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COM(2024) 599 final

2024/0599 (NLE)

Proposal for a

**COUNCIL DECISION**

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

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

Pursuant to the Treaty on the Functioning of the European Union, Member States are to regard their economic policies and promoting employment as a matter of common concern and shall coordinate their action within the Council. The Council is to adopt employment guidelines (Article 148), specifying that they must be consistent with the broad economic policy guidelines (Article 121).

Whilst the broad economic policy guidelines remain valid for any duration of time, the employment guidelines need to be drawn up each year. The guidelines were first adopted together ('integrated package') in 2010, underpinning the Europe 2020 strategy. The integrated guidelines remained stable until 2014. Revised integrated guidelines were adopted in 2015. In 2018, the employment guidelines were aligned with the principles of the European Pillar of Social Rights proclaimed in November 2017 by the European Parliament, the Council and the Commission, with a view to driving reforms at national level and to serve as a compass for a renewed process of upward convergence across Europe towards better working and living conditions, and remained unchanged in 2019. In 2020, they were aligned to integrate elements related to the consequences of the COVID-19 crisis, the green and digital transitions, and the UN Sustainable Development Goals. In 2021, they were carried over, while adjusting the recitals to reflect the outcomes of the Porto Social Summit and the European Pillar of Social Rights Action Plan. In 2022, the guidelines were amended to align the text by retargeting of the narrative to the post-COVID-19 environment, bringing in more elements related to fairness in the green transition, reflecting recent policy initiatives and adding policy elements of particular relevance in the context of the Russian invasion of Ukraine. In 2023, they were again carried over, while adjusting the recitals to reflect the new EU headline and national targets on employment, skills and poverty reduction and recent initiatives. This year, the guidelines are updated to bring in more elements related to education and training, as well as new technologies, artificial intelligence and algorithmic management, and to reflect recent policy initiatives of particular relevance such as on platform work, affordable housing and tackling labour and skills shortages.

Along with the broad economic policy guidelines, the employment guidelines are presented as a Council Decision on guidelines for the employment policies of the Member States (Part II of the Integrated Guidelines) and provide the basis for country-specific recommendations in the respective domains.

The revised "Employment Guidelines" are the following:

Guideline 5: Boosting the demand for labour

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Proposal for a

## COUNCIL DECISION

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

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 Parliament <sup>(1)</sup>,

Having regard to the opinion of the European Economic and Social Committee <sup>(2)</sup>,

After consulting the Committee of the Regions,

Having regard to the opinion of the Employment Committee <sup>(3)</sup>,

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and in particular for the promotion of a skilled, trained and adaptable workforce, as well as labour markets that are future-oriented and responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth, a high level of protection and improvement of the quality of the environment laid down in Article 3 of the Treaty on European Union (TEU). Member States are to regard promoting employment as a matter of common concern and are to coordinate their action in that respect within the Council, taking into account national practices related to the responsibilities of management and labour.
- (2) The Union is to combat social exclusion and discrimination, and to promote social justice and protection, equality between women and men, solidarity between generations and the protection of the rights of the child as laid down in Article 3 TEU. 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 poverty and social exclusion, a high level of education and training and protection of human health as laid down in Article 9 of the Treaty on the Functioning of the European Union (TFEU).
- (3) In accordance with the TFEU, the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of those instruments, the guidelines for the employment policies of the Member States (the 'Guidelines') set out in the Annex to this Decision (EU), together with the broad guidelines for the economic policies of the Member States and of the Union set out in

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<sup>1</sup> Opinion of tbd DATE 2024 (not yet published in the Official Journal).

<sup>2</sup> Opinion of tbd DATE 2024 (not yet published in the Official Journal).

<sup>3</sup> Opinion of tbd DATE 2024 (not yet published in the Official Journal).

Council Recommendation (EU) 2015/1184 <sup>(4)</sup>, form the Integrated Guidelines. They are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated Union and national policies and reforms are to constitute an appropriate overall sustainable economic, employment and social policy mix, which should achieve positive spill-over effects for labour markets and society at large, strengthen economic and social resilience and effectively respond to medium- and longer-term challenges as well as the impacts of crises such as the COVID-19 pandemic and the increased cost of living linked to Russia's war of aggression against Ukraine.

- (4) In order to enhance economic and social progress and upward convergence, support the green and digital transitions, strengthen the Union industrial base and achieve inclusive, competitive and resilient labour markets in the Union, Member States should address labour and skills shortages and promote quality and inclusive education and training, with a particular focus on improving basic skills, especially among disadvantaged students, and on STEM (science, technology, engineering and mathematics) in school and higher education, future-oriented vocational education and training, and lifelong upskilling and reskilling, as well as effective active labour market policies and improved working conditions and career opportunities. This is of particular relevance for the less developed, remote and outermost regions of the EU, where the needs are the greatest. Shortages can be further addressed by improving fair intra-EU mobility for workers and learners and attracting talent from outside the EU. In addition, the links between the education and training systems and the labour market should be strengthened and skills, knowledge and competences acquired through non-formal and informal learning recognised.
- (5) The Guidelines are consistent with the new EU economic governance framework, which entered into force on 30 April 2024, existing Union legislation and various Union initiatives, including Council Recommendations of 14 June 2021 <sup>(5)</sup>, 29 November 2021 <sup>(6)</sup>, 5 April 2022 <sup>(7)</sup>, 16 June 2022 <sup>(8)</sup>, 28 November 2022 <sup>(9)</sup>, 8 December 2022 <sup>(10)</sup>, 30 January 2023 <sup>(11)</sup>, 12 June 2023 <sup>(12)</sup> and 27 November 2023

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<sup>4</sup> 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).

<sup>5</sup> Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee (OJ L 223, 22.6.2021, p. 14).

<sup>6</sup> Council Recommendation of 29 November 2021 on blended learning approaches for high-quality and inclusive primary and secondary education (OJ C 504, 14.12.2021, p. 21).

<sup>7</sup> Council Recommendation of 5 April 2022 on building bridges for effective European higher education cooperation (OJ C 160, 13.4.2022, p.1).

<sup>8</sup> Council Recommendation of 16 June 2022 on a European approach to micro-credentials for lifelong learning and employability (OJ C 243, 27.6.2022, p. 10), Council Recommendation of 16 June 2022 on individual learning accounts (OJ C 243, 27.6.2022, p. 26), Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (OJ C 243, 27.6.2022, p. 35) and Council Recommendation of 16 June 2022 on learning for the green transition and sustainable development (OJ C 243, 27.6.2022, p. 1).

<sup>9</sup> Council Recommendation of 28 November 2022 on Pathways to School Success and replacing the Council Recommendation of 28 June 2011 on policies to reduce early school leaving (OJ C 469, 9.12.2022, p. 1).

<sup>10</sup> Council Recommendation of 8 December 2022 on access to affordable high-quality long-term care (OJ C 476, 15.12.2022, p. 1) and Council Recommendation of 8 December 2022 on early childhood education and care: the Barcelona targets for 2030 (OJ C 484, 20.12.2022, p. 1).

<sup>11</sup> Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion (OJ C 41, 3.2.2023, p.1).

(<sup>13</sup>), Commission Recommendation (EU) 2021/402 (<sup>14</sup>), Council Resolution of 26 February 2021(<sup>15</sup>), Commission Communications on building an economy that works for people: an action plan for the social economy (<sup>16</sup>), on the Digital Education Action Plan 2021-2027 (<sup>17</sup>), on the Strategy for the Rights of Persons with Disabilities 2021-2030 (<sup>18</sup>), on the Disability Employment Package (<sup>19</sup>), on a European Care Strategy (<sup>20</sup>), on A Green Deal Industrial Plan for the Net-Zero Age (<sup>21</sup>), on strengthening social dialogue in the European Union (<sup>22</sup>), on Better assessing the distributional impact of Member States' policies (<sup>23</sup>), and on labour and skills shortages in the EU: an action plan (<sup>24</sup>), Decisions (EU) 2021/2316 (<sup>25</sup>) and (EU) 2023/936 (<sup>26</sup>) of the European Parliament and of the Council, Directives (EU) 2022/2041 (<sup>27</sup>), (EU) 2022/2381 (<sup>28</sup>) and EU 2023/970 (<sup>29</sup>) of the European Parliament and of the Council, and the Commission proposal for a Directive of the European Parliament and of the Council of 9 December 2021 on improving working conditions in platform work (<sup>30</sup>)

- (6) The European Semester combines different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies within the Union. While pursuing environmental sustainability, productivity, fairness and macroeconomic stability, the European Semester integrates the principles of the European Pillar of Social Rights and its monitoring tool, the Social Scoreboard, also allowing an analysis of risks and challenges to upward social convergence in the Union, and provides for strong engagement with social partners, civil society and other stakeholders. It also supports the delivery of the Sustainable Development Goals. The economic and employment policies of the Union and the Member States should go

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- 12 Council Recommendation of 12 June 2023 on strengthening social dialogue in the European Union (OJ C/2023/1389, 6.12.2023).
- 13 Council recommendation of 27 November 2023 on developing social economy framework conditions (OJ C/2023/1344, 29.11.2023).
- 14 Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) (OJ L 80, 8.3.2021, p. 1).
- 15 Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) (OJ C 66, 26.2.2021, p. 1).
- 16 COM(2021) 778 final.
- 17 COM(2020) 624 final.
- 18 COM(2021) 101 final.
- 19 [Disability Employment Package to improve labour market outcomes for persons with disabilities - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)
- 20 COM(2022) 440 final.
- 21 COM(2023) 62 final.
- 22 COM(2023) 38 and 40 final.
- 23 COM(2022) 494 final.
- 24 COM(2024) 131 final.
- 25 Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022) (OJ L 462, 28.12.2021, p. 1).
- 26 Decision (EU) 2023/936 of the European Parliament and of the Council of 10 May 2023 on a European Year of Skills (OJ L 125, 11.5.2023, p. 1).
- 27 Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).
- 28 Directive of the European Parliament and of the Council (EU) 2022/2381 of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (OJ L 315, 7.12.2022, p. 44).
- 29 Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 132, 17.5.2023, p. 21).
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hand in hand with the Union's fair transition to a climate-neutral, environmentally sustainable and digital economy, improve competitiveness, ensure adequate working conditions, foster innovation, promote social justice, equal opportunities and upward socio-economic convergence, and tackle inequalities and regional disparities.

