

**Opinion of the European Economic and Social Committee on the ‘Proposal for a Council decision on guidelines for the employment policies of the Member States’**

COM(2012) 709 final — 2012/0335 (NLE)

(2013/C 133/14)

Rapporteur-General: **Wolfgang GREIF**

On 11 December 2012 the Council decided to consult the European Economic and Social Committee, under Article 148(2) and 304 of the Treaty on the Functioning of the European Union, on the

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

COM(2012) 709 final – 2012/0335 (NLE).

On 11 December 2012 the Committee Bureau instructed the Section for Employment, Social Affairs and Citizenship to prepare the Committee’s work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Wolfgang Greif as rapporteur-general at its 487th plenary session, held on 13 and 14 February 2013 (meeting of 13 February 2013), and adopted the following opinion by 170 votes to 5 with 5 abstentions.

## 1. Conclusions and recommendations

1.1 Europe is failing to get to grips with the crisis, and is becoming increasingly divided as a result. In view of ongoing austerity measures being forced through by the EU in a bid to tackle the crisis, the Committee reiterates its deep concern that neither the employment nor the anti-poverty goals of the EU 2020 strategy can be met.

1.2 The Committee calls for a European stimulus package with a comprehensive impact on labour market policy, amounting to 2 % of GDP. Additional national investments must be implemented and European investment projects must be identified in a speedy, targeted and coordinated manner to boost employment.

1.3 Full involvement of social partners and civil society at every stage of shaping and implementing employment policy is a key condition for successful policy coordination. The Committee insists that all relevant stakeholders, including the Committee itself, be given sufficient time between the publishing of the next proposal and the deadline for adopting the decision to conduct a thorough debate on the proposal. This is particularly important as regards the new set of guidelines to be adopted in 2014.

1.4 In addition, the Committee has formulated proposals under the following headings:

- a specific Youth Solidarity Fund for countries in particular difficulties should be established, if ESF funds are not sufficient;
- quality standards for first work experience and on-the-job training should be promoted;
- the dual system of apprenticeships should be explored, with a view to broader application in which the social partners have to play an essential role;
- precarious work should be fought, for instance by expanding the flexicurity approach, giving more attention to internal flexicurity;
- recognition of the role of companies and especially SMEs in job creation should be improved;
- the role of labour market institutions in national reform programmes should be strengthened;
- general European employment targets should be supplemented by targets for specific groups;
- the Youth Guarantee should take effect as early as possible, i.e. ideally when registering at a job centre;
- countries with fraught labour market conditions should have easier access to EU funding;
- European funding must be sufficient, and this should be taken fully into consideration in the Multiannual Financial Framework.

## 2. Introduction

2.1 On 21 October 2010, the European Council decided to leave the new employment policy guidelines unchanged until 2014 in order to keep the focus on implementation<sup>(1)</sup>. On 28 November 2012, the European Commission submitted its proposal for a Council Decision to maintain the validity of the guidelines for 2013.

2.2 Against the backdrop of the worsening employment situation in most EU Member States, and in particular the dramatic increase in youth unemployment and persistently high long-term unemployment, and with a view to the preparation of next year's update of the guidelines, the EESC is using the annual referral provided for under Article 148(2) TFEU as an opportunity to reiterate its main recommendation from last year concerning the guidelines and their implementation<sup>(2)</sup>.

## 3. General comments

### 3.1 EU 2020 employment goals might not be met

3.1.1 In the coming years, Europe will navigate an exceedingly fraught employment situation. Certain groups are harder hit than others: young people, the low-skilled, the long-term unemployed, disabled, migrants and single parents. In the fifth year of financial crisis, all forecasts, including the Commission's employment survey, suggest that labour market development across Europe will continue to be bleak, at least in 2013. Europe is failing to get to grips with the crisis, and is becoming increasingly divided as a result.

3.1.2 The employment recovery has come to a halt. Employment is decreasing. Job creation has remained subdued and has worsened despite unexploited potential in some job-rich sectors and throughout the single market. Labour market segmentation has continued to rise with an increase in temporary contracts and part-time work. Taxation on labour remains high and has further increased in a number of Member States. Unemployment is rising again and has reached unprecedented levels, with long term unemployment and not only youth unemployment reaching alarming highs, especially in Member States under strong fiscal consolidation.

<sup>(1)</sup> Council Decision 2010/707/EU.

<sup>(2)</sup> See in particular EESC opinion of 27 May 2010 on the 'Employment policy guidelines', (OJ C 21, 21.1.2011, p. 66), EESC opinion of 22 February 2012 on the 'Employment guidelines', (OJ C 143, 22.5.2012, p.94), EESC opinion of 22 February 2012 on the 'Social impact of the new economic governance legislation', (OJ C 143, 22.5.2012, p. 23), EESC opinion of 25 April 2012 on 'Structural Funds – General Provisions', (OJ C 191, 29.6.2012, p. 30), EESC opinion of 12 July 2012 on the 'Youth Opportunities Initiative', (OJ C 299, 4.10.2012, p. 97), EESC opinion of 15 November 2012 on 'Towards a job-rich recovery', (OJ C 11, 15.1.2013, p. 65).

