Council of the European Union

Brussels, 2 October 2026
(OR. en)

13806/26

SOC 633
EMPL 367
ECOFIN 1243
EDUC 393

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Key employment challenges: key messages from the Employment Committee based on the Annual Employment Performance Report and the Employment Performance Monitor - *Endorsement*

Delegations will find attached the Key Messages from the Employment Committee (EMCO) based on the 2026 Annual Employment Performance Report (AEPR) and the 2026 Employment Performance Monitor (EPM), as finalised by the Employment Committee on 25 September 2026, with a view to their endorsement by the Council (EPSCO) at its session on 19 October 2026.

The full AEPR can be found in doc. 13806/26 ADD 1.

The EPM can be found in doc. 13806/26 ADD 2.

ANNEX

Key Messages from the Employment Committee based on the 2026 Annual Employment Performance Report and the Employment Performance Monitor

25 September 2026

1. In line with its mandate under Article 150 TFEU, the Employment Committee (EMCO) has produced its annual review of the employment situation in the EU for the Council. This review builds on the 2026 Employment Performance Monitor (EPM[1]), which monitors progress towards the 2030 EU headline and national targets on employment and adult learning and identifies key employment challenges and good labour market outcomes across the EU and in each Member State.

2. The main findings of this year's EPM, agreed by the EMCO Indicators Group in May 2026, are summarised in the 2026 Annual Employment Performance Report (AEPR). They complement the conclusions of EMCO's multilateral surveillance activities, including the 2026 EMCO-SPC Social Convergence Reviews carried out in the framework of the Social Convergence Framework (SCF) in the European Semester[2].

---

1 The EPM builds on the findings of the Joint Assessment Framework (JAF). The JAF is an indicator-based assessment tool developed jointly by the EMCO, the Social Protection Committee (SPC) and the European Commission, covering general and specific policy areas under the Employment Guidelines, and aiming to identify key challenges and good labour market outcomes in these areas and support Member States in establishing their priorities.

2 See the 2026 Joint Employment Report (JER) for the SCF first-stage analysis and the Commission's Staff Working Document of 21 April 2026 for the SCF second-stage analysis. The SCF country reviews were conducted by EMCO and SPC on 19-20 May 2026.

3. A key novelty of the 2026 EPM is the inclusion of the updated Job Quality Monitoring Framework. This was developed by the EMCO Indicators Group in response to the mandate in the EMCO Opinion on the dimensions of job quality presented to the EPSCO Council on 19 June 2025. The framework provides a comprehensive and dynamic set of well-established indicators covering the different dimensions of job quality identified in the EMCO Opinion. It constitutes an important step towards a more comprehensive monitoring of labour market outcomes in the Union, by better factoring in considerations related to the quality of employment, also accounting for the impact of most recent technological developments and changes in the world of work.

4. The EU labour market remained resilient in 2025. Supported by real GDP growth of 1.5%, the number of employed people aged 20-64 reached 197.8 million in 2025, corresponding to an employment rate of 76.1%. This is the highest level recorded since the beginning of the time series, bringing the Union closer to its 2030 headline target of 78%.

5. Labour market performance remained broadly positive across the Union, with most Member States recording further increases in their employment rates in 2025. Over the longer term, all Member States recorded improvements in their employment rates over the 2020-2025 period, although the magnitude of these gains differed substantially across the Union.

6. Labour market outcomes differ across age groups. While the employment rate of people aged 30-54 increased further and the rate for older workers (55-64) continued its long-term upward trend, the employment rate for young people aged 20-29 declined marginally in 2025, underlining the need for continued efforts to support labour market entry and transitions. Since 2020, the employment rate of older workers has increased by 7.4 pps (or by 23.2 pps since 2009), outpacing employment growth among younger and prime-age workers. Nevertheless, older people are still more likely than other age groups to be outside of the labour force, calling for continued policy efforts to extend working lives, also in light of demographic developments. Gender disparities also persist: in 2025, the EU gender employment gap stood at 9.6 pps, despite having narrowed by 0.4 pps compared with 2024.

7. Labour force participation reached a new record high of 80.8% in 2025 in the EU (for the age group 20-64), yet persistent disparities, particularly between women and men (a 9.8 pps gap), underscore the continued need for sustained policy action to address barriers to women's participation in the labour market.

8. Overall unemployment increased slightly in the EU to 6.0% in 2025, from 5.9% in 2024, and youth unemployment (15-29) ticked up to 11.7% (+0.3 pps y-o-y). Long-term unemployment remained unchanged at 1.9% of the active population. The NEET rate for people aged 15-29 declined marginally to 11.0% in 2025. However, the rate remains well above the European Pillar of Social Rights Action Plan target of 9% by 2030, underlining the importance of continued efforts to improve employment prospects for young people.

9. The EMCO's updated Job Quality Monitoring Framework shows that important disparities persist in the Union across the various job quality dimensions.

10. In terms of adequate earnings and fair wages, the in-work at-risk-of-poverty rate varies substantially across the EU, ranging from 3.1% in Finland to 11.8% in Bulgaria in 2025, with in-work poverty affecting 8.3% of EU workers overall. Single-worker households are generally more exposed to in-work poverty, underlining the role of household composition and in particular the benefits of multiple income sources and of sharing household expenses.

