**Follow-up to the European Parliament resolution on the employment and social policies of the euro area**

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**2. Reference numbers:** 2018/2034 (INI) / A[8](http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A8-2016-0345&language=EN)-0329/2018 / P8\_TA-PROV(2018)0432

**3. Date of adoption of resolution:** 25 October 2018

**4. Subject:** Employment and social policies in the euro area

**5.** **Competent Parliamentary Committee**: Committee on Employment and Social Affairs (EMPL)

**6. Brief analysis/assessment of the resolution and of requests made in it:**

The resolution on the employment and social policies of the euro area is an own-initiative report adopted by the European Parliament to feed into the European Semester process. This is the first time that the EMPL Committee has prepared a separate report on the employment and social policies of the euro area, and not as previously an opinion for the report on the economic policies of the euro area issued by the Economic and Monetary Affairs Committee (ECON). This reflects the increased recognition of the importance of this domain for the functioning of the euro-area.

The resolution acknowledges the current positive economic and employment outlook. However, it calls for more efforts on youth unemployment, labour market segmentation and inequalities, in-work poverty, productivity, wage growth, pensions, social protection and healthcare systems. The resolution also welcomes the fact that the European Pillar of Social Rights (EPSR) is now integrated into the Semester, but raises concerns about the low level of implementation of the country-specific recommendations (CSRs).

The Commission can agree with the resolution. Most calls are addressed to the Member States, which are invited to develop actions and strategies in line with the EPSR and to continue reform efforts taking full advantage of the positive economic outlook. The Commission shares both the analysis of the current situation – improved economic conditions, but still challenges ahead – and the calls to the Member States for renewed policy efforts.

**7. Response to the requests and outlook regarding the action that the Commission has taken or intends to take:**

**Paragraph 4**: encourages the Commission to ensure coherence between social and economic CSRs and to respect the flexibility clause in the Stability and Growth Pact, as stated in the Council’s Commonly Agreed Position on Flexibility in the Stability and Growth Pact;

Over recent years, the European Semester has seen its employment and social dimension progressively reinforced as could be seen e.g. in country reports and CSRs covering these issues. Moreover, since the 2018 cycle launched in November 2017, the European Semester has become a key tool to monitor the implementation of the EPSR in a consistent way. The Semester is perfectly placed to do so, being a well-established process bringing together various monitoring mechanisms and putting forward in an integrated way policy recommendations in the economic, employment and social sphere. The strengthening of the monitoring of implementation of the EPSR in the Semester was also addressed by the Commission Communication of 13 March 2018 (COM(2018) 130 final and SWD(2018) 67 final) and was already reflected in the Spring Package 2018.

As concerns public finances, the Commission believes that social investment in quality services such as education, training, childcare, health and long-term care is essential to ensure equal opportunities for all, support quality employment and promote economic and social convergence. As stated in the last editions of the Report on Public Finance in EMU (Economic and Monetary Union), the Member States should design investment strategies that provide adequate levels of high-quality public capital stock. The existing rules within the Stability and Growth Pact (SGP) allow for flexibility to foster investment and structural reforms, while preserving fiscal sustainability and macroeconomic stability in the monetary union. In addition, the existing SGP rules take into account the importance to promote investment and productive expenditure.

**Paragraph 6**: calls on the Commission and the Member States to reinforce social rights by implementing the EPSR in such a way as to build a real social dimension for the European Union (through legislation, policy-making mechanisms and financial instruments provided at the appropriate level);

In its Communication on Monitoring the implementation of the European Pillar of Social Rights (COM(2018) 130 final and SWD(2018) 67 final) of 13 March 2018, the Commission proposed to strengthen the implementation of the Pillar through the European Semester:

* by better reflecting the priorities of the EPSR in the analysis of measures taken and progress made at national level;
* by developing benchmarking in key policy areas and promoting the exchange of best practices, including by providing technical assistance to Member States;
* and by screening employment and social performances and progress over time on the basis of the new Social Scoreboard, thus supporting upward convergence.

As part of delivering on the EPSR, the Commission has proposed several legislative and non-legislative initiatives: a proposal for a directive on Transparent and Predictable Working Conditions; a proposal for a directive on Work-Life Balance for Parents and Carers; a proposal to establish a European Labour Authority; and a proposal for a Council recommendation on access to social protection. These initiatives are currently under discussion with the co-legislators.

