



## **EUROPEAN UNION**

**Contribution to the  
2015 United Nations Economic and Social Council  
(ECOSOC)  
Integration Segment**

## **Reply by the European Commission, 03 March 2015**

### **UN ECOSOC Integration Segment: achieving sustainable development through employment creation and decent work for all, New York, 29 March-1 April 2015**

Reply to the UN Guidance Questions for Member States' (and other stakeholders) inputs to the Integration Segment

#### **Preliminary remark**

In accordance with the EU Treaties, the European Union has important competences in the economic, environmental, employment and social areas.

The European Commission has recently set out its political priorities around 10 points<sup>1</sup>. The first one is jobs, growth, fairness and democratic change. These are linked with sustainable development. In order to boost jobs and growth the European Commission has presented an Investment Plan that will unlock public and private investments in the real economy of at least €315 billion over the next three years (2015-2017)<sup>2</sup>.

#### **1. How has your Government used labour market policies, including wage policies, to help reduce economic and social inequalities?**

Together with decent work, better performing social protection is essential to reduce inequalities. EU countries need to modernise their labour market policies and welfare systems to meet current challenges. They need to promote the creation of new work places, while at the same time providing broad social security coverage, notably for those in need, and tackling the risks of social exclusion and rising poverty levels. In many EU countries, there is a need to better align wage-setting with productivity developments and to ensure that the education and training systems better match labour market needs. Almost all EU countries have recognised these challenges and taken steps to address them. The EU provides Member States with support for employment and social inclusion policies through the European Social Fund and the Commission encourages the Member States to make the best use of the European Social Fund resources, of which at least 20% are earmarked for social inclusion.

Wage evolutions should be in line with developments in productivity; they should support employment creation notably in countries with high levels of unemployment and provide adequate income for workers thereby supporting demand in the economy. The EU has limited competence in respect of wages, but the Commission considers that well designed minimum wage schemes can contribute to a fairer income distribution.. .

The Commission is implementing a pilot project to promote a minimum income network, mutual learning and transfers of good practice. In cooperation with the Member States work has also started on developing a common methodology for reference budgets to serve as a benchmark for minimum income schemes, inform on their adequacy and identify living costs

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<sup>1</sup> [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)

<sup>2</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0903&from=EN>

of the most disadvantaged. EU financial support is available for the design and implementation of minimum income schemes.

**2. How has your Government used monetary, fiscal and trade policies to create employment and promote decent work for all, while ensuring social inclusion and environmental protection? In particular, is the pursuing of full employment considered as a primary monetary policy objective by the Central Bank? Has your country experienced fiscal consolidation process in the recent years? If so, what has been the impact on employment and social protection in your country?**

In respect of the first question, please refer to our reply to Q1 and Q8.

Full employment is a basic principle of the EU. In addition to its primary objective of maintaining price stability, the EU Treaties require the single monetary policy to contribute EU objectives, among them to full employment. The European Commission has also taken initiatives to strengthen the social dimension of the European Economic and Monetary Union.

In addition, a number of EU level fiscal policy arrangements are also in place, including the Stability and Growth Pact, which requires EU countries to coordinate their budgetary policies and to avoid excessive deficits for sustainable economic growth and job creation. In January 2015, the European Commission has presented a detailed guidance on how it will apply the rules of the Stability and Growth Pact to strengthen the link between structural reforms, investment and fiscal responsibility in support of jobs and growth.

The EU Free Trade Agreements include a chapter on sustainable development including provisions on both labour and environmental commitments and objectives. The EU Generalised System of Trade Preferences Plus provides significant trade tariff advantages to those vulnerable economies that commit to ratify and apply a number of international conventions, including the ILO core labour standards conventions. This aims at promoting both decent work and environmental sustainability.

**3. What kind of trade-offs has your Government encountered in the promotion of full employment and decent work for all? What can be done to enhance synergies between respect to international labour standards and to environmental safeguards, productivity, competitiveness and economic growth?**

EU experience shows that there is no genuine trade-off between policies to raise the employment rate (in the EU geared towards full employment) and policies to foster productivity growth provided the necessary reforms are undertaken. In particular, social protection systems should guarantee that work pays, while appropriate working conditions and skill levels should be ensured (decent jobs). This is not to say that difficult choices may not sometimes have to be made between social protection and economic efficiency. However, in many cases, there is substantial scope for improving the design of labour market institutions in such a way as to improve employment participation and performance without weakening social protection and economic output. EU experience shows that Member States

with effective social and employment policies could resist best to crises. Anticipation and partnerships are essential to manage potential tensions among economic, social and environmental policy objectives.

