

European Semester for economic policy coordination: employment and social priorities for 2024

2023/2116(INI) - 22/02/2024 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted the own-initiative report by Drago PÎSLARU (Renew, RO) on the European Semester for economic policy coordination: employment and social priorities for 2024.

The Annual Sustainable Growth Survey for 2024 highlights that despite marked wage increases in the EU in 2022 and the beginning of 2023, these remained below the high inflation rates and resulted in reduced purchasing power, affecting lower incomes the most. Moreover, the EU is still facing a surge in the cost of living and persistent inflation, largely propelled by soaring prices of energy, fuel, food and essential commodities, and undue, excessive corporate profits in the energy sector, precipitating an economic and social crisis throughout Europe.

2024 priorities

The report stressed that some of the aims of sustainable economic growth and development must be to ensure well-being through an inclusive socio-ecological and digital transformation of the EU economy to prevent social, economic, digital and environmental imbalances by fighting poverty, reducing inequalities and creating decent jobs with adequate wages and working conditions, while ensuring the effective regulation of artificial intelligence in the workplace and alignment with the SDGs and the European Pillar of Social Rights (EPSR), as well as to strengthen economic, social and territorial cohesion.

Investment in workers

The report stressed the need to invest significantly in workers and to offer quality and future-oriented, inclusive and subsidised education and training. The need to address skills mismatches and labour market shortages was highlighted. Members also stressed the importance of devoting particular attention to the younger generation, which still faces difficulties entering the labour market, and to children who are at a higher risk of falling into poverty and social exclusion.

In addition, Members called for the introduction of a European framework to promote upward convergence on wages, defining a path towards equal pay for work of equal value and guaranteeing a swift and ambitious transposition and implementation of the Pay Transparency Directive at national level together with a re-valuation of work predominantly done by women.

The report highlighted the need for technical support, in particular for SMEs and start-ups, for training and recruitment of new skilled and qualified employees.

The Commission is called on to:

- promote collective bargaining, democracy at work, and social dialogue through the European Semester, and specifically in the country-specific recommendations, to ensure decent wages through collective bargaining;

- assess which expenditures, reforms and investments are necessary to achieve the long-term socioeconomic objectives required to comply with common EU priorities;
- propose a new system for excessive deficit calculations based on this assessment to increase fairness during the green and digital transitions, social resilience and the implementation of the EPSR, while ensuring the sustainability of public finances in the Member States;
- develop an economic governance architecture in the EU that equally reflects economic, social and environmental policies and objectives and is based on transparency, accountability, solidarity, integration, social justice, fair distribution of wealth, convergence, gender equality, high-quality public and social services, including quality public education and training systems, especially vocational training accessible to all, quality employment and sustainable development.

Fiscality

Members considered that EU fiscal rules should allow for the necessary reforms, public investment in and financing of the digital and just transition towards a zero-carbon economy, as well as for the proper implementation of the principles of the European Pillar of Social Rights and of social investments. Members called for the mainstreaming of the EPSR in all relevant EU funds through the introduction of social conditionality in their allocation rules, as part of the Financial Regulation covering the EU general budget.

Social divergence risks

The report highlighted the importance of including social divergence risks in the country-specific recommendations, especially those risks that concern people's early development and that can have long-lasting consequences for individuals, such as equal access to quality education and care, as well as healthcare. These risks should be taken into account when defining fiscal adjustment paths and medium-term fiscal-structural plans. Members consider it imperative that Member States maintain flexibility in their budgetary and policy decisions to accommodate the diverse socio-economic conditions and unique challenges faced by each Member State while ensuring that decisions take into account the specificities at national, regional or local level.

More democratic process

The report called for a revised and more democratic European Semester process, with an **enhanced role for Parliament** in designing macroeconomic and social policy priorities and monitoring their implementation, in particular among low-income and rural populations. In this regard, it called for increased cooperation between Parliament's lead committees and highlighted the possibility of creating a special working group in Parliament that should ensure dialogue with representatives of Member States, regional and local authorities as well as stakeholders in order to increase the transparency of and accountability for decisions on macroeconomic and social policy priorities.

Furthermore, the Commission is called on to advance the EU social taxonomy.

Social partners

While confirming the role of social partners in strengthening social dialogue, Members highlighted the need to closely involve trade unions and workers' representatives in order to ensure efficient and fair transitions. Member States are called on to remove any national legislation that hampers collective bargaining.