



Brussels, 2 October 2025
(OR. en)

13296/1/25
REV 1

SOC 627
EMPL 413
ECOFIN 1254
EDUC 364

'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Key messages from the Employment Committee based on the Annual Employment Performance Report and Employment Performance Monitor (2025) – Endorsement

Delegations will find attached the Key messages from the Employment Committee (EMCO) based on the 2025 Annual Employment Performance Report (AEPR) and 2025 Employment Performance Monitor (EPM), as finalised by the Employment Committee on 25 September 2025, with a view to their endorsement by the Council on 17 October 2025.

The full AEPR can be found in doc. 13296/25 ADD 1.

The EPM can be found in doc. 13296/25 ADD 2.

**Key Messages from the Employment Committee based on the
2025 Annual Employment Performance Report and the Employment Performance Monitor**

1. In line with its mandate as per Article 150 TFEU, the Employment Committee (EMCO) has produced an annual review of the employment situation in the EU for the Council. This review builds on the 2025 Employment Performance Monitor (EPM¹), which monitors progress towards the 2030 EU headline and national targets on employment and adult learning and identifies at a glance key employment challenges and good labour market outcomes across the EU and in each Member State.
2. The main findings of this year's EPM, which was agreed in the EMCO Indicators Group in May, are summarised in the 2025 Annual Employment Performance Report (AEPR). These complement the conclusions of the EMCO's multilateral surveillance of the implementation of the Council's Country-Specific Recommendations (CSRs) and other Council Recommendations relevant for the mandate of the Committee within the framework of the European Semester, including the conclusions of the 2025 EMCO-SPC Social Convergence Reviews on the basis of the analysis of upward social convergence by the Commission in line with the Social Convergence Framework (SCF)².

¹ The EPM builds on the findings of the Joint Assessment Framework (JAF). The JAF is an indicator-based assessment tool developed jointly by the EMCO, the Social Protection Committee (SPC) and the European Commission, covering general and specific policy areas under the Employment Guidelines, and aiming to identify key challenges and good labour market outcomes in these areas and support Member States in establishing their priorities.

² See the [2025 Joint Employment Report \(JER\)](#) for the SCF first-stage analysis and the Commission's [Staff Working Document](#) of 11 April for the SCF second-stage analysis. The SCF country reviews were conducted by EMCO and SPC on 13 May 2025.

3. The AEPR provides an analysis of key labour market indicators using the most recent 2024 EU Labour Force Survey (EU-LFS) annual data and reports on progress towards the 2030 targets, using the methodological approaches endorsed by the EMCO Indicators Group in 2022 and 2024, respectively. Moreover, the report provides a thematic analysis and a summary of the key employment challenges and good labour market outcomes across the EU and for each Member State, contributing to the identification of the main EU priorities for the coming years. In addition, “trends to watch” and “positive recent trends” that are common to a number of Member States are also identified, putting a stronger focus on the horizontal aspect of changes across Member States.
4. The EU labour market remained resilient in 2024. Despite modest GDP growth, the EU economy added 1.73 million jobs in 2024 compared to 2023, reflecting continued employment expansion. The EU employment rate (for people aged 20-64) rose to 75.8% in 2024 from 75.3% in 2023. This is the highest rate recorded since the start of the time series in 2009 and marks four consecutive years of growth after a drop to 71.7% in 2020 due to the COVID-19 pandemic.
5. Looking at age breakdowns, the EU employment rate for young people aged 20-29 remained stable in 2024 at 66.0%, while the rate for those aged 30-54 increased marginally by 0.4 pps to 83.4%. At the same time, the employment rate for older workers (55-64) continued its long-term upward trend, rising by 1.3 pps in 2024 compared to 2023 to 65.2% and by a total of 22.0 pps since 2009.
6. In 2024, the EU gender employment gap, defined as the difference between the employment rates of men and women aged 20-64, narrowed slightly by 0.2 pps compared to 2023, reaching 10.0 pps. However, the gap remains high, underscoring the need for continued policy efforts if the EU is set to at least halve the gender employment gap compared to 2019 and achieve its 78% employment rate headline target by 2030.

