

Opinion of the European Economic and Social Committee on the ‘Proposal for a Council Decision on guidelines for the employment policies of the Member States’

COM(2011) 813 final — 2011/0390 (CNS)

(2012/C 143/18)

Rapporteur: **Mr GREIF**

On 12 December 2011, the European Council decided to consult the European Economic and Social Committee, under Articles 100(2) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council Decision on guidelines for the employment policies of the Member States

COM(2011) 813 final – 2011/0390 (CNS).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 25 January 2012.

At its 478th plenary session, held on 22 and 23 February 2012 (meeting of 22 February 2012), the European Economic and Social Committee adopted the following opinion by 111 votes to 1 with 3 abstentions:

1. Requests and recommendations

1.1 In the fourth year of financial crisis, the prospects for the labour market look increasingly dim across Europe. The EESC is deeply concerned that the employment goals set out in the inclusive growth priority of the EU 2020 strategy probably cannot be met in view of the principles underlying austerity measures now being forced through by the EU in a bid to tackle the crisis. With the EU countries implementing austerity measures concurrently, there is the danger that the mutually reinforced downturn will gather pace and the prospects for economic growth will deteriorate further, in turn negatively affecting domestic demand as the last source of economic stimulus and undermining stabilisation and job creation.

1.2 In the coming years, Europe will navigate an exceedingly fraught employment situation. Certain groups are hit harder than average: young people, the low-skilled, the long-term unemployed, people with an immigrant background, the Roma and single parents. In order to counteract this, what is needed is speedy and targeted European and national investment with high employment impact, which should be implemented in a coordinated manner in order to amplify its employment policy effects.

1.3 Against a backdrop of worsening youth unemployment and persistently high long-term unemployment, the EESC proposes the following employment-focused policy recommendations in order to implement the employment guidelines:

— The target for EU-wide general employment should in future be supplemented with measurable EU targets for specific groups, such as the long-term unemployed, women, older

workers, and especially young people (tackling unemployment, improving employment prospects). The common approach of leaving formulation of concrete targets in employment policy at Member State level has not proven successful.

- In this context, it is particularly worth considering an indicator aimed at substantially reducing the number of young people who are not in education, employment or training (NEETs).
- The EESC welcomes the Commission’s proposal for a “Youth Guarantee”, whereby Member States guarantee that all young people have the opportunity for further education or are involved in activation and labour market integration measures within four months of completing compulsory schooling. As part of national reform plans, concrete measures should be formulated to this end.
- Countries with especially fraught labour market conditions as far as youth employment is concerned, and which must simultaneously meet restrictive budget targets, should be given easier access to EU funding set aside for measures like the “Youth Guarantee” (simplification of fund use, up to and including temporary suspension of national co-financing arrangements).
- Despite strained government budgets in Member States, provision of national and European funding for education and employment of young people and the long-term unemployed must be maintained and, where necessary,

increased. Sufficient funding from the ESF – but also from other EU funds – for youth-specific initiatives should therefore be guaranteed in the new financial plan from 2014 onwards.

- Eligibility conditions for income support for the young and long-term unemployed looking for a job or education should be reviewed and, where necessary, improved. It is recommended that corresponding targets be written into national reform programmes.
- The EESC warns against too many impermanent solutions offering few long-term prospects when it comes to integration of young people in the job market: instead of settling for precarious employment and insecure contracts, measures should be taken to guarantee that fixed-term employment and poorly-paid positions with little social security do not become the norm.
- The EESC recommends that the Member States pay particular attention to setting up inclusive intermediate labour markets in which public resources would create an appropriate number of suitable jobs to ensure that the long-term unemployed retain their working habits and improve their skills and knowledge. This will prevent in-work poverty increasing and enable them to make a smooth transition into the open labour market once the crisis is over.
- As far as the Commission initiative on internships is concerned, the EESC supports a corresponding European quality framework in order to promote in-work training opportunities with secure contracts. The "dual system" of apprenticeships with general education and training, which has long been practised successfully in some Member States, should be studied with a view to its partial application elsewhere.

2. Introduction

2.1 On 21 October 2010, the European Council decided to leave the new employment policy guidelines unchanged until 2014 in order to keep the focus on implementation. Updates should be kept to a minimum.

