



Council of the
European Union

Brussels, 22 November 2017
(OR. en)

14805/17

**Interinstitutional File:
2017/0305 (NLE)**

**SOC 751
EMPL 571
ECOFIN 1003
EDUC 427**

PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	22 November 2017
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2017) 677 final
Subject:	Proposal for a COUNCIL DECISION on guidelines for the employment policies of the Member States

Delegations will find attached document COM(2017) 677 final.

Encl.: COM(2017) 677 final



Brussels, 22.11.2017
COM(2017) 677 final

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Proposal for a

COUNCIL DECISION

on guidelines for the employment policies of the Member States

EXPLANATORY MEMORANDUM

The Treaty on the Functioning of the European Union provides that Member States are to regard their economic policies and promoting employment as a matter of common concern and shall coordinate their action within the Council. It provides that the Council is to adopt employment guidelines (Article 148), specifying that they must be consistent with the broad economic policy guidelines (Article 121).

Whilst the broad economic policy guidelines remain valid for any duration of time, the employment guidelines need to be drawn up each year. The guidelines were first adopted together ('integrated package') in 2010, underpinning the Europe 2020 strategy. The integrated guidelines remained stable until 2014. Revised integrated guidelines were adopted in 2015. The guidelines, other than framing the scope and direction for Member States' policy coordination, also provide the basis for country specific recommendations in the respective domains.

The current set of 'integrated guidelines' underpin the Europe 2020 strategy within the context of the approach to economic policy making built on investment, structural reform and fiscal responsibility. Within this framework the integrated guidelines are to support the achievement of smart, sustainable and inclusive growth and the aims of the European Semester of economic policy coordination.

The guidelines for the employment policies of the Member States are presented as a Council Decision on guidelines for the employment policies of the Member States – Part II of the Integrated Guidelines. The revised guidelines for the employment policies of the Member States have been amended to align the text with the principles of the European pillar of social rights, with a view to improving Europe's competitiveness and making it a better place to invest, create jobs and foster social cohesion.

The revised "Employment Guidelines" are the following:

Guideline 5: Boosting the demand for labour

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

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

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

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Having regard to the opinion of the Employment Committee,

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change, with a view to achieving the objectives of full employment and social progress set out in Article 3 of the Treaty on European Union. Member States, taking into account national practices related to the responsibilities of management and labour, are to regard promoting employment as a matter of common concern and coordinate their action in this respect within the Council.
- (2) The Union is to combat social exclusion and discrimination and promote social justice and protection, as well as equality between women and men. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against poverty and social exclusion, and a high level of education and training.
- (3) In accordance with the Treaty on the Functioning of the European Union (TFEU), the Union has developed and implemented policy coordination instruments for fiscal, macroeconomic and structural policies. As part of these instruments, the present Guidelines for the Employment Policies of the Member States, together with the Broad Guidelines for the Economic Policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184, form the Integrated Guidelines for Implementing the Europe 2020 strategy. They are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated European and national policies and

reforms are to constitute an appropriate overall economic and social policy mix which should achieve positive spill-over effects.

- (4) The Guidelines for the Employment Policies are consistent with the Stability and Growth Pact, the existing European Union legislation and various EU initiatives, including the Council recommendation on establishing a Youth Guarantee¹, the Council Recommendation on the integration of the long-term unemployed into the labour market², the Council Recommendation on Upskilling Pathways³ and the proposal for a Council Recommendation on a European Framework for Quality and Effective Apprenticeships⁴.
- (5) The European Semester combines the different instruments in an overarching framework for integrated multilateral surveillance of economic, budgetary, employment and social policies and aims to achieve the Europe 2020 targets, including those concerning employment, education and poverty reduction, as set out in Council Decision 2010/707/EU⁵. Since 2015, the European Semester has been continuously reinforced and streamlined, notably to strengthen its employment and social focus and to facilitate more dialogue with the Member States, social partners and representatives of civil society.
- (6) The European Union's recovery from the economic crisis is supporting positive labour market trends, but important challenges and disparities in economic and social performance remain between and within Member States. The crisis underscored the close interdependence of the Member States' economies and labour markets. Ensuring that the Union progresses to a state of smart, sustainable and inclusive growth and job creation is the key challenge faced today. This requires coordinated, ambitious and effective policy action at both Union and national levels, in accordance with the TFEU and the Union's provisions on economic governance. Combining supply- and demand-side measures, such policy action should encompass a boost to investment, a renewed commitment to appropriately sequenced structural reforms that improve productivity, growth performance, social cohesion and economic resilience in the face of shocks and the exercise of fiscal responsibility, while taking into account their employment and social impact.
- (7) Reforms to the labour market, including the national wage-setting mechanisms, should follow national practices of social dialogue and allow the necessary opportunity for a broad consideration of socioeconomic issues, including improvements in competitiveness, job creation, life-long learning and training policies as well as real incomes.
- (8) Member States and the Union should also address the social legacy of the economic and financial crisis and aim to build an inclusive society in which people are empowered to anticipate and manage change, and can actively participate in society and the economy, as also outlined in the Commission recommendation on the active inclusion of people excluded from the labour market⁶. Inequality should be tackled, access and opportunities for all should be ensured and poverty and social exclusion (including of children) reduced, in particular by ensuring an effective functioning of

¹ OJ C 120, 26.4.2013, p. 1–6

² OJ C 67, 20.2.2016, p. 1–5

³ OJ C 484, 24.12.2016, p. 1–6

⁴ COM/2017/0563 final - 2017/0244 (NLE)

⁵ OJ L 308, 24.11.2010, p. 46–5

⁶ COM/2008/0639 final

labour markets and social protection systems and by removing barriers to education/training and labour-market participation. As new economic and business models take hold in EU workplaces, employment relationships are also changing. Member States should ensure that new employment relationships maintain and strengthen Europe's social model.

- (9) Following an extensive and broad public consultation, the European Parliament, the Council and the Commission signed on 17 November 2017 an inter-institutional proclamation for a European Pillar of Social Rights⁷. The Pillar sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems. They are structured around three categories: equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The Pillar constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms at national level and to serve as a compass for a renewed process of convergence across Europe. Given the relevance of these principles for the coordination of structural policies, the employment guidelines are aligned with the European Pillar of Social Rights principles.
- (10) The European Pillar of Social Rights is accompanied by a scoreboard that will monitor the implementation and progress of the Pillar by tracking trends and performances across EU countries and assess progress towards upwards socio-economic convergence. This analysis will feed into the European semester of economic policy coordination.
- (11) The Integrated Guidelines should form the basis for country-specific recommendations that the Council may address to the Member States. Member States should make full use of the European Social Fund and other Union funds to foster employment, social inclusion, lifelong learning and education and to improve public administration. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as social partners and representatives of civil society.
- (12) The Employment Committee and the Social Protection Committee should monitor how the relevant policies are implemented in the light of the guidelines for employment policies, in line with their respective Treaty-based mandates. These committees and other Council preparatory bodies involved in the coordination of economic and social policies should work together closely,

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for the employment policies of the Member States, as set out in the Annex, are hereby adopted. These guidelines shall form part of the Europe 2020 integrated guidelines.

Article 2

The guidelines set out in the Annex shall be taken into account by the Member States in their employment policies and reform programmes, which shall be reported in line with Article 148(3) TFEU.

⁷ xxx

Article 3

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*