



**COUNCIL OF
THE EUROPEAN UNION**

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**SOC 223
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NOTE

from : Presidency
to : Social Questions Working Party

**Subject : Flexicurity in times of crisis
 - Draft Council Conclusions**

Delegations will find in the Annex Draft Council Conclusions presented by the Presidency.

**Draft
Council Conclusions**

Flexicurity in times of crisis

THE COUNCIL OF THE EUROPEAN UNION,

1. WELCOMING the Commission's Communication of June 2007 on flexicurity¹ and its definition of the term, namely that flexicurity is a new way of looking at flexibility and security on the labour market and is a concrete and consistent attempt to unite these two fundamental needs;
2. RECALLING the European Council's endorsement of December 2007 of the common principles for flexicurity;
3. RECOGNISING that the basic principles behind the flexicurity approach are very much in line with the central elements of the EU strategy for growth and jobs and with the increased need to strengthen the EU's competitiveness, and that the revised Lisbon strategy promotes an active response to the challenge of globalisation;
4. STRESSING the fact that each Member State has a specific labour market situation and culture, and therefore one should not aim for a "one-size fits all" solution, thus fully supporting the Commission's approach identifying pathways and common principles, which are sets of measures that can, if introduced in conjunction with each other, improve a country's performance in terms of flexicurity;

¹ COM(2007)359 of 27 June 2007.

5. RECALLING that, as an integrated strategy to enhance at the same time flexibility and security in the labour market, flexicurity is even more important and appropriate in the current difficult economic context characterised by rising unemployment and the urgent challenge to create new jobs;
6. RECOGNISING that the common principles of flexicurity can provide a comprehensive policy framework to coordinate efforts to tackle the employment effects and social impacts of the crisis, and to prepare for the economic upturn;
7. TAKING GOOD NOTE of the many and important contributions and forms of support for the flexicurity debate, such as the joint analysis on key challenges facing European labour markets of the European social partners of 18 October 2007, and the contribution of the European Parliament through the adoption of the report of 29 November 2007;
8. WELCOMING, IN CONJUNCTION WITH THE FLEXICURITY DEBATE, the Commission's Communication on "New Skills for New Jobs" of December 2008¹ and RECALLING the Council conclusions "New Skills for New Jobs: Anticipating and matching labour market and skills needs"² adopted on 9 March 2009;
9. SHARING FULLY the main conclusions of the mission of flexicurity, chaired jointly by Commissioner Vladimir Spidla and Mr Gerard Larcher, namely that the implementation of flexicurity is even more appropriate in a difficult economic context, that the role of social partners in establishing national flexicurity pathways is essential and that anticipating trends in the labour market and the demand for skills in order to promote the implementation of flexicurity is of paramount importance;

¹ COM(2008)868 of 16 December 2008.

² 6479/09.

RECALLS THAT

- a) at the end of 2008, the EU Member States agreed on basic approaches to halt the economic slowdown and to create conditions for economic recovery according to the European Economic Recovery Plan.
- b) Europe after the crisis will be a different Europe, some businesses will not survive, some jobs will disappear; however, Europe should come out of the crisis stronger, with new employment opportunities and better prepared for the challenges of the global economy.

BEING AWARE

that in the short term, increasing unemployment and, consequently, an aggravated social situation of the population can be expected and this will represent a serious problem.

THEREFORE INDICATES a set of measures which can help the positive and effective implementation of flexicurity, such as:

- **Prevention of massive lay-offs and the maintenance of employment, in particular through financial support for temporary flexible adjustment of working time, thereby mitigating the social impacts of the crisis, reducing firing and (re)hiring costs for businesses and preventing loss of firm-specific human capital.** Such measures must be combined with actions supporting employability, directing people into new jobs and encouraging workers to exploit the new opportunities during economic recovery. These measures must be coordinated in order to prevent spill-over of negative effects into other countries.
- **Creation of a better entrepreneurial environment through a reduction in the administrative burden for businesses, a more flexible labour market, better regulation, less taxation and the reduction of non-wage labour costs, especially for the low-skilled.** Wage developments and fiscal measures should take into account the competitive position and productivity growth of individual Member States.

- **Enhancing of the activation measures and provision of adequate income support to people who are most severely hit by the impacts of the crisis, through full utilisation of social protection systems, in line with the principles of flexicurity and subsidiarity.** At the same time, it is necessary to maintain the incentives for a return to employment and to focus on support and motivation of vulnerable groups, in line with the active inclusion strategy. It is necessary to keep dismissed workers in contact with the labour market, in order to prevent degradation of their skills and human capital.
- **Increased investment in retraining, skills matching and upgrading, including for persons working part-time and in declining industries.** Training focused on the future demands of the labour market, such as job opportunities in the low-carbon economy, should be preferred. Better anticipation and forecasting of future skill needs should be promoted. Support should be provided for tackling youth unemployment. In this context, career starters require particular attention and targeted measures.
- **Strengthening of the Public Employment Services in order to be able to tackle the increased levels of unemployment.** A proactive preventive approach to facilitate transitions is important, with more personalised services, early identification of skill needs, job search assistance, guidance and training, as well as cooperation with other employment agencies, training providers and social partners.
- **Reduction of indirect impacts of the crisis on individuals through specific measures aimed at preventing over-indebtedness and at securing access to financial services.** In countries where a large proportion of the pension system is pre-financed, it will be necessary to maintain pension funds so that the current and future income of pensioners is safeguarded.
- **Ensuring free movement of workers and promoting mobility within the EU single market will be a source of job opportunities.** It can contribute to tackling the persisting mismatch between existing skills and labour market needs, also during the economic downturn.

- **Implementing measures for integration with a view to changing employment protection legislation in the framework of the flexicurity approach, integrating all its elements focused on reducing segmentation and improving the functioning of the labour market.**

A climate of trust and a balance between rights and responsibilities are indispensable elements of flexicurity. The active involvement of all stakeholders through social dialogue and collective bargaining is important.

