

Opinion of the European Economic and Social Committee on 'Proposal for a Council decision on guidelines for the employment policies of the Member States'

(COM(2019) 151 final)

(2019/C 282/06)

Rapporteur: **Ana BONTEA**

Referral	Council of the European Union, 12.3.2019
Legal basis	Article 148(2) of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	5.6.2019
Adopted at plenary	20.6.2019
Plenary session No	544
Outcome of vote (for/against/abstentions)	211/3/10

1. Conclusions and recommendations

1.1. The EESC reiterates and builds on its previous findings and recommendations regarding the guidelines for Member States' employment policies ⁽¹⁾.

1.2. The EESC welcomes the measures taken at European and national level that have led to progress in the field of employment, and recommends that they be maintained and developed in order to foster economic and social sustainability, a workforce that is skilled, trained and therefore better prepared for new developments, particularly technological ones, and labour markets that can respond rapidly to economic change, while achieving the objectives of full employment and social progress, reducing disparities, promoting equal opportunities for all and social inclusion and combating poverty, so as to eliminate regional disparities in living and working conditions, and ensure a more efficient labour market and more effective social dialogue.

1.3. The EESC reiterates that when designing policies for regulating the labour market and social rights, competitiveness, productivity and social sustainability/workers' rights should form a seamless part of those policies, given that there is a clear connection between them. All policies implemented by European, national and local institutions should take into account an appropriate balance between economic sustainability, and social and environmental sustainability.

1.4. Policies and structural reforms are needed that facilitate the creation of quality jobs, and foster responsible entrepreneurship and the growth of SMEs and social enterprises.

1.5. The EESC underlines the importance of ensuring inclusive, equitable and high-quality technical, vocational and tertiary education, including higher education, of ensuring a high level of relevant skills and knowledge, for employment, decent jobs and entrepreneurship, and promoting lifelong learning opportunities for all.

1.6. The proper functioning of social dialogue is essential to improving the design, implementation and follow-up of reforms ⁽²⁾.

1.7. The EESC maintains its earlier recommendations to make further efforts to eliminate disparities, and would point out that upward convergence is a cross-cutting principle, which must be taken into account and integrated into all EU policies.

1.8. The EESC reiterates its findings and recommendations on the European Pillar of Social Rights ⁽³⁾.

⁽¹⁾ OJ C 237, 6.7.2018, p. 57.

⁽²⁾ OJ C 159, 10.5.2019, p. 1; OJ C 434, 15.12.2017, p. 30.

⁽³⁾ OJ C 262, 25.7.2018, p. 1; OJ C 81, 2.3.2018, p. 145; OJ C 125, 21.4.2017, p. 10.

2. General comments

2.1. The proposal for a Council Decision provides for the four guidelines for the employment policies of the Member States set out in the Annex to Decision (EU) 2018/1215 to be maintained in 2019 ⁽⁴⁾.

2.2. The EESC reiterates and builds on the findings and recommendations it made in previous opinions ⁽⁵⁾ regarding the guidelines for Member States' employment policies.

2.3. The EESC welcomes the measures taken at European and national level that have led to progress ⁽⁶⁾, and recommends that they be maintained and developed whilst ensuring continuous improvement in job quality and reducing inequality (because there are still differences between the Member States, between regions and between different groups of people on the labour market, with growth not benefiting all countries, regions and individuals equally, and some countries continuing to face high levels of unemployment, with real household incomes below pre-crisis levels and high poverty rates).

2.4. For 2020, the Member States and the EU, in consultation with the social partners, are to work towards developing a new coordinated strategy for employment which, in particular, seeks to promote economic and social sustainability, a workforce that is skilled, trained and therefore better prepared for new developments, particularly technological ones, as well as labour markets that are responsive to economic change, with a view to achieving the objectives of full employment and social progress, reducing disparities, and strengthening the functioning of the labour market and the effectiveness of social dialogue.