Average household incomes are declining in many Member States and recent data points to a trend of higher levels and deeper forms of poverty and social exclusion with in-work poverty and social polarisation on the rise in many Member States<sup>(3)</sup>.

3.1.3 Against this background, the EESC reiterates its deep concern that neither the employment nor the anti-poverty goals set out in the inclusive growth priority of the EU 2020 strategy can be met in view of the principles underlying austerity measures now being forced through by the EU in a bid to tackle the crisis.

### 3.2 Facilitate a job-rich recovery promoted by a European stimulus package

3.2.1 Austerity measures that dampen final demand in one Member State have significant knock-on effects in other countries, leading to a downward spiral. Embarking on a path of simultaneous austerity programmes in a number of countries will add to the bleak outlook for growth and could unleash a vicious circle of uncertainty for investment, including investment in education and training, research and innovation, employment and consumption.

3.2.2 Nevertheless, employment policy cannot compensate for a mismanaged macroeconomic policy. The EESC therefore considers it essential that employment policy be used to bolster development of European infrastructure and qualitative growth. What is needed is speedy and targeted European and national investment with high employment impact, which should be implemented in a coordinated manner in order to amplify its employment policy effects. Every effort must be made to mobilise both private and public investment and to carry out necessary reforms.

3.2.3 The Committee shares the Commission's analysis that the prospects for employment growth depend to a large extent on the EU's capacity to generate economic growth through appropriate macroeconomic, industrial and innovation policies and to complement this with an employment policy aimed at bringing about a job-rich recovery. The EESC is concerned that if the policy of cuts continues unabated in the EU, it will be impossible to implement many of the positive proposals in the Employment Package adopted in April 2012.

<sup>(3)</sup> COM(2012) 750 final: Annual Growth Survey 2013, Annex: Draft Joint Employment Report.

3.2.4 The EESC is also concerned that the proposed measures alone will not be enough to achieve the objectives set out in the EU's employment strategy. That is why the Committee has repeatedly called for a European stimulus package with a comprehensive impact on labour market policy, amounting to 2 % of GDP. The 'Compact for Growth and Jobs' agreed at the European Council summit in June 2012 signalled the first important steps in this direction; these must now be fleshed out so as to create the urgently needed room for manoeuvre for sustainable growth and employment across Europe. The Committee has also called for a social investment pact to sustainably tackle the crisis and invest in the future and shall closely follow the Social Investment Package announced for adoption by the Commission in February.

### 3.3 Civil society and social partner involvement

3.3.1 The EESC has frequently endorsed the multiannual cycle of policy coordination within the Europe 2020 strategy while consistently pointing out that full involvement of national parliaments, the social partners and civil society at European and national level at every stage of shaping and implementing employment policy is a key condition for successful policy coordination.

3.3.2 Given that the guidelines are a framework for Member States in devising, implementing and monitoring national policies in the context of the overall EU strategy, the Committee insists that all relevant stakeholders, including the Committee itself, be given sufficient time between the publishing of the next proposal and the deadline for adopting the decision to conduct a thorough debate on the proposal. This is all the more important as European employment policy must make a bigger contribution in order to support Member States' efforts to deal with the crisis.

3.3.3 In accordance with the European Semester timetable, the European social partners should be consulted at an early stage in the preparation of the Annual Growth Survey when establishing the key strategic priorities for employment policy, and when drawing up, implementing and evaluating the employment policy guidelines. This is particularly important as regards the new set of guidelines to be adopted in 2014.

## 4. Specific comments and concrete proposals

**4.1 Supplement general employment targets by European targets for specific groups:** The target for EU-wide general employment should in future be supplemented with measurable EU targets for specific groups, such as the long-term unemployed, women, older workers, disabled and especially young people. The common approach of leaving formulation of concrete targets in employment policy at

Member State level has not proven successful. In this context, a specific indicator aimed at substantially reducing the number of young people who are not in education, employment or training (NEETs) is needed.

**4.2 The Youth Guarantee should take effect as early as possible:** The Committee very much welcomes the Commission's proposal for a Youth Guarantee with its aim of ensuring that all young people up to the age of 25 receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship in good time<sup>(4)</sup>. However, the EESC considers intervention after four months to be too late. Ideally the Youth Guarantee should take effect as early as possible, i.e. when registering at a job centre, because a failed transition damages the economy and leaves lifelong scars. Concrete measures should be formulated to this end as part of the National Reform Plans.

