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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Draft Council conclusions on Young people and the future of work
- *Presentation of a Presidency background paper and first discussion*

In view of the Youth Working Party (YWP) meeting on 10 January 2019, delegations will find attached a Presidency background paper outlining the main features and issues to be covered by the above-mentioned draft Council conclusions.

The actual text of the draft Council conclusions will be prepared in light of the YWP discussion on 10 January 2019 and presented for discussion at the following YWP meeting on 13 February 2018.

Adapting to the future of work – a youth perspective

Trends affecting the nature of work

Nowadays, paid work is still influenced by the existence of **the full-time contract**, typically a five-day per week, open-ended contract involving a direct relationship between employer and employee¹. In the EU it continues to be the most widespread, at around 60% of all types of contracts in 2016². The rest consist in non-standard employment contracts, currently on a growing trend, especially among the young, in particular those who work on digital platforms³. To a certain extent, the full-time contract epitomized people's expectations with regard to what a job is, how to get one, selecting career paths and generally planning for life.

However, in recent times the aforementioned **expectations have started to be challenged** by the advent of globalization, demographic changes, technological advance, climate change, to name what are probably the most widely cited factors in this regard. The rise of non-standard employment can equally be regarded as a symptom of these new challenges.

In detail, **globalization** refers to the internationalization of production, finance, trade and migration, with important effects on accumulation of capital and distribution of wealth both between and within countries and the EU Member States are no exception⁴. Inequality as a side-effect of globalization can generate social exclusion with a wide range of well-documented consequences. For the purposes of this paper, one will limit itself to mentioning the effects on those who are about to start their professional lives and who are in need of access to quality educational and health services.

¹ Non-standard employment contracts on the other hand cover temporary, part-time and on-call, multi-party and dependent self-employment. ILO (2016), Non-standard employment around the world: Understanding challenges, shaping prospects.

² European Commission Staff Working document, SWD (2017) 381 final. Analytical Document accompanying the Consultation Document on the Second Phase Consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges of access to social protection for people in all forms of employment in the framework of the European Pillar of Social Rights.

³ Eurofound (2018), Non-standard forms of employment: Recent trends and future prospects, Eurofound, Dublin, p. 8.

⁴ ILO (2017) Inception Report for the Global Commission on the Future of Work, pp. 8-10.

EU's demography story points to a population growing older and staying longer in employment, all the while putting pressure on healthcare and pension budgets. Higher productivity of young people entering employment is an important factor that can help alleviate the budgetary risks. At the same time, new opportunities can rise in the care sector. This builds a case for intergenerational solidarity and cooperation (between young and old) more than ever before.

High productivity levels in particular can be enabled by **advances in technology**. Namely, automation and artificial intelligence are set to replace humans on factory floors, while opening up more job opportunities in the services sector. Such opportunities are expected though to require a set of sophisticated competences supported by appropriate educational attainment. Additionally, automation and artificial intelligence can dramatically increase existing inequality in the workplace and facilitate massive discrimination⁵. In this context, the extent to which those substituted or those about to enter the labour market can make the most out of such opportunities, will certainly test policy-makers. To add to the challenge, the unprecedented rapid pace of technological advancement will require equally fast adaptation tactics in order to avoid disturbances in the labour market⁶.

Depending on the level of international commitment on tackling **climate change**, the integration of a sustainable development model into production and design processes of a future green economy will similarly affect the nature of work. On a positive note, with the right climate adaptation expenditures, in the EU almost 500,000 new jobs can be created by 2050 (approx. 0.2% of the working population), while 136,000 should be saved⁷. Yet, there will be a need to attract young people into engineering, utility and R&D sectors either in order to fill the newly created jobs or to cover the employment deficits generated by retirement.

⁵ European Political Strategy Centre (2018), The Age of Artificial Intelligence: Towards a European Strategy for Human-Centric Machine.

⁶ Pupillo, L., Noam, E., Waverman, L. (2018), The Internet and Jobs: Opportunities and ambiguous trends, Centre for European Policy Studies, Brussels, Belgium.

