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DRAFT REPORT

on a strong social Europe for Just Transitions
(2020/2084(INI))

Committee on Employment and Social Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a strong social Europe for Just Transitions (2020/2084(INI))

The European Parliament,

- having regard to Articles 3 and 5 of the Treaty on European Union (TEU),
- having regard to Articles 9, 151, 152, 153, 156, 157 and 162 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Protocols 1, 8 and 28 to the Treaty on the Functioning of the European Union,
- having regard to the Charter of Fundamental Rights of the European Union, and in particular Title IV (Solidarity) thereof,
- having regard to the European Pillar of Social Rights (EPSR), proclaimed by the European Council, the European Parliament and the European Commission in November 2017,
- having regard to the 2030 Agenda for Sustainable Development,
- having regard to the ILO conventions, in particular the Labour Inspection Convention of 1947 (No 81),
- having regard to the UN Sustainable Development Goals (SDGs), in particular goals 1, 3, 4, 5, 8, 10 and 13,
- having regard to the Commission communication of 14 January 2020 entitled ‘A strong and social Europe for just transitions’(COM(2020)0014),
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),
- having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’(COM(2020)0456),
- having regard to the Commission communication of 27 May 2020 entitled ‘The EU budget powering the recovery plan for Europe’(COM(2020)0442),
- having regard to the Commission communication of 27 May 2020 entitled ‘Adjusted Commission Work Programme 2020’(COM(2020)0440),
- having regard to the Commission proposal for a Council regulation establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 pandemic of 28 May 2020 (COM(2020)0441),

- having regard to the Commission communication of 19 February 2020 entitled ‘Shaping Europe’s digital future’(COM(2020)0067),
- having regard to the Commission proposal for a Council recommendation on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience of 1 July 2020 (COM(2020)0275),
- having regard to the Commission staff working document accompanying the proposal for a Council recommendation on ‘A Bridge to Jobs - reinforcing the Youth Guarantee’(SWD(2020)0124),
- having regard to its legislative resolution of 10 July 2020 on the proposal for a Council decision on guidelines for the employment policies of the Member States¹,
- having regard to its legislative resolution of 8 July 2020 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards the resources for the specific allocation for the Youth Employment Initiative²,
- having regard to its resolution of 10 October 2019 on employment and social policies of the euro area³,
- having regard to its legislative resolution of 4 April 2019 on the proposal for a Council decision on guidelines for the employment policies of the Member States⁴,
- having regard to the report of the Committee on Employment and Social Affairs on the European Semester for economic policy coordination: employment and social aspects in the Annual Sustainable Growth Strategy 2020,
- having regard to the Commission communication of 17 December 2019 on the Annual Sustainable Growth Strategy 2020 (COM(2019)0650),
- having regard to the proposal for a joint employment report from the Commission and the Council of 17 December 2019 accompanying the communication on the Annual Sustainable Growth Strategy 2020,
- having regard to Council Decision (EU) 2019/1181 of 8 July 2019 on guidelines for the employment policies of the Member States⁵,
- having regard to its resolution of 13 March 2019 on the European Semester for economic policy coordination: employment and social aspects in the Annual Growth Survey 2019⁶,
- having regard to the ‘Political Guidelines for the next European Commission 2019-

¹ Texts adopted, P9_TA(2020)0194.

² Texts adopted, P9_TA(2020)0180.

³ Texts adopted, P9_TA(2019)0033.

⁴ Texts adopted, P8_TA(2019)0337.

⁵ OJ L 185, 11.7.2019, p. 44.

⁶ Texts adopted, P8_TA(2019)0202.

2024: A Union that Strives for More', presented by Commission President Ursula von der Leyen,

- having regard to the opinion of the European Economic and Social Committee of 23 January 2019 on 'Social dialogue for innovation in digital economy',
 - having regard to the Commission's Spring 2020 Economic Forecast of 6 May 2020,
 - having regard to the opinion of the European Economic and Social Committee of 18 September 2020 on 'Decent minimum wages across Europe',
 - having regard to the opinion of the European Economic and Social Committee of 15 July 2020 on 'Recovery plan for Europe and the Multiannual Financial Framework 2021-2027',
 - having regard to the opinion of the European Economic and Social Committee of 11 December 2019 on 'Common Minimum Standards in the field of unemployment insurance in EU Member States – A concrete step towards the effective implementation of the European Pillar of Social Rights',
 - having regard to the study by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) on 'COVID-19: Policy responses across Europe',
 - having regard to Rule 54 of its Rules of Procedure,
 - having regard to the opinions of the Committee on Culture and Education and the Committee on Women's Rights and Gender Equality,
 - having regard to the report of the Committee on Employment and Social Affairs (A9-0000/2020),
- A. whereas sustainable development is a fundamental objective of the European Union; whereas the social market economy is based on two complementary pillars, namely the enforcement of competition and robust social policy measures;
- B. whereas the Europe 2020 Strategy was launched in 2010 for the promotion of smart, sustainable and inclusive growth; whereas despite the words 'sustainable' and 'inclusive', the implementation of the Lisbon Strategy gave priority to growth above most other objectives;
- C. whereas social welfare systems include social security, healthcare, education, housing, employment, justice and social services for vulnerable groups; whereas social dialogue and collective bargaining are key instruments for employers and trade unions in order to establish fair wages and working conditions;
- D. whereas key policy areas for social investment include social security, healthcare, education, housing, employment, justice and social services for vulnerable groups;
- E. whereas homelessness has increased by 70 % consistently in most Member States over the past decade;

