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From: General Secretariat of the Council
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Subject: Proposal for a COUNCIL DECISION on guidelines for the employment policies of the Member States

Delegations will find attached the draft proposal for a Council Decision on the Employment Guidelines for the employment policies of the Member States, as finalised by the Social Question Working Party at its meeting on 28 September 2020.

Changes in relation to the last version (10927/20) are indicated in **bold** and deletions are marked "[...]".

Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Having regard to the opinion of the Employment Committee⁴,

¹ OJ C , , p. .

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ C , , p. .

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce, as well as labour markets that are **future-oriented and** responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth and a high level of protection and improvement of the quality of the environment set out in Article 3 of the Treaty on European Union. Member States shall regard promoting employment as a matter of common concern and shall coordinate their action in this respect within the Council, taking into account national practices related to the responsibilities of management and labour.
- (2) The Union is to combat social exclusion and discrimination and promote social justice and protection, as well as equality between women and men, solidarity between generations and the protection of the rights of the child. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against poverty and social exclusion and a high level of education and training **and protection of human health** as set out in Article 9 of the Treaty on the Functioning of the European Union.

- (3) In accordance with the Treaty on the Functioning of the European Union (TFEU), the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of these instruments, the present Guidelines for the Employment Policies of the Member States, together with the Broad Guidelines for the Economic Policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184 ⁽⁵⁾, form the Integrated Guidelines. They are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated European and national policies and reforms are to constitute an appropriate overall sustainable economic and employment policy mix, which should achieve positive spill-over effects.
- (4) The Guidelines for the Employment Policies are consistent with the Stability and Growth Pact, the existing Union legislation and various Union initiatives, including the Council recommendation of 22 April 2013 on establishing a Youth Guarantee ⁽⁶⁾, the Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market ⁽⁷⁾, the Council Recommendation of 19 December 2016 on Upskilling Pathways ⁽⁸⁾, the Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships ⁽⁹⁾, the Council Recommendation of 22 May 2018 on Key Competences and Lifelong Learning ⁽¹⁰⁾, the Council Recommendation of 22 May 2019 on High Quality Early Childhood Education and Care Systems ⁽¹¹⁾ and the Council Recommendation of 8 November 2019 on Access to Social Protection ⁽¹²⁾ **and Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships**⁽¹³⁾.

⁵ Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union (OJ L 192, 18.7.2015, p. 27).

⁶ OJ C 120, 26.4.2013, p. 1.

⁷ OJ C 67, 20.2.2016, p. 1.

⁸ OJ C 484, 24.12.2016, p. 1.

⁹ OJ C 153, 2.5.2018, p. 1.

¹⁰ OJ C 189, 4.6.2018, p. 1–13

¹¹ OJ C 189, 5.6.2019, p. 4–14

¹² OJ C 387, 15.11.2019, p. 1–8

¹³ OJ C 88, 27.3.2014, p. 1–4

- (5) The European Semester combines the different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies. While pursuing environmental sustainability, productivity, fairness and stability, the European Semester integrates the principles of the European Pillar of Social Rights, including strong engagement with social partners, civil society and other stakeholders. It supports the delivery of the Sustainable Development Goals (¹⁴). The Union and Member States' employment and economic policies should go hand in hand with Europe's transition to a climate neutral, environmentally sustainable and digital economy, improving competitiveness, fostering innovation, promoting social justice and equal opportunities as well as tackling inequalities and regional disparities.
- (6) Climate change and environmental related challenges, globalisation, digitalisation and demographic change will transform European economies and societies. The Union and its Member States should work together to effectively address these structural factors and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets and related policies. This requires a coordinated, ambitious and effective policy action at both Union and national levels, in accordance with the TFEU and the Union's provisions on economic governance. Such policy action should encompass a boost in sustainable investment, a renewed commitment to appropriately sequenced structural reforms that improve productivity, economic growth, social and territorial cohesion, upward convergence, resilience and the exercise of fiscal responsibility. It should combine supply- and demand side measures, while taking into account their environmental, employment and social impact.