2.2 Nevertheless, the EESC is using the annual referral provided for under Article 148(2) of the Treaty on the Functioning of the European Union as an opportunity to review the guidelines' implementation,

- to see whether progress can be made towards the goals in view of current labour market trends and the principles underlying measures now being forced through by the EU in a bid to tackle the crisis;
- the focus will also be on worsening youth and long-term unemployment and the policy recommendations it urgently requires.

2.3 The EESC is satisfied that several of its proposals ⁽¹⁾ were included in the final text on employment guidelines issued by the Council in 2010, but notes that other shortcomings it identified were ignored. It therefore refers to some of the key observations in the opinion issued at the time, which are still of pressing relevance, namely:

- that, in light of the crisis, the guidelines do not adequately reflect the need to make tackling unemployment the highest priority;
- that the new guidelines fall short of an ambitiously European approach, leaving formulation of employment policy entirely to the Member States, besides a few core European objectives;
- that the target for general employment should be supplemented with measurable EU targets for specific groups, such as the long-term unemployed, women, older workers and young people;
- that EU targets are also needed for areas including gender equality, tackling long-term unemployment, dealing with jobs that do not provide adequate social protection, reducing youth unemployment and lifting children and adolescents out of poverty;
- that the guidelines have nothing concrete to say about quality of work.

2.4 This opinion addresses these points in the light of current trends in European labour markets during the ongoing economic crisis.

3. Employment situation increasingly fraught amid crisis

3.1 The financial crisis has developed into a fundamental economic, debt and social crisis ⁽²⁾. Recovery of the EU economy has officially stalled. The prospects for the labour market are also looking increasingly dim ⁽³⁾. The consequences of the crisis are reaching alarming proportions; not just because of the economic slowdown in many EU countries, but above all because the vast majority of governments are responding to the so-called debt crisis – which was triggered in part by the massive deregulation of financial markets in recent years – with uncompromising austerity measures in a bid to calm

⁽¹⁾ EESC opinion on the "Proposal for a Council Decision on guidelines for the employment policies of the Member States – Part II of the Europe 2020 Integrated Guidelines", rapporteur: Mr Greif (OJ C 21, 21.1.2011, p. 66).

⁽²⁾ The EESC has made its views on the consequences of the crisis and the steps needed to overcome them clear in numerous opinions and on various occasions. A prominent example is the statement by its president at the plenary session in December 2011: http://www.eesc.europa.eu/resources/docs/di_ces20-2011_di_en.doc.

⁽³⁾ See for example the European Commission's recently released autumn forecast for 2011-2013.

financial markets. In almost all EU countries, implementation of recently modified rules on economic governance in the euro area and reduction of public deficits by way of sometimes painful cuts in government expenditure – with the focus on restricting spending on welfare and public services – lie at the heart of planned fiscal consolidation⁽⁴⁾. These policies restrict labour market opportunities – not least for members of groups that were already disadvantaged to begin with.

3.2 Against this backdrop, the employment situation in Europe will be exceedingly fraught in the coming years. In the fourth year of financial and economic crisis, employment prospects continue to worsen. Despite an initial round of stimulus spending by governments in response to the crisis, as well as economic recovery in some EU countries, **unemployment** in the EU climbed from 6,9 % to 9,4 % between 2008 and 2011⁽⁵⁾.

3.3 As a result, today more than 22 million people in the EU are unemployed, although there are considerable differences across the Union: in the second quarter of 2011 (Q2 2011), **unemployment rates** varied from less than 5,5 % in Austria, Luxembourg and the Netherlands to more than 14 % in Ireland, Lithuania, Latvia and Greece and 21 % in Spain. Young people are even more severely affected by unemployment. In several countries – not only in southern Europe – the crisis triggered an alarming development: unemployment rates doubled in countries like Spain, Ireland and – albeit from a low level – also Denmark, while in the Baltic countries they even tripled; only Germany and Luxembourg saw unemployment fall by 2010. Despite rising unemployment, an increase in the number of job vacancies can be observed in some countries. As a result of demographic developments as well as ongoing structural change, this paradox can be expected to grow even more pronounced in the coming years.

