European semester for economic policy coordination: employment and social aspects in the annual growth survey 2018

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The Committee on Employment and Social Affairs adopted an own-initiative report by Krzysztof HETMAN (EPP, PL) on the European Semester for economic policy coordination: employment and social aspects in the Annual Growth Survey 2018.

The Annual Growth Survey 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 employment** (representing an employment rate of 72.3% and progress towards reaching the 75 % employment rate target specified in the Europe 2020 strategy).

The **youth unemployment rate** of 16.6 % (18.7 % in the euro area) remains at a concerning level. In 2016, there were still 6.3 million young people aged 15-24 not in employment, education or training (NEETs).

Poverty and social exclusion rates are declining but some problems persist: disadvantaged social groups remain with an unacceptable total of 119 million Europeans at risk of poverty, including 25 million children (more than one in four of all children in EU).

While welcoming the annual review of 2018 growth and the integrated European social rights pillar, Members stressed the need for **socially and economically balanced structural reforms** aimed at the realisation of the **Social Triple A** by improving inclusive labour market and social policies which address the needs of workers and vulnerable groups.

Members considered that the European Semester should support the development of its 20 key principles regarding **equal opportunities, access to the labour market, fair working conditions and social protection and inclusion**, which should serve as a point of reference and a recommendation when implementing the European Semester policy coordination cycle.

Members made recommendations to the Commission and the Member States:

Poverty alleviation: the report called for increased commitment to fight poverty, especially for children. It called on the Member States and the Commission, within the existing rules of the Stability and Growth Pact, to allow room for public social investment and, where it may be needed, for **greater investment in social infrastructure** and support for those hit hardest.

Concerned about rising inequalities in the EU and its Member States and the increasing share of part-time and full-time workers at risk of poverty, Members called for increased efforts to improve the situation of these people. They stressed that the integration of the **long-term unemployed** through individually tailor-made measures was essential to combat poverty and social exclusion.

Youth unemployment: Members are particularly concerned about the **number of NEETs** and early school leavers remaining high in several countries. While welcoming the increase in funding for the Youth Employment Initiative (which receives an additional EUR 2.4 billion for the period 2017-2020), the report

suggested **granting more funding** at Union level and requested that Member States ensure that the Youth Guarantee is open to all, including vulnerable persons.

Members called on the Commission, through the European Social Fund (ESF), European Fund for Strategic Investments (EFSI) and the European Semester, to strengthen its efforts to support comprehensive public policies in the Member States, by focusing on delivering smoother transitions into work from education and (long-term) unemployment. They called for efforts to be made to invest in quality, affordable **education and training**, while stressing the urgency of developing **digital skills** in order to achieve a skilled and mobile workforce in growing sectors.

Working conditions: Members called for improving the quality of work, both in terms of working conditions, health and safety and in terms of wages, to provide a decent living and family planning. They stressed the importance of **tackling undeclared** work effectively, by involving social partners and imposing appropriate fines.

Support for SMEs: the report emphasised the potential of SMEs and **social enterprises** in creating jobs. The social economy sector represents two million enterprises (almost 10% of the total number of enterprises in the Union) and employs more than 14 million people. Members proposed improving the business environment by removing some administrative burdens by facilitating access to finance and supporting the development of tax models and simplified tax compliance procedures.

Demographic decline: the population of the European Union is aging (almost 20% of the European population is over 65 years old, and it is estimated that this rate should reach 25% by 2050). Members considered that the demographic decline, which affects all regions of the EU, requires a **holistic approach** which should include the adaptation of the necessary infrastructure, quality employment with decent wages and the enhancement of public services and voluntary flexible working arrangements, which should go hand-in-hand with adequate job security and accessible social protection.

Elderly and disabled: 80 million Europeans are disabled. Members proposed setting targets on care for elderly persons, persons with disabilities and other dependants, similar to the Barcelona targets, with monitoring tools to ensure that they are met. The Commission and Member States are called on to look towards **qualitative standards** for all care services and develop a clear strategy and strong investment to develop modern, high-quality community-based services and to increase support for caregivers, especially family carers.