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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	6072/24
Subject:	Draft Council Conclusions on the 2024 Annual Sustainable Growth Survey and Joint Employment Report - Approval

1. The Presidency has prepared the attached set of draft Council Conclusions on the 2024 Annual Sustainable Growth Survey and Joint Employment Report.
2. These draft Conclusions were presented in the meeting of the Working Party on Social Questions on 22 February 2024.
3. At that meeting, some delegations asked for changes to the text. They suggested making changes in relation to the Social Convergence Framework. In contrast, a large number of delegations were of the opinion that as the draft Council Conclusions had been agreed unanimously by the Employment Committee and the Social Protection Committee¹ the text should remain as it had been transmitted to the Council and not be reopened.

¹ Doc. 6072/24.

4. The Presidency considers that the text as agreed by the Committees should not be reopened
 5. The Committee is invited to forward the attached draft Conclusions to the Council (EPSCO) for approval at its session on 11 March 2024.
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Draft Council Conclusions on the

2024 Annual Sustainable Growth Survey and the Joint Employment Report

1. ACKNOWLEDGING that after a strong recovery in 2022, economic activity in the EU slowed down in 2023, amidst high inflation and geopolitical uncertainties. NOTING that after reaching its peak at 11.5% year-on-year in October 2022, inflation has been on a declining trend and is expected to continue decreasing towards 3.5% throughout 2024.
2. WELCOMING that despite the exceptional shocks faced in recent years and the recent slowdown in economic growth, in spring 2023, the EU employment rate reached an all-time high of 75.4% (70.2% for women and 80.5% for men), while unemployment fell to 6% (6.3% for women and 5.7% for men), the lowest rate ever recorded. EMPHASIZING, nevertheless, that despite the strong performance of the EU labour market, differences persist across and within Member States, including at the regional level and among population groups.
3. STRESSING that the persistent high levels of labour and skills shortages create bottlenecks to economic growth potential, competitiveness, and upward social convergence. HIGHLIGHTING that shortages are most prominent in healthcare, construction, STEM-related professions, and certain service occupations, and also arise from new jobs and task requirements related to the green and digital transitions that are not adequately matched by labour market-relevant skills in the workforce, as well as from an ageing population and from poor working conditions, in certain cases.
4. RECALLING, in this context, that structural barriers for the full labour market integration of persons in vulnerable situations remain prominent, with over 20% of the working-age population (and almost 30% of working-age women) in the EU remaining out of the labour force, including 8 million young people neither in employment, nor in education and training.

5. REAFFIRMING that the nominal wage increases between 2022 and 2023, while marked, remained below the high inflation rates and resulted in losses in purchasing power, with a disproportionate impact on low-income households. WELCOMING that, in several Member States, updates to statutory minimum wages and new collective bargaining agreements are partially or fully mitigating the losses in purchasing power.
6. RECALLING, in this context, that strong social dialogue and effective collective bargaining are crucial to further promoting wage developments that support job creation and safeguard competitiveness, while the transposition of the EU Directive on adequate minimum wages can also help protect the purchasing power of low-wage earners and prevent increases in in-work poverty, thus strengthening incentives to work.
7. NOTING that, against the challenging socio-economic context of the past three years, the share of people at risk of poverty or social exclusion remained broadly stable in the EU in 2022 due to decisive policy action taken during the energy crisis, though child poverty slightly worsened. RECALLING that while social protection systems proved their effectiveness in supporting resilience during recent crises, thus preventing a significant rise in the number of persons at risk of poverty or social exclusion and acting as macroeconomic stabilisers, their adequacy and sustainability remain under pressure due to, among others, population ageing.
8. STRESSING that energy poverty and housing affordability are increasing challenges in the Union, with the share of people unable to keep their homes adequately warm rising in 2022, and 1 out of 10 persons in the EU living in a household where total housing costs represent more than 40% of the total disposable income. RECALLING that, in both cases, people at risk of poverty are disproportionately affected by these challenges.

