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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL DECISION on guidelines for the employment policies of the
Member States

COUNCIL DECISION (EU) 2023/...

of ...

on guidelines for the employment policies of the Member States

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 Parliament¹,

Having regard to the opinion of the European Economic and Social Committee²,

After consulting the Committee of the Regions,

Having regard to the opinion of the Employment Committee³,

¹ Opinion of ... (not yet published in the Official Journal).

² Opinion of ... (not yet published in the Official Journal).

³ Opinion of ... (not yet published in the Official Journal).

Whereas:

- (1) Member States and the Union are to work towards developing a coordinated strategy for employment and in particular for the promotion of a skilled, trained and adaptable workforce, as well as of labour markets that are future-oriented and responsive to economic change, with a view to achieving the objectives of full employment and social progress, balanced growth, a high level of protection and improvement of the quality of the environment laid down in Article 3 of the Treaty on European Union (TEU). Member States are to regard promoting employment as a matter of common concern and are to coordinate their action in that respect within the Council, taking into account national practices related to the responsibilities of management and labour.
- (2) The Union is to combat social exclusion and discrimination, and to promote social justice and protection, equality between women and men, solidarity between generations and the protection of the rights of the child as laid down in Article 3 TEU. In defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against poverty and social exclusion, a high level of education and training and protection of human health as laid down in Article 9 of the Treaty on the Functioning of the European Union (TFEU).

- (3) In accordance with the TFEU, the Union has developed and implemented policy coordination instruments for economic and employment policies. As part of those instruments, the guidelines for the employment policies of the Member States (the ‘Guidelines’) set out in the Annex to Council Decision (EU) 2022/2296¹, together with the broad guidelines for the economic policies of the Member States and of the Union set out in Council Recommendation (EU) 2015/1184², form the Integrated Guidelines. The Integrated Guidelines are to guide policy implementation in the Member States and in the Union, reflecting the interdependence between the Member States. The resulting set of coordinated Union and national policies and reforms are to constitute an appropriate overall sustainable economic, employment and social policy mix, which should achieve positive spill-over effects for labour markets and society at large, and effectively respond to medium- and longer-term challenges, as well as to the impacts of crises such as the COVID-19 pandemic and, more recently, Russia’s war of aggression against Ukraine and the rising cost of living.

¹ Council Decision (EU) 2022/2296 of 21 November 2022 on guidelines for the employment policies of the Member States (OJ L 304, 24.11.2022, p. 67).

² Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union (OJ L 192, 18.7.2015, p. 27).

- (4) In order to enhance economic and social progress, support the green and digital transitions, strengthen the Union industrial base and achieve inclusive, competitive and resilient labour markets in the Union, Member States should address labour and skills shortages and promote quality education, training, future-oriented vocational education and training, and lifelong upskilling and reskilling, as well as effective active labour market policies and improved career opportunities, by strengthening the links between the education system and the labour market and recognising skills, knowledge and competences acquired through non-formal and informal learning.

- (5) The Guidelines are consistent with the Stability and Growth Pact, existing Union legislation and various Union initiatives, including Council Recommendations of 14 June 2021¹, 29 November 2021², 5 April 2022³, 16 June 2022⁴, 28 November 2022⁵, 8 December 2022⁶ and 30 January 2023⁷, Commission Recommendation (EU) 2021/402⁸, Council Resolution of 26 February 2021⁹, Commission Communications on building an economy that works for people: an action plan for the social economy¹⁰,

¹ Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee (OJ L 223, 22.6.2021, p. 14).

² Council Recommendation of 29 November 2021 on blended learning approaches for high-quality and inclusive primary and secondary education (OJ C 504, 14.12.2021, p. 21).

³ Council Recommendation of 5 April 2022 on building bridges for effective European higher education cooperation (OJ C 160, 13.4.2022, p. 1).

