European Semester for economic policy coordination: employment and social aspects in the Annual Growth Survey 2013

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The European Parliament adopted a resolution on the European Semester for economic policy coordination: employment and social aspects in the Annual Growth Survey 2013.

It recalls that unemployment has increased significantly since 2008 and reached the level of 25 million unemployed people in the EU, corresponding to 10.5% of the working age population. Moreover, more than one in five young people are unemployed (22.8%), with youth unemployment exceeding 50% in some Member States. Members recall that approximately 120 million people are threatened by social exclusion in the EU27 because they are at an aggravated risk of poverty.

Faced with this alarming situation, Parliament proposes a series of **key messages with a view to the Spring European Council of 14-15 March 2013** and a series of specific recommendations annexed to the motion for a resolution. The key messages may be summarised as follows:

I. Europe 2020 objectives, Parliament calls on the Member States to adopt the necessary commitments in the 2013 National Reform Programmes towards the fulfilment of the Europe 2020 objectives and ensure that a sufficient level of EU funds is devoted to the achievement of the Europe 2020 objectives;

II. Job creation through structural reforms and growth-targeted investments, Parliament considers it regrettable that last year most Member States did not respect their commitment to submit a National Job Plan (NJP) as part of their 2012 NRPs. It calls for measures favourable to job creation such as labour tax reforms that encourage employment, promote and support genuine and voluntary self-employment and business start-ups, transform informal and undeclared work into regular employment, reform labour markets and modernise wage-setting systems to align them with productivity trends within the boundaries of decent living wages, and exploit the high employment potential of sectors such as the green economy, health and social care, and the ICT sector;

III. Youth employment, Parliament calls on the European Council to make youth unemployment **a priority in the 2013** policy guidance, in particular by taking decisive measures to fight youth unemployment, tackle skills mismatches in the labour market, in particular by preventing early drop-out from school, promote entrepreneurship and effective business development support for young people and frameworks securing the transition from education to work. Sufficient funding should be provided through the Youth Guarantee Schemes. Member States are urged to develop comprehensive strategies for young people who are not in employment, education or training (NEET);

IV. Labour markets, Parliament regrets that the 2013 AGS does not address the quality of jobs and that too little attention is paid to putting in place the necessary preconditions for increasing labour market participation, notably that of women, workers aged 45+, people with disabilities and the most deprived. It calls therefore for labour markets to be more adaptive and dynamic, able to adjust to disruptions in the economic situation without causing redundancies, and more inclusive, favouring an increased labour participation, specially for those vulnerable and disadvantaged people;

V. Education and training, Parliament calls for a sustainable, growth-friendly and differentiated fiscal consolidation, to secure efficient and sufficient investment in education, training and lifelong learning and

to incorporate the European exchange programmes for education, training, youth and sports into measures taken in the framework of the European Semester;

VI. Combating poverty and social exclusion, Parliament calls for the implementation of integrated active inclusion strategies to be a central element of EU and national social policy agendas. It calls on Commission to stress these measures and calls on the European Council to endorse this guidance **as a priority**;

VII. Differentiated growth- friendly fiscal consolidation, Parliament acknowledges the need to implement proportionate and differentiated growth-friendly fiscal consolidation to avoid negative short-, medium- and long-term growth and employment effects while guaranteeing the sustainability of public finances. The European Council is called upon to ensure coherence between the different priorities in its policy guidance, so as not to compromise sustainable growth and job-creation potential, increase poverty and social exclusion, or prevent universal access to the provision of quality public services. Members call on the Commission to recalibrate its models on the impact of the multiplier effect on growth and job creation.

On the other hand, contrary to its committee responsible, Plenary does not include its call on the Commission to include social indicators, such as income inequality and labour market participation, in the scoreboard for the correction of macro-economic imbalances. Furthermore, Plenary omits the call on the Commission to establish the **necessary surveillance mechanisms** to ensure that Member States meet the social recommendations introduced in the European Semester and in the National Reform Programme;

VIII. Democratic legitimacy, Parliament is concerned at the fact that the **European Parliament**, national parliaments, social partners and civil society continue to play a limited role in the European Semester. It maintains that Parliament has a crucial role to play in establishing the necessary democratic legitimacy and that in the absence of a legal basis for the ordinary legislative procedure applicable to the Annual Growth Strategy, the **European Council should take into account parliamentary comments when endorsing the policy guidance in order to guarantee democratic legitimacy**. It asks the Commission to require Member States to guarantee maximum transparency in the elaboration of National Reform Programmes.

Members outline the details of the keys issues and identify the measures they would like to see being developed in 2013 in each of the abovementioned areas.

As regards governance, Parliament calls on the European Council and the Member States to ensure that national and regional parliaments, social partners, public authorities and civil society are closely involved in the implementation and monitoring of policy guidance under the Europe 2020 Strategy and economic governance process, in order to ensure ownership. It also calls on the European Council to **take up the concerns and proposals expressed by the European Parliament** when adopting its 2013 policy guidance. **Parliament should be appropriately involved in the European Semester in order to represent citizens' interests and increase the legitimacy of the social policies** to be conducted by the Member States.

Lastly, Members outline the measures, presented in the form of recommendations, that they wish to be taken into account by the European Council in its future policy guidance.