



16.7.2010

## NOTICE TO MEMBERS

(8/2010)

Subject: Informal meeting of the EPSCO Council in Brussels, 7, 8 and 8 July 2010

Please find below a note on the meeting of the trio with the social partners and NGOs and on the informal meeting of the EPSCO Council in Brussels on 7, 8 and 9 July 2010 in which Mrs Berès took part on behalf of the Committee on Employment.

### **First Day: Meeting of the trio with the social partners and the Social Platform**

At this meeting the various speakers underlined that we were at an important moment for employment and social affairs policy, particularly in view of the adoption of the 2020 Strategy and the future guidelines for employment. There was general agreement on the gravity of the crisis, the urgency of the measures to be taken and the need to consider employment and employment policies as the major priority of the political debate and to protect social and employment policies when budgetary consolidation measures were adopted. Moreover, it was underlined that employment policies were a factor for competitiveness, productivity and maintenance of the macroeconomic balance and that they needed to strike a balance between boosting supply vectors (training, and job market participation by all sectors of the population – particularly young people, women, older workers and less skilled people) and demand for labour (workforce costs, support for entrepreneurship, promoting employment in new sectors such as the care sector and green jobs). There was also a need for a new governance policy facilitating better cooperation between ECOFIN and EPSCO.

The social partners asked to be involved more closely in the adoption and implementation of social and employment policy, and encouraged ministers to take measures that were conducive to the return of confidence, which was crucial for growth and the creation of good

quality, decent and sustainable jobs, and to adopt public finance support policies without harming social and employment policies, including education, vocational training and mobility.

The social partners also considered that responsible application of flexicurity and increased protection of the young unemployed and more vulnerable groups remained necessary to prevent social exclusion. In this context, they maintained that we must not only endeavour to stop unemployment increasing but also to prevent it becoming structural unemployment.

The Social Platform warned against a rise in poverty, social exclusion and inequalities as a result of the crisis, considering that the budgetary consolidation policy should not jeopardise social policy, and underlined the importance of Guideline 10 of the 2020 Strategy, which set a target of lifting 20 million people out of poverty in the EU, paying particular attention to child poverty. The Social Platform also pointed out the relevance of the cross-cutting social clause at Article 9 of the Treaty on the Functioning of the European Union. It was important to apply clear rules on general interest social services, for these services to be accessible to all, and for them to be promoted as a factor for creating jobs and stabilising society. The Platform also called for a framework directive on the minimum wage.

### **Second day: meeting of employment ministers**

There was a consensus among the ministers that employment was a key factor for social cohesion and also competitiveness and growth. They underlined the beneficial effects of concerted action by European governments to take better control of the crisis, the need for better governance based on participation by the social partners in decision-making and its follow-up, the need for better coordination of economic, social and employment policies, and for them to be integrated into the new 'European semester', which entailed closer contacts between the Council's ECOFIN and EMPL departments. Employment policies should be incorporated into the macroeconomic and thematic surveillance mechanisms envisaged by the Commission, and exchanges of good practice and learning from each other should be reinforced.

During the working lunch Mr van Rompuy observed that only growth with employment would allow an escape from the crisis. He was in favour of a stronger role for EPSCO in future economic governance and increased coordination between EPSCO and ECOFIN. Mrs Berès underlined that employment was a precondition for competitiveness and innovation and for reducing budgetary deficits, and called on Mr van Rompuy to take account of employment issues within the working group on economic governance that he chaired.

The meeting in the afternoon was devoted to jobs in personal care services (white jobs) and green jobs. In both cases, provision had to be made for future human resources needs in both quantitative and qualitative terms, i.e. qualified staff. There was broad consensus on an integrated approach to anticipating and guiding restructuring to enable better coordination with other policies. The ministers also stressed the need to preserve traditional jobs and SMEs. They argued for efficient use of all Community funds including those for funding vocational training and lifelong learning programmes. The EU's ability to adapt to these challenges would determine its future competitiveness.

White jobs were becoming more numerous because of demographic changes which were

already having social and economic effects and presented major challenges as well as new opportunities. Quality general interest social services should adjust to this new scenario.

The ministers considered that demographic change meant that people would have to go on working longer and that those who were not sufficiently represented on the job market, particularly young people and women, would have to be incorporated into it. Demographic change would also require more flexibility in arrangements for taking on new staff, greater mobility at work and between jobs and adoption of other policies to adapt working conditions to age, health and safety at work, lifelong learning, pensions and reduction of early retirement. This action should be coordinated with other policies, particularly health policy.

Other ideas raised at the meeting were promoting voluntary work among the elderly, intergenerational solidarity, and mentoring of young people by older people.

Climate change and the transition to a less carbon-dependent economy were major challenges requiring structural changes in economic and employment policies, which should adapt to these challenges by prioritising investment, innovation and human capital. SMEs were a motor for this change and should be protected. A successful transition would encourage the development of green jobs and a green economy and give new impetus to the EU's competitiveness at world level.

### **Third day: meeting of social affairs ministers**

The third day was devoted to social matters, particularly a debate on the future of pension systems and reflection on the minimum wage.

The Presidency welcomed the introduction of Guideline 10, focusing on social issues, in the 2020 Strategy and was awaiting the Commission's flagship initiative that would put it into practice. It considered that the Member States should propose target figures and asked the Social Protection Committee (CPS) to put forward a series of indicators so that it was easier to determine whether the Member States had complied with the guideline. The Member States should also put forward implementation plans for the Strategy guidelines and EPSCO, together with the Employment Committee and the CPS, should play a major role in evaluating these national plans and the impact of the 2020 Strategy on social issues and employment. Some Member States pointed out that achievement of the 2020 Strategy objectives should take account of the starting position of the Member States, which was not the same from one Member State to another.

There was consensus on the fact that social security and social protection systems had been weakened by demographic change in Europe and by the crisis, and on the need to protect the sustainability of pension systems and to give them sufficient resources to maintain social justice and cohesion. The Green Paper on adequate, sustainable and safe pensions had launched a public debate, and the Commission, while recognising that regulation of pension systems was a matter for the Member States, considered that action at EU level was needed to increase the effectiveness of pension systems, readjust the balance between time spent working and in retirement, encourage mobility of people and capital (portability of pensions) and ensure the security of pensions (for example in the case of restructuring of enterprises).

With regard to the minimum wage, the Presidency noted that the objective was to guarantee

an adequate minimum wage throughout the EU as a fundamental element of inclusion in the workforce and to attain the objective of poverty reduction set by Guideline 10 of the 2020 Strategy.

However, most of the Member States were against a common approach to pensions, on the grounds of the subsidiarity principle, the differences between the Member States' national pension systems and their various different starting points, although some accepted working towards long-term coordination and a common methodology. There was the same opposition to the possibility of adopting a framework directive on the minimum wage, on the basis of similar arguments to those put forward with regard to pension systems. Moreover, several ministers considered that a much wider approach was needed to combating poverty.

The ministers agreed on the effectiveness of the open coordination method (OMC), but they considered that it should be adjusted to make it a useful instrument for attaining the 2020 Strategy objectives. In this context, they advocated improving exchanges of information and good practice and learning from each other.

At the ministerial meeting the Belgian Presidency announced that during this semester a series of meetings and conferences would be organised with a view to a more detailed examination of the various challenges with regard to employment and social issues. The EMPL secretariat has already sent members this programme of activities.