

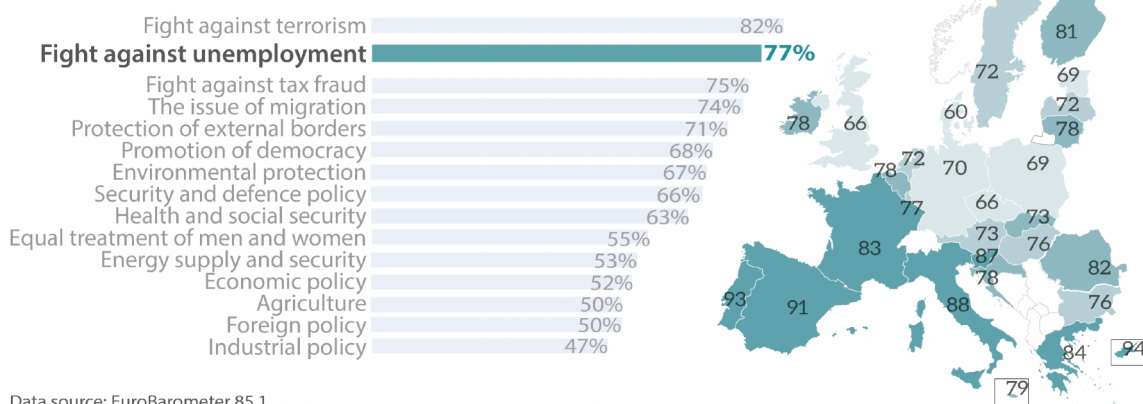
The fight against unemployment

OVERVIEW

Fighting unemployment is an important part of the Europe 2020 Strategy. The European Commission set a target of 75% of 20 to 64 year-olds being employed by 2020. Policies and programmes aimed at fighting unemployment follow various paths: reducing taxes on labour, supporting start-ups, encouraging labour mobility, tackling poverty and social exclusion, improving working conditions and investing in education, vocational training and lifelong learning. More recent initiatives seek to make better use of available skills and enable rapid recognition of qualifications, but also to assess individual needs. Despite all the initiatives, EU citizens still expect more EU intervention in the fight against unemployment or expect to see results from the initiatives that have already started.

Public expectations and EU commitment on the fight against unemployment – is there a gap?

Percentage of respondents who would like the EU to intervene more than at present



Data source: EuroBarometer 85.1

According to a new Eurobarometer survey of the European Parliament on '[perceptions and expectations](#)', 77% of EU citizens surveyed would like the European Union to intervene more in the fight against unemployment than it does currently. Although there are differences across Member States, the variation in opinion is moderate. The strongest support for increased EU action is in Cyprus (94%), Portugal (93%) and Spain (91%) and is almost unanimous. The weakest level of support in Denmark (60%), the Czech Republic (66%) and the United Kingdom (66%) nonetheless shows support from two thirds of respondents in those countries. The fight against unemployment, together with the fight against terrorism are the two policy areas with the highest number of citizens (69%) who evaluate current EU action as insufficient. There is a significant gap between EU citizens' expectations regarding EU involvement and their perception of current involvement.

Public support for EU spending on social affairs and employment grew between 2008 and 2015 – 36% perceived it as a priority spending category in [2008](#), 42% in [2011](#) and 44% in [2015](#) (Eurobarometer data). In 2011 and 2015, this was the policy area with the most public support as an EU spending priority. Differences across socio-demographic groups as regards preference for more EU involvement are generally small. Women over the age of 75 and men between 35 and 44 express somewhat lower support for greater EU involvement in the fight against unemployment.

Legal framework

As regards employment policy, the European Union (EU) has the competence to coordinate and encourage cooperation between Member States, and to support their action. Since the Amsterdam Treaty (Title IX, Treaty on the Functioning of the European Union – TFEU) in 1997, employment guidelines have been subject to co-decision by the European Parliament (EP) and the Council, after consulting the Economic and Social Committee and the Committee of the Regions (ordinary legislative procedure). According to Article 3 TFEU, the EU shall establish an internal market which aims to achieve full employment. In order to reach this goal, the Member States and the EU shall work towards a coordinated strategy for employment, to which Member States' employment policies have to be adapted. The EU shall encourage cooperation between Member States and, if necessary, complement their action. The European Council is to draw up guidelines each year that Member States must consider in their employment policies (Articles 145-149 TFEU). The EU shall guarantee the free movement of workers, and the EP and Council shall issue directives or make regulations setting out the measures required to do so (Articles 45-46 TFEU).

