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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL DECISION on guidelines for the employment policies of the
Member States for 2015

COUNCIL DECISION (EU) 2015/...

of ...

on guidelines for the employment policies of the Member States for 2015

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Having regard to the opinion of the **Employment Committee**,

¹ Opinion of 8 July 2015 (Not yet published in the Official Journal).

² Opinion of 27 May 2015 (Not yet published in the Official Journal).

³ Opinion of 4 June 2015 (Not yet published in the Official Journal).

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change with a view to achieving the objectives of full employment and social progress set out in Article 3 of the Treaty on European Union. Member States, taking into account national practices related to the responsibilities of management and labour, are to regard promoting employment as a matter of common concern and coordinate their action in this respect within the Council.
- (2) The Union is to combat social exclusion and discrimination and promote social justice and protection, as well as equality between women and men. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education and training.
- (3) The guidelines for the employment policies of the Member States are consistent with the broad guidelines for the economic policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184¹. Together, they form the integrated guidelines for implementing the Europe 2020 strategy ('Europe 2020 integrated guidelines') and are to be adopted by the Council to guide the policies of Member States and of the Union.

¹ Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union (OJ L 192, 18.7.2015, p. 27).

- (4) In accordance with the Treaty on the Functioning of the European Union (TFEU), the Union has developed and implemented policy coordination instruments for fiscal, macroeconomic and structural policies. The European Semester combines the different instruments in an overarching framework for integrated multilateral surveillance of economic, budgetary, employment and social policies and aims to achieve the Europe 2020 targets, in particular those concerning employment, education and poverty reduction, as set out in Council Decision 2010/707/EU¹. The streamlining and strengthening of the European Semester, as set out in the Commission's 2015 Annual Growth Survey, are expected to further improve its functioning.
- (5) The financial and economic crisis has revealed and emphasised important weaknesses in the economy of the Union and in the economies of its Member States. It has also underscored the close interdependence of the Member States' economies and labour markets. Ensuring that the Union progresses to a state of smart, sustainable and inclusive growth and job creation is the key challenge faced today. This requires coordinated, ambitious and effective policy action at both Union and national levels, in accordance with the TFEU and Union economic governance. Combining supply- and demand-side measures, that policy action should encompass a boost to investment, a renewed commitment to structural reforms and the exercise of fiscal responsibility, while taking into account their employment and social impact. In this respect, the scoreboard of key employment and social indicators within the 2015 Joint Employment Report by the Council and the Commission is a particularly useful tool that contributes to the detection of key employment and social problems and divergences in a timely way and identifies areas in which a policy response is most needed.

¹ Council Decision 2010/707/EU of 21 October 2010 on guidelines for the employment policies of the Member States (OJ L 308, 24.11.2010, p. 46).

- (6) Reforms to the labour market, including the national wage-setting mechanisms, should follow national practices of social dialogue and allow the necessary policy space for a broad consideration of socio-economic issues.
- (7) Member States and the Union should also address the social impact of the crisis and aim to build a cohesive society in which people are empowered to anticipate and manage change, and can actively participate in society and the economy. Access and opportunities for all should be ensured and poverty and social exclusion reduced, in particular by ensuring an effective functioning of labour markets and social protection systems and removing barriers to labour-market participation. Member States should also make sure that the benefits of economic growth reach all citizens and all regions.
- (8) Action in line with the Europe 2020 integrated guidelines is an important contribution to reaching the goals of the Europe 2020 strategy for smart, sustainable and inclusive growth ('Europe 2020 strategy'). The Europe 2020 strategy should be underpinned by an integrated set of European and national policies, which Member States and the Union should implement in order to achieve the positive spillover effects of coordinated structural reforms, an appropriate overall economic policy mix and a more consistent contribution from European policies to the objectives of the Europe 2020 strategy.
- (9) While the Europe 2020 integrated guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as social partners and representatives of civil society.

- (10) The Europe 2020 integrated guidelines give guidance to the Member States on implementing reforms, reflecting interdependence between the Member States. Those integrated guidelines are in line with the Stability and Growth Pact and with existing European legislation. Those integrated guidelines should form the basis for country-specific recommendations that the Council may address to the Member States.
- (11) The Employment Committee and the Social Protection Committee should monitor how the relevant policies are implemented in the light of the employment guidelines, in line with their respective Treaty-based mandates. These committees and other Council preparatory instances involved in the coordination of economic and social policies should work together closely,

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for the employment policies of the Member States, as set out in the Annex, are hereby adopted. These guidelines shall form part of the Europe 2020 integrated guidelines.

Article 2

The guidelines set out in the Annex shall be taken into account by the Member States in their employment policies and reform programmes, which shall be reported in line with Article 148(3) TFEU.

Article 3

This Decision is addressed to the Member States.

Done at ...,

For the Council

The President

ANNEX

Guidelines for the employment policies of the Member States

Part II of the Europe 2020 integrated guidelines

Guideline 5: Boosting demand for labour

Member States should facilitate the creation of quality jobs, reduce the barriers business faces in hiring people, promote entrepreneurship and, in particular, support the creation and growth of small enterprises. Member States should actively promote the social economy and foster social innovation.