3. Specific comments

3.1. *Boosting the demand for labour and investment*

3.1.1. 'As reported in the 2019 country reports, all Member States experienced barriers to investment in different policy areas'. 'Examples include high regulatory and administrative burden, the lack of predictability in regulatory frameworks, the effectiveness of justice systems and inefficient public administration' ⁽⁷⁾ (reforms and investment require sufficient administrative and technical capacity for Member States to deliver on expected results), cumbersome and lengthy approval procedures, not to mention skills shortages due to weaknesses in education and training systems. Skills shortages are mentioned in several country reports as barriers hampering and delaying investment. Despite recent efforts and progress ⁽⁸⁾ as regards some shortcomings in the financial system, mention has also to be made of remaining difficulties that businesses — especially SMEs — face in accessing finance for investment ⁽⁹⁾. All these vulnerabilities, with relevant cross-border implications, require appropriate action at European and national level if the EU and its Member States are to return to their pre-crisis investment levels, and if the objectives established under the EU 2020 strategy on R & D and employee training for businesses are to be met.

3.1.2. More targeted investment policies are needed, coupled with a well-designed set of structural reforms, which facilitate the creation of quality jobs, foster responsible entrepreneurship and genuine self-employment, and support the creation and growth of SMEs and social enterprises.

3.1.3. An inclusive, consistent and effective cross-cutting European policy for SMEs is needed, and we need to move from the principle of 'Think small first' to the stage in which we apply the principle 'Act small first'; thus the EESC reiterates its earlier recommendations ⁽¹⁰⁾, including creating an indicator measuring the conditions for entrepreneurship.

⁽⁴⁾ Council Decision (EU) 2018/1215 of 16 July 2018 on guidelines for the employment policies of the Member States (OJ L 224, 5.9.2018, p. 4):

- boosting the demand for labour;
- enhancing labour supply and improving access to employment, skills and competences;
- enhancing the functioning of labour markets and the effectiveness of social dialogue; and
- promoting equal opportunities for all, fostering social inclusion and combating poverty.

⁽⁵⁾ OJ C 332, 8.10.2015, p. 68; OJ C 237, 6.7.2018, p. 57.

⁽⁶⁾ Communication COM(2019) 150 final: the European Union enjoys its seventh consecutive year of economic growth; the economic recovery continues and has a positive impact on labour markets and social progress; the employment situation continues to improve – the number of people in employment reached a record 240 million in the fourth quarter of 2018, the 6,6 % unemployment rate is the lowest since 2000; in 2017 alone, more than five million people were lifted out of poverty and social exclusion.

⁽⁷⁾ [Communication COM\(2019\) 150 final — \(Appendix 4\); See also Communication COM\(2019\) 500 final.](#)

⁽⁸⁾ Access to finance for SMEs and midcaps in the period 2014-2020: opportunities and challenges (Information report); OJ C 345, 13.10.2017, p. 15; OJ C 197, 8.6.2018, p. 1.

⁽⁹⁾ See footnote 8.

⁽¹⁰⁾ COM(2019) 150 final.

3.1.4. Against the backdrop of demographic trends, productivity growth is key to ensuring future sustainable economic growth in all Member States. The key challenge for decision-makers and the social partners is to increase productivity growth in Europe ⁽¹¹⁾ through more targeted investment in physical and human capital and in the exploitation of technological advances in industry and services, by stepping up productive investment in innovation, research and development, in projects that ensure growth and in physical and social infrastructure such as ICT networks and care facilities. Greater efforts are required to invest in quality job creation and to tackle precarious work as this also restrains productivity.

3.2. *Improving access to employment, skills and competences* ⁽¹²⁾

3.2.1. A particular concern in 2019 is confirmation of a mismatch between structural skills and labour market requirements, with EU companies increasingly experiencing difficulties in hiring workers. This is due to the lack of relevant skills in the EU, which is increasingly acting as a constraint on production capacity. The lack of skills exists not only in countries with a high level of employment but also in those with a high level of unemployment, and is more acute in certain sectors: construction, ICT services, engineering and financial services ⁽¹³⁾. Stronger action is needed to address this by reforming education and training systems as a priority in most countries, and by promoting an approach based on results in higher education.

