



The Employment Committee The Social Protection Committee

(DRAFT) KEY MESSAGES PAPER

FROM THE EPSCO COUNCIL TO THE SPRING EUROPEAN COUNCIL

The EPSCO Council submits the following key messages to the Spring European Council:

Employment and social policies in times of economic crisis

1. The economic and financial crisis is hitting hard and calls for urgent action.

The Lisbon Strategy has driven successful reforms but a lot remains to be done. Today the EU faces an unprecedented recession which could add 6 million unemployed¹ by 2010 and bring severe social consequences, affecting households and individuals. In many Member States increased flexibility now allows firms to adjust rapidly their production capacities. But the rapid increase of unemployment is central to the concerns of EU's citizens: timely, temporary, targeted measures are necessary to stimulate employment, to prevent and limit job losses and social impacts.

2. Building on solidarity and allowing social protection systems to fully play their role as automatic stabiliser is key to restore and strengthen confidence and help pave the way for recovery. Particular attention should be given to the most vulnerable and to new risks of exclusion.
3. Enhanced coordination between economic, employment and social policies, taking into account the territorial dimension, is necessary to ensure that they are mutually reinforcing and that budgetary efforts proposed in national recovery packages have immediate impact on labour markets and on social cohesion. A strong EU coordinated response, in the framework of the European Economic Recovery Plan, should mobilise all available instruments, including the Community resources, and fully integrate growth, employment, social inclusion and social protection strategies. The direct involvement of all relevant economic and social actors is fundamental to guarantee the effective delivery of policy measures.

4. This crisis calls for close monitoring of both employment and social trends in order to better estimate its dimensions and quickly take appropriate action.
5. Direct responses to the crisis should be coherent with longer-term objectives and sound public finances. They should help to step-up the implementation of the reform agenda for a more competitive, stronger, fairer and greener Europe. The Council firmly reiterates that the political framework provided by the Integrated Guidelines, within the current cycle of the Lisbon Strategy is valid and should remain stable. Appropriate country-specific recommendations are a useful tool to keep the focus on reform commitments. Strengthened commitment to enhanced delivery of the Common Social Objectives is needed and a positive mutual interaction between the two frameworks should be further pursued.
6. The Lisbon Strategy has significantly contributed to growth and to more and better jobs. However, none of its overall objectives have been fully attained yet. Inequalities and exclusion persist affecting social cohesion. The reforms and policy mix needed to meet the long-term economic, financial, employment and social and environmental challenges of the EU should be more coherent and mutually reinforcing. These concerns should figure prominently in the definition of the EU long-term reform objectives.

Preventing and tackling unemployment while keeping labour market reforms on track

7. The Council welcomes the Joint Employment Report, the communications linked with growth and jobs and, in particular, the Commission's initiative "New skills for New Jobs". To confront rising unemployment while pursuing measures coherent with long-term objectives, Member States are urged to give immediate priority to:

7.1. Supporting access to employment and easing transitions within and into the labour market in order to shorten any spell of unemployment and to increase participation of both women and men. The **common principles of flexicurity** provide, in this context, useful guidance to further modernise labour markets. They are a step forward to strengthen resilience to economic shocks, to improve

¹ Calculation based on the Commission Interim Forecast of January 2009
http://ec.europa.eu/economy_finance/thematic_articles/article13727_en.htm#documents

the quantity and quality of employment to modernise social protection systems and to better reconcile work, and private life.