The European Commission advocates for bringing together reforms and investments while creating synergies between different policy fields. Part of this effort is to boost quality job creation in areas with the greatest employment potential, including the green economy. The shift towards a green economy is as a tremendous opportunity for generating new high quality environmentally-friendly jobs, while securing the sustainable well-being of future generations and contributing to recovery from the economic crisis.

**4. Is youth employment a major issue in your country? What is the proportion of the youth labour force [aged between 15 and 24] that is unemployed in your country? Does your Government have specific programmes targeted at youth employment?**

This is a top concern. The average youth unemployment rate for EU-28 is 21.4%. The EU Youth Guarantee provides a policy framework for tackling this challenge. It is translated at national level into Youth Guarantee Implementation Plans and requires investments by national budgets. EU conditional financial support is provided mainly through the European Social Fund, but also through the dedicated Youth Employment Initiative of 6.4 billion EUR.

**5. How is your Government addressing the challenges of education/skills and job mismatch in your country, especially in the context of the transition to a sustainable development? Does your country have successful initiatives that link education and training to the world of work?**

Education and training policies in the EU are Member States' competences. The EU supports the Member States with policy recommendations in the context of the European Semester, as well as via common frameworks and guidelines, and substantial funding.

The EU Youth Guarantee is both a structural reform to improve school-to-work transitions and a measure to immediately support jobs for young people. The Member States guarantee that within four months of leaving school or losing a job, young people can either find a good-quality job suited to their education, skills and experience or acquire the education, skills and experience required to find a job in the future through an apprenticeship, a traineeship or continued education. Further, through EU initiatives like 'Your first Eures Job' and 'Erasmus+', we can boost the mobility of apprentices, and strengthen learning and labour market experiences abroad.

**6. How has your Government mitigated the trade-offs between the environmental, economic and social dimensions? What kinds of investments have generated the greatest job potential while maintaining environmental sustainability?**

The Europe2020 Strategy requires an integrated approach by joining up various policies in the economic, fiscal, social or single market areas. In particular, Member States need to redesign their social policies along a social investment approach. Major efforts are necessary to

modernise social protection systems, simplify and increase access to social services, and ensure that they are better targeted and provided in a more integrated way. Targeted active labour-market policies are vital for improving people's capacity to reintegrate the labour market. They should be backed up with enabling benefits and services, such as the provision of childcare, long-term care, family support services and skills development.

In order to boost jobs and growth the European Commission has presented an Investment Plan that will unlock public and private investments in the real economy of at least €315 billion over the next three years (2015-2017).

**7. What kind of policy initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalize and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?**

Preventing and fighting undeclared work, as well as helping undeclared workers' labour market integration are crucial for a fair and well-functioning labour market. This in turn is essential to improve the quality of employment and to boost formal job creation. All EU Member States have made efforts to prevent undeclared work or to transform undeclared work to regular employment. The European Commission has proposed to set up a European Platform on undeclared work bringing together various national enforcement authorities, to improve cooperation at EU level by sharing information and best practice.

**8. What kind of institutional framework arrangements are in place in your country for the successful integration of the economic, social and environmental dimensions of sustainable development to facilitate decent work?**

The Europe 2020 Strategy is the EU's synergic growth strategy to become a smart, sustainable and inclusive economy. These three mutually reinforcing priorities should help the EU and the Member States deliver decent work for all and social cohesion. Concretely, the EU has set five ambitious objectives (on employment, innovation, education, social inclusion and climate/energy) to be reached by 2020. Sustainable development is a principle enshrined in the EU Treaties (Article 3 TEU) and the EU Charter of Fundamental Rights. The President of the new European Commission, Mr Jean-Claude Juncker considers sustainable development as a horizontal responsibility which will be taken into account by the Commission in its actions and policies.

**9. How do the civil society, trade unions and the private sector engage in promoting an integrated approach to employment creation and decent work for all?**

The European Union promotes social dialogue at all levels. The European Commission is committed to re-launching and strengthening the dialogue with the social partners at EU level as a prerequisite for the functioning of Europe's social market economy and crucial to promote both competitiveness and fairness. The European Commission supports social

partners in playing an increased role in economic governance and structural reforms, alongside their formal role in the EU legislative process, with full respect for their autonomy. Strengthening of social dialogue will take place at cross-industry level but also at sectoral level through 43 EU sectoral social dialogue committees covering more than 75% of the EU workforce.

**10. What can the ECOSOC system do to help countries boost economic growth in a sustainable way that creates employment and decent work for all?**

The ECOSOC system should contribute to promote policy coherence in global governance so that economic, employment, social and environmental policies work hand in hand and promote, inclusive and sustainable growth that creates employment and decent work for all. The system should also facilitate the discussion and exchange of lessons learnt and best practices, and promotes mutual understanding and learning in this regard.