



Steering note – Session 1: **EMPLOYMENT AND JOBS**



The new 2030 EU headline target on employment as proposed in the European Pillar of Social Rights Action Plan

At least

78%

of the population aged 20 to 64
should be in employment by 2030

Having a quality job is a key source of income, purpose, and accomplishment. It harnesses equality, social inclusion and wellbeing. Over 14.5 million jobs were added to the EU economy between 2014 and 2019. The COVID-19 crisis brought this trend to a halt. Many Europeans, especially those from vulnerable and under-represented groups, have seen their livelihoods and employment prospects deteriorate, especially women and young people. In response to the crisis, EU- and national measures (notably short-time work schemes and related support) have cushioned the negative impact to a large extent. This has helped to contain a surge in unemployment.

Emergency measures need to remain in place as necessary. Yet, as Europe gradually moves from crisis response to recovery, more forward-looking support to quality job creation and employment is necessary to build a sustainable path towards the 2030 employment rate target of 78%. To achieve this overall goal, Europe must strive to at least halve the gender employment gap compared to 2019, increase the provision of formal early childhood education and care, and decrease the rate of young people not in employment, nor in education or training aged 15-29 from 12.6% (2019) to 9%.

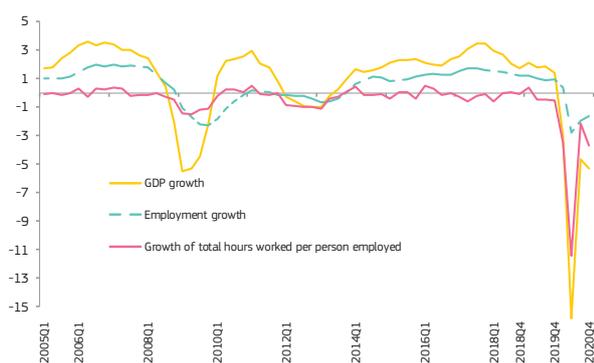
Main issues for discussion:

- Which policies are needed to create a sustainable and inclusive labour market recovery enabling the EU to meet the employment rate target of 78% by 2030?
- Which initiatives at EU and national level can promote quality job creation?
- What key measures are you planning as a way to contribute to meeting the employment headline target?

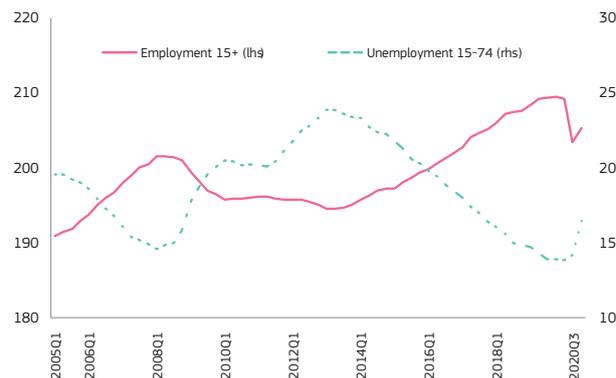
1. Labour market situation in the EU

The COVID-19 pandemic and the containment measures to curb its spread have plunged the EU economy into a severe crisis. Following the contraction of GDP and the almost proportionate decline in the total hours worked in the first half of 2020 (Graph 1), both employment and hours worked recovered somewhat in the second half of 2020 but remained well below their 2019 levels. In the last quarter of 2020, there were still 3.5 million fewer people working than in 2019 (Graph 2). The lockdown has severely hit industries and sectors that rely on close physical interaction.

Graph 1 Employment, GDP and hours worked growth rates: 2005 Q1-2020 Q4



Graph 2 Employment and unemployment in the EU, levels in the EU (million): 2005 Q1-2020 Q4



Source: European Commission, based on Eurostat.

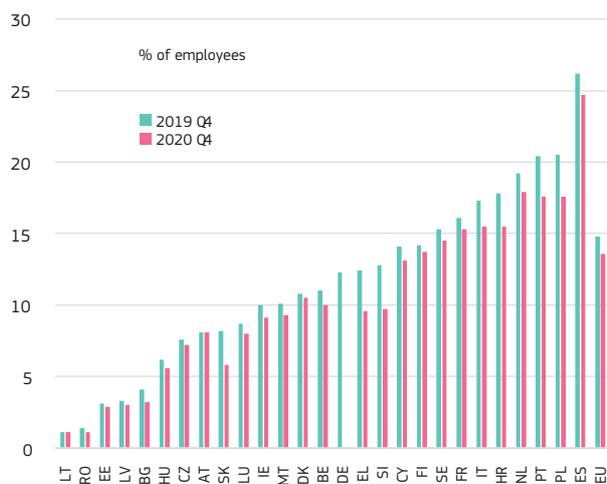
Employment losses were strongest for temporary employees, young people, workers with low levels of education and mobile workers within the EU. Between the last quarter of 2019 and the third quarter of 2020, temporary employment fell by 3 million. The youth unemployment rate surged from 15 per cent to 17.2 per cent between January 2020 and February 2021. While the drop of employment in the EU was on average equally shared between men and women, the difference between the activity rates of men and women remained at 10.9pp in the third quarter of 2020 (78.6% versus 67.7% respectively).

