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### OUTCOME OF PROCEEDINGS

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From: General Secretariat of the Council

To: Delegations

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Subject: Council Conclusions on the 2026 Joint Employment Report

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Delegations will find attached the Council Conclusions on the 2026 Joint Employment Report as approved by the Council (EPSCO) at its meeting held on 9 March 2026.

## Council Conclusions on the 2026 Joint Employment Report

1. WELCOMING that, despite heightened economic and geopolitical uncertainties, in 2024, the EU labour market continued to demonstrate marked resilience, with the employment rate rising to 75.8% (up by 0.5 percentage points from 2023)<sup>1</sup> and the unemployment rate falling to an all-time low of 5.9% (down by 0.2 percentage points from 2023).<sup>2</sup> WELCOMING that employment continued to grow in the first half of 2025, with the employment rate reaching a new record high of 76.2% and a further reduction in the gender employment gap to 10.0 percentage points in 2024. NOTING that employment growth is being mostly driven by higher labour force participation, with job creation concentrated in services and in the public sector. RECALLING that there is a need to further improve labour market outcomes of underrepresented groups. RECOGNISING that labour market improvements have not translated in a commensurate reduction in poverty and social exclusion in all Member States.
2. RECALLING that, in spite of continued employment expansion, labour productivity growth is stagnating – at just 0.1% per year over 2021-2024 – posing a significant challenge to the Union’s long-term competitiveness and weighing on economic growth potential, job creation, wage developments and living standards. STRESSING how strengthening the EU’s economic performance requires bolstering its innovative capacity, including *inter alia* through fostering job quality and enhancing Europe’s human capital, in line with evolving labour market needs in areas of strategic importance for the Union and in high value-added sectors.<sup>3</sup>

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<sup>1</sup> 80.8% for men (up 0.4 percentage points from 2023) and 70.8% for women (up by 0.6 percentage points from 2023).

<sup>2</sup> 5.7% for men (down by 0.1 percentage point from 2023) and 6.2% for women (down by 0.2 percentage points from 2023).

<sup>3</sup> [Opinion of the Employment Committee on the dimensions of job quality](#), 9417/25.

3. NOTING that, after shrinking in 2022 and 2023, real wages across the EU increased by 2.7% in 2024 on the back of easing inflation, although remaining below pre-COVID-19 levels in some Member States. RECALLING, with a view to promoting good labour market outcomes and fostering good working conditions, the role and autonomy of the social partners as well as the importance of ensuring strong social dialogue and effective collective bargaining, in line with national laws and/or practices. STRESSING that strengthening women's employment, and thereby their economic self-sufficiency, is essential to address labour shortages in high value-added sectors and to ensure the long-term resilience of the Union's economy.
4. NOTING WITH CONCERN that 53.7% of all temporary employees in the Union reported being in temporary work involuntarily in 2024, and that despite slight improvements, temporary contracts continue to be (i.) nearly three times more common among young people; (ii.) more prevalent among women than men; and (iii.) accompanied by low transition rates to permanent contracts in several Member States, with persistent challenges in ensuring that such arrangements effectively serve as stepping stones into stable employment. STRESSING that 13.3% of temporary workers were at risk of poverty in 2024<sup>4</sup>, against 5.1% of employees with a permanent job, with in-work poverty being mostly concentrated among workers in non-standard forms of work, often experiencing fragmented careers, having lower work intensity and lower annual earnings. STRESSING the importance of adequate earnings in light of a still high share of workers facing poverty risks.

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<sup>4</sup> The risk-of-poverty threshold is set at 60% of the national median equivalised disposable income (after social transfers).

5. RECALLING WITH CONCERN the 2022 PISA<sup>5</sup> and 2023 ICILS<sup>6</sup> results, showing a sharp decline in basic skills among students across the Union (with a substantial rise in underachievement accompanied by a marked drop in the share of top performers), the persistent and significant gap linked to socio-economic background (with only 16.3% of disadvantaged students performing well in basic skills, compared to 59.0% of their more advantaged peers), as well as the low levels of digital literacy (with 43% of students lacking basic digital skills). STRESSING that insufficient mastery of basic and digital skills represents a major barrier to social mobility and to productivity growth at the macroeconomic level. NOTING that enhancing the quality of human capital in the Union is essential also to mitigate demographic challenges.

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<sup>5</sup> OECD (2023), [PISA 2022 Results \(Volume I\): The State of Learning and Equity in Education](#), OECD Publishing, Paris.

<sup>6</sup> Fraillon, J. (2025), [ICILS 2023 International Report: An International Perspective on Digital Literacy](#). International Association for the Evaluation of Educational Achievement (IEA).

