Guidelines for the employment policies of the Member States *

The European Parliament,

– having regard to the Commission proposal to the Council (COM(2016)0071),
– having regard to Article 148(2) of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0098/2016),
– having regard to its position of 8 July 2015 on the proposal for a Council decision on guidelines for the employment policies of the Member States¹,
– having regard to Rule 59 of its Rules of Procedure,
– having regard to the report of the Committee on Employment and Social Affairs (A8-0247/2016),

1. Approves the Commission proposal as amended;
2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
5. Instructs its President to forward its position to the Council and the Commission.

Amendment 1

Proposal for a decision
Recital -1 (new)

Text proposed by the Commission

(-1) The Council, by its Decision (EU) 2015/18481a, chose, yet again, to ignore the European Parliament’s legislative resolution of 8 July 2015. The Council’s approach is not in the spirit of the Treaties, weakening cooperation between the Union institutions and strengthening the ‘democratic deficit’ towards citizens of the Union. The European Parliament strongly regrets the Council’s approach and stresses that its legislative resolution should be taken into consideration.


Amendment 2

Proposal for a decision
Recital 1

Text proposed by the Commission

(1) The Treaty on the Functioning of the European Union (TFEU) stipulates in Article 145 that Member States and the Union shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce as well as labour markets that are responsive to economic change and with a view to achieving the objectives defined in Article 3 of the Treaty on European Union (TEU).

Amendment

(1) The Treaty on the Functioning of the European Union (TFEU) stipulates in Article 145 that Member States and the Union shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce as well as labour markets that are responsive to economic change and with a view to achieving the objectives defined in Article 3 of the Treaty on European Union (TEU). In accordance with Articles 9 and 10 TFEU, in defining and implementing its policies and activities, the Union is to ensure an inclusive and integrated labour market that is able to address the severe impact of unemployment and secure a high level of employment, ensure decent working
conditions across the Union, including adequate wages, and guarantee adequate social protection in accordance with labour regulations, collective bargaining and in line with the principle of subsidiarity, as well as a high level of education and training and combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Amendment 3
Proposal for a decision
Recital 2

Text proposed by the Commission

(2) The "Europe 2020 Strategy" proposed by the Commission enables the Union to turn its economy towards smart, sustainable and inclusive growth, accompanied by high level employment, productivity and social cohesion. Five headline targets, listed under the relevant guidelines, constitute shared objectives which guide the action of the Member States, and take into account their relative starting positions and national circumstances as well as the positions and circumstances of the Union. The European Employment Strategy has the leading role in the implementation of the employment and labour market objectives of the new strategy.

Amendment

(2) The "Europe 2020 Strategy" proposed by the Commission (Europe 2020) should enable the Union to turn its economy towards smart, sustainable and inclusive growth, accompanied by a high level of employment, productivity and social cohesion. The Union is in need of holistic policies and public investments that will fight against unemployment and poverty. In this regard, the development of employment and social indicators of Europe 2020 to date is of deep concern, as the number of people at risk of poverty and exclusion has increased by five million instead of decreasing, the employment rate in some countries has not yet recovered the pre-crisis level, while in some Member States the rate of young persons who are not in employment, education or training (NEETs) is above 20% and the rate of early school leavers is up to 23%. The European Employment Strategy has the leading role in the implementation of the employment, social inclusion and labour market objectives of the new strategy. Yet those objectives have not been met and more significant efforts must be made by Member States in order to reach the expected results. The achievement of Europe 2020 in the employment and social area must remain a key objective of Member States’
The integrated guidelines are in line with the conclusions of the European Council. They give precise guidance to the Member States on defining their National Reform Programmes and implementing reforms, reflecting interdependence and in line with the Stability and Growth Pact. The employment guidelines should form the basis for any country-specific recommendations that the Council may address to the Member States under Article 148(4) of the TFEU, in parallel with the country-specific recommendations addressed to the Member States under Article 121(2) of that Treaty. The employment guidelines should also form the basis for the establishment of the Joint Employment Report sent annually by the Council and the European Commission to the European Council.

Three employment indicators - activity rate, youth employment and long-term unemployment - have recently been included in the macroeconomic imbalance procedure and the European Parliament in its resolution of 25 February 2016 called for those indicators to trigger an in-depth analysis in the relevant Member States which can result in further economic, labour market and social reforms being suggested and applied.
Amendment 5

Proposal for a decision
Recital 4

*Text proposed by the Commission*

(4) The examination of the Member States’ National Reform Programmes contained in the Joint Employment Report shows that Member States should continue to make every effort to address the priority areas of increasing labour market participation and reducing structural unemployment, developing a skilled workforce responding to labour market needs and promoting *job quality* and lifelong learning, *improve* the performance of education and training systems at all levels and increasing participation in tertiary education, promoting social inclusion and combating poverty.

