



# **European Commission**

## **« Employment Package »**

**Communication from the Commission**

**Towards a job-rich recovery**  
**COM(2012)173**

## Why the need for this Communication?

- The **crisis persists** and unemployment is at record levels:
  - **EU 10.2% - Eurozone 10.8%** February 2012
- Meeting the employment target of 75% set by Europe 2020 requires the creation of **17.6m jobs within 8 years**
- **Fiscal consolidation** needs to go **hand in hand** with economic and employment recovery plans aimed at **kick-starting labour demand**
- Employment policies are key in generating **favourable conditions** for job creation
- Need to **mobilise all** actors and resources towards a common goal

## What are the aims of the Communication?

- Present a **medium-term agenda** for the EU and Member States to pursue a job-intensive recovery
- Trigger job creation by **stimulating demand** through employer and employee friendly measures
- Outline **balanced reforms** to make EU labour markets more inclusive, dynamic, competitive and resilient
- Underline the importance of **investing in skills** policies to **enhance workforce mobility** and adaptability prospects
- **Strengthen** the employment & social dimension in **EU governance**, by involving Social Partners more closely in decision making

## What is the link to the EU policy governance cycle?

- **It complements** the employment priorities of the AGS with medium-term policy guidance to Member States
- **It answers** the EU's 2012 AGS call for resolute action to step up job creation and ensure a job-intensive recovery
- **It builds upon** the Employment Guidelines and 2020 Flagship Initiatives by setting out actions requiring particular attention
- **It responds** to the call from the European Council (Dec 2011) to back up the new economic governance with a closer monitoring of employment and social policy

# Chapter 1 'Support Job Creation'

## Rationale & Focus

- Support for job creation should help **grow sustainable activities, sectors and businesses**, particularly among SMEs
- **Cross-cutting measures** need to be **complemented by specific action** in sectors with particularly strong potential for driving job-rich growth
- Interventions should set out to improve the labour market situation of **vulnerable or disadvantaged** groups

# 'Priorities in support of job creation' (I)

## 1. *Encouraging labour demand, through:*

- Targeting hiring subsidies towards **new recruitments**
- Reducing **the tax wedge** on labour in a **budgetary neutral way** by shifting towards environmental, consumption or property taxes
- Promoting and supporting **self-employment**, social enterprises and business start-ups
- **Transform** informal or **undeclared work** into regular employment
- Boost **'take home'** pay to fight **in-work poverty** or to **encourage the take-up of work**
- Modernise **wage-setting systems** to align them with productivity developments and support aggregate demand

## 'Priorities in support of job creation' (II)

### 2. *Exploit the job creation potential of key sectors (Annexed Action Plans)*

- Embrace **green growth** and move towards **resource efficiency** economies
- Perceive **demographic** changes as an **opportunity** for boosting jobs in healthcare
- Reap the **pervasiveness and growth** of ICT for users, practitioners and firms

### 3. *Mobilise EU funds for Job Creation (2014-2020)*

- **Align and coordinate** Cohesion Policy funds; ESF & ERDF
- **Extend and widen** scope of European Microfinance Facility & European Globalisation Fund
- **Better exploit** job creation potential of Agricultural & Fisheries Funds

## Chapter 2 - 'Restore the Dynamics of Labour Markets'

### Rationale & Focus

- **Balanced labour market reforms** to guarantee the necessary level of **flexibility for firms** to be competitive whilst offering **secure transitions** for workers
- Reforms should reduce **segmentation and in-work poverty**, including through **minimum wages set at appropriate levels** and with the involvement of social partners
- Improve skills forecasting and anticipation systems to **reduce mismatches** between labour supply and demand whilst also improving **skills governance methods**
- **Promote geographical mobility** as an important labour adjustment mechanism helping eradicate labour shortages and reallocate resources.
- Deepen cooperation on exchange of **job vacancies** and **employer oriented services** among **Public Employment Services (EURES)** in order to better service demand



## 'Priorities to restore the dynamics of labour markets' (I)

### *1. Reform labour markets to secure inclusive transitions, by:*

- Using **internal flexibility** to reduce insecurity and fiscal costs
- Guaranteeing **decent and sustainable wages** and avoiding low-wage traps
- Developing a **mutual responsibilities culture** vis-à-vis the use of benefits
- Combatting labour market **segmentation** through adequate contractual arrangements
- **Anticipate** economic restructuring
- **Developing lifelong learning** policies as a key to employment security
- Delivering employment **opportunities for youth**

## 'Priorities to restore the dynamics of labour markets' (II)

### 2. Mobilise all actors, by:

- Reinforcing **social dialogue**
- Redefining the **primary and core competences** of Public Employment Services
- **Pooling resources** and focusing on effective partnerships

### 3. Invest in skills, through:

- A better **monitoring** of skills needs & improved **recognition** of qualifications
- Strengthening **synergies** between the worlds of education and work
- Tighter **cooperation** between all labour market stakeholders

### 4. Towards a European labour market, via:

- **Removing** legal, and practical **obstacles** to free movement of workers
- Enhancing **matching** of jobs and job-seekers across borders
- Considering impacts of EU inward and outward **migration**

## Chapter 3 - 'Enhance EU Governance'

### Rationale & Focus

- Better EU **employment and social governance** is needed to **complement economic and fiscal** policy coordination and achieve the **Europe 2020** goals
- Labour market participation, unemployment and labour costs pay are integral elements in **ensuring macroeconomic stability** and **correcting imbalances**
- **Interconnected** and **interdependent** European economies and labour markets require a **stronger coordination** of Employment & Social policies in line with the European Employment Strategy

## 'Priorities to enhance EU employment policy governance'

- *Complement national reporting with enhanced multilateral surveillance*
  - **National Job Plans** to report on actions to remedy structural weaknesses and boost jobs
  - Strengthened **Peer Pressure** mechanisms at EU level via CSRs and EMCO reviews
  - **Labour Market Monitoring** system objectively flagging non CSR-compliant countries
- *Reinforce the involvement of Social Partners*
  - Through **consultation and coordination** ahead of the European Semester cycles
  - Through the **macro-economic dialogue** and the **Tripartite Social Summit**
- *Better link policy objectives and 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

## Summing up...

- The Communication presents a **new focus, approach and proposals** to fuel labour demand in particular with regard to **3 sectors**
- It sends a clear message that a **balanced approach** to minimum wage setting plays a role in **boosting aggregate demand** and fighting poverty
- Proposes to involve the **Social Partners** more closely in setting priorities at EU and national levels
- It firmly **strengthens** EU employment and social policy governance
- It **invites the Council** to adopt an ambitious approach in support of job creation and balanced labour market reforms

# Annex 1

## Key Employment Actions for the Green Economy

- 1. Promote a mainstreaming of green employment into National Job Plans*
- 2. Strengthen green skills intelligence*
- 3. Promote greater use of EU financial instruments for smart green investments*
- 4. Build partnerships between labour market actors*

## Annex 2

# An action Plan for the EU Health Workforce

- 1. Improve health workforce planning and forecasting in the EU*
- 2. Better anticipate skills needs in the healthcare sector*
- 3. Stimulate exchange on recruitment and retention of health workers*
- 4. Support ethical recruitment of health workers*

## Annex 3

# Key Actions for ICT Employment

- 1. Set up an ICT multi-stakeholder partnership*
- 2. Strengthen the European e-skills framework*
- 3. Support an increase in highly qualified ICT labour force*
- 4. Promote greater use of EU financial instruments for investments in ICT skills*





## Accompanying Staff Working Documents

1. *Implementing the Youth Opportunities Initiative*
2. *Exploiting the employment potential of ICTs*
3. *Exploiting the employment potential of green growth*
4. *An action plan for the EU healthcare workforce*
5. *Open, dynamic and inclusive labour markets*
6. *Labour market trends and challenges*
7. *Reforming EURES to meet the goals of Europe 2020*
8. *SWD Quality Framework for Traineeships ( **Public Consultation** )*
9. *Exploiting the employment potential of personal and household services ( **Public Consultation** )*