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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Older Workers and Job Seekers

Delegations will find attached the Presidency note on the above subject, with a view to the lunch discussion at the EPSCO Council on 7 March 2016.

Context

The financial and economic crisis, the ageing population, changing working conditions and production patterns, and more recently the influx of refugees, amongst other things, pose important challenges for EU labour markets and social protection systems. Older workers and job seekers are a key group when it comes to addressing the challenges for the EU labour markets and social protection systems posed by Europe's ageing population.

Successive EU employment strategies and funding instruments have included a particular focus on older workers and job seekers. Demographic developments mean there is an increasing share of older workers in the active labour force in the EU. In order to satisfy the demand for labour, make social security and pension systems sustainable and achieve the Europe 2020 strategy's employment objective¹, labour market inclusiveness must be increased for this group. In concrete terms, more people need to work until a later age.

Definition and data

The terms 'older workers' and 'older job seekers' are not static concepts, since they can vary over time. The Lisbon Agenda defined an older worker as any person of working age between 55 and 64 years old. Since then, the abovementioned demographic shift has translated into an overall increasingly ageing workforce, particularly with the extension of working lives. The definition may also differ according to sectors of the economy.

Keeping this in mind, employment rates for older workers have gradually increased over the past few years, although they remain low in some Member States. This trend is confirmed by recent data². During the recent economic downturn, employment rates for older workers tended to be less affected than those of other younger workers. However, when they do become unemployed, older workers have a high risk of remaining so, and thus becoming long-term unemployed.

¹ To reach an employment rate of 75% for 20–64 year-olds

² In the 12 months to the third quarter of 2015, the employment rate increased noticeably for people aged 55-59 (1.2 %) and 60-64 (1.7 %) [EU Employment and Social Situation, Quarterly Review 02/2016].

Multiple policy challenges

Given the developments set out above, the employability of older workers needs to be promoted. This involves the two distinct but interlinked challenges of maintaining older workers' employability and reintegrating unemployed older workers into the labour market. In this regard, older workers and job seekers face numerous difficulties, including the risk of outdated skills and qualifications, discriminatory attitudes of employers, declining health and decreased self-esteem or motivation. Such barriers that hamper active ageing need to be tackled. In addition wage patterns (over workers' careers) as well as the tax and benefits system may create disincentives for older workers to continue working or to return to work once unemployed.

Relevant policy measures relate in particular to the promotion of lifelong learning, which should become a regular feature of working lives. In particular, older workers and job seekers need to acquire new qualifications and technical skills that are adequate for the ever-changing labour market. Digital skills are particularly relevant in this context. Also, active labour market policies which focus specifically on getting (long-term) unemployed older workers back into employment deserve special attention. Moreover, the focus should lie on measures that make it worthwhile for individuals to remain in the labour market. In this context, targeted, personalised and tailor-made approaches are essential for success.

In recent years, Member States have already taken a wide range of measures to increase incentives for extended working lives, to encourage longer careers and to enable people to continue working until retirement age. As such, early retirement schemes have for instance been reduced. Also, changes in the tax system that offer more favourable treatment for work-related income than for pension income have been introduced and many Member States have undertaken or are currently making changes to their pension systems, including raising the statutory retirement age.

These specific policy challenges have over the past few years also been the subject of discussion in the context of multilateral surveillance of the European Semester. Reforms relating to older workers and job seekers have been promoted notably through country-specific recommendations and the organisation of multilateral reviews.

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

1. Which measures have been successful in (re)integrating older job seekers into employment? Which measures have been successful in maintaining older workers' employability? Which measures have not worked so well or have failed? What do you consider the important lessons learned and best practices?
 2. Are there specific professions or economic sectors where these problems are particularly acute? If so, are sector-specific measures warranted and what form should they take?
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