COUNCIL OF THE EUROPEAN UNION

Brussels, 26 November 2010

16985/10

SOC 801
ECOFIN 777
EDUC 219

COVER NOTE

from :	The Employment Committee (EMCO)
to :	Permanent Representatives Committee (Part I) / Council EPSCO
Subject :	Policy Conclusions of the "Light" Country Examination - EMCO opinion

Delegations will find attached an opinion by the Employment Committee, presented with a view to the session of the Council (EPSCO) on 6/7 December 2010.

The Employment Committee

Policy Conclusions of the "Light" Country Examination

EMCO opinion

On 23-24 November 2010, the Employment Committee carried out a country examination on the draft National Reform Programmes (NRPs)[1] to prepare the launch of the first European Semester. Given the preliminary character of the draft NRPs, more detailed information regarding specific policy measures, the allocation of financial resources and sequencing of reforms is expected to be provided in the final NRPs due in April 2011.

As a result of the fruitful discussions held during the country examination, the Employment Committee highlights the following:

General remarks

- The effects of the financial and economic crisis continue to be felt on European labour markets. The current high levels of unemployment, tight budget constraints and weak economic growth determine the prospects of job creation and employment. These conditions influence the policy choices put forward in the draft NRPs, despite their medium and long-term perspective. Overall, these conditions also prompted a stronger emphasis on efficiency and targeting of existing measures.

[1] 20 draft NRPs were made available

- In this context, the role of Structural Funds, and in particular the European Social Fund, has been paramount to counteract the effects of the crisis on employment. In many instances, the use of these Funds has been directed to support specific groups or to ensure the continuation of measures.

- Demographic trends, namely ageing, as well as migration, have a significant impact not only on setting policy priorities but also on identifying quantitative employment national targets.

Priority areas for policy reform

- Increasing labour market participation is a challenge for all Member States. More efforts are needed to unleash the potential of youth, women and older workers' contributions to labour markets and the economy:

    - Policies should be reinforced to facilitate the transition of young people from school to work and to ensure that temporary forms of work are truly a stepping-stone into more secure employment;

    - A review of benefits, the tax wedge and fiscal treatment for second earners, better provision of affordable and quality care facilities, and more flexible work arrangements for both men and women, are necessary to bring and retain more women in the labour market;

    - On-going reforms of pension and benefits' systems should be further strengthened to reduce incentives to early retirement and make work pay for older workers.

- Targeted activation and skills policies should be promoted to support those with low or no qualifications, irrespective their age or gender. Not only have they been the hardest hit by the crisis, but they face a higher risk of long-term unemployment. In some countries particular attention should also be given to migrants and ethnic minorities, e.g. the Roma, as they represent important untapped labour reserves, as well as promoting the labour market participation of people with disabilities.

- Ensuring a sufficient provision of high quality education and training opportunities remains essential to increase human capital and raise productivity levels. Easier and equal access to lifelong learning opportunities, as well as the recognition of qualifications, should be promoted.

- Labour market shortages coexisting with regional/local pockets of unemployment are of concern in several countries. Increasing labour market dynamics, facilitating occupational and geographical mobility, enhancing forecasting and anticipation tools to analyse labour markets needs and reforming the education and training systems can contribute to address skills mismatches. The responsiveness of wage determination mechanisms to competitiveness challenges should be considered in conjunction with social partners, while respecting national practices.

- Employment policies directly contributing to job creation (i.e reduction of the tax wedge on labour, support to self-employment and entrepreneurship, subsidised work) are being set in place in most Member States. However, whilst necessary, labour market reforms alone are deemed insufficient to generate sufficient labour demand. Stronger economic growth, driven by innovative and high value added economic activities, is an essential pre-condition to the creation of more jobs and to the full utilisation of Europe's human capital.

Employment rate targets

- 25 Member States have given a preliminary indication of the intended national employment targets. Although the targets are overall realistic and express ambition taking due account of the national starting position, the collective estimated outcome would fall short of the EU ambition to reach an employment rate of 75% by 2020, possibly by up to 2 percentage points.

- Despite the fact that all Member States are committed to increase the participation of certain target groups, only few countries have indicated national targets specific to sub-groups at this stage.

- More needs to be done in order to reach the EU headline employment target of 75% by 2020. Better design and implementation of measures to tackle labour market bottlenecks, as well as a reinforced interaction between employment and other policy areas such as macroeconomic, innovation and R&D policies, are essential to reach our common goal.