- F. whereas job polarisation is expected to increase further and there are expected to be more jobs at the higher and lower ends of the skills spectrum;
 - G. whereas the unemployment rate is over 7 % and the youth unemployment rate has risen to 17 % and is expected to increase further due to COVID-19⁷;
 - H. whereas the crisis has brought to light abuses regarding the rights of cross-border and seasonal workers;
 - I. whereas persons with disabilities are particularly susceptible to the COVID-19 crisis;
1. Highlights that the EU has embarked on a transition towards a low-carbon, climate-neutral, resource-efficient and circular economy that must go hand in hand with increased wellbeing, social progress, security, prosperity, equality and inclusion; believes that social sustainability is a fundamental prerequisite for fair and inclusive digital and green transitions; believes that this recovery period must be the time for reforms based on solidarity, integration, social justice, a fair distribution of wealth, gender equality, high-quality public social welfare systems, quality employment and sustainable growth;
 2. Highlights that an ambitious political agenda with identifiable, clear and mandatory targets and indicators of social sustainability must be designed; points out that the next EU Social Summit planned for May 2021 in Porto would be the perfect opportunity for adoption of this agenda at the highest political level by the leaders of the 27 Member States and of the European Council, the European Parliament and the European Commission;

Governance framework for social progress

3. Considers that the Porto agenda should take a double approach, i.e. it should focus on the social sustainability part of the EU's Sustainable Development 2030 Agenda, while at the same time paving the way for the materialisation of the EPSR principles, setting up ambitious targets and instruments; points out that part of the limited success of the social dimension of the Lisbon Strategy was due to the voluntary nature of the participation of Member States and the lack of effective implementation;
4. Stresses that the goals of a new agenda for a strong social Europe must be reinforced through mandatory enforceability, mirroring economic and environmental obligations whose observance is linked to access to European funds; is convinced that a governance framework for a social and sustainable Europe should be anchored in the following reforms: the integration of the EPSR and a social progress protocol in the Treaties, protecting social rights over economic freedoms in the single market, and the adoption of a Sustainable Development and Social Progress Pact making social and sustainable targets mandatory;

Financial means for a strong social and sustainable Europe

5. Calls on Member States to make full use of the fiscal flexibility to prevent and mitigate

⁷ Unemployment statistics: Eurostat, July 2020

the social consequences of the COVID-19 pandemic crisis; stresses the importance of the implementation of the EPSR in the context of the European Recovery Plan, at the same level as the Green Deal and the digital transition; calls, therefore, for the upcoming reforms linked to the recovery package to have upward social convergence as one of the main objectives of the national reform programmes, including through financial support; in this sense, believes that the new Porto 2030 targets should be included in the Recovery Plan, alongside the economic and environmental targets;

6. Highlights that social investment in the recovery package should match the Porto Agenda targets in ambition, in order to provide the necessary financial support as well, and that as such, specific Social Progress Plans (SPPs) should be complementary to the National Recovery and Resilience Plans and the National Climate and Energy Plans;
7. Welcomes the establishment of the Instrument for Temporary Support to Mitigate Employment Risks in an Emergency (SURE); invites the Commission to examine the possibility of introducing a permanent special instrument in this respect; stresses that companies benefiting from public financial support are not to lay off workers, reduce wages, reduce workers' rights and protections, or pay bonuses to executives or dividends to shareholders;
8. Welcomes the announcement of an EU Unemployment Benefit Reinsurance Scheme;
9. Welcomes the introduction of a Just Transition Fund; recalls that the fight against climate change and the subsequent structural changes will have a severe impact on many European regions and their people;
10. Is concerned that in the context of the recovery from the COVID-19 outbreak, the need to tackle child poverty will become imminent in the coming years; underlines that Member States should allocate at least 5 % of the European Social Fund (ESF+) resources under shared management to support activities under the European Child Guarantee; insists that a separate budget line under ESF+ needs to be created for the European Child Guarantee, with an allocation of EUR 20 billion;
11. Welcomes in this context the Commission's plans to strengthen the European Youth Guarantee;