6. WELCOMING that, over the last decade, early leaving from education and training has been on a long-term downward trend<sup>7</sup>, while tertiary educational attainment saw a substantial rise.<sup>8</sup> STRESSING, however, that around one in five adults in the Union performs low in both literacy and numeracy, according to 2023 OECD data.<sup>9</sup> RECALLING, in this context, how the growth of labour market needs in strategic sectors continue to outpace the availability of suitably skilled workers, leading to persistent shortages in science, technology, engineering and mathematics (STEM) and related disciplines. TAKING NOTE in this context, of the Commission's recommendation for a Council Recommendation on human capital in the European Union included in the 2026 Autumn Package – a new European Semester instrument designed to complement the Guidelines for the Employment Policies of the Member States, in particular by considering the human capital dimension of those employment policies.

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<sup>7</sup> From 11.0% to 9.4% between 2015-2024. For men, early leaving from education and training decreased from 12.5% to 11.0%, while for women it decreased from 9.4% to 7.7%.

<sup>8</sup> From 36.5% to 43.1% between 2015-2023. For men, tertiary educational attainment increased from 31.2% to 37.5%, while for women it increased from 41.8% to 48.8%.

<sup>9</sup> OECD (2023), [Do Adults Have the Skills They Need to Thrive in a Changing World?: Survey of Adult Skills 2023](#), OECD Skills Studies, OECD Publishing, Paris.

7. RECALLING WITH CONCERN that access to adequate social protection remains uneven across employment statuses and contract types, with non-standard workers and some self-employed facing significant coverage gaps, thereby facing higher social risks and more limited job quality. STRESSING that the impact of social transfers on poverty reduction declined for the third consecutive year in 2024, and that further efforts will be needed, including to tackle gaps in minimum income schemes<sup>10</sup>, which often remains insufficient to lift people out of poverty, in line with the Council Recommendation on adequate minimum income ensuring active inclusion. REAFFIRMING, in particular, that tackling child poverty and social exclusion is essential to breaking the intergenerational cycle of disadvantage and enabling all children to realise their full potential in society in line with the European Child Guarantee. UNDERLINING that demographic trends continue to put pressure on our economies, labour markets, adequacy and sustainability of our social protection systems, including pensions, as well as on health and long-term care systems. HIGHLIGHTING that increasing the labour market participation of women helps reducing their risk of old-age poverty, as well as ensuring the sustainability of pension and social protection systems. RECOGNISING that well-designed social protection and inclusion policies can also contribute to labour market attachment and productivity growth.

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<sup>10</sup> [Key Messages from the Social Protection Committee on the implementation of the Council Recommendation on adequate minimum income ensuring active inclusion across EU Member States](#), 14905/25.

8. REAFFIRMING that housing affordability remains a pressing challenge in the Union, with house prices in the EU having grown on average in the last decade, around 10% faster than incomes.<sup>11</sup> STRESSING, in this context, that in 2024, 8.2% of the EU population lived in households spending more than 40% of their disposable income on housing (with the rate reaching 31.1% among people at risk of poverty compared to 3.8% for the rest of the population). HIGHLIGHTING that both social housing and supporting access to home ownership can play a key role in enhancing access to adequate and affordable housing, but its provision remains constrained, among others, by rising construction, land and financing costs. RECALLING that, while there are common challenges and opportunities as well as EU legislation that concerns certain aspects of housing, housing policy remains a Member State competence. STRESSING that homelessness – one of the most severe forms of social exclusion – shows a rising trend in several Member States to be addressed through housing-led solutions (including ‘Housing First’ approach), accompanied by integrated approaches to combat poverty and social exclusion.<sup>12</sup> NOTING that still high energy prices contribute to energy poverty and account for an important share of living costs, impacting on living standards of households, as well as on competitiveness.

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<sup>11</sup> Cousin G., Frayne C., Dias Martins V. and B. Vasicek (2025), [Housing in the European Union: Market Developments, Underlying Drivers, and Policies](#), European Economy Discussion Paper 228/October 2025.

<sup>12</sup> There are no single harmonized EU-wide definition and measure of homelessness, as data availability and quality vary widely across Member States due to differences in definitions and data collection methods.

