

Procedure file

Basic information		
INI - Own-initiative procedure	2004/2190(INI)	Procedure rejected
The social situation in the European Union		
Subject 4 Economic, social and territorial cohesion		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	EMPL Employment and Social Affairs		
	Committee for opinion	Rapporteur for opinion	Appointed
	FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	

Key events			
17/05/2004	Non-legislative basic document published	SEC(2004)0636	Summary
18/11/2004	Committee referral announced in Parliament		
01/02/2005	Vote in committee		Summary
09/02/2005	Committee report tabled for plenary	A6-0035/2005	
08/03/2005	Debate in Parliament		
08/03/2005	Decision by Parliament		

Technical information	
Procedure reference	2004/2190(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure rejected
Committee dossier	EMPL/6/23990

Documentation gateway					
Non-legislative basic document		SEC(2004)0636	18/05/2004	EC	Summary
Committee report tabled for plenary, single reading		A6-0035/2005	09/02/2005	EP	

The social situation in the European Union

PURPOSE: overview of the social dimension in the European Union as a background to social policy development and to contribute to the monitoring of developments in the social field across the Union.

CONTENT: The Social Situation Report ? published annually since 2000 ? provides a prospective overview of the social dimension in the European Union as a background to social policy development and contributes to the monitoring of developments in the social field across Member States. Furthermore, it establishes links to other Commission publications such as Employment in Europe, Industrial Relations in Europe and the Gender Equality Report.

This report combines harmonised quantitative information with survey data on public opinion. In this way, it acts as a reference document, with the perceptions and attitudes of people living in Europe added to the overall portrait of the social situation. In 2004, the report seeks to portray the social dimension of the enlarged Union, looking at both developing social trends and emerging policy challenges.

The main points of the report are:

- As the EU's population rises by 20%, with its GDP only increasing by 4.5%, national and regional income disparities have widened and the challenge of promoting social cohesion has become more important.
- Enlargement will set new challenges for social cohesion while significant progress was observed in EU15 over the last decade. Income in 82 regions of the enlarged Union, accounting for 31% of total population, will be below 75% of the EU25 average. Two-thirds of these people live in the new Member States and represent some 95% of their population.
- Relative levels of poverty in the new Member States tend to be moderate although absolute income levels and living standards remain very low, particularly among the least well off, when compared to EU15. The issues of poverty, social exclusion and quality of living conditions will grow in importance in the enlarged Union.
- In 2002, real GDP in the new Member States in Central and Eastern Europe exceeded 1989 figures by 13% on average, but this average hides large disparities among countries where a few were still below the 1989 figures. During transition GDP growth has primarily been productivity driven. In the next phase it will be vital to achieve a higher employment dividend from growth.
- For EU25, the prospect of a shrinking working age population implies that future economic growth increasingly will depend on productivity gains through human capital development and increases in physical capital. The quality of human capital will become a critical parameter for sustaining GDP growth. The underlying human capital potential in the new Member States in Central and Eastern Europe is encouraging as the states can build on the overall good levels of educational attainment.
- Narrowing the e-gap between Member States would become an integral part of social cohesion policies.
- Human capital development in a broad sense will be the key to economic and social progress. It can promote macro-economic performance and improve labour market opportunities, living conditions and citizens' health.
- Comparisons of social protection provisions and social and civil dialogue in the new Member States and EU15 document a whole range of differences, but also reveal many similarities.
- Many of the differences and a lot of the social problems in the new Member States in Central and Eastern Europe relate to the pre-1990 and the transition periods. These difficulties cannot be overcome overnight. However, the similarities and the progress made in the *acquis* indicate that with time they will fit well into the span of variations in EU15 countries.
- Reforms that can help deliver better social protection and higher standards of living are underway (e.g. pensions, health), but challenges should not be underestimated (e.g. health & social inclusion) and in some areas modern approaches still need to be implemented (e.g. gender, disability and ethnic minorities).
- Across the board, the ability to achieve changes and deliver on reforms is constrained by administrative and social governance capacities. Measures of supporting structures of civil society and social partnership continue to show a substantial gap to the EU15.
- Pension reforms in a number of new Member States were inspired by innovations in EU countries and current provisions fit into the range of pension arrangements in the EU15. The success of pension reforms in these countries will depend on their ability to raise employment levels and the average exit age.
- The integrated approach embedded in the Laeken pension objectives also apply in the new Member States. Current vulnerabilities of pension systems in many of the new Member States underscore the importance of securing adequate benefits, higher employment, later retirement and effective regulation and sound management of pension funds.
- In PPS (Purchasing Power Standards) the EU15 spends roughly four times as much on health as the new Member States in Central and Eastern Europe. Raising the scale and effect of health expenditure is a precondition for health improvements.
- The substantial Roma and other ethnic minorities in some new Member States will increase the social inclusion and anti-discrimination challenges associated with ethnic diversity.
- Disability policies in the new Member States still tend to be based on medical models of disability and marked by institutionalisation and sheltered employment.
- The development of the bipartite social dialogue and the industrial relations regimes need further strengthening in most of the new Member States.

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The committee adopted the own-initiative report by Ilda FIGUEIREDO (GUE/NGL, PT) on the social situation in the EU. The report pointed out that, with disturbingly high unemployment levels affecting young people and women in particular, the EU still seemed far from attaining the goals it had set itself for the year 2010 under the Lisbon Strategy, i.e. an overall employment rate of 70% and an employment rate for women of 60%. Indeed, to reach these goals it would have to create over 22 million jobs in the next five years. The committee agreed with the Commission's analysis, in its 2004 report on the social situation in the EU, that unemployment is a major cause of social exclusion. It said that priority must be given to tackling this issue through a revision of existing economic and financial policies, especially the Stability Pact, the

Lisbon Strategy, internal market policy and competition policy, and also when the broad economic policy guidelines are laid down at the Spring Summit. MEPs called for the creation of a "Pact for Development and Employment" aimed at achieving high employment and creating long-term quality jobs.

MEPs also urged that the planned services directive should be carefully examined in terms of the consequences it would have on the labour market and on the quality of jobs. They also listed what they saw as the key objectives for the new social policy agenda for 2006-2010, including measures in favour of stable employment and respect for workers' rights, gender equality, combating all forms of discrimination and "fair distribution of the wealth created so as to enhance the wellbeing of all, which presupposes publicly-run, universal welfare systems and guaranteed access for all to public services of quality, including health, education and housing". The list also included measures to protect the most vulnerable social groups, including children, the elderly and the disabled, and an education and training policy geared to the needs of the European economy. MEPs further emphasised the importance of lifelong learning, as both a "social necessity" and a "social right".

Lastly, in order to reduce disparities between the Member States and achieve real convergence, the report emphasised the need to reinforce the budget of the next financial perspective (2007-2013) and the Structural Fund, thereby reconciling two fundamental requirements: solidarity with the new Member States and support for the development of the current less-favoured regions.