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Delegations will find attached the final version of the conclusions as adopted by EPSCO
on 4 October 2012.

Towards a job-rich recovery and giving a better chance to Europe's youth

Council Conclusions

CONSIDERING THAT:

Europe is struggling to get back on track towards a sustainable, job -rich recovery. Major social and economic challenges of an unprecedented nature and magnitude have arisen from the persisting crisis. Unemployment is on the rise, with its consequential economic and social costs increasing pressure on the sustainability of welfare systems and public finances, albeit to differing extents depending on the employment, social and financial situations in Member States.

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

Europe's economies are facing profound structural changes linked to the transition towards a green, low-carbon and resource-efficient economy, as well as to demographic ageing and rapid technological change. Adjusting the economy to deal with these challenges is creating an opportunity to exploit new sources of jobs and growth.

Fiscal consolidation cannot by itself provide an adequate solution to the problems that many of the EU economies are currently facing. At its meeting on 28-29 June, the European Council recognising the importance of sound public finances, structural reform and targeted investment for sustainable growth, decided on a "Compact for Growth and Jobs". Within this context, Member States were called to pursue differentiated growth-friendly fiscal policies by investing in future-oriented areas, to promote growth and competitiveness and tackle unemployment, and to effectively address the social consequences of the crisis. Boosting employment for both men and women, and in particular for young people and the long-term unemployed, was recognised as a clear priority.

At the same time, the need for monitoring the impact of tight budget constraints on growth enhancing public expenditure and on public investment, in order to identify the scope for possible action, was affirmed.

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

Reforms should make sure that a limited number of key principles are in place, designed to ensure well-functioning labour markets and to maximise labour market participation and activation, thereby enabling all those able to work to participate in the labour market over the lifecycle.

Employment, economic, social, education and development policies are interdependent in nature and should be addressed as part of a comprehensive approach. Hence the vital need for coordinated action and policy consistency at both EU and national level. 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 in most Member States, endangering the economic and social conditions of future generations. Its rate in the EU is more than twice that of the total unemployment rate. Even for people in employment, the situation may contain actual or potential problems such as insecurity, vulnerability, in-work poverty, informality and underemployment or low-quality jobs. These issues are particularly prevalent in the case of disadvantaged youth.

The Commission has launched the Youth Opportunities Initiative to address the challenges of youth unemployment, following the Youth on the Move flagship initiative. This is currently being implemented and is focused on supporting the transition from education to work, on youth labour mobility, on strengthened policy delivery and on effective and efficient mobilisation of the European Social Fund.

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

The European Council called on the Council to swiftly examine and decide on the proposals contained in the Commission's "employment package", emphasising the need for the creation of quality jobs, 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 on the work already undertaken in this policy area (referred to in the Annex), putting emphasis on addressing youth unemployment, and linking up to the forthcoming Commission initiatives on youth guarantees and the quality framework for traineeships, to which the Council will respond upon their presentation.

The conclusions are aimed at strengthening and sustaining the effective coordination and consistency of employment policy measures at national and EU level. They should help deliver an enhanced multilateral surveillance under the European Semester and its new tools for economic governance that was also called for by the June European Council.

THE COUNCIL OF THE EUROPEAN UNION,

INVITES THE MEMBER STATES, in accordance with their respective competencies and taking into account the specific situation in each Member State, to take actions along the following lines, as appropriate:

STEP UP JOB CREATION BY ENCOURAGING LABOUR DEMAND

1. The slump in labour demand in some Member States is a major driving force behind the rising unemployment in Europe. Supply-side interventions have yielded successful measures and practices but will not resolve the employment crisis on their own. Labour demand also needs to be taken into account in the designing and implementation of policies at all levels, as part of a coherent policy approach taking into account the impact on the quantity and quality of jobs. This could be supported by a clear set of targets, with mechanisms put in place for evaluation of the labour market impact and of cost-benefit results.
2. The possibility of reviewing national tax systems to make them more employment-friendly, in particular for new labour market entrants, may, where appropriate, be an option, while the impact on public finances should also be considered.
3. Creating the right kind of incentives and considering hiring subsidies linked to the necessary structural change should encourage employers to engage in net new recruitment, thus creating additional jobs that would otherwise not be created. Targeting vulnerable groups, can have positive effects on net job creation.
4. Promoting entrepreneurship and a favourable business environment is of fundamental importance for boosting employment. Jobseekers that are motivated and capable of starting up and running businesses may need to overcome considerable barriers blocking this goal. Fostering an entrepreneurial mind-set, increased availability of start-up support services and finance, including microfinance, reviewing regulatory and non-regulatory entry barriers, as well as schemes e.g. converting unemployment benefits into start-up grants, can 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 addressing the income loss of households and providing specific support in this area can contribute to reducing unemployment. They can also present young people with a good opportunity for achieving their aspirations.