- **The young and the poorly qualified** were hit especially hard by rising unemployment during the crisis, and both groups were already clearly above average beforehand.
- The unemployment rate for people with a **low level of education** was 16,3 % in Q2 2011. For people with a secondary or higher education, the rate was 8,6 % and 5,3 % respectively.
- **Both men and women of all age groups** have seen their unemployment rates increasing. In Q2 2011 they stood at 9,4 % and 9,5 % respectively. The rate for men rose more

⁽⁴⁾ For a discussion of the social impact of the new economic governance, see the EESC opinion of 22.2.2012, "Social impact of the new economic governance legislation", rapporteur: Ms Bischoff (see page 23 of the current Official Journal).

⁽⁵⁾ Unless specified otherwise, data are taken from the EU Labour Force Survey (LFS) (http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/introduction) and refer to the second quarter of 2011. As a rule, the age group is 15-64-year-olds.

quickly in the first phase of the crisis as male-dominated sectors (e.g. manufacturing and construction) were hit hardest. In the second phase of the crisis, female unemployment rates increased more steeply as female-dominated sectors (e.g. services, the public sector) began to be affected – especially as austerity measures were implemented.

- Immigrant workers, who already suffered higher-than-average unemployment rates before the crisis struck, have been disproportionately affected by the rise in unemployment: their rate stood at 16,3 % in Q2 2011.
- **Long-term unemployment** (>12 months), which saw a statistically temporary but significant drop due to the large number of newly unemployed, had returned to its pre-crisis level of 43 % by Q2 2011. Countries hit hard and early by the crisis (Spain, Ireland and the Baltic countries) saw large increases on 2008. In the near future, this group will grow significantly as a result of stagnating demand.

3.4 Given that **youth unemployment** had reached alarming levels even before the crisis broke out, the EESC has already declared it one of the most threatening problems in the European labour market⁽⁶⁾. It increased dramatically across the board and currently stands at an EU-wide average of almost 21 %. Today, more than five million young people (15-24-year-olds) are neither working nor studying, which has enormous individual and social consequences: current estimates by Eurofound show annual costs of more than EUR 100 billion stemming from the exclusion of young people from the labour market⁽⁷⁾. In Greece and Spain, more than 40 % of young people are unemployed, whereas in Latvia, Lithuania and Slovakia, it is almost one in three.

- Concerns about youth unemployment are confirmed by two indicators: the unemployment rate⁽⁸⁾ and the NEET rate, both of which have increased. The **NEET** indicator is particularly interesting as it is a snapshot of young people aged 15-24 who are **not in employment, education or training**.
- There are significant differences between Member States: the best performers are Denmark, the Netherlands, Slovenia and Austria, with scores below 7 %, whereas Italy and Bulgaria fare much worse, with rates between 19,1 % and 21,8 % respectively. The EU27 average was 12,8 % in 2010. The crisis seems to have worsened NEET rates in Spain, Ireland, Lithuania, Estonia and Latvia especially.

⁽⁶⁾ See Section 7 of the EESC opinion, "Youth on the move", rapporteur: Mr Trantina, co-rapporteur: Mr Mendoza Castro (OJ C 132, 3.5.2011, p. 55).

⁽⁷⁾ According to the latest estimates by Eurofound, the cost of this exclusion of young people from the labour market amounts to almost EUR 100 billion annually in the EU.

⁽⁸⁾ It considers the whole active population of youth so as to reduce a possible distortion due to high inactivity rates among youth still in education.

— **Early school leavers** (ESL) are another category at high risk of unemployment due to low educational performance. Despite the fact that in some countries (e.g. Spain, Portugal, Estonia, Latvia and the United Kingdom) the ESL rate has fallen during the crisis, at 14,1 % the EU-wide average in 2010 remained markedly higher than the Europe 2020 target of less than 10 %⁽⁹⁾. The differences between countries are significant: Portugal and Spain show rates above 28 % and in Malta the ESL rate is almost 37 %, whereas the rates in Slovakia, the Czech Republic and Slovenia are under 5 %⁽¹⁰⁾.