9. STRESSING, in light of the abovementioned socioeconomic context, the need to foster upward economic and social convergence by progressing on the 2030 EU headline and national targets on employment, skills, and poverty reduction, while considering that:
- The Union is on track to meet its employment rate target of 78% in 2030 (75.8% in 2024), with seven Member States having already achieved their national targets;
  - Significant efforts remain needed to achieve the skills target of at least 60% of all adults participating in training every year by 2030 in the EU (39.5% in 2022), particularly as the majority of Member States continue to lag behind in the pursuit of their national targets;
  - More efforts are needed to achieve the EU poverty reduction target of a decrease in the number of people at risk of poverty or social exclusion by at least 15 million by 2030 (including at least 5 million children). The current reduction pace - approximately 2.9 million between 2019 and 2024 - is not sufficient to reach the EU target, while there are large differences among Member States in the pursuit of their national targets, with the number of people at risk being higher in 2024 than in 2019 in 11 Member States, and persistent challenges related to all components of poverty and social exclusion.

10. **ACKNOWLEDGING** the findings of the first-stage analysis conducted by the Commission according to the principles of the Social Convergence Framework, in line with the objectives of Article 3(3), point (b) of Regulation (EU) 2024/1263, pointing in particular at:
- (i) continued upward convergence trends in labour market performance;
  - (ii) persisting risks to upward social convergence in skills development; and
  - (iii) no signs of upward social convergence in relation to at-risk-of poverty or social exclusion rate, income inequality, and real gross disposable income per capita.

TAKING NOTE that, in 2026, the Commission will publish a detailed second-stage analysis for nine Member States for which potential risks to upward social convergence have been identified.

11. **REAFFIRMING** the importance of strengthening evidence-based policymaking to better assess the effects of reforms and investments in the fields of labour market, skills and social policies on economic growth and productivity, alongside the pursuit of social objectives such as labour market participation and poverty reduction.

THE COUNCIL OF THE EUROPEAN UNION, with due regard for respective competences and the principles of subsidiarity and proportionality:

12. CALLS upon Member States, in close cooperation with social partners, to intensify efforts to strengthen skills and labour market policies that foster job quality, support lifelong learning, including upskilling and reskilling of adults to address shortages, increase labour market participation particularly among underrepresented groups and, as a complementary solution, attract international talent through managed legal migration. CALLS upon Member States, in this context, to improve skills intelligence and forecasting tools and integrate them better in policy design and implementation, also making use of EU initiatives such as the European Skills Observatory, facilitate quality job-to-job transitions, and better integrate employment and social services.
  
13. CALLS upon Member States to accelerate the modernisation of social protection and inclusion systems, ensuring that they are adapted to new forms of work and emerging needs, so as to ensure access to adequate, sustainable, and effective social protection for all workers - including those in non-standard employment - and the self-employed, and to reduce poverty and social exclusion risks, particularly among children and persons in vulnerable situations, in particular through active inclusion. CALLS upon Member States to increase, where necessary and taking into account national specificities, the provision of affordable housing and housing assistance, address rising housing cost pressures, and intensify actions to prevent and eradicate homelessness by promoting access to permanent housing with the provision of enabling services based on concepts such as Housing First and Housing Led. CALLS upon Member States to foster access to enabling and essential services, including energy, for vulnerable households.

14. INVITES Member States to regularly conduct *ex-ante* and *ex-post* impact assessments of reforms and investments in the employment, skills and social policy fields, including to determine their distributional impacts, for example across income groups, gender, age and regions. INVITES Member States to explore, for this purpose, the mutual learning opportunities provided by the Commission to enhance administrative capacity, including in the context of the Social Investment Knowledge Hub established in 2025.
15. CALLS upon Member States to take into account the findings of the 2026 Joint Employment Report when implementing their Medium-Term Fiscal-Structural Plan and preparing their 2026 Annual Progress Report, in line with the need to report on progress towards the implementation of the principles of the European Pillar of Social Rights within the European Semester.
16. CALLS upon the Commission to further advance the systematic inclusion of sex-disaggregated statistics in the annual proposal for a Joint Employment Report, in order to uncover and gradually close remaining gender gaps.
17. CALLS upon the Commission and the Member States to continue improving the availability, timeliness, quality and disaggregation of labour market, skills and social statistics, to support the monitoring in the European Semester as well as the implementation of the European Pillar of Social Rights.

18. INVITES the Commission to continue reflecting on possible adjustments to the first-stage analysis of the Social Convergence Framework, as indicated in the assessment conducted by the Employment Committee and the Social Protection Committee in 2024. CALLS upon the Commission to publish the second-stage analysis well ahead of the 2026 Spring Package in order to facilitate a shared understanding of challenges to upward social convergence. INVITES the Employment Committee and the Social Protection Committee to examine the related findings and inform the Council on the state of social convergence in the Union in June 2026.
19. CALLS upon the Commission to ensure a timely publication of the European Semester Spring Package, with a view to supporting the full involvement of the Employment Committee and the Social Protection Committee in preparing the Council adoption of country-specific recommendations, adopted on the basis of Articles 121(2) and 148(4) TFEU.
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