While economic growth is expected to resume in the course of 2021, the labour market outlook remains weak. Despite the rollout of vaccines and increased external demand, the size and persistence of the shock and the transformation brought by the green and digital transitions are likely to lead to challenges for some sectors and companies and a reallocation of the labour force within and across sectors. Despite some improvement, various short-term labour market indicators reflecting consumer and producer expectations suggest that labour demand is still weak. In this context, the substantial numbers of workers who are still covered by job retention schemes may pose upward risks to an increase in unemployment.

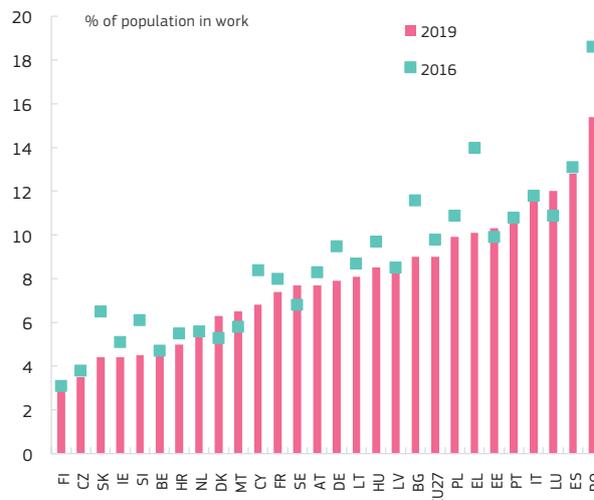
The risk of job loss is higher in countries with segmented labour markets. In 2019, the share of temporary workers represented around 15% of all employees in the EU (Graph 3). The impact of the COVID-19 crisis was larger in countries where temporary workers account for a larger share of total number of employees. This reflects not only the volatility of employment under temporary contracts but also the tendency of the most hit sectors to rely on these contracts. The young and the low-skilled are particularly at risk of unemployment as they are more likely to be on temporary contracts.

The COVID-19 crisis may reverse the positive trend in the number of working poor. The number of working poor in the EU has decreased in most Member States between 2016 and 2019 (Graph 4). However, low-wage workers are more predominant in the economic activities that have been among the most affected in terms of reduced working hours, and the number of household members without an income is likely to have increased during the pandemic.

Graph 3 Share of temporary employees



Graph 4 In-work poverty



Source: European Commission, based on LFS data from Eurostat.

2. Drivers of more and better jobs

New jobs will be increasingly green and digital, driven by market forces, digitalisation, consumer preferences and Europe's goal of carbon neutrality by 2050. A fair transition, with synergies between the green, digital and social goals is by no means automatic.

To achieve the 78% employment target by 2030, all under-represented groups in the labour market must enjoy equal opportunities. Europe must strive to at least halve the gender employment gap and to close pay and pension gaps between men and women. Support can be provided through adequate work-life balance policies, such as suitable leaves, taxes and benefits, services and flexible working arrangements. Affordable and early childhood education and care of good quality are of paramount importance. **Special attention and investment also needs to be devoted to young people and the low skilled**, who are more vulnerable to the fluctuations in the labour market.

A vibrant industry alongside resilient and innovative small and medium-sized enterprises remain central to Europe's future prosperity and a key source of new jobs. Intra-EU labour mobility remains essential for the functioning of the single market. **New opportunities will also stem from the social economy.** Public policies must support its visibility, encourage upscaling, build enabling eco-systems, promote social entrepreneurship and improve access to finance across the EU.

New technologies represent both significant opportunities and challenges for the world of work. Digital technologies and artificial intelligence can create new markets, re-define the task content of jobs and help to boost productivity, making businesses more competitive and therefore able to hire more skilled workers. They may also challenge existing work standards, notably by posing risks of biased decisions, discrimination, and lack of transparency. Robotisation can reduce occupational risks of dangerous and monotonous tasks, but there can also be new risks to workers' physical and mental health. **The rise in remote work** offers opportunities for a more flexible organisation of professional and private lives, and a more efficient use of human and natural resources. However, it also raises the need to reflect on the boundaries of contractual working time, work-life balance, occupational safety and health, social isolation and the notion of "workplace".

