



**COUNCIL OF  
THE EUROPEAN UNION**

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from : Permanent Representatives Committee (Part I)  
to : Council (EPSCO)

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Subject : **Flexicurity in times of crisis**  
**= Draft Council conclusions**

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Delegations will find attached draft Council Conclusions, as agreed by the Permanent Representatives Committee on 27 May 2009, with a view to their adoption during the Council session (EPSCO) on 8/9 June 2009.

**Draft  
Council Conclusions**

**Flexicurity in times of crisis**

**THE COUNCIL OF THE EUROPEAN UNION,**

RECALLING

1. the common principles for flexicurity adopted by the Council on 5/6 December 2007 and endorsed by the European Council on 14 December 2007<sup>1</sup>;
2. the Commission's Communication of June 2007 on flexicurity<sup>2</sup> which was the basis of a broad-based discussion on the definition of the term "flexicurity";
3. the Commission's Communication on "New Skills for New Jobs" of December 2008<sup>3</sup> and the Council Conclusions "New Skills for New Jobs: Anticipating and matching labour market and skills needs"<sup>4</sup> adopted on 9 March 2009;

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<sup>1</sup> 16201/07

<sup>2</sup> COM(2007)359 of 27 June 2007

<sup>3</sup> COM(2008)868 of 16 December 2008

<sup>4</sup> 6479/09

4. that the European Council on 19 and 20 March 2009 stressed that the social protection systems, in their role as an automatic stabilizer are key to restoring and strengthening confidence and helping pave the way for recovery;

#### TAKING GOOD NOTE

5. of the different contributions by EMCO and SPC to the flexicurity debate, including the joint opinion of the Employment Committee and of the Social Protection Committee on the common principles of flexicurity<sup>5</sup>;
6. of the joint analysis of key challenges facing European labour markets by 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;
7. of the main results of the Mission on Flexicurity, chaired jointly by Commissioner Vladimir Špidla and Mr Gerard Larcher, for the French Presidency, namely that the implementation of flexicurity is even more appropriate in a difficult economic context, that the role of the 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;

#### RECOGNISING

8. 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 social cohesion, and that the revised Lisbon strategy promotes an active response to the challenge of globalisation;

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<sup>5</sup> 15320/07

9. that flexicurity is a means of reinforcing the implementation of the Lisbon Strategy, of creating more and better jobs, of modernising labour markets and of promoting good working conditions through new forms of balanced flexibility and security to increase adaptability, employment and social cohesion;
10. that the implementation of flexicurity requires modern and active social protection components with clear work incentives underpinning the other components and thus contributes to reducing social exclusion and the risk of poverty by opening the labour market to all citizens, and to vulnerable groups in particular;
11. that, as an integrated strategy to enhance both the flexibility and the security of the labour market and to support those who are temporarily outside it, flexicurity is even more important and appropriate in the current difficult economic context characterised by rising unemployment, poverty, segmentation and the urgent challenge of stimulating growth, creating new and better jobs and strengthening social cohesion;
12. that the common principles of flexicurity, as a means of implementing the European Employment Strategy, provide a comprehensive policy strategy to coordinate efforts to manage the employment effects and social impact of the crisis, and to prepare for the economic upturn;

#### ACKNOWLEDGES

13. 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; improving the functioning of the labour markets of individual Member States requires an adequate combination of measures and corresponding balance among the flexicurity components, reflecting each Member State's characteristics;

## STRESSES THAT

14. 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; combating the crisis and preparing for economic recovery will continue and include new Commission initiatives;
15. Europe after the crisis will be changed, but it should come out of the crisis stronger - with new employment opportunities, more inclusive labour markets and a better trained workforce with new skills - and better prepared for the challenges of the global economy, demographic and technological change;

## BEING AWARE

16. that the current economic situation is difficult and complex and will severely jeopardize the employment targets of the Lisbon strategy and may undermine long term sustainability. This should be taken into account when implementing the flexicurity approach. All measures taken should aim at maintaining a high level of employment and job creation, and thus promoting the long-term growth potential of the EU economy;
17. that in the short term, increasing unemployment and, consequently, an aggravated social situation of the population can be expected; such serious problems will require defining an appropriate set of employment and social measures with regard to their priority, relevance, sequence and feasibility;
18. that it is important to ensure that people are or remain active in the labour market and that early labour force withdrawal is prevented with a view to creating the conditions for a more inclusive labour market in which individual opportunities are used to the fullest;

