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Subject: Draft Council Conclusions on the 2021 Joint Employment Report

Delegations will find attached a set of draft Council Conclusions on the 2021 Joint Employment Report presented to the informal videoconference of the members of the Working Party on Social Questions on 12 February 2021.

Draft Council conclusions on the 2021 Joint Employment Report

1. NOTING that the COVID-19 pandemic has reversed a six-year positive trend in employment growth and severely affected labour market outcomes in the EU. This is expected to increase poverty, deepen inequalities and hamper social cohesion. Workers in non-standard forms of employment, such as temporary employees, as well as youth, people with a migrant background, workers in the hospitality, tourism, cultural and entertainment sectors, and some professional activities, have been disproportionately affected.
2. WELCOMING the swift and decisive response at Member State and EU level, notably the mobilisation of significant funding support to short-time work schemes and other measures designed to preserve employment and limit the loss of incomes. HIGHLIGHTING the contribution of the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). WELCOMING both the active involvement of social partners in this context and the efforts made by civil society organisations to support the most vulnerable.
3. RECALLING its conclusions on the employment and social aspects of the 2021 Annual Sustainable Growth Strategy and in particular that the European Semester remains an effective coordination tool for ensuring coherence in the reform agendas of the Member States, and 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 EU level, with due regard for respective competences.
4. UNDERLINING that the Recovery and Resilience Facility will provide large-scale financial support for reforms and investments aimed to support job creation and make EU economies, societies and health systems more resilient and better prepared for the twin green and digital transitions, thereby boosting investment in people and accelerating the economic and social recovery.

5. STRESSING that the 2021 Joint Employment Report, monitoring the implementation of the Employment Guidelines and presenting results from the Social Scoreboard accompanying the European Pillar of Social Rights, can help Member States to identify relevant priority areas for reforms and investment, also in view of support from EU funding, including the new Recovery and Resilience Facility.
6. ACKNOWLEDGING that the swift adoption of short-time work schemes and other measures designed to preserve employment, together with a decline in activity rates, has limited the increase in the unemployment rate since the outbreak. STRESSING that short-time work schemes and similar measures should remain in place as long as necessary. HIGHLIGHTING that, as soon as conditions allow, policies should support the reallocation of labour (e.g. via upskilling/reskilling schemes and well-designed hiring incentives), notably towards the green and digital economy, while protecting workers during transitions. NOTING that the provision of adequate unemployment benefits of reasonable duration and accessible to all unemployed, including those previously employed on non-standard contracts, is key to supporting jobseekers during transitions.
7. UNDERLINING that effective active labour market policies are central to supporting a fair and inclusive recovery. STRESSING the importance of reforms and investment in active labour market policies and Public Employment Services for providing effective individualised assistance to job seekers, including through digital solutions and by combining this support with social and health services.
8. NOTING that the COVID-19 pandemic has had a disproportionate impact on vulnerable groups, including due to the digital skills gap. UNDERLINING that targeted labour market policies, active inclusion, and education and training measures could protect and improve the situation of the most vulnerable.

9. HIGHLIGHTING the sharp increase in youth unemployment and in the number of young people neither in employment, nor in education or training, which is likely to have a lasting impact on their labour market prospects. STRESSING that this would require stepping up reforms and investment in Public Employment Services, as well as active labour market policies and education and training systems, with a view to providing integrated policy responses to young people and boosting their skills, including by supporting the provision of quality apprenticeships and traineeships. ACKNOWLEDGING that implementing the Council Recommendation ‘A bridge to jobs – reinforcing the youth guarantee’ can make an important contribution to stepping up the comprehensive job support available to young people.
10. NOTING that closing the gender employment and pay gaps requires further efforts, with the COVID-19 crisis having further exacerbated risks for women in lower-paid sectors and occupations. UNDERLINING that, in this respect, women’s participation in the labour market could be increased through reforms and investment, notably in early childhood education and care, long-term care services, policies on work-life balance and transparency of pay, and adjustments to the tax and benefit systems, designed to address disincentives to women’s participation in the labour market.
11. STRESSING that preventing employment relationships that lead to precarious working conditions and providing the right incentives to hire on permanent contracts, while promoting adequate minimum wages and access to social protection, is key to reducing labour market segmentation, promoting fair working conditions and tackling in-work poverty. HIGHLIGHTING the importance of investing in safe and well-adapted working environments and flexible working arrangements that support workers and discourage undeclared work, especially in light of the crisis.

12. ACKNOWLEDGING that social partners' consultation in the crisis response remained strong in those Member States which already had well-developed structures for social dialogue, while in other Member States the crisis has exacerbated the already limited involvement of social partners prior to the health emergency. STRESSING that social dialogue and the involvement of social partners and other relevant stakeholders, in particular civil society organisations, in the design and implementation of national recovery and resilience plans can significantly contribute to effective policy responses and economic recovery.
13. ACKNOWLEDGING that the low participation in education and training and poorer educational outcomes among children and youth from disadvantaged socio-economic groups remain significant challenges, with possible long-term impacts on their participation in the society, labour market integration and career prospects. NOTING that distance learning introduced during lockdowns may have exacerbated these disadvantages. HIGHLIGHTING that the scarcity of skilled staff is a major obstacle to investment for firms, and that adults with lower qualifications participate significantly less in learning, although they need it the most. NOTING the persistent shortages in advanced digital skills, in particular among women. HIGHLIGHTING that upskilling and reskilling, notably in digital and green skills, including for teachers and trainers, combined with reforms and investments to enhance access to education and training and reduce inequalities in education, are prerequisites for supporting the digital and green transitions and fostering inclusive and sustainable growth.
14. NOTING that the decline in poverty or social exclusion rates continued in 2019, albeit at a slower pace than in previous years. ACKNOWLEDGING that the COVID-19 crisis, with the associated expected increase in unemployment and inactivity, is likely to have a negative impact on the poverty or social exclusion rate.

