



Employment Policies and employment aspects of Europe 2020

Brussels, 11 February 2014



Employment Policy Coordination

Article 5, TFEU

- *The Union shall take measures to **ensure coordination** of the employment policies of the Member States, in particular by defining guidelines for these policies.*
- *Soft law: high-level **political commitment** by national governments, but EU acts (guidelines, recommendations) are **not binding***



Overview of the Presentation

- TFEU Title IX: Employment

The European Employment Strategy (EES)
and the European Semester

- Europe 2020
- Guidelines for the Employment Policy
- The 2012 Employment Package



Treaty on the Functioning of the European Union: Employment Title



Title IX, art. 145 - 150

- *Art. 145 - 146: objectives*
- *Art. 146: definition of competences*
- *Art. 148: definition of the coordination process*
- *Art. 149: other initiatives*
- *Art. 150: Employment Committee*



Objectives

*MS and the Union shall [...] develop a **coordinated strategy** for employment:*

- To promote a skilled, trained and adaptable workforce...*
- ...and labour markets responsive to economic change*
- To achieve full employment, social progress, a high level of protection*
(art. 3, TUE)



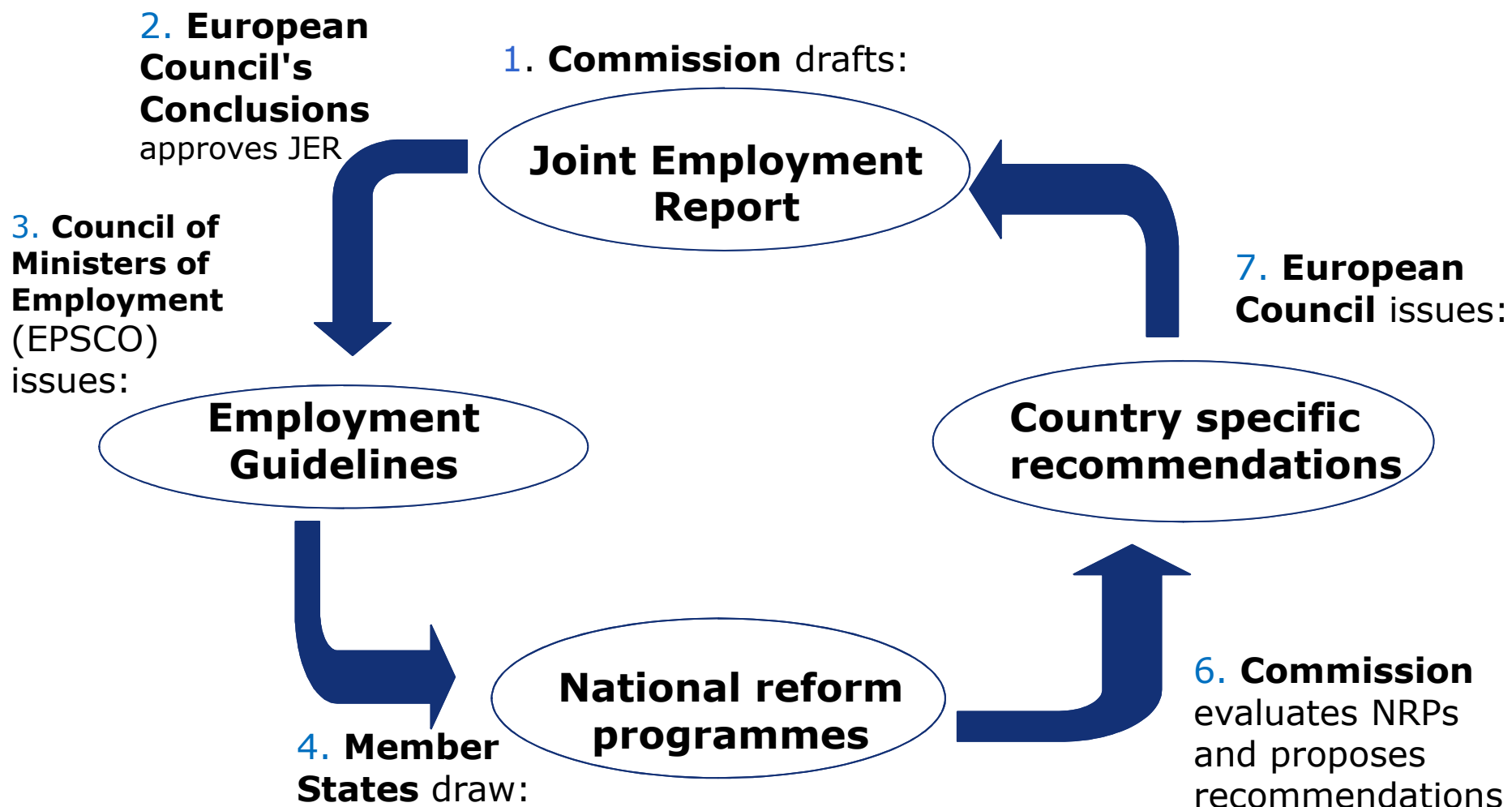
Competences – who does what?

