

Amendment 8**Guido Reil, Nicolaus Fest, Dominique Bilde**

on behalf of the ID Group

Report**A9-0026/2021****Lina Gálvez Muñoz**

European Semester: employment and social aspects in the Annual Sustainable Growth Strategy 2021

(2020/2244(INI))

Motion for a resolution (Rule 181(3) of the Rules of Procedure) replacing non-legislative motion for a resolution A9-0026/2021**European Parliament resolution on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Sustainable Growth Strategy 2021***The European Parliament,*

- having regard to Article 5 of the Treaty on European Union (TEU),
 - having regard to Article 165(1) of the TEU,
 - having regard to the Commission's Winter 2021 Economic Forecast of 11 February 2021,
 - having regard to Rule 54 of its Rules of Procedure,
- A. whereas the COVID-19 crisis is affecting all Member States on an unprecedented level; whereas in contrast to the 2008-2009 financial and economic crisis, when mainly the manufacturing industry was affected, the COVID-19 crisis is affecting all sectors, in particular small and medium-sized service companies with liquidity problems;
- B. whereas the Commission's COVID-19 vaccination strategy has been characterised by questionable and politicised decisions, measures and actions; whereas the Commission's slow and chaotic procurement of vaccines and rollout of vaccinations has had major consequences for healthcare and has significantly delayed the economic recovery, causing severe economic damage; whereas Member States are facing an additional cost of tens of billions of euros¹ as a result of the Commission's failed strategy;
- C. whereas the 2011 European Semester introduced three major changes, namely: the extension of EU competences into areas where the Union did not previously have powers; the facilitation of the adoption of recommendations; and the imposition of sanctions on the Member States; whereas the obligation for Member States to present

¹ Weber, A. and Bloomberg, 'EU's slow vaccine roll out risks 100 billion euros in extended lockdowns and lost growth', *Fortune*, 3 February 2021.

their programme even before the adoption of budgets by national parliaments considerably undermines the sovereign right of the Member States to adopt and implement national policies; whereas economic and social choices and policies need to be made through democratic procedures in the Member States; whereas the recommendations of the European Semester had negative social repercussions in several Member States in many sectors of the economy during the euro crisis, limiting policy options, such as those for wage increases;

- D. whereas even before the COVID-19 crisis, Member States were already struggling with a variety of structural problems in their labour markets, such as high youth unemployment and skills and qualification mismatches; whereas the economic fallout of the COVID-19 crisis will further exacerbate these serious structural problems, with long-lasting social and economic consequences for young people; whereas, in this regard, in some Member States school dropouts and overqualification are comparatively much higher than in other EU countries;
- E. whereas in December 2020, the unemployment rate stood at 8.3 % in the euro area and 7.5 % in the EU-27, albeit with substantial differences among the Member States²;
- F. whereas the government-mandated lockdowns and other measures to fight the COVID-19 crisis are having a severe impact on the socio-economic situation and the fundamental rights and freedoms of citizens; whereas the COVID-19 crisis has had a disproportionately negative impact on many sectors, professions, small and medium-sized enterprises (SMEs) and small entrepreneurs; whereas the COVID-19 crisis had particularly adverse effects on the least well-off;
- G. whereas there is a growing division of the labour market with, on the one hand, a group of highly skilled workers in the core manufacturing or financial sectors, who enjoy high wages and social security coverage, and, on the other hand, a growing group of workers in non-standard jobs, particularly in the service sector, who have to contend with low wages and low social security coverage; whereas several structural drivers have contributed to this process, such as deindustrialisation, mass immigration of low and unskilled labour, and globalisation, including international competition from low-wage countries;
- H. whereas the COVID-19 crisis has underlined the need for strong health and social care systems in the Member States;
- I. whereas the labour markets of the Member States and even regions within Member States are different in many ways, including their use of different frameworks, and whereas these frameworks have, over the course of history, developed along specific lines both regionally and nationally, which are closely linked to the social protection systems in place;
- J. whereas one of the biggest challenges for SMEs in the euro area is a lack of skilled labour; whereas in certain countries the lack of skilled workers attests to the scarcity of labour while in other countries it reflects the structural mismatch between the

² Eurostat, Unemployment Statistics.

availability of labour and companies' needs;