The Porto agenda: targets and proposals

12. Believes that a strong Social Europe agenda for sustainable development should encompass economic, social and environmental wellbeing indicators and should cover the following areas: decent work, social justice and equal opportunities, robust social welfare systems and fair mobility;

1. Decent work and sustainable and inclusive labour markets

13. Calls on the Commission to present a legal framework for minimum wages and collective bargaining in order to eliminate in-work poverty and promote collective bargaining; reiterates its call on the Commission to carry out a study on a living wage index, which could serve as a reference tool for social partners;

14. Calls on the Commission and the Member States to commit to reaching collective bargaining coverage of 90 % by 2030;
15. Calls for a reinforced Youth Guarantee instrument to support initiatives such as those above with the aim of reducing long-term and youth unemployment by at least 50 % by 2030;
16. Calls on the Commission to include the overall objective of raising work quality at the European level in the Semester process and the Social Scoreboard, with a view to guiding and assessing the contribution of employment policies across Member States to the implementation of the SDGs and the EPSR;
17. Calls on the Commission and the Member States to work towards the objective of reducing temporary employment so that it accounts for less than 10 % of total employment, with over 80 % of jobs created being middle or high paying and concentrated in sustainable sectors; urges the Commission and the Member States to eliminate the practice of zero-hour contracts;
18. Calls on the Member States to commit to eliminating work-related deaths by 2030; urges the Commission to come up with ambitious proposals on musculoskeletal and stress-related disorders; calls on the Commission to present a strategic EU carers' agenda as a step further in qualitatively empowering the healthcare sector in the EU;
19. Calls on the Commission to propose a directive on decent working conditions and rights in the digital economy, also covering non-standard workers, workers in platform companies and the self-employed; urges the Commission to include in this directive minimum standards for fair teleworking and the right to disconnect;
20. Calls on the Commission to introduce a new framework directive on workers' information, consultation and participation for European company forms, including subcontracting chains and franchises, and for companies that use European company mobility instruments, in order to establish minimum standards; also calls for a revision of the European Works Council (EWC) directive;
21. Calls on the Commission and the Member States to establish the necessary conditions and requirements in order to have at least 80 % of corporations covered by sustainable corporate governance agreements by 2030;
22. Insists that Member States increase their enforcement capacity so as to achieve a ratio of at least one labour inspector per 10 000 employed persons, by 2030 at the latest;

2. Social justice and equal opportunities

23. Calls on the Commission and the Member States to speed up the implementation of the European Child Guarantee so that by 2030 every child in the EU has full access to quality and free healthcare, education and childcare, is living in a decent house and receives an adequate nutrition;
24. Insists that the Commission proposes a framework for minimum income schemes, with

100 % coverage;

25. Calls on the Member States and the Commission to commit to eliminating the gender pay gap - and the resulting pension gap - with a 0 % target for 2030, and to present a legal framework on pay transparency;
26. Calls on the Commission and the Member States to commit to eliminating the glass ceiling effect on the boards of listed companies by introducing the objective of reaching at least 40 % representation of women in senior management positions;
27. Calls on the Commission to put forward a post-2020 European Disability Strategy; supports the promotion of vocational training, including for vulnerable groups and people with disabilities;

3. Robust social welfare systems

28. Calls on the Commission and the Member States to invest 30 % of the Recovery and Resilience Facility in the implementation of the EPSR principles in order to eradicate poverty;
29. Stresses that the EU and its Member States have an obligation towards citizens to ensure their universal access to decent and affordable housing; calls on the Commission and the Member States to maximise efforts of investing in affordable housing to cover the housing needs of the low and middle-income groups (the three bottom quintiles), ensuring that at least 30 % of all newly built houses constitute affordable housing for both of these income groups, and to eliminate energy poverty by 2030;
30. Insists that all workers are included in the social security system and entitled to unemployment benefits, paid sick leave, accident insurance and protection against unfair dismissal;
31. Highlights that universal access to public, solidarity-based and adequate retirement and old age pensions must be granted to all;

4. Fair mobility

32. Calls on the Commission to revise the Temporary Work Agency (TWA) Directive in order to establish a legal framework to ensure decent working conditions and equal treatment for intra-EU seasonal workers and mobile workers on fixed-term contracts with temporary work agencies or any other type of labour market intermediary; stresses that this legal framework should include: a ban on labour market intermediaries who do not comply with the TWA Directive operating in the single market, a guaranteed minimum wage, a guaranteed minimum number of hours per week/month that the employer cannot deduct under any heading from the minimum wage, no deductions from the wage in the case of part-time contracts, guaranteed equal treatment for any person who, in the Member State concerned, is protected as a worker working in the same company/sector, a requirement that all temporary work agencies operating in the internal market are listed on a European register and are certified to operate in the single market, and sanctions on companies using fraudulent recruitment practices and trafficking people for labour exploitation;