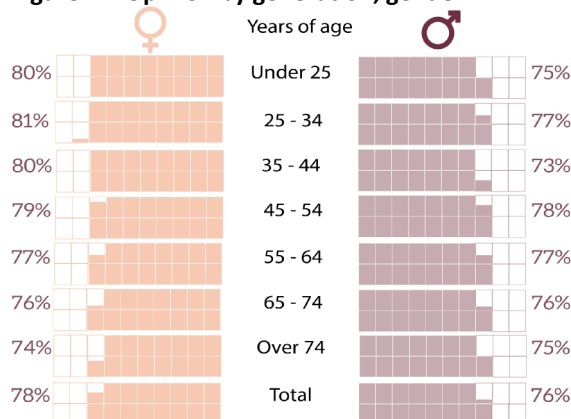
Current implementation and EU action

Measures and action to fight unemployment are part of a number of European initiatives, strategies and cooperation networks. Addressing long-term unemployment is one of the key challenges of the jobs and growth agenda set out in Commission President Jean-Claude Juncker's [Political Guidelines](#), and acknowledged in the Commission's [Annual Growth Survey 2016](#).

The [European Employment Strategy](#) (EES) was launched in 1997. Its main aim is the creation of more and better jobs throughout the EU. It is now part of the [Europe 2020 strategy](#) and implemented through the [European Semester](#), the annual process promoting close policy coordination among EU Member States and institutions. The 'New Skills for New Jobs' flagship initiative, launched in 2008, continues today. It includes [flexicurity](#), job quality, better working conditions and job creation.

In the context of the economic crisis, an [Agenda for new skills and jobs](#) was launched in 2010 as part of the Europe 2020 Strategy. This agenda will help the EU reach its employment target for 2020: 75% of the working-age population (aged 20 to 64) in work. The [employment guidelines](#) adopted by the Council in October 2010 and integrated into the TFEU aim to reduce structural unemployment. The April 2012 [Employment Package](#) proposed policy measures focusing on the demand side of job creation by reducing taxes on labour and supporting business start-ups. In December 2012, as a follow-up to the wider Employment Package, the Commission drew up the [Youth Employment Package](#), a series of measures to help Member States tackle youth unemployment and social exclusion specifically. In February 2013, the European Council agreed to create a [Youth Employment Initiative](#) targeting young people aged 15 to 24 who are neither in employment nor in education or training (NEETs) in regions with unemployment rates above 25%.

Figure 1 – Opinion by generation, gender



Data source: EuroBarometer 85.1

The [European Social Fund](#) (ESF), set up in the early 1960s, is the principal EU-level financial instrument for combatting unemployment. The [Employment and Social Innovation \(EaSI\) programme](#) is a financing instrument that aims to promote a high level of quality and sustainable employment, guarantee adequate and decent social protection, fight against social exclusion and poverty, and improve working conditions. It is managed directly by the European Commission and brings together three EU programmes that were managed separately between 2007 and 2013: [Progress](#), [EURES](#) and [Progress Microfinance](#).

Potential for better implementation and further EU action

Enhancing worker mobility is one way to combat unemployment. The [Labour Mobility Package](#), part of both the 2015 and [2016 Commission work programmes](#), aims to support labour mobility and tackle abuse through better coordination of social security systems, a targeted review of the Posting of Workers Directive and an enhanced EURES. The targeted [revision of the Posting of Workers Directive](#) – now on hold owing to a ‘yellow card’ procedure – could bring changes in three main areas: long-term posting, the remuneration of posted workers (making it equal to that of local workers, even when subcontracting), and more coherent rules on temporary agency workers. The [revision of the EURES Directive](#), needed to reflect new mobility patterns, technological changes and new recruitment channels, aims to develop EURES into a true European placement and recruitment tool. For this purpose, the EURES portal should make available a near-complete supply of job vacancies and an extensive pool of CVs, and it should establish an effective, automated system to match vacancies and CVs across Member States. The third part of the package, the revision of the Social Security Coordination Regulations, is scheduled for summer 2016.