3.5 The trend of unemployment rates is also reflected in the **employment rate**, which has fallen noticeably during the crisis: from an EU average of 70,5 % of 20-64-year-olds in 2008 to 68,9 % in Q2 2011. When the guidelines were adopted in 2010, it was already clear that an entire decade would be needed to win back the good 10 million jobs lost since the crisis broke out. The situation has barely improved since then. Average figures for the EU show only minimal growth in employment between Q2 2010 and Q2 2011; some countries showed marked growth during this period (Estonia, Lithuania, Latvia and Malta), whereas in others the rate continued to fall sharply (Greece, Bulgaria, Slovenia and Romania). Overall, EU countries remain far from achieving the EU 2020 headline target of 75 % general employment (for 20-64-year-olds)⁽¹¹⁾. Young people have not only been more affected by unemployment than other age groups during the economic crisis, but their employment levels have fallen much more steeply.

3.6 In line with developments over the Lisbon period, **part-time employment** continued its gradual increase during the crisis. Bearing in mind marked divergences between countries, EU average part-time employment increased from 17,6 % of total employment in Q2 2008 to 18,8 % in Q2 2011.

— **Women** are considerably over-represented in part-time work, with an average rate of 31,6 % in Q2 2011 in comparison with 8,1 % for men.

— With **part-time employment** rising across the EU, **young workers** are considerably more affected than prime-age and older workers.

— Part-time employment also increased more strongly **among workers with the lowest level of education**.

⁽⁹⁾ http://ec.europa.eu/europe2020/priorities/smart-growth/index_en.htm.

⁽¹⁰⁾ <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/introduction>.

⁽¹¹⁾ See EMCO/28/130911/EN-rev3, p. 27 ff.

— Short-time employment enables people to remain in touch with the labour market during the crisis, and ensures they are well placed to move back into full-time employment after the crisis.

— Nevertheless, during the crisis the share of **involuntary part-time employment**⁽¹²⁾ also increased considerably. Countries hardest hit by the crisis (the Baltic States, Spain, Ireland) saw their rates of involuntary part-time employment increase more drastically between 2008 and 2010 than the average. In many countries, part-time employment rates remain high for women because of childcare or care for adults who are unable to work.

3.7 **Temporary employment** peaked in the EU at 14,6 % in Q2 2007. Data from the EU Labour Force Survey also include temporary agency workers in this category, unless they are subject to a written, permanent employment contract⁽¹³⁾. Because workers on fixed-term contracts and temporary agency workers were strongly affected by rising unemployment in the crisis, their share when taken together fell to a low of 13,5 % in Q2 2009. The recent increase to 14,2 % in Q2 2011 shows that there is a tendency for companies to rehire workers on the basis of fixed-term contracts or through recourse to temporary agency workers. This indicates, not least, that employers lack confidence about the resilience of the upturn and are trying to respond to the situation.

— **Country variations** in the extent of temporary employment are significant – less than 5 % in some central and east-European Member States such as Romania, Bulgaria, Lithuania and Estonia, contrasting with Portugal, Spain and Poland which have rates of 23-27 %.

— Young workers (15-24 years) are by far the most likely to hold a temporary job (42,2 % in 2010). This pattern is replicated in almost all countries. To some extent it is natural in many professions for **young people's** first job to be a **temporary** one. This is often involuntary, however. This is one of the explanations for the particularly severe deterioration of the labour market situation of young people during the crisis.

— Moreover, around 20 % of **low-educated** workers are in temporary employment, a much higher rate than for those with medium or higher educational levels (around 12-13 %).

⁽¹²⁾ Involuntary part-time employment is defined as "unable to find a full-time position".

⁽¹³⁾ It is recommended that, in future, Eurostat issue separate figures for workers on fixed-term contracts and temporary agency workers.

— The share of **involuntary temporary employment** increased by about 2 % between 2008 and 2010, particularly in Lithuania and Ireland, two of the countries most strongly affected by the crisis, as well as in the Czech Republic, Denmark and the United Kingdom.

3.8 **In-work poor:** Eurostat data for 2009 show that both temporary and part-time workers, but also young people and single parents, are much more likely to be in-work poor than are permanent and full-time workers.

— **Younger employees** (aged 18-24) are at significantly greater **risk of in-work poverty** ⁽¹⁴⁾ than the average population of 25-64-year-olds in several EU Member States.

— Similarly, **single parents**, who are often forced to work part-time, and low-skilled workers are disproportionately affected by both temporary and part-time work, and also much over-represented in full-time low wage jobs; this is reflected in higher **in-work poverty** rates.

