

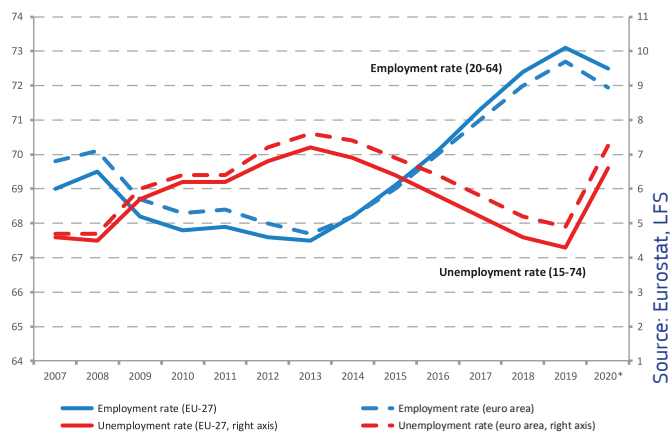
PROPOSAL FOR A JOINT EMPLOYMENT REPORT

2021

The COVID-19 outbreak has reversed the positive employment trend of the last six years in the EU-27. Total employment went down sharply, by about 6.1 million persons (or by 2.9%) in the second quarter of 2020 (Q2-2020) compared to the peak in the fourth quarter of 2019 (Q4-2019). In annual terms, after increasing by 1% in 2019, total employment is projected to decrease by 4.5% in 2020 and then to rebound by 1.8% in 2021.

The pandemic has broken a 6 year-long spell of positive performance in the labour market

Employment and unemployment rates in the EU and euro area



Note: *average of Q1-2020 and Q2-2020, seasonally adjusted.

7.5%
unemployment rate in September 2020
(1.0 percentage points higher than in March)

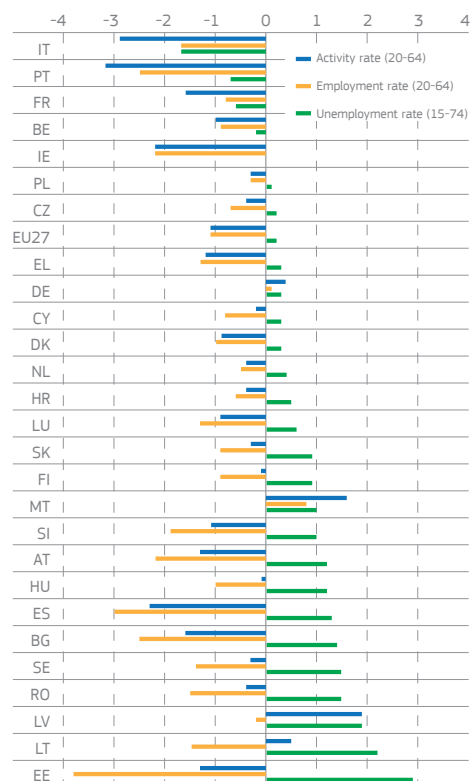
72%
employment rate in the second quarter of 2020
(1.1 percentage points lower than one year earlier)

6.1 million
fewer people in employment in the second quarter
of 2020 compared to the fourth quarter of 2019

The swift adoption of short-time work schemes and other job retention measures helped mitigate the shock on unemployment. The unemployment rate increased moderately so far, to 7.5% in September 2020 compared to 6.5% in March. Also thanks to the functioning of short-time work schemes, hours worked per worker fell by 11.3% in Q2-2020 compared to Q4-2019. At the same time, activity rates dropped. However, developments in employment, activity and unemployment rates have been different across Member States.

The impact of the pandemic was felt differently across Member States

Employment, unemployment and activity rates in the EU-27: cumulative change (in percentage points) between Q4-2019 and Q2-2020

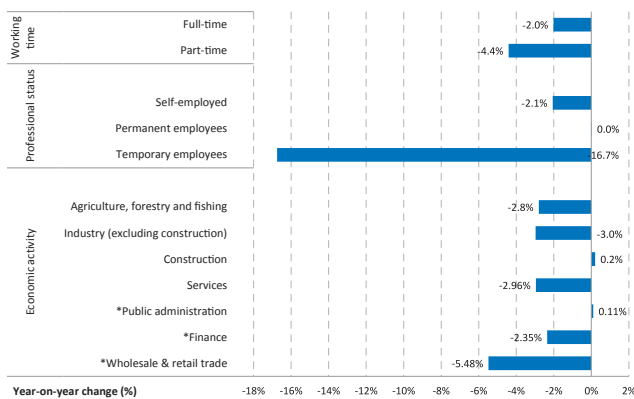


Note: *NACE Rev.2 activities. Source: Eurostat, LFS

The employment fall has affected to a greater extent workers in non-standard forms of employment and in the services sector. Temporary employment has fallen, while permanent employment has remained stable, also thanks to the policy response. All economic activities except construction reduced their employment numbers in the year to Q2-2020. The hospitality sector, the cultural and entertainment sector as well as professional activities saw the sharpest declines.

The pandemic has impacted differently across jobs and sectors

Employment by type of contract: percentage change between Q2-2019 and Q2-2020 (15-64 year-olds)



Note: *NACE Rev.2 activities. Source: Eurostat, LFS.

Young people are facing a sharp increase in unemployment, which calls for reforms and reinforced support. Youth unemployment (15-24) has increased more markedly than unemployment for other age cohorts. It increased to 17.1% in September 2020 from 14.9% in March. At the same time the share of young people not in employment nor in education or training (NEET) soared. A successful implementation of the reinforced Youth Guarantee will be crucial to address this challenge.

11.6% of the young

are NEETs (15-24) in Q2-2020 (1.2 percentage points more than in the previous quarter)

-12%

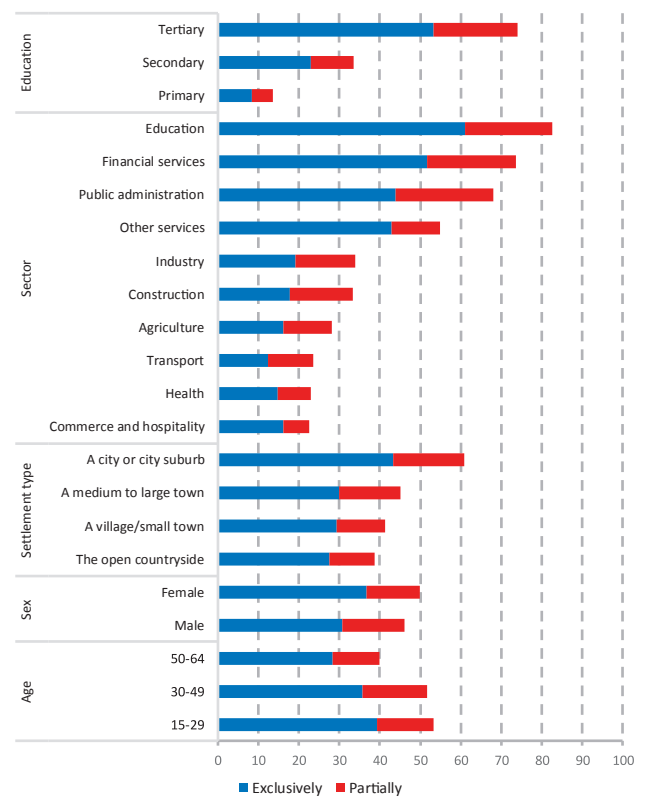
low-skilled young people in employment between end-2019 and second quarter of 2020

Women are particularly vulnerable to labour markets changes brought about by the crisis. The gender employment gap stagnated before the crisis and is now at risk of widening. Women are over-represented in lower paid sectors and occupations, and in part-time work. This makes them especially vulnerable in the current context. Gender gaps are larger for women with young children, calling for reforms and investments to reduce them.

The adaptation of working conditions has become central during the pandemic and will remain key afterwards. During the health emergency, teleworking has proven very important for ensuring business continuity, while providing wider options for coping with additional care needs. Building on existing national practices regarding collective bargaining, Member States should ensure that working environments are safe and well adapted, and that flexible working arrangements are widely available, in order to balance work, family and private life. More attention is also needed to improve working conditions for workers in vulnerable situations.

The incidence of teleworking has been greater in certain profiles and sectors

Work-at-home during COVID-19, main characteristics of the participating workers (EU-27, in %)



Note: Self-reported place of work, April and July 2020. Source: Eurofound (2020) 'Living, working and COVID-19' e-survey.

Many workers are still not protected by adequate minimum wages. The minimum wage is generally not sufficient to protect workers against the risk of poverty. In addition, gaps in coverage occur both in countries with a statutory minimum wage and in those where wages are exclusively set through collective bargaining. Following a consultation with social partners, on 28 October 2020 the Commission proposed a Directive to ensure that the workers in the Union are protected by adequate minimum wages.

9% of workers

are at risk of poverty in the EU-27

Inequalities in education endanger social cohesion and inclusive growth. Education is key to participation in society and success on the labour market. Yet children from lower socioeconomic groups participate less in early childhood education and care, more often fail to achieve basic skills in secondary school, and are under-represented in tertiary education. Boys do worse than girls in most key areas. As distance learning was introduced during lockdowns, pupils from a lower socioeconomic background often lacked access to computers and internet connections. Educational gaps can translate into disadvantages throughout the working life.

Upskilling and reskilling are top priorities to foster an inclusive recovery and support the digital and green transitions. Adults with lower qualifications participate significantly less in learning, although they need it the most. In many Member States, it is still difficult to access further education and training after leaving formal education, and validation of skills remains underdeveloped. The European Skills Agenda and the European Education Area lay out policies for lifelong learning, upskilling and reskilling, including a Pact for Skills and the implementation of skills strategies, forecasting, guidance and validation.

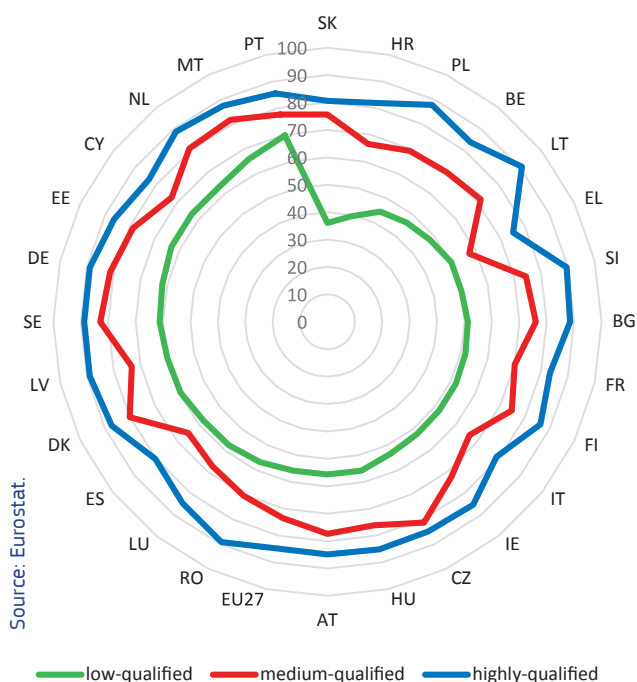
28.3 percentage point gap
in employment rates between low- and high-skilled workers

6.5 percentage point gap
in adult learning participation for low-skilled workers

In 20 Member States
fewer than 15% of adults took part in adult learning

Education, training and skills substantially influence people's job prospects

Employment rates by educational attainment level
(% persons aged 25–64 in 2019)



The COVID-19 crisis further highlighted the importance of digital skills. They have proved essential for the continuity of business, education and training activities, as well as to ensure access to services, including health-care, to a large share of EU citizens. Yet progress in basic digital skills has been slow: despite a modest improvement, in 2019 more than four people out of ten in the EU did not have basic digital skills. There is a shortage of ICT experts and people with advanced digital skills, a challenge driven to a large extent by the under-representation of women among STEM tertiary graduates and ICT sector jobs.

44% of people
did not have basic digital skills in 2019

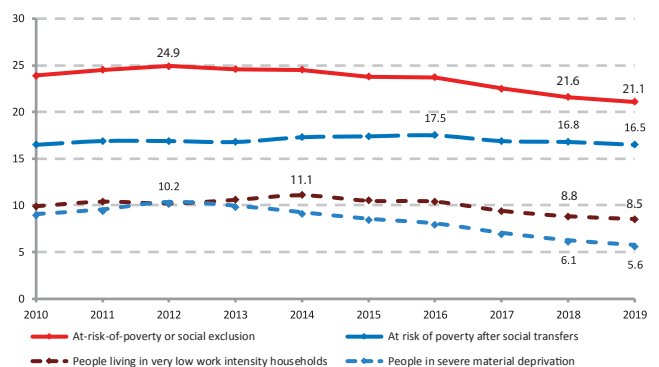
Prior to the crisis, the number of people at risk of poverty or social exclusion continued to decline. Around 2.3 million fewer people were at risk of poverty or social exclusion (AROPE) in 2019 compared to 2018 (16.2 million fewer compared to the peak in 2012). A drop in severe material deprivation and in the share of people living in households with very low work intensity contributed to these positive developments. Yet the crisis is expected to put this trend to a halt. Challenges remain in some Member States to ensure adequate incomes and the provision of quality services, especially for those who need them most.

92.4 million
people at risk of poverty or social exclusion
in EU-27 in 2019, 2.3 million fewer than in 2018

22.5% of children
are at risk of poverty or social exclusion

The AROPE rate was on the decline before the COVID-19 crisis, though at a slow pace

At-risk-of-poverty or social exclusion rate and its sub-components in the EU



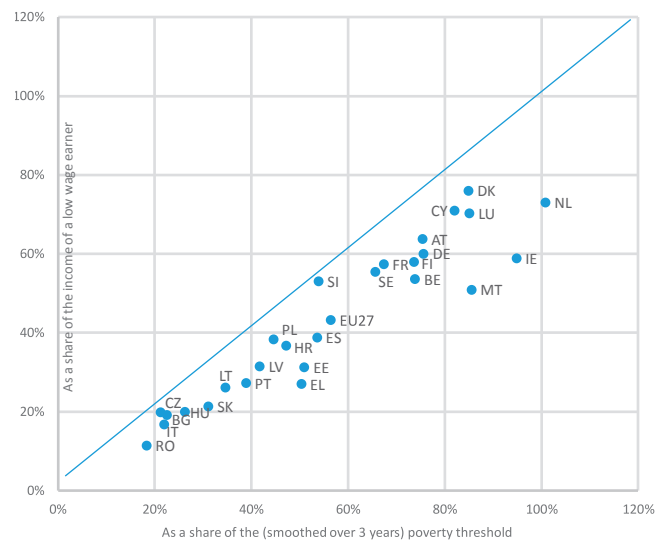
Poverty remained high for most vulnerable groups, in particular for families with children, people with disabilities and non-EU born. While decreasing in recent years, the risk of poverty or social exclusion for children (aged <18) remained higher than that for the working-age population. The Commission will propose in 2021 a European Child Guarantee to provide an EU framework for action. The new Strategy on the rights of persons with disabilities and the Action Plan on Integration and Inclusion for people with a migrant background, both to be launched by the Commission in 2021, will support the economic and social inclusion of these groups.

28.5% of persons with disabilities and 39% of non-EU born people were at risk of poverty or social exclusion in 2019

Social protection systems are key for mitigating the economic and social effects of reduced economic activity. The COVID-19 crisis is likely to increase the number of people on unemployment benefits or other income support, stress-testing the capacity of social protection systems. Countries have extended and scaled up existing schemes, and expanded their eligibility conditions on a temporary basis. Sustained efforts are needed to maintain and reinforce social protection for all in a sustainable manner. The Recommendation on Access to social protection adopted by the Council in November 2019 encourages Member States to strengthen protection of the self-employed and non-standard workers on a structural basis.

In most Member States, the minimum income level is below the poverty threshold

Net income of minimum income recipients (income year: 2018)



Source: Eurostat and computations from OECD data.

Implementing the European Pillar of Social Rights is key to a fair and inclusive recovery. The Joint Employment Report can help Member States identify priority areas for reforms and investment to be included in their recovery and resilience plans, against the background of the Employment Guidelines. The Social Scoreboard accompanying the European Pillar of Social Rights provides an analytical framework for the detection of employment and social challenges across the EU.

The social scoreboard is a central tool for monitoring performance and convergence towards better living and working conditions

Assessment of Social Scoreboard headline indicators, November 2020

