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2022/0165 (NLE)

Proposal for a

**COUNCIL DECISION**

**on guidelines for the employment policies of the Member States**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

Pursuant to the Treaty on the Functioning of the European Union, 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. 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. In 2018 the employment guidelines were aligned with the principles of the European Pillar of Social Rights proclaimed in November 2017 by the European Parliament, the Council and the Commission, with a view to drive reforms at national level and to serve as a compass for a renewed process of upward convergence across Europe towards better working and living conditions, and remained unchanged in 2019. In 2020, they were aligned to integrate elements related to the consequences of the COVID-19 crisis, the green and digital transitions, and the UN Sustainable Development Goals. In 2021 they were carried over, while adjusting the recitals to reflect the outcomes of the Porto Social Summit and the European Pillar of Social Rights Action Plan. In 2022, the guidelines for the employment policies of the Member States have been notably amended to align the text by retargeting of the narrative to the post-COVID 19 environment, bringing in more elements related to fairness in the green transition, reflecting recent policy initiatives and adding policy elements of particular relevance in the context of the Russian invasion of Ukraine.

Along with the broad economic policy guidelines, the employment guidelines are presented as a Council Decision on guidelines for the employment policies of the Member States (Part II of the Integrated Guidelines) and provide the basis for country specific recommendations in the respective domains.

The revised "Employment Guidelines" are the following:

Guideline 5: Boosting the demand for labour

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of 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 fighting poverty

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## **COUNCIL DECISION**

### **on guidelines for the employment policies of the Member States**

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<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Having regard to the opinion of the Committee of the Regions<sup>3</sup>,

Having regard to the opinion of the Employment Committee<sup>4</sup>

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, as well as labour markets that are future-oriented and responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth, a high level of protection and improvement of the quality of the environment laid down in Article 3 of the Treaty on European Union (TEU). Member States are to regard promoting employment as a matter of common concern and are to coordinate their action in that respect within the Council, taking into account national practices related to the responsibilities of management and labour.
- (2) The Union is to combat social exclusion and discrimination, and promote social justice and protection, equality between women and men, solidarity between generations and the protection of the rights of the child as laid down in Article 3 TEU. 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, a high level of education and training and protection of human health as laid down in Article 9 of the Treaty on the Functioning of the European Union (TFEU).
- (3) In accordance with the TFEU, the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of those instruments, the Guidelines for the Employment Policies of the Member States (the ‘Guidelines’) set out in the Annex to this Decision, together with the Broad Guidelines

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ C , , p. .

<sup>4</sup> OJ C , , p. .

for the Economic Policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184<sup>5</sup>, form the Integrated Guidelines. 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 sustainable economic and employment policy mix, which should achieve positive spill over effects.

- (4) The Guidelines are consistent with the Stability and Growth Pact, existing Union legislation and various Union initiatives, including Council Directive of 20 July 2001<sup>6</sup>, Council Recommendations of 10 March 2014<sup>7</sup>, 15 February 2016<sup>8</sup>, 19 December 2016<sup>9</sup>, 15 March 2018<sup>10</sup>, 22 May 2018<sup>11</sup>, 22 May 2019<sup>12</sup>, 8 November 2019<sup>13</sup>, 30 October 2020<sup>14</sup>, 24 November 2020<sup>15</sup>, 29 November 2021<sup>16</sup> Commission Recommendation of 4 March 2021<sup>17</sup>, Council Recommendation of 14 June 2021<sup>18</sup>, Council Resolution of 26 February 2021<sup>19</sup>, Commission Communication of 9 December 2021<sup>20</sup>, Decision of the EU Parliament and the Council of 22 December 2021<sup>21</sup> [, the Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union<sup>22</sup>, the Proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality<sup>23</sup>, the Proposal for a Council Recommendation on a European approach to micro-credentials for lifelong learning and employability<sup>24</sup>, the Proposal for a Council Recommendation on individual learning accounts<sup>25</sup>, the Proposal for a Directive of the European

