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Subject:	The Annual Growth Survey and the Joint Employment Report in the context of the European Semester Priorities for action in the areas of employment and social policies: political guidance in 2012 - Draft Council Conclusions

Delegations will find attached a set of draft Council Conclusions, as prepared by the Employment Committee with input from the Social Protection Committee and the Education Committee, and discussed by the Working Party on Social Questions at its meeting on 3 February 2012.

The Permanent Representatives Committee (Part I) considered these draft conclusions on 9 February 2012, agreeing to incorporate a minor technical change.

The Permanent Representatives Committee invites the EPSCO Council to adopt these draft Council Conclusions at its session on 17 February 2012.

**The Annual Growth Survey and the Joint Employment Report
in the context of the European Semester**

Priorities for action in the areas of employment and social policies: political guidance in 2012

Draft Council conclusions

The Council of the European Union:

RECALLING that Article 148(1) of the Treaty on the Functioning of the European Union provides for the European Council to consider each year the employment situation in the Union and to adopt conclusions thereon, on the basis of a joint annual report by the Council and the Commission,

RECALLING that the Members of the European Council have called upon Member States to set out, within their National Reform Programmes, concrete measures to keep people in work and create jobs (“National Job Plans”); and that implementation will be subject to enhanced monitoring in the framework of the Europe 2020 Semester¹,

RECALLING the European Council’s call for the new economic governance arrangements to be supplemented by improved monitoring of employment and social policies, particularly those which can have an impact on macroeconomic stability and economic growth, and UNDERLINING that employment and social protection policies play an essential role in the enhancement of growth²,

REITERATING its full readiness to put the Council’s expertise on employment, social and labour market policies at the service of the European Council to actively contribute to the successful implementation of the Europe 2020 strategy and its key new features of enhanced economic governance,

¹ Statement of the Members of the European Council, 30 January 2012

² EUCO 139/1/11 REV 1 (Conclusions of 9 December 2011)

TAKING INTO ACCOUNT the concerns expressed, at a recent meeting with the Employment Committee, by social partners, whose role is essential in implementing labour market reforms,

THEREFORE:

1. STRESSES that the situation in Europe's labour markets is of major concern to our citizens with more than 23 million people unemployed, and more than 115 million people at risk of poverty or social exclusion, almost a quarter of the EU population, and UNDERLINES that the difficult situation for young people risks creating lasting damage to the labour market, with more than 5 million young people unemployed³;
2. EMPHASISES the importance of a return to economic growth, STRESSES that a stable macro-economic and employment-friendly business environment, is essential to create economic growth with more and better jobs, including good working conditions and competitiveness in high-productivity sectors, and CALLS UPON other relevant Council configurations to work towards this aim;
3. WELCOMES the increased focus placed by the Annual Growth Survey and the Joint Employment Report on the need for strategies to deliver the core outcomes in the Employment Guidelines, to address the social consequences of the crisis, and to manage the longer term risks of exclusion, labour market detachment and decreased human capital particularly among certain groups;
4. WELCOMES too the emphasis the Annual Growth Survey places on the Single Market's potential to contribute to growth and jobs in the context of the Europe 2020 strategy, and RECALLS in this context, that the social dimension is important in ensuring citizens' confidence in the Single Market, especially regarding the rules on the free movement of services and workers;

³ <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home>

5. TAKES NOTE that the Annual Growth Survey includes proposals with a potential impact on employment and social protection systems, in areas such as the internal market and taxation, which would need to meet the requirements of Article 9 of the Treaty on the Functioning of the European Union;
6. STRESSES, that despite fiscal constraints, the severity of the economic situation demands a focus on a limited number of priorities to fully mobilise labour for growth, and INVITES Member States to push forward urgently with the implementation of growth enhancing reforms and structural reforms to address the 2011 Country-Specific Recommendations and, where applicable, commitments made under the Euro Plus Pact, or a Memorandum of Understanding;
7. CALLS UPON MEMBER STATES, while respecting national competences where relevant, to enable the Council to regularly review progress by using their National Reform Programmes, or the updated information on the state of play of their national targets under the Europe 2020 Strategy in the case of the Member States with EU/IMF lending programmes, to respond to the priorities of the Annual Growth Survey, the Joint Employment Report and the Employment Guidelines, and to increase efforts, through a flexicurity based approach, to build the sustainable conditions for more, better and new jobs by:
 - **Making it easier and more attractive for employers to hire people and for people to take up those opportunities**, by exploring ways, in accordance with national practices of social dialogue, to shift taxation away from labour towards areas less detrimental to employment growth whilst carefully considering the implications for the adequacy and sustainability of social protection systems, reducing employment costs by addressing the tax wedge and reforming excessively rigid employment protection legislation to ease access for those left outside the labour market, encouraging the move from undeclared into regular employment, and where necessary revising wage setting mechanisms to better reflect productivity developments;

- **Removing barriers** and creating conditions for entrepreneurs to create new jobs, especially in sectors with growth potential (“green” and “white” jobs and those in the digital economy) and supporting geographical and occupational mobility;
- **Tackling unacceptably high youth unemployment** through comprehensive actions to secure the transition from education to work, encompassing skills-building, quality apprenticeships and work experience, and targeted job-search assistance and career-guidance. This should be done with special regard to the measures put forward in the new Youth Opportunities Initiative;
- **Reducing long-term and low-skilled unemployment, and strengthening the participation of women and older people**, through more effective active labour market policies, by ensuring efficient and effective employment services, through policies to support active ageing and continue efforts to increase the effective retirement age, and by ensuring equal conditions for women and men to participate in the labour markets;
- **Tackling increasing poverty and social exclusion through active inclusion strategies combining adequate income, inclusive labour markets and access to quality services**;
- **Building productivity and income potential through a focus on skills and investment in efficient and effective education and training systems** that forge a stronger partnership between education and the world of work, providing opportunities for those who lack necessary skills to acquire suitable qualifications and increasing tertiary or equivalent education levels, recognising all skills and competences acquired, and intervening early with policies targeted towards those at risk of dropping-out of school;
- **Reforming social protection systems** to ensure their financial sustainability and adequacy, to preserve the role of automatic stabilisers, and to encourage participation in the labour market.

8. CALLS UPON THE EMPLOYMENT COMMITTEE:

- To further strengthen multilateral surveillance of the implementation of Member States' NRP and Euro Plus Pact commitments, and on a voluntary basis for those under a Memorandum of Understanding, and to undertake work on the principles of well-functioning labour markets, including analysis of employment friendly social protection systems, and improve the identification and transfer of good practice;
- To work closely with the Economic Policy Committee, the Social Protection Committee and other Committees on issues of common concern.

9. CALLS UPON THE SOCIAL PROTECTION COMMITTEE:

- To further strengthen multilateral surveillance, on the basis of the National Reform Programmes and the open-method of co-ordination, in particular on measures undertaken by Member States in the area of active inclusion and in response to the Euro Plus Pact commitments on adequate and sustainable social benefits, pensions and health care, and to undertake work on the financing of the social protection systems, inviting other relevant committees to take part in this important work;
- To monitor Member States' commitments to the Europe 2020 target for poverty reduction and social inclusion.
