

Resolution on the Commission communication entitled 'Strengthening the social dimension of the Economic and Monetary Union (EMU)'

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This Commission communication on **strengthening the social dimension** of the Economic and Monetary Union (EMU) is a further contribution from the Commission to the debate on deepening EMU.

The crisis revealed **gaps** in the functioning of the monetary union, although major steps have been taken to reinforce the EU's economic governance.

The December 2012 **European Council** supported the development of the social dimension of the EMU, including social dialogue. To this end, the June 2013 European Council recalled that the social dimension should be strengthened and emphasised the importance of better monitoring and of taking account of the social and labour market situation in the EMU and it also pointed to the need to improve coordination of employment and social policies.

The **European Parliament** also expressed its views, in its [resolution of 20 November 2012](#), on priorities for achieving a genuine EMU, in particular recommending a social pact for Europe.

This Communication on **strengthening the social dimension** is a further contribution from the Commission to the debate on deepening EMU. It should also be noted that employment and social policies fall very largely under the national competence of the Member States. What the Commission proposes is a number of initiatives to strengthen the social dimension of EMU with a particular focus on the following issues:

1. Enhancing capacity to monitor employment and social developments in EMU to better coordinate a timely and adequate policy response:

- The Commission proposes to create a **scoreboard of key indicators** to be used in its draft Joint Employment Report to follow employment and social developments.
- The following headline indicators could help detect negative trends at a reasonably early stage and help anticipate further deterioration: i. unemployment level and changes; ii. NEET rate (young people not in education, employment or training) and youth unemployment rate; iii. real gross disposable income of households; iv. at-risk-of-poverty rate of working age population; v. inequalities.
- The Commission also suggests strengthening the social dimension of EMU by improving the coordination and monitoring of policies and developments in the social and employment concerns in the context of the **European Semester process**. The social dimension should be integrated in the surveillance of macroeconomic imbalances.

2. Mobilising EU action and funding to tackle unemployment (including youth unemployment) and social distress in an effective and sustainable way:

- The Commission considers that the scope of the EU budget must be fully exploited to develop the social dimension of EMU. For the period 2014-20, resources and programmes have been boosted. The **European Structural and Investment Funds** will continue to drive Member States' implementation of necessary reforms and modernisation of social policies.

- The new **Programme for Employment and Social Innovation** can help spread innovative and cost-efficient employment and social policy measures across Member States, and the Fund for European Aid to the Most Deprived will provide material assistance to people in greatest need.
- The June European Council decided that the EUR 3 billion budget line dedicated to the Youth Employment Initiative (YEI) should be frontloaded in 2014-15, supported by matching contributions from ESF programmes of at least EUR 3 billion.

3. Combining the steps taken on responsibility and economic discipline with more solidarity and financial support:

- In the short term, the Commission has proposed creating an instrument within the EU economic governance framework and the EU budget, separate from the Multiannual Financial Framework, to support rebalancing, adjustment and thereby growth. It also proposed that the existing framework should be strengthened by improving ex ante coordination of major reform projects and by creating a **‘Convergence and Competitiveness Instrument’** (CCI) to provide a framework for commitments to and support for the timely implementation of structural reforms.
- In the long term, based on progressive pooling of sovereignty and thus responsibility and solidarity competencies at European level, it should become possible to establish an autonomous euro area budget providing the euro area with a fiscal capacity to support Member States absorb shocks. **A common instrument** for macroeconomic stabilisation could provide an insurance system to pool the risks of economic shocks across Member States, thereby reducing the fluctuations in national incomes.

4. Reducing existing barriers to cross-border labour mobility in the EU: cross-border mobility within the European Union is still low. **Only 2.6 % of the EU population has moved to live in a different Member State.** In the euro area, less than 4 % of the working age population are nationals of a different Member State. The EU has already addressed some of these persistent barriers. However, looking for a job in another EU Member State is still complicated and administratively burdensome.

The Commission and the Member States need to do more to **ensure transnational matching between labour supply and demand**, in particular by upgrading the EURES network into a pan-European recruitment, matching and placement service.

Moreover, it is crucial to **tackle skills mismatches** to better anticipate the skills needed in the labour market. This is the purpose of the recently launched EU Skills Panorama.

5. Strengthening the role of social dialogue in developing euro-area-wide and national strategies, through appropriate involvement of the social partners: the Commission considers that there is scope for improving the mechanisms to involve the social partners in the coordination of economic and employment policies at EU level by making the best use of existing fora, such as:

- **the macroeconomic dialogue** is a high level forum for exchanging views between the Council, the Commission, the European Central Bank and the social partner representations at EU level;
- **the tripartite social summit** for Growth and Employment is enshrined in Article 152 TFEU as an integral component of social dialogue at EU level.

There is a broad consensus among the EU institutions on the need to **better involve the social partners in European governance, in particular in the European Semester process.**