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NOTE

from: The Presidency
to: The Working Party on Social Questions
on: 23 July 2012
Subject: Towards a Job-rich Recovery and giving a better chance for Europe's youth
- Draft Council Conclusions

Delegations will find attached a set of draft Council Conclusions, as prepared by the Presidency with a view to the meeting of the Working Party on Social Questions, on 23 July 2012.

Towards a Job-rich Recovery and giving a better chance for Europe's youth

Draft Council Conclusions

CONSIDERING THAT:

Europe is struggling to get back on track towards a sustainable, job- and growth-rich recovery and that major social and economic challenges unprecedented in nature and magnitude have emerged from the persisting financial crisis. Unemployment is on the rise, with its consequential economic and social costs increasing pressure on the sustainability of welfare systems and public finance.

Lower growth expectations, increased disparities across Member States, vulnerability and lack of trust in the political system to find solutions, are threatening social cohesion, economic development and political stability.

A strict austerity policy by itself is not an adequate solution to the problems that EU economies are currently facing. The need for fiscal consolidation dictates the need to focus budgetary measures on job-rich growth, maintaining social protection and effectively addressing one of the EU's most pressing problems, youth unemployment.

A strong political commitment is needed to focus on reforms that can help achieve this objective and meet the Europe 2020 targets for employment, education and poverty reduction making the best use of the limited resources available.

Reforms should ensure a limited number of key principles, designed to ensure well-functioning labour markets and aimed to maximise labour market participation and activation to ensure all those able to work are attached to the labour market over the lifecycle.

Employment, economic, social, education and development policies are interdependent in nature and should be comprehensive. That is why coordinated action and policy consistency at both EU and national level are indispensable. Combined micro- and macroeconomic interventions, addressing both labour demand and supply and securing adequate social protection, can create a favourable environment for achieving long-term and inclusive job-rich growth. The European Union and its Member States must maintain and strengthen their commitment to tackling the crisis in a comprehensive manner.

Youth unemployment has become an increasingly pressing issue, endangering the economic and social conditions of future generations. Its rate in the EU is more than twice the total unemployment rate. For those in employment, their situation often masks other actual and potential problems such as insecurity, vulnerability, in-work poverty, informality and underemployment or low-quality of jobs.

In line with the Europe 2020 Strategy, financial and budgetary resources are being mobilised in order to promote inclusive growth and jobs. In this context, action in the field of employment and social protection should lie within the key objectives of economic policies and financial strategies. The EPSCO Council is committed to making substantive contributions to strengthening the employment dimension of the European Semester.

The European Council, at its meeting of 28-29 June, decided on a "Compact for Growth and Jobs", where boosting employment, for both men and women, in particular for young people and the long-term unemployed, is a clear priority.

The European Council also called for the Council to swiftly examine and decide on the proposals contained in the Commission's "Employment Package", putting emphasis on quality job creation, structural reform of labour markets, investing in human capital, facilitating labour mobility within the EU and mobilising EU resources.

These Conclusions provide a Council response to the Employment Package, building upon the work already undertaken in this policy area (referred to in the Annex) and bridging towards forthcoming initiatives, particularly in the area of youth.

The conclusions are aimed at strengthening the effective coordination and consistency of employment policy measures at national and EU level they should help deliver a true "peer pressure" under the European Union's new tools for economic governance, as also called for by the June European Council.

THE COUNCIL OF THE EUROPEAN UNION,

CALLS ON THE MEMBER STATES TO TAKE ACTION TO:

STEP UP JOB CREATION BY ENCOURGING LABOUR DEMAND

1. The slump in labour demand is a major driving force behind the rising unemployment in Europe. Supply-side interventions have yielded successful measures and practices but will not alone resolve the employment crisis. Labour demand needs to be taken into account in the design and implementation of policies at all levels, requiring a coherent policy approach taking into account the demand and supply of labour and the impact on the quantity and quality of jobs. This should be supported by a clear set of targets and put mechanisms in place for evaluation of cost-benefits results.
2. Revising national tax systems, where appropriate, in order to make them more employment - friendly, in particular for new labour market entrants can constitute an option.
3. Hiring subsidies have been used extensively as a way of cushioning the unemployment effects of the crisis. Creating the right kind of incentives and hiring subsidies should motivate employers to engage in net new recruitment, thus creating jobs that would otherwise not be created. Targeting vulnerable groups, such as young people or the long-term unemployed, can have positive effects in terms of net job creation.

4. Promoting entrepreneurship and a favourable business environment is of fundamental importance for boosting employment. Jobseekers who are motivated to start up and run businesses may have to overcome considerable barriers blocking this goal. Fostering an entrepreneurial mind-set, the greater availability of start-up support services and microfinance, as well as schemes converting unemployment benefits into start-up grants, play an important role in facilitating self-employment and creating new jobs.

During a crisis, self-employment and the promotion of entrepreneurship can be alternative ways of coping when it comes to addressing the income loss of households and specific support in this area can contribute to reducing unemployment. Also, they present a good opportunity for the young people to satisfy their expectations.

5. Enhancement of incentives for activation and employment of young persons by exploiting the potential and the opportunities offered by certain sectors and occupations in matching the qualifications and expectations of young people.
6. There is no one-size-fits-all solution. Focus on measures improving labour demand and access to jobs, quality of employment and support vulnerable groups. For those countries with closed labour markets much can be done to eliminate barriers and unlock the potential of workers who are now left behind; for others, a better matching of labour demand and supply, re-skilling and up-skilling is needed.

EXPLOIT THE JOB CREATION POTENTIAL OF KEY SECTORS

7. Job losses are also due to structural and technological changes. The challenges of a transition towards a green, low carbon and resource efficient economy, demographic ageing and rapid technological change all demand a fundamental transformation. Transforming the economy along these paths represents an opportunity to exploit new areas of job growth.