- Full **respect of national competences** on employment policy;
- **Member States** define and implement their national policies...
- ...and coordinate with each other within the **Council** at European level
- The **Commission** encourages cooperation of MS, supports their common action, and intervenes to complement their action if necessary





The Open Method of Coordination





Initiatives to encourage cooperation and support

Adopted by the **European Parliament** and the **Council**, to:

- Exchange of information and best practices (e.g. mutual learning programme);
- Comparative analyses and advice;
- Pilot projects
- Policy evaluation





Employment Guidelines 2010-2014

- GL 7** *Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality*
- GL 8** *Developing a skilled workforce responding to labour market needs and promoting lifelong learning*
- GL 9** *Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education*
- GL 10** *Promoting social inclusion and combating poverty*





Country specific recommendations

Examples from 2013:

- *Take further structural measures, in consultation with social partners and in accordance with national practices, **to reform the wage system setting, including wage indexation** to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness*
- *Strengthen **active labour market policy measures** and enhance the client profiling system of the **Public Employment Service**. Reduce the dominance of the public works scheme within employment measures and strengthen its **activation** elements.*



The European Semester



Annual cycle of ex-ante economic policy coordination and budgetary surveillance

- **Strengthening EU governance:** tight interplay between fiscal, macroeconomic, employment policies at EU level for growth
- **Ex-ante** surveillance: ensure beforehand coherence of national structural reforms with EU objectives
- **Yearly** process
- **Increased participation** of national and EU Parliaments, social partners, and regional authorities