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- 5 Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union ([OJ L 192, 18.7.2015, p. 27](#)).
- 6 Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (*OJ L 212, 07/08/2001 P. 0012 – 0023*).
- 7 Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships ([OJ C 88, 27.3.2014, p. 1](#)).
- 8 Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market ([OJ C 67, 20.2.2016, p. 1](#)).
- 9 Council Recommendation of 19 December 2016 on Upskilling Pathways: New Opportunities for Adults ([OJ C 484, 24.12.2016, p. 1](#)).
- 10 Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships ([OJ C 153, 2.5.2018, p. 1](#)).
- 11 Council Recommendation of 22 May 2018 on key competences for lifelong learning ([OJ C 189, 4.6.2018, p. 1](#)).
- 12 Council Recommendation of 22 May 2019 on High-Quality Early Childhood Education and Care Systems ([OJ C 189, 5.6.2019, p. 4](#)).
- 13 Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed ([OJ C 387, 15.11.2019, p. 1](#)).
- 14 Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee ([OJ C 372, 4.11.2020, p. 1](#)).
- 15 Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience ([OJ C 417, 2.12.2020, p. 1](#)).
- 16 Council Recommendation of 29 November 2021 on blended learning approaches for high-quality and inclusive primary and secondary education (OJ C 66, 26.2.2021, p. 1–21).
- 17 Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) ([OJ L 80, 8.3.2021, p. 1](#)).
- 18 Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee ([OJ L 223, 22.6.2021, p. 14](#)).
- 19 Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) (2021/C66/01) (OJ C 66, 26.2.2021, p. 1–21).
- 20 Commission Communication (EU) 2021/778 of 9 December 2021 on building an economy that works for people: an action plan for the social economy.
- 21 Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022) (OJ L 462, 28.12.2021, p. 1–9).
- 22 COM/2020/682 final
- 23 COM/2021/801 final
- 24 COM/2021/770 final
- 25 COM/2021/773 final

Parliament and of the Council to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms<sup>26</sup>, the Proposal for a Directive of the European Parliament and of the Council on improving working conditions in platform work<sup>27</sup> and the Proposal for a Council Recommendation on learning for environmental sustainability<sup>28</sup>].

- (5) The European Semester combines the different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies. While pursuing environmental sustainability, productivity, fairness and stability, the European Semester integrates the principles of the European Pillar of Social Rights and of its monitoring tool, the Social Scoreboard, and provides for strong engagement with social partners, civil society and other stakeholders. It supports the delivery of the Sustainable Development Goals. The Union's and Member States' economic and employment policies should go hand in hand with Europe's fair transition to a climate neutral, environmentally sustainable and digital economy, improve competitiveness, ensure adequate working conditions, foster innovation, promote social justice and equal opportunities, as well as tackle inequalities and regional disparities.
- (6) Climate change and environment-related challenges, the need to accelerate energy independence and ensure Europe's open strategic autonomy, globalisation, digitalisation, artificial intelligence, an increase in teleworking, the platform economy and demographic change are transforming European economies and societies. The Union and its Member States are to work together to effectively and proactively address those structural developments and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets, and related policies. 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, while implementing the European Pillar of Social Rights. Such policy action should encompass a boost in sustainable investment, a renewed commitment to appropriately sequenced reforms that enhance economic growth, the creation of quality jobs, productivity, adequate working conditions, social and territorial cohesion, upward convergence, resilience and the exercise of fiscal responsibility, with support from existing EU funding programmes, and in particular the Recovery and Resilience Facility and the Cohesion Policy Funds (including the European Social Fund Plus and the European Regional Development Fund) as well as the Just Transition Fund. It should combine supply- and demand-side measures, while taking into account their environmental, employment and social impacts.
- (7) The European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights<sup>29</sup>. It sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The principles and rights give strategic direction to the Union making sure that the transitions to climate-neutrality and environmental sustainability, digitalisation and demographic change are socially fair

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<sup>26</sup> COM/2021/93 final

<sup>27</sup> COM/2021/762 final

<sup>28</sup> COM/2022/11 final

<sup>29</sup> Interinstitutional Proclamation on the European Pillar of Social Rights ([OJ C 428, 13.12.2017, p. 10](#)).

and just. The European Pillar of Social Rights, with its accompanying Social Scoreboard, constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms at national, regional and local level and to reconcile the ‘social’ and the ‘market’ in today’s modern economy, including by promoting the social economy. On 4 March 2021, the Commission put forward an Action Plan for the implementation of the European Pillar of Social Rights (the ‘Action Plan’), including ambitious yet realistic headline targets and complementary sub-targets for 2030, in the areas of employment, skills, education and poverty reduction, as well as the revised Social Scoreboard.

