



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	The Employment Committee
to:	Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject:	Principles of well-functioning labour markets

Delegations will find attached the EMCO proposal on Principles of well-functioning labour markets.

At its session on 4 October 2012 the Council (EPSCO) is invited to endorse EMCO's proposal on the use of these Principles as part of future work.

Draft principles of well-functioning labour markets

On 17 February 2012, the Council (EPSCO) called on the Employment Committee (EMCO) to "further strengthen multilateral surveillance" and "undertake work on the principles of well-functioning labour markets", as well as "improve the identification and transfer of good practice".

EMCO is enhancing its governance instruments that underpin the Council examination of implementation of Member States' employment policies within the framework of the Employment Guidelines, Recommendations and Joint Report. In addition to that governance, EMCO will keep under review how these action-focused instruments, that Member States take into account, can be complemented and reflected by some Principles.

When developed, the Principles will not replace or contradict those instruments but be used in line with them as one means to supplement the results of country-specific exercises with a high-level focus on the future outcomes from coordination on employment policies over the longer term. Such Principles can inform, as appropriate, EMCO's opinions to EPSCO and cooperation with other stakeholders. They should be open, universal, not specific to any model nor require specific policy measures, and be designed to recognise national practices in full, including the role played by social dialogue. In this context, EMCO will debate and formulate Principles based on features of labour markets of which the following are examples for our further work:

- High levels of participation - are all those able to work made active and competent and attached to the labour market over the lifecycle, with support as needed, in a measurable and cost-effective way?
- Socially inclusive and fair - is work of adequate quality, viable, and equally available to all men and women, reflecting diversity in society, by being free of obstacles and transparent with clear information?

- Effective matching of supply and demand - are there smooth, quick and secured employment transitions, meeting the needs of job seekers or workers and the demands of employers, and incorporating quality lifelong learning?
 - Employment enhancing environment - is there sustainable progress for workers and businesses together because job creation is fostered, and the cost and value of labour and output can be adapted to provide adequate incomes and maintain competitiveness?
 - Opportunities for mobility - can workers safely make progress in employment and move jobs, without unjustified barriers or penalties while being supported in making any necessary adaptations?
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