33. Underlines that the practices of establishing subsidiaries or creating subcontracting chains with the aim of reducing social security contributions without creating effective social insurance coverage in practice are detrimental for the sustainability of welfare systems and have to be addressed by the Commission and the Member States; calls on the Commission to take legislative action to limit the possible length of the subcontracting chain, as well as to ensure general joint and several liability throughout the whole subcontracting chain in order to protect workers' rights;
34. Stresses that in order for the European Labour Authority (ELA) to be effective in combating social dumping and the exploitation and abuse of workers, it should be given the ability to carry out controls and impose sanctions and penalties on non-compliant companies; urges the Commission to include this in the evaluation of the ELA's mandate;
35. Is deeply concerned at the current increase of the share of third-country nationals in sectors with a reputation for precarious working conditions and cases of abuse;
36. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The European labour market is undergoing major changes. These changes create challenges and new opportunities that affect all Member States and all Europeans.

Social market economy is based on social justice and social fairness. We should help our society to face the changes in an effective manner to become more resilient in order to reach to the highest standards of quality of life and promote well-being. As we go through the green and digital transitions, as well as an ageing population, we understand that the European economy, the employment relations and the social affairs will have to adapt accordingly and very rapidly.

Today, a record high of 241,5 million are employed in the EU. However, the international financial crisis and currently the pandemic crisis make it often difficult for working people to address their everyday needs. A fair minimum wage for workers employed in the EU can allow for a decent living. Some of the main challenges that we try to address and highlight in the report are: the request for decent living for workers and a fair minimum wage, tackle the continuous rise of youth unemployment, help low skilled workers to benefit from lifelong learning, securing the principle of equal pay for equal work and the bridge of gender gaps, affordable housing, social inclusion of persons with disabilities and access to labour market, the upgrade of the healthcare infrastructure and the affordable access to it, the fight against diseases and most importantly the fight against cancer as described in the agenda of the European Commission. These challenges were aggravated by the COVID-19 pandemic crisis that makes this strategic report to call for action imperative.

Just transitions means switch to a greener and digital economy that affects horizontally and in-depth regions, cities and local population, but also different sectors and workers. To ensure just transitions, it is of utmost important that social aspects apply in the upcoming decision-making. Only if we invest in human capital and ensure sufficient protection for every worker we can make sure that no one is left behind. The achievement of just transitions is directly linked to the implementation of the European Pillar of Social Rights and its 20 key principles.

The aim of this report is to emphasize the most important challenges the European labour market, regions, sectors and workers are going to phase in the next ten years and describe the key initiatives to be taken in this respect. Therefore, the rapporteurs call for a core social agenda to be adopted during the Social Summit in Porto next year (Porto agenda).

The report is divided into three parts: Governance framework for Social Progress; Financial means for Strong social and sustainable Europe; Porto Agenda: targets and proposal.

While the first part focuses on the implementation of the European Pillar of Social Rights and the adoption of a Sustainable Development and Social Progress Pact, the second part points out the financial instruments to achieve a just transition, like the European Social Fund, the Youth Guarantee, the Child Guarantee, the SURE instrument and the Just Transition Fund.

In the third part, the rapporteurs call for the aforementioned Porto Agenda that emphasizes different mandatory targets and proposals on:

1. DECENT WORK AND SUSTAINABLE AND INCLUSIVE LABOUR MARKETS
2. SOCIAL JUSTICE AND EQUAL OPPORTUNITIES
3. ROBUST SOCIAL WELFARE SYSTEMS
4. FAIR MOBILITY

Each of these sections presents a number of targets to be achieved by 2030. While every worker should earn a decent living wage, the rapporteurs call for a broad coverage ratio of collective bargaining. Collective bargaining is at the heart of a functioning of social market economies and one of the best ways to promote decent wages in the EU. Collective bargaining cannot only regulate wage levels but also working conditions and can have a strong correlation between workers' participation at the workplace and companies' performance and revenues.

At the same time, youth unemployment should be cut at least in half, an ambitious target not to be neglected.

Another aspect is gender equality. The gender pay gap should be eliminated and female representation in senior management positions of listed companies shall be promoted. In addition, the report calls for affordable housing for every person and a social protection floor.

We think that a reference to the COVID-19 pandemic impact on health workers and especially the carers and a holistic strategy dedicated to them but also the improvement of health infrastructure in the EU and the access to it can make the EU territory more responsive to the needs of workers.

Finally, we believe that cross-border and seasonal workers' rights must be promoted. The report highlights the importance of the European Labour Authority (ELA) in this regard and calls for the upgrade of its competencies in terms of quick coordination with national authorities, inspections and broader responsibilities.