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**REPORT**

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from: Permanent Representatives Committee (Part I)  
to: Council (Employment, Social Policy, Health and Consumer Affairs)  
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Subject: **Proposal for a Council Decision on Guidelines for the Employment Policies of the Member States: Part II of the Europe 2020 Integrated Guidelines**

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**I. INTRODUCTION**

On 26 March 2010, the European Council agreed to the European Commission's proposal to launch a new strategy for jobs and growth, Europe 2020, to be formally adopted during the June 2010 meeting of the European Council.

In March, the European Council also agreed to set a number of EU headline targets, deciding however to revert to two of them, i.e the ones related to education and social inclusion/poverty reduction, in its June 2010 meeting, .

The Treaty on the functioning of the EU (TFEU) provides that Member States are to regard their economic policies and promoting employment as matters of common concern and coordinate them within the Council. The Treaty also provides that the Council is to adopt broad economic policy guidelines (Article 121) and employment guidelines (Article 148), specifying that the latter must be consistent with the former. Given this, in April 2010, the Commission decided to submit two separate proposals, a recommendation on broad guidelines for the economic policies of the Member States and of the Union (guidelines 1 to 6) and a Council decision on guidelines for the employment policies of the Member States (guidelines 7-10), forming together the integrated guidelines for implementing the Europe 2020 strategy.

## **II. THE EMPLOYMENT GUIDELINES**

On 27 April 2010, the Commission submitted on the basis of Article 148(2) of the Treaty a proposal for a Decision of the Council on Guidelines for the employment policies of the Member States: a Part II of the Europe 2020 Integrated Guidelines.

The European Parliament has still to deliver its opinion on the proposal<sup>1</sup>. The opinion of the Committee of the Regions is also still awaited.

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<sup>1</sup> It is expected that the Parliament will deliver its opinion in September.

The Employment Committee formulated its Opinion (doc. 10030/09) during its meeting of 19/20 May 2010 and the European Economic and Social Committee adopted its opinion during the plenary session of 26/27 May 2010.

The Social Questions Working Party examined the proposal on three occasions. During the discussions, the Chair stressed that while the EPSCO Council of 7/8 June was expected to reach a general approach on the Decision, the Council would reconsider the decision after all the required opinions on it would have been received. He also stressed the importance of aligning, where appropriate, the two texts forming the integrated guidelines.

On 28 May, the Permanent Representatives Committee reached an agreement on a general approach to be submitted to the EPSCO Council of 7/8 June 2010. The text of the draft Decision is annexed to this Report.

The French, Maltese, Polish and UK delegations have maintained parliamentary scrutiny reservations on the proposal.

### **III. CONCLUSION**

The Council (EPSCO) is invited to confirm agreement on a general approach during the Council EPSCO session on 7/8 June 2010. The general approach will be reconsidered once all the opinions required under Article 148(2) of the Treaty have been received and when the conclusions of the June European Council on the headline targets on education and on social inclusion can also be taken into account.

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Draft

**COUNCIL DECISION**

**on guidelines for the employment policies of the Member States<sup>1</sup>**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 148(2) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>3</sup>,

Having regard to the opinion of the Committee of the Regions<sup>4</sup>,

Having regard to the opinion of the Employment Committee,

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<sup>1</sup> It was considered appropriate, for legal reasons, to delete the reference to the Integrated Guidelines from the title of the draft Decision.

<sup>2</sup> Not yet received

<sup>3</sup> Adopted on 27 May 2010

<sup>4</sup> Not yet received

Whereas:

- (1) The Treaty on the Functioning of the European Union stipulates in Article 145 that Member States and the EU shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change and with a view to achieving the objectives set out in Article 3 of the Treaty on European Union. Member States, having regard to national practices related to the responsibilities of management and labour, shall regard promoting employment as a matter of common concern and shall coordinate their action in this respect within the Council, in accordance with the provisions of Article 148 of the Treaty on the Functioning of the European Union.
- (2) The Treaty on European Union stipulates in Article 3.3 that the Union shall aim at full employment and shall combat social exclusion and discrimination, and shall promote social justice and protection and provides for the Union's initiatives to ensure coordination of Member States' social policies. Article 9 of the Treaty on the Functioning of the European Union provides that in defining and implementing its policies and activities, the Union shall take into account requirements linked to the guarantee of adequate social protection and the fight against social exclusion.
- (3) The Treaty on the Functioning of the European Union provides that employment guidelines and broad economic policy guidelines are to be adopted by the Council to guide Member States' policies.
- (4) The Lisbon Strategy, launched in 2000, was based on an acknowledgement of the EU's need to increase its employment, productivity and competitiveness, while enhancing social cohesion, in the face of global competition, technological change, environmental challenges and an ageing population. The Lisbon Strategy was re-launched in 2005, after a mid-term review which led to greater focus on growth, more and better jobs.

