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NOTE

From: Presidency
To: Delegations
Subject: Securing the future of Youth Guarantee

Delegations will find attached the Presidency note on the above subject, with a view to the lunch discussion at the EPSCO Council on 13 October 2016.

Securing the future of the Youth Guarantee

EPSCO Council - 13 October 2016

Lunch Debate

Context

Promoting youth employment has been a priority for the EU and its Member States in recent years. This strong focus has been and continues to be a political and economic imperative given the negative impact of the economic and financial crisis on youth unemployment rates, which were already high before the crisis in comparison with the general unemployment rates. They are still alarming in some Member States.

The slight improvement in the economic situation over the past two years has translated into a somewhat better situation for the young unemployed (those aged 15-24). Nevertheless, even though all Member States now have youth unemployment rates below their recent peak levels, the overall figures remain worrying, with certain groups being of particular concern. Indeed, youth unemployment represents a problem first and foremost for the individuals, causing a deterioration in their acquired skills and broader human assets, with corresponding adverse economic and psychological effects.

In addition, the ramifications for the economy and for society are also considerable. Great economic loss results from the disengagement of young people from the labour market and/or education. In ageing societies, the sustainability of welfare systems requires a broad support by the working population. Prolonged periods of unemployment at a young age can also have negative social consequences, including social exclusion.

Policy Actions

Over the past few years, Member States have undertaken reforms and implemented actions aimed at improving the situation in the labour markets, including that of vulnerable groups such as the young unemployed. Numerous policy actions have also been undertaken at EU level to support the Member States' efforts.

On 22 April 2013, the Council adopted the Recommendation on establishing a Youth Guarantee¹. In order to support the youth guarantee schemes, and to tackle youth unemployment more generally, the European Council of 7-8 February 2013 agreed on a financial envelope of EUR 6 billion for the Youth Employment Initiative (YEI) for the period 2014-2020. The European Council later supported frontloading of the funds in 2014 and 2015, in order to allow for a speedy and substantial mobilisation of youth measures. In 2015, the co-legislators agreed to amend the ESF Regulation to increase the initial pre-financing available from the specific allocation for the YEI.

Youth employment has also been a central subject in the Country-Specific Recommendations (CSRs) addressed to a number of Member States, in particular those with the highest youth unemployment rates. The 2016 European Semester was not an exception, although the number of youth-related CSRs was lower than in previous years. The Employment Committee (EMCO) has, in the multilateral surveillance framework, monitored the implementation of the YG recommendation. Other initiatives and actions include the European Alliance for Apprenticeships (EAfA), the Quality Framework for Traineeships (QFT), support via the EU Programme for Employment and Social Innovation (EaSI) to youth entrepreneurship and voluntary intra-EU mobility schemes, as well as initiatives on skills, including the recent New Skills Agenda for Europe.

¹ OJ C 120, of 26 April 2013, page 1

Situation and Way Forward

Despite great political attention and increased efforts geared towards it, the core of the problem remains: youth unemployment is still too high, even if it has somewhat fallen lately. Policy actions should continue and their effectiveness should increase. At the same time, to achieve a real improvement in youth employment, investment and economic/fiscal policy needs to be supportive of growth and job creation.

After the YG and YEI had been set up, the June 2013 **European Council** called upon the Commission to "*report in 2016 on the implementation of the YG and on the operation of the YEI*". The Commission Report on the Implementation of the YG/YEI has recently been published². It is suggested that the YEI is prolonged for the rest of the period of the current MFF, until 2020.

Against this background, ministers are invited to address the following issues:

- 1. What are the major challenges faced by Member States in the implementation of the Youth Guarantee? In order to tackle the key challenges, what kind of EU and national support measures are needed ?*
- 2. Do you consider that the YEI has been a useful financing instrument for youth employment policies, and, in particular important for the functioning of the Youth Guarantee? Do you consider it necessary to extend this instrument to address the challenges still lying ahead? If yes, and in the light of the Commission's proposal for an extension, what would you suggest be done to improve its functioning?*

² doc. 12749/16.