**Follow up to the European Parliament legislative resolution on the proposal for a Council decision on guidelines for the employment policies of the Member States**

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**2. Reference numbers:** 2024/0599 (NLE) / A10-0004/2024/ P10\_TA(2024)0027

**3. Date of adoption of the resolution:** 23 October 2024

**4. Legal basis:** Article 148 (2) of the Treaty on the Functioning of the European Union

**5. Competent Parliamentary Committee:** Committee on Employment and Social Affairs

**6. Commission's position:** accepts some amendments.

After a thorough review of the amendments/compromises tabled by the European Parliament, the Commission is of the opinion that most of them are (in content and/ or nature) already part of the Employment Guidelines or mentioned in recitals, also after the Guidelines were discussed and amended in the Employment Committee (EMCO) and the Social Protection Committee (SPC). In some cases, the Parliament calls for the adoption or implementation of new (legislative) initiatives, which does not seem appropriate to incorporate in the Employment Guidelines as the latter can only refer to initiatives already adopted by the Council. Also, in amendment 1, the Parliament asks to be put on equal footing with the Council as concerns the setting of the Integrated Guidelines at Union level. However, this would require a Treaty change of Article 148 TFEU that defines the role of the legislator.

The Parliament resolution focusses on three main issues: 1) Shortages and brain drain and the need to retain and attract workers through better pay and working conditions (including telework and right to disconnect), and education and training; 2) Democracy at work and collective bargaining as important for the transitions, and 3) affordable housing as a useful tool to resolve social discrepancies.

In this light, the Commission can accept some wording from the following proposed amendments:

*Recital 12* (**in bold**): “Reforms to the labour market, including national wage-setting mechanisms, should respect national practices of social dialogue**, collective bargaining** and the autonomy of the social partners, with a view to providing fair wages that enable a decent standard of living, sustainable growth and upward socio-economic convergence. Such reforms should allow for a broad consideration of socio-economic factors, including improvements in sustainability, competitiveness, innovation, the creation of quality jobs, **fair** working conditions**, democracy at work, gender equality**, in-work poverty, education, training and skills, public health, social protection and inclusion, as well as real incomes. The importance of social dialogue in tackling challenges in the world of work, including labour and skills shortages, was reaffirmed at the 2024 Val Duchesse Summit.”, as these are valuable elements to include in the text.

*Recital 13* (**in bold**): “[…] Access to **decent and** affordable housing, including through social housing, is a necessary condition for ensuring equal opportunities. **Homelessness is one of the most extreme forms of social exclusion.** Timely and equal access to affordable high-quality long-term care, in line with the Council Recommendation on access to affordable high-quality long-term care, and healthcare services, including prevention and healthcare promotion, are particularly relevant, in light of potential future health risks and in a context of ageing societies.”, as these elements can strengthen the text in the current context where access to decent and affordable housing and preventing homelessness is becoming very topical.

*Guideline 5, paragraph 1* (**in bold**): “Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs, also taking advantage of the potential linked to the digital and green transitions, in light of the Union and national headline targets for 2030 on employment. To that end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of micro, small and medium-sized enterprises, including through access to finance**, and by exploiting the potential of the renewable and circular economy**. […]”. Including this text at the end of the paragraph will emphasize the potential of the green transition (in addition to the mentioning in general in the first sentence).

*Guideline 5, paragraph 2* (**in bold**): “[…]. Well-designed hiring and transition incentives and upskilling and reskilling measures**, developed in close cooperation with social partners,** should be considered in order to support quality job creation and transitions throughout the working life, and to address labour and skill shortages, also in light of the digital and green transformations, demographic change, as well as of the impact of Russia’s war of aggression against Ukraine.”. Mentioning the role of the social partners in the context of upskilling and reskilling to support transitions throughout the working life is a valuable addition.

*Guideline 6, paragraph 1* (**in bold**): “In the context of the digital and green transitions, demographic change and Russia’s war of aggression against Ukraine, Member States should promote sustainability, productivity, competitiveness, employability**, inclusiveness** and human capital development, fostering acquisition of skills and competences throughout people’s lives and responding to current and future labour market needs, also in light of the Union and national headline targets for 2030 on skills.[…]”. A general reference to inclusiveness in the first sentence can enrich the text.