- (5) The Lisbon strategy for growth and jobs helped forge consensus around the broad direction of the EU's economic and employment policies. Under the strategy, both broad economic policy guidelines and employment guidelines were adopted by the Council in 2005<sup>1</sup> and revised in 2008<sup>2</sup>. The 24 guidelines laid the foundations for the national reform programmes, outlining the key macro-economic, micro-economic and labour market reform priorities for the EU as a whole. However, experience shows that the guidelines did not set clear enough priorities and that links between them could have been stronger. This limited their impact on national policy-making.
- (6) The financial and economic crisis that started in 2008 resulted in a significant loss in jobs and potential output and has led to a dramatic deterioration in public finances. The European Economic Recovery Plan<sup>3</sup> has nevertheless helped Member States to deal with the crisis, partly through a coordinated fiscal stimulus, with the euro providing an anchor for macroeconomic stability. The crisis therefore showed that coordination of Union's policies can deliver significant results if it is strengthened and rendered effective. The crisis also underscored the close interdependence of the Member States' economic and employment performance.
- (7) The Commission proposed to set up a new strategy for the next decade, the Europe 2020 Strategy<sup>4</sup>, to enable the EU to emerge stronger from the crisis, and to turn its economy towards smart, sustainable and inclusive growth. Five headline targets, listed under the relevant guidelines, constitute shared objectives guiding the action of the Member States, taking into account of their relative starting positions and national circumstances, and of the Union. Member States should make every effort to meet the national targets and to remove the bottlenecks that constrain growth.

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<sup>1</sup> OJ L 205 of 6.8.2005, pp, 21-27

<sup>2</sup> OJ L 198 of 26.7.2008, pp. 47-54

<sup>3</sup> COM(2009) 615, 19.11.2009

<sup>4</sup> COM(2010) 2020, 3.3.2010

- (8) As part of comprehensive ‘exit strategies’ for the economic crisis, Member States should carry out ambitious reforms to ensure macroeconomic stability and the sustainability of public finance, improve competitiveness, reduce macroeconomic imbalances and enhance labour market performance. The withdrawal of the fiscal stimulus should be implemented and coordinated within the framework of the Stability and Growth Pact.
- (9) Within the Europe 2020 strategy, Member States and the European Union should implement reforms aimed at ‘smart growth’, i.e. growth driven by knowledge and innovation. Reforms should aim at improving the quality of education, ensuring access for all, and strengthening research, business performance and further improving the regulatory framework in order to promote innovation and knowledge transfer throughout the EU. They should encourage entrepreneurship and help to turn creative ideas into innovative products, services and processes that can create growth, quality jobs, territorial, economic and social cohesion, and address more efficiently European and global societal challenges. Making the most of information and communication technologies is essential in this context.
- (10) The policies of the European Union and of Member States, including through their reform programmes, should aim at ‘sustainable growth’. Sustainable growth means building an energy and resource-efficient, sustainable and competitive economy, a fair distribution of the cost and benefits and exploiting Europe’s leadership in the race to develop new processes and technologies, including green technologies. Member States and the European Union should implement the necessary reforms to reduce greenhouse gases emissions and use resources efficiently, which will also help preventing environmental degradation and biodiversity loss. They should also improve the business environment, stimulate creation of green jobs and help enterprises modernising their industrial base.

- (11) The policies of the European Union and Member States' reform programmes should also aim at 'inclusive growth'. Inclusive growth means building a cohesive society in which people are empowered to anticipate and manage change, thus to actively participate in society and economy. Member States' reforms should therefore ensure access and opportunities for all throughout the lifecycle, thus reducing poverty and social exclusion, through removing barriers to labour market participation especially for women, older workers, young people, people with disabilities and legal migrants. They should also make sure that the benefits of economic growth reach all citizens and all regions. Ensuring effective functioning of the labour markets through investing in successful transitions, appropriate skills development, rising job quality and fighting segmentation, structural unemployment and inactivity while ensuring adequate, sustainable social protection and active inclusion to prevent and reduce poverty, while at the same time adhering to agreed fiscal consolidation, should therefore be at the heart of Member States' reform programmes.
- (11a) Increased female labour force participation is a precondition for boosting growth and for tackling the demographic challenges. A visible gender equality perspective, integrated into all relevant policy areas, is therefore crucial for the implementation of all aspects of the guidelines in the Member States.
- (12) The EU's and Member States' structural reforms can effectively contribute to growth and jobs if they enhance the EU's competitiveness in the global economy, open up new opportunities for Europe's exporters and provide competitive access to vital imports. Reforms should therefore take into account their external competitiveness implications to foster European growth and participation in open and fair markets worldwide.