- K. whereas Member States have limited the economic fallout of the lockdowns to fight the COVID-19 crisis by enrolling tens of millions of workers in short-time working schemes, modelled on Germany's *Kurzarbeit* programme, under which governments pay workers 60-85 % of their wages to work reduced hours or none at all; whereas in February 2021, the Commission disbursed EUR 14 billion to nine Member States in the fourth instalment of financial support under the SURE programme (support to mitigate unemployment risks in an emergency); whereas following those disbursements, 15 Member States have now received a total of EUR 53.5 billion euros under SURE, with countries set to receive substantial totals overall, notably Italy (27.4 billion) , Spain (21.3 billion), Poland (11.2 billion), Greece (2.7 billion) and Slovenia (1.1 billion)³;
- L. whereas it is estimated that in the five largest Member States, 9 million short-time workers, or 20 % of those enrolled in short-time work schemes, are employed in 'zombie jobs' in industries that will continue to struggle due to COVID-19, including travel, tourism, hospitality, entertainment and retail; whereas if wage subsidies come to an end in 2021, these 9 million people will be in danger of becoming unemployed; whereas these 'zombie jobs' account for 6 % of all employment in the EU⁴;
- M. whereas digitalisation and the challenge of artificial intelligence are crucial for many economic sectors, increasing competitiveness, creating jobs and boosting economic prosperity; whereas technological change has led to an increased demand for people with the relevant skills; whereas while digitalisation can be an opportunity for job creation and social advancement, it could also result in higher levels of unemployment;
- N. whereas alongside short-time work, other forms of working strategies such as remote work have been embraced wholesale in different sectors all over the EU; whereas flexible working time arrangements and teleworking can play a crucial role in preserving jobs, while supporting a better work-life balance;
- O. whereas homelessness has risen as a result of the government-mandated lockdowns to fight COVID-19 and the ensuing economic and social impact, such as the rise of domestic violence; whereas it is estimated that there are now three million homeless people in the EU⁵; whereas in 2019, the European Federation of National Organisations Working with the Homeless (FEANTSA) estimated that, on one night in the EU, at least 700 000 homeless people were sleeping rough or in emergency or temporary accommodation, which amounted to an increase of 70 % in a decade⁶; whereas the rise of homelessness over the last decade has many different causes; whereas addressing homelessness requires the Member States to take measures in a number of different fields, such as healthcare, labour market policies and protection against domestic violence;
- P. whereas the COVID-19 crisis has had a disproportionately negative impact on people

³ European Commission, 'Commission disburses EUR 14 billion under SURE to nine Member States', Press release, 2 February 2021.

⁴ Allianz, *The risk of 9 million zombie jobs in Europe*, 17 June 2020.

⁵ Hughes, J., 'Homelessness in EU reaches record high of 3 million', *Agence Europe*, 16 January 2020.

⁶ FEANTSA, *Homeless in Europe*, Spring 2019, p. 2.

with disabilities and their families; whereas poverty is still high in many EU Member States and whereas in addition to child poverty, many pensioners have difficulties making ends meet;

- Q. whereas the COVID-19 crisis has exposed and exacerbated the problems that many seasonal workers face with regard to health insurance, social protection and decent working hours;
- R. whereas in September 2020 Commission President von der Leyen announced that 37 % of the EUR 750 billion recovery fund would be spent on European Green Deal objectives;
1. Is concerned about the social effects of the COVID-19 crisis and the impact of the government-mandated lockdowns and other measures, in particular on low-income households, families and vulnerable groups, such as the elderly and people with disabilities; underlines that it is vital for our free societies to ensure that all restrictions are proportionate and to end the restrictions on liberties as soon as possible;
 2. Emphasises that the Member States should and must be able to adopt and implement their own economic and social choices, providing their citizens with answers tailored to their particular problems and concerns; rejects the call for a common European employment policy;
 3. Reaffirms that social policy is an exclusive competence of the Member States; rejects, accordingly, any endeavour under the banner of the European Pillar of Social Rights to standardise the social policies and social protection systems of the Member States, as this would undermine the effectiveness of their national policies in these fields;
 4. Regrets the fact that the level of youth unemployment remains very high in several Member States; is of the opinion that the EU financial instruments in this field are not efficient and have only produced limited results; recalls that, according to the European Court of Auditors' Special Report No 3/2015⁷, the Youth Guarantee made limited progress and its results fell short of initial expectations; reminds the Commission of the principle of subsidiarity with regard to youth unemployment, which can be better tackled by the Member States, who are best placed to address the needs of national, regional and local labour markets;
 5. Recalls that only the Member States may decide on their domestic policies to help young people find high-quality jobs, such as by developing and implementing an appropriate regulatory framework for their labour markets and tailoring their education and training systems to ensure that young people's qualifications meet the needs of the labour market; encourages the Member States to strengthen vocational training, to work to reduce early school-leaving rates and to foster innovation; encourages the Member States to pursue an active labour policy ensuring that people in 'zombie jobs' can benefit from vocational training and be reskilled to move towards jobs with a better future;
 6. Notes that the population in Europe is ageing; recalls that demography has a