11. Job and career security also varies markedly across Member States. Involuntary temporary and part-time employment point to persistent labour market segmentation in several countries. In 2025, 49.9% of temporary employees aged 15-64 in the EU were in temporary contracts on an involuntary basis (up from 49.6% in 2024), with the share of involuntary temporary employment ranging from 13.9% in the Netherlands to 94.4% in Cyprus. Moreover, 17.8% of part-time employees aged 15-64 in the EU worked part-time on an involuntary basis in 2025 (down from 18.3 % in 2024), with the corresponding shares ranging from 2.2% in the Netherlands to 62.3% in Romania. Women are overrepresented among workers with temporary contracts on an involuntary basis. Active labour market policies and effective employment services that promote transitions into higher quality jobs, incentives for employers to hire on a full-time permanent basis, and adequate access to social protection and learning opportunities can help reduce labour market segmentation and enhance overall job quality.

12. There is substantial variation across Member States in the prevalence of long working hours and atypical working times, also partly related to differences in sectoral specialisation. Furthermore, gender employment and pay gaps, as well as differences in employment outcomes between people born in the country and those born outside the EU, continue to underline the importance of policies promoting equal opportunities and inclusive labour markets. Safety and health at work is a critical dimension too. There were 3,298 fatal accidents at work in the EU in 2023 (1.63 fatal accidents per 100,000 employed people in 2023), with an increase of 12 deaths compared with the year before[3]. Continued efforts to reduce the number of fatal workplace accidents remain essential.

13. Promoting quality jobs is essential in order to support productivity growth, labour market participation, social cohesion and upward social convergence. Overall, the findings from the updated Job Quality Monitoring Framework underline the importance of targeted and sustained policy action to address persistent job quality challenges and promote more inclusive labour markets across the Union.

14. Looking ahead, economic and employment growth are expected to moderate over the coming years. According to the European Commission's Spring 2026 European Economic Forecast, EU real GDP growth is projected to slow from 1.5% in 2025 to 1.1% in 2026, before picking up to 1.4% in 2027. Employment growth is expected to slow from 0.5% to 0.3% in 2026, settling at 0.4% in 2027. Despite the impact of the recent energy-price shock linked to the conflict in the Middle East, the EU unemployment rate is projected to remain broadly stable, at around 6%, throughout the forecast horizon.

[3] The cut-off date for these data is 30 April 2026. According to a Eurostat update published on 21 August 2026, there were 3,322 fatal accidents at work in 2023, 36 more than in 2022.

15. With regard to the monitoring of the EU headline targets, the Union remains broadly on track to achieve its 2030 employment target, with the employment rate (20-64) reaching 76.1% in 2025 - just 1.9 pps below the EU headline target of 78%. However, progress towards the 2030 skills target remains insufficient and poses significant risks for the future, particularly in light of labour and skills shortages, demographic change and subdued productivity growth. The share of adults participating in learning over the previous 12 months rose only modestly, by 2.9 pps, between 2016 and 2022 (based on AES data including guided-on-the-job training), from 43.7% to 46.6%. This leaves the EU 13.4 pps below its 2030 headline target of 60%. Continued efforts to strengthen human capital, notably through increased participation in lifelong learning and a better alignment between education and labour market needs, will be essential to support labour market adaptation, competitiveness and resilience.

16. Based on 2025 data, seven Member States have already exceeded their national 2030 employment targets (Slovakia, Ireland, the Netherlands, Estonia, Cyprus, Czechia and Poland), while 16 Member States record employment rates above the EU headline target of 78%. While the majority of Member States would require lower average annual employment growth than observed in the pre-crisis period (2013-2019) to achieve their 2030 national targets (reflecting, inter alia, projected demographic developments), a number of Member States continue to face a more demanding trajectory towards their targets.

17. To understand the trajectory towards the 2030 employment targets, it remains essential to examine outcomes across different population groups. The analysis points to considerable untapped labour market potential among the low-skilled (women and men) for a significant number of Member States, at the same time as Member States need to increase overall skills levels. There is also ample scope for improvement in relation to the employment rates of older workers (55-64), young people (20-29) and non-EU nationals (20-64) in a number of Member States. Increasing labour market participation among underrepresented groups represents both a social objective, and an economic imperative, given the projected decline of the working-age population in many Member States over the coming decades.

18. The 2026 EPM points to a number of persistent employment challenges across the Union, requiring continued monitoring and policy attention. Labour market participation remains the most widespread challenge, particularly for young people, non-EU nationals and people with a migrant background, older workers and the low-skilled. At the same time, skills supply and lifelong learning have become increasingly prominent concerns, reflecting persistent skills mismatches, labour and skills shortages and weaknesses in skills forecasting systems. In addition, challenges related to education and training systems remain significant, notably with regard to educational inequalities linked to socio-economic and migrant background, the incidence of early leaving from education and training and the attainment of basic skills.