*Amendment*

(4) The examination of the Member States’ National Reform Programmes contained in the Joint Employment Report shows that Member States should *take into account the recommendations of the European Parliament on the Annual Growth Survey, the country-specific recommendations and the employment guidelines and should* continue to make every effort to address the priority areas of increasing labour market participation and reducing structural unemployment *by generating jobs, supporting well-functioning dynamic and inclusive labour market, developing a skilled workforce able to respond* to labour market needs and promoting *decent jobs* and lifelong learning, *improving* the performance of education and training systems at all levels and increasing participation in tertiary education, promoting social inclusion *and the reconciliation of the needs of family and professional life, opposing discrimination of every kind* and combating poverty, *particularly child poverty, as well as improving capacity of the ageing population.*

Amendment 6

Proposal for a decision
Recital 6 a (new)

*Text proposed by the Commission*

(6a) 120 million citizens of the Union - around 25% - are at risk of poverty and social exclusion. This emergency situation, which is also reflected by the continuing high number of citizens of the
Union who are without employment, requires that the Commission adopt measures to encourage Member States to develop national minimum basic income schemes so that they can be ensured decent living conditions.

Amendment 7

Proposal for a decision
Article 1 – paragraph 1

Text proposed by the Commission

The guidelines for Member States’ employment policies as set out in the Annex to Council Decision of 5 October 2015 on guidelines for the employment policies of the Member States4 are maintained for 2016 and shall be taken into account by the Member States in their employment policies.

Amendment

The guidelines for Member States’ employment policies, as set out in the Annex, are hereby adopted. These guidelines shall be taken into account by the Member States in their employment policies and reform programmes, which shall be reported in accordance with Article 148(3) TFEU.


Amendment 8

Proposal for a decision
Annex (new)

Text proposed by the Commission

Guideline 5: Boosting demand for labour

Member States, in cooperation with regional and local authorities, should effectively and promptly tackle the serious issue of unemployment, and facilitate and invest in sustainable and quality job creation, address accessibility for at-risk groups and reduce barriers for business to hire people across skill levels and labour market sectors, including by cutting red tape, whilst respecting labour and social standards, promote youth entrepreneurship and in particular support the creation and growth of micro,
small and medium enterprises in order to increase the employment rate of women and men. Member States should actively promote, inter alia, green, white and blue-sector jobs and the social economy and foster social innovation.

The tax burden should be shifted away from labour to other sources of taxation that are less detrimental to employment and growth while protecting revenue for adequate social protection and expenditures directed towards public investment, innovation and job creation. Reductions in labour taxation should be aimed at the relevant components of the tax burden, at tackling discrimination and at removing barriers and disincentives to labour market participation, in particular for people with disabilities and those furthest away from the labour market, while respecting existing labour standards.

Policies to ensure that wages allow an adequate living income remain important to create employment and decrease poverty in the Union. Member States should therefore, together with the social partners, respect and encourage wage-setting mechanisms allowing for a responsiveness of real wages to productivity developments helping to correct past divergence without fuelling deflationary pressure. Those mechanisms should ensure sufficient resources to satisfy basic needs, taking account poverty indicators specific to each Member State. In this respect, differences in skills and local labour market conditions should be properly evaluated with the aim of ensuring a decent living wage across the Union. When setting minimum wages in accordance with national legislation and practices, Member States and social partners should ensure their adequacy as well as consider their impact on in-work poverty, household income, aggregate demand, job creation and competitiveness.

Member States should cut red tape in order to ease the burden on small and
medium-sized enterprises, as they contribute significantly to job creation.

Guideline 6: Enhancing labour supply and skills

Member States should promote sustainable productivity and quality employability through an appropriate supply of relevant knowledge and skills made available and accessible to all. There should be particular focus on health care, social services and transport services which are facing or will face staff shortages in the medium term. Member States should make effective investments in high-quality and inclusive education from an early age and vocational training systems while improving their effectiveness and efficiency to raise the knowhow and skill level of the workforce, while increasing the diversity of skills, allowing it to better anticipate and meet the rapidly changing needs of dynamic labour markets in an increasingly digital economy. To that end, the fact that "soft skills" such as communication are becoming more important for a large number of occupations should be taken into account.

Member States should promote entrepreneurship among young people inter alia by introducing optional entrepreneurship courses and encouraging the creation of student enterprises in high schools and colleges. Member States, in cooperation with local and regional authorities, should step up efforts to prevent young people from dropping out of school and to ensure a smoother transition from education and training to professional life, to improve access and remove barriers to high-quality adult learning for all with particular focus on high-risk groups and their needs, by offering retraining of skills when job losses and changes in the labour market necessitate active reintegration. Simultaneously Member States should implement active ageing strategies to enable healthy working up to the real
retirement age.

