



**COUNCIL OF
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NOTE

from: The Presidency
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: Europe 2020 governance - exchange of views
- Presidency steering note

Delegations will find attached a note from the Presidency in view of the EPSCO Council on 6 December 2012.

Europe 2020 governance and follow-up to European Council in the field of employment and social policy

Presidency steering note

Exchange of views at the EPSCO Council, 6 December 2012

The implementation of the Country-Specific Recommendations (CSRs), adopted by the Council on an annual basis¹, is a crucial element in Member States' reform agendas. The overall objective is aiming at achieving the headline targets of the Europe 2020 Strategy for a smart, sustainable and inclusive growth. On the basis of the 2012 recommendations, Member States will continue their reform efforts with a view to paving the way out of the current economic downturn. A firm objective of the EU must remain the achievement of a job-rich recovery which will ensure that Europe's citizens can meet their expectations with regard to ensuring decent living and working conditions.

European Semester 2013 - Annual Growth Survey

On 28 November, the European Commission adopted the Annual Growth Survey (AGS) for 2013. It launches the third European Semester of policy coordination, outlining the economic, employment and social priorities for the EU in 2013. The AGS includes as an annex the draft Joint Employment Report (JER) as well as the Macro-economic Report. Together with the AGS, the Commission also published the Alert Mechanism Report (AMR), which initiates the Macroeconomic Imbalances Procedure (MIP), in order to better integrate the European economic policy cycle. It also adopted the Blueprint for Economic and Monetary Union (EMU) which identifies what remains to be done to achieve banking, fiscal and economic union.

¹ OJ C 219, 24.7.2012

The 2013 AGS outlines the same five priorities identified last year, including *tackling unemployment and the social consequences of the crisis*. The priorities have been maintained since the critical economic situation is still present, and continued reforms, which take time to produce effects, are more needed than ever. The overall economic situation remains feeble and the return to growth is yet to be achieved. The AGS highlights that the deteriorating employment and social situation calls for more determined action by the public authorities and social partners. Indeed, the Joint Employment Report, coupled with the update of the Employment Performance Monitor, reflect a worrying labour market situation, a daunting challenge for economic and employment policy over the next years. For 2013, the employment outlook remains bleak, with a more positive outlook expected only for 2014. With a growing divergence of unemployment situations across Member States and unemployment reaching alarming heights, particular groups such as the long term unemployed and the young unemployed are reaching unprecedented levels, thus demanding immediate action at all levels. The Joint Employment Report also identifies the major challenges and the principal reforms taken by Member States.

Employment Performance Monitor and Benchmarking

In line with the European Council conclusions² and the EPSCO Council mandate³, the Employment Committee has responded to the call for an improved monitoring in the governance structure of employment and social policies. At the December EPSCO, the new Benchmarks instrument is being presented to the Council for endorsement, alongside an update of the Employment Performance Monitor. The Benchmarking will be an additional tool for carrying out/improving the examination of performance.

² EUCO 139/11

³ 7921/11

Against this background Ministers are asked to give, upon the presentation by the Commission, a first preliminary assessment of:

- the priorities set out in the Annual Growth Survey and the Alert Mechanism Report, as well as putting forward views on how the 2013 priorities can be achieved. The considerations should also include the findings of the Joint Employment Report and how the problems therein reflected can be tackled.

Youth Employment Package

Whilst the crisis has hit across all layers of society, endangering the social tissue of Europe, young people have become one of the most affected groups. Putting youth at the centre of economic and employment policies, and implementing both traditional and more innovative approaches for combating youth unemployment, have come to the top of the political agenda. Europe cannot remain idle when the risk of a "lost generation" is threatening Europe's future with worrying social and economic consequences.

The critical importance of tackling the situation of the youth in Europe has been recently reflected at various levels (European Council⁴, Council⁵, and Member States) in response to the Country-Specific Recommendations. The Council has been particularly active in pushing for more action, at European and Member State level, to tackle the current situation, with relevant Conclusions adopted by the Council under the Cyprus Presidency⁶. Despite the actions taken, the urgency and the problems still remain.

In the light of this situation, the Council welcomes the Commission's "Youth Employment Package", which was adopted on 5 December 2012, and looks forward to carrying out with utmost urgency the measures proposed therein.

⁴ EUCO 139/11, Statement of the Members of the European Council of 30 January 2012, EUCO 4/12, EUCO 76/12, inter alia.

⁵ 11838/11, 17590/11, inter alia.

⁶ 14426/12 (Council Conclusions on "Towards a job-rich recovery and giving a better chance to Europe's youth").