4. EU-wide austerity measures impact negatively on the labour market and make it harder to reach employment policy goals

4.1 With EU countries implementing austerity measures concurrently, the mutually reinforced downturn may gather pace and the prospects for economic growth may deteriorate further. With some countries not giving sufficient attention to the necessary structural reforms and no new opportunities for economic growth on the horizon, cuts in government spending weaken domestic demand as the last source of economic stimulus, and lead to dwindling tax receipts and climbing welfare costs. There is a threat that budget deficits will grow even deeper, shrinking even further the room for manoeuvre of an increasing number of EU governments. This path – fiscal consolidation through austerity above all else – is thus not only socially questionable; it also undermines the prospect of a sustainable economic recovery. The EESC is deeply concerned that it will not be possible to overcome the crisis with these measures, nor to achieve the targets laid down in the EU's employment strategy.

4.2 Therefore the EESC reiterates its call for a further European stimulus package with decisive labour market impact, amounting to 2 % of GDP ⁽¹⁵⁾. Alongside additional

national investments to boost the impact on employment, which should be implemented in a coordinated fashion, European investment projects must also be identified. One per cent of the planned expenditure should include investments with high employment impact, as well as labour market policy measures that, depending on regional employment conditions in each EU country, may differ in form.

4.3 Government money cannot be used for everything – bailing out banks, social investment, investment in innovation and supporting business. In the view of the EESC, intelligent fiscal consolidation must inevitably entail not only cuts in expenditure, which should be carried out in a socially responsible manner, but also tapping of new sources of revenue. In particular, the Member States' tax base will have to be broadened. In addition, a general re-think of tax systems is needed, with due regard for questions of contributions from different kinds of income and assets. At the same time, public spending must be made more efficient and be better targeted.

4.4 In the view of the EESC, austerity measures must not be allowed to increase the risk of poverty or exacerbate inequalities that have already grown in recent years. Care should be taken to ensure that the measures taken in response to the crisis do not run counter to the objectives of stimulating demand and employment during and after the crisis and cushioning social impacts. The Member States should also make sure that measures taken to tackle the economic crisis and government debt do not jeopardise employment policy investments or undermine general and vocational education. The EESC calls for comprehensive impact assessments in order to establish how the EU goal of showing at least 20 million people a path out of poverty and exclusion by 2020 can be reached.

4.5 Austerity measures hit people who depend on social security payments hardest, including those with insecure employment and other disadvantaged groups in the labour market. As a rule, the people who are worst affected by unemployment are those with limited access to income support. Adequate, effective and sustainable social security networks are therefore needed, paying particular attention to the worst affected and most socially disadvantaged groups in the labour market (e.g. young people, immigrants, Roma, the disabled, single parents and the poorly qualified).

4.6 As far as the labour market challenges around Europe's ageing population are concerned, the EESC recently issued an opinion on the subject, noting that the most effective strategy by far is to make the best possible use of existing employment potential. This will only be possible through targeted policies

⁽¹⁴⁾ Less than 60 % of median equivalent household income.

⁽¹⁵⁾ See point 3.1 of the EESC opinion on "Results of the Employment Summit", rapporteur: Mr Greif (OJ C 306, 16.12.2009, p. 70).

designed to stimulate growth and create opportunities for participation. These should include making working conditions favourable for older people, expanding education and training, creating high-quality and productive jobs, guaranteeing efficient social security systems and adopting extensive measures for reconciling work and family life⁽¹⁶⁾. In addition, the economic potential of the "silver economy" should be fully exploited.

5. Employment of young people and the problem of long-term unemployment: demands and recommendations

5.1 Setting ambitious EU objectives for youth employment

5.1.1 The existing guidelines include an indicator aimed at reducing the number of young people who are not in employment, education or training (NEET). While the Member States have diversified their measures according to the specific features of NEET subgroups, paying special attention to disadvantaged groups⁽¹⁷⁾, there is still a lack of concrete targets for tackling youth unemployment and improving the employment situation of young people. **The EESC reiterates its demand that this key point in the guidelines be expressed much more clearly, above all by elaborating quantifiable European targets for youth employment: in particular, (1) a target for a significant reduction in youth unemployment, as well as (2) a maximum of four months seeking work or training after which young people are offered a new start.** Leaving specific targets for youth employment to Member State governments has borne little fruit; only a few countries have included relevant targets in their National Reform Programmes⁽¹⁸⁾.

