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*Committee on Employment and Social Affairs*

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**2012/2150(INI)**

20.9.2012

## **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 2012 priorities  
(2012/2150(INI))

Rapporteur (\*): Marije Cornelissen

(\*) Associated committee – Rule 50 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 in its motion for a resolution:

- A. whereas the economic context remains uncertain and whereas, in 2010, the Member States committed themselves to the Europe 2020 goals for developing a smart, sustainable and inclusive EU economy; whereas, however, the EU is not on track to attain the Europe 2020 goals within the timeframe set, as the combined national targets are too low and the measures taken have not led to significant progress in respect of almost all the goals, especially those concerning energy efficiency, employment, poverty reduction and research and development;
- B. whereas the European Council conclusions of 30 January 2012 state: ‘Growth and employment will only resume if we pursue a consistent and broad-based approach, combining a smart fiscal consolidation preserving investment in future growth, sound macroeconomic policies and an active employment strategy preserving social cohesion’, and whereas the EU should assist the Member States in creating a dynamic environment for economic growth and prosperity through sustainable policies;
- C. whereas Parliament made recommendations in its resolution of 15 February 2012 on employment and social aspects in the Annual Growth Survey 2012<sup>1</sup>, in which it asked the Council to include the following priorities in its guidance for the 2012 European Semester: to ensure coherence and increase ambition to achieve the Europe 2020 objectives, to support sustainable job creation with investment and tax reform, to improve the quality of employment and conditions for increased labour participation, to tackle youth unemployment, to tackle poverty and social exclusion with the emphasis on groups with no or limited links to the labour market and to enhance democratic legitimacy, accountability and ownership;
- D. whereas the social consequences of the euro crisis are very severe in many Member States, and whereas the further measures proposed will exacerbate some of the problems, such as the increasing number of bankruptcies and home repossessions and severe cutbacks in health, disability and special education services;
- E. whereas the European Semester has gained in importance and its process now incorporates multiple documents or subdocuments to be submitted by the Member States (National Reform Programmes (NRPs), Stability and Convergence Programmes (SCPs), National Social Reports (NSRs) and National Job Plans (NJPs)), and whereas these documents need to address increasing numbers of goals; whereas the number of such documents and the overlap between them detract from the transparency and coherence of the European Semester process; whereas the quality of the documents submitted by Member States and the level of involvement of stakeholders and national parliaments in their drafting varies greatly;

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<sup>1</sup> Texts adopted, P7\_TA(2012)0047.

- F. whereas between 2008 and mid-2012 the EU-27 unemployment rate climbed from around 7 % to 10.4 %, equating to about 25 million unemployed people;
- G. whereas across the EU more than one in five young people is unemployed (22%), with youth unemployment exceeding 50 % in some Member States;
- H. whereas 8.3 million Europeans under the age of 25 are not in education, employment or training (NEET) and whereas this figure is continuing to rise;
- I. whereas more than 115 million people are in danger of social exclusion in the EU-27 because they are at an aggravated risk of poverty, are severely materially deprived or live in households with very low work intensity;

### ***Progress towards Europe 2020***

1. Regrets that, despite the Commission's finding that the commitments set out by the Member States in their National Reform Programmes (NRPs) are insufficient to meet most of the Europe 2020 targets, none was urged in the country-specific recommendations to step up its national targets; calls on the Commission and the Council to address the lack of national ambition in the 2013 Annual Growth Survey (AGS) and to ensure that the national targets set in the 2013 NRPs are at the level required to achieve all the Europe 2020 headline targets;

### ***Sustainable job creation***

2. Welcomes the Commission communication entitled 'Towards a job-rich recovery' (COM(2012)0173) and its staff working documents; calls on the Commission to make the exploitation of the job-creation potential of the green economy, health and social care and the ICT sector key priorities in the 2013 AGS;
3. Deplores the fact that, despite their political commitment during the 2012 Spring European Council and the Commission's guidance in the Employment Package, most Member States did not submit a National Job Plan (NJP) as part of their 2012 NRPs; considers it regrettable that the Commission has not made this a commitment which must be respected by the Member States, and urges it to call on the Member States to deliver their NJPs as soon as possible; calls, furthermore, for NJPs to include comprehensive measures for job creation and green employment, a link between employment policies and financial instruments, labour market reforms, a clear timetable for rolling out the multiannual reform agenda over the next 12 months and an indication of both the fields and regions experiencing specialisation shortages and surpluses; calls on the Commission to follow up its plan for a labour market monitoring system based on objective data and for an individual tracking scheme for countries that do not comply with country-specific recommendations;
4. Proposes that the Commission oversee the preparation of NJPs;
5. Welcomes the recommendation aimed at shifting taxes from labour to environmentally harmful activities while simplifying taxation in the longer term and adapting it to the economic and social conditions in the Member States; calls on the Member States to

implement that recommendation while ensuring that this does not penalise lower incomes;

6. Welcomes the emphasis on resource-efficiency programmes, which have significant employment potential while also benefiting the environment, providing sustainable jobs and offering a clear return on investment for both public and private finances;
7. Welcomes the emphasis on reducing tax evasion, as this is a problem which affects all the Member States and can significantly reduce the national tax revenues necessary for economic recovery;
8. Points out that social economy enterprises are part of the European social model and the single market and therefore deserve strong recognition and support, and that their specificities need to be taken into account when designing European policies; reiterates its call on the Commission to elaborate a framework for the social economy, recognising its components and involving both the Member States and stakeholders in order to encourage the exchange of best practices, as it is an important element of the European social model and the single market;
9. Stresses the importance of ensuring greater social cohesion, without neglecting cooperation by companies in achieving this, which could be encouraged notably by allowing them to promote their innovative and virtuous actions in social matters through a label, which would attract new investors and also promote the development of a European social model in the long term;
10. Welcomes the recognition of the importance of access to finance for SMEs, as they are the cornerstone of employment and job creation within the EU and have significant potential for addressing youth unemployment and the gender imbalance; urges the Member States to make access to finance for SMEs an absolute priority in their national growth plans;

### *Quality of employment*

11. Regrets that the Council failed to take into account Parliament's call for a focus on job quality in its guidance for 2012; agrees with the Commission that all employment contracts should give workers access to a core set of rights, including pension rights, social protection and access to lifelong learning; calls on the Commission to include job quality, training and advanced training, core workers' rights, and support for labour market mobility, self-employment and cross-border mobility by increasing security for workers in transition between jobs in the 2013 AGS;
12. Calls on the Member States to combat the existence and proliferation of non-decent labour contracts and false self-employment and to ensure that people with temporary or part-time contracts or who are self-employed have adequate social protection and access to training and, when feasible, advanced training, and to implement related framework agreements;
13. Calls for labour market flexibility to be improved by introducing modern forms of employment contract; recognises that part-time employment is often the choice of the employee, especially among women;
14. Welcomes the recommendations addressing the low participation of women in the labour

market; notes, however, that a broader gender equality perspective going beyond employment rates is missing; calls on the Commission to address labour market segregation, unequal distribution of care responsibilities and the effects of fiscal consolidation on women in its policy guidance;

15. Calls on the Commission and the Member States to address the low labour market participation of disadvantaged groups, including people belonging to minorities (e.g. Roma), coming from the poorest microregions or living with disabilities; calls on the Commission and the Member States also to address the unequal distribution of jobs between regions and social groups and the effects of fiscal consolidation on vulnerable social groups;
16. Calls on the Commission and the Member States to monitor and report on the impact of health system reforms as recommended in the 2012 AGS; stresses that, in pursuing the reform and modernisation of health systems, it is essential to ensure that reforms are inclusive, prioritise preventive and early intervention methods and provide equal access;
17. Notes that recommendations have been made to several Member States regarding wages; stresses that wages are, above all, the income that workers need to live on; stresses that the Commission's practice of determining wage formation and wage levels in programme countries may increase the risk of in-work poverty or wage inequalities which harm low-income groups; calls on the Commission to step up policy guidance to those Member States in which wages have stagnated in comparison with productivity levels, while respecting the autonomy of the social partners, as protected inter alia in Articles 152 and 153(5) of the Treaty on the Functioning of the European Union (TFEU);
18. Welcomes the emphasis on smart regulation and simplification, which aims to deliver effective EU legislation where it can add value and to allow the Member States sufficient flexibility when national legislation is more appropriate; reiterates the danger of the administrative burden stifling growth and job creation, and the need to ensure that all regulation is fit for purpose;

### ***Combating youth unemployment***

19. Welcomes the increased focus of the Commission and the Council on combating youth unemployment; calls on the Commission to propose, without prejudice to national legislation, a binding European Youth Guarantee without delay, in order to improve effectively the situation of young people who are not in employment, education or training (NEET) and to gradually overcome the problem of youth unemployment in the EU; stresses that the European Youth Guarantee requires specific European financial support, especially in those Member States with the highest youth unemployment rates, and calls for some of the unspent Structural Funds to be deployed for this purpose; calls on the Council to swiftly decide on the proposals in the Employment Package;

### ***Poverty and social exclusion***

20. Welcomes the inclusion of the recommendation to tackle the social consequences of the crisis in the 2012 guidance and the increased attention to combating poverty in the country-specific recommendations; is gravely concerned, however, about the increasing

poverty (including in-work poverty and poverty among elderly people) and unemployment in the EU; calls on the Member States to raise their ambitions, to step up the measures they are taking to combat poverty, and to follow up closely on the Commission's recommendations; calls on the Commission explicitly to address in-work poverty, poverty among people with limited or no links to the labour market and poverty among elderly people in the 2013 AGS; emphasises that Article 9 TFEU needs to be mainstreamed throughout the European Semester;

21. Reiterates the need to require additional commitments from the Member States in the social field, giving the EU the responsibility of implementing the priorities chosen in a context of growth and social cohesion within the single market;

#### ***Employment and social aspects of the macroeconomic imbalance procedure***

22. Calls on the Commission and the Council to revise the scoreboard for the correction of macroeconomic imbalances and to strengthen its social and employment dimension by, inter alia:

- including indicators on income inequality and education expenditure;
- adding an indicative lower threshold for nominal unit labour cost, in order to prevent excessive wage restriction;
- lowering the maximum indicative threshold for three-year average unemployment,
- applying symmetrical indicative thresholds for the current account balance;

23. Calls on the Commission to present a strong social programme coupled with close monitoring, including a list of common priorities and objectives within the framework of the Europe 2020 strategy;

#### ***Social impact of economic adjustment programmes in those Member States experiencing financial difficulties***

24. Expresses its concern about the fact that no recommendations have been made on the Europe 2020 objectives to those Member States with a financial assistance programme; calls on the Commission to assess the impact of the economic adjustment programme on progress towards the Europe 2020 headline targets and to propose modifications designed to bring the adjustment programme into line with the Europe 2020 objectives;
25. Calls on the Commission to work with the Member States to ensure that austerity programmes do not hinder employment creation measures and that growth-promoting policies are pursued;
26. Calls on the Council to reach a swift agreement with Parliament and start immediate application of the proposal for the strengthening of surveillance of Member States in serious difficulties, including a social impact assessment and full consistency of the adjustment programmes with the broad economic policy guidelines;
27. Calls for the implementation of a new way of working on the European Semester by

discussing social priorities at the same time as economic and budgetary priorities, and linking them to one another;

28. Stresses the urgent need to develop new tools to fight social imbalances and unemployment in Europe;
29. Calls on the Commission to report on the progress made regarding the call issued by Parliament in its resolution of 1 December 2011 on the European Semester for Economic Policy Coordination<sup>1</sup> for ‘the Commission to ask civil society and social partners to contribute an annual shadow report on the progress of the Member States regarding the headline targets and the implementation of measures proposed in the NRPs’;

***Improving the democratic legitimacy, accountability and quality of the European Semester process***

30. Calls on the Commission and the Council to agree on concrete measures that improve the participation and involvement of the social partners, NGOs and local authorities in the formulation and implementation of sustainable policies in the framework of the European Semester, at both national and European level; welcomes the fact that the Cypriot Presidency has identified this challenge as one of its priorities;
31. Calls on the Member States and on the European Council to involve social and health ministers in the European Semester process and at all stages of the NRP process, as this would involve strengthening the role of the EPSCO Council, which is necessary as the issues of pensions, wage policies and the tax wedge on labour fall within its mandate;
32. Reiterates its call for increased democratic legitimacy for the European Semester; considers it regrettable that the Council did not take up the concerns expressed by Parliament when adopting its 2012 policy guidance; points out that the lack of parliamentary involvement in the drafting of policy guidance constitutes a major democratic flaw;
33. Calls on the Commission to report on the use of a common, uniform set of benchmarks across the EU for assessing the NRPs; stresses that standards and data should reflect social inclusion and environmental sustainability, in addition to economic data; calls on the Commission to encourage the Member States to use social indicators and data that measure progress and development which go beyond the measure of GDP, as this is crucial in order to measure progress on reaching the Europe 2020 targets;
34. Calls on the Commission to agree with Parliament on a format for the AGS that allows Parliament to amend it before its adoption by Council, so as to ensure that a transparent interinstitutional decision-making process culminates in commonly agreed, democratically legitimate policy guidance;
35. Calls on the Commission to improve the quality, transparency and democratic accountability of the European Semester by proposing legislation defining the formal requirements regarding the format and timing of documents to be submitted by the

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<sup>1</sup> Texts adopted, P7\_TA(2011)0542.

Member States as part of the European Semester, including specific obligations regarding the monitoring of progress towards the Europe 2020 targets and democratic and transparent procedures leading to the formulation of country-specific recommendations;

36. Calls on the Member States to agree on procedures that allow the promotion of social dialogue, a genuine parliamentary debate and stakeholder involvement in the formulation and implementation of NRPs, and to include a detailed overview in their NRPs explaining who was involved and how; calls on the Commission to take stock of the different national practices as regards parliamentary procedures and stakeholder involvement in the European Semester, and to publish the findings in a report by January 2013.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	18.9.2012
<b>Result of final vote</b>	+: 33 -: 4 0: 1
<b>Members present for the final vote</b>	Regina Bastos, Edit Bauer, Heinz K. Becker, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Marije Cornelissen, Emer Costello, Frédéric Daerden, Sari Essayah, Thomas Händel, Marian Harkin, Nadja Hirsch, Stephen Hughes, Ádám Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Licia Ronzulli, Elisabeth Schroedter, Jutta Steinruck, Traian Ungureanu, Andrea Zanoni, Inês Cristina Zuber
<b>Substitute(s) present for the final vote</b>	Kinga Göncz, Richard Howitt, Jan Kozłowski, Svetoslav Hristov Malinov, Anthea McIntyre, Birgit Sippel, Csaba Sógor