- (13) The Europe 2020 strategy has to be underpinned by an integrated set of European and national policies, which Member States and the European Union should implement fully and in a timely manner, in order to achieve the positive spill-over effects of coordinated structural reforms and a more consistent contribution from European policies to the strategy's objectives.
- (14) While these guidelines are addressed to Member States, the Europe 2020 strategy should be implemented in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of national reform programmes, to their implementation and to the overall communication on the strategy.
- (15) The Europe 2020 strategy is underpinned by a smaller set of guidelines, replacing the previous set of 24 and addressing employment and broad economic policy issues in a coherent manner. The guidelines for the employment policies of the Member States, annexed to this Decision, are intrinsically linked with the guidelines for the economic policies of the Member States and of the Union, annexed to Council Recommendation [...] of [...]. Together, they form the 'Europe 2020 integrated guidelines'.
- (16) These new integrated guidelines are in line with the conclusions of the European Council. They give precise guidance to the Member States on defining their national reform programmes and implementing reforms, reflecting interdependence and in line with the Stability and Growth Pact. These guidelines should form the basis for any country-specific recommendations that the Council may address to the Member States under Article 148(4). The employment guidelines should also form the basis for the establishment of the Joint Employment Report sent annually by the Council and Commission to the European Council.

(16a) The Employment Committee and the Social Protection Committee should monitor progress in relation to the employment and social aspects of the employment guidelines, in line with their respective Treaty-based mandates. This should in particular build on the activities of the open method of coordination in the fields of employment and of social protection and social inclusion. In addition the Employment Committee should maintain close contact with other relevant Council preparatory instances, including in the field of education.

(17) Even though they must be drawn up each year, these guidelines should remain stable until 2014 to ensure a focus on implementation,

HAS ADOPTED THIS DECISION:

*Article 1*

The guidelines for Member States' employment policies, as set out in the Annex, are hereby adopted.

*Article 2*

The guidelines in the Annex shall be taken into account in the employment policies of the Member States, which shall be reported upon in national reform programmes.

*Article 3*

This Decision is addressed to the Member States.

Done at ...,

*For the Council*  
*The President*

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## Annex:

### Guidelines for the employment policies of the Member States

#### *Guideline 7: Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality*

Activation is key to increase labour market participation. Member States should integrate the flexicurity principles endorsed by the European Council into their labour market policies and apply them, making appropriate use of European Social Fund and other EU funds support with a view to increasing labour market participation and combating segmentation, inactivity and gender inequality, whilst reducing structural unemployment. Measures to enhance flexibility and security should be both balanced and mutually reinforcing. Member States should therefore introduce a combination of flexible and reliable contractual arrangements, active labour market policies, effective lifelong learning, policies to promote labour mobility, and adequate social security systems to secure labour market transitions accompanied by clear rights and responsibilities for the unemployed to actively seek work. Together with the social partners, adequate attention should also be paid to internal flexicurity at the work place.

Member States should step up social dialogue and tackle labour market segmentation with measures addressing precarious employment, underemployment and undeclared work. Professional mobility should be rewarded. The quality of jobs and employment conditions should be addressed. Member States should fight in-work poverty and promote occupational health and safety. Adequate social security should also be ensured for those on fixed-term contracts and the self-employed.

Employment services play an important role in activation and matching and they should therefore be strengthened with personalised services and active and preventive labour market measures at an early stage, open to all, including young people, those threatened by unemployment, and those furthest away from the labour market.

Policies to make work pay remain important. In order to increase competitiveness and raise participation levels, particularly for the low-skilled, and in line with economic policy guideline 2, Member States should encourage the right framework conditions for wage bargaining and labour cost development consistent with price stability and productivity trends. Member States should review tax and benefit systems, and public services capacity to provide the support needed, in order to increase labour force participation and stimulate labour demand. They should promote active ageing, gender equality including equal pay and labour market integration of young people, people with disabilities, legal migrants and other vulnerable groups. Work-life balance policies with the provision of affordable care and innovation in work organisation should be geared to raising employment rates, particularly among youth, older workers and women. Member States should also remove barriers to labour market entry for newcomers, promote self-employment, entrepreneurship and job creation in all areas including green employment and care and promote social innovation.