5.2 "Youth Guarantee" for NEETs should be consistently implemented by Member States

5.2.1 The EESC is pleased that its call for the Member States to guarantee that all young people have the opportunity for further education or are involved in activation and labour market integration measures within four months of completing compulsory schooling has taken the form of a proposed "Youth Guarantee" in the "Youth on the move" flagship initiative⁽¹⁹⁾. **In this context, the EESC unreservedly echoes the Commission's demands that Member States promptly identify relevant barriers. As part of national reform plans, concrete measures should be formulated to dismantle these barriers.** To this end, in many countries it will be necessary to substantially extend the targeted support offered

by government agencies, while disadvantaged job seekers (including those with an immigrant background as well as Roma) must receive special attention.

5.2.2 The Member States are also called upon to effectively realise the priorities generally agreed to in the employment guidelines with regard to young people, as well, and to set corresponding, ambitious requirements and targets, including balanced measures to increase flexibility and security, promote labour mobility, create adequate social security systems to facilitate transition within the labour market, and promote entrepreneurship and adequate frameworks for preserving and creating jobs, especially in SMEs.

5.3 Increased EU funding and easier access to EU funding as a way of tackling youth and long-term unemployment

5.3.1 In order to reduce youth and long-term unemployment in the short term, the EESC calls for special measures in the areas of social, education and labour policy – particularly in a time of strained household budgets. In its current Youth Opportunities Initiative⁽²⁰⁾, the Commission effectively calls for quick and unbureaucratic assistance above all in countries worst affected by youth unemployment⁽²¹⁾. **Member States with especially fraught labour market conditions as far as youth employment is concerned and with high long-term unemployment, and which must simultaneously meet restrictive budget targets, should be given easier access to EU funding - especially that set aside for measures like the "Youth Guarantee" and for investment in job creation.** What are needed are **pragmatic and flexible procedures and simplified administration of fund use, up to and including temporary suspension of national co-financing arrangements by tapping funds such as the ESF and other European funds.**

5.4 Adequate resources for tackling youth and long-term unemployment in the new EU budget

5.4.1 The EESC has already stressed the importance of maintaining, and where necessary boosting, national and European funding for education, training and employment of young people and the long-term unemployed – despite the reassessment of budget priorities necessitated in all EU countries by the economic crisis⁽²²⁾. **For this reason the EESC asks that adequate funding be secured for initiatives focused on young people and the long-term unemployed as part of**

⁽¹⁶⁾ EESC opinion on "The future of the labour market in Europe - in search of an effective response to demographic trends", rapporteur: Mr Greif (OJ C 318, 29.10.2011, p. 1).

⁽¹⁷⁾ "Young People and NEETs in Europe: First findings" – EUROFOUND – EF/11/72/EN <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>.

⁽¹⁸⁾ Only four countries (Belgium, the Czech Republic, Bulgaria and Estonia) set national targets for tackling youth unemployment in their national reform plans in 2011.

⁽¹⁹⁾ "Youth on the move", COM(2010) 477, Chapter 5.4.

⁽²⁰⁾ See the Commission's proposals in its current Youth Opportunities Initiative, COM(2011) 933.

⁽²¹⁾ In Guideline 7, Council decision 2010/707/EU.

⁽²²⁾ See EESC opinion on "Youth on the move" (OJ C 132, 3.5.2011, p. 55); Section 8 of EESC opinion on "The economic crisis, education and the labour market", rapporteur: Mr Soares (OJ C 318, 29.10.2011, p. 50).

financial planning from 2014 ⁽²³⁾. In addition, the EESC recommends assessing whether other EU funds could be used for measures aimed at tackling youth and long-term unemployment.

5.5 *Improved access to income support for unemployed youth and the long-term unemployed*

5.5.1 The EU Member States differ considerably in terms of eligibility conditions and scope of social security, not least for young people. The guidelines rightly urge Member States to adjust their social security systems so as to avoid any gaps in income support under more flexible labour market conditions. This concerns all age groups in equal measure. In the view of the EESC, however, there has been too little discussion so far of the limited access to income support for unemployed youth that is seen in most Member States ⁽²⁴⁾. Some countries have improved access to unemployment payments for disadvantaged groups during the crisis, including youth, with corresponding conditionality. However, these measures were of limited duration or are at risk of reversal as part of planned austerity measures.

