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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: European Semester 2018

Delegations will find attached the Presidency steering note for the exchange of views on the 2018 European Semester package at the EPSCO Council on 7 December 2017.

European Semester 2018

Presidency steering note

EPSCO, 7 December 2017

Now that the economic situation has stabilised and our economies have started expanding again, we need to ensure that every one of our citizens benefits from it. This is not only essential because we have pledged to deliver higher employment rates and better social protection for all, but also because social equality is the basis for well-functioning and productive societies. In addition, it is important because it is indispensable for a renewed impetus to the European project.

The employment and social situation in the EU is improving. We are witnessing again higher levels of employment rate, unemployment levels are declining toward pre-crisis levels, standing at 7.6% in the EU-28 (second quarter 2017) compared to last year's 8.5%. However, wage-growth remains low, and, although declining, youth and long-term unemployment remain high and are decreasing only slowly. Gender employment and pay gaps also persist. Income inequality continues to be high, showing only small signs of improvement. The at-risk-of-poverty-or-social-exclusion rate is still at an unacceptably high level. While growth has reached all Member States, regional disparities persist. It is therefore clear: we need to persevere and continue structural reforms to boost investment and ensure a more stable, inclusive, productive and resilient economy.

In its 2018 economic package, the Commission has put ample emphasis on the proclaimed European Pillar of Social Rights, most notably by, for the first time, making use of the Social Scoreboard in the draft Joint Employment Report. It also proposes to update employment guidelines 5-8 to bring them in line with the Pillar's principles. In the Annual Growth Survey 2018, the Commission continues to maintain the main priorities of relaunching investment, pursuing structural reforms and ensuring responsible public finances.

Over the past years, we have gained considerable experience in designing and implementing structural reforms, first and foremost with a view to stabilising our economies and kick-starting our labour markets. For these efforts to remain sustainable, we must ensure that policies and actions tackle challenges in a comprehensive manner. This must include tax and benefits systems, education and skills, healthcare, as well as wage-setting policies and ensuring that innovative forms of work go hand in hand with adequate job security and social protection. The reforms need to adequately deal with inequalities, social exclusion and poverty. This requires investment in human capital, in our citizens; in other words social investment. In all this, Social Partners have a central role to play.

Social investment is a term that has been around for a long time, but has started gaining prominence in public discourse only during the past years. The crisis showed us that regions where people had a social cushion to rely on which also provided them with the necessary support to re-skill, have weathered the economic down-turn better than others. In recent years, some investors have realised that investing in social projects can also yield profit, while at the same time allowing them to contribute to their communities. Consumers are more and more conscious of environmental and social footprints of products and services purchased, therefore companies have an increased incentive to make social investments, as well. Policy-making should not lag behind.

Against this background, Ministers are invited to present their views on the 2018 European Semester Autumn package, with particular focus on:

- 1) Whether the common targets and objectives are set correctly or would they need further balancing?
- 2) Whether priorities outlined in the Annual Growth Survey and draft Joint Employment Report are adequate and guarantee sustainability?