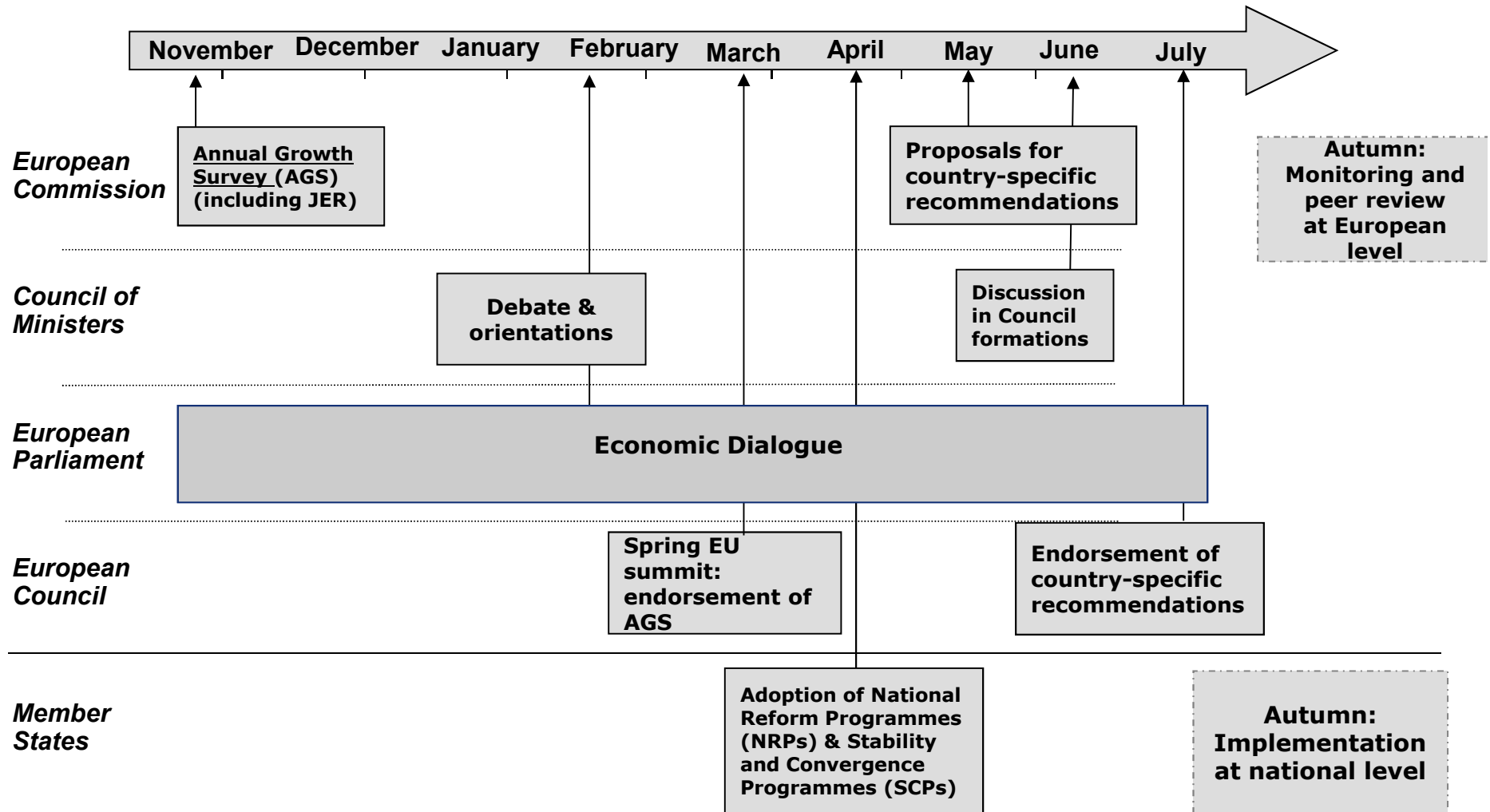


Update of the EES

- Joint Employment Report integrated within **Annual Growth Survey**
- Employment Guidelines integrated within **Broad Economic Policy Guidelines**
- **National Reform Programmes** include employment as well as fiscal and macroeconomic policy
- **Country-specific** recommendations



The European Semester timeline



The Employment Committee (EMCO)



*"to promote coordination between
Member States on employment and
labour market policies"*





Tasks

- To **monitor the employment situation** and employment policies in the MS and the EU
- To **formulate opinions** on given aspects of MS and EU employment policies
- To **promote** the objective of a **high level of employment** in Community policies and activities
- Contribute to the **formulation of Broad Economic Guidelines**
- **Promote exchange** of information and practices





Composition

- **Two members per MS** + Commission
- MS members appointed by national governments among **senior officials or experts** with an outstanding competence on LM issues
- Possibility to call **external experts** for ad-hoc requests
- **Chairperson** elected among the members for 2 years (non renewable)
- 4 Vice-Chairpersons



Europe 2020

A Strategy for smart, sustainable and inclusive growth



Three Priorities

- ✓ Smart growth
- ✓ Sustainable growth
- ✓ Inclusive growth





Five headline targets

EMPLOYMENT	75% of the population aged 20-64 should be employed
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INNOVATION	3% of the EU's GDP should be invested in R&D
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CLIMATE / ENERGY	A reduction of greenhouse gas emissions by 20%
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	A share of renewable energies up to 20%
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	An increase in energy efficiency by 20%
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EDUCATION	The share of early school leavers should be under 10%
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	At least 40% of the younger generation should have a degree or diploma
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POVERTY	Lifting at least 20 million people out of poverty
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Governance Architecture of EU2020

Strengthened EU economic governance

**Macro-economic
& fiscal
surveillance**

**Regulation of
financial services**

**Targets and guidance
for structural reforms**

Flagships for smart, sustainable and inclusive growth

**Digital
Agenda**

**Youth
on the Move**

**Innovation
Union**

**New
Industrial Policy**

**New Skills
and new Jobs**

**Platform against
Poverty**

**Resource
Efficiency**

Modernised EU levers for growth and jobs

Single Market Act

**Trade and
external policies**

**Structural Funds
and future EU budget**



What is the Employment Package?

