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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: European Pillar of Social Rights

With a view to the policy debate on the above mentioned subject at EPSCO Council on 8 December 2016, delegations will find attached the Presidency steering note.

European Pillar of Social Rights

Presidency steering note for the policy debate

EPSCO Council 8 December 2016

The Commission has launched the public consultation on a European Pillar of Social Rights in March 2016. Stakeholders across Europe have been sharing their views. EPSCO Ministers had the opportunity for an initial discussion at the informal meeting in April and generally endorsed the joint EMCO-SPC Opinion on the Pillar at the EPSCO Council in October. As the consultation period draws to a close, Ministers are invited to present their positions on the main emerging messages and discuss the political orientations for follow-up action.

Key messages from the consultation

1. Boosting productivity and competitiveness

Economic growth, fair competition and social inclusion are mutually reinforcing: sound economic conditions conducive to job creation provide greater social security. Stronger social security systems and labour market institutions are contributing to make economies more resilient. However, since the outbreak of several crises in 2008, significant divergences have emerged in Member States' employment and social situation – and have reached dramatic levels within the euro area.

- From the public consultation it emerges that social and employment policies are expected to work together coherently to address issues of, social inclusion, creating jobs and remaining competitive. Creating conditions for upward social convergence is typically seen not only as a political or a social imperative, but also an economic necessity, in particular in the Euro area.

2. Ensuring social rights in a changing world of work

Ensuring decent and fair working conditions for all workers, regardless of their employment type, call for a fresh look at labour regulations. Acquired rights should be valid within all types of contracts and not be lost when changing employment status. This is particularly important in the context of increased labour mobility and migration.

While the EU social acquis is seen by stakeholders as largely appropriate, there is in several areas scope for adaptations to respond to technological change, digitalisation in both labour markets and society. Inequalities in access to social protection have become more prominent in the context of labour market transformations, as less linear careers with more frequent changes of job and employment status become more typical.

- The consultation highlights calls to modernise some aspects of the acquis to better match the realities of the new world of work, for further guidance on implementation and support for enforcement of the acquis, as well as for tools which could reduce the burden for SMEs.

3. Skills for the labour market

Automation and digitalisation are like a new industrial revolution and bring the promise of productivity gains. But this comes with increasing requirements for new skills on the labour market. While the European workforce is more highly educated than ever, the skills gap in many sectors is nevertheless proving hard to fill. Low or un-qualified workers risk falling behind. And workers on non-standard contracts have 40% less access to training and skills development.

- The consultation calls for more attention to assessing workers' individual skills needs, especially for people who have less easy access to the labour market, such as migrants. Better anticipation and understanding of skills needs is part of the answer. This should then be properly reflected in education and training provisions. The important role and potential contribution of social partners to identify and deliver on skills needs is underlined. There is wide agreement that investment in re-skilling and up-skilling is a top priority to help people get into work and move smoothly between jobs throughout their working lives.

4. Enhancing social fairness and tackling inequalities

With the gap between rich and poor being at its highest in 30 years, the EU needs to act rapidly to address inequality and social polarisation. While poverty occurs mainly in unemployment, it is also a struggle for no fewer than 10% of people in work and particularly for vulnerable groups, such as those with precarious jobs, migrants and refugees.

- Effective redistribution of wealth through tax and social contributions, but also adequate education, migration and housing policies, as well as affordable services of general interest, are highlighted in the consultation as levers to foster greater social mobility. One specific focus is on tailored unemployment benefit schemes which could be more closely linked with policies to get people (back) into work.

Our social protection systems should be adapted to changing realities, and notably to more fluid career paths and atypical forms of work, which do not always offer equal access to social protection. Inter-generational fairness in the context of ageing societies is also raised as a particular concern; younger people are often facing precarious situations, as they tend to be disproportionately affected by new forms of work and encounter more difficult access to social protection.

5. Employment and social rights in the 21st century

To respond to these concerns, a mix of tools will be needed, tailored to the policy areas concerned as well as the autonomy of social partners. Respondents expect all levels of governance (EU, national and sub-national levels, social partners and civil society) to take ownership of the follow-up, while fully respecting the division of competences and subsidiarity.

- Stakeholders touch on a range of different instruments for employment and social policies, from legally binding ones to softer measures, such as policy coordination, benchmarking, mutual learning.

There is wide agreement in the consultation that tackling employment and social issues is important for all Member States and for the success of the Internal Market. Some respondents also called for targeted actions to stimulate convergence in the euro area in order to overcome the socio-economic performance gaps which pose a threat to the resilience of the Economic and Monetary Union (EMU).

Against this background, Ministers are invited to address the following questions:

- 1. What are the most urgent policy measures and which specific actions need to be considered as crucial in the European Pillar of Social Rights? Are there significant gaps in current policies and practices?*
- 2. With a view to strengthening cohesion in the Internal market (and resilience as well as economic and social convergence for the EMU) what needs to be put in place to respond to future needs of the labour market and social systems?*