7. The labour force participation rate (i.e. the percentage of active people aged 20-64 in relation to the comparable total population) kept improving in 2024 in the EU, hitting a new record high of 80.4% (+0.4 pps compared to 2023).
8. The unemployment rate for people aged 15-74 years declined marginally in 2024 in the EU (by 0.2 pps) to reach a new record low of 5.9%, marking the lowest level since 2009. Furthermore, the EU long-term unemployment rate (as % of active population) fell further in 2024 to 1.9% from 2.1% in 2023 and 2.4% in 2022, while the share of long-term unemployed in total unemployment also declined (to 32.2% in 2024 from 35.0% in 2023 and 38.5% in 2022). Despite decreasing, long-term unemployment remains entrenched in some Member States, which exacerbates the risk of skills deterioration, poverty and social exclusion.
9. The EU unemployment rate of young people aged 15-29 years rose marginally by 0.2 pps in 2024 compared to 2023, to 11.4%, well above the overall unemployment rate, therefore remaining a major challenge. The rate of people aged 15-29 who are neither in employment nor in education or training (NEET) continued to decline in 2024 on a year-on-year basis, though marginally, by 0.2 pps to 11.0%. According to the European Pillar of Social Rights Action Plan, the EU should strive to decrease the rate of NEETs aged 15-29 from 12.6% in 2019 to 9% in 2030, namely by improving their employment prospects, also contributing in this way to achieve the 78% employment rate target by 2030.
10. Going forward, surveys point to slowing recruitment and wage growth. The European Commission Employment Expectations Indicator (EEI), which summarises managers' employment plans, declined marginally since last Autumn. According to the Commission's Spring 2025 Economic Forecast, employment growth in the EU is expected to decline from an annual growth rate of 0.8% in 2024 (1.0% in the euro area) to 0.5% this year and the next, in both the EU and the euro area. The unemployment rate is expected to stabilise this year and hit a new record low in 2026.

11. With regard to the monitoring of the progress towards the EU headline targets, the EU remains on track to meet its headline employment rate target by 2030, while there was some limited progress towards the headline target on adult learning.
12. Favourable labour market conditions in 2024 brought the EU closer to its 2030 employment rate target, with a rate just 2.2 pps below the 78% target value. Based on the 2024 annual EU LFS data, seven Member States – up from five the previous year – have already exceeded their national 2030 targets (Slovakia, Ireland, the Netherlands, Estonia, Denmark, Czechia and Poland). Also, six Member States achieved employment growth in 2024 higher than their respective pre-COVID (2013-19) average annual rate. Moreover, due to the projected population decline, the majority of Member States would need lower minimum annual employment growth than in the pre-crisis period in order to reach their national targets.
13. To understand the trajectory towards the 2030 targets, it is important to examine outcomes across various population groups. This allows for the identification of those experiencing below-average performance, where policy interventions may yield the greatest impact. This analysis shows that hypothetical gains could be expected from boosting employment rates of different groups, with particular scope for improvement among the low-skilled (women and men) for a significant number of Member States, at the same time as Member States increase skills levels. There is also scope for improvement in relation to the employment rate of older workers (55-64), young people (20-29) and non-EU nationals (20-64) in a number of Member States³. Fostering the successful labour market integration of currently underrepresented groups could help counterbalance the impact of demographic change on labour supply.

³ The potential for each Member State and sub-group is proxied by the difference between the specific employment rate and the respective EU average employment rate (or the average of the three highest employment rates in the EU for that population group). The national employment rate is also expressed as a percentage of the reference rate.

14. Based on the latest available figures from the AES, the EU participation rate in adult learning (excluding guided on the job training) over the previous 12 months rose to 39.5% in 2022 from 37.4% in 2016⁴. Further significant progress will need to be achieved at EU level to reach the 2030 adult learning target, in line with the required ambition for Europe to remain competitive, innovative and inclusive, thriving in the context of the big transformations it faces. Overall, reaching the EU headline target of 60% still requires a 20.5 pps increase by 2030. To this end, structural challenges are to be addressed, *inter alia*, in areas such as Active Labour Market Policies (ALMPs), education and training, skills and lifelong learning.
15. Participation in adult learning varies significantly across different groups, with lower engagement among low-skilled individuals, older adults and those outside the labour market – highlighting the need to foster more inclusive access to learning opportunities to keep the EU workforce’s skills up to date. While 58.9% of high-skilled adults participated in learning in 2022, only 18.4% did so among the low-skilled. Moreover, 49.5% of young people (25-34) participated in learning versus only 29.9% in the 55-64 cohort. Importantly, only 26.8% of the unemployed and 23.7% of people outside of the labour force participated in learning in 2022 against 44.7% of the employed.
16. In terms of thematic priorities for Member States, the reading of the 2025 EPM points to a number of key employment challenges, with a need for further monitoring in the coming years. Challenges are identified in the area of labour market participation, in particular for specific groups, such as non-EU nationals, young people, older people and the low-skilled. In the area of skills supply and lifelong learning, challenges are mainly related to skills mismatches, skills and labour shortages, weaknesses with respect to educational attainment of the population, low participation rates in learning and lack of an integrated lifelong learning strategy. With regard to the education and training systems, main challenges are the dependence of educational outcomes on socio-economic and migrant background, insufficient provision of education and training opportunities to meet labour market needs and the high incidence of early leaving from education and training.

⁴ Concerning the monitoring of the progress towards the 2030 headline and national adult learning targets, the Indicators Group has agreed to continue using the Adult Education Survey (without ‘guided-on-the-job training’) as the data source for measuring adult participation in learning in the past 12 months and to consider the transition to the LFS data in 2025, following a further assessment of differences between AES and LFS data.

