

Speakings by Commissioner Thyssen on the 2018 European Semester Country Reports

Ladies and gentlemen,

This year's European Semester cycle is a landmark.

You know that we proclaimed the European Pillar of Social Rights at the Social Summit a few months ago. This Pillar is our joint political commitment – by the Commission, by the Parliament, by the Council – to move forward with a stronger social Europe. We need to tackle longer-term causes of change, such as new forms of work and demographic ageing. The success of the Pillar depends on the extent to which we implement it. And this has to be done both at European level and national level.

How do we want to achieve this?

The Semester is our key instrument to steer social reforms in the Member States. Building on the European Pillar of Social Rights, we focus on reforms aimed at better living and working conditions for our citizens. Reforms that make labour markets more resilient and national welfare systems more effective. Our new social scoreboard helps us to monitor and implement the Pillar and social reforms, using a range of statistical indicators. The scoreboard looks at unemployment and employment rates, disposable household income and income inequality. But we also look at early school leavers, how women compare to men in the labour market and the impact of public policies on poverty, among other indicators. This Scoreboard is now an important part of the Semester. We've used it in the country-specific reports presented today. And frankly, our country specific reports have never been so social. They will also underpin the Country-Specific Recommendations that we will present in May.

Now what is the state of play today?

With more than 236 million people in jobs, employment continues to reach record highs. Unemployment is almost back to pre-crisis levels, standing at 7.7% in the EU, the average of the last quarter of 2017. And it continues to fall among young and long-term unemployed. But there are still challenges: unemployment, youth unemployment and long-term unemployment are still very high in some countries. While the number of people at risk of poverty or social exclusion is declining, it is still high. In some countries household income is still less than in 2008, when the crisis started.

Broadly speaking, however, all Member States made progress in addressing last year's recommendations in the employment and social fields. Although some countries could and should have made more efforts. With high growth, we have a golden opportunity for reforms. I call on Member States to take this

opportunity. Now is the time for reform. We should repair the roof when the sun is shining. Good social dialogue is key to this. Involving social partners in defining and implementing reforms increases their legitimacy, quality and also effectiveness of these reforms. In some Member States we still observe a scope for improvement in this respect.

As to the necessary reforms:

(1) High unemployment in some Member States, especially among the young, remains a key concern. Also the employment rate of older workers, women and migrants are points for attention. Many countries are, in a context of demographic change, taking decisive actions in these fields.

(2) With growth back in Europe, we see the trend of increasing divisions in the labour market – such as differences between temporary and permanent contracts- coming to a halt. But wages are not increasing as much as the current situation would call for. This is something the Commission is following closely. When our competitive position is fragile, often during a crisis, we need to be cautious about wage increases. But we also point out when there is more scope for higher wages – by and large now is the moment.

(3) Our societies are changing rapidly and the skills needs on the labour market are changing ever faster. The right education and training are the key to equal opportunities. They are indispensable to get a job in the first place – essential for keeping your skills up to date, and crucial if you need a new job. In Denmark for example a broad education reform is already underway to improve school outcomes and raise academic standards.

(4) Our social protection systems will also need to adapt to the changing society. More flexibility in the workplace must go hand in hand with more security. We have to ensure that everybody, whatever their employment status, contributes and is covered by social protection. We need to be aware of these risks, and adjust our systems in a comprehensive way. Next week I will present a proposal to address this.

Several Member States are already starting to address this problem. France, Lithuania, Poland and Portugal are extending access to social safety nets to people in non-standard and self-employed situations. In Sweden, the self-employed can now complement their unemployment insurance with a state-subsidised top-up. And I would also signal that finally both Greece and Italy, the 2 last countries, have introduced minimum income schemes, which is the safety net of last resort.

Ladies and gentlemen,

Solidarity and fairness are founding values of the European project, and also enshrined in the European Pillar of Social Rights. We know that they strengthen sustainable growth. For our social market economy to flourish, economic and social development need to go hand in hand. The Pillar will continue to guide us on this path. Thank you.