



2017/2260(INI)

28.11.2017

DRAFT REPORT

on European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2018
(2017/2260(INI))

Committee on Employment and Social Affairs

Rapporteur: Krzysztof Hetman

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	10

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2018 (2017/2260(INI))

The European Parliament,

- having regard to Article 5 of the Treaty on European Union (TEU),
- having regard to Articles 9, 145, 148, 152, 153, 174 and 349 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to the Interinstitutional Agreement of 13 April 2016 on Better Law-Making between the European Parliament, the Council of the European Union and the European Commission¹,
- having regard to the Charter of Fundamental Rights of the European Union, and, in particular, to its Title IV (Solidarity),
- having regard to the UN Convention on the Rights of Persons with Disabilities,
- having regard to Sustainable Development Goal 1 ('End poverty in all its forms everywhere'), and, in particular, to Target 3 ('Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable'),
- having regard to the Commission communication of 22 November 2017 entitled 'Annual Growth Survey 2018' (COM(2017)0690),
- having regard to the draft Joint Employment Report from the Commission and the Council of 22 November 2017 accompanying the communication from the Commission on the Annual Growth Survey 2018 (COM(2017)0674),
- having regard to the Commission proposal of 22 November 2017 for a Council decision on guidelines for the employment policies of the Member States (COM(2017)0677),
- having regard to the Commission recommendation of 22 November 2017 for a Council recommendation on the economic policy of the euro area (COM(2017)0770),
- having regard to the Commission report of 22 November 2017 entitled 'Alert Mechanism Report 2018' (COM(2017)0771),
- having regard to the Commission communication of 22 November 2017 entitled '2018 Draft Budgetary Plans: Overall Assessment' (COM(2017)0800),
- having regard to the Commission communication of 26 April 2017 entitled 'Establishing a European Pillar of Social Rights' (COM(2017)0250),

¹ OJ L 123, 12.5.2016, p. 1.

- having regard to the Commission communication of 26 April 2017 entitled ‘An initiative to support work-life balance for working parents and carers’ (COM(2017)0252),
- having regard to the Commission staff working document of 26 April 2017 entitled ‘Taking stock of the 2013 Recommendation on “Investing in children: breaking the cycle of disadvantage”’ (SWD(2017)0258),
- having regard to the Commission communication of 4 October 2016 entitled ‘The Youth Guarantee and Youth Employment Initiative three years on’ (COM(2016)0646),
- having regard to the Commission proposal of 14 September 2016 for a Council regulation amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (COM(2016)0604),
- having regard to the Commission communication of 14 September 2016 entitled ‘Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan’ (COM(2016)0581),
- having regard to the Commission communication of 10 June 2016 entitled ‘A new skills agenda for Europe – Working together to strengthen human capital, employability and competitiveness’ (COM(2016)0381),
- having regard to the Commission communication of 2 June 2016 entitled ‘A European agenda for the collaborative economy’ (COM(2016)0356),
- having regard to the Commission communication of 1 June 2016 entitled ‘Europe investing again – Taking stock of the Investment Plan for Europe and next steps’ (COM(2016)0359),
- having regard to the Commission communication of 8 March 2016 on launching a consultation on a European Pillar of Social Rights (COM(2016)0127) and its annexes,
- having regard to the Commission proposal for a Council decision of 15 February 2016 on guidelines for the employment policies of the Member States (COM(2016)0071), and to Parliament’s position thereon of 15 September 2016¹,
- having regard to the Five Presidents’ Report of 22 June 2015 on ‘Completing Europe’s Economic and Monetary Union’,
- having regard to the Council conclusions of 7 December 2015 on the promotion of the social economy as a key driver of economic and social development in Europe,
- having regard to its resolution of 16 November 2017 on combating inequalities as a lever to boost job creation and growth²,
- having regard to its resolution of 26 October 2017 on the economic policies of the euro

¹ Texts adopted, P8_TA(2016)0355.

² Texts adopted, P8_TA(2017)0451.

area¹,

- having regard to its resolution of 24 October 2017 on minimum income policies as a tool for fighting poverty²,
 - having regard to its resolution of 14 September 2017 on a new skills agenda for Europe³,
 - having regard to its resolution of 15 February 2017 on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2017⁴,
 - having regard to its resolution of 19 January 2017 on a European Pillar of Social Rights⁵,
 - having regard to its legislative resolution of 2 February 2016 on the proposal for a decision of the European Parliament and of the Council on establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work⁶,
 - having regard to the concluding observations of the UN Committee on the Rights of Persons with Disabilities on the initial report of the European Union (September 2015),
 - having regard to the European Court of Auditors Special report No 5/2017 of March 2017 entitled: ‘Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative’,
 - having regard to the debate with representatives of national parliaments on the priorities of the 2018 European Semester,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs (A8-0000/2017),
- A. whereas the employment rate in the EU is increasing and has reached 235.4 million people in jobs in the second quarter of 2017, which constitutes an employment rate of 72.3 %, meaning that the EU is on track to reach the 75 % employment rate target specified in the Europe 2020 strategy;
- B. whereas the EU unemployment rate is at its lowest level in nine years and stands at 7.5 %;
- C. whereas, although a slight improvement in the youth unemployment rate can be observed, it still remains disturbingly high at 16.6 % (18.7 % in the euro area); whereas in 2016 there were still 6.3 million young people aged 15-24 not in employment,

