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DRAFT REPORT

on the European Semester for economic policy coordination: employment and social priorities for 2025
(2024/2084(INI))

Committee on Employment and Social Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for economic policy coordination: employment and social priorities for 2025 (2024/2084(INI))

The European Parliament,

- having regard to Article 3 of the Treaty on European Union,
- having regard to Articles 9 and 149 of the Treaty on the Functioning of the European Union,
- having regard to the Commission communication of 15 November 2024 on the Annual Sustainable Growth Survey 2025 (COM(2024)XXX),
- having regard to the Commission proposal of XXX 2024 for a joint employment report from the Commission and the Council (COM(2024)XXX),
- having regard to the Commission recommendation of XXX 2024 for a Council recommendation on the economic policy of the euro area (COM(2024)XXX),
- having regard to the Commission report of XXX 2024 entitled ‘Alert Mechanism Report 2025’,
- having regard to the Commission communication of 15 November 2024 entitled ‘Draft Budgetary Plans for 2025: Overall assessment’ (COM(2024)XXX),
- having regard to the draft Commission staff working document on the planned revisions to the Macroeconomic Imbalance Procedure Scoreboard in the context of the regular review process (SWD(2024)XXX),
- having regard to its resolution of 22 October 2024 on the Council position on Draft amending budget No 4/2024 of the European Union for the financial year 2024 – update of revenue (own resources) and adjustments to some decentralised agencies¹,
- having regard to Mario Draghi’s report on the future of European competitiveness (2024),
- having regard to Enrico Letta’s report on the future of the single market (2024),
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs (A10-0000/2024),

¹ Texts adopted, P10_TA(2024)0024.

- A. whereas progress has been made towards achieving the EU's employment targets despite the uncertainty created by Russia's war of aggression against Ukraine and the impact of high inflation, and whereas growth in employment in the EU remained robust in 2023, although high unemployment rates, in particular youth unemployment rates, persist in some Member States, as do significant inequalities between sectors and regions, which could negatively affect social cohesion and the well-being of European citizens in the long term;
 - B. whereas demographic challenges, including an ageing population, low birth rates and rural depopulation, profoundly affect the sustainability of welfare systems and hence represent a structural challenge for the EU economy, and whereas, as underlined in the Draghi report, sustainable growth in Europe depends to a large extent on the inclusion of the active population in the labour market and on a robust welfare system;
 - C. whereas the Letta report deplors the decline in the birth rate, noting the importance of creating a framework to support all families as part of a strategy of inclusive growth and stressing the need to promote family and work-life balance policies;
 - D. whereas inflation has increased the burden on households, and housing costs and energy poverty remain major problems;
 - E. whereas labour and skills shortages remain a problem at all levels, exacerbated by a lack of candidates to fill critical positions in key sectors such as education, health and construction, especially in areas affected by depopulation;
 - F. whereas the crisis in generational renewal and poor access to public services have led to an increased risk of poverty and social exclusion, particularly affecting children and elderly people;
 - G. whereas social progress in the EU must advance in a manner consistent with the stability objectives of the Maastricht criteria, ensuring that economic integration does not exacerbate inequalities between generations and regions;
1. Considers that the Commission and the Council should continue implementing the European Pillar of Social Rights, in line with the action plan of March 2021;
 2. Reiterates the importance of supporting the development of skills in the workforce to improve competitiveness and ensure quality employment; urges the Member States to strengthen vocational and digital training while promoting the inclusion of persons with disabilities in the workforce to address labour shortages and support equal opportunities in the labour market, considering that, although there is an improvement, persons with disabilities still face significant obstacles in the labour market;
 3. Calls on the Commission to include specific recommendations on housing affordability in the European Semester and to promote housing investment, including through European Investment Bank financial instruments; considers that the revision of the EU regulatory framework for the housing sector should facilitate the construction of accessible and energy-efficient housing that meets the needs of young people, people with reduced mobility and families at risk, as well as protect homeowners from further diminishing supply;

4. Calls for the implementation of a European action plan for mental health, in line with the Commission's recent recommendations²; calls for the European Semester to address the socio-economic impact of loneliness on productivity and well-being by promoting an EU strategy addressing undesired loneliness that, in turn, can foster intergenerational solidarity and strengthen emotional support programmes for young people and older adults;
5. Calls for the implementation of policies that promote work-life balance, with the aim of improving the quality of life for all families; calls on the Commission to put forward a legislative proposal for the creation of a European card for large families and a European action plan for single parents, offering tax, educational and social advantages;
6. Calls for demographic challenges to be prioritised in the EU's cohesion policy and for its importance to be equated with the Green Deal and the Digital Strategy; calls on the Commission to declare a 'European Year of Demography' and to step up funding for regions with a high rate of depopulation, supporting local development projects and basic infrastructure that favour the 'right to stay' of the population;
7. Calls on the Commission and the Council to prioritise the reduction of bureaucratic and fiscal barriers affecting entrepreneurship, especially for small and medium-sized enterprises (SMEs) and start-ups, which are essential for the EU's economic growth and competitiveness, and thus for the financing of social policies; believes that better support for entrepreneurs, especially for SMEs and start-ups, will improve the EU's competitiveness, boost innovation and create quality jobs; calls urgently for the implementation of specific recommendations to complete the single market and to facilitate access to finance through public-private partnership platforms and the social economy to foster a dynamic business environment;
8. Stresses the need to foster public-private partnerships to improve efficiency in the provision of essential social services, such as education, health and social care;
9. Calls for the Member States, in this year of transition, with the implementation of revised economic governance rules, to be offered an opportunity to align fiscal responsibility with sustainable growth, and notes that medium-term fiscal plans should prioritise debt sustainability while investing strategically in education, healthcare and housing; stresses that collaboration between public and private entities is key to optimising resources and ensuring the judicious use of public funds; considers that country-specific recommendations to promote sustainable public pension systems and healthcare should be effectively implemented and foster competitiveness and long-term prosperity for all citizens;
10. Is concerned about the Commission's revisions to the Macroeconomic Imbalance Procedure Scoreboard, particularly the reduction in employment and social indicators, which are crucial for assessing the social situation in the Member States;

² Commission communication of 7 June 2023 on a comprehensive approach to mental health (COM(2023)0298).

11. Stresses the need to address key challenges identified in the Social Scoreboard as ‘critical’ and ‘to be monitored’, including childcare, the disability employment gap, the impact of social transfers on reducing poverty, and basic digital skills³;
12. Calls for improvements to be made to the Social Scoreboard with the introduction of indicators reflecting trends and causes of inequality, such as quality employment, wealth distribution, access to public services, adequate pensions, mental health and unemployment; recalls that the at-risk-of-poverty-or-social-exclusion (AROPE) indicator fails to reveal the causes of complex inequality;
13. Instructs its President to forward this resolution to the Council and the Commission.

³ Proposal for a joint employment report from the Commission and the Council (COM(2023)0904).