flexibility and security for both employees and employers, and should not result in, for example, the exclusion of workers from collective bargaining, lower productivity rates or lower employment levels; calls for ambitious labour reforms in the Member States where they are still necessary, taking advantage of the fact that we have now reached a turning point in the cycle; these reforms should be capable of reducing fragmentation, encouraging job creation, reducing insecurity and fighting poverty, in order to increase the productivity and competitiveness of our economy, while ensuring more jobs and decent wages through investment in human capital; stresses that other structural reforms such as reindustrialisation are as important in order to establish a sustainable labour market;
9. Calls on the Commission to ensure that, in their policy guidance, labour market reforms are aimed at, inter alia, reducing segmentation, ensuring better anticipation and matching of skills and jobs, advancing the inclusion of vulnerable groups, reducing in-work poverty, promoting gender equality, strengthening the rights of workers with atypical contracts and providing more social protection for self-employed workers;

¹ Resolution of 11 March 2015 (Texts adopted, P8_TA(2015)0068), paragraphs 10 and 18.

10. Welcomes the reduction in unemployment rates in the Union; points out, however, that unemployment levels remain high, and asks the Member States to take a holistic approach in implementing effective active labour market policies, targeting both the employability of jobseekers and a more inclusive labour market, including additional support measures for both jobseekers and employers; stresses the need to address the problems of skills mismatch and skills obsolescence as a means of tackling long-term unemployment, and believes that greater coordination of these policies is necessary at national and European level; calls therefore for stronger measures to support and further develop effective vocational education and training, cooperation between educational institutions, businesses, employers' organisations and other relevant stakeholders, and the need to improve effectiveness of public and private employment services in order to tackle skills mismatches on the labour market and to facilitate job seeking in the Union;
11. Notes that the lack or slow pace of structural reforms is a well-known problem in certain Member States, and therefore believes that the Commission should look more intensively, as part of its objectives in the European Semester, at assessing the damage to medium-term job creation resulting from the lack of responsibility shown by certain Member States in failing to carry out structural reforms;
12. Recognises that setting minimum wages is a Member State competence which must be respected in line with the principle of subsidiarity;
13. Points out that the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) have warned of the social (in-work poverty) and economic (depressed internal demand) problems related to the wage devaluation that has occurred in recent years; stresses in this regard that an adequate wage policy is vital for maintaining internal demand, and that wage increases should therefore be better adapted to changes in productivity; maintains that there must be a reference to the importance of increasing wages, especially in countries where wages are below the poverty threshold, but it must be made without undermining the subsidiarity principle; recalls that minimum wages differ substantially between Member States, and reiterates its request for a study¹ on this issue, including an analysis of the differences in purchasing powers between Member States; encourages the Member States to set minimum wages in accordance with national legislation and practices and to consider their impact on in-work poverty, household income, aggregate demand and job creation;
14. Notes that some labour reforms have introduced new contractual formulas and that, according to the Commission, some of these have increased precariousness in the labour markets, demanding in many instances unfair flexibility from younger generations; notes with concern the figures from some Member States whose rates of temporary employment are over 90 % for new contracts, which particularly affects young people and women, and which, according to the OECD², is one of the direct causes of increasing inequality, although, on occasion, such employment arrangements are specifically sought by workers with the aim of having a better work-life balance or additional earnings; calls on the Member States to establish synergies between national policies and the European cohesion policy in order to reinforce the effect on these priority groups; raises a particular concern about the expansion of 'zero-hour contracts'; believes that all types of contractual

¹ Resolution of 11 March 2015 (Texts adopted, P8_TA(2015)0068), paragraph 46.

² OECD report 'In it together: Why less inequality benefits all', 21 May 2015.

arrangements should give workers access to a core set of rights and adequate social protection;