5. The social economy can also provide opportunities for youth employment and can offer a source of innovative solutions which can be a response to social demands in a participative process.
6. Enhancement of incentives for activation and employment of young persons by exploiting the potential and the opportunities offered by certain sectors and occupations, which match the qualifications and meet the aspirations of young people, as well as their creativity and innovation.
7. There is no "one size fits all" solution, but a common need to focus on measures boosting labour demand and improving access to jobs, making work pay, enhancing quality of employment and supporting vulnerable groups.

EXPLOIT THE JOB CREATION POTENTIAL OF KEY SECTORS

8. Job losses also result from structural and technological changes. The challenges raised by the transition towards a green, low-carbon and resource-efficient economy, demographic ageing and rapid technological change all call for a fundamental transformation. Transforming the economy along these lines represents an opportunity to exploit new areas of job growth. However, the transformation must not leave behind workers in other directly affected sectors.
9. Measures to promote employment need to target new areas of economic activity conducive to job growth, and in particular the three sectors identified in the Commission's employment package, ICTs, green and healthcare jobs, as in the latter one shortages are particularly acute due to an ageing population, all of which have the potential to provide youth employment opportunities . The specific barriers to creating and exploiting the job potential of these sectors should be identified and addressed, including mapping current and anticipated skills needs.

10. Sector-led growth and economic policies, as well as skilling and jobs initiatives that improve the labour market situation for all, will benefit young workers too. Policies affecting aggregate demand could have a role to play. Moreover, programmes targeting young people should, where appropriate, be strengthened.

RESTORE THE DYNAMICS OF THE LABOUR MARKET THROUGH STRUCTURAL REFORM

11. Gains from structural reforms can take time to materialise. Steps to improve performance in the longer term need to continue in a targeted and balanced way, driven by need and focused on both increasing and maintaining employment, as well as on the well-functioning of the labour market, bearing in mind their macroeconomic impacts.
12. Active labour market policies are of utmost importance, particularly for young people, vulnerable groups and the long-term unemployed, who need tailored attention and job counselling. Activation requirements can help secure the transition from unemployment or inactivity to employment as part of a mutual responsibility approach that simultaneously maintains incentives for work and income, providing job-search assistance, career-guidance and counseling and guarding against the risk of poverty. It is also important to recognise that young people have a responsibility themselves to actively search for a job or training. ALMPs will need to be increasingly evidence-based if they are to guarantee a return on investment .
13. The effectiveness of labour market institutions, in particular public employment services, could be further improved by focusing on efficiency and delivery capacity, and targeting the young and other specific groups, in particular those excluded from the labour market.
14. Policies conducive to creating job opportunities especially for youth should simultaneously address other labour market challenges such as combating undeclared work and reducing labour market segmentation, thereby creating stepping stones for young people whilst protecting them from precarious forms of employment and preserving decent working conditions.

15. 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, so as to combat marginalisation and prevent poverty.

INVEST IN EDUCATION AND SKILLS

16. Continuous investment in skills is one of the key elements in enhancing employability and improving employment security and should go also hand in hand with job creation. Equipping workers with the skills necessary for employment in the expanding ICT, green and health sectors, for example, is also essential for increasing employment. This requires a sound and comprehensive understanding of skills needs to better anticipate economic change, thus addressing skills shortages and mismatches more effectively. To this end, the EU should develop a comprehensive evidence-based view of its skills needs as well as develop a coordinated approach on the monitoring and prediction of labour market skills needs, which could be supported by digital platforms. The dissemination of the knowledge on future skills needs is particularly important for young people making choices in their education and vocational training.
17. Close cooperation between the world of education and training and the world of work is particularly important to develop skills that are relevant to the labour market. This would address skills mismatches and help deliver successful transitions from education to work, as well as enable lifelong learning in professional settings. Supporting initial work experience initiatives and on-the-job training is essential.

In the shorter term, vocational education combined with employer-based high quality and modern apprenticeship systems, such as for example the dual system, and traineeship schemes, may facilitate effective transition to employment, particularly for young people looking for their first job.

