



**Local & Regional
Europe**

Social dimension of the Economic and Monetary Union

Local and Regional Authorities react!

CEMR reacts to the European Commission's Communication on the Social Dimension of the Economic and Monetary Union

15 November 2013

CEMR Key messages

1. The CEMR takes note of the Communication, and welcomes the intention to reinforce the social dimension in economic and monetary policies. We remain cautious in regard to the proposed actions set out in this Communication and call on the European Commission to provide further analysis and clarity on its intentions;
2. A number of key issues being faced by Europe's Local and Regional Authorities, such as employment (in particular youth), demographic change and the changing environment of public services, depend on mutually complementing economic and social policies; therefore developing proposals for including a 'social dimension' in the Economic and Monetary Union is very appropriate at this time;
3. It is important to underline however, that the European Union has limited competences in employment and social affairs, and therefore must remain within the powers laid down in the EU Treaties, fully respecting the subsidiarity principle;
4. The Communication points out concrete proposals where the European Commission can provide guidance in this field – the CEMR welcomes this point, in particular where the European Level can provide relevant funding, exchange of expertise and strengthening of Social Dialogue;
5. The CEMR calls on the European Commission to provide more clarification on its proposals, notably the development of indicators and the scoreboard, before any further action or decisions are taken on implementation. Local and Regional Authorities should be consulted in particular on the development of any indicators, as they remain best placed to determine the needs of their communities;
6. The CEMR asks the European Commission to clarify how the Youth Employment Initiative can be connected to other structural and investment funds- in particular European Social Fund- and through which mechanisms it can be delivered at local level;
7. Finally, the CEMR would welcome further elaboration on its proposals in this Communication, and would welcome a timetable of proposed actions in this regard to be published as a follow-up to this Communication. As European Social Partner representing Local and Regional Government as employers', we are open to further discussion with the European Commission in this regard.

Social Dimension of the EMU: Local and Regional Authorities React

The CEMR takes note of the latest Communication¹ from the European Commission on Strengthening the Social Dimension in the EMU. We welcome the approach of the European Commission in showing there is indeed a strong social dimension in the Economic and Monetary Union and that it should be reinforced. Indeed, through developing such proposals, the EU can recognise the intrinsic link between economic and social policy; and the importance of local and regional authorities in their development and implementation.

However, the CEMR remains cautious on the current proposals to address this, as set out in this Communication and would urge the Commission to provide clarity and more analysis on those proposals presented.

The CEMR understands the need to strengthen the social dimension of the EMU in order to better identify and address problematic developments and challenges related to employment and social policies; as social issues should be addressed when looking at other policy areas. However, the Commission must act only within its competences, and allowing room for the Member States - in partnership with local and regional authorities- to decide on legislation and policy in this field. It is important to highlight that local and regional authorities are best placed to determine the needs and challenges of their local communities, in order to provide appropriate public services. They can also better see and deal with the impact of the various economic, social and internal market policies on the local communities. To this end, this Communication sets out good proposals of where the European Level can give guidance and should focus on, namely:

- Mobilising EU action and funding to tackle unemployment – With a focus on youth – and social distress;
- Reducing existing barriers to cross-border labour mobility in the EU;
- Fostering mutual learning, exchange of good practise and benchmarking;
- Strengthening the role of Social Dialogue (European and National).

On Surveillance of employment and social challenges

The CEMR welcomes the guiding role the Commission expresses to continue to play by encouraging Member States to align their policies and budgets to focus on issues related to economic and social cohesion. The incorporation of such a system into the European Semester should be further clarified and analysed before any further proposals are set out by the European Commission– and here the CEMR underlines the need for local and regional authorities to be recognised in such a process, namely in the National Reform Programmes. There are numerous examples where National Associations representing Local and Regional Authorities have contributed to NRPs, but this needs to be further strengthened.

¹ COM (2013) 690: [Communication on the social dimension of the Economic and Monetary Union \(EMU\)](#)

The Commission outlines possible additions to the macro-economic imbalances procedure to reflect this integration of social dimension into the EMU; however it will be vital to further elaborate and discuss any possible employment and social indicators to be added, bearing in mind the diversity of every Member State and the balance of competence between EU and National level as set out by the EU Treaties. Alongside this, there is a risk that by using indicators, the focus gets shifted to using purely quantitative figures for measuring success and change, whereas in such areas such as social policy, it is much harder to measure and analyse the situation on the ground based on just those.

The flagship proposal of the Communication is the creation of a scoreboard to allow for better and earlier identification of major employment and social problems in the framework of the European Semester. The CEMR underlines that any scoreboard- and its indicators- must be developed with local and regional authorities, who are at the heart of delivery of various employment and social services for its communities. It is important to mention here that National Social Partners also play a pivotal role in policies related to employment, and therefore must be at the centre of any discussions related to such a scoreboard. The CEMR however remains cautious with the creation of this scoreboard, and notes that discussions between the Member States in the Council, the European Commission and European Parliament will prove vital in this regard.

Overall, the Communication brings to light many existing initiatives and monitoring mechanisms which are already developed and in place for employment and social policies (for example the Joint Employment Report, Annual Growth Survey etc.). It is important not to duplicate or muddle existing initiatives which work well; as this could severely undermine the guiding role the EU has in this field. The CEMR would be in favour of a deeper analysis and understanding of how the new initiatives mentioned in this Communication would strengthen the existing tools and any effect it would have on the balance of competences in this field.

On enhanced solidarity and action on employment

The CEMR welcomes the explicit mention of a need to further maximise the use of the European Structural and Investment Funds (ESIF) for greater targeting of employment and social policies; mainly during the preparation of partnership agreements and operational programmes for the 2014-2020 period.

The Youth Employment Initiative (YEI) designed to help implement the Youth Guarantee in regions facing a youth unemployment rate above 25% must be further strengthened and emphasis should be placed on access and on promoting its use across the EU. As a result, the CEMR asks the European Commission to clarify how the YEI can be connected to other structural and investment funds- in particular ESF- and through which mechanisms it can be delivered at local level (not as another national programme)². Furthermore, the spectrum of eligible activities under the YEI should be widened in order to have a real integrated local impact, as the focus on basic skills might prove restrictive in certain areas where a more comprehensive package of skills support might be needed to bring into and retain youngsters in the labour market.

² CEMR response to Cohesion Policy 2014-2020: Towards a new partnership and territorial approach : http://cre.org/img/uploads/piecesjointe/filename/CEMR_response_cohesion_policy_package_en.pdf

In this regard the CEMR is preparing a report on Youth employment and the role of local and regional authorities in addressing this issue, which includes analysis on implementation of Youth Guarantees and how local actors are working with National Level on implementing youth employment strategies. This will give a good overview of the needs and expectations of the EU in this domain.

Finally, As European Cross Sectoral Social Partner representing Local and Regional Government as Employers', the CEMR strongly welcomes the reference to a need for strengthened Social Dialogue at National and European Level. To this end, it is important to have such consultations during the NRPs and implementation of country specific recommendations at National Level. At European Level the involvement of European Social Partners through the European Semester, Tripartite Social Summit and during the phases of the Annual Growth Survey are pivotal. Furthermore, the views of Sectoral Social Partners could be better fed into such processes, as they are well placed to know the trends and challenges faced in their sector.

Contact

Christina Dziewanska-Stringer
Square De Meeûs 1
B-1000 Brussels
Tel. + 32 2 500 05 36
christina.dziewanska-stringer@ccre-cemr.org

About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 50 national associations of municipalities and regions from 41 European countries. Together these associations represent some 150 000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

www.ccre.org