*Guideline 6, paragraph 3* (**in bold**): “[…]. Taking into account the new requirements of digital, green and ageing societies, Member States should upgrade and increase the supply and uptake of flexible initial and continuing VET, strengthen work-based learning in their VET systems, including through accessible, quality and effective apprenticeships, and support low-skilled adults maintain their employability. **Training opportunities should be provided to allow workers to attend training programmes during working hours (and at no cost to the workers).**[…]”. The suggested wording from the European Parliament is aligned with EU labour law and EU policy objectives.

*Guideline 6, paragraph 5* (**in bold**): “[…]. In view of high labour shortages in certain occupations and sectors (notably in STEM sectors, healthcare and long-term care, education, transport and construction), Member States should contribute to fostering labour supply, notably through promoting adequate wages and **fair** working conditions, ensuring that the design of tax and benefit systems encourages labour market participation, and that active labour market policies are effective and accessible, respecting the role and autonomy of social partners.[…]”. EP amendment 22 proposed “decent” before “working conditions” as now the term “adequate” would also refer to “working conditions”, which could be strengthened. The Commission would rather use the term “fair” before working conditions as this is in line with the terminology used in the European Pillar of Social Rights.

*Guideline 7, paragraph 1* (**in bold**): “[…] In general, and in **the context of climate change** and digital **~~context~~ transformation** in particular, it is important to ensure that the workers’ rights in terms of **~~working time~~**~~,~~ working conditions **(including working time, and working arrangements that factor in heat waves)**, mental health at work and work-life balance are respected. […]”. This is a useful element to add in a context where climate change is becoming a more and more prominent issue, having an impact on working arrangements (also specifically related to heat waves).

*Guideline 7, paragraph 4* (**in bold**): “The mobility of learners, apprentices and workers should be increased and adequately supported, especially for learners in vocational education and training with fewer mobility experiences, with the aim of enhancing their skills and employability, exploiting the full potential of the European labour market and contributing to EU-level competitiveness, while tackling possible adverse demographic effects of mobility **(including brain drain)**. […]”. The Commission notes that the addition after the comma (“, while tackling […]”) was adopted earlier in EMCO. The notion of brain drain as proposed by the European Parliament in amendment 26 could usefully be integrated in this new addition as a specific adverse effect of labour mobility.

*Guideline 7, paragraph 7* (**in bold**): “Member States should **foster democracy at work and** ensure an enabling environment for bipartite and tripartite social dialogue at all levels, including collective bargaining, in the public and private sectors in accordance with national law and/or practice, after consultation and in close cooperation with social partners, while respecting their autonomy.[…]” as this wording refers to the involvement of workers at company level, such as through works councils, which is a useful dimension to add. Also, it is in line with Council Conclusions on democracy at work adopted under the Spanish Presidency.

*Guideline 8, paragraph 1* (**in bold**): “Member States should promote inclusive labour markets, open to all, by putting in place effective measures to **~~fight~~ eliminate** all forms of discrimination and **~~promote~~ ensure** equal opportunities for all, and in particular for groups that are under-represented in the labour market, also with due attention to the regional and territorial dimension.[…]” since addressing discrimination is a Treaty obligation, making the term ‘eliminate’ more appropriate, and stronger wording on equal opportunities is in line with the European Pillar of Social Rights.

*Guideline 8, paragraph 6* (**in bold**): “[…]. Pension reforms should be supported by policies that aim to reduce the gender pension gap, **promote active and healthy ageing** and **~~measures that~~** extend working lives, such as by raising the effective retirement age, notably by facilitating the labour market participation **and ensuring working conditions adapted to the needs of older workers ~~persons, and should be framed within active ageing strategies~~**. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow for an appropriate phasing in of the reforms.” These amendments are based on the amendment 35 of the European Parliament and improve the text by pointing at elements that are key from a policy perspective in an ageing society.