¹⁴ UN Resolution A/RES/70/1

- (7) The European Parliament, the Council and the Commission [...] **proclaimed the** European Pillar of Social Rights ⁽¹⁵⁾. The Pillar sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The principles and rights give direction to our strategy making sure that the transitions to climate-neutrality and environmental sustainability, digitalisation and demographic change are socially fair and just. The Pillar constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms at national, regional and local level and to reconcile the “social” and the “market” in today’s modern economy, including by promoting the social economy.
- (8) Reforms to the labour market, including the national wage-setting mechanisms, should follow national practices of social dialogue and allow the necessary opportunity for a broad consideration of socioeconomic issues, including improvements in sustainability, competitiveness, innovation, job creation, lifelong learning and training policies, working conditions, education and skills, public health and inclusion and real incomes.

¹⁵ OJ C 428, 13.12.2017, p. 10.

- (9) Member States and the Union should ensure that **the social, employment and economic impact of the COVID-19 crisis is mitigated and** that the transformations are fair and socially just, strengthening **recovery and** the drive towards an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy. Discrimination in all its forms should be tackled. Access and opportunities for all should be ensured and poverty and social exclusion (including that of children) should be reduced, in particular by ensuring an effective functioning of labour markets and of social protection systems and by removing barriers to education, training and labour-market participation, including through investments in early childhood education and care **and in digital skills**. Timely and equal access to affordable **long-term care and** healthcare services, including prevention and **healthcare** promotion, are particularly relevant, **in light of the COVID-19 crisis and** in a context of ageing societies. The potential of people with disabilities to contribute to economic growth and social development should be further realised. As new economic and business models take hold in Union workplaces, employment relationships are also changing. Member States should ensure that employment relationships stemming from new forms of work maintain and strengthen Europe's social model.
- (10) The Integrated Guidelines should form the basis for country-specific recommendations that the Council may address to the Member States. Member States should make full use of the European Social Fund Plus and other Union funds, including the Just Transition Fund and InvestEU, to foster employment, social investments, social inclusion, accessibility, promote up- and reskilling opportunities of the workforce, lifelong learning and high quality education and training for all, including digital literacy and skills. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as the social partners and representatives of civil society.

- (11) The Employment Committee and the Social Protection Committee should monitor how the relevant policies are implemented in light of the guidelines for employment policies, in line with their respective Treaty-based mandates. These committees and other Council preparatory bodies involved in the coordination of economic and social policies should work together closely. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the guidelines for the employment policies of the Member States.
- (12) The Social Protection Committee was consulted,

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for the employment policies of the Member States, as set out in the Annex, are hereby adopted. These guidelines shall form part of the integrated guidelines.

Article 2

The Member States shall take the guidelines set out in the Annex into account in their employment policies and reform programmes, which shall be reported in line with Article 148(3) TFEU.

Article 3

This Decision is addressed to the Member States.

Done at Brussels,

For the Council

The President

Guideline 5: Boosting the demand for labour

Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs. To this end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of micro-, small and medium-sized enterprises, including through access to finance. Member States should actively promote the development of the social economy, foster social innovation and social enterprises, and encourage those innovative forms of work, creating quality job opportunities and generating social benefits at local level.

In light of the serious economic and social consequences triggered by the COVID-19 pandemic, well-designed short-time work schemes and similar arrangements should be available to preserve employment, contain job losses and prevent long-term negative effects on the economy, companies and human capital. Well-designed hiring incentives and reskilling measures should be considered in order to support job creation during the recovery.

Taxation should be shifted away from labour to other sources more supportive to employment and inclusive growth and in line with climate and environmental objectives, taking account of the redistributive effect of the tax system, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States, including those having in place national mechanisms for the setting of statutory minimum wages, should ensure an effective involvement of social partners in a transparent and predictable manner, allowing for an adequate responsiveness of wages to productivity developments and providing for fair wages that enable a decent standard of living, while paying particular attention to lower and middle income groups with a view to upward convergence. Wage-setting mechanisms should take into account economic performance across regions and sectors. Member States should promote social dialogue and collective bargaining with a view to wage setting. Respecting national practices and the autonomy of the social partners, Member States and social partners should ensure that all workers have adequate and fair wages by benefitting, directly or indirectly, from collective agreements or adequate statutory minimum wages, taking into account their impact on competitiveness, job creation and in-work poverty.