While ensuring the necessary skills level requested by a continuously changing labour market and supporting education and training alongside programmes for adult learning, Member States should take into account that low-skills jobs are also needed and that employment opportunities are better for the high-skilled than for the medium- and low-skilled.

Access to affordable, high-quality, early childhood education and care should be a priority for comprehensive policies and investment coupled with family and parenting support and reconciliation measures helping parents to balance work and family life, as a contribution to preventing early school-leaving and increasing young people’s chances on the labour market.

The issue of unemployment, in particular long-term unemployment and regional high unemployment should be resolved effectively and promptly, as well as prevented through a mix of demand and supply-side measures. The number of long-term unemployed and the problem of skills mismatch and skill obsolescence should be addressed by means of comprehensive and mutually reinforcing strategies, including the provision of personalised needs-based active support and appropriate social protection schemes to long-term unemployed to return to the labour market in an informed and responsible manner. The youth unemployment needs to be comprehensively addressed, through an overall youth employment strategy. This includes investing in sectors that can create quality jobs for young people and by equipping the relevant actors such as youth support services, education and training providers, youth organisations and public employment services with the necessary means to fully and consistently implement their national Youth Guarantee Implementation Plans, but
also by the rapid take-up of resources by Member States. Access to funding for those who choose to start a business should be facilitated by means of a wider availability of information, a reduction in excessive bureaucracy and possibilities to convert several months' unemployment benefits into an upfront start-up grant after presentation of a business plan and in compliance with national legislation.

Member States should take into consideration local and regional disparities in drawing up and carrying out measures against unemployment and should work together with local employment services.

Structural weaknesses in education and training systems should be addressed to ensure high-quality learning outcomes and prevent and tackle early school leaving, and promote an all-embracing, high-quality education from the most basic level onwards. This requires flexible educational systems with a focus on practice. Member States, in cooperation with local and regional authorities, should increase the quality of educational attainment by making it accessible to all, set up and improve dual learning systems, adapted to their needs, by upgrading professional training and existing frameworks such as Europass, while ensuring, where necessary, appropriate retraining of skills and recognition of those acquired outside of the formal education system. Links between education and labour market should be strengthened, while ensuring that education is sufficiently broad to provide people with a solid basis for life-long employability.

Member States should gear their training systems more closely to the labour market with a view to better transition from training to employment. In particular in the context of digitisation, and in terms of new technologies, green jobs and health care are essential.
Discrimination on the labour market as well as with regard to access to the labour market need to be further reduced, especially for groups that face discrimination or exclusion, such as women, older workers, young people, people with disabilities and legal migrants. Gender equality including equal pay must be ensured in the labour market as well as access to affordable, high-quality early childhood education and care as well as the flexibility necessary to prevent the exclusion of those with breaks in their careers due to family responsibilities such as family carers. In this sense, the Women on Board Directive should be unblocked by the Member States.

In this respect, Member States should take into account the fact that the rates of young persons who are not in employment, education or training (NEETs) are higher for women than for men and that the NEETs phenomenon is primarily due to an increase in youth unemployment but also to non-education linked inactivity.

Member States should make a full, effective and efficient use of European Social Fund and other Union funds support in order to combat poverty, improve quality employment, social inclusion, education, public administration and public services. The European Fund for Strategic Investments and its investment platforms should also be mobilised to ensure that quality jobs are created and workers are equipped with skills needed for the Union’s transition towards a sustainable growth model.

Guideline 7: Enhancing the functioning of labour markets

Member States should reduce labour market segmentation by tackling precarious employment, underemployment, undeclared labour and zero-hour contracts. Employment protection rules and institutions should
provide a suitable environment for recruitment while offering adequate levels of protection to those in employment and those seeking employment or employed on temporary, part-time, atypical contracts or independent work contracts, by actively involving the social partners and by promoting collective bargaining. Quality employment should be ensured for all in terms of socio-economic security, durability, adequate wages, rights at work, decent workplace conditions (including health and safety), social security protection, gender equality, education and training opportunities. Therefore it is necessary to promote the entry of young people into the labour market, the reintegration of long-term unemployed and work-life balance, providing affordable care and modernising work organisation. Upward convergence in working conditions should be promoted across the Union.

Access to the labour market should facilitate entrepreneurship, sustainable job creation in all sectors, including green employment, and social care and innovation, in order to make the best use of people’s skills, foster their lifelong development and encourage employee-driven innovation.

Member States should closely involve national parliaments, social partners, civil society organisations, regional and local authorities in the design and implementation of relevant reforms and policies, in line with the partnership principle and national practices, while supporting the improvement of the functioning and effectiveness of social dialogue at national level, especially in those countries with major problems of wage devaluation caused by recent deregulation of labour markets and weakness of collective bargaining.

