



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 13 June 2013

10370/13

**SOC 408
ECOFIN 443
EDUC 189**

REPORT

from: The Employment Committee
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: Assessment of the 2013 package of Council Recommendation on cross-cutting
issues
- Report of the Employment Committee

Delegations will find attached the Report of the Employment Committee on the above mentioned subject, with a view to the Council (EPSCO) session on 20 June 2013.

EMCO Report to the EPSCO Council on the Assessment of the 2013 package of Council Recommendations

Despite a very tight timetable, EMCO has been able to play its Treaty role in the CSR process to the full extent. Through its consideration of all recommendations related to the labour market, and based on an extensive series of multilateral reviews throughout the calendar year, a number of cross-cutting issues have come to the fore which EMCO wishes to stress to EPSCO.

Helping reforms to materialise

The continuing general low level of demand for labour in the economy means we are now experiencing the most negative effect of the crisis. Without a return to strong economic growth, and the normalisation of credit flows, in particular for SMEs, the labour market situation is unlikely to improve significantly in the short-term and further labour market reforms become increasingly difficult to push through.

Although a continued focus on structural reforms remains essential, it should be acknowledged that they often take time to show their full worth. The lessons of recent years have therefore taught us that careful attention to the sequencing of reforms and the assurance of adequate safety nets to cushion their impact are crucial. It is also particularly important to better exploit the synergies between product and labour market reforms in order to ensure the full benefit of both.

Labour market reforms are complex and often politically sensitive. To be successful they require buy-in, consensus within government and in most cases close interaction with Social Partners, national parliaments and other stakeholders. Acceptability and ownership are crucial, and the Committee therefore welcomes notable examples of Member States embarking on significant reforms with the Social Partners on board.

Delivering the reform agenda

Evidence shows that active labour market policies (ALMPS) have a positive effect on employment rates and in addressing skills mismatches. A lot of work has focussed on improving the effectiveness and targeting of ALMPS, but this remains a major policy challenge given the scale and diversity of the client group and the budget constraints faced. With the labour market situation remaining difficult, it is apparent that Public Employment Services have a critical role to play in the medium term. Reforms focus on issues related to the quality of service provision, the capacity to deliver, a stronger activation element within ALMPs and benefit reform, and a capacity and flexibility at the local level to tailor support to individual needs. The importance of PES to PES dialogue and the sharing of good practice in this context are apparent, as is the need to make the best use of available funding. It is therefore welcome that there are an increasing number of CSRs this year on the use of Structural Funding, and how this can be more effectively used to target Europe 2020 priorities.

Tackling Youth unemployment, increasingly of a long-term nature is one of Europe's major social challenges. As part of a wider approach, many Member States are progressing towards delivering **the Youth Employment Guarantee**, to ensure all young people receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship. The increasing number of CSRs on this issue should encourage all to make further progress in this respect. Given profound restructuring during the crisis, and the emergence of skill mismatches, a number of Member States are looking at fundamental reform of vocational training systems, and are paying careful attention to the principles of a dual system, a major strength of which is the high degree of engagement and ownership on the part of employers and other social partners.

The further Work of the Committee:

In December this year EMCO will report to EPSCO, taking stock of the profound changes to many labour markets over recent years and aim to establish good practice and food for thought in terms of mutual learning. This report will also further consider the implications of the cross-cutting issues coming out of this paper and the debate within Council.

It will look at the sequencing of reforms in the economic and social and labour market field, and it will consider how short term measures and first results can be reconciled with a more long term reform agenda. The report will further explore the inter-relationship with product market reform and will look at how to ensure benefits of both.

The report will look at issues such as the role the PES can play in delivering on the reform agenda, how to assure that they have enough resources to fulfil this role, and how the new ESF programming period can effectively be used with this in mind.

In synergy with the on-going debate on the social dimension of the EMU, it should also address how social partners and other stakeholders can be brought into the reform process, both at national and at European level, to increase ownership and acceptability, and how leadership and responsibility of all relevant actors can be encouraged.