*The EU headline target, on the basis of which Member States will set their national targets, taking into account their relative starting positions and national circumstances, is of aiming to bring by 2020 to 75% the employment rate for women and men aged 20-64 including through the greater participation of youth, older workers and low skilled workers and the better integration of legal migrants.*

***Guideline 8: Developing a skilled workforce responding to labour market needs and promoting lifelong learning***

Member States should promote productivity and employability through an adequate supply of knowledge and skills to match current and future demand in the labour market. Quality initial education and attractive vocational training must be complemented with effective incentives for lifelong learning of those within and outside employment, thus ensuring every adult the chance to retrain or to move one step up in their qualification, overcome gender stereotypes,

as well as by opportunities for second-chance learning and by targeted migration and integration policies. Member States should develop systems for recognising acquired competencies, and should remove barriers to occupational and geographical mobility of workers, promote the acquisition of transversal competences to support creativity, innovation and entrepreneurship. In particular, efforts should focus on supporting those with low and obsolete skills, increasing the employability of older workers, enhancing training, skills and experience of highly skilled workers, including researchers and women in scientific, mathematical and technology fields.

In cooperation with social partners and firms, Member States should improve access to training, strengthen education and career guidance combined with systematic information on new job openings and opportunities, promotion of entrepreneurship and enhanced anticipation of skill needs. Investment in human resource development, up-skilling and participation in lifelong learning schemes should be promoted through joint financial contributions from governments, individuals and employers. To support young people and in particular those not in employment, education or training, Member States in cooperation with the social partners, should enact schemes to help them find initial employment, job experience, or further education and training opportunities, including apprenticeships, and intervene rapidly when young people become unemployed.

Regular monitoring of the performance of up-skilling and anticipation policies should help identify areas for improvement and increase the responsiveness of education and training systems to current and emerging labour market needs, such as the low carbon and resource efficient economy. The ESF and other EU funds should be mobilised where appropriate by Member States to support these objectives. Policies stimulating labour demand could complement investments in human capital.

***Guideline 9: Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education***

In order to ensure access to quality education and training for all and to improve educational outcomes, Member States should invest efficiently in education and training systems notably to raise the skill level of the EU's workforce, allowing it to meet the rapidly changing needs of modern labour markets and society at large. In line with the lifelong learning principles, action should cover all sectors (from early childhood education and schools through to higher education, vocational education and training, as well as adult learning) taking also into account learning in informal and non-formal contexts. Reforms should aim to ensure the acquisition of the key competencies that every individual needs for success in a knowledge-based economy, notably in terms of employability in line with the priorities mentioned in guideline 4. International mobility for learners and teachers should be encouraged. Steps should also be taken to ensure learning mobility of young people and teachers becomes the norm. Member States should improve the openness and relevance of education and training systems, particularly by implementing national qualification frameworks enabling flexible learning pathways and by developing partnerships between the worlds of education/training and work. The teaching profession should be made more attractive and attention should be paid to initial education and continuous professional development of teachers. Higher education should become more open to non-traditional learners and participation in tertiary or equivalent education should be increased. With a view to reducing the number of young people not in employment, education, or training, Member States should take all necessary steps to prevent early school leaving.

*The EU headline target, on the basis of which Member States will set their national targets, taking into account their relative starting positions and national circumstances, will aim to reduce the drop out rates, and increase the share of the population having completed tertiary or equivalent education. The European Council will revert to this issue at this June 2010 meeting.*

### ***Guideline 10: Promoting social inclusion and combating poverty***

The extension of employment opportunities is an essential aspect of Member States' integrated strategies to prevent and reduce poverty and to promote full participation in society and economy. Appropriate use of the European Social Fund and other EU funds should be made to that end. Efforts should concentrate on ensuring equal opportunities, including through access for all to high quality, affordable, and sustainable services, in particular in the social field. Public services (including online services, in line with guideline 4) play an important role in this respect. Member States should put in place effective anti-discrimination measures. Empowering people and promoting labour market participation for those furthest away from the labour market while preventing in-work poverty will help fight social exclusion. This would require enhancing social protection systems, lifelong learning and comprehensive active inclusion policies to create opportunities at different stages of people's lives and shield them from the risk of exclusion, with special attention to women. Social protection systems, including pensions and access to healthcare, should be modernised and fully deployed to ensure adequate income support and services — thus providing social cohesion — whilst remaining financially sustainable and encouraging participation in society and in the labour market. Benefit systems should focus on ensuring income security during transitions and reducing poverty, in particular among groups most at risk from social exclusion, such as one-parent families, minorities including the Roma, people with disabilities, children and young people, elderly women and men, legal migrants, the homeless. Member States should also actively promote the social economy and social innovation in support of the most vulnerable. All measures should also aim at promoting gender equality.

*The EU headline target, on the basis of which Member States will set their national targets, taking into account their relative starting conditions and national circumstances, will aim at promoting social inclusion, in particular through the reduction of poverty. The European Council will revert to this issue at this June 2010 meeting.*