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From: General Secretariat of the Council
To: Permanent Representatives Committee

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Subject: Draft Council Conclusions on 2021 European Semester: employment and social aspects of the Annual Sustainable Growth strategy 2021
- Approval

1. Delegations will find attached the draft Council Conclusions on the above subject, jointly prepared by the Employment Committee and the Social Protection Committee.
2. After two rounds of informal written consultations, the Social Questions Working Party reached consensus on the text of the draft Council Conclusions.
3. On 18 November 2020, the Permanent Representatives Committee (Part 1) will be requested to confirm the agreement and to decide on the use of the written procedure for approval (as set out in document 12846/20).

**2021 EUROPEAN SEMESTER: EMPLOYMENT AND SOCIAL ASPECTS OF THE
ANNUAL SUSTAINABLE GROWTH STRATEGY 2021**

Draft Council Conclusions

1. HIGHLIGHTING that the COVID-19 crisis has brought the positive labour market and social developments of the past six years to a halt, creating unprecedented economic challenges with significant and potentially long-lasting employment and social effects across Europe.
2. RECOGNISING that in the sudden and deep recession caused by the still on-going COVID-19 crisis, it is critical to reduce the spread of the virus and to protect our citizens, their jobs, health and well-being. ACKNOWLEDGING the various measures implemented by the Member States and the Union in this respect, as well as the role of the social partners and the civil society in mitigating the employment-related and social effects of the COVID-19 crisis.
3. WELCOMING the Union's economic response, including through the recovery instrument Next Generation EU, the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) and the increased flexibility in the use of cohesion policy funds under the Coronavirus Response Investment Initiative (CRII and CRII+).
4. UNDERLINING the important role of labour market and social protection measures to mitigate the social and economic impacts of the crisis. STRESSING that sustained and coordinated efforts are needed to restart the economy and promote sustainable and inclusive growth, while ensuring that social protection and labour market measures support the recovery efforts and safeguard peoples' livelihoods.
5. UNDERLINING that the crisis has a substantial negative impact on the most vulnerable. HIGHLIGHTING the significant risk of increasing economic and social divergences between and within the Member States, widening inequalities and increased poverty and social exclusion. STRESSING that against this background, social cohesion and the social market economy remain core principles of the Union.

6. RECALLING the lessons learnt from the economic crisis of 2008. RECOGNISING in this light the need for balanced consideration of employment, social and economic policies in the national Recovery and Resilience Plans, as well as for actively involving social partners and civil society in their design and implementation.
7. UNDERLINING that the European Semester remains an effective coordination tool to ensure coherence in the reform agendas of the Member States. HIGHLIGHTING the importance of safeguarding multilateral surveillance within the European Semester despite the changes in the 2021 cycle. CONSIDERING that the European Pillar of Social Rights should continue to serve as a compass for upward convergence towards better working and living conditions in Europe, steering the coordination of employment and social policies at Union level. RECALLING that the Europe 2020 Strategy and its headline targets have informed the policy debate at EU and national level and helped increase the visibility of the employment and social policies in the European Semester.
8. HIGHLIGHTING that the principles of the European Pillar of Social Rights should be implemented with due regard for respective competences and that Member States should make use of the significant EU funding available for the relevant reforms and investment, thereby mitigating the socio-economic impact of the crisis, accelerating the recovery and enhancing resilience. TAKING NOTE of the European Commission's intention to propose an Action Plan on the European Pillar of Social Rights in early 2021.
9. ACKNOWLEDGING that the green, digital and demographic transitions call for appropriate reforms and investments to ensure a just transition for all, including to support adequate skills levels. STRESSING that the employment and social, as well as gender equality implications of these transitions must be taken into account with a view to enhancing quality job creation, improving access to quality social services and economic and social resilience. HIGHLIGHTING the brain drain phenomenon which poses a risk of exacerbating economic and social divergences among Member States.
10. TAKING NOTE of the flagships put forward in the 2021 Annual Sustainable Growth Strategy (ASGS), in particular as regards reskilling and upskilling, which could inform national reforms and investments.
11. TAKING NOTE of the early publication of the 2021 ASGS, which underlines the importance of the Recovery and Resilience Facility and provides guidance to Member States, notably in view of the preparation of the Recovery and Resilience Plans.

12. TAKING NOTE of the temporary adaptation of the European Semester for 2021 to ensure consistent and effective implementation of the Recovery and Resilience Facility. TAKING NOTE of the Commission's intention to replace the European Semester country reports in 2021 with analytical documents assessing the substance of the Recovery and Resilience Plans, for the Member States submitting a Recovery and Resilience Plan, and of the Commission's intention not to propose non-fiscal country-specific recommendations in 2021.
13. UNDERLINING that in light of the adapted European Semester for 2021 it is even more important that horizontal discussions take place in the relevant Council formations involved in the European Semester and their preparatory bodies, in order to ensure their full involvement in the design and implementation of structural reforms falling within their remit.
14. HIGHLIGHTING that the temporary character of the Recovery and Resilience Facility, geared towards overcoming the crisis and preparing for the twin transition, should not put aside the need to address the remaining long-term structural reform challenges in the Member States, particularly in the employment and social areas. UNDERLINING that the timely identification and related surveillance of such long-term challenges must not be put at risk by the absence of country reports and country-specific recommendations in this exceptional 2021 European Semester cycle.
15. STRESSING that the monitoring of the national Recovery and Resilience Plans should be accompanied by a comprehensive multilateral surveillance process, with regard to reforms in the fields of employment, social policy, healthcare, as well as education and training, in line with the Employment Guidelines,

THE COUNCIL OF THE EUROPEAN UNION,

16. STRONGLY ENCOURAGES the Member States, given the significant employment and social dimensions of the current crisis, to include in their Recovery and Resilience Plans essential reforms and investment in the labour market, social policy, healthcare and the educational and training areas, highlighting that such reforms and investments should support the recovery, promote sustainable and inclusive growth and job creation, as well as address the relevant challenges identified in the 2019 and 2020 country-specific recommendations.

17. ENCOURAGES the Commission to build on the established processes and governance practices within the European Semester cycle, thereby involving all relevant Council formations and their preparatory bodies, as much as possible, to support the effective implementation of the Recovery and Resilience Plans. ENCOURAGES the Commission to provide guidance to the Member States with a view to promoting employment, quality jobs and social inclusion, in relation to reforms and investments under the Recovery and Resilience Plans.
18. STRONGLY ENCOURAGES the Commission, in close cooperation with the Member States to revise or develop new employment and social policy targets to steer the implementation of the principles of the European Pillar of Social Rights at Union and Member State level.
19. CALLS on the Commission to propose appropriate arrangements for the return to a fully-fledged European Semester process as soon as possible, including its governance.
20. TASKS the **Employment Committee** to examine – pursuant to Art. 148(3) and 148(4) of the TFEU and in light of the employment guidelines – the implementation of the relevant policies of the Member States as set out in their National Reform Programmes, including their Recovery and Resilience Plans, to cooperate with the **Social Protection Committee** where relevant, and to inform the Council of such an examination.
21. STRONGLY ENCOURAGES the **Employment Committee** and the **Social Protection Committee** to continue their work on multilateral surveillance of country-specific recommendations and employment and social challenges, including through thematic reviews, horizontal discussions, and mutual learning, and in cooperation, where relevant, with the **Economic Policy Committee**, the **Education Committee** and the Working Party of Public Health at Senior Level.
22. CALLS on the **Employment Committee** and the **Social Protection Committee** to continue their work on developing indicators and benchmarking frameworks, and on further aligning existing monitoring tools.