8. Measures to promote employment need to target new areas of economic activities, conducive to job growth; in particular, the three sectors identified in the Commission's Employment package: ICT, green and white jobs, which at the same time have potential and offer opportunities for the young to be activated.
9. Growth and economic policies that improve the labour market situation for all would bring benefits for young workers also. Policies affecting aggregate demand have a significant function. Moreover, programmes targeted at young people and women, where appropriate, should be strengthened.

RESTORE THE DYNAMICS OF THE LABOUR MARKET THROUGH STRUCTURAL REFORM

10. Active labour market policies are of utmost importance, particularly for young people, vulnerable groups and the long term unemployed who need individual attention and job counselling. Activation requirements can help secure transitions from unemployment to employment as part of a mutual responsibilities approach that maintains incentives for work whilst ensuring income, providing personalised job-search assistance and guarding against the risk of poverty.
11. Labour market institutions, in particular Public Employment Services, need to be strengthened, with a focus on delivery capacity, to target the young and other specific groups, in particular those excluded from the labour market.
12. Policies conducive to creating job opportunities especially for youth, should at the same time address the need to fight undeclared work, to protect youth from precarious forms of employment and to safeguard decent working conditions.
13. Gender gaps and labour market segregation persist. Policies must be designed in a way that incorporates a gender-differentiated perspective and combines equality and diversity policies in order to combat marginalisation

INVEST IN EDUCATION AND SKILLS

14. Continuous investment in skills is perhaps the key element of employment security. Equipping workers with the skills necessary for jobs is also essential in order to guarantee job creation, but this demands a sound understanding of skills needs in order to better anticipate economic change and address skills mismatches. However, Europe still does not have a comprehensive view of its skills needs.
15. A close cooperation between the worlds of education and work is particularly important to address skills mismatches and helping deliver successful transitions from school to work.

In the shorter term, vocational education combined with employer-based apprenticeship schemes and training can facilitate effective transition to employment, particularly for young people.

In the longer term, reforms of the education systems could also help to reduce inequalities and drop-out rates, thus helping to interrupt the intergenerational transmission of poverty.

16. Development of expert tools on vocational guidance and link them to forecasting tools to predict the future needs of the economy, in terms of new professions and skills.

MOBILISE ALL ACTORS FOR BETTER IMPLEMENTATION

17. Social partners play a key role in setting working conditions, determining wages, including for newcomers to the labour market, and ensuring continuous skills development. The involvement of both National and European Social Partners in the Europe 2020 can help to generate ownership and mutual responsibility for the difficult structural reforms needed to deliver a job-rich recovery. Their involvement in employment policy and particularly in the definition of training and apprenticeship schemes at the national level will help in particular to equip young people with higher skills, relevant to the labour market needs.

18. The private sector largely determines labour demand patterns. There is potential for greater cooperation between the public and the private sector, in particular in promoting decent work. Public programmes stimulating more investment in human resources in small and medium size businesses, can create important incentives to generate jobs. They can also improve the culture for entrepreneurship including in school curricula. Fostering public-private partnerships can increase employment opportunities.
19. Partnership also demands a closer working relationship with local and regional authorities in combating unemployment and fostering a SME friendly environment through employment policies that have a regional and local dimension and promote community-based partnerships.
20. Listen to the voice of youth: Involve young persons in decision -making (policy formulation and implementation) in order to enhance their confidence in the efforts undertaken to address high youth unemployment. Develop effective/targeted/innovative communication strategies, adapted to young people's culture.

INVITES THE MEMBER STATES AND THE EUROPEAN COMMISSION TO:

FACILITATE LABOUR MOBILITY AND EUROPEAN LABOUR MARKET

21. Enhanced communication and transparency in the labour market for facilitating quality mobility is needed. The European Employment Services (EURES) could contribute to this end. In order to ensure mobility, language skills and adequacy of information on quality vacancies should be improved, particularly for young workers
22. Continue work on the adoption of the Commission's proposal to modernise the Professional Qualifications Directive so as to further enhance and facilitate the free movement of professionals.
23. Raise awareness on workers' rights and obligations and on working conditions in the hosting country to prevent unfair competition in the labour market, discrimination and exploitation of mobile workers.

STRENGTHEN THE LINK BETWEEN POLICY AND EU FUNDING

24. Reforms need to be supported by consistent resource and budgetary allocations. Financial resources are already mobilised in the Structural and Cohesion Funds to support growth and employment in line with the Europe 2020 Strategy. However, political commitment is needed to make full use of available resources and allocate others. Improve the allocation of EU funds to support EU headline goals and national targets and facilitate business start-ups and stimulate self-employment.
25. Align the strategies and programmes of the 2014-2020 Structural Funds programming period to support measures supporting the EU headline goals and national targets.
26. Maximise the use of Structural Funds deliver the youth opportunities initiative, and in particular of traineeships, workplace experience and youth guarantee schemes

ENHANCE EU GOVERNANCE OF EMPLOYMENT POLICIES

27. Take the Europe 2020 Strategy forward without delay through the implementation of policies to address the 2012 Country-specific recommendations.
28. Strengthening multilateral surveillance, building on existing structures to ensure by the end of 2012 a comprehensive system including the monitoring of employment performance and a continuous tracking of the implementation of reforms.

REINFORCE THE ROLE OF SOCIAL PARTNERS AND RELEVANT STAKEHOLDERS

29. Commit to a closer involvement of National and European Social Partners in the Europe 2020 strategy to help generate ownership and mutual responsibility for difficult structural reform. Work closely with the social partners on policy orientation and design, skills matching, wage development policies, and promoting greater participation of young people.

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