- (7) Climate change and other environment-related challenges, the need to ensure a fair green transition, energy independence, enhanced competitiveness of net-zero industries and the need to secure Europe's open strategic autonomy, as well as the development of digitalisation, artificial intelligence and the platform economy, an increase in teleworking and demographic change are deeply transforming Union economies and societies. The Union and its Member States are to work together to effectively and proactively address such structural developments and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets, and related policies. This requires coordinated, ambitious and effective policy action at both Union and national levels while recognising the role of social partners, in accordance with the TFEU and with the Union's provisions on economic governance, taking into account the European Pillar of Social Rights. Such policy action should encompass a boost in sustainable investment across all EU regions, a renewed commitment to appropriately sequenced reforms and investments that enhance sustainable and inclusive economic growth, the creation of quality jobs, productivity, adequate working conditions, social and territorial cohesion, upward socio-economic convergence, resilience and the exercise of fiscal responsibility.

As shown in the Council Recommendation of 16 June 2022 on learning for the green transition and sustainable development, integrating the education and training dimension systematically into other policies related to the green transition and sustainable development in a lifelong perspective can support the implementation of those policies. Support should be provided from existing Union funding programmes, and in particular the Recovery and Resilience Facility established by Regulation (EU) 2021/241 of the European Parliament and of the Council <sup>(31)</sup> and the cohesion policy funds, including the European Social Fund Plus established by Regulation (EU) 2021/1057 of the European Parliament and of the Council <sup>(32)</sup> and the European Regional Development Fund governed by Regulation (EU) 2021/1058 of the European Parliament and of the Council <sup>(33)</sup>, as well as the Just Transition Fund established by Regulation (EU) 2021/1056 of the European Parliament and of the Council <sup>(34)</sup>. Policy action should combine supply-side and demand-side measures, while taking into account the economic, environmental, employment and social impact of such measures.

- (8) The European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission in November 2017 <sup>(35)</sup>, sets out twenty principles and

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<sup>31</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

<sup>32</sup> Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).

<sup>33</sup> Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231 30.6.2021, p. 60).

<sup>34</sup> Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).

<sup>35</sup> Interinstitutional Proclamation on the European Pillar of Social Rights (OJ C 428, 13.12.2017, p. 10).



rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. Those principles and rights give strategic direction to the Union, ensuring that the transitions to climate-neutrality, environmental sustainability, digitalisation and the impact of demographic change are socially fair and just and preserve territorial cohesion. The European Pillar of Social Rights, with its accompanying Social Scoreboard, constitutes a reference framework to monitor the employment and social performance of Member States and upward social convergence in the Union, to drive reforms and investments at national, regional and local levels and to reconcile the ‘social’ and the ‘market’ in today’s modern economy, including by promoting the social economy. On 4 March 2021, the Commission put forward an Action Plan for the implementation of the European Pillar of Social Rights (the ‘Action Plan’), including ambitious yet realistic Union headline targets on employment, skills and poverty reduction and complementary sub-targets for 2030, as well as the revised Social Scoreboard.

- (9) As recognised by the Heads of State or Government at the 8 May 2021 Porto Social Summit, the implementation of the European Pillar of Social Rights will strengthen the Union’s drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing demographic challenges. They stressed that the social dimension, social dialogue and the active involvement of social partners are at the core of a highly competitive social market economy and welcomed the new Union headline targets. They affirmed their determination, as established by the European Council’s Strategic Agenda 2019-2024, to continue deepening the implementation of the European Pillar of Social Rights at Union and national levels, with due regard for respective competences and the principles of subsidiarity and proportionality. Lastly, they stressed the importance of closely following, including at the highest level, progress achieved towards the implementation of the European Pillar of Social Rights and the Union headline targets for 2030.
- (10) The Union headline targets for 2030 on employment (that at least 78 % of the population aged 20-64 should be in employment), skills (that at least 60 % of all adults should participate in training every year) and poverty reduction (that at least 15 million fewer people should be at risk of poverty or social exclusion, including five million children), welcomed by the Heads of State or Government at the Porto Social Summit on 8 May 2021 and by the June 2021 European Council, will help, together with the Social Scoreboard, in monitoring progress towards the implementation of the principles of the European Pillar of Social Rights as part of the policy coordination framework in the European Semester. In addition, the Porto Social Summit called on Member States to set ambitious national targets which, taking due account of the starting position of each country, should constitute an adequate contribution to the achievement of the Union headline targets for 2030. Between September 2021 and June 2022, at the invitation of the Commission, Member States submitted their national targets. At the June 2022 Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), Ministers stressed the importance of closely following the progress achieved towards the implementation of the European Pillar of Social Rights and the EU headline targets for 2030. Against that background, progress on those national targets is monitored in the Joint Employment Report 2024, and is integrated in the monitoring tools for the European Semester. In addition, the Joint Employment Report 2024 contained a ‘first-stage country analysis’ on potential risks to upward

social convergence, identifying seven countries as experiencing potential risks, which resulted in a deeper ‘second-stage analysis’ for these seven Member States <sup>(36)</sup>.