⁴ Council Recommendation of 16 June 2022 on a European approach to micro-credentials for lifelong learning and employability (OJ C 243, 27.6.2022, p. 10), Council Recommendation of 16 June 2022 on individual learning accounts (OJ C 243, 27.6.2022, p. 26), Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (OJ C 243, 27.6.2022, p. 35) and Council Recommendation of 16 June 2022 on learning for the green transition and sustainable development (OJ C 243, 27.6.2022, p. 1).

⁵ Council Recommendation of 28 November 2022 on Pathways to School Success and replacing the Council Recommendation of 28 June 2011 on policies to reduce early school leaving (OJ C 469, 9.12.2022, p. 1).

⁶ Council Recommendation of 8 December 2022 on access to affordable high-quality long-term care (OJ C 476, 15.12.2022, p. 1) and Council Recommendation of 8 December 2022 on early childhood education and care: the Barcelona targets for 2030 (OJ C 484, 20.12.2022, p. 1).

⁷ Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion (OJ C 41, 3.2.2023, p. 1).

⁸ Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) (OJ L 80, 8.3.2021, p. 1).

⁹ Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) (OJ C 66, 26.2.2021, p. 1).

¹⁰ COM(2021) 778 final.

on the Digital Education Action Plan 2021-2027¹, on the Strategy for the Rights of Persons with Disabilities 2021-2030², on the Disability Employment Package³, on a European Care Strategy⁴, on A Green Deal Industrial Plan for the Net-Zero Age⁵, on strengthening social dialogue in the European Union⁶, on Better assessing the distributional impact of Member States' policies⁷, Decisions (EU) 2021/2316⁸ and (EU) 2023/936⁹ of the European Parliament and of the Council, Directives (EU) 2022/2041¹⁰, (EU) 2022/2381¹¹ and (EU) 2023/970¹² of the European Parliament and of the Council.

1 COM(2020) 624 final.

2 COM(2021) 101 final.

3 Disability Employment Package to improve labour market outcomes for persons with disabilities - Employment, Social Affairs & Inclusion - European Commission (europa.eu).

4 COM(2022) 440 final.

5 COM(2023) 62 final.

6 COM(2023) 38 and 40 final.

7 COM(2022) 494 final.

8 Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022) (OJ L 462, 28.12.2021, p. 1).

9 Decision (EU) 2023/936 of the European Parliament and of the Council of 10 May 2023 on a European Year of Skills (OJ L 125, 11.5.2023, p. 1)

10 Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

11 Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (OJ L 315, 7.12.2022, p. 44).

12 Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 132, 17.5.2023, p. 21).

- (6) The European Semester combines different instruments in an overarching framework for integrated multilateral coordination and surveillance of economic and employment policies within the Union. While pursuing environmental sustainability, productivity, fairness and macroeconomic stability, the European Semester integrates the principles of the European Pillar of Social Rights and of its monitoring tool, the Social Scoreboard, and provides for strong engagement with social partners, civil society and other stakeholders. It also supports the delivery of the Sustainable Development Goals. The economic and employment policies of the Union and the Member States should go hand in hand with the Union's fair transition to a climate-neutral, environmentally sustainable and digital economy, improve competitiveness, ensure adequate working conditions, foster innovation, promote social justice, equal opportunities and upward socio-economic convergence, and tackle inequalities and regional disparities.

- (7) Climate change and other environment-related challenges, the need to ensure a fair green transition, a further shift towards energy independence, the enhanced competitiveness of net-zero industries and the need to secure Europe's open strategic autonomy, as well as the development of digitalisation, artificial intelligence and the platform economy, an increase in teleworking and demographic change are deeply transforming Union economies and societies. The Union and its Member States are to work together to effectively and proactively address such structural developments and adapt existing systems as needed, recognising the close interdependence of the Member States' economies and labour markets, and related policies. This requires coordinated, ambitious and effective policy action at both Union and national levels while recognising the role of social partners, in accordance with the TFEU and with the Union's provisions on economic governance, taking into account the European Pillar of Social Rights. Such policy action should encompass a boost in sustainable investment, a renewed commitment to appropriately sequenced reforms that enhance sustainable and inclusive economic growth, the creation of quality jobs, productivity, adequate working conditions, social and territorial cohesion, upward socio-economic convergence, resilience and the exercise of fiscal responsibility.

