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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Delegations will find attached document COM(2017) 677 final ANNEX.

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ANNEX

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to the

Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

ANNEX

Guideline 5: Boosting the demand for labour

Member States should facilitate the creation of quality jobs, including by reducing the barriers that businesses face in hiring people, by promoting entrepreneurship and self-employment and, in particular, by supporting the creation and growth of micro and small enterprises. Member States should actively promote the social economy and foster social innovation.

Member States should encourage innovative forms of work, which create job opportunities for all in a responsible manner.

The tax burden should be shifted away from labour to other sources of taxation that are less detrimental to employment and growth, taking account of the redistributive effect of the tax system, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States should, in line with national practices and respecting the autonomy of social partners, encourage transparent and predictable wage-setting mechanisms, allowing for the responsiveness of wages to productivity developments while ensuring fair wages that provide for a decent standard of living. These mechanisms should take into account differences in skills levels and divergences in economic performance across regions, sectors and companies. Respecting national practices, Member States and social partners should ensure adequate minimum wage levels, taking into account their impact on competitiveness, job creation and in-work poverty.

Guideline 6: Enhancing labour supply: access to employment, skills and competences

In the context of technological, environmental and demographic change, Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences throughout people's working lives, responding to current and future labour market needs. Member States should make the necessary investment in both initial and continuing education and training. They should work together with social partners, education and training providers and other stakeholders to address structural weaknesses in education and training systems, to provide quality and inclusive education, training and life-long learning. They should ensure the transfer of training entitlements during professional transitions. This should allow everyone better to anticipate and adapt to labour market needs and successfully manage transitions, thus strengthening the overall resilience of the economy to shocks.

Member States should foster equal opportunities in education and raise overall education levels, particularly for the least qualified. They should ensure quality learning outcomes, reinforce basic skills, reduce the number of young people leaving school early, enhance the labour-market relevance of tertiary degrees, improve skills monitoring and forecasting, and increase adult participation in continuing education and training. Member States should strengthen work-based learning in their vocational education and training systems, including through quality and effective apprenticeships, make skills more visible and comparable and increase opportunities for recognising and validating skills and competences acquired outside

formal education and training. They should upgrade and increase the supply and take-up of flexible continuing vocational training. Member States should also support low skilled adults to maintain or develop their long term employability by boosting access to and take up of quality learning opportunities, through the establishment of Upskilling Pathways, including a skills assessment, a matching offer of education and training and the validation and recognition of the skills acquired.

High unemployment and inactivity should be tackled, including through timely and tailor-made assistance based on support for job-search, training, and requalification. Comprehensive strategies that include in-depth individual assessment at the latest after 18 months of unemployment should be pursued with a view to significantly reducing and preventing structural unemployment. Youth unemployment and the high rates of young people not in education, employment or training (NEETs), should continue to be addressed through a structural improvement in the school-to-work transition, including through the full implementation of the Youth Guarantee¹.

Tax reforms to shift taxes away from labour should aim to remove barriers and disincentives to participation in the labour market, in particular for those furthest away from the labour market. Member States should support an adapted work environment for people with disabilities, including targeted financial support actions and services that enable them to participate in the labour market and in society.

Barriers to participation and career progression should be eliminated to ensure gender equality and increased labour market participation of women, including through equal pay for equal work. The reconciliation of work and family life should be promoted, in particular through access to long-term care and affordable quality early childhood education and care. Member States should ensure that parents and other people with caring responsibilities have access to suitable family leaves and flexible working arrangements in order to balance work and private life, and promote a balanced use of these entitlements between women and men.

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

To benefit best from a dynamic and productive workforce and new work patterns and business models, Member States should work together with social partners to implement flexibility and security principles. They should reduce and prevent segmentation within labour markets, fight undeclared work and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide a suitable environment for recruitment. The necessary flexibility for employers to adapt swiftly to changes in the economic context should be ensured, while preserving appropriate security and healthy, safe and well-adapted working environments for workers. Employment relationships that lead to precarious working conditions should be prevented, including by prohibiting the abuse of atypical contracts. Access to effective and impartial dispute resolution and a right to redress, including adequate compensation, should be ensured in case of unfair dismissal.

¹ *OJ C 120, 26.4.2013, p. 1–6*

Policies should aim to improve and support labour-market matching and transitions. Member States should effectively activate and enable those who can participate in the labour market. Member States should strengthen the effectiveness of active labour-market policies by increasing their targeting, outreach, coverage and better linking them with income support, based on the rights and responsibilities for the unemployed actively to seek work. Member States should aim for more effective public employment services by ensuring timely and tailor-made assistance to support jobseekers, supporting labour-market demand and implementing performance-based management.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Such benefits should not constitute a disincentive to a quick return to employment.

The mobility of learners and workers should be promoted with the aim of enhancing employability skills and exploiting the full potential of the European labour market. Barriers to mobility in education and training, in occupational and personal pensions and in the recognition of qualifications should be removed. Member States should take action to ensure that administrative procedures are not a blocking or complicating factor for workers from other Member States in taking up active employment. Member States should also prevent abuses of the existing rules and address potential ‘brain drain’ from certain regions.

In line with national practices, and in order to achieve more effective social dialogue and better socio-economic outcomes, Member States should ensure the timely and meaningful involvement of social partners in the design and implementation of economic, employment and social reforms and policies, including by providing support for increased capacity of social partners. Social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, respecting fully their autonomy and the right to collective action.

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and combatting poverty

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to promote equal opportunities for under-represented groups in the labour market. They should ensure equal treatment regarding employment, social protection, education and access to goods and services, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide effective, efficient and adequate social protection throughout all stages of an individual's life, fostering social inclusion and upward social mobility, incentivising labour market participation and addressing inequalities, including through the design of their tax and benefit systems. The modernisation of social protection systems should lead to better accessibility, sustainability, adequacy and quality.

Member States should develop and implement preventive and integrated strategies through the combination of the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality services. Social protection systems should ensure the

right to adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by encouraging people to participate actively in the labour market and society.

Affordable, accessible and quality services such as childcare, out-of-school care, education, training, housing, health services and long-term care are essential for ensuring equal opportunities, including for children and young people. Particular attention should be given to fighting poverty, social exclusion, including reducing in-work poverty. Member States should ensure that everyone has access to essential services, including water, sanitation, energy, transport, financial services and digital communications. For those in need and vulnerable people, Member States should ensure access to adequate social housing assistance as well as the right to appropriate assistance and protection against forced eviction. Homelessness should be tackled specifically. The specific needs of people with disabilities should be taken into account.

Member States should ensure the right to timely access to affordable health care and long-term care of good quality, while safeguarding sustainability over the long run.

In a context of increasing longevity and demographic change, Member States should secure the sustainability and adequacy of pension systems for women and men, providing equal opportunities for workers and the self-employed, of both sexes, to acquire pension rights, including through supplementary schemes to ensure living in dignity. Pension reforms should be supported by measures that extend working lives and raise the effective retirement age, such as limiting early exit from the labour market and increasing the statutory retirement age to reflect life expectancy gains. Member States should establish a constructive dialogue with the relevant stakeholders, and allow an appropriate phasing in of the reforms.