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PRESS RELEASE

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The future of the Economic and Monetary Union: Commission proposes ideas to deepen social integration

The European Commission has proposed to create a new scoreboard to allow for better and earlier identification of major employment and social problems in the framework of the European Semester, the EU's yearly economic policy-making cycle.

Further involving trades unions and employers at both the EU and national level in the definition and implementation of policy recommendations during the European Semester, making better use of EU and national budgets to alleviate social distress and removing barriers to job mobility are also proposals that feature in a Communication on the social dimension of the Economic and Monetary Union (EMU), adopted by the European Commission today.

The Communication follows the Commission's Blueprint on a deep and genuine EMU (IP/12/1272), published in November 2012, and will feed into discussions on the future of the EMU at the European Council on 24-25 October.

President Barroso said: *"The EU has taken giant leaps forward in terms of economic governance in the last five years, providing financial lifelines to many vulnerable Member States. From the start of the crisis, we have taken targeted action to deal with the social distress created in part of our societies. But the severity of the crisis, particularly in the euro area, has taught us that we need to work even more closely to heal the social scars it has left behind. This Communication is about building on the rules we have already put in place under the European Semester to ensure there is a strong social dimension in the way we run our Economic and Monetary Union. We owe that to the 26 million unemployed and the most deprived in our society."*

The Communication focuses on three areas:

- Reinforcing surveillance of employment and social challenges and strengthening policy coordination under the European Semester;
- Enhancing solidarity and reinforcing job mobility;
- Strengthening social dialogue.

Surveillance and coordination

The European Semester sets out an annual calendar and rules for monitoring and coordinating economic policies, while the Europe 2020 strategy contains key social and employment targets for the next decade for all 28 EU Member States.

The Communication focuses on issues that are directly relevant for the well-functioning of the EMU, while fully respecting the general social agenda for the wider EU. In it, the Commission proposes to create a scoreboard to follow key employment and social developments in order to better analyse and more swiftly identify major problems before they arise. The indicators in the scoreboard would include:

- the unemployment level and the way it evolves;
- NEET rate (young people Not in Education, Employment or Training) and youth unemployment rate;
- the real gross disposable income of households;
- the at-risk-of-poverty rate of the working age population;
- inequalities (the S80/S20 ratio).

It also proposes to integrate a limited number of extra employment and social indicators into the annual Alert Mechanism Report (AMR) used to detect economic imbalances.

The data should feed into policy – for example, the in-depth economic reviews undertaken as a result of the AMR exercise, or the Country-Specific Recommendations published each spring by the European Commission.

Solidarity and labour mobility

More can be done to effectively allocate available EU funding to alleviate social distress in countries undergoing deep economic reforms. For the period 2014-2020, the Commission has proposed that Member States devote at least of 20% of their European Social Fund (ESF) envelopes to promoting social inclusion and combating poverty.

The EU's new Programme for Employment and Social Innovation, The European Globalisation Adjustment Fund and the Fund for European Aid to the Most Deprived are also important instruments that can help.

Moreover, there is work to be done to make it easier to move around the EU for work. While nearly a quarter of working age young people in the euro area are unemployed (24% in July 2013) and there are massive differences in the levels of youth unemployment between countries (the rate is highest in Greece at 62.9% and lowest in Germany at 7.7%), less than 4% of the working age population in the euro area comes from a different Member State. The Communication therefore commits the Commission to work to reduce the costs and hurdles of moving for work across the EU.

Social dialogue

There is room to better consult social partners at key steps of the decision-making process under the European Semester. The Commission has pledged to:

- meet the EU social partners ahead of the adoption of the Annual Growth Survey each autumn;
- organise a debate after the Annual Growth Survey with EU social partners and their national affiliates;
- hold technical preparatory meetings before the March Tripartite Social Summit and other high-level meetings
- encourage Member States to discuss all reforms linked to the Country-Specific Recommendations with national social partners.

Background

The Communication is part of an ongoing process to improve the EU's economic governance architecture, and takes forward the ideas in the Commission's Blueprint for a deep and genuine EMU.

It responds to the request of the 13/14 December 2012 European Council to present possible measures on the social dimension of the EMU, including social dialogue.

The June 2013 European Council recalled that the social dimension should be strengthened, emphasising the importance of better monitoring of the social and labour market situation within the EMU, notably by using appropriate employment and social indicators within the European Semester.

The European Council has also pointed out the need to ensure better coordination of employment and social policies, while fully respecting national competences, and highlighted the role of the social partners and social dialogue, including at national level.

Useful links

[MEMO/13/837](#) Strengthening the social dimension of the Economic and Monetary Union: frequently asked questions

President Barroso's website http://ec.europa.eu/commission_2010-2014/president/

Commissioner Andor's website http://ec.europa.eu/commission_2010-2014/andor/

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