15. Calls on the Commission and the Member States to take note of the IMF report¹ on the causes and consequences of inequality, which states that the increase in the income gap may negatively affect economic growth and the potential for job creation; calls for enhanced efforts to shift the taxation burden from labour towards other sources, for effective action on labour taxation and for fairer labour markets ensuring freedom of movement of workers in Europe and redistributive policies, taking into account the specific features of the individual Member States, in order to boost economic growth, competitiveness and productivity as well as to facilitate greater and upward economic and social convergence;
16. Notes that high rates in long-term unemployment in the Union, especially in some Member States, are resulting in an increasing number of workers losing their benefits before finding a new job; notes that some Member States have limited access to such benefits or have reduced the amount available and/or the eligibility period for them; calls on the Member States, in the framework of their competences, to maintain a balance between adequate social protection and adequate incentives for active job searching which provide personalised support without punitive conditionality which undermines social rights; calls on the Member States to establish strong activation measures in order to achieve more effective results; recognises that improving employment policy and social protection with the aim of activating support and protecting people, thereby ensuring stronger social cohesion, are key components of sustainable economic growth; calls for a specific study on such incentives at EU level, and calls on the Member States to introduce, in accordance with national practices, minimum income schemes aimed at tackling pockets of social exclusion and ensuring a minimum income to households;
17. Welcomes the reduction in youth unemployment rates, but points out that they are still at alarming levels in many Member States and regions, and are not necessarily based on net job creation; stresses that job insecurity and underemployment have also risen and that, in 2014, 43 % of young people were in temporary employment, while 32 % were in part-time employment; welcomes the Commission's decision to release EUR 1 billion as advance funding for the Youth Guarantee Scheme; calls on the Member States to use all available funds swiftly and efficiently to implement the Youth Employment Initiative with minimum quality standards; calls moreover for these funds to be carefully and continuously monitored to ensure that they help young people gain a long-term foothold in the job market; calls on the Member States to prioritise language learning and to facilitate mobility through programmes such as ERASMUS+ or ERASMUS for Young Entrepreneurs and also to take part in the EURES employment network; stresses also the importance of promoting and encouraging apprenticeships as a way for young people to gain the professional qualifications which will facilitate their access to the job market;
18. Notes that there is significant disparity in the success of the implementation of the Youth Guarantee and Youth Employment Initiative between Member States to date; notes that the International Labour Organisation has estimated that resolving youth unemployment in the Union would require a budget of EUR 21 billion, and that the Commission's current financial commitment is wholly inadequate and needs to be raised to a sufficient level;

¹ IMF report 'Causes and Consequences of Income Inequality: A Global Perspective', June 2015.

calls on the Commission to work with the Member States and representative youth organisations to propose minimum standards and best practices in the implementation of the Youth Guarantee;

19. Calls on the Commission and the Member States to intensify their efforts to tackle social and wage dumping in the Union, since it is causing serious damage to the workers affected and to the social protection systems in Member States; calls also for the involvement of social partners in these efforts at all levels;
20. Underlines the fact that job insecurity among young people adversely affects decisions about having children and, as a result, negatively influences the demographic prospects of Member States;
21. Recalls the need to tackle undeclared work, which is damaging the EU economy, leading to unfair competition and market distortions and resulting in an increasing lack of social and employment protection for workers; calls therefore for the swift entry into force of the European platform against undeclared work;
22. Considers that this year's recommendations have focused almost exclusively on the labour market, and have not addressed the challenges of reduced services and the quality of services offered to those in need; recalls the need to invest in early intervention and prevention and in high-quality, accessible and inclusive services, including in education from an early age, family and community support, social services and healthcare; highlights the fact that increased demand for services could also lead to important job creation in the social sector, if addressed effectively, and that the health and social care sectors represent crucial areas for investment in pursuit of sustainable economies; invites the Commission to report on progress in developing initiatives, as part of the Europe 2020 Strategy, for investment in the health and social care sectors with regard to quality employment;
23. Underlines the fact that, according to an IMF report¹, the progressivity of tax systems has been weakened in some Member States in recent years, contributing to increasing inequality; considers that the tax wedge has been much higher for low-wage workers and SMEs with higher effective tax rates; recognises that, while taxation is a Member State competence, progressive tax systems help cushion the worst effects of economic crises, and recognises the importance of reducing taxes for labour and enterprises with a view to increasing demand and creating jobs, while ensuring adequate financing of social protection systems; insists that tax fraud and tax evasion must be dealt with within and between Member States;
24. Calls on the Commission to provide guidance to Member States on addressing the low participation of women in the labour market by tackling labour market segregation, the gender pay gap and the unequal distribution of care responsibilities; stresses that a broader gender equality approach going beyond employment rates is needed;
25. Takes note of the potential value of European automatic stabilisers; notes that the Commission has not included in the CSRs the importance of maintaining strong automatic stabilisers in Member States as a follow-up to its communication on strengthening the

¹ IMF report 'Causes and Consequences of Income Inequality: A Global Perspective', June 2015.

social dimension of the EMU, as called for by Parliament¹, and despite its important role in maintaining social cohesion and stimulating internal demand and economic growth; calls on the Commission, in order to allow more effective analysis and to encourage the identification and exchange of best practices between Member States, for a detailed overview of Member States' choices in different policy fields and the corresponding results;

