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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: European Semester 2022
- Policy debate

Delegations will find attached the Presidency steering note on the above subject, with a view to the policy debate at the Council (EPSCO) on 6 December 2021.

The 2022 European Semester

Policy debate

The 2022 Semester Autumn Package: key elements

The Autumn Package adopted by the European Commission on 24 November outlines the priorities for the 2022 European Semester cycle. Labour market, skills and social policies receive due attention in the package, by creating quality job, easing labour market transitions and by strengthening economic and social resilience in the post-COVID context, in the light of the green and digital transitions.

The 2022 Annual Sustainable Growth Survey confirms the central role of “competitive sustainability” based on the four dimensions of environmental sustainability, productivity, fairness and macroeconomic stability. Environmental and social objectives are to be pursued together, in a self-reinforcing manner, in the context of a new growth model that is sustainable and leaves no one behind. The targets for the green and digital transitions and the new EU 2030 headline targets¹ on employment, skills and poverty reduction set in the European Pillar of Social Rights Action Plan² will jointly guide policy efforts in this respect.

The Commission proposal for a 2022 Joint Employment Report (JER) focuses on the implementation of the European Pillar of Social Rights. The JER identifies key priority areas for employment, skills and social policy action and takes into due account the revised Social Scoreboard that allows for a more comprehensive monitoring of the Pillar principles. In addition, the JER integrates the new EU 2030 headline targets on jobs, skills and poverty reduction. Together with country-specific analysis of evidence and policy context, the headline targets would permit a closer monitoring of social and employment developments.

¹ By 2030: at least 78% of the population aged 20 to 64 should be in employment by 2030; at least 60% of all adults should participate in training every year; the number of people at risk of poverty or social exclusion should be reduced by at least 15 million.

² ST 6649/21 + ADD 1-2

The Commission proposal for a Council Recommendation on the economic policy of the euro area highlights the importance of transitioning from emergency to recovery measures in labour markets, by ensuring effective active labour market policies, in line with the Commission Recommendation on an Effective Active Support to Employment following the COVID-19 crisis, EASE.³ At the same time, it recalls the need to strengthen inclusive quality education and training systems, promote labour market integration of vulnerable groups, ensure adequate working conditions and address labour market segmentation, shift taxation away from labour, adapt social protection systems, and to improve social dialogue and collective bargaining.

Employment, skills and social challenges: policy priority areas for the 2022 cycle

The unprecedented policy response at Member State and EU level has successfully mitigated the impact of the COVID-19 crisis, allowing EU economies and employment to rebound faster than expected in 2021. The employment rate has recovered partially to 72.8% in Q2-2021. However, employment and total hours worked are not yet back to pre-crisis levels.

In certain sectors, labour shortages are again on the rise in most Member States. For some firms the pandemic has been a transitory shock, while for others it could lead to profound changes in business models. A rapid reallocation of labour together with effective active labour market policies and upskilling and reskilling could address labour shortages, boost productivity, wages and social cohesion, and facilitate the twin transitions.

The crisis has affected specific categories of workers and population groups, especially workers in non-standard employment or on fixed-term contracts, young people, women with children and non-EU born workers. Therefore, tailor-made active labour market policies are essential to ensure an inclusive recovery.

³ ST 6650/21

Skills, education and long-life learning are key factors for improving resilience of the workforce. Due to the crisis, the share of adults participating in learning in the EU dropped to 9.2% in 2020. There is a significant reading skills gap between pupils of lower and higher socioeconomic status, and preliminary evidence suggests substantial learning loss during the pandemic. Even though digital skills are required in almost all jobs and sectors, only 56% of adults had at least basic digital skills in 2019 in the EU.

The impact of benefit systems and of the large public support, including via short-time work schemes and other job retention measures has mitigated the effect of the COVID-19 crisis on poverty and income inequalities. Nevertheless, 22% of the people were at risk of poverty or social exclusion in 2020 in the EU, and 8.2% of people could not keep their homes adequately warm. Poverty and social exclusion risks remain particularly high for certain groups, notably families with children, persons with disabilities, migrants and Roma.

Finally, the effective involvement of social partners is a prerequisite for the good functioning of the European social market economy, ensuring more sustainable and inclusive policy outcomes. Despite some differences between Member States still persist, overall, the quality of the involvement of the social partners in the national employment and social policies has remained stable or slightly improved.

Access to social protection in focus

Despite some temporary measures to improve access to adequate social protection, gaps remain in many countries, in particular for non-standard workers and the self-employed. Following the adoption of the Council Recommendation on access to social protection for workers and the self-employed,⁴ 25 Member States have submitted national plans detailing their efforts. These aim at: i) ensuring formal access and effective coverage for all workers and self-employed regardless of the type of employment, ii) guaranteeing an adequate level of protection to maintain a decent standard of living and appropriate income replacement, and iii) improving the transparency of the conditions and rules of social protection.

While many measures included in the national plans are related to the temporary support provided during the crisis, these could be used for structural reforms, aiming to adapt social protection systems to the changing world of work, in order to better protect all workers, the self-employed and the unemployed persons.

⁴ *Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed (OJ C 387, 15.11.2019, p. 1–8)*

Against this background, Ministers are invited to present their views on the following questions:

- *What is your view on the employment, skills and social policy challenges and priority areas for policy action identified in the 2022 Semester Autumn Package, and in particular in the Commission proposal for a Joint Employment Report?*
- *What was your experience regarding the implementation of measures highlighted in the Commission EASE recommendation? In the near future, what plans do you have to support job transitions in your country, also in light of the green and digital transitions?*
- *What actions do you deem useful to address existing gaps in access, adequacy and transparency of social protection systems and adapt them in the light of the changing world of work?*