



**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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**from:** The Employment Committee  
**to:** Permanent Representatives Committee (Part I) / Council (EPSCO)

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**Subject:** **The 2009 Cambridge Review of the National Reform Programmes**  
**- Policy Conclusions**

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Delegations will find attached the policy conclusions drawn by the Employment Committee from the 2009 Cambridge Review.



# The Employment Committee

## The 2009 Cambridge Review of the National Reform Programmes

### POLICY CONCLUSIONS

The 2009 Cambridge Review<sup>1</sup> has shown that the crisis has hit Member States differently and has accentuated regional imbalances, making the achievement of social and territorial cohesion a bigger challenge. The urgency of effective implementation of similar measures indicates more scope for mutual learning. Monitoring and evaluation of measures is recognized as a prerequisite for shaping efficient policies in the future.

The crisis has accentuated many structural problems (e.g. long-term unemployment, skills mismatches and labour market exclusion of particular groups). Current macroeconomic imbalances may pose fiscal constraints at a time when employment policy action is still needed to confront short and long term challenges. In this context, the cost-effectiveness of measures and the increased targeting of policy choices take on particular significance.

Bearing in mind that employment policy alone will not be able to reverse the decrease in labour demand, and therefore appropriate macro and micro policies are also needed to prevent more jobs being lost and to ensure that job creation is restored, this year's Cambridge Review has confirmed that the following issues require the highest attention:

- **Preventing unemployment from increasing further and becoming structural** should be the key priority until the employment outlook improves. Temporary short time working arrangements, especially when combined with training, remain useful until unemployment starts falling – but only in sustainable firms/sectors and with regular revisions as regards eligibility criteria.

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<sup>1</sup> See: Report on the 2009 Cambridge Review of the National Reform Programmes.

- **Supporting job transitions and improving matching**, through reinforced Public Employment Services (PES) and improved quality of service is required. PES should provide effectively targeted measures along with individualised approaches and pre-redundancy services but also more access to opportunities to improve skills and qualifications and intensified job search activities when needed.
- **Reinforcing measures for young people and for those most affected by the crisis** is needed and should occur through targeted education and training, in-work benefits, targeted reductions of non wage labour costs and other subsidies. The process of job-seeking and income support should be better coordinated.
- **Social dialogue has proven key** in shaping policy responses under the crisis, and will be equally necessary for exit strategies. Government action and social dialogue should be stepped up to ensure *inter alia* that employment legislation and contractual arrangements provide adequate rights and obligations for employees and employers in all types of contracts.
- **Enhancing flexicurity, covering both flexibility and security**, is necessary to address the crisis and underpin recovery. The security aspects of flexicurity are particularly important for both labour market insiders and outsiders until the employment outlook improves. For the most vulnerable, income support and adequate social protection should be in place. Automatic stabilizers have proved an important tool in maintaining household purchasing power and aggregate demand.
- **Improving the relevance of skills upgrading** (eg. through training and apprenticeships,..) for labour markets is crucial. Further investments in upgrading skills and qualifications are a prerequisite for sustainable long-term economic development, especially for the employability of workers and productivity.

- **Labour market participation and in particular female employment** should continue to receive attention. Member States are largely avoiding and should continue to avoid the mistakes from the past of prematurely pushing people out of the labour market (early retirement, excessive use of disability schemes, etc.).

Policy action taken by Member States and the EU in the face of the current crisis has contributed to stabilise economies and has reduced the adverse impact of the crisis on employment. Although the EU economy is set to emerge from the recession, unemployment is still forecast to rise in 2010. The timing of the phasing out of crisis measures should be right ensuring that the long term challenges are met.

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