19. that a climate of trust between the social partners and a balance between the rights and responsibilities of all relevant stakeholders are indispensable elements of flexicurity in a time of crisis. The commitment and active involvement of all stakeholders through social dialogue and collective bargaining is an essential prerequisite for an effective implementation of flexicurity principles;

THEREFORE INDICATES a set of measures which, as a balanced policy mix, can help Member States, and the social partners when and where relevant, to manage the impact of the global crisis through the application of flexicurity principles; such a set of responses could include:

- *Maintaining employment, where at all possible, for example through helping companies operate alternatives to redundancy such as flexible working patterns and the temporary adjustment of working time, where applicable, and other forms of internal flexibility measures within the companies.* This helps mitigate the social impacts of the crisis and preventing the loss of firm-specific human capital. Such measures should be combined with actions supporting employability, directing people into new jobs, preferably within their company, and encouraging workers to exploit the new opportunities during the economic recovery. Measures for protecting unsustainable jobs or sectors from structural change should be avoided; the measures should be coordinated in order to prevent a spill-over of negative effects into other countries, and their possible negative effects on labour market mobility and competitiveness, macroeconomic stability and employment creation should be considered when implemented.
- *Creation of a better entrepreneurial environment through a labour market which ensures at the same time the necessary flexibility and security, benefits systems which provide work incentives, appropriate levels of non-wage labour costs, especially for the low-skilled and other vulnerable groups, as well as through better regulation and the reduction of the administrative burden for businesses.* Also in this context, it is important for the Member

States to pay attention to employment-friendly labour cost developments by encouraging the social partners within their own area of responsibility to set the right framework for bargaining in order to reflect all labour market challenges at all relevant levels, to secure economic stability for sustainable growth, and to reduce and work towards avoiding gender pay gaps.

- *Enhancing and improving activation measures and providing adequate income support and access to quality services to people who are hit by the impacts of the crisis, through full utilisation of modern social protection systems in line with the principle of flexicurity, subsidiarity and sustainability of public finances.* At the same time, it is necessary to maintain the incentives for access and return to employment and to focus on the support and motivation of vulnerable groups such as young people with fewer opportunities, in line with the active inclusion strategies. It is necessary to keep dismissed workers protected and at the same time in close contact with the labour market, through training and other suitable labour market measures, in order to prevent deterioration of their skills and human capital and to increase their competitiveness on the labour market, and to bring closer to the labour market those who were already detached from it so as to improve their employability. Preventive measures are most important in the long run, with regard to reducing the impacts of long-term unemployment, social exclusion and poverty.
  
- *Increased investment in human capital, especially retraining, skills upgrading and labour market needs-matching, including for persons working part-time or other flexible forms of employment and low-skilled workers.* Training can preferably be focused on the future demands of the labour market, such as job opportunities in the eco-efficient economy as well as in the social and health service sectors. Better anticipation and forecasting of future skills needs should be promoted. Employers have an important role in training; they should be encouraged to invest in training and to build training partnerships with public and private training providers, and/or with public employment services, taking into account national frameworks. Further support should be provided for reducing youth unemployment and other groups which encounter difficulties in (re)entering the labour market. In this context, those young people who are entering the labour market for the first time require particular attention and targeted measures.

- *Improving the effectiveness of the Public Employment Services in order to be able to tackle the increased levels of unemployment.* A proactive preventive approach to facilitate transitions, with more personalised services, early identification of skill needs, job search assistance, guidance and training, is a key element, as well as, where appropriate, cooperation with other employment agencies, social protection and assistance services, training providers and social partners.
- *Adhering to the principle of gender mainstreaming in all responses to implementing flexicurity principles in order to tackle the crisis.* It is important that the responses support both women and men in their labour market participation.
- *Facilitating the free movement of workers, in accordance with the Treaties and the Community acquis, and promoting mobility within the EU single market can contribute to tackling the persisting mismatch between existing skills and labour market needs, also during the economic downturn.*
- *Implementing adequate responses with a view to adapting, if relevant, employment and labour market provisions in the framework of the flexicurity approach in order to promote flexible but secure transitions from unemployment to employment as well as from one job to another, while supporting reliable contractual arrangements for those in work.*
- *Integrating all flexicurity elements and pillars should focus on reducing segmentation and improving the functioning of the labour market.*
- *Further attention needs to be paid to enhancing the quality of working life and to increasing productivity.* Long-term working life development measures are an effective way to strengthen organisations' ability to respond to changes, also during the economic crisis.