⁷ Triple E Consulting (2014), Assessing the Implications of Climate Change Adaptation on Employment in the EU, Report to the European Commission, DG Climate Action, p. 43.

Future generation(s) of EU's youth – profiling the beneficiaries of today's policy-making

Those born from the second half of the 1990's until roughly mid-2000's belong to **generation Z**. They come next after **millennials**, with whom they share certain traits mainly referring to digital savviness and the likelihood to “resist the traditional workplace hierarchies structured on the basis of age or experience”⁸. However, members of generation Z have been characterized as more future oriented, economically conservative, all the while entrepreneurially minded and more prone to commit to social activism⁹. Their attitudes and behaviour are shaped by swift digital transformation, the global financial crisis of 2008 and the recovery that followed, the rising threat of terrorism and global warming, to name a few signposts of recent years. Next is **generation alpha** who is born in the 2010's and is expected to be digitally native and to take jobs that have not been invented yet.

Of course, such a profiling exercise has its limitations in light of the Member States' diverse societies and the fact that more observations are needed, after all, the oldest members of “the Z's” are in their very early 20's at the moment.

Which inheritance for tomorrow's youth?

At the same time, looking at the trends affecting the employment environment young people are about to step into, can offer useful pointers regarding the type of action policy-makers need to take on medium-to-long-term. Overall, the job situation in the EU is improving, as the employment rate has reached 72.2% in 2017, compared to 68.4% in 2012¹⁰. Despite this positive statistic, young Europeans continue to face risks of unemployment and social exclusion. Namely, in 2017 those aged 20 to 24 are 2.8 percentage points below 2008's employment level of 54.9 %, despite steady growth since 2014. Still, the NEETs rate (young person aged 15-29), albeit going down, stood at a considerable 13.4% in 2017¹¹.

⁸ European Political Strategy Centre (2018), Global Trends to 2030: The Future of Work and Workplaces: p. 8

⁹ Barclays Investment Bank (2018), Generation Z: Step aside Millennials, available at: <https://bit.ly/2S2IdaM>

¹⁰ Eurostat (2018), Sustainable Development in the European Union, Monitoring report on progress towards the SDG's in an EU context, pp. 154-155. It is important to note that the reasons for this state of affairs partly lies in “older workers delaying their retirement and women increasing their participation in the labour force”.

¹¹ Ibid. 10, pp. 161-162

A warning sign comes from an average annual growth rate of 1.8% of in-work poverty since 2012, reaching a rate of 9.6% in 2017 for the general employed population¹². This is particularly troublesome given the link between non-standard forms of employment (where young people are most involved) and EU's apparent growing risk of in-work poverty¹³. The fact that for the time being at least, social protection policies focus more on standard rather than non-standard employment does not look encouraging either¹⁴.

Objectives of the Presidency

The Presidency aims to adopt a set of Council Conclusions on the employment challenges and opportunities that future generations of young Europeans, roughly 15 years from now, will face. The Conclusions can also contribute to identifying pathways that can enable the EU to make swifter progress towards Sustainable Development Goal no. 8, 'Decent work and economic growth', as well as attempt to outline youth relevant targets in a future 'Europa 2030 strategy' for growth and jobs.

Furthermore, by proposing this topic, the Presidency wishes to contribute to the Youth Working Party's better understanding of the tendencies affecting EU's socio-economic landscape, that future generations of young people will integrate in.

In this context, we invite the Member States and the European Commission to provide answers to the questions below:

1. How can Member State cooperation be enhanced in order to more effectively deal with the changing nature of work and thus facilitate the entry into the labour market of young Europeans?
2. How should youth work be redesigned, if at all, in order to remain an effective and relevant instrument with regard to helping young people with fewer opportunities transition into employment 15 years from now?
3. By what means can EU's Youth policy help avoid the race to the bottom with regard to EU businesses improving their economic competitiveness via non-standard employment?
4. Which measures can be taken in order to better equip and prepare EU's youth policy for the changes that will be brought by the changing nature of work?

¹² Ibid 10, p. 43.

¹³ Eurofound (2017), In-work poverty in the EU, Publications Office of the European Union, Luxembourg, pp. 17 26.

¹⁴ Ibid 8, p. 3