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Q & A on the new Employment package: Towards a job-rich recovery

What is the Employment package?

The Employment Package is a response to the high level of unemployment in Europe. This policy communication identifies the EU's biggest job potential areas and the most effective ways - in today's difficult economic and social climate - for Member States to create more jobs. It provides a medium-term agenda for EU and Member States action to support a job-rich recovery and reach Europe's 2020 goals for smart, sustainable and inclusive jobs and growth. It is accompanied by nine staff working documents.

Why is there a need for action?

The EU-27 unemployment rate hit an all-time high at 10.2% in February 2012. Although 1.5 million jobs were created between 2008 and mid 2011, 6 million jobs were lost over the same period. Things have even got even worse since: in the Euro area, unemployment is the highest since the launch of the common currency. To reach its 75% employment target the EU needs to create 17.6m new jobs.

Europe is also facing long-term structural changes that affect its competitiveness but also present great job creation opportunities, such as the greening of the economy, a rapidly ageing population coupled with complex population flows and fast technological change. Europe's economies have to adapt to these trends.

The Employment package is also a political response to the call by Heads of State and Government in January and March 2012 for a bigger focus on job creation, quality transitions between and to jobs and geographical mobility.

What is new in the Employment Package?

The employment package proposes a fresh look at what can be our priorities for a medium-term policy to make our labour markets more open, more dynamic and more inclusive:

- A stronger accent on job creation policies by reducing taxes on labour and making a more effective use of hiring subsidies and exploiting the potential of some key sectors, such as green economy, ICT, or health and care sector;
- Using the experience gained in Member States during the crisis in view of steering the reforms required. For instance on the role of internal flexibility, or the role of public employment services to help workers succeed when changing job or getting back into work;
- Measures to improve job quality through decent wage floors, making transitions pay, or fighting undeclared work.
- Investment in skills based on better forecasting of skills needs and on new monitoring tools at EU level.

The governance of employment policies must also be strengthened by reinforcing their monitoring with the Member States so that employment and social concerns do not lag behind economic ones. The Commission proposes a scoreboard to keep track of the implementation of National Job Plans. The involvement of the social partners in shaping EU priorities, implementing reforms and monitoring developments must also be reinforced.

Can we fight unemployment by promoting a green growth?

By exploiting the big job potential areas for the future such as the green economy, over 20 million jobs could be created between now and 2020.

President Barroso in his State of the Union address emphasised innovation and new technologies (including green technologies) as key sources of growth and EU competitiveness. Transition towards a low-carbon and resource-efficient economy is a structural trend which will also redefine many existing jobs.

Smart investment plans are needed to capitalise on job opportunities arising through the greening of the economy. This includes investment in new skills and in the capacity of public employment services to prepare and match jobseekers with "green" vacancies. The Commission aims to facilitate the mobilisation of EU funding leveraging private investments in the green economy and having important employment potential. For instance, construction will be one of the sectors directly benefiting from investments in energy efficiency and climate adaptation measures such as extending coastal defences, reinforcing buildings and infrastructures, and water management.

A well-functioning labour market is a prerequisite for a successful green transition and to overcoming the challenge of skills obsolescence and displacement costs. Growing sectors may offer opportunities to use skills acquired from workers employed in declining sectors.

What is the job creation potential of the health sector?

Healthcare is a highly labour intensive activity and one of the largest sectors in the EU: in 2010 there were around 17.1 million jobs in the healthcare sector which accounted for 8% of all jobs in EU-27. Even during the economic crisis, employment in the healthcare sector has continued to grow.

There will be about 7 million additional job openings till 2020 due to replacement needs. Most jobs will require highly qualified people (more than 5 million) while the need for medium qualified personnel will remain rather significant (around 3 million). Around 200 000 job openings are expected for low qualified people.

With an ageing population and the rising demand for healthcare, the sector will remain a key driver for providing jobs in the years to come. In addition, emergence of new care patterns to cope with chronic conditions of the elderly and the rise in new technologies will require new skills. Budget constraints will mean that innovative solutions need to be found through use of new technologies, products and organisational changes.

Though health is mainly a national competence, the EU dimension of the issue is on the rise. The next step will be the launch of a Joint Action on workforce planning by the end of 2012. With the help of the Commission, a partnership of Member States and professional organisations will share good practices and develop new methodologies on forecasting the health workforce and its skill needs.

What is the situation concerning the demand for ICT professionals?

The demand for ICT professionals continues to grow while many other jobs are disappearing. Even during the crisis, the number of ICT practitioners grew at around 3% a year. By the end of 2010, 4.1 million Europeans worked as ICT practitioners in the narrowest definition (programmers and computer assistant staff), up from 2.7 million ten years earlier, with another 1.1 million in closely related occupations. Furthermore, labour demand is already outstripping the supply of ICT practitioners, and will continue to do so. By 2015, Europe is expected to face a shortage of approximately 700,000 ICT practitioners. Lack of skilled workers, often referred as ICT skills gap, remains one of the reasons. Education in science, technology, engineering and mathematics needs to be strengthened and the career image of these fields improved, in particular for women.

Why is there a focus on job creation, next to the necessary labour market reforms?