- (11) Following the Russian invasion of Ukraine, the European Council, in its conclusions of 24 February 2022, condemned Russia’s actions, which seek to undermine European and global security and stability, and expressed solidarity with the Ukrainian people, underlining Russia’s violation of international law and the principles of the United Nations Charter. In the current context, temporary protection, as granted by Council Implementing Decision (EU) 2022/382 and extended by the Council Implementing Decision (EU) 2023/2409 <sup>(37)</sup>, offers quick and effective assistance in Union countries to displaced people fleeing Russia’s war of aggression against Ukraine and allows such displaced people to enjoy minimum rights across the Union that offer an adequate level of protection. By participating in the Union’s labour markets, persons displaced from Ukraine can continue to contribute to strengthening the Union’s economy and help support their country and people at home. In the future, the experience and skills acquired can contribute to rebuilding Ukraine. For unaccompanied children and teenagers, temporary protection confers the right to legal guardianship and access to childhood education and care. Member States should continue to involve social partners in the design, implementation and evaluation of policy measures that aim to address the employment and skills challenges, including the recognition of qualifications of people displaced from Ukraine. Social partners play a key role in mitigating the impact of that the war in terms of preserving employment and production.
- (12) Reforms to the labour market, including national wage-setting mechanisms, should respect national practices of social dialogue and the autonomy of the social partners, with a view to providing fair wages that enable a decent standard of living, sustainable growth and upward socio-economic convergence. Such reforms should allow for a broad consideration of socio-economic factors, including improvements in sustainability, competitiveness, innovation, the creation of quality jobs, working conditions, in-work poverty, education, training and skills, public health, social protection and inclusion, as well as real incomes. The importance of social dialogue in tackling challenges in the world of work, including labour and skills shortages, was reaffirmed at the 2024 Val Duchesse Summit.

The Recovery and Resilience Facility and other Union funds are supporting Member States in implementing reforms and investments that are in line with the Union’s priorities, making Union economies and societies more sustainable and resilient and better prepared for the green and digital transitions in the changing context following the COVID-19 pandemic. Russia’s war of aggression against Ukraine has further aggravated pre-existing socio-economic challenges, as higher energy prices particularly affected low-income households. Member States and the Union should continue to ensure that the social, employment and economic impacts are mitigated

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<sup>36</sup> Resulting in a Commission Staff Working Document ([https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2024\)132&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)132&lang=en)), drawing on the Key Messages of the EPSCO advisory bodies on a possible framework to strengthen the assessment and monitoring of risks to upward social convergence in the Union, which informed the debate regarding the Semester at the June 2023 EPSCO.

<sup>37</sup> Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ L 71, 4.3.2022, p. 1) and the Council Implementing Decision (EU 2023/2409) of 19 October 2023 extending temporary protection as introduced by Implementing Decision (EU) 2022/382.



and that transitions are socially fair and just, also in light of the fact that increased open strategic autonomy and an accelerated green transition will help reduce the dependence on imports of energy and other strategic products and technologies, in particular from Russia. Strengthening resilience and pursuing an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy, are essential.

A coherent set of active labour market policies, consisting of temporary and targeted hiring and transition incentives, skills policies including learning for the green transition and sustainable development and targeted, effective and adaptable employment services, is needed to support labour market transitions and make full use of untapped labour market potential, also in line with the active inclusion approach and in light of the green and digital transformations as highlighted inter alia in the La Hulpe Declaration on the Future of the European Pillar of Social Rights <sup>(38)</sup>. Adequate working conditions, including occupational health and safety, and both the physical and mental health of workers should be ensured.

- (13) Discrimination in all its forms should be tackled, gender equality ensured and employment of young people supported. Equal access and opportunities for all should be ensured and poverty and social exclusion, in particular that of children, persons with disabilities and the Roma people, should be reduced, in particular by ensuring an effective functioning of labour markets and adequate and inclusive social protection systems, as set out in the Council Recommendation of 8 November 2019 and the Council Recommendation of 30 January 2023 <sup>(39)</sup>. In addition, barriers to inclusive and future-oriented education, training, lifelong learning and labour-market participation should be removed and Member States should invest in early childhood education and care, in line with the European Child Guarantee and the Council Recommendation on early childhood education and care (the ‘Barcelona targets for 2030’), in making vocational education and training more attractive and inclusive in line with the Council Recommendation on vocational education and training, and in digital and green skills, in line with the Digital Education Action Plan and the Council Recommendation on learning for the green transition and sustainable development and the Council Recommendation on Pathways for School Success. Access to affordable housing, including through social housing, is a necessary condition for ensuring equal opportunities. Timely and equal access to affordable high-quality long-term care, in line with the Council Recommendation on access to affordable high-quality long-term care, and healthcare services, including prevention and healthcare promotion, are particularly relevant, in light of potential future health risks and in a context of ageing societies.

The potential of persons with disabilities to contribute to economic growth and social development should be further realised, in line with the Strategy for the Rights of Persons with Disabilities <sup>(40)</sup> which invited Member States to set up employment and

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<sup>38</sup> La Hulpe Declaration on the Future of the European Pillar of Social Rights. La Hulpe, Belgium, 16 April 2024.