26. Highlights that the social economy provides employment for over 14 million people, representing around 6.5 % of workers in the Union; regrets the fact that enterprises in the social economy, representing 10 % of European enterprises – primarily SMEs and micro-enterprises – find it even more difficult than traditional enterprises to obtain public or private financing; underlines the need to give them more support, by, for example, enabling them to access different forms of financing such as European funds, micro-credit and crowdfunding, or improving their access to the digital economy; considers, in this context, that the CSRs should place stronger emphasis on the role of social economy enterprises in promoting social and economic cohesion in Europe in line with the Europe 2020 Strategy;
27. Considers that, although the Commission has acknowledged that ‘poverty and marginalisation have increased’², with now 1 in 4 people experiencing poverty, it is regrettable that there is no reference in the CSRs to the poverty target of the Europe 2020 Strategy; calls for a comprehensive strategy for fighting poverty based on access to decent jobs leading to quality employment, services and the activation of minimum income and social protection, in accordance with the subsidiarity principle; points out that education, and hence empowerment for employment, is one of the main anti-poverty tools; stresses the need to recognise the growth in personal indebtedness as a situation increasing personal and general economic vulnerability;
28. Stresses that employment is the best way to fight against poverty and social exclusion, and that Member States should focus on facilitating access to the labour market, in particular for young people and the long-term unemployed;
29. Notes with concern the rapid increase in extreme forms of poverty such as homelessness in many Member States; calls for CSRs to be addressed to all Member States on social inclusion strategies, including on combating extreme forms of poverty such as homelessness; agrees with the Commission that the Member States must tackle homelessness and the risk of homelessness through comprehensive strategies based on prevention, housing-led approaches, the review of regulations and practices in relation to eviction and the availability of genuinely affordable housing offering stability, and an end to the criminalisation of homeless people; calls for improvements in the transnational exchange of best practices and mutual learning, and acknowledges the role of the Employment and Social Innovation (EASI) programme in this context;
30. Calls for pension reforms to be made taking into account Parliament's repeated recommendations³ to ensure the sustainability, safety and adequacy of pensions for

¹ Resolution of 11 March 2015 (Texts adopted, P8_TA(2015)0068).

² COM(2015)0250 final.

³ Resolution of 11 March 2015 (Texts adopted, P8_TA(2015)0068); Resolution of 22 October 2014 (Texts adopted, P8_TA(2014)0038); Resolution of 25 February 2014 (Texts adopted, P7_TA(2014)0129); Resolution of 8 July 2015, P8_TA-PROV(2015)0261.

women and men by strengthening retirement schemes, aiming at a decent retirement income that is at least above the poverty level; considers that linking retirement age to life expectancy is not the only way of tackling the challenge of ageing, and that pension system reforms should also reflect, inter alia, labour market trends, birth rates, the demographic situation, the health and wealth situation, working conditions and the economic dependency ratio; recalls that the best way to tackle the challenge of ageing is to increase the overall employment rate, building, inter alia, on social investments in active ageing;

31. Is concerned by the limited role that national parliaments, social partners and civil society have played in the drafting of the national reform programme (NRP) and the convergence programme (CP) as well as in CSRs; notes however the changes to the running of the 2015 European Semester to increase ownership at national level, and stresses that reforms should essentially be a matter for Member States; calls on the Commission to favour, when streamlining the existing economic governance mechanisms, a reform that grants further democratic legitimacy to the European Semester by involving the European and national parliaments in the drafting and approval processes, while also consulting social partners and civil society;
32. Criticises the fact that not all Member States have involved their national parliaments, national social partners and civil society in the drafting of their NRPs; calls on the Member States to include a detailed overview in their NRPs explaining who was involved and in what manner; calls on the Commission to take stock of the different national practices of parliamentary procedures and stakeholder involvement in the European Semester with a view to improving participation;
33. Takes note of the Commission's recommendation to reform healthcare systems so that they meet their objectives of providing universal access to high-quality care – including affordable access to medicines, especially those that are life-saving – and to secure respect for the rights of health staff; observes that, as a consequence of the crisis, some Member States have failed to ensure full coverage of public health;
34. Regrets that the Commission has not included in the CSRs the importance and the job potential of the green economy, which, according to the Commission estimates, could create five million jobs by 2020 in the energy-efficiency and renewable-energy sectors, provided that ambitious climate and energy policies are put in place.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.9.2015
Result of final vote	+: 36 -: 14 0: 1
Members present for the final vote	Laura Agea, Tiziana Beghin, Brando Benifei, Mara Bizzotto, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Jane Collins, Martina Dlabajová, Elena Gentile, Arne Gericke, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Jan Keller, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Zdzisław Krasnodębski, Jérôme Lavrilleux, Jeroen Lenaers, Javi López, Thomas Mann, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Georgi Pirinski, Sofia Ribeiro, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Yana Toom, Ulla Tørnæs, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská, Inês Cristina Zuber
Substitutes present for the final vote	Maria Arena, Georges Bach, Amjad Bashir, Tania González Peñas, Sergio Gutiérrez Prieto, Paloma López Bermejo, Edouard Martin, Michaela Šojdrová, Neoklis Sylikiotis
Substitutes under Rule 200(2) present for the final vote	Rosa Estaràs Ferragut