Furthermore, the European Social Fund, as well as other initiatives such as the Youth Employment Initiative, the European Globalisation Fund and the Fund for European Aid to the Most Deprived play a key role to promote investment in the social sector. European Structural and Investment Funds will support the implementation of the European Pillar of Social Rights in the post-2020 programming period. In addition, a wide range of social investment projects are being supported through the Investment Plan for Europe.

Given their respective responsibilities, it will be important that Member States and social partners play their role in the implementation of the EPSR.

**Paragraph 20**: calls on the Commission and Member States to develop specific measures within employment, educational and social policies to ensure the effective inclusion of people with disabilities and from disadvantaged backgrounds;

Although Member States have primary competence in the areas of social protection, employment and education, the Commission aims at enhancing the social inclusion of people with disabilities and of other disadvantaged groups through several actions.

More specifically on disabilities, the main instrument for the implementation of the United Nations Convention on the Rights of Persons with Disabilities (UNCPRD) is the European Disability Strategy 2010-2020, which includes, inter alia, the areas of employment, education and social protection. Through the collection of disability-related statistics with a view to monitoring the situation of persons with disabilities with regards to employment, education and social inclusion, the Commission urges the Member States to take the necessary action to improve the life of people with disabilities under the European Semester. This work has been bolstered by the inclusion in the European Pillar of Social Rights of a specific principle (number 17) dedicated to the "Inclusion of people with disabilities". In line with the UNCRPD, this principle emphasises the right for people with disabilities to live in dignity, participate in the labour market and society as a whole. A commitment to promoting inclusive education and to the provision of appropriate support to learners with special needs is enshrined in the Education and Training 2020 (ET2020) strategic framework, which guides the Commission’s policy cooperation with the Member States in education and training up to 2020.

**Paragraph 29**: calls on the Commission to provide incentives and technical assistance to young people to set up their businesses and to propose measures to promote entrepreneurship, including through school curricula in the Member States;

The Commission believes that fostering entrepreneurship is key for achieving smart, sustainable and inclusive growth and promotes action at Member States' level to support entrepreneurship and self-employment for under-represented groups, including youth. Youth entrepreneurship is also supported financially through the European Social Fund (ESF) and the European Union Programme for Employment and Social Innovation (EaSI).

An example of a successful programme is for instance the Erasmus for Young Entrepreneurs Programme (EYE). The programme has allowed, since its launch in 2009, more than 6000 matches, with about 15000 applicants (both new and host entrepreneurs). Furthermore, the mid-term evaluation of Europe’s programme for small and medium-sized enterprises (COSME programme) – under which the EYE is financed – showed a high rate of success in the matches and in generating the creation/ start-up of new companies and the support to new entrepreneurs. In the context of the preparation of the next Multi-annual Financial Framework, the Commission asked for a continuation and reinforcement of the budgetary allocation of the programme, in order to satisfy and increase the demand for participation.

**Paragraph 32**: calls for a European strategy for quality and accessibility of long-term care systems, by pursuing a rights- and community-based approach to long-term care and support; calls for significant investments in long-term care services in order to prepare for the greater needs anticipated in the light of demographic change; *and*

**Paragraph 33**: calls, moreover, for a European initiative on social protection and services for informal carers;

The Commission agrees that quality and affordable long-term care should be available to all who need it, which is among the principles enshrined in the European Pillar of Social Rights. As the organisation of long-term care is the responsibility of the Member States, they should implement this principle in practice. At the same time, the Commission recognises that informal carers play a significant role in providing long-term care, especially in the Member States where formal care systems are under-developed. Again, the organisation of services to informal carers and their social protection is in the hands of the Member States.

The Commission provides assistance to the Member States through the social Open Method of Coordination (facilitating the exchange of practice through thematic and peer reviews), pooling knowledge (funding studies to better understand common challenges and possible solutions) and promoting social innovation (via specific calls for projects under the EaSI programme).

Having a European strategy or initiative requires a sound evidence base and a set of common indicators to underpin the actions proposed and guide investment. The Commission is currently working to improve the evidence base (e.g. via joint Commission-OECD (Organisation for Economic Co-operation and Development) projects in long-term care) and identify the relevant indicators for long-term care at European Union level (via the Indicators Sub-Group of the Social Protection Committee).