<sup>39</sup> Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion (OJ C 41, 3.2.2023, p.1).

<sup>40</sup> COM(2021) 101 final.

adult learning targets for persons with disabilities. The EU Roma Strategic Framework highlights the capacity within the marginalised Roma communities to reduce labour and skills shortages and aims to cut the employment gap between Roma and general population by at least half <sup>(41)</sup>. New technologies and evolving workplaces throughout the Union allow for more flexible working arrangements as well as improved productivity and work-life balance, whilst contributing to the Union's green commitments. Those developments also bring new challenges to labour markets, affecting the working conditions, health and safety at work and effective access to adequate social protection for workers and the self-employed. Member States should ensure that new forms of work organisation translate into quality jobs and adequate healthy and safe workplaces and working conditions as well as work-life balance, maintaining established labour and social rights and strengthening Europe's social model.

- (14) The Integrated Guidelines should serve as a basis for country-specific recommendations that the Council may address to Member States. Member States are to make full use of their REACT-EU resources established by Regulation (EU) 2020/2221 of the European Parliament and of the Council <sup>(42)</sup>, which reinforces the 2014-2020 cohesion policy funds and the Fund for European Aid to the Most Deprived (FEAD) until 2023. Due to the current Ukrainian crisis, Regulation (EU) 2020/2221 has been further complemented by Regulation (EU) 2022/562 of the European Parliament and of the Council <sup>(43)</sup>, as well as by a further amendment to Regulation (EU) 2021/1060 of the European Parliament and of the Council <sup>(44)</sup> concerning increased pre-financing for REACT-EU, and by a new unit cost in order to help accelerate the integration of people leaving Ukraine and entering the Union as provided for in Regulation (EU) 2022/613 of the European Parliament and of the Council <sup>(45)</sup>.

In addition, for the 2021-2027 programming period, Member States should make full use of the European Social Fund Plus, the European Regional Development Fund, the Recovery and Resilience Facility and other Union funds, including the Just Transition Fund as well as InvestEU established by Regulation (EU) 2021/523 of the

<sup>41</sup> EU Roma strategic framework for equality, inclusion and participation for 2020-2030, COM(2020) 620 final.

<sup>42</sup> Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30).

<sup>43</sup> Regulation (EU) 2022/562 of the European Parliament and of the Council of 6 April 2022 amending regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards Cohesion's Action for Refugees in Europe (CARE) (OJ L 109, 8.4.2022, p. 1).

<sup>44</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159).

<sup>45</sup> Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost (OJ L 115, 13.4.2022, p. 38).

European Parliament and of the Council <sup>(46)</sup>, as well as the Technical Support Instrument (TSI), to foster quality employment and social investments, to fight poverty and social exclusion, to combat discrimination, to ensure accessibility and inclusion, and to promote upskilling and reskilling opportunities of the workforce, lifelong learning and high-quality education and training for all, including digital literacy and skills in order to empower citizens with the knowledge and qualifications required for a digital and green economy. Member States are also to make full use of the European Globalisation Adjustment Fund for Displaced Workers established by Regulation (EU) 2021/691 of the European Parliament and of the Council <sup>(47)</sup> to support workers made redundant as a result of major restructuring events, such as socioeconomic transformations that are the result of global trends and technological and environmental changes. While the 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 the social partners and representatives of civil society.

- (15) The Employment Committee and the Social Protection Committee are to monitor how the relevant policies are implemented in light of the Guidelines, in line with their respective Treaty-based mandates. Those committees and other Council preparatory bodies involved in the coordination of economic and social policies are to work closely together. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the Guidelines of the Member States.
- (16) The Social Protection Committee was consulted,

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<sup>46</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30).

<sup>47</sup> Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013 (OJ L 153, 3.5.2021, p. 48).

HAS ADOPTED THIS DECISION:

*Article 1*

The guidelines for the employment policies of the Member States (the ‘Guidelines’), as set out in the Annex, are hereby adopted. The Guidelines shall form part of the Integrated Guidelines.

*Article 2*

The Member States shall take the Guidelines into account in their employment policies and reform programmes, which shall be reported in accordance with Article 148(3) TFEU.

*Article 3*

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council  
The President*



EUROPEAN  
COMMISSION

Brussels, 19.6.2024  
COM(2024) 599 final

ANNEX

**ANNEX**

*to the*

**Proposal for a COUNCIL DECISION**

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



## ANNEX

### **Guideline 5: Boosting the demand for labour**

Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs, also taking advantage of the potential linked to the digital and green transitions, in light of the Union and national headline targets for 2030 on employment. To that end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of micro, small and medium-sized enterprises, including through access to finance. Member States should actively promote the development of the social economy, including social enterprises, and tap into its full potential. They should develop relevant measures and strategies for the social economy, foster social innovation and encourage business models that create quality job opportunities and generate social welfare, notably at local level, including in the circular economy and in territories most affected by the transition to a green economy, including through targeted financial and technical support.