As shown in the Council Recommendation of 16 June 2022 on learning for the green transition and sustainable development, integrating the education and training dimension systematically into other policies related to the green transition and sustainable development in a lifelong perspective can support the implementation of those policies. Support should be provided from existing Union funding programmes, and in particular the Recovery and Resilience Facility established by Regulation (EU) 2021/241 of the European Parliament and of the Council¹ and the cohesion policy funds, including the European Social Fund Plus established by Regulation (EU) 2021/1057 of the European Parliament and of the Council² and the European Regional Development Fund governed by Regulation (EU) 2021/1058 of the European Parliament and of the Council³, as well as the Just Transition Fund established by Regulation (EU) 2021/1056 of the European Parliament and of the Council⁴. Policy action should combine supply-side and demand-side measures, while taking into account the economic, environmental, employment and social impact of such measures.

¹ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

² Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).

³ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231 30.6.2021, p. 60).

⁴ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).

- (8) The European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission in November 2017¹, sets out twenty principles and rights to support well-functioning and fair labour markets and welfare systems, structured around three categories: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. Those principles and rights give strategic direction to the Union, ensuring that the transitions to climate-neutrality, environmental sustainability, digitalisation and the impact of demographic change are socially fair and just and preserve territorial cohesion. The European Pillar of Social Rights, with its accompanying Social Scoreboard, constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms and investments at national, regional and local levels and to reconcile the ‘social’ and the ‘market’ in today’s modern economy, including by promoting the social economy. On 4 March 2021, the Commission put forward an Action Plan for the implementation of the European Pillar of Social Rights (the ‘Action Plan’), including ambitious yet realistic Union headline targets on increasing employment, on skills and on poverty reduction and complementary sub-targets for 2030, as well as the revised Social Scoreboard.

¹ Interinstitutional Proclamation on the European Pillar of Social Rights (OJ C 428, 13.12.2017, p. 10).

- (9) As recognised by the Heads of State or Government at the 8 May 2021 Porto Social Summit, the implementation of the European Pillar of Social Rights will strengthen the Union's drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing demographic challenges. They stressed that the social dimension, social dialogue and the active involvement of social partners are at the core of a highly competitive social market economy and welcomed the new Union headline targets. They affirmed their determination, as established by the European Council's Strategic Agenda 2019-2024, to continue deepening the implementation of the European Pillar of Social Rights at Union and national levels, with due regard for respective competences and the principles of subsidiarity and proportionality. Lastly, they stressed the importance of closely following, including at the highest level, progress achieved towards the implementation of the European Pillar of Social Rights and the Union headline targets for 2030.

- (10) The Union headline targets for 2030 on employment (that at least 78 % of the population aged 20-64 should be in employment), skills (that at least 60 % of all adults should participate in training every year) and poverty reduction (that at least 15 million fewer people should be at risk of poverty or social exclusion, including five million children), welcomed by the Heads of State or Government at the Porto Social Summit on 8 May 2021 and by the June 2021 European Council, will help, together with the Social Scoreboard, in monitoring progress towards the implementation of the principles of the European Pillar of Social Rights as part of the policy coordination framework in the European Semester. In addition, the Porto Social Summit called on Member States to set ambitious national targets which, taking due account of the starting position of each country, should constitute an adequate contribution to the achievement of the Union headline targets for 2030. Between September 2021 and June 2022, at the invitation of the Commission, Member States submitted their national targets. At the June 2022 Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), Ministers stressed the importance of closely following the progress achieved towards the implementation of the European Pillar of Social Rights and the Union headline targets for 2030. Against that background, those national targets are now covered in the Joint Employment Report 2023, and will be further integrated in the monitoring tools for the European Semester. In addition, the EPSCO advisory bodies have finalised key messages to inform the debate regarding the Semester at the June 2023 EPSCO on a possible framework to strengthen the assessment and monitoring of risks to upward social convergence in the Union.

