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**NOTE**

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From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a Social Imbalances Procedure in the European Semester - Exchange of views

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Delegations will find attached the Presidency steering note on the above subject, with a view to the policy debate at the Council (EPSCO) on 16 June 2022.

## **Note on the proposal by Belgium and Spain for a Social Imbalances Procedure**

### **Exchange of views**

#### **INTRODUCTION**

At the EPSCO Council on 15 October 2021, and again at the Council on 6 December 2021, Belgium and Spain proposed the introduction of a new Social Imbalances Procedure (SIP) to strengthen the social dimension of the European Semester.

On 27 January 2022, the French Presidency of the Council of the European Union sent the Chairs of the Employment Committee (EMCO) and Social Protection Committee (SPC) a mandate to produce preliminary technical expertise to facilitate decision-making by ministers.

#### **RESULTS OF WORK OF THE PREPARATORY COMMITTEES**

The members of the committees carried out work to prepare an opinion on the matter, including within the indicators sub-groups, namely the EMCO-IG and the SPC-ISG. This opinion (9222/22) presents the conclusions of exchanges held within the Committees and with the Economic Policy Committee (EPC).

They suggest that such a procedure could build on the social scoreboard in order to be integrated into the European Semester. However, delegations remain divided on the precise definition of what might be considered a ‘social imbalance’ (and to a lesser extent on the indicators and thresholds that could be used), as well as on the added value of such a procedure in relation to existing instruments, the legal basis for such an instrument, the resulting administrative burden, and the timeframe within which it could be integrated into the Semester. Furthermore, the members of the EPC, who were also consulted, highlighted the problem of the timing of this initiative, in view of the ongoing European Economic Governance Review and potential future developments related to the macroeconomic imbalance procedure (MIP).

## CONCLUSIONS

The Presidency held a first exchange at the COREPER meeting on 25 May, , during which preliminary indications were provided. Some delegations supported this initiative, pointing to the need to give more space to the EPSCO filière and to social policies in the context of the European Semester. Other delegations, on the other hand, emphasised the need not to overload the Semester, and questioned the added value of this initiative. Finally, a group of delegations expressed a more nuanced view and suggested that technical work should be continued, including the initiation of a pilot in which Member States could participate on a voluntary basis.

Therefore, in the framework of an exchange of views, Ministers are invited to express their views on the follow-up to this proposal by answering the following question:

- *Do you consider that the integration of such a procedure into the European Semester satisfies the request of certain Member States to further highlight social policies and, if so, by what date would you like to see it implemented?*

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