In the current difficult economic situation of stagnation or even recession, it is imperative to mobilize labour for growth, as the Commission underlined already in the Annual Growth Survey 2012. Jobs are not a consequence of growth – they help create it, as more people are able to work, earn and spend. Economic and employment policies need to focus on creating favorable conditions for job creation and encouraging labour demand. The employment package reviews a number of tools that can positively impact on labour demand and offers advice on the design of such tools so as to maximize their employment impact. The employment package also sets out action plans for areas with the biggest job potential for the future: the green economy, health services and ICT.

Will labour market reforms save jobs in the current economic crisis or lead to flexibility and lay-offs?

Measures aimed at internal flexibility have saved jobs, by allowing firms leeway in their costs structures taking away some of the pressure to lay off workers during the crisis. The German Kurzarbeit scheme is probably the most well know example of this, but in one way or another 20 Member States used such arrangements. Job security has been at the centre in each of these schemes. Estimates range around 1 million jobs saved.

Another example to show how flexibility can go hand in hand with security is the renewed development in opening clauses in collective bargaining. These clauses have cushioned the shock of the recession, controlled wage costs thus protecting the competitiveness of firms and as a consequence avoided a steeper increase in job losses. The involvement of all relevant stakeholders in the design and implementation of policies can be seen as an important precondition for reforms leading to a win-win situation delivering both security and flexibility.

To ensure decent job quality and support aggregate demand, it is also important to reduce labour market segmentation, halting excessive use of non-standard contracts and the abuse of bogus self-employment. All types of contractual arrangements should give workers access to a core set of rights (including pension rights) from the signature of the contract, including access to lifelong learning, social protection, and monetary protection in the case of termination without fault.

Crucially, labour market reforms need to go hand in hand with investment in human capital, such as education, re-skilling, job-search support, and labour market inclusion measures.

How are governments going to support structural labour market reforms given their limited fiscal room for manoeuvre?

Not all measures are expensive in terms of public expenditure. Working time accounts, mutual responsibilities approach, opening clauses in collective bargaining are examples of measures delivering flexibility and/or security at low or no costs. Second, most of the measures have the character of an investment with considerable returns. Job-search support, life-long learning, social inclusion actions, or entrepreneurship support are real *social investments* which boost employment, productivity and growth.

What is Eures? What will be the differences between the current and future EURES?

EURES is a European network between the European Commission and the Public Employment Services (PES) of the EEA Member States (the EU countries plus Norway, Iceland and Liechtenstein) and partner organisations. Switzerland also takes part in EURES co-operation. EURES was set up in 1994.

EURES is to change its intervention logic well beyond its original role as a vacancy transparency device, informing about the legal right for free movement. It will become a demand-driven and result oriented recruitment tool satisfying economic needs and contributing to fulfil the employment objective of the Europe 2020 Strategy.

This EURES shift to demand-led service delivery will also be characterised by several elements such as a revamped EURES Portal and the use of targeted mobility schemes that according to market needs can focus on specific target groups, sectors, occupations and countries. Targeted mobility schemes will contribute to fill bottleneck and niche vacancies (where market failures have been identified), to help specific groups of workers (such as young people) and countries which are or will become recipients of mobile workers.

Moreover EURES will move from a database of job vacancies and CVs to a Matching & Placement tool. The EURES Portal will become a proper matching tool; the application "Match and Map" will automatically match CVs and Job Vacancies, visualize the location of the job offers and suggest to jobseekers, if matching is not perfect, further learning and vocational training measures (linked with the Ploteus portal).

What is the link between the Employment package and the Annual Growth Survey and the European Semester?

The employment package is complementary to the Annual Growth Survey and feeds into the European Semester. The Annual Growth Survey aims to steer the economic policy process in the Member States. It identifies a set of priority measures to be addressed as a matter of urgency by Member States and that should be translated into budgetary decisions or economic policy process during the year. In its 2011 Country Specific Recommendations, the Commission did point out the issues of unemployment and labour market reforms in all Member States.

The employment package also provides a broader perspective and a medium-term policy agenda on job creation and labour market reform, building on the EU Employment Guidelines. It strengthens mechanisms for monitoring Member States' progress in designing and implementing labour market reforms and investments, and provides for greater involvement of the social partners in EU governance of economic and employment policies.

**Why review the way employment policies are coordinated at EU level?
Why involve the social partners more, in particular on monitoring wage developments?**

There is a need to complement the new economic governance at EU level with an improved coordination and monitoring of employment policies, given their important role for economic growth and macro-economic stability.

As representatives of employers and employees social partners have important responsibilities at national level in the drawing up labour market rules or setting of wages. It is important to involve the European and national social partners in preparing economic and employment priorities, notably the preparation of the European semester. There is also a need for their greater involvement in a more consistent monitoring of wage developments in the individual countries and of the combined effects at the level of the EU as a whole.

How do Europeans perceive the crisis?

The [sixth Flash Eurobarometer](#) on the social impact of the crisis has been published today and reveals that 80% of Europeans think poverty has increased in their own country over the past 12 months. This is a significant rise in comparison to the last round of surveys in 2010. In all but four countries, more respondents feel that their financial situation has worsened in the past year and only 14% of EU citizens think their household's financial situation will improve in the next year. Difficulties with the affordability of services such as health care, childcare and long-term care are perceived as a problem by more than one third of Europeans. And feelings of job security and optimism about the present and future economic developments have fallen but remain highest in Northern-European countries. The findings show that the crisis is having a social impact and the employment package seeks to address this.

See IP [IP/12/380](#)