(11) Following the Russian invasion of Ukraine, the European Council, in its conclusions of 24 February 2022, condemned Russia's actions, which seek to undermine European and global security and stability, and expressed solidarity with the Ukrainian people, underlining Russia's violation of international law and the principles of the United Nations Charter. In the current context, temporary protection, as granted by Council Implementing Decision (EU) 2022/382¹, offers quick and effective assistance in Union countries to displaced people fleeing Russia's war of aggression against Ukraine and allows such displaced people to enjoy minimum rights across the Union that offer an adequate level of protection. By participating in the Union's labour markets, persons displaced from Ukraine can contribute to strengthening the Union's economy and help support their country and people at home. In the future, the experience and skills acquired can contribute to rebuilding Ukraine. For unaccompanied children and teenagers, temporary protection confers the right to legal guardianship and access to childhood education and care. Member States should involve social partners in the design, implementation and evaluation of policy measures that aim to address the employment and skills challenges, including the recognition of qualifications, stemming from Russia's war of aggression against Ukraine. Social partners play a key role in mitigating the impact of that war in terms of preserving employment and production.

¹ Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ L 71, 4.3.2022, p. 1).

- (12) Reforms to the labour market, including national wage-setting mechanisms, should respect national practices of social dialogue and autonomy of the social partners, with a view to providing fair wages that enable a decent standard of living, sustainable growth and upward socio-economic convergence. Such reforms should allow for a broad consideration of socio-economic factors, including improvements in sustainability, competitiveness, innovation, the creation of quality jobs, working conditions, in-work poverty, education, training and skills, public health, social protection and inclusion, as well as real incomes. In that regard, the Recovery and Resilience Facility and other Union funds are supporting Member States in implementing reforms and investments that are in line with the Union's priorities, making Union economies and societies more sustainable and resilient and better prepared for the green and digital transitions in the changing context following the COVID-19 pandemic. Russia's war of aggression against Ukraine has further aggravated pre-existing socio-economic challenges. Member States and the Union should continue to ensure that the social, employment and economic impacts are mitigated and that transitions are socially fair and just, also in light of the fact that increased open strategic autonomy and an accelerated green transition will help reduce the dependence on imports of energy and other strategic products and technologies, in particular from Russia. Strengthening resilience and pursuing an inclusive and resilient society in which people are protected and empowered to anticipate and manage change, and in which they can actively participate in society and the economy, are essential.

A coherent set of active labour market policies, consisting of temporary and targeted hiring and transition incentives, skills policies including learning for the green transition and sustainable development and targeted, effective and adaptable employment services, is needed to support labour market transitions, in particular in light of the green and digital transformations, as highlighted *inter alia* in Commission Recommendation (EU) 2021/402 and in the Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality. Decent working conditions, including occupational health and safety, and both the physical and mental health of workers should be ensured.

- (13) Discrimination in all its forms should be tackled, gender equality ensured and employment of young people supported. Equal access and opportunities for all should be ensured and poverty and social exclusion, in particular that of children, persons with disabilities and the Roma people, should be reduced, in particular by ensuring an effective functioning of labour markets and adequate and inclusive social protection systems, as set out in the Council Recommendation of 8 November 2019 and the Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion¹, and by removing barriers to inclusive and future-oriented education, training, lifelong learning and labour-market participation, including through investments in early childhood education and care, in line with the European Child Guarantee and the Council Recommendation on early childhood education and care (the ‘Barcelona targets for 2030’), and investments in digital and green skills, in line with the Digital Education Action Plan, the Council Recommendation on learning for the green transition and sustainable development and the Council Recommendation on Pathways for School Success. Timely and equal access to affordable high-quality long-term care, in line with the Council Recommendation on access to affordable high-quality long-term care, and healthcare services, including prevention and healthcare promotion, are particularly relevant, in particular in light of potential future health risks and in a context of ageing societies.