⁷ *EU Youth Guarantee: first steps taken but implementation risks ahead*, 24 March 2015.

considerable impact on the labour market; encourages the Member States, in this regard, to implement policies to reverse the ageing trend on the continent instead of using the instrument of migration, which leads to social dumping and puts immense pressure on national welfare systems; points to the need to raise the employment rate and improve the digital skills of workers over 50 years of age, both by creating incentives for companies in different fields and by securing access to lifelong learning opportunities;

7. Rejects the proposal for a European Unemployment Reinsurance Scheme since it constitutes a further step towards a transfer union; is of the opinion that such a scheme does not solve the permanent structural problems in national or regional labour markets; stresses the need to invest adequately in labour market policies and economic reforms to prevent long-term unemployment;
8. Stresses that the newly created SURE instrument must be temporary; encourages the Member States that benefit from these funds to earmark a proportion of them towards upgrading the skills of people at risk of unemployment to enable them to switch to more viable sectors; encourages, in general, the Member States to encourage and stimulate companies, particularly during this period of crisis, to start or continue training activities and make use of funding opportunities;
9. Is concerned that the COVID-19 crisis will result in millions of workers losing their jobs; is of the opinion that the implementation of the European Green Deal will further deepen the economic and social crisis in Europe; believes that the European Green Deal risks entrenching economic and social divisions between eastern and western EU countries, and will put millions of jobs at risk in the extractive industries, energy-intensive industries and the automotive industry, with no assurances that workers will find another job; is worried that these deeper divisions will lead to a new wave of mass internal migration within the EU;
10. Is of the opinion that the European Green Deal is an expensive and ideologically driven proposal that will have little impact on mitigating global carbon emissions; considers that the money outlined for the Green Deal would be better spent on directly improving the lives and standard of living of European citizens; believes, therefore, that the climate goals of the Green Deal should and must be revised;
11. Encourages the Member States to take measures to further include and integrate people with disabilities in the labour market;
12. Encourages the Member States to ensure that employed people receive a wage that affords them a decent life in their country; believes that minimum wages could serve to increase salaries at the lower levels of wage distribution, thereby ensuring that workers earn an acceptable minimum wage for their work; recalls, in this regard, that any decision on setting minimum wages is the prerogative of the Member States; is concerned that the Commission is using the momentum of COVID-19 to continue to push its own agenda on economic, social and environmental issues; reiterates that competitive wages can be adequately achieved through collective bargaining and trade unions;
13. Notes that in some Member States there is a large low-wage sector; is of the opinion that lowering social security contributions for low incomes can be a way to tackle this

problem;

14. Considers that the COVID-19 pandemic and the government-mandated lockdowns and other measures have drastically increased the number of hours that employees are teleworking; recognises that teleworking has many social and financial benefits for employees and businesses; considers that the ability of the EU institutions and agencies to function remotely provides an ideal opportunity for the institutions to reduce budgetary expenditure on office space;
15. Notes that the platform economy model reduces barriers to entering the labour market, offering opportunities to groups that have traditionally been excluded from it; notes that a number of initiatives to regulate the statute of platform workers have been launched in several Member States;
16. Underlines that ensuring decent labour conditions for mobile cross-border and seasonal workers is a responsibility of the Member States;
17. Stresses that SMEs play a crucial role in shaping economic growth and job creation in the EU; recalls the need to strengthen SMEs; believes that an SME-friendly legal environment is an important condition for economic growth;
18. Notes that poverty is still high in many Member States; emphasises that decent job creation is the best instrument to fight poverty; encourages the Member States to make sure that their tax systems, regulatory frameworks and social security schemes pose no obstacle to job creation; recalls that strong and sustainable welfare systems are built on market economies that perform and function well; encourages the Member States to make sure that their pension systems remain adequate and sustainable for workers and the self-employed; encourages the Member States to guarantee decent old-age pensions and to tackle poverty among pensioners;
19. Welcomes the fact that many Member States have taken extraordinary measures during the COVID-19 crisis to prevent and address homelessness by providing emergency housing; encourages the Member States to exchange best practices for tackling the growing problem of homelessness;
20. Instructs its President to forward this resolution to the Council, the Commission, and the governments and parliaments of the Member States.

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