- (8) On 8 May 2021, at the Porto Social Summit, Heads of State or Government recognised the European Pillar of Social Rights as a fundamental element of the recovery, noting that its implementation will strengthen the Union’s drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing demographic challenges. They stressed that the social dimension, social dialogue and the active involvement of social partners are at the core of a highly competitive social market economy. They found that the Action Plan provides useful guidance for the implementation of the European Pillar of Social Rights, including in the areas of employment, skills, health and social protection. They welcomed the new Union headline targets for 2030 on employment (78 % of the population aged 20-64 should be in employment), skills (60 % of all adults should participate in training every year) and poverty reduction (by at least 15 million people, including five million children), as well as the revised Social Scoreboard with a view to monitoring progress towards the implementation of the principles of the European Pillar of Social Rights as part of the policy coordination framework in the context of the European Semester. The Porto commitment further called on Member States to set ambitious national targets which, taking due account of the starting position of each country, should constitute an adequate contribution to the achievement of the European 2030 targets.

In Porto, Heads of State or Government noted that, as Europe gradually recovers from the COVID-19 pandemic, the priority will be to move from protecting to creating jobs and improving job quality, and stressed that implementation of the principles of the European Pillar of Social Rights will be essential to ensure the creation of more and better jobs for all within the framework of an inclusive recovery. They emphasised their commitment to unity and solidarity, which also means ensuring equal opportunities for all and that no one is left behind. They affirmed their determination, as established by the European Council’s Strategic Agenda 2019-2024, to continue deepening the implementation of the European Pillar of Social Rights at Union and national levels, with due regard for respective competences and the principles of subsidiarity and proportionality. Lastly, they stressed the importance of closely following, including at the highest level, the progress achieved towards the implementation of the European Pillar of Social Rights and the Union headline targets for 2030.

- (9) Following the Russian invasion of Ukraine, the European Council, in its conclusions of 24 February 2022, condemned Russia’s actions, which seek to undermine European and global security and stability, and expressed solidarity to the Ukrainian people, underlining the violation of international law and the principles of the UN Charter. In the current context, temporary protection, as granted by the Council Decision of 4

March 2022<sup>30</sup> activating the Temporary Protection Directive<sup>31</sup>, is necessary in light of the scale of the influx of refugees and displaced persons. This allows Ukrainian refugees to enjoy harmonised rights across the Union that offer an adequate level of protection, including residency rights, access and integration to the labour market, access to education and training, access to housing, as well as to social security systems, medical care, social welfare, or other assistance, and means of subsistence. By participating in Europe's labour markets, Ukrainian refugees can contribute to strengthening the EU's economy and help support their country and people at home. In the future, the acquired experience and skills can contribute to rebuilding Ukraine. For unaccompanied children and teenagers, temporary protection confers the right to legal guardianship and access to childhood education and care. Member States should involve social partners in the design, implementation and evaluation of policy measures aimed at addressing the employment and skills challenges stemming from the Russian invasion of Ukraine. Social partners play a key role in mitigating the impact of the war in terms of preserving employment and production.

- (10) Reforms to the labour market, including national wage-setting mechanisms, should follow national practices of social dialogue, with a view to providing fair wages that enable a decent standard of living and sustainable growth. They should allow for the necessary opportunity for a broad consideration of socioeconomic factors, including improvements in sustainability, competitiveness, innovation, the creation of quality jobs, working conditions, in-work poverty, education and skills, public health and inclusion, and real incomes. In this sense, the Recovery and Resilience Facility and other EU funds are supporting Member States in implementing reforms and investments that are in line with the EU's priorities, making the European economies and societies more sustainable, resilient and better prepared for the green and digital transitions. Russia's invasion of Ukraine has further aggravated pre-existing socio-economic challenges from the COVID-19 crisis. Member States and the Union should continue to ensure that the social, employment and economic impacts are mitigated and that transitions are socially fair and just, also in light of the fact that increased open strategic autonomy and an accelerated green transition will help reduce the dependence on imports of energy and other strategic products/technologies, notably from Russia. Strengthening resilience and pursuing an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy, are essential. A coherent set of active labour market policies, consisting of temporary hiring and transition incentives, skills policies and improved employment services, is needed to support labour market transitions, also in light of the green and digital transformations, as highlighted in Recommendation (EU) 2021/402 [and the Council Recommendation on ensuring a fair transition towards climate neutrality].
- (11) Discrimination in all its forms should be tackled, gender equality ensured and employment of young people supported. Access and opportunities for all should be ensured and poverty and social exclusion, including that of children and Roma people, should be reduced, in particular by ensuring an effective functioning of labour markets and adequate and inclusive social protection systems<sup>32</sup>, and by removing barriers to

<sup>30</sup> Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection.