To strengthen resilience in the face of possible economic and/or labour market shocks, well-designed short-time work schemes and similar arrangements play an important role. They can also support structural transformations by facilitating and supporting restructuring processes and the reallocation of labour from declining sectors towards emerging ones, thereby increasing productivity, preserving employment and helping to modernise the economy, including via associated skills development. Well-designed hiring and transition incentives and upskilling and reskilling measures should be considered in order to support quality job creation and transitions throughout the working life, and to address labour and skill shortages, also in light of the digital and green transformations, demographic change, as well as of the impact of Russia's war of aggression against Ukraine.

Taxation should be shifted away from labour to other sources more supportive of employment and inclusive growth and in line with climate and environmental objectives, taking account of the redistributive effect of the tax system, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States, including those with statutory minimum wages, should promote collective bargaining on wage setting and ensure an effective involvement of social partners in a transparent and predictable manner, allowing for adequate responsiveness of wages to productivity developments and fostering fair wages that enable a decent standard of living, paying particular attention to lower and middle income groups with a view to strengthening upward socio-economic convergence. Wage-setting mechanisms should also take into account socio-economic conditions, including employment growth, competitiveness, purchasing power and regional and sectoral developments. Respecting national practices and the autonomy of the social partners, Member States and social partners should ensure that all workers have adequate wages by benefitting, directly or indirectly, from collective agreements or adequate statutory minimum wages, taking into account their impact on competitiveness, quality job creation, purchasing power and in-work poverty.

### **Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences**

In the context of the digital and green transitions, demographic change and Russia's war of aggression against Ukraine, Member States should promote sustainability, productivity, competitiveness, employability and human capital development, fostering acquisition of skills and competences throughout people's lives and responding to current and future labour market needs, also in light of the Union and national headline targets for 2030 on skills. Member States should also modernise and invest in their education and training systems to provide high quality and inclusive education and training including vocational education and training, improve educational outcomes and the provision

of skills and competences needed for the green and digital transitions, and ensure access to digital learning, language training (e.g. in the case of refugees including from Ukraine or in facilitating labour market access in cross-border regions) and the acquisition of entrepreneurial skills. Member States should work together with the social partners, education and training providers, enterprises and other stakeholders, also in the context of the action plan to tackle labour and skills shortages put forward by the Commission in March 2024, to address structural weaknesses in education and training systems and improve their quality and labour-market relevance, including through targeted financial and technical support. This would also contribute to enabling the green and digital transitions, addressing skills mismatches and labour shortages, including for activities related to net-zero and digital industries, including those relevant for the EU's economic security, and those related to the green transition, such as renewable energy deployment or buildings' renovation.

Particular attention should be paid to addressing the decline in the educational performance of young people, especially in the area of basic skills. Action is needed to address the challenges faced by the teaching profession, including its attractiveness, tackling teacher shortages, and the need to invest in teachers' and trainers' digital skills competences. Moreover, education and training systems should equip all learners with key competences, including basic and digital skills as well as transversal competences, and critical thinking in light of the threat of disinformation, to lay the foundations for adaptability and resilience throughout life, while ensuring that teachers are prepared to foster those competencies in learners. Member States should support working age adults in accessing training and increase individuals' incentives and motivation to seek training, including, where appropriate, through individual learning accounts, and ensuring their transferability during professional transitions, as well as through a reliable system of training quality assessment. Member States should explore the use of micro-credentials to support lifelong learning and employability. They should enable everyone to anticipate and better adapt to labour-market needs, in particular through continuous upskilling and reskilling and the provision of integrated guidance and counselling, with a view to supporting fair and just transitions for all, strengthening employment and social outcomes and productivity, addressing labour-market shortages and skills mismatches, improving the overall resilience of the economy to shocks and making potential adjustments easier.

Member States should foster equal opportunities for all by addressing inequalities in education and training systems, including in terms of regional coverage. In particular, children should be provided with access to affordable and high-quality early childhood education and care, in line with the new "Barcelona targets" and the European Child Guarantee. Member States should raise overall qualification levels, reduce the number of early leavers from education and training, support equal access to education of children from disadvantaged groups and remote areas, increase the attractiveness of vocational education and training (VET), support access to and completion of tertiary education, and increase the number of science, technology, engineering and mathematics (STEM) graduates both in VET and in tertiary education, especially women. Top performance and excellence in educational outcomes should also be supported, given their role in fostering the future innovation potential of the EU. Member States should facilitate the transition from education to employment for young people through quality traineeships and apprenticeships, as well as increase adult participation in continuing learning, particularly among learners from disadvantaged backgrounds and the least qualified. Taking into account the new requirements of digital, green and ageing societies, Member States should upgrade and increase the supply and uptake of flexible initial and continuing VET, strengthen work-based learning in their VET systems, including through accessible, quality and effective apprenticeships, and support low-skilled adults maintain their employability. Furthermore, Member States should enhance the labour-market relevance of tertiary education and, where appropriate, research; improve skills monitoring and forecasting; make skills and qualifications more visible and comparable, including those acquired abroad, and ensure a more consistent use of EU-wide classifications (i.e. ESCO); and increase opportunities for recognising and validating skills and competences acquired outside formal education and training, including for refugees and persons under a temporary protection status. Beyond using the untapped potential of the

EU domestic workforce, attracting talent and skills from outside the EU via managed migration and preventing exploitative working conditions can also contribute to addressing skills and labour shortages, including those linked to the green and digital transitions such as in STEM sectors and in healthcare and long-term care.