A **medium-term agenda** for EU and Member States. It lays down proposals for **employment to be a driver for growth**, by:

- Triggering job creation by **stimulating labour demand** through well-designed measures
- Outlining **balanced reforms** to make EU labour markets more inclusive, dynamic, competitive and resilient
- Underlining the importance of **investing in skills** policies to **enhance workforce mobility** and adaptability prospects
- **Strengthening** the employment & social dimension in **EU governance**, by involving Social Partners more closely in decision making





Three Overarching Goals:

A.Supporting Job Creation

B.Restoring the Dynamics of Labour
Markets

C.Enhancing EU Governance





1. Supporting Job Creation

- Stimulating **labour demand**
- Exploiting the potential of **job-rich sectors** (green jobs, ICT, health and care)
- Investing in **specific skills**
- Mobilisation of **EU funds** for job creation





2. Restoring the dynamics of LM

- **Balanced labour market reforms** through flexicurity
- Investing in skills: qualification and monitoring
- Promoting workers' **geographical mobility** within a European labour market





3. Strengthened EU Governance

1. Enhanced multilateral surveillance

- Closer reporting in **National Job Plans**
- Strengthened **Peer Pressure** at EU level
- **Labour Market Monitoring** system

2. Reinforced involvement of Social Partners

- **consultation and coordination** ahead of European Semester cycles
- EU tripartite format for **monitoring and exchanges** on wage developments

3. Better use of funds

- **Multiannual Financial Framework** (2014-2020) to invest in human capital
- **Enhanced coordination** of ESF and all other European Funds
- Reassess **national budgetary priorities** accordingly



Strengthening the social dimension of the EMU

COM (2013) 690



Strengthening the social dimension of the EMU

1. Reinforced surveillance of employment and social developments and strengthened EU policy coordination

- **Reinforced monitoring** of employment and social situations **as part of macroeconomic surveillance**;
- Development of a **key employment and social indicators scoreboard** to focus multilateral surveillance;
- Stronger coordination of employment and social policies through **developing EU level benchmarks**.



Strengthening the social dimension of the EMU

2. Enhanced solidarity action and support for labour mobility

- **Reinforced EU financing instruments** to support employment and social inclusion, 2014-2020;
- Stepping up **action on labour mobility**, including effective transnational matching between labour supply and demand;
- Longer term: combining substantial ambition with appropriate sequencing (see: supranational macroeconomic stabilisation)



Strengthening the social dimension of the EMU

3. Strengthening of social dialogue

Goal

- Increasing the ownership of policies and making policy coordination and implementation more effective in the EMU.

How ?

- Strengthening the existing dialogue fora for social partners consultation at EU level;
- Deepening the consultation of EU and national social partners throughout the European Semester.

Undeclared Work



What is Undeclared Work ?

- **Undeclared Work** is defined as any paid activities that are lawful as regards their nature but not declared to public authorities taking into account differences in regulatory system of MS
- Undeclared Work is a major component of the shadow economy or "informal economy"
- Size of undeclared Work is difficult to measure; estimates vary largely depending on methodology





Why fighting undeclared work?

- Undermines protection of workers including *social protection* of workers (pensions and health)
- Negative impact on productivity and skills development
- *Unfair competition* between domestic and European firms
- *Illegal subtraction of resources* from the State, eg erodes funding to the welfare state for legal workers





Council Resolution 2003/260

A ***reference framework*** for policies to transform undeclared work into regular employment

- **Preventative** actions:
 - Simple procedures for declaring economic activity and employment
 - Favourable tax and benefit systems
 - Strengthening incentives for legal work
- **Surveillance** and sanctions
 - Potentiate cooperation between national statistical offices, social security institutions, tax authorities
- Involving and cooperating with **social partners**



Employment Package (2012)

- Reiterated the importance of **transforming informal or undeclared work into regular employment**
- Called upon the MS to fully implement Directive 2009/52
- Launched a consultation on setting up a **EU platform between national labour inspectorates** to strengthen cooperation, practices and data





Thank You!

DG Employment, Social Affairs and Inclusion