Guidelines for the employment policies in 2009

2008/0252(CNS) - 28/01/2009 - Legislative proposal

PURPOSE: to present the 2009 guidelines for the employment policies of the Member States.

PROPOSED ACT: Council Decision.

BACKGROUND: on the basis of the integrated guidelines which were adopted as part of the second 3-year cycle of the renewed Lisbon Strategy in 2008and which remain valid until 2010, Member States drew up their National Reform Programmes (NRP) that set out their strategies to deliver growth and jobs. The Commission assessment of the implementation of the employment challenges in the NRPs is set out in the draft Joint Employment Report and in the proposal for country specific recommendations. The assessment shows that structural reforms are ongoing in the Member States, and this contributed to a decrease in unemployment and an increase in employment in the EU in 2007. However the economic outlook has changed dramatically over the second half of 2008, owing to the financial, bank and credit crises. Forecasts indicate decreased or even negative employment growth and increased unemployment in the EU for 2009.

CONTENT: the overall objectives and priorities expressed in the current Employment Guidelines remain valid in view of the current crisis as well as the relevance of policies and the reform agenda. Their validity for 2009 needs to be confirmed by a Council decision, following consultation of the European Parliament. The Employment Guidelines present a framework that provides policy guidance. Member States can within the guidelines focus on their specific needs that may differ between countries and change with the economic cycle.

The mid-term priorities in the Guidelines remain thus valid:

- attracting and retaining more people in employment and increase labour supply and modernise social protection systems;
- improve adaptability of workers and enterprises;
- increase investment in human capital through better education and skills.

Two policy priorities should be highlighted for immediate action: (i) improving employability through flexicurity, including for the most vulnerable; (ii) and improving the skills levels and their match with labour market needs. The policy responses can be found in the current Employment Guidelines.

Flexicurity is an integrated policy approach that seeks to facilitate adaptability of workers and enterprises and to ensure that the EU can exploit the benefits from globalisation. Some aspects of flexicurity are even more essential in the short run: reinforce activation schemes in particular for the low-skilled; enhanced job subsidies and short training courses for vulnerable groups and those most at risk of long-term unemployment; providing (re)training and new skills needed in less hit sectors; adequate social protection that provides income security, incentives to work and preserving purchasing power; harmonised labour contracts that reduce segmentation while avoiding the temptation to create 'flexible' contracts. At the same time, social dialogue is also crucial under the present economic circumstances.

A massive effort of skills upgrading at all levels of qualifications will be essential to confront demographic and technological change and to benefit from the transition to a low-carbon economy, but also to set the EU back on the road to recovery in times of crisis. Public Employment Services, social

partners and universities have an important role to play both in anticipating skills needs and in improving matching and ensuring that individuals have the right skills. The initiative on New Skills for New Jobswill contribute to this.

The **link between the Employment Guidelines and the European Social Fund** (ESF) needs to be further strengthened. The ESF can finance immediate actions taken by Member States in view of flexicurity and skills including targeted support for the most vulnerable groups in response to the economic crisis. The European Globalisation Fund will further help Member States to support redundant workers and to keep skilled workers in employment needed when the economy starts to recover.