Platform work as well as other non-standard forms of work bring flexibility and lower barriers for some vulnerable groups to access labour markets. However, these forms of work should come with adequate access to social protection, in line with the Council Recommendation on access to social protection for workers and the self-employed, and decent working conditions.

A well-functioning collective bargaining system can be conducive to increased job quality since it influences both wages and non-wage working conditions, such as working time, health and safety, employment protection and training. Social partners are well placed to design innovative solutions to emerging collective challenges such as ageing and globalisation, the twin digital and green transitions and the reallocation pressures triggered by the pandemic.

Recovery and Resilience Facility (RRF) EUR 672.5 billion	
Loans EUR 360 billion	Grants EUR 312.5 billion

Appropriate levels of investment are crucial, and EU support can come from several sources. The Recovery and Resilience Facility (RRF) with its EUR 672.5 billion budget in grants and loans can deliver 2% of additional gross domestic product during its period of operation 2021-2024 and create 2 million jobs. **Cohesion Policy** will remain a cornerstone for the recovery, with the total envelope of EUR 88 billion of the European Social Fund Plus fully dedicated to implement the European Pillar of Social Rights, and the Just Transition Fund with EUR 17.5 billion for socially sustainable transitions towards climate neutrality.

The European Semester provides the framework to guide reforms and investments in the Member States addressing the challenges of the recovery and twin transition. Temporarily adapted to ensure consistent and effective implementation of the Recovery and Resilience Facility, it fully integrates the European Pillar of Social Rights, the European Green Deal and the UN Sustainable Development Goals.

The Commission Recommendation on Effective Active Support for Employment following the COVID-19 crisis (EASE) of March 2021 invites Member States to create coherent packages of active labour market policies to manage the labour market challenges brought by the pandemic and the green and digital transitions. These notably include hiring and transition incentives, support to entrepreneurship, skills policies, and enhanced support by employment services. To this end, Member States are encouraged to exploit the full potential of EU funds.



Time-limited hiring and transition incentives and support to entrepreneurship



Upskilling and re-skilling such as short-duration trainings to upskill unemployed or inactive young people



Enhanced support by employment services for job transitions

3. Relevant EU-level initiatives

Selection of adopted and ongoing EU initiatives



Directive on Transparent and Predictable Working Conditions

The Directive will provide the right to know a reasonable period in advance when work will take place. It will ensure the availability of more complete information on the essential aspects of the work and new rights for those in precarious forms of employment.



New Industrial Strategy

The Strategy aims to drive Europe's competitiveness and its strategic autonomy at a time of moving geopolitical plates and increasing global competition. It was updated in April 2021.



Youth employment support a bridge to jobs for the next generation

The Youth Employment Support (YES) package consists of a reinforced and more inclusive Youth Guarantee, a strengthening of vocational education and training and a renewed impetus for apprenticeships.



The reinforced Youth Guarantee

This Council Recommendation represents a commitment by all Member States to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving education.



European instrument for temporary support to mitigate unemployment risks in an emergency (SURE)

SURE provides emergency financial assistance to Member States for the financing of short-time work schemes and similar measures preserving employment in the context of the COVID-19 pandemic.



Proposal for a Directive on adequate minimum wages in the European Union

The proposed EU Directive aims to ensure that workers in the Union are protected by adequate minimum wages allowing for a decent living wherever they work. It aims to promote collective bargaining on wages in all Member States.



Proposal for a Directive on binding pay transparency measures

The proposal sets out pay transparency measures, such as pay information for job seekers, a right to know the pay levels for workers doing the same work, as well as gender pay gap reporting obligations for big companies. The proposal also strengthens the tools for workers to claim their rights and facilitates access to justice.



Commission Recommendation on effective active support to employment following the COVID-19 crisis (EASE)

The EASE Recommendation provides guidance to Member States to accompany labour market transitions from declining to expanding sectors, including green and digital, and to boost employment.



European approach to trustworthy Artificial Intelligence (AI)

The combination of the first-ever legal framework on AI and a new Coordinated Plan with Member States will guarantee the safety and fundamental rights of people and businesses, while strengthening AI uptake, investment and innovation across the EU.

Selection of forthcoming EU initiatives:

Q2 2021

○ New **occupational safety and health** strategic framework 2021-27

Q4 2021

○ Adoption of an **Action Plan on the Social Economy**

○ Legislative proposal on the **working conditions in platform work**

○ Initiative on **EU competition law and collective bargaining for (some) self-employed**

2022

○ Initiative to support **social dialogue at EU and national level**

○ Review of the Council Recommendation on the **Quality Framework for Traineeships**

○ Revision of the **Barcelona targets**