The tax burden should be shifted away from labour to other sources of taxation less detrimental to employment and growth, while protecting revenue for adequate social protection and growth-enhancing expenditure. Reductions in labour taxation should aim to remove barriers and disincentives in relation to participation in the labour market, in particular for those furthest away from the labour market.

Member States should, together with social partners and in line with national practices, encourage wage-setting mechanisms allowing for a responsiveness of wages to productivity developments. Differences in skills and divergences in economic performance across regions, sectors and companies should be taken into account. When setting minimum wages, Member States and social partners should consider their impact on in-work poverty, job creation and competitiveness.

Guideline 6: Enhancing labour supply, skills and competences

Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences. Member States should make the necessary investment in all education and training systems in order to improve their effectiveness and efficiency in raising the skill and competences of the workforce, thereby allowing them to better anticipate and meet the rapidly changing needs of dynamic labour markets in an increasingly digital economy and in the context of technological, environmental and demographic change. Member States should step up efforts to improve access for all to quality lifelong learning and implement active-ageing strategies that enable longer working lives.

Structural weaknesses in education and training systems should be addressed to ensure quality learning outcomes and to reduce the number of young people leaving school early. Member States should increase educational attainment, encourage work-based learning systems such as dual learning, upgrade professional training and increase opportunities for recognising and validating skills and competences acquired outside formal education.

High unemployment and inactivity should be tackled. Long-term and structural unemployment should be significantly reduced and prevented by means of comprehensive and mutually reinforcing strategies that include individualised active support for a return to the labour market. Youth unemployment and the high number of young people not in education, employment or training (NEETs), should be comprehensively addressed through a structural improvement in the school-to-work transition, including through the full implementation of the Youth Guarantee.

Barriers to employment should be reduced, especially for disadvantaged groups.

Female participation in the labour market should be increased and gender equality must be ensured, including through equal pay. The reconciliation between work and family life should be promoted, in particular access to affordable quality early childhood education, care services and long-term care.

Member States should make full use of the European Social Fund and other Union funds to foster employment, social inclusion, lifelong learning and education and to improve public administration.

Guideline 7: Enhancing the functioning of labour markets

Member States should take into account the flexibility and security principles ('flexicurity principles'). They should reduce and prevent segmentation within labour markets and fight undeclared work. Employment protection rules, labour law and institutions should all provide a suitable environment for recruitment, while offering adequate levels of protection to all those in employment and those seeking employment. Quality employment should be ensured in terms of socio-economic security, work organisation, education and training opportunities, working conditions (including health and safety) and work-life balance.

In line with national practices, and in order to improve the functioning and effectiveness of social dialogue at national level, Member States should closely involve national parliaments and social partners in the design and implementation of relevant reforms and policies.

Member States should strengthen active labour-market policies by increasing their effectiveness, targeting, outreach, coverage and interplay with passive measures, accompanied by rights and responsibilities for the unemployed to actively seek work. These policies should aim to improve labour-market matching and support sustainable transitions.

Member States should aim for better, more effective public employment services to reduce and shorten unemployment by providing tailored services to support jobseekers, supporting labour-market demand and implementing performance-measurement systems. Member States should effectively activate and enable those who can participate in the labour market to do so, while protecting those unable to participate. Member States should promote inclusive labour markets open to all women and men, putting in place effective anti-discrimination measures, and increase employability by investing in human capital.

The mobility of workers should be promoted with the aim of exploiting the full potential of the European labour market. Mobility barriers in occupational pensions and in the recognition of qualifications should be removed. Member States should at the same time prevent abuses of the existing rules and recognise potential 'brain drain' from certain regions.

Guideline 8: Fostering social inclusion, combatting poverty and promoting equal opportunities

Member States should modernise social protection systems to provide effective, efficient and adequate protection throughout all stages of an individual's life, fostering social inclusion, promoting equal opportunities, including for women and men, and addressing inequalities. Complementing universal approaches with selective ones will improve effectiveness, while simplification should lead to better accessibility and quality. More attention should go to preventative and integrated strategies. Social protection systems should promote social inclusion by encouraging people to actively participate in the labour market and society. Affordable, accessible and quality services such as childcare, out-of-school care, education, training, housing, health services and long-term care are essential. Particular attention should also be given to basic services and actions to prevent early school leaving, reduce in-work poverty and fight poverty and social exclusion.

For that purpose, a variety of instruments should be used in a complementary manner, in line with the principles of active inclusion, including labour activation enabling services, accessible quality services and adequate income support, targeted at individual needs. Social protection systems should be designed in a way that facilitates take-up for all those entitled to do so, supports protection and investment in human capital, and helps to prevent, reduce and protect against poverty and social exclusion through the life cycle.

In a context of increasing longevity and demographic change, Member States should secure the sustainability and adequacy of pension systems for women and men. Member States should improve the quality, accessibility, efficiency and effectiveness of health and long-term care systems, while safeguarding sustainability.