5.5.2 **The EESC calls on all Member States to review and, if necessary, improve eligibility conditions for income support for unemployed young people and the long-term unemployed who are able to work and looking for work or training. It is also recommended that relevant targets be written into the national reform programmes.** This would significantly contribute to alleviating the precarious situation faced by many young people in their transition to the job market.

5.6 *Dealing with insecure and unregulated work in training and internships*

5.6.1 Not only is the unemployment rate twice as high for 15-24-year-olds as it is for adults, but twice as many people in this age group have insecure working conditions (in some countries, higher than 60 %), and unregulated traineeships and internships (above all in southern Europe ⁽²⁵⁾), and work for

⁽²³⁾ The EESC therefore calls for at least 40 % of ESF resources to be earmarked for encouraging employment and professional mobility, whereby youth-focused measures should lie at the heart of a large number of new projects. See EESC opinion on the European Social Fund, (see page 82 of the current Official Journal) rapporteur: Mr Verboven, co-rapporteur: Mr Cabra de Luna, points 1.5 and 4.1.

⁽²⁴⁾ Data from the EU Labour Force Survey (Eurostat) show that, for the EU27, young people (15-24-year-olds) are three times less likely on average than other groups to have access to income support when unemployed – with no sign of a sustained improvement observed during the crisis.

⁽²⁵⁾ This is less of a problem in northern European countries with many years of practical experience of regulated relationships between trainees, training institutions and employers. The same is true of countries with an established and well-maintained "dual system" of apprenticeships (Germany, Austria).

which they are over-qualified. **The EESC warns against too many impermanent solutions offering few long-term prospects when it comes to integration in the job market: instead of settling for precarious employment and insecure employment contracts, measures should be taken to guarantee that fixed-term employment and poorly-paid positions with little social security do not become the norm for young people.**

5.6.2 The EESC has commented in numerous opinions on necessary areas of action in terms of adjusting education and qualifications, not least in order to guarantee that young people receive the training that is actually in demand on the labour market ⁽²⁶⁾. In order to remove existing discrepancies between supply and demand in the labour market created by unsuitable qualifications, limited geographical mobility or inadequate pay ⁽²⁷⁾, educational institutions are called upon to adapt their curricula to the requirements of the labour market, employers to expand their channels for recruiting new employees, and authorities to invest in effective active labour market measures. Responsibility for future employment prospects also lies with the trainees and students themselves.

5.6.3 **As far as the Commission initiative on internships is concerned, the EESC supports a corresponding European quality framework to which companies should also be persuaded to sign up, so that they offer in-work training opportunities with mutually secure contracts, particularly for poorly educated youth.** The dual system of apprenticeships with general education and training yields positive results in a number of countries, and should be studied with a view to its partial application elsewhere.

5.7 *Basic principles for tackling youth unemployment*

5.7.1 The EESC suggests taking measures to tackle youth unemployment in line with the following basic principles: improving young people's employability by reforming the education system to match skills more closely to labour market requirements, including by way of partnerships between schools, business and the social partners; active labour market measures, including greater support and incentives for young people to take jobs; reviewing the impact of employment protection legislation (EPL); and support for youth entrepreneurship.

⁽²⁶⁾ See on this subject the EESC opinion on "Modernisation of higher education" (not yet published in the OJ); the EESC opinion on "Youth employment, technical skills and mobility" (OJ C 68, 6.3.2012, p. 11), rapporteur: Ms Andersen; and the EESC opinion on "Post-secondary vocational education and training" (OJ C 68, 6.3.2012, p. 1), rapporteur: Ms Drbalová.

⁽²⁷⁾ See COM(2011) 933: "Youth Opportunities Initiative".

5.8 *Tackling long-term unemployment and loss of contact with the labour market*

5.8.1 The continuing crisis-related stagnation in the demand for labour is leading to an increase in long-term unemployment, resulting in serious difficulties in labour market integration and consequently a growth in in-work poverty. **The EESC recommends that the Member States pay particular attention to setting up an intermediate labour market in which public resources create an appropriate number of suitable jobs to ensure that the long-term unemployed remain in touch with the world of work and improve their skills and knowledge.** This will prevent in-work poverty from increasing and enable these people to make a smooth transition into the open labour market once the crisis is over.

Brussels, 22 February 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON
