Employment and social policies of the euro area

2018/2034(INI) - 16/10/2018 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted an own-initiative report by Krzysztof HETMAN (EPP, PL) on the employment and social policies in the euro area.

Improving the employment situation: Members recalled that in June 2018 the seasonally adjusted unemployment rate in the euro area was 8.3 %, which was down from 9.0 % in June 2017 and constituted the lowest rate recorded in the euro area since December 2008. However, despite a steady decline, the youth unemployment rate (16.9%) remains at an unacceptable level and is more than twice the total unemployment average, with about 1 in 3 young people unemployed in some countries.

While the total employment rate for the euro area in 2017 was 71 %, the employment rate for women was 65.4 %. The employment rate of 55-64 year-olds was 57 % in 2017 in the EU. It is also estimated that 118 million European citizens are still at risk of poverty or social exclusion, 1 million more than the pre-crisis level.

Members noted that the **economic recovery is not evenly distributed across the euro area**, and there is still much room for improvement in terms of economic convergence, the fight against youth and long-term unemployment, gender imbalances, labour market segmentation and inequality, especially for vulnerable groups.

Country recommendations: Members welcomed the particular attention given to social challenges in the Commission's 2018 country-specific recommendations, which are an important part of the European Semester. However, they are concerned that only half of the recommendations for 2017 have been fully or partially implemented.

They encouraged the Member States, therefore, to step up their efforts to implement the recommendations, particularly in the following areas:

- poverty and social exclusion, including child and in-work poverty, especially among vulnerable groups;
- youth and long-term unemployment in line with the Council recommendation on the integration of long-term unemployed into the labour market;
- income inequalities;
- wage growth;
- combatting early school leaving and the high number of NEETs;
- education, lifelong learning, vocational education and training (VET);
- the sustainability and adequacy of pension systems;
- healthcare, including long-term care;
- secure and adaptable employment;
- gender balances, namely labour market participation, and the gender pay and pension gaps.

Labour market reforms in euro area Member States should therefore be undertaken to:

- provide **quality employment** for all, including disadvantaged groups such as women, young people, people with disabilities and people with a migrant background;
- promote **reliable labour contracts**, tackle bogus self-employment and promote adequate social protection for all types of contracts;

- allow for **easy entry and re-entry** to the labour market by promoting labour mobility, providing reintegration measures and proper training for unemployed and promoting equal opportunities;
- ensure an adequate supply of lifelong learning and **digital skills training**;
- improve the **work-life balance** by allowing flexible working arrangements, advantageous family leave take up and increased investment in affordable and quality childcare services;
- increase **social investment** to improve the accessibility, availability, affordability, quality and cost-effectiveness of their healthcare systems;
- undertake the necessary reforms and to increase social investment so as to ensure the accessibility, availability, affordability, quality and cost-effectiveness of their healthcare systems;
- reduce gender pension gaps and to ensure intergenerational equity through **decent and sufficient retirement benefits**, in order to eradicate poverty and social exclusion in old age and, in tandem, to ensure the long-term sustainability and adequacy of pension systems, to promote higher employment rates for decent jobs which provide greater pension contributions and do not overburden the younger generation.

The report stressed that the EU's social goals and commitments should be as equal a priority as its economic goals. It called on the Commission and the Member States to **reinforce social rights by implementing the European Pillar for Social Rights** in such a way as to build a real social dimension for the EU (through legislation, policy-making mechanisms and financial instruments provided at the appropriate level).