Guideline 6: Enhancing labour supply and improving access to employment, skills and competences

In the context of technological and environmental transitions, as well as demographic change, Member States should promote sustainability, productivity, employability and human capital, fostering relevant knowledge, skills and competences throughout people's lives and responding to current and future labour-market needs. Member States should also adapt and invest in their education and training systems to provide high quality and inclusive education, including vocational education and training, and access to digital learning. Member States should work together with the social partners, education and training providers, enterprises and other stakeholders to address structural weaknesses in education and training systems and improve their quality and labour-market relevance, also with a view to enabling the environmental and digital transitions. Particular attention should be paid to challenges faced by the teaching profession, including by investing in teachers' digital competences. Education and training systems should equip all learners with key competences, including basic and digital skills as well as transversal competences, to lay the foundations for adaptability and resilience throughout life. Member States should seek to strengthen the provisions on individual training entitlements and ensure their transferability during professional transitions, including, where appropriate, through individual learning accounts. They should enable everyone to anticipate and better adapt to labour-market needs, in particular through continuous reskilling and upskilling and the provision of integrated guidance and counselling, with a view to supporting fair and just transitions for all, strengthening social outcomes, addressing labour-market shortages, improving the overall resilience of the economy to shocks and easing adjustments needed after the COVID-19 crisis.

Member States should foster equal opportunities for all by addressing inequalities in education and training systems, including by providing access to good quality early childhood education. They should raise overall education levels, reduce the number of young people leaving school early, increase access to and completion of vocational education and training (VET) and tertiary education as well as increase adult participation in continuing learning, particularly among learners from disadvantaged backgrounds and the least qualified. Taking into account the new requirements of digital, green and ageing societies, Member States should strengthen work-based learning in their VET systems (including through quality, effective apprenticeships) and increase the number of science, technology, engineering and mathematics (STEM) graduates both in VET and in tertiary education, especially women. Furthermore, Member States should enhance the labour-market relevance of tertiary education and, where appropriate, research; improve skills monitoring and forecasting; make skills more visible and qualifications comparable, including those acquired abroad; and increase opportunities for recognising and validating skills and competences acquired outside formal education and training. They should upgrade and increase the supply and uptake of flexible continuing VET. Member States should also support low-skilled adults to maintain or develop their long-term employability by boosting access to and uptake of quality learning opportunities, through the implementation of Upskilling Pathways, including a skills assessment, an offer of education and training matching labour-market opportunities, and the validation and recognition of the skills acquired.

Member States should provide unemployed and inactive people with effective, timely, coordinated and tailor-made assistance based on support for job searches, training, requalification and access to other enabling services, paying particular attention to vulnerable groups and people particularly affected by the green and digital transitions and the COVID-19 crisis. Comprehensive strategies that include in-depth individual assessments of unemployed people should be pursued as soon as possible, at the latest after 18 months of unemployment, with a view to significantly reducing and preventing long-term and structural unemployment. Youth unemployment and the issue of young people not in employment, education or training (NEETs) should continue to be addressed through prevention of early school leaving and structural improvement of the school-to-work transition, including through the full implementation of the Youth Guarantee ⁽¹⁶⁾.

Member States should aim to remove barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for low-income earners, second earners and those furthest away from the labour market. Member States should support an adapted work environment for people with disabilities, including through targeted financial support and services that enable them to participate in the labour market and in society.

The gender employment and pay gaps should be tackled. Member States should ensure gender equality and the increased labour-market participation of women, including through ensuring equal opportunities and career progression and eliminating barriers to participation in leadership at all levels of decision-making. Equal pay for equal work, or work of equal value, and pay transparency should be ensured. The reconciliation of work, family and private life for both women and men should be promoted, in particular through access to affordable, quality long-term care and early childhood education and care services. Member States should ensure that parents and other people with caring responsibilities have access to suitable family leave and flexible working arrangements in order to balance work, family and private life, and promote a balanced use of these entitlements between women and men.

¹⁶ OJ C 120, 26.4.2013, p. 1.

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

In order to benefit from a dynamic and productive workforce and new work patterns and business models, Member States should work together with the social partners on fair, transparent and predictable working conditions, balancing rights and obligations. They should reduce and prevent segmentation within labour markets, fight undeclared work and bogus self-employment and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide both a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context, while protecting labour rights and ensuring social protection, an appropriate level of security and healthy, safe and well-adapted working environments for workers, including in light of the risks posed by the COVID-19 crisis. Promoting the use of flexible working arrangements such as teleworking is important to preserving jobs and production in the context of the COVID-19 crisis. Employment relationships that lead to precarious working conditions should be prevented, including in the case of platform workers and by fighting abuse of atypical contracts. Access to effective, impartial dispute resolution and a right to redress, including adequate compensation, should be ensured in cases of unfair dismissal.

