European Semester for economic policy coordination: Employment and social priorities for 2023

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The European Parliament adopted by 319 votes to 171, with 138 abstentions, a resolution on the European Semester for economic policy coordination: employment and social priorities for 2023.

Members highlighted the fact that the swift and coordinated EU policy action during the COVID-19 pandemic mitigated economic shocks and protected the population from the most adverse consequences of the crisis. They consider that although the fallout from Russia's war of aggression against Ukraine poses multiple new economic, social and geopolitical challenges to the EU economy and society, other longer-standing social challenges, such as **poverty, social exclusion, climate and biodiversity emergencies and inequalities** continue to grow and must also be tackled.

Parliament endorsed the Commission's and the Member States' ambition to **coordinate EU policy responses more closely** to mitigate the near-term burden of high energy and food prices, inflation, supply-chain disruptions, including shortages of medicines, rising debt levels and the increased cost of borrowing, including mortgages, for European households and businesses, especially SMEs and entrepreneurs.

Members insisted that the European Union needs an energy model that ensures universal access to decarbonised sources of energy and that puts an end to energy poverty. Members also highlighted the need for an **EU Sovereignty Fund** to ensure, amongst others, that all Member States have flexibility to tackle the social, climate, and environmental challenges.

Youth and vulnerable people

Members are concerned that 21.7% of the EU population is at risk of poverty or social exclusion, with women and young adults most likely to be affected by this threat.

Parliament called on the European Commission and the Member States to develop **targeted ways of supporting the long-term unemployed and homeless**, as well as persons facing multiple barriers and forms of discrimination. It stressed that adequate minimum incomes are needed to lift people out of poverty and called on the Commission and the Member States to adopt ambitious national strategies, with adequate national and EU funding, based on the housing first principle to promote the prevention of homelessness and provide access to adequate, safe and affordable housing for all.

The Commission should be more active in combating poverty, especially child poverty and in-work poverty. Parliament reiterated its call for an increase in the funding of the European Child Guarantee to a specific budget of at least EUR 20 billion.

Underlining the serious social and employment consequences of the current crisis, in particular for young people, Member States and the Commission are invited to:

- ensure that every young person in Europe has access to education, training and paid internships, as well as to the labour market;

- give priority to combating unemployment;

- strengthen the EU's temporary support instrument to alleviate the risks of unemployment in the event of an emergency (SURE) in order to support short-time working programmes, workers' incomes and workers who would be temporarily laid off due to rising energy prices.

Parliament believes that the integration of aspects such as social justice as a guiding principle, a focus on workers and environmental justice in any future financing instrument is essential.

Revised European Semester process

Parliament took note of the revised European Semester process, with a broader scope and enhanced multilateral surveillance to ensure sustainability and key investments while ensuring fiscal stability and taking into account reforms and investments through the national Recovery and Resilience Plans (NRRPs), Europe’s clean energy transition through REPowerEU and the UN SDGs.

Members considered that although there is a need to reduce public debt within a reasonable time frame, smaller or more indebted Member States need more **flexible individual adjustment paths** that allow them enough fiscal space to undertake the investments and reforms needed for socially fair green and digital transitions in a way that leaves no one behind.

Social dimension and employment

Members believe that the European Semester should **include more of the principles of the European Pillar of Social Rights**. The Commission is asked to consider presenting an **instrument on a social convergence framework** to monitor risks to social convergence.

The resolution stressed the need to:

- promote public and private investment to improve quality job creation and support SMEs and develop appropriate **skills** and qualifications in the workforce to keep up with the demand for skilled workers during the green and digital transitions;

- better assess the distributional effects of existing and new policies and reforms monitored in the context of the European Semester;

- ensure **adequate minimum wages**, with the aim of achieving a decent standard of living, reducing in-work poverty, promoting social cohesion and upward social convergence, while reducing the gender pay gap. The provisions of the Minimum Wage Directive should be implemented, so that the minimum wage is raised to at least 60% of a country's gross median wage or 50% of the gross average wage;

- strengthen **collective bargaining** coverage by requiring companies to respect collective agreements;

- build on the Social Climate Fund and lay the foundations for the development of green social protection schemes at national level with EU support;

- **support SMEs** to fully adapt their activities to the green transition and to retain their workforce, especially in the case of start-ups;

- propose a directive to regulate **teleworking** conditions in the EU and ensure decent working and employment conditions in the digital economy.

Parliamentary involvement

Members called for a more democratic European Semester process, with Parliament closely involved in setting macroeconomic and social policy priorities, in particular. They considered that a revised European Semester process should follow the ordinary legislative procedure and so be agreed between the Council and Parliament.