<sup>31</sup> Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof.

<sup>32</sup> Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed, 2019/C 387/01

inclusive and future-oriented education, training and labour-market participation, including through investments in early childhood education and care, and in digital and green skills. Timely and equal access to affordable long-term care and healthcare services, including prevention and healthcare promotion, are particularly relevant, also in light of the COVID-19 pandemic that started in 2020 and in a context of ageing societies. The potential of persons with disabilities to contribute to economic growth and social development should be further realised. As new economic and business models take hold in workplaces throughout the Union, employment relationships are also changing. Member States should ensure that employment relationships stemming from new forms of work maintain and strengthen Europe's social model.

- (12) The Integrated Guidelines should serve as a basis for country-specific recommendations that the Council may address to Member States. Member States are to make full use of their REACT-EU resources established by Regulation (EU) 2020/2221<sup>33</sup>, which reinforces the 2014-2020 Cohesion Policy funds and the Fund for European Aid to the Most Deprived (FEAD) until 2023, and due to the current Ukrainian crisis, has been further enhanced by the Regulation on Cohesion's Action for Refugees in Europe (CARE)<sup>34</sup>, and a further amendment to the Common Provisions Regulation<sup>35</sup> concerning increased pre-financing for REACT-EU and a new unit cost in order to help accelerate the integration of people leaving Ukraine into the EU<sup>36</sup>. In addition, for the 2021-2027 programming period, Member States should fully utilise the European Social Fund Plus established by Regulation (EU) 2021/1057<sup>37</sup>, the European Regional Development Fund established by Regulation (EU) 2021/1058<sup>38</sup>, the Recovery and Resilience Facility, established by Regulation (EU) 2021/241<sup>39</sup>, and other Union funds, including the Just Transition Fund established by Regulation (EU) 2021/1056<sup>40</sup> as well as the InvestEU established by Regulation (EU) 2021/523<sup>41</sup>, to foster employment, social investments, social inclusion and accessibility, and to promote upskilling and reskilling opportunities of the workforce, lifelong learning and high-quality education and training for all, including digital literacy and skills. Member States are also to make full use of the European Globalisation Adjustment Fund for Displaced Workers established by Regulation (EU) 2021/691 of<sup>42</sup> to support

<sup>33</sup> Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) ([OJ L 437, 28.12.2020, p. 30](#)).

<sup>34</sup> Regulation (EU) 2022/562 of the European Parliament and of the Council of 6 April 2022 amending regulations (EU) no 1303/2013 and (EU) no 223/2014 as regards cohesion's action for refugees in Europe (CARE)

<sup>35</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159–706)

<sup>36</sup> Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost

<sup>37</sup> Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 ([OJ L 231, 30.6.2021, p. 21](#)).

<sup>38</sup> Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231 30.6.2021,p.60)

<sup>39</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17–75)

<sup>40</sup> Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund ([OJ L 231, 30.6.2021, p. 1](#)).

<sup>41</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 ([OJ L 107, 26.3.2021, p. 30](#)).

<sup>42</sup> Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013 ([OJ L 153, 3.5.2021, p. 48](#)).



workers made redundant as a result of major restructuring events, such as the COVID-19 pandemic, socioeconomic transformations that are the result of more global trends, and technological and environmental changes. 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 the social partners and representatives of civil society.

- (13) The Employment Committee and the Social Protection Committee are to monitor how the relevant policies are implemented in light of the guidelines for employment policies, in line with their respective Treaty-based mandates. Those Committees and other Council preparatory bodies involved in the coordination of economic and social policies are to work closely together. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the guidelines for the employment policies of the Member States.
- (14) The Social Protection Committee was consulted,
- HAS ADOPTED THIS DECISION:

#### *Article 1*

The Guidelines for the Employment Policies of the Member States (the ‘Guidelines’), as set out in the Annex, are hereby adopted. The Guidelines shall form part of the Integrated Guidelines.

#### *Article 2*

The Member States shall take the Guidelines into account in their employment policies and reform programmes, which shall be reported in accordance with Article 148(3) TFEU.

#### *Article 3*

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council*  
*The President*