15. HIGHLIGHTING that minimum income protection, accompanied by activation and enabling services, plays a vital role in mitigating the risk of poverty and social exclusion in this crisis and thereby supports the most disadvantaged in society, both now and in the future. STRESSING the need for addressing the existing gaps in accessibility, adequacy and provision of enabling services in line with the Council Conclusions on strengthening minimum income protection to combat poverty and social exclusion in the COVID-19 pandemic and beyond.
16. STRESSING that income inequality remains a major challenge across the EU. NOTING that, in recent years, income inequality increased more in the lower part of the income distribution than in the upper part. HIGHLIGHTING that, despite the measures taken, inequality, in all its forms, is likely to worsen as a consequence of the crisis. STRESSING that tackling income inequalities requires reforms in different policy areas, including the design of tax and benefit systems, wage-setting mechanisms, inclusiveness in education and training (starting from early age), and access to affordable and quality services for all. RECALLING that policy reforms should be accompanied by a stronger focus on assessing distributional effects, including with regard to policies supporting the green and digital transitions.
17. HIGHLIGHTING that the crisis is expected to disproportionately affect certain vulnerable groups, in particular children, persons with disabilities, elderly and persons with a migrant background. RECALLING the persistently high incidence of child poverty or social exclusion across the EU. STRESSING that the provision of early childhood education and care, housing and healthcare are key factors in preventing and tackling poverty and promoting the well-being of children. EMPHASISING the need for inclusive education, access to healthcare and inclusive labour market policies that are appropriately adapted to the needs of the persons with disabilities. HIGHLIGHTING that the integration of persons with a migrant background and refugees requires an integrated approach, linking training and skills enhancement with employment opportunities and access to services, in particular social support, healthcare and housing.

18. RECOGNISING the severe impact of the crisis on the homeless and those facing housing exclusion. RECALLING that integrated approaches that include prevention, rapid access to permanent housing, or housing support, and provision of enabling support services should be combined with investments in residential and social housing to adequately address the challenge of homelessness and housing exclusion.
19. ACKNOWLEDGING the challenges posed by the current crisis for social protection systems, in particular as regards their capacity to ensure adequate incomes and access to affordable and quality services for all in need. STRESSING the need to further improve the social protection of the self-employed and non-standard workers, in accordance with the Council Recommendation on access to social protection.
20. RECOGNISING that the COVID-19 pandemic has brought to the fore the need to strengthen healthcare systems, improve their effectiveness and resilience, and ensure access to adequate healthcare. NOTING that further investments in well-trained workforce, in improving the coordination between inpatient, outpatient and primary care, as well as in health promotion and disease prevention are needed to make healthcare systems more resilient to health emergencies and to reduce inequalities in health outcomes.
21. RECOGNISING that the COVID-19 pandemic has also shown the need to increase the resilience of long-term care systems. ACKNOWLEDGING that access to adequate, affordable and quality long-term care - in particular home care and community services, alongside support to informal caregivers and preventive measures to reduce the demand for long-term care - should be a priority in light of the ageing population in Europe, the need to increase women's labour market participation and the need to counteract the deficiencies in the provision of care laid bare by the crisis.

22. NOTING that, in light of the demographic change, pension reforms, aimed to: improve the adequacy, sustainability and inclusiveness of pension systems should continue.
HIGHLIGHTING that these reforms should be supported by active ageing strategies and other measures that promote longer working lives, and by policies that aim to reduce the gender pension gap and the pension gap for workers in non-standard forms of employment.

THE COUNCIL OF THE EUROPEAN UNION,

23. CALLS UPON the Member States – in accordance with their respective competences, taking into account national circumstances and respecting the role and autonomy of the social partners – to take action to address the employment, skills and social policy challenges identified in the 2021 Joint Employment Report, and in light of possible support by EU resources, including the new Recovery and Resilience Facility and cohesion policy funding.
24. CALLS UPON the Member States to draw on the evidence from agreed monitoring tools, such as the Social Scoreboard, the Employment Performance Monitor, and the Social Protection Performance Monitor, as well as benchmarking frameworks, to guide their reforms and investment, and to continue efforts towards upwards convergence.
25. CALLS UPON the Commission to ensure that employment and social issues are appropriately considered in the assessment of EU and Member States' policies, in particular in the context of the adapted 2021 European Semester and the national Recovery and Resilience Plans.
26. CALLS UPON the Commission to engage with the **Employment Committee (EMCO)** and the **Social Protection Committee (SPC)** in the context of its upcoming Action Plan on the European Pillar of Social Rights, also with a view to jointly developing EU headline targets, and updating monitoring tools, in particular the Social Scoreboard, in order to ensure an ambitious strategic framework for employment and social policies for the next decade.