- 7.2. **Reinforcing access to training and active labour market measures** for the **unemployed, workers at risk of dismissal and other vulnerable groups** in order for them to remain active, improve their employability and ensure they are ready to take-up new job opportunities brought by recovery. Lifelong learning strategies should promote the upgrading skills throughout the lifecycle with a view to raise adaptability of workers and to facilitate occupational mobility. Investment to **sustain open, efficient and high-quality education and training systems** should help enhance skills and competences that are necessary for the future.
 - 7.3. **Improving anticipation and matching of skills with labour market needs** so as to facilitate transitions towards new business activities generating labour demand. As key actors in this action, education and training institutions as well as public employment services should be further modernised in order to improve their work methods and efficiency and provide lifelong career guidance for those in need.
 - 7.4. **Supporting employment and job creation** through measures to stabilise the economy, promote the transition towards a low carbon economy and strengthen investment in research & development as well as in fast-growing sectors. Priority should also be given to public infrastructure investments that can strengthen the economic structure and quickly generate new jobs. Consideration could also be given to the reduction of non-wage labour costs. Using internal flexicurity to preserve jobs in healthy businesses and industries may help limit inflows into unemployment while ensuring that companies retain their stock of competences for the economic upturn.
 - 7.5. **Avoiding measures that induce premature withdrawal from the labour force**, such as early retirement schemes or age barriers to training opportunities, so that participation in the labour market is retained and increased.
8. In light of the above, the Council will make every effort to limit the increase in unemployment and to avoid any rise in long-term unemployment. It invites the Employment Committee to further survey labour market trends till signs of recovery become visible. Recalling that the European Employment Strategy was born to address

significant challenges posed by high EU unemployment and low employment rates, the Committee is also invited to take stock of lessons learnt since 2000, as well as of those brought by the current crisis, and reflect on the employment challenges beyond 2010.

Strengthened commitment to the social inclusion and social protection objectives

9. The Council welcomes the Joint Report on Social Protection and Social Inclusion. In approaching the target year for the 2000 Lisbon strategy and considering the current economic context, a strong political commitment is all the more urgent to achieve the common social protection and social inclusion objectives while fully respecting the competence of Member States. This will be reaffirmed by the **2010 European Year for combating poverty and social exclusion**. Against this background Member States would aim in particular at:

9.1. Pursuing poverty reduction and social cohesion, through reinforced comprehensive strategies to combat and prevent **poverty and social exclusion of children**, including strengthened provision of accessible and affordable quality child care, and of people with disabilities, the **emergence of new groups at risk of exclusion** such as the young, and new risk situations, including over-indebtedness. Sustained efforts should also tackle **homelessness as an extremely serious form of exclusion**, address the multiple disadvantages facing the **Roma people and their vulnerability to social exclusion** and promote the social inclusion of **migrants**. Balanced and comprehensive **Active Inclusion strategies** aim to enable those whose conditions render them fit for work to enter, or re-enter, and stay in employment and to provide adequate support and facilitate social participation to those who cannot enter the labour market. Together with balanced implementation of flexicurity principles, these strategies, integrating measures aimed at inclusive labour markets, access to quality services and adequate income support, are even more urgent in the current economic context.

9.2. Addressing **long term adequacy and sustainability** of pension systems through appropriate reforms, including *inter alia* the achievement of the Lisbon target of 50% employment rate of older workers and the improvement of the position of low wage earners also in the economic downturn. The current economic context

underlines the need to review some scheme design issues such as investment risks, the pay-out phase and coverage.

- 9.3. Improving efficiency of **healthcare systems** and reduce health inequalities through increased attention to primary care, prevention, promotion, quality and safety, better coordination and effective use of resources including e-health, in particular considering budgetary and human resources constraints.
 - 9.4. Delivering quality of **long-term care**, to ensure healthy and dignified ageing, creating a solid financing basis, improving care coordination, including coordination between health and social care services, and ensuring the availability of skilled human resources. It is also necessary to support informal long-term carers and continue promoting active ageing.
10. The social impact of the crisis is now increasingly visible across diverse situations in Member States. As revealed from the exchange of information conducted by the Social Protection Committee, Member States are taking, in addition to labour market measures, various actions to support people's income, to mitigate the direct impacts of the financial crisis on households and individuals, and are investing in social and health infrastructure. The Council invites the SPC to pursue the monitoring of social impacts of the economic crisis and of policy measures taken or planned to cushion or limit these impacts.
 11. Considering the current context and taking into account the perspective of the post-2010, the essential role of the **Social Open Method of Coordination** could be further enhanced by mainstreaming social considerations in other policy areas through the strengthening of the social dimension of impact assessments, by devoting increased attention to the quality and continuity of stakeholder involvement and by evidence-based national target-setting, while the decision on setting national quantified targets and their definition remains a core responsibility of the Member States.
 12. Building on the implementation of the Social Open Method of Coordination, the Council invites the Committee to contribute to the upcoming debate on the post-2010 agenda.