19. Several Member States continue to face challenges related to the adequacy and employment orientation of their social protection systems, including in-work poverty, disincentives to labour market participation and the adequacy of unemployment benefits. Labour market segmentation, the effectiveness of Active Labour Market Policies and the functioning of Public Employment Services remain important concerns, alongside persistent gender employment and pay gaps. Furthermore, the increased prevalence of challenges related to work-life balance and wage-setting mechanisms, including access to affordable, high-quality care services, collective bargaining coverage and social dialogue, underlines the importance of continued efforts to foster inclusive and well-functioning labour markets across the Union.

20. The analysis also identifies common EU "positive recent trends" and "negative trends to watch" in the field of employment. In particular, the EPM highlights a number of positive developments for the 2024-25 period. These include notably a substantial increase in the employment rate of older workers (55-64) in 14 Member States, as well as increases in total employment and declines in the gender pay gap, each observed in 11 Member States. Looking at developments over the 2022-25 period, positive trends include, among others, an increase in the employment rate of older workers aged 55-64 in 23 Member States as well as increases in lifelong learning[4] in 18 Member States and educational attainment in 16 Member States. At the same time, the EPM identifies a number of negative trends, most notably a deterioration (i.e. an increase) in nominal unit labour costs[5], observed in 20 Member States in the most recent period, and across all Member States over the last three years. Additional trends to watch include a deterioration in the share of the newly employed over the 2022-25 period.

---

[4] The 'Lifelong learning' indicator is the percentage of adult population (aged 25-64) participating in education and training (EU LFS, reference period; last 4-weeks, Eurostat code: trng_lfse_01).

[5] The indicator "nominal unit labour cost" was introduced in the JAF in an economic context where the main concern was the decline in the EU's and Member States' cost competitiveness. In recent years, other factors have also been taken into consideration, such as the role and impact of adequate wages on job satisfaction, skills development, productivity and economic growth.

21. EMCO's recent multilateral surveillance activities show that Member States are taking a broad range of measures in response to common structural challenges identified in the EPM. These include, *inter alia*, reforms in the fields of active labour market policies, public employment services, education and training, labour taxation, social dialogue. Nevertheless, many measures remain at an early stage of implementation and will require sustained monitoring and evaluation to fully assess their effectiveness, determine whether they are reaching their intended beneficiaries, and support evidence-based policy adjustments. Against this background, mutual learning at EU level and EU funding instruments can play an important complementary role in supporting policy intervention design, facilitating implementation and improving long-term labour market outcomes across all policy areas.

22. Member States are strengthening active labour market policies, including through improved job-search support, career guidance and more integrated service delivery, notably via restructured public employment services and one-stop-shop approaches. Enhanced cooperation between employers and training providers, supported by robust skills intelligence, is a key condition for ensuring that skills development responds to both current shortages and future labour market demands. Continued efforts are needed to facilitate labour market transitions, address labour and skills shortages and increase the participation of groups currently underrepresented in the labour market.

23. Member States are taking measures to improve access to early childhood education and care, long-term care and lifelong learning opportunities, recognising their importance for labour market participation, particularly for women, educational outcomes, future skills development and social inclusion. Nevertheless, gaps persist in some Member States in the availability, accessibility and uptake of these services, particularly for disadvantaged groups. Population ageing and increasing care needs will require continued efforts in the years ahead, taking into account the national situation.

24. Member States are also pursuing measures to modernise their education and training systems, including vocational education and training, to improve STEM participation and address teacher shortages, which are all identified as areas requiring stronger policy attention. Further progress is needed to tackle labour market segmentation and ensure that labour taxation supports inclusive labour market outcomes. Continued efforts will be required to ensure that education and training systems, labour market institutions and tax frameworks are better equipped to respond to evolving labour market needs and technological change.

25. Well-functioning social dialogue and collective bargaining systems remain essential for effective labour market governance. The meaningful and timely involvement of social partners also contributes to improving the quality, legitimacy and effectiveness of reforms, while helping to ensure that policies respond to the needs of workers and employers. Continued efforts to strengthen social dialogue and collective bargaining will therefore remain important across the Union.

26. The 2026 European Semester cycle confirmed the strong integration of economic, employment, skills and social policies, with human capital and social cohesion recognised as important horizontal enablers of productivity growth and sustainable economic development. The introduction of the first-ever Human Capital Recommendation, proposed by the European Commission in November 2025, established a renewed policy framework for strengthening human capital development in the Union, with a particular emphasis on addressing labour and skills shortages, reinforcing foundational skills, expanding vocational education and training, and supporting labour market transitions.

27. The increased attention devoted to job quality throughout the 2026 cycle, including through the integration of the updated Job Quality Monitoring Framework into the Employment Performance Monitor and dedicated analysis in the Joint Employment Report, Country Reports, relevant Country-Specific Recommendations and the AEPR, reflects a growing recognition that quality jobs are essential to labour market participation, productivity, competitiveness and upward social convergence.

28. Future Semester cycles should continue to devote strong attention to the links between labour market performance, quality employment, skills, and social policies and the Union's competitiveness within the frame of its social market economy. The Commission Communication on the European Pillar of Social Rights, adopted on 22 July 2026, will further inform discussions on future employment and social policy priorities at EU level.