Member States should provide unemployed and inactive people with effective, timely, coordinated and tailor-made assistance based on support for job searches, training, up- and reskilling and access to other enabling services, paying particular attention to vulnerable groups and people affected by the green and digital transitions or labour market shocks. Comprehensive strategies that include in-depth individual assessments of unemployed people should be pursued as soon as possible, at the latest after 18 months of unemployment, with a view to significantly reducing and preventing long-term and structural unemployment. Youth unemployment and the issue of young people not in employment, education or training (NEETs) should continue to be addressed through prevention of early leaving from education and training and structural improvement of the school-to-work transition, including through the full implementation of the reinforced Youth Guarantee, which should also support quality youth employment opportunities. In addition, Member States should boost efforts notably at highlighting how the green and digital transitions offer a renewed perspective for the future and opportunities for young people in the labour market.

Member States should aim to remove barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for low-income earners, second earners (often women) and those furthest from the labour market, including people with a migrant background and marginalised Roma people. In view of high labour shortages in certain occupations and sectors (notably in STEM sectors, healthcare and long-term care, education, transport and construction), Member States should contribute to fostering labour supply, notably through promoting adequate wages and working conditions, ensuring that the design of tax and benefit systems encourages labour market participation, and that active labour market policies are effective and accessible, respecting the role of social partners. Member States should also support a work environment adapted for persons with disabilities, including through targeted financial and technical support, information and awareness raising, and services that enable them to participate in the labour market and in society. The gender employment and pay gaps as well as gender stereotypes should be tackled. Member States should ensure gender equality and increased labour market participation of women, including through ensuring equal opportunities and career progression and eliminating barriers to leadership access at all levels of decision making, as well as by tackling violence and harassment at work which is a problem that mainly affects women. Equal pay for equal work, or work of equal value, and pay transparency should be ensured. The reconciliation of work, family and private life for both women and men should be promoted, in particular through access to affordable, quality long-term care and early childhood education and care services, as well as through adequate policies catering to the changes brought to the world of work by digitalisation. Member States should ensure that parents and other people with caring responsibilities have access to suitable family-related leave and flexible working arrangements in order to balance work, family and private life, and promote a balanced use of those entitlements between parents.

### **Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue**

In order to benefit from a dynamic and productive workforce and new work patterns and business models, Member States should work together with the social partners on fair, transparent and predictable working conditions, balancing rights and obligations. They should reduce and prevent segmentation within labour markets, fight undeclared work and bogus self-employment, and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide both a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context, while protecting labour

rights and ensuring social protection, an appropriate level of security, and healthy, safe and well-adapted working environments for all workers. Promoting the use of flexible working arrangements such as teleworking can contribute to higher employment levels and more inclusive labour markets. Furthermore, Member States should support workers, businesses, and other actors in the digital transformation, including via promoting the uptake of ethical and trustworthy Artificial Intelligence (AI) tools. This can range from policies to upskill and reskill workers for new occupations and incentives for companies to develop and deploy technologies that have the potential to increase productivity, complement human labour, and alleviate labour shortages in critical sectors. In general, and in the digital context in particular, it is important to ensure that the workers' rights in terms of working time, working conditions, mental health at work and work-life balance are respected. Employment relationships that lead to precarious working conditions should be prevented, including cases involving platform workers, by ensuring fairness, transparency and accountability in the use of algorithms, and by fighting abuse of atypical contracts. Access to effective, impartial dispute resolution and a right to redress, including adequate compensation, where applicable, should be ensured in cases of unfair dismissal.

Policies should aim to improve and support labour-market participation, matching and transitions, also in light of demographic change, and including in disadvantaged regions. Member States should effectively activate and enable those who can participate in the labour market, especially under-represented groups, such as women and young people, as well as people in vulnerable situations, such as lower-skilled people and the long-term unemployed, persons with disabilities, people with a migrant background, including persons under a temporary protection status, people from marginalised Roma communities and older workers. Member States should strengthen the scope and effectiveness of active labour-market policies by increasing their targeting, outreach and coverage and by better linking them with social services, training and income support for the unemployed, while they are seeking work and based on their rights and responsibilities. Member States should make the best use of EU funding and technical support to enhance the capacity of public employment services to provide timely and tailor-made assistance to jobseekers, respond to current and future labour-market needs, and implement performance-based management, supporting their capacity to use data and digital technology. Private employment services also play a role in this respect.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Unemployment benefits should not disincentivise a prompt return to employment and should be accompanied by active labour market policies, including up- and reskilling measures, also in light of labour and skills shortages.

The mobility of learners, apprentices and workers should be increased and adequately supported, especially for learners in vocational education and training with fewer mobility experiences, with the aim of enhancing their skills and employability, exploiting the full potential of the European labour market and contributing to EU-level competitiveness. Obstacles to intra-EU labour mobility, including procedures to recognise professional qualifications or transfer acquired social security rights, should be tackled. Fair and decent conditions for all those pursuing a cross-border activity should be ensured by avoiding discrimination and ensuring equal treatment with EU nationals, enforcing national and EU legislation and stepping up administrative cooperation between national administrations with regard to mobile workers, benefitting from the assistance of the European Labour Authority.