17. Some countries face challenges related to the functioning of unemployment benefits and/or the impact of tax and benefit systems on labour market participation (e.g. low wage traps, unemployment traps, inactivity traps). Labour market segmentation also remains an issue in several Member States. Additional challenges are identified in the area of ALMPs, such as the functioning of Public Employment Services (PES) and the high incidence of long-term unemployment. Regarding gender equality, a main concern is the persistence of gender employment gaps, as well as gender pay gaps, while in the work-life balance domain the provision and uptake of care are among the key issues.
18. The analysis also identifies common EU “positive recent trends” and “negative trends to watch”. In particular, the EPM highlights a number of positive developments for the 2023-24 period, such as an increase in the employment rate of older workers in 17 Member States, and an increase in the share of adults with medium or high education and in the completion of tertiary or equivalent education (aged 30-34), both observed in 15 Member States. Moreover, an increase in the employment rate (20-64) and in total employment, and a decrease in the gender employment gap is observed in 13 Member States. The EPM also identifies a number of negative trends for the 2023-24 period: a deterioration (i.e. an increase) in nominal unit labour costs⁵ in 23 Member States as well as a decrease in the share of newly employed people in 14 Member States.
19. The EMCO’s recent multilateral surveillance work shows that Member States have undertaken reforms in the policy areas identified by the EPM as priorities. Nevertheless, significant challenges remain, as also reflected in the 2025 Country-Specific Recommendations, which were more comprehensive than in previous years, marking a shift away from the “parsimonious” approach introduced in 2022.

⁵ The indicator “nominal unit labour cost” was introduced in the JAF in an economic context where the main concern was the decline in the EU’s and Member States’ cost competitiveness. In recent years, however, other factors have also been taken into consideration, such as, the role and impact of adequate wages on job satisfaction, skills development, productivity and economic growth.

20. Effective ALMPs remain essential, particularly in the context of high labour and skills shortages and the need to address long-term unemployment. Measures are being introduced to strengthen the integration of NEETs and persons with disabilities into the labour market, including through the continued implementation of the reinforced Youth Guarantee, and through incentives and information campaigns for employers. While Member States are intensifying efforts to better target their ALMPs, including through employment subsidies, and strengthening the capacity and service delivery of PES, there remains room for further improvement. Gender differences are also observed, with women being less likely to participate in activation measures. Therefore, further efforts are needed to expand ALMP coverage – especially in light of the green and digital transitions and the labour market implications of demographic change.
21. Member States are taking actions to enhance skills and competences and address specific challenges in the domain of education and training. Several Member States have launched major reforms, including the modernisation of curricula and strengthening the teaching profession, but their impact is yet to be seen. Measures are also implemented to further expand the availability of upskilling and reskilling programmes, enhance targeted support for jobseekers and adapt VET curricula to labour market needs. Yet, there is in many cases the need to intensify these efforts, and step up policies to foster labour mobility, attract skilled third-country nationals in complementarity to EU talent, tackle the deterioration of basic and digital skills and, where relevant, address the shortage of teachers.

22. A broad commitment is observed to address institutional factors, including taxation and employment protection legislation, which often drive labour market segmentation, and to incentivise transitions towards open-ended contracts. Measures are also being implemented to integrate new forms of work, such as hybrid and remote working, into legislation. Large room for improvement remains in many Member States in shifting taxation away from labour towards other tax bases and reviewing the design of tax-benefit systems to increase labour market participation and incentivise longer working hours. The design of tax and benefit systems still needs to be improved in many EU countries, where significant disincentives to work persist for inactive people, the unemployed, low-wage earners and second earners. This poor design is also one of the factors behind gender disparities in the labour market, strongly influencing working choices within households, particularly those of second earners.
23. The European Semester remains an effective coordination tool for fostering sustainable and inclusive economic growth, competitiveness, employment and adequate social protection and social inclusion. The 2025 cycle importantly also marked the first year of implementation of the new EU economic governance framework, with social and economic resilience, including the European Pillar of Social Rights identified as one of the common priorities of the EU. In light of the downside risks identified in the Commission's Spring 2025 Economic Forecast, the 2026 European Semester cycle should maintain its focus on addressing both current and emerging labour market challenges. It should also support the green and digital transitions and respond to the labour market implications of demographic change and contribute to the overarching goal of strengthening the EU's competitiveness.

24. The Employment Committee looks forward to the forthcoming initiative for a Quality Jobs Roadmap and invites the Commission to take into account its Opinion on the dimensions of job quality, presented to the June 2025 EPSCO Council, in the preparation of both the Quality Jobs Roadmap and the new European Pillar of Social Rights Action Plan. The EMCO Indicators Group is currently updating the existing job quality monitoring framework, with the aim of identifying the most appropriate indicators to assess the relevant policy dimensions by the first quarter of 2026. In line with this framework, a more systematic monitoring of job quality should be integrated into the next cycle of the European Semester.
-