3.2.2. The priorities are: ensuring equity and equal opportunities, equal access to quality education, to a high level of skills and knowledge, and to a fair distribution of learning outcomes.

3.2.3. Educational institutions and teachers should be provided with the support, space and tools needed to instil the values of democracy, active citizenship, critical thinking, tolerance and peace, against the backdrop of the problems of migrant/refugee inclusion, right-wing extremism and populist nationalism.

3.2.4. Effective vocational education and training based on dual training can foster the employment of young people.

3.2.5. Bringing about full digital literacy for all teachers and pupils as well as for all Europeans, including those in marginalised areas, requires proper public funding, state-of-the-art equipment and competent technical staff.

3.2.6. Addressing skills gaps is a multifaceted task requiring further effort. Creativity, entrepreneurship and mobility in education and training should be fostered at all levels, as well as lifelong learning and the strengthening of links between business and education providers. The social partners also have an important role to play in this regard.

3.2.7. In addition to access to quality education and vocational training, persons with disabilities, and other groups facing disadvantages, need targeted measures and support to improve their access to the labour market.

3.3. *Enhancing the effectiveness of social dialogue at national and European level* ⁽¹⁴⁾

3.3.1. Effective social dialogue is key to achieving the above-mentioned objectives of upward social convergence and access to quality employment, skills and competences and to improving the design and implementation of reforms stemming from these objectives, with a view to increasing ownership.

3.3.2. The timely and meaningful involvement of the social partners throughout the European semester is essential to improving engagement in policies, thereby facilitating their successful implementation in a way that balances the interests of workers and employers. Cooperation between the social partners can be a driving force for successful, sustainable and inclusive economic, employment and social inclusion policies.

⁽¹¹⁾ See footnote 10.

⁽¹²⁾ SOC/622 (ongoing), OJ C 62, 15.2.2019, p. 136, OJ C 228, 5.7.2019, p.16, OJ C 237, 6.7.2018, p. 8, OJ C 81, 2.3.2018, p. 167; OJ C 13, 15.1.2016, p. 57; OJ C 161, 6.6.2013, p. 67.

⁽¹³⁾ See study ordered by the EESC on 'Skills mismatches', 2018.

⁽¹⁴⁾ OJ C 159, 10.5.2019, p. 1; OJ C 434, 15.12.2017, p. 30.

3.3.3. The social partners can come up with innovative solutions for dealing with societal and labour market developments, demographic change, digitalisation and the impact of globalisation. The legislative framework at national and EU level should create the space for innovation at business, sectoral and national level, in order to spur on the development of the social partners. The European Social Fund (ESF) has an important role to play in providing capacity-building support for the social partners, as confirmed by the quadripartite statement on 'A new start for social dialogue' (2016); the EESC encourages the Commission and the Member States to ensure that the recommendations of the social partners are implemented ⁽¹⁵⁾.

3.3.4. The social partners' participation in the European semester also requires additional support for capacity building in order to be able to contribute to the different phases, including the implementation of reforms. Similarly, the social partners' capacity must be strengthened in some countries in order to implement the results of the European social dialogue.

3.3.5. As reported in the 2019 country reports, positive developments in some Member States contrast with steps back in others. In some Member States, involvement of the social partners at national level is actually quite limited. Consultation of the social partners should be mandatory.

3.3.6. Social dialogue should play a greater role in the design, implementation and monitoring of reforms. Social partner agreements identifying urgent challenges and policy drivers to improve labour markets should be taken into account, as well as the country reports and the Social Scoreboard.

3.4. *Promoting equal opportunities for all, fostering social inclusion and combating poverty* ⁽¹⁶⁾

3.4.1. The EESC reiterates that when designing policies for regulating the labour market and social rights, competitiveness, productivity and social sustainability/workers' rights should form a seamless part of those policies, given that there is a clear connection between them. All stakeholders must commit to promoting inclusive growth as well as fostering conditions that are favourable to business, with the aim of creating more and better jobs. The only way of building fairer societies is to generate more inclusive and sustainable economic growth and jobs with the aim of ensuring that people have decent working conditions, adequate remuneration and pensions and are able to exercise their rights.