¹ Council Recommendation of 30 January 2023 on adequate minimum income ensuring active inclusion (OJ C 41, 3.2.2023, p. 1).

The potential of persons with disabilities to contribute to economic growth and social development should be further realised, in line with the Strategy for the Rights of Persons with Disabilities¹ which invited Member States to set up employment and adult learning targets for persons with disabilities. New technologies and evolving workplaces throughout the Union allow for more flexible work organisation as well as improved productivity and work-life balance, whilst contributing to the Union's green commitments. Those developments also bring new challenges to labour markets, affecting the working conditions, health and safety at work and access to social protection of workers. Member States should ensure that new forms of work organisation translate into quality jobs and healthy workplaces, maintaining established labour and social rights and strengthening Europe's social model.

¹ COM(2021) 101 final.

- (14) The Integrated Guidelines should serve as a basis for country-specific recommendations that the Council may address to Member States. Member States are to make full use of their REACT-EU resources established by Regulation (EU) 2020/2221 of the European Parliament and of the Council¹, which reinforces the 2014-2020 cohesion policy funds and the Fund for European Aid to the Most Deprived (FEAD) until 2023. Due to the current Ukrainian crisis, Regulation (EU) 2020/2221 has been further complemented by Regulation (EU) 2022/562 of the European Parliament and of the Council², as well as by a further amendment to Regulation (EU) 2021/1060 of the European Parliament and of the Council³ concerning increased pre-financing for REACT-EU, and by a new unit cost in order to help accelerate the integration of people leaving Ukraine and entering the Union as provided for in Regulation (EU) 2022/613 of the European Parliament and of the Council⁴.

¹ Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30).

² Regulation (EU) 2022/562 of the European Parliament and of the Council of 6 April 2022 amending regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards Cohesion's Action for Refugees in Europe (CARE) (OJ L 109, 8.4.2022, p. 1).

³ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159).

⁴ Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost (OJ L 115, 13.4.2022, p. 38).

In addition, for the 2021-2027 programming period, Member States should make full use of the European Social Fund Plus, the European Regional Development Fund, the Recovery and Resilience Facility and other Union funds, including the Just Transition Fund as well as InvestEU established by Regulation (EU) 2021/523 of the European Parliament and of the Council¹, to foster quality employment and social investments, to fight poverty and social exclusion, to combat discrimination, to ensure accessibility and inclusion, and to promote upskilling and reskilling opportunities of the workforce, lifelong learning and high-quality education and training for all, including digital literacy and skills in order to empower citizens with the knowledge and qualifications required for a digital and green economy. Member States are also to make full use of the European Globalisation Adjustment Fund for Displaced Workers established by Regulation (EU) 2021/691 of the European Parliament and of the Council² to support workers made redundant as a result of major restructuring events, such as the COVID-19 pandemic, socio-economic transformations that are the result of global trends, and technological and environmental changes. While the Integrated Guidelines are addressed to Member States and the Union, they should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as the social partners and representatives of civil society.

¹ Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30).

² Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013 (OJ L 153, 3.5.2021, p. 48).

- (15) The Employment Committee and the Social Protection Committee are to monitor how the relevant policies are implemented in light of the Guidelines, in line with their respective Treaty-based mandates. Those committees and other Council preparatory bodies involved in the coordination of economic and social policies are to work closely together. Policy dialogue between the European Parliament, the Council and the Commission should be maintained, in particular as regards the Guidelines of the Member States.
- (16) The Social Protection Committee was consulted,

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for the employment policies of the Member States, as set out in the Annex to Decision (EU) 2022/2296, are maintained for 2023 and shall be taken into account by the Member States in their employment policies and reform programmes.

Article 2

This Decision is addressed to the Member States.

Done at ...,

For the Council

The President
