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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2024) 68 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the documents Proposal for a Directive of the European Parliament and of the Council on improving and enforcing working conditions of trainees and combating employment relationships disguised as traineeships and Proposal for a Council Recommendation on a reinforced Quality Framework for Traineeships and replacing the Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships

Delegations will find attached document SWD(2024) 68 final.

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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the documents

Proposal for a Directive of the European Parliament and of the Council on improving and enforcing working conditions of trainees and combating employment relationships disguised as traineeships

and

Proposal for a Council Recommendation on a reinforced Quality Framework for Traineeships and replacing the Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships

{COM(2024) 132 final} - {COM(2024) 133 final} - {SEC(2024) 97 final} -
{SWD(2024) 66 final} - {SWD(2024) 67 final}

A. Need for EU action

What is the problem being addressed?

There are 3.1 million trainees in the EU, and the demand for traineeships is expected to grow. Quality traineeships can be an entry into the labour market. However, **challenges exist** despite improvements brought by the 2014 [Council Recommendation on a quality framework for traineeships](#) (2014 QFT).

The first challenge relates to the **problematic use of traineeships** by traineeship providers, i.e. unlawful practices whereby regular work relationships are disguised as traineeships or whereby traineeships do not comply with the law. People in unlawful traineeships are deprived of their relevant rights enshrined in EU law, national law or collective agreements. The second challenge is the existence of **poor-quality** traineeships, with no or unjustifiably low remuneration, no access to social protection and/or a substandard learning component, though they may be lawful. The third relates to **unequal access** due to barriers faced by vulnerable groups, obstacles to cross-border traineeships and challenges for remote/hybrid traineeships.

These problems negatively affect the transition of (young) people to the labour market, deprive some of them of labour rights they are entitled to and increase the risk of poverty and social exclusion. They also create unfair market competition, may perpetuate skills mismatches and hamper the EU's competitiveness.

What is this initiative expected to achieve?

Its general objective is to improve the use, quality of, and access to traineeships across the EU, so that they provide a genuine learning and work experience facilitating education-to-work and job-to-job transitions. Specifically, it aims to strengthen the enforcement of applicable legislation and support trainees in accessing their labour rights, prevent the problematic use of traineeships, support fair working conditions (including remuneration and access to social protection), improve the learning component of traineeships, and access to traineeship opportunities.

What is the added value of action at EU level?

The EU initiative will contribute to achieving the Treaty's objectives of promoting sustainable economic growth and social progress. It should trigger upward social convergence and enhance the coherence of the Single Market, by supporting Member States in ensuring a level playing field, the enforcement of applicable rules and a consistent and fair level of protection of trainees in the EU. It will also enlarge the pool of (future) workers with relevant skills, contributing to business competitiveness and social inclusion.

B. Policy options

What legislative and non-legislative policy options have been considered? Is there a preferred choice? Why?

The impact assessment considered four policy areas addressing: problematic uses of (A), poor quality of (B) and unequal access to traineeships (C), and gaps in scope (D). These policy options were selected due to their highest positive scores in terms of effectiveness, efficiency, coherence and proportionality, compared to the baseline.

Under **Policy Area A** the preferred option requires effective controls and inspections to detect and take enforcement action against non-compliant traineeships and work relationships disguised as traineeships, supported by a non-exhaustive list of elements defined at EU level. It includes measures to support competent authorities in their assessment and dedicated support measures for trainees to enforce their rights.

Under **Policy Area B** it ensures that trainees who are workers are not treated in a less favourable manner as regards working conditions, including pay, than comparable entry-level workers, unless justified on objective grounds. It i.a. provides recommendations on fair/proportionate remuneration, access to social protection and mentorship for all trainees and to extend the information provided through written traineeship agreements.

Under **Policy Area C** it includes recommendations to 1) ensure equal access to traineeships for vulnerable groups, 2) facilitate cross-border traineeships and 3) improve remote/hybrid traineeships. Under **Policy Area D** it extends the scope to all traineeships.

The preferred option is a package of a **Directive** applying to trainees who are workers under EU law and an **updated Council Recommendation** covering all trainees.

Who supports which option?

The preferred option reflects the priorities of the [2023 European Parliament Resolution](#) under Article 225 TFEU that called on the Commission to update and strengthen the 2014 QFT and turn it into a stronger legislative instrument. It also responds to a recommendation by the Conference on the Future of Europe and the positions of trade unions and youth organisations. However, due to subsidiarity, proportionality and legality considerations, the preferred option does in several areas not include the legally binding measures called for by these stakeholders. Employers agree with the general objective and most policy options under the preferred option but are against a legally binding measure and advocate for non-legislative action.

C. Impacts of the preferred option

What are the benefits of the preferred option?

It will bring **social benefits to trainees** by reducing problematic and poor-quality traineeships. It will also result in fewer trainees doing traineeships with an excessive duration, including repeated/consecutive traineeships with the same employer. Trainees would also benefit from fairer remuneration, more access to social protection and better learning opportunities. Depending on implementation, this could potentially affect up to 1.5 million unpaid trainees and 300,000 paid trainees without access to full social protection. Trainees considered as workers will benefit from equal treatment with other/entry-level workers in the same establishment, unless different treatment is justified on objective grounds. The preferred option would also make traineeships more accessible to trainees from vulnerable groups, including persons with disabilities.

The preferred option is expected to bring **economic benefits to traineeship providers** who will enjoy a fairer market competition. Moreover, employers would benefit from productivity and competitiveness gains due to a more skilled workforce. Additional benefits would come from improved labour market matching and higher retention rates which could reduce employers' search, matching and recruitment costs. Traineeship providers would also benefit from a wider, more diverse pool of candidates.

What are the costs of the preferred option?

The **main costs** of the preferred option relate to a possible increase in labour costs and administrative or judicial procedures and penalties. These would only apply to traineeship providers where controls and inspections identify problematic traineeships and those offering poor quality traineeships. It also implies some costs to adjust to the new provisions and to provide (upon request) information on trainees and their contracts to competent authorities.

Some stakeholders were concerned that these costs could reduce the offer of traineeships, especially paid traineeships. The majority of these potentially lost traineeships are likely to be problematic and/or poor-quality traineeships, corresponding to the aim of the initiative. The effect on the reduction of paid traineeships is expected to be small, given the benefits for traineeship providers, demographic trends and tight labour markets.

How will enterprises and SMEs be affected?

SMEs will enjoy a larger trainee pool and better level-playing field, helping their competitiveness.

Will there be significant impacts on national budgets and administrations?

National authorities would become more effective in detecting and combating work relationships disguised as traineeships. A positive impact on public budgets would come from increased tax and social security receipts, from fines imposed and reduced social protection and activation spending. The main sources of costs would stem from implementation in national regulatory frameworks, strengthening the capacity of inspection authorities and setting up reporting channels. A small negative impact on the budget might be observed if traineeship providers decide to reduce the total number of paid positions.

Will there be other significant impacts?

The preferred option is expected to have a strong positive impact on ensuring fundamental rights in the EU.

D. Follow-up

When will the policy be reviewed?

The Directive will be evaluated 5 years after its entry into force, following a 2-year transposition period, and the Recommendation within three years after its adoption.