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PROPOSAL

from: the European Commission

dated: 28 January 2009

Subject: Proposal for a Council Decision on guidelines for the employment policies of the Member States

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGÀRNAU, Director, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: COM(2008) 869 final



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.1.2009
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Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

(presented by the Commission)

EXPLANATORY MEMORANDUM

The renewed Lisbon strategy which was launched in 2005 is based on a three-year cycle of governance with a package of integrated guidelines which encompass economic, social and environmental dimensions.

On the basis of the integrated guidelines which were adopted as part of the second three-year cycle of the renewed Lisbon Strategy in 2008¹ and which remain valid until 2010, Member States draw up their National Reform Programmes (NRP) that set out their strategies to deliver growth and jobs. The Commission assessment of the implementation of the employment challenges in the NRPs is set out in the draft Joint Employment Report and in the proposal for country specific recommendations, which is adopted by the Commission in accordance with article 128(1) of the EC Treaty.

The assessment shows that structural reforms are ongoing in the Member States, and this contributed to a decrease in unemployment and an increase in employment in the EU in 2007. However the economic outlook has changed dramatically over the second half of 2008, owing to the financial, bank and credit crises. Forecasts indicate decreased or even negative employment growth and increased unemployment in the EU for 2009.

The Employment Guidelines present a framework that provides policy guidance and overall objectives for Member States and the EU. Member States can within the guidelines focus on their specific needs that may differ between countries and change with the economic cycle. The mid-term priorities in the Guidelines remain thus valid:

- attracting and retaining more people in employment and increase labour supply and modernise social protection systems;
- improve adaptability of workers and enterprises;
- increase investment in human capital through better education and skills.

In line with the European Economic Recovery Plan², the current economic and financial crises imply the need for immediate action while continuing with the structural reform agenda and keeping the mid- and long term objectives. Two policy priorities should be highlighted for immediate action: improving employability through flexicurity, including for the most vulnerable; and improving the skills levels and their match with labour market needs. The policy responses can be found in the current Employment Guidelines.

- Flexicurity is an integrated policy approach that seeks to facilitate adaptability of workers and enterprises and to ensure that the EU can exploit the benefits from globalisation. Some aspects of flexicurity are even more essential in the short run: reinforce activation schemes in particular for the low-skilled; enhanced job subsidies and short training courses for vulnerable groups and those most at risk of long-term unemployment; providing (re)training and new skills needed in less hit sectors; adequate social protection that provides income security, incentives to work and preserving purchasing power; harmonised labour contracts that reduce segmentation while avoiding the temptation to create 'flexible' contracts. At the same time, social dialogue – a necessary component of

¹ Council Decision 2008/618/EC of 15 July 2008 on guidelines for the employment policies of the Member States *OJ L 198, 26.7.2008, p. 47–54*

² COM(2008) 800

any successful flexicurity policy - is also crucial under the present economic circumstances.

- A massive effort of skills upgrading at all levels of qualifications will be essential to confront demographic and technological change and to benefit from the transition to a low-carbon economy, but also to set the EU back on the road to recovery in times of crisis. In the shorter term, better matching of peoples' skills and available jobs is also vital as job prospects worsen. The unemployed including vulnerable groups need to be equipped with the skills that are being demanded on today's labour market. Anticipation of future skills needs is crucial in this respect, not least to prepare for the economic upturn. Public Employment Services, social partners and universities have an important role to play both in anticipating skills needs and in improving matching and ensuring that individuals have the right skills. The initiative on New Skills for New Jobs³ will contribute to this.
- In this respect, the link between the Employment Guidelines and the European Social Fund (ESF) needs to be further strengthened. The ESF can finance immediate actions taken by Member States in view of flexicurity and skills including targeted support for the most vulnerable groups in response to the economic crisis. The European Globalisation Fund will further help Member States to support redundant workers and to keep skilled workers in employment needed when the economy starts to recover.

The overall objectives and priorities expressed in the current Employment Guidelines remain valid in view of the current crisis as well as the relevance of policies and the reform agenda. By virtue of article 128(2), their validity for 2009 needs to be confirmed by a Council decision, following consultation of the European Parliament, the European Economic and Social Committee, the Committee of Regions and the Employment Committee.

³ COM(2008) XXX

Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 128(2) thereof,

Having regard to the proposal from the Commission⁴,

Having regard to the Opinion of the European Parliament⁵,

Having regard to the Opinion of the European Economic and Social Committee⁶,

Having regard to the Opinion of the Committee of the Regions⁷,

Having regard to the Opinion of the Employment Committee,

Whereas:

- (1) The renewed Lisbon Strategy in 2005 has placed the emphasis on growth and jobs. The Employment Guidelines of the European Employment Strategy and the Broad Economic Policy Guidelines have been adopted as an integrated package, whereby the European Employment Strategy has the leading role in the implementation of the employment and labour market objectives of the Lisbon Strategy.
- (2) The examination of the Member States' National Reform Programmes contained in the draft Joint Employment Report shows that Member States should continue to make every effort to address the priority areas of: attracting and retaining more people in employment; increasing labour supply and modernising social protection systems; improving adaptability of workers and enterprises; and increasing investment in human capital through better education and skills.
- (3) In view of the current economic crisis, the Guidelines should also serve as a tool for meeting the immediate challenges of increasing unemployment and social exclusion. Policies in the immediate term include integrated flexicurity policies to facilitate transitions to work, matching the unemployed with available jobs, and skills upgrading.

⁴ OJ C ..., ..., p.

⁵ OJ C ..., ..., p.

⁶ OJ C ..., ..., p.

⁷ OJ C ..., ..., p.

- (4) In light of the Commission's examination of the National Reform Programmes, the focus should be on effective and timely implementation, paying special attention to the agreed targets and benchmarks and the involvement of social partners.
- (5) The Employment Guidelines adopted in 2008 are valid for three years, while in the intermediate years until the end of 2010 their updating should remain strictly limited.
- (6) Member States should explore the use of the European Social Fund when implementing the Employment Guidelines.
- (7) In view of the integrated nature of the guideline package, Member States should fully implement the Broad Economic Policy Guidelines.

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for Member States' employment policies as set out in the Annex to Council Decision of 15 July 2008 on guidelines for the employment policies of the Member States⁸ are *maintained for 2009 and shall be taken into account by the Member States in their employment policies.*

Article 2

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*

⁸ Council Decision 2008/618/EC of 15 July 2008 on guidelines for the employment policies of the Member States *OJ L 198, 26.7.2008, p. 47–54*