**4.3 Establish a specific Youth Solidarity Fund for countries in particular difficulties, if ESF funds are not sufficient:** The EESC notes that particular attention should be paid to ensuring resources for young people under the European Social Fund when drawing up the financial perspective for the years 2014-2020. The EESC finds that the gravity of the situation calls for a specific Youth Solidarity Fund as a solidarity-based solutions similar to the Globalisation Fund (EGF). Countries in particular difficulty could receive temporary support when implementing the Youth Guarantee. If ESF funds are not enough to cover this, additional European funds (a Youth Solidarity Fund) should be deployed to meet the shortfall. Multi-billion euro bailouts were possible for the banks, so it must also be possible to mobilise these amounts.

**4.4 Promote quality standards, first work experience and on-the-job training:** The EESC supports the development of skills that are relevant to the labour market, through the active cooperation of the world of employment and institutes of education. The EESC believes it is appropriate to support first work experience and on-the-job training and therefore agrees that placements in enterprises and traineeships as well as voluntary service programmes are important means for young people to acquire skills and work experience. The EESC stresses the importance of quality standards for work placements and traineeships. In this respect, the EESC welcomes the aims of the Commission in proposing a quality framework supporting the provision and take-up of high-quality traineeships.

**4.5 Explore the dual system of apprenticeships with a view to its broader application:** It is important to bridge the gap between labour market needs, education and the expectations of young people. One way to achieve this is to provide incentives and support for the development of high-quality apprenticeship schemes. The Committee welcomes the

<sup>(4)</sup> EESC opinion of 21 March 2013 on the Youth Employment Package (not yet published in the Official Journal).

Commission's guidelines in this area. The dual system of apprenticeships, with its mix of general education and training, should be studied with a view to its application elsewhere. Countries with a dual vocational training system have a significantly lower unemployment rate among younger people than countries without apprenticeship systems. In some of the worst affected countries there is also interest in introducing dual education systems. The EESC calls in this respect for improved pooling of experience and for ESF support for apprenticeship schemes. This exchange and start-up financing need to be encouraged and a quality framework for dual education needs to be developed. The Committee emphasises the role that involving the social partners plays in vocational training. It deems it therefore essential that the social partners in the Member States be closely involved in designing, implementing and monitoring the development of these schemes.

**4.6 Fight precarious work:** The Committee has already expressed its opinion on flexicurity on numerous occasions. It welcomes the fact that experience in handling the crisis has led to the flexicurity approach being expanded. Improving internal flexibility has hitherto not been given enough attention in the debate around flexicurity. Fixed-term contracts and temporary work can enable short-term transitions and can sometimes be needed to make it easier for particularly disadvantaged groups to enter the unsubsidised labour market. However, the job insecurity this entails should only ever be temporary, and should be mitigated by social security. With respect to youth employment the EESC also warns against impermanent solutions offering few long-term prospects when it comes to integration in the job market: instead of settling for precarious employment, measures should be taken to guarantee that fixed-term employment and poorly-paid positions with little social security do not become the norm for young people.

**4.7 Improve recognition of the role of companies in job creation:** Businesses in Europe are central to efforts to overcome the employment crisis. Small and medium-sized enterprises in particular have been a source of new jobs in recent years. Therefore it is essential to improve access by SMEs to capital and to cut start-up costs. According to the European Commission, this would have a significant

economic impact on the EU economy: increasing GDP by about 1.5 % or around EUR 150 billion, without diminishing the protection of employees. Social enterprises and civil society organisations can also contribute to job creation, as has been stressed by the EESC on several occasions. Moreover, a recent own-initiative opinion by the CCMI noted that cooperatives, especially employee cooperatives, are able to protect jobs even in times of crisis by reducing profits <sup>(5)</sup>.

**4.8 Strengthen the role of labour market institutions in the national reform programmes:** Many countries need to substantially extend the targeted support offered by government agencies, giving special attention to disadvantaged groups. Eligibility conditions for income support for the young and long-term unemployed looking for a job or education should be reviewed and, where necessary, improved. It is recommended that corresponding targets be written into national reform programmes.

**4.9 Easier access to EU funding for countries with fraught labour market conditions:** Despite strained government budgets in Member States, provision of national and European funding for active labour market interventions, alongside other funding for education and employment of young people and the long-term unemployed must be maintained and, where necessary, increased. Countries with especially fraught labour market conditions and which must simultaneously meet restrictive budget targets should be given easier access to EU funding. What are needed are pragmatic and flexible procedures and simplified administration of fund use, up to and including temporary suspension of national co-financing arrangements by tapping funds such as the ESF and other European funds.

**4.10 Additional European funding:** The severity of the economic crisis highlights the fact that the amount currently proposed by the Commission for European Structural Funds 2014-2020 may not be enough to have the desired effect on economic and employment growth and bring about more economic, social and territorial cohesion in the EU. This should be taken fully into account in the Multiannual Financial Framework (MFF).

Brussels, 13 February 2013.

*The President*  
*of the European Economic and Social Committee*  
Staffan NILSSON

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<sup>(5)</sup> EESC opinion of 25 April 2012 on 'Cooperatives and restructuring', (OJ C 191/24, 29.6.2012).