On 17 September 2015, the Commission published a proposal for a Council recommendation on the integration of the long-term unemployed into the labour market, which was [adopted by the Council](#) on 17 February 2016. In line with the Europe 2020 objectives, it aims to increase the transition rates of the long-term unemployed to employment by encouraging registration with an employment service, assessing individual needs and potential, and offering a job integration agreement to the long-term unemployed after 18 months.

On 10 June 2016, the European Commission launched a new and comprehensive [Skills Agenda](#) for Europe. Its aim is to promote a wide range of skills (such as literacy, numeracy, digital and transversal skills) to reduce the risk of unemployment, poverty and social exclusion, through measures including promotion of the better use of all available skills in the European labour market and action to address skills shortages in specific economic sectors.

Another solution that has been put forward is to introduce a [common unemployment benefit scheme](#) that could serve as a supranational automatic stabilisation mechanism (also mentioned in the 2015 [Five Presidents' Report](#)). Such a scheme has several positive features: it could provide support for those who suffer most in the event of a downturn, it could contribute to macroeconomic stabilisation, and it could respond quickly.

The EU budget and the fight against unemployment

Unemployment is a consequence of a variety of factors (e.g. inadequate education or training, poverty, social exclusion, unused entrepreneurship potential, economic downturn). There are several EU programmes and measures established to deal with these factors. Title 4 of the general budget of the EU – Employment, Social Affairs and Inclusion – is the budget heading most explicitly linked to unemployment. However, measures with the same objective also fall under headings for agriculture, entrepreneurship, etc. The [European Social Fund](#) (ESF), with a total budget of more than €86 billion for 2014-2020, aims to support four thematic objectives: promoting employment and supporting labour mobility; promoting social inclusion and combating poverty; investing in education, skills and lifelong learning; and enhancing institutional capacity and an efficient public administration. An additional amount of at least

€3.2 billion is allocated to the [Youth Employment Initiative](#) (YEI). The YEI also receives €3.2 billion from the dedicated budget line.

In the Multiannual Financial Framework (MFF) for 2014-2020, the [Employment and Social Innovation Fund](#) (EaSI) with a financial envelope of €919.47 million is divided into three thematic axes: Progress (61 % of the EaSI budget); EURES (18 %); and Microfinance/Social innovation (21 %). As mentioned above, Progress supports the modernisation of employment and social policies, and EURES is a cooperation network aimed at enhancing the free movement of workers. The third axis will make access to finance easier for social enterprises or vulnerable people who wish to set up or develop a micro-company.

The [European Globalisation Adjustment Fund](#) (EGF) is designed to combat unemployment in cases where big companies reduce production or move it out of the EU. The EGF has a maximum annual budget of €150 million for the 2014-2020 period.

Financial instruments outside the EU budget

The [European Investment Fund](#) (EIF) manages a number of products aimed at boosting growth and jobs. These include [equity](#), [debt](#) and [microfinance](#) products under umbrella programmes such as [COSME](#), [EaSI](#) and [Horizon 2020](#). Those most closely linked with the fight against unemployment are the micro-finance loans (up to €25 000) because they encourage people to become self-employed.

Potential for further financing at EU level

While the fight against youth unemployment is a European priority, the budget for the Youth Employment Initiative (YEI) was frontloaded only for the first two years of the MFF. The report of the European Parliament's Committee on Budgets, on the preparation of the post-electoral [revision of the MFF 2014-2020](#), due to be voted in plenary in July, 'strongly supports the continuation of the Youth Employment Initiative'. An upwards revision of the ceilings of Subheading 1b will be required since no margin is left.

The EP had already called for further funding in a previous [resolution](#) on the YEI, as the initially discussed €6.4 billion for the YEI was considered 'not sufficient to combat youth unemployment in a lasting manner'. Many Member States were unable to raise their contribution for ESF co-funded projects. Therefore, in 2015, the Commission increased the YEI pre-financing rate exceptionally from 1% to 30%. This resulted in an increase of around €1 billion. The EP adopted its position on [29 April 2015](#). The act was published on [20 May 2015](#) after adoption by the Council.

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