In the longer term, reforms of education and training systems could also help enhance employability of young graduates, but also reduce inequalities to prevent/reduce early school leaving. This could thus help counteract the intergenerational transmission of poverty. Such reforms can include employment programmes combined with education and/or with training and flexible learning opportunities for young people with low levels of education

18. Develop expert tools and methods for vocational counselling and guidance and link them to forecasting tools to predict the future needs of the economy, in terms of new professions and skills, and thereby facilitating, inter alia, for individuals to make an informed choice of education.
19. Develop lifelong learning for employment security. Access to lifelong learning for those in and out of work, is essential in the interest of employability. In this respect, workforce training, particularly for low-skilled and older workers, is crucial. The recession has accelerated a polarisation in employment (hollowing out of medium-paid jobs), with a risk to increasingly segregate employment into low quality and high-quality blocks areas. This restricts career mobility and the problem needs to be addressed.
20. Employability of young people can be enhanced by providing greater opportunity for the acquisition of social, creative and language skills through formal or non-formal education. The recognition of skills acquired through informal learning should also be enhanced.
21. For young people with fewer opportunities, e.g. for young people with disabilities, the transition from education to work is particularly challenging. A successful education for these young people may be facilitated through support given to the development of career and training guidance programmes.

22. Social partners are important at the national level in determining working conditions and wage levels, and in ensuring continuous skills development. Their involvement in the Europe 2020 Strategy can help foster a sense of ownership of and responsibility for difficult structural reforms and the need for more inclusive labour markets designed to deliver a job-rich recovery. Their involvement in employment policy, and particularly in the design 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. NGOs, local authorities and other partners could play a key part, too, in the field of employment, skills, training, and social development of the youth.
23. The private sector largely determines labour demand patterns. There is potential for greater cooperation between the public and the private sector, in particular as regards the promotion of decent work and the creation of quality jobs. More public and private involvement in stimulating investment in human resources in small and medium size businesses can create important job creation incentives. Fostering public-private partnerships can increase employment opportunities. They can also improve the entrepreneurship culture in school curricula and higher education.
24. In view of combating unemployment and fostering a SME friendly environment, partnership between all employment stakeholders is needed, including local and regional authorities.
25. Listen to the voice of youth: Engage with young persons in decision-making (policy formulation and implementation) and pay special attention to their opinions and concerns so as to boost their confidence in the efforts made to address high youth unemployment. In this respect, structured dialogue with young people can serve as a forum for continuous joint reflection on the priorities, implementation and follow-up of European cooperation in the youth field. Developing effective/targeted/innovative communication strategies, adapted to young people's culture, is also important.

INVITES THE MEMBER STATES AND THE EUROPEAN COMMISSION TO:

FACILITATE LABOUR MOBILITY TOWARDS A EUROPEAN LABOUR MARKET

26. Enhanced communication and transparency in the EU labour market are crucial to intensify mobility - especially for young employees and apprentices. Quality of vacancies available should be improved, particularly with regard to young workers. In order to promote mobility, steps have to be identified aiming at extending EURES to apprenticeships and traineeships and examine further support for the preparatory "Your first EURES job" action.
27. Facilitate the free movement of workers including, inter alia, by continuing the work on the adoption of the Commission's proposal to modernise the Professional Qualifications Directive.
28. Raise awareness in respect of workers' rights and obligations and of working conditions in the host country, with respect to the role of the social partners, to prevent unfair competition in the labour market, discrimination and exploitation of migrants and cross-border workers.

STRENGTHEN THE LINK BETWEEN POLICY AND EU FUNDING

29. 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, stronger political commitment is needed to make full use of available resources, and improve the alignment between the use of EU funds and EU headline goals and national targets.

30. Where appropriate, consideration needs to be given to maximising the use of Structural Funds so as to deliver the Youth Opportunities Initiative, and in particular, to improve young people's first work experience and their participation in the labour market, with the objective that within a few months of leaving school, young people receive a good quality offer of employment, continued education, an apprenticeship, or a traineeship.

ENHANCE EU GOVERNANCE OF EMPLOYMENT POLICIES

31. Implement the Europe 2020 Strategy without delay through policies that address the 2012 country-specific recommendations. Within the National Reform Programmes, develop more ambitious and precise National Job Plans.
32. Improving multilateral surveillance, building on existing structures, to ensure a comprehensive system for monitoring employment performance and progress towards reaching the Europe 2020 targets, and for continuous tracking of the implementation of Member States commitments for reforms.

REINFORCE THE ROLE OF SOCIAL PARTNERS AND RELEVANT STAKEHOLDERS

33. Commit to a closer involvement of National and European Social Partners in the Europe 2020 strategy to foster a sense of ownership of and responsibility for difficult structural reform. Work closely with the social partners on policy orientation and design, skills matching, where appropriate also wage development policies, and promotion of greater participation among young people.

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