9. STRESSING that implementing the European Pillar of Social Rights and progressing towards the 2030 EU and national targets on employment, skills, and poverty reduction is key for the development of Member States' policy action, with due regard for respective competencies and the principles of subsidiarity and proportionality, and notably taking into account that:
- The Union is well on track towards the employment rate target of 78% in 2030 (74.6% in 2022), with all Member States having made progress since 2020;
 - Further significant progress will need to be achieved to reach the skills target of at least 60% of all adults participating in training every year by 2030 in the Union (37.4% in 2016);
 - Significant efforts will be required to reach the poverty reduction target of a decrease in the number of people at risk of poverty or social exclusion by at least 15 million by 2030 in the Union (including at least 5 million children), in light of broad stability (with only a reduction of 279,000 people in 2022, compared to the previous year) and several Member States rather experiencing an increase in the risk of poverty or social exclusion.
10. WELCOMING that the 2024 European Semester cycle will take stock of the ongoing implementation of Recovery and Resilience Plans and the cohesion policy programmes and provide orientations in view of the forthcoming mid-term review of the latter. WELCOMING the inclusion of the monitoring of the progress towards the 2030 EU headline and national targets on employment, skills, and risk of poverty or social exclusion in the Joint Employment Report.

11. TAKING NOTE of the Commission's proposal to include a stronger country-specific analysis on potential risks to upward social convergence in the Joint Employment Report, based on the features of the Social Convergence Framework as described in the EMCO-SPC Key Messages on the latter and the underlying report by the EMCO-SPC working group.² TAKING NOTE that such analysis is implemented based on the outcomes of a voluntary pilot conducted by the working group between October 2022 and May 2023. NOTING the possibility to reflect on possible future technical refinements of the analysis conducted using the Social Scoreboard and the methodology applied to it in the Joint Employment Report. RECALLING that the Council took note of the findings of the pilot in June 2023 which acknowledged that there were different degrees of support among Member States regarding the introduction of a Social Convergence Framework in the European Semester.
12. TAKING NOTE of the Commission's intention to further conduct a deeper second-stage analysis on upward social convergence in the 2024 European Semester cycle, using a wider set of quantitative and qualitative evidence, in relation to the Member States for which potential risks to upward social convergence were identified in the Joint Employment Report.

THE COUNCIL OF THE EUROPEAN UNION:

13. CALLS upon the Member States to reflect the priorities of the Annual Sustainable Growth Survey and the findings of the Joint Employment Report in their National Reform Programmes and to step up the implementation of the principles of the European Pillar of Social Rights to reach the 2030 EU headline and national targets.
14. CALLS upon the Member States to promote wage developments that mitigate the losses in purchasing power, particularly for low-wage earners, in line with national practices and in full respect of the role and autonomy of the social partners.

² See the EMCO-SPC Working Group Report on the Social Convergence Framework ([doc. 9481/23/ADD-1](#)) as well as the Key Messages endorsed by EMCO-SPC based on the report ([doc. 9481/23](#))

15. CALLS upon the Member States to continue the implementation of structural reforms enhancing the up- and reskilling of adults, strengthening active labour market policies, and promoting improved working conditions, with a view to addressing labour and skills shortages and facilitating job-to-job transitions towards sectors with strong labour demand, contributing to the competitiveness and social cohesion of the Union.
16. CALLS upon the Member States to continue the modernisation of social protection and inclusion systems and address poverty and social exclusion, in particular among children, also in light of the digital and green transitions, demographic trends, the impact of high inflation on purchasing power, in particular on vulnerable households, and the increasing level of energy poverty. CALLS upon the Member States to further analyse and improve the availability of affordable housing.
17. CALLS upon the Commission to ensure that any further implementation of the analysis of upward social convergence based on the features of the Social Convergence Framework as described in the EMCO-SPC Key Messages does not translate into an additional administrative burden for the Member States and contributes to streamlining the multilateral surveillance activities of the **Employment Committee** and the **Social Protection Committee**.
18. CALLS upon the **Employment Committee** and the **Social Protection Committee** to examine the impact of the pilot analysis of upward social convergence based on the features of the Social Convergence Framework on their activities and on the 2024 European Semester cycle and inform the Council.