

The fight against unemployment

SUMMARY

By promoting a high level of employment, the European Union (EU) has been involved in the fight against unemployment since as long ago as the early 1950s. The issue was brought to the top of the European agenda with the onset of the 2008 economic and financial crisis, and the consequent rise in unemployment rates in all European Union (EU) Member States. In its Europe 2020 strategy, the European Commission set a target to get 75 % of 20 to 64 year-olds into employment by 2020.

EU labour market conditions have significantly improved in recent years, and most labour market indicators have strengthened steadily. Since mid-2013, the unemployment rate has continued to decline, and the EU is back to its pre-crisis level (6.5 % in February 2019). Despite the recovery in economic growth and its positive impact on the labour market, the EU still has to face unemployment challenges, particularly concerning differences between Member States, youth unemployment and long-term unemployment.

Since 2014, efforts have been made in a number of areas, including to help young people enter the labour market, to combat long-term unemployment, upgrade skills, and facilitate workers' mobility in the European Union.

The improvement in labour market indicators has been reflected in citizens' improved evaluation of the EU's involvement in the fight against unemployment, but there is still a very high demand for even more EU intervention in this policy area (76 % of EU citizens).

In the future, new or updated legislation relating to employment could modernise work to help in adjustment to a digital world, support sustainable transitions from unemployment into employment and between jobs, increase labour mobility and create closer coordination between economic and social policies.

This is an update of an earlier briefing issued in advance of the 2019 European elections.



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