¹ Texts adopted, P8_TA(2017)0418.

² Texts adopted, P8_TA(2017)0403.

³ Texts adopted, P8_TA(2017)0360.

⁴ Texts adopted, P8_TA(2017)0039.

⁵ Texts adopted, P8_TA(2017)0010.

⁶ Texts adopted, P8_TA(2016)0033.

education or training (NEETs);

- D. whereas, although the differences in unemployment rates among the Member States are smaller, they still remain above the pre-crisis level;
 - E. whereas societies in the European Union are ageing, which presents additional challenges for Member States' social security and healthcare systems;
 - F. whereas 80 million Europeans have disabilities; whereas the implementation of accessibility measures for them continues to lag behind;
 - G. whereas, although a certain amount of progress in reducing poverty and social exclusion can be observed, there are still disadvantaged groups in society and regional disparities persist;
 - H. whereas, although the digital transformation requires workers to at least have basic digital skills, it is estimated that 44 % of EU population lacks such skills¹;
1. Welcomes the Annual Growth Survey 2018 as an important part of the European investment process, based on a strategy of investment, structural reforms and responsible public finances; calls on the Member States to take account of the priorities identified in the survey in their national policies and strategies to promote growth, employment and social protection;
 2. Stresses the need for structural reforms aimed at improving labour market and social policies, in order to help the workforce to acquire the skills they need and to promote equal opportunities in the labour market, fair working conditions, increasing labour productivity to support wage growth, and sustainable and adequate social protection systems;
 3. Welcomes the Interinstitutional Proclamation on the European Pillar of Social Rights and believes its 20 key principles regarding equal opportunities and access to the labour market, fair working conditions and social protection and inclusion should serve as a point of reference when implementing the European Semester policy coordination cycle;
 4. Welcomes the new scoreboard, which provides for 14 headline indicators to screen the employment and social performance of Member States along three broad dimensions, identified in the context of the Social Pillar; underlines the fact, that for the EU on average, 11 of the 14 headline indicators recorded an improvement over the last available year, confirming the steady improvement in the labour market and social situation which has accompanied the economic recovery;
 5. Reiterates its concern at the level of youth unemployment, which remains high, with the number of NEETs having stagnated; welcomes, in this respect, an increase in funding for the Youth Employment Initiative by EUR 2.4 billion for the period 2017-2020;
 6. Calls on the Commission and the Member States to maximise their efforts in investing

¹ The Digital Economy and Society Index, European Commission.

in high-quality education and training in order to guarantee that the skills acquired will match labour market demand; underlines, in this respect, the growing demand for digital and other transferable skills and insists that the development of these skills is urgent and particularly necessary;

7. Calls on the Member States and the Commission to take all the necessary measures to improve the services and legislation that are important for a proper work-life balance; calls for the development of accessible and affordable childcare and early education services, and for the creation of favourable conditions for parents and carers by allowing for advantageous family leave take-up and flexible working arrangements which tap into the potential of new technologies; underlines, in this respect, the potential of public-private partnerships;
8. Underlines the potential of SMEs in job creation and the economy as a whole; considers it vital to support entrepreneurship and to improve the business environment by removing administrative burdens, improving access to finance and supporting the development of tax models and simplified tax compliance procedures favouring SMEs, entrepreneurs, micro-entities and start-ups;
9. Calls on the Commission and the Member States to invest in and promote the development of new production technologies and services; underlines their potential to increase productivity, create new jobs and stimulate long-term growth;
10. Considers demographic decline, which affects EU regions to different extents, to be among the serious obstacles hindering EU growth; calls on the Commission and the Member States to introduce measures designed to address this challenge; underlines the fact that demographic decline requires a holistic approach, which should include the adaptation of the necessary infrastructure, and the enhancement of public services and flexible working arrangements;
11. Recalls that increasing life expectancy requires the adaptation of pensions systems in order to ensure a good quality of life for elderly people; stresses that this can be achieved by linking retirement age not only to life expectancy but also to insurance contribution years, and by preventing early exit from the labour market;
12. Calls on the Commission and the Member States to pursue the policy of active ageing, the social inclusion of elderly people and solidarity between generations;
13. Is of the opinion that Cohesion Policy, as the main investment policy of the European Union, has demonstrated its effectiveness in reducing inequalities and should therefore be maintained at at least a similar budgetary level in the future multiannual financial framework; considers that the European Social Fund should be retained as the main EU instrument for the integration and reintegration of workers into the labour market;
14. Calls on the Commission and the Member States to step up efforts for further inclusion of people with disabilities into the labour market by removing legislative barriers and creating incentives for their employment;
15. Underlines the fact that the non-alignment of labour demand with labour supply is a problem that encompasses all EU regions, including the most developed; calls on the