The mobility of workers in critical occupations and of cross-border, seasonal and posted workers should be supported in the case of temporary border closures triggered by public health considerations. Member States should further engage in talent partnerships to enhance legal migration pathways by launching new mobility schemes and provide for an effective integration policy for workers and their families, encompassing education and training, including language training, employment, health and housing.



Member States should also strive to create the appropriate conditions for new forms of work, and working methods, delivering on their job-creation potential while ensuring they are compliant with existing social rights. They should provide advice and guidance on the rights and obligations which apply in the context of atypical contracts and new forms of work, such as work through digital labour platforms and permanent or semi-permanent teleworking arrangements. In this regard, social partners can play an instrumental role and Member States should support them in reaching out and representing people in atypical and new forms of work. Member States should also consider providing support for enforcement – such as guidelines or dedicated trainings for labour inspectorates – concerning the challenges stemming from new forms of organising work, including the use of digital technologies and of AI, such as algorithmic management, workers’ surveillance and telework.

Member States should ensure an enabling environment for bipartite and tripartite social dialogue at all levels, including collective bargaining, in the public and private sectors in accordance with national law and/or practice, after consultation and in close cooperation with social partners, while respecting their autonomy. Member States should involve social partners in a systematic, meaningful and timely manner in the design and implementation of employment, social and, where relevant, economic and other public policies including in the setting and updating of statutory minimum wages. Member States should promote a higher level of coverage of collective bargaining, including by promoting the building and strengthening of capacity of the social partners, enable effective collective bargaining at all appropriate levels and encourage coordination between and across those levels. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy and the right to collective action.

Where relevant, and building on existing national practices, Member States should take into account the relevant experience of civil society organisations’ in employment and social issues.

### **Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty**

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to fight all forms of discrimination and promote equal opportunities for all, and in particular for groups that are under-represented in the labour market, also with due attention to the regional and territorial dimension. They should ensure equal treatment with regard to employment, social protection, healthcare, early childhood education and care, long-term care, education and access to goods and services, including housing, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide adequate, effective, efficient and sustainable social protection for all, throughout all stages of life, fostering social inclusion and upward social mobility, incentivising labour market participation, supporting social investment, fighting poverty and social exclusion and addressing inequalities, including through the design of their tax and benefit systems and by assessing the distributional impact of policies. Complementing universal approaches with targeted ones will improve the effectiveness of social protection systems. The modernisation of social protection systems should also aim to improve their resilience to multi-faceted challenges. Particular attention should be paid to vulnerable households that are most affected by the green and digital transitions and by high cost of living, including energy costs. Member States should further address gaps in access to social protection for workers and the self-employed in light of the rise of atypical forms of work.

Member States should develop and integrate the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality enabling services, to meet individual needs. Social protection systems should ensure adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by supporting and encouraging people to actively participate in the labour market and society, including through targeted provision of social



services. The availability of affordable, accessible and quality services such as early childhood education and care, out-of-school care, education, training, housing, and health and long-term care is a necessary condition for ensuring equal opportunities. Particular attention should be given to fighting poverty and social exclusion, including in-work poverty, in line with the Union headline and national targets for 2030 on poverty reduction. Child poverty and social exclusion should be especially addressed by comprehensive and integrated measures, including through the full implementation of the European Child Guarantee. Member States should ensure that everyone, including children, has access to essential services of good quality. For those in need or in a vulnerable situation, they should also ensure access to adequate affordable and social housing or housing assistance. They should ensure a clean and fair energy transition and address energy poverty as an increasingly significant form of poverty, including, where appropriate, via targeted support measures aimed at households in vulnerable situations. Member States should make effective use of EU funding and technical support to invest in social housing, housing renovation and accompanying services and address the urgent need for affordable and decent housing. The specific needs of persons with disabilities, including accessibility, should be taken into account in relation to those services. Homelessness should be tackled specifically by promoting access to permanent housing and the provision of enabling support services.

Member States should ensure timely access to affordable preventive and curative healthcare and long-term care of good quality, while safeguarding sustainability in the long term. In the context of an increasing demand for long-term care, also linked to demographic changes, gaps in adequacy, as well as workforce shortage and poor working conditions, should be addressed.

In light of Russia's war of aggression against Ukraine and in line with the activation of Council Directive 2001/55/EC<sup>1</sup>, Member States should continue offering an adequate level of protection to displaced persons from Ukraine. For unaccompanied minors, they should also implement the necessary measures. Displaced children should be ensured access to childhood education and care and essential services in line with the European Child Guarantee.

In a context of increasing longevity and demographic change, Member States should secure the adequacy and sustainability of pension systems for workers and the self-employed, providing equal opportunities for women and men to acquire and accrue pension rights, including through supplementary schemes to ensure adequate income in old age. Pension reforms should be supported by policies that aim to reduce the gender pension gap and measures that extend working lives, such as by raising the effective retirement age, notably by facilitating the labour market participation of older persons, and should be framed within active ageing strategies. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow for an appropriate phasing in of the reforms.

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<sup>1</sup> Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).