Policies should aim to improve and support labour-market participation, matching and transitions, including in disadvantaged regions. Member States should effectively activate and enable those who can participate in the labour market. Member States should strengthen the effectiveness of active labour-market policies by increasing their targeting, outreach and coverage and by better linking them with social services and income support for the unemployed, whilst they are seeking work and based on their rights and responsibilities. Member States should aim for more effective and efficient public employment services by ensuring timely and tailor-made assistance to support jobseekers, supporting current and future labour-market needs and implementing performance-based management.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. While a temporary relaxation of eligibility requirements and an extension of benefit duration should be considered to mitigate the impact of COVID-19, unemployment benefits should not disincentivise a prompt return to employment and should be accompanied by active labour-market policies

The mobility of learners and workers should be adequately supported with the aim of enhancing skills and employability and exploiting the full potential of the European labour market, while also ensuring fair conditions for all those pursuing a cross-border activity and stepping up administrative cooperation between national administrations with regard to mobile workers, benefitting from the assistance of the newly established European Labour Authority. The mobility of workers in critical occupations and of cross-border, seasonal and posted workers should be supported in cases of temporary border closures triggered by the COVID-19 pandemic, subject to public health considerations. Barriers to mobility in education and training, in occupational and personal pensions and in the recognition of qualifications should be removed and recognition of qualifications made easier. Member States should take action to ensure that administrative procedures are not an unnecessary obstacle to workers from other Member States taking up employment, including for cross-border workers. Member States should also prevent abuse of the existing rules and address underlying causes of ‘brain drain’ from certain regions including through appropriate regional development measures.

Building on existing national practices, and in order to achieve more effective social dialogue and better socioeconomic outcomes, Member States should ensure the timely and meaningful involvement of the social partners in the design and implementation of employment, social and, where relevant, economic reforms and policies, including by supporting increased capacity of the social partners. Member States should foster social dialogue and collective bargaining. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy and the right to collective action.

Where relevant and building on existing national practices, Member States should take into account relevant civil society organisations' experience of employment and social issues.

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to fight all forms of discrimination and promote equal opportunities for all, and in particular for groups that are under-represented in the labour market, with due attention to the regional and territorial dimension. They should ensure equal treatment regarding employment, social protection, health and long-term care, education and access to goods and services, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide adequate, effective, efficient and sustainable social protection for all, throughout all stages of life, fostering social inclusion and upward social mobility, incentivising labour-market participation, supporting social investment, fighting poverty and addressing inequalities, including through the design of their tax and benefit systems and by assessing the distributional impact of policies.

Complementing universal approaches with selective ones will improve the effectiveness of social protection systems. The modernisation of social protection systems should also aim to improve their resilience to multi-faceted challenges, such as those posed by the COVID-19 outbreak.

Member States should develop and integrate the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality enabling services, to meet individual needs. Social protection systems should ensure adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by encouraging people to actively participate in the labour market and society, including through targeted provision of social services.

The availability of affordable, accessible and quality services such as early childhood education and care, out-of-school care, education, training, housing, and health and long-term care is a necessary condition for ensuring equal opportunities. Particular attention should be given to fighting poverty and social exclusion, including in-work and child poverty, including in relation to the impact of the COVID-19 crisis. Member States should ensure that everyone, including children, has access to essential services. For those in need or in a vulnerable situation, Member States should ensure access to adequate social housing or housing assistance and address energy poverty. The specific needs of people with disabilities, including accessibility, should be taken into account in relation to these services. Homelessness should be tackled specifically. Member States should ensure timely access to affordable preventive and curative health care and long-term care of good quality, while safeguarding sustainability over the long run.

In a context of increasing longevity and demographic change, Member States should secure the adequacy and sustainability pension systems for workers and the self-employed, providing equal opportunities for women and men to acquire pension rights, including through supplementary schemes to ensure an adequate income in old age. Pension reforms should be supported by policies that aim to reduce the gender pension gap and measures that extend working lives, such as by raising the effective retirement age, and should be framed within active ageing strategies. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow an appropriate phasing in of the reforms.