Member States should ensure basic standards of quality of active labour market policies by improving their targeting, outreach, coverage and
interplay with supporting measures such as social security. These policies should aim at improving labour market access, strengthening collective bargaining and social dialogue and support sustainable transitions on the labour market, with highly qualified public employment services delivering individualised support and implementing performance measurement systems. Member States should also ensure that their social protection systems effectively activate and enable those who can participate in the labour market, protect those (temporarily) excluded from the labour markets and/or unable to participate in it, and prepare individuals for potential risks and changing economic and social conditions, by investing in human capital. Member States should introduce, as one of the possible measures to reduce poverty and in accordance with national practice, a minimum income proportionate to their specific socio-economic situation. Member States should promote inclusive labour markets open to all and also put in place effective anti-discrimination measures.

Mobility of workers should be ensured as a fundamental right and as a matter of free choice, with an aim of exploiting the full potential of the European labour market, including by enhancing the portability of pensions and the effective recognition of qualifications and skills and the elimination of red tape and other existing barriers. Member States should at the same time tackle the language barriers, improving training systems in this matter. Member States should also make an appropriate use of the EURES network in order to encourage worker mobility. Investment in regions experiencing labour outflows should be promoted to mitigate brain drain and encourage mobile workers to return.

Guideline 8: Improving the quality and performance of education and training systems at all levels
Member States should make access to care and to affordable quality early childhood education a priority as both are important support measures for labour market actors and contribute to increasing the overall employment rate while supporting the individuals in their responsibilities. Member States should set up the comprehensive policies and investment needed to improve family and parenting support and reconciliation measures helping parents to balance work and family life, as a contribution to preventing early school leaving and increasing young people’s chances on the labour market.

Guideline 9: Ensuring social justice, combatting poverty and promoting equal opportunities

Member States, in cooperation with local and regional authorities, should improve their social protection systems by ensuring basic standards to provide effective, efficient and sustainable protection throughout all stages of an individual’s life, ensuring life in dignity, solidarity, access to social protection, full respect of social rights, fairness and addressing inequalities as well as ensuring inclusion in order to eliminate poverty, in particular for people excluded from the labour market and for the more vulnerable groups. There is a need for simplified, better targeted and more ambitious social policies including by affordable, high-quality childcare and education, effective training and job assistance, housing support and high-quality health care accessible to all, access to basic services such as bank accounts and the Internet and for action to prevent early school leaving and fight extreme poverty, social exclusion, and more generally all forms of poverty. Child poverty in particular must be decisively tackled.

For that purpose a variety of instruments should be used in a complementary manner, including labour activation enabling services and income support,
targeted at individual needs. In this respect, it is up to each Member State to set levels of minimum income in accordance with national practice and proportionate to the specific socio-economic situation in the Member State in question. Social protection systems should be designed in a way that facilitate access and take up of all persons in a non-discriminatory way, support investment in human capital, and help prevent, reduce and protect against poverty and social exclusion as well as against other risks such as loss of health or employment. There should be a particular focus on children in poverty due to their parents' long-term unemployment.

The pension systems should be structured in a way that their sustainability, safety and adequacy for women and men is ensured by strengthening retirement schemes, aiming at a decent retirement income at least above the poverty level. The pension systems should provide for consolidation, further development and improvement of the three pillars of retirement saving systems. Linking retirement age to life expectancy is not the only instrument by means of which to tackle the challenge of aging. Reforms of pension systems should also, inter alia, reflect labour market trends, birth rate, demographic situation, health and wealth situation, working conditions and the economic dependency ratio. The best way to tackle the challenge of ageing is to increase the overall employment rate, building, inter alia, on social investments in active ageing.

Member States should improve the quality, affordability, accessibility, efficiency and effectiveness of healthcare and long term care systems and welfare services as well as decent working conditions in the related sectors, while safeguarding the financial sustainability of these systems by improving the solidarity-based financing.
Member States should make a full use of European Social Fund and other Union funds support in order to fight poverty, social exclusion and discrimination, improve accessibility for people with disabilities to promote equality between women and men and improve public administration.

The Europe 2020 headline targets, on the basis of which Member States set their national targets, taking into account their relative starting positions and national circumstances, aims to raise the employment rate for women and men aged 20 to 64 to 75% by 2020; to reduce the drop-out rate to less than 10%; to increase the share of 30 to 34-year-olds completing tertiary or equivalent education to at least 40%; and to promote social inclusion, in particular through the reduction of poverty by aiming to lift at least 20 million people out of the risk of poverty and exclusion\textsuperscript{1a}.

\textsuperscript{1a} Population is defined as the number of people who are at risk of poverty and exclusion according to three indicators (at risk of poverty; material deprivation; jobless household), leaving Member States free to set their national targets on the basis of the most appropriate indicators, taking into account their national circumstances and priorities.