European semester for economic policy coordination: employment and social aspects in the annual growth survey 2014

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The Committee on Employment and Social Affairs adopted the own initiative report by Sergio GUTIERREZ PRIETO (S&D, ES) on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2014. Members noted that unemployment in the EU had reached 26.6 million, that youth unemployment rates had reached unprecedented levels, averaging 23 % for the EU as a whole, and that **24.2 % of the EU population was at risk of poverty or social exclusion.**

Social indicators: Members noted that **these indicators had not been made binding**, unlike the Macroeconomic Imbalance Procedure scoreboard, and they asked the Commission and Member States to assess this situation in the light of the growing social and employment imbalances in the EU. They found it regrettable that the employment and social indicators proposed by the Commission were **insufficient to cover Member States' employment and social situations comprehensively**, calling for the scoreboard to include **additional indicators,** in particular child poverty levels, access to healthcare, homelessness, and a decent work index. After consultation of Parliament, the indicators should, be reviewed on a regular basis.

The need to re-stimulate internal demand and create quality jobs: the report encouraged Member States to set up an **investment package** in order to bring about a significant improvement in the state of affairs on the labour markets of Member States, as advocated in Parliament's resolution of 11 September 2013 on tackling youth unemployment.

It expressed concern that more than 20 Member States had **reduced education expenditure** in relative terms and called on the Commission to put in place a plan that helped those Member States make the necessary productive investments in education and R&D given the potential of those sectors to generate growth and jobs.

Furthermore, at least **25 % of national cohesion funds** should be used for specific programmes under the European Social Fund in those Member States with the highest levels of unemployment and poverty.

- **Quality jobs and decent wages**: Members called for measures that tackled inequality and guarantee decent pay, and asked Member States to combat in-work poverty by pursuing labour market policies aimed at ensuring a **living wage for those in work.** They stressed the importance of exploring the possibility of reducing pressure on wages through **minimum wage schemes** according to national practices.

- **Reforms to enhance quality labour participation**: regretting that, despite Parliament's repeated requests, a significant number of Member States did not present national general and youth employment plans in their 2013 National Reform Programmes, the report called on Member States to **present job plans including specific job creation measures**, in particular for the sectors identified by the Commission as having high potential such as the **health and social care sectors, the low-carbon, resource-efficient economy and the ICT sector**.

- **Youth unemployment and labour mobility**: Members emphasised that the ILO has calculated that a total of EUR 21 billion was needed to implement an effective programme to combat youth unemployment in the eurozone alone, and called on the Commission to make the **Youth Guarantee a priority** and to increase the available budget in the promised mid-term review of the MFF. They called for a specific strategy to broaden the activities of the European Job Mobility Portal (EURES).

- **Fairer taxation**: noting that the IMF had recently pointed out that there was scope to tax more progressively, Members stressed the need to **shift the tax burden away from labour towards other forms of sustainable tax** so as to promote job creation and bring in additional revenue along the way.

Social trends and the sustainability of social protection systems: the report expressed concern about the increase in poverty and social exclusion among all age groups and called for the following:

- recommendations, especially to the Member States with the highest proportions of under-18s at risk of poverty or social exclusion;

- reforms to guarantee the **sustainability of pension systems**;

- improvements to the adequacy and effectiveness of **social protection systems**, to make sure that these continue to act as buffers against poverty and social exclusion;

- ensuring 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 its economic governance process.

Lastly, Members expressed deep concern at the limited nature of the role of Parliament in the European Semester, and called for an **Interinstitutional Agreement** in order to involve Parliament in the drafting and approval of the AGS and the Economic Policy and Employment Guidelines.