Commission and the Member States to tackle this issue by introducing measures to facilitate the mobility of workers across jobs, sectors and locations in order to meet labour demand in less and better developed regions alike; calls on the Commission and the Member States, furthermore, to devote particular attention to the unique circumstances of cross-border workers and workers in peripheral regions;

16. Underlines the role of the social partners as essential stakeholders in the reform process and the added value of their involvement in the drafting, sequencing and implementation of reforms; supports the opinion that new forms of employment in the globalised market call for new forms of social dialogue; affirms that the Member States need to help people build the skills required in the labour market;
17. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The Annual Growth Survey (AGS), integral part of the European Semester cycle, aims at strengthening the sustainable economic development and social convergence by identifying the priorities for the European Union and its Member States for the year ahead. The rapporteur notes that this edition of the Joint Employment Report presents the results from the social scoreboard, which replaces the scoreboard of key employment and social indicators agreed in 2013. The new scoreboard provides a number of *Headline Indicators* to screen the employment and social performance of Member States along three broad dimensions, identified in the context of the Pillar, (i) equal opportunities and access to the labour market, (ii) dynamic labour markets and fair working conditions, and (iii) public support/social protection and inclusion.

The AGS of 2018 shows the positive signs of recovery of Europe's economy with stable economic growth, falling rates of unemployment and improvement in investment and public finances. In the second quarter of 2017 there were record 235.4 million people in jobs, with 8 million additional jobs created since the second quarter of 2014. The rates of poverty and social exclusions are diminishing. Nevertheless, certain problems persist. The goal of this report is to pinpoint the most critical everlasting obstacles to attain sustainable economic development together with social convergence and deliver recommendations for Commission and Member States.

Despite modest downturn, the youth unemployment remains on unacceptably high level of 16.6% and 18,7% for the euro area. On top of that 6,3 million young people aged 15-24 are not in employment, education or training. This is one of the most pressing challenges that needs to be addressed urgently. The European Commission has come out with a number of measures with a flagship Youth Employment Initiative granted recently the additional 2,4 billion euros for the period 2017-2020. Nevertheless further actions both on the side of the Commission and the Member States are needed.

One of the solutions to tackle the high unemployment rate is to address the mismatch between labour market demands and workforce skills. Therefore, adaptation of education policy and improved skills training frameworks are desired. Moreover, according to Eurostat there is an estimated 44% of Europeans lacking digital skills while 90% of all jobs require at least some. In this respect the development of digital and other transferable skills is particularly necessary. There are areas where employers struggle to fill in their vacancies, a phenomena which touches both less and better developed regions. Therefore the support for mobility of workers across jobs, sectors and locations should be provided.

Structural reforms are needed in order to boost investments and improve productivity and at the same time ensure adequate social protection systems. They should be focused particularly on improving the business environment for small and medium sized enterprises which create 85% of new jobs. The Commission and Member States should support new production technologies as they have a potential of boosting the productivity and creating new jobs.

The rapporteur argues that the demographic situation (namely the ageing of European societies and disproportionate depopulation of some regions) constitutes a challenge for the social security systems, services and labour market as a whole. Therefore to tackle it a holistic approach which includes creation and adjustment of necessary infrastructure, reform of national pension schemes and active aging policies is required. Besides that, encouraging the

solidarity between generations and social inclusion of elderly people will also prove to be beneficial for the society as a whole.

The rapporteur points out that despite the many measures already undertaken in order to fully integrate people with disabilities into the labour market the problem still occurs and requires further action. The various incentives for employers which would encourage them to hire people with disabilities have a particular potential in increasing the employability of persons with disabilities. Besides that the legislative barriers which constitute a burden for the full integration of people with disabilities into the labour market should be removed.

Concluding, the rapporteur is of the opinion that the Annual Growth Survey constitutes an important indicator for the Member States when designing their national policies and reform plans. However, in order to be efficient, the patchy implementation of the Country Specific Recommendations, which are the next step in the European Semester, should be avoided.