3.4.2. Despite the improving situation throughout Europe, differences still remain between Member States, between regions and between different groups of people in the labour market. Growth is not benefiting all countries, regions and citizens in the same manner. Some Member States are still experiencing high unemployment, real household income below pre-crisis levels and high poverty rates. Regional differences remain large and are increasing within some Member States.

3.4.3. The country-specific recommendations ⁽¹⁷⁾ can play a key role in increasing the effectiveness of the employment guidelines and the European Pillar of Social Rights, providing a significant opportunity to shape national policy in line with the guidelines and the principles of the Pillar, with a view to achieving common outcomes, and they should seek to reduce these differences and increase and channel resources into doing this.

3.4.4. In some Member States unemployment rates have not fully recovered and are still above 10 %. The situation of young people remains a challenge in some countries: the high proportion of young people neither in employment, nor in education or training raise concerns for their present and future employability ⁽¹⁸⁾. In others, increasing labour shortages constitute a bottleneck to further growth.

3.4.5. Overall, despite increasing employment rates among women, gender gaps in employment rates persist and lead to gaps in pay ⁽¹⁹⁾. Low-skilled people and people with a migrant background in particular, face difficulties in finding jobs ⁽²⁰⁾. People with disabilities also remain at a disadvantage ⁽²¹⁾. Moreover, large regional disparities in labour market outcomes exist in many Member States. Demographic changes and technological developments are reshaping European job markets. These problems should be addressed through legislative/administrative measures and cooperation between the relevant institutions and the social partners.

⁽¹⁵⁾ Statement of the Presidency of the Council of the European Union, the European Commission and the European Social Partners on 'A new start for social dialogue', 2016.

⁽¹⁶⁾ OJ C 367, 10.10.2018, p. 15; OJ C 237, 6.7.2018, p. 1; OJ C 440, 6.12.2018, p. 135; SOC/620 (ongoing); OJ C 228, 5.7.2019, p. 7.

⁽¹⁷⁾ Country-specific recommendations.

⁽¹⁸⁾ OJ C 62, 15.2.2019, p. 142.

⁽¹⁹⁾ SOC/610 (OJ C 240, 16.7.2019, p. 3); OJ C 110, 22.3.2018, p. 26; OJ C 440, 6.12.2018, p. 37; OJ C 262, 25.7.2018, p. 101; OJ C 110, 22.3.2019, p. 20.

⁽²⁰⁾ *The costs of non-immigration and non-integration (Information report)*; OJ C 264, 20.7.2016, p. 19; OJ C 71, 24.2.2016, p. 46.

⁽²¹⁾ OJ C 34, 2.2.2017, p. 15; OJ C 367, 10.10.2018, p. 20; SOC/616 (ongoing).

3.5. *The European Pillar of Social Rights*

3.5.1. The European Pillar of Social Rights is fundamental to improving working and wage conditions and social protection systems in Europe, guaranteeing work-life balance, and improving social standards and convergence among EU Member States — including collective bargaining and access to social services. With regard to the European Pillar of Social Rights, the EESC reiterates its findings and recommendations from previous opinions ⁽²²⁾.

3.5.2. The 2019 country reports pay particular attention to how Member States deliver on the various dimensions of the European Pillar of Social Rights. The implementation of the Pillar is a benchmark for achieving inclusive, fair and sustainable growth.

3.5.3. The future of the labour market should be a key priority in the debates on the Pillar, in order to address the major changes taking place in this area, and a consistent European employment strategy covering the following themes is needed:

- investment and innovation;
- employment and quality job creation;
- fair working conditions for all;
- fair and smooth transitions supported by active labour market policies;
- the involvement of all stakeholders, especially the social partners.

3.5.4. All stakeholders must work together to ensure that the future of work is fair and inclusive, offering employment opportunities for all and leading to social progress and a skilled and motivated workforce with a decent income and access to quality jobs.

3.5.5. However, there will be no improvements without money: effective implementation of the Pillar in the Member States will only be possible if they have sufficient financial resources to invest in social policies, thus translating rights and principles into specific policy initiatives. Therefore, mechanisms such as the European Social Fund and the European Fund for Strategic Investments must play an important part.

3.6. *EU funds* ⁽²³⁾

3.6.1. The EESC welcomes the intention of the draft ESF+ Regulation to strengthen the link between the ESF and the European semester process, in particular the implementation of the country-specific recommendations.

3.6.2. For some Member States, EU funds are a crucial part of their public investment. Better aligning EU funds with the European semester analysis and recommendations should improve the outcomes and strengthen the impact of cohesion policy funding.

3.6.3. The European Fund for Strategic Investment and the European Structural and Investment Funds should be designed to play a crucial role in creating jobs and growth and in promoting territorial and social cohesion. The EESC is of the opinion that a more effective and efficient use of these funds is needed and that EU long-term investment in high-quality social infrastructure and services, including through the European Fund for Strategic Investments and the European Investment Bank, should be prioritised and coupled to the implementation of the Pillar.

3.7. *Digitalisation*

3.7.1. The EESC has, in numerous opinions, examined the issue of digitalisation and its impact on the organisation of work and employment ⁽²⁴⁾.

⁽²²⁾ OJ C 125, 21.4.2017, p. 10; OJ C 81, 2.3.2018, p. 145; SOC/614 (ongoing).

⁽²³⁾ OJ C 62, 15.2.2019, p. 165.

⁽²⁴⁾ OJ C 237, 6.7.2018, p. 8; OJ C 129, 11.4.2018, p. 7; OJ C 237, 6.7.2018, p. 1; OJ C 434, 15.12.2017, p. 36; OJ C 434, 15.12.2017, p. 30; OJ C 173, 31.5.2017, p. 45; OJ C 303, 19.8.2016, p. 54; OJ C 13, 15.1.2016, p. 161; OJ C 128, 18.5.2010, p. 74; SOC/622 (ongoing).

3.7.2. The fourth industrial revolution will bring major changes arising from developments in areas such as genetics, artificial intelligence, robotics, nanotechnology, 3D printing and biotechnology. These changes will affect consumption, production and employment patterns and bring major challenges requiring business, authorities and individuals to adapt proactively. In parallel with the technological revolution, there is a set of socioeconomic, geopolitical and demographic factors of change that are having a greater impact, interacting in multiple directions and intensifying one another. As the whole of industry adapts, most occupations are undergoing a fundamental transformation.

3.7.3. While some jobs are at risk of redundancy and others are growing rapidly, existing jobs are experiencing a change in the required skills. Specific measures are needed for skills shortages, mass unemployment and rising inequality; retraining and up-skilling, proactive lifelong learning, appropriate incentives/facilities and multi-sectoral partnerships are needed.

3.7.4. A better understanding of the changing nature of work and employment relationships in the digital era should lead to a more effective EU employment policy.

3.7.5. Lifelong learning, retraining and upgrading of skills should be prioritised, so as to ensure that everyone can obtain jobs in the globalised high-tech workplace and can access sometimes essential information/services.

3.7.6. In the digital era it is essential to guarantee access to the internet and provide digital literacy training to anyone at risk, and to ensure that such people are able to exercise their rights and access social services, particularly basic services.

3.7.7. The new inequalities and social risks in the digital era may in part be attributed to the phenomenon of digital exclusion, whereby some segments of the population do not possess the necessary IT skills and basic digital literacy to access information and services, some of them crucial.

Brussels, 20 June 2019.

*The President
of the European Economic and Social Committee*
Luca JAHIER

APPENDIX

The following paragraph of the section opinion was amended to reflect the amendment adopted by the assembly but received more than one quarter of the votes cast (Rule 59(4) of the Rules of Procedure):

1.4. Policies and structural reforms are needed that facilitate the creation of quality jobs, and foster responsible entrepreneurship and the growth of SMEs and social enterprises, and we need to move from the principle of 'Think small first' to the stage in which we apply the principle 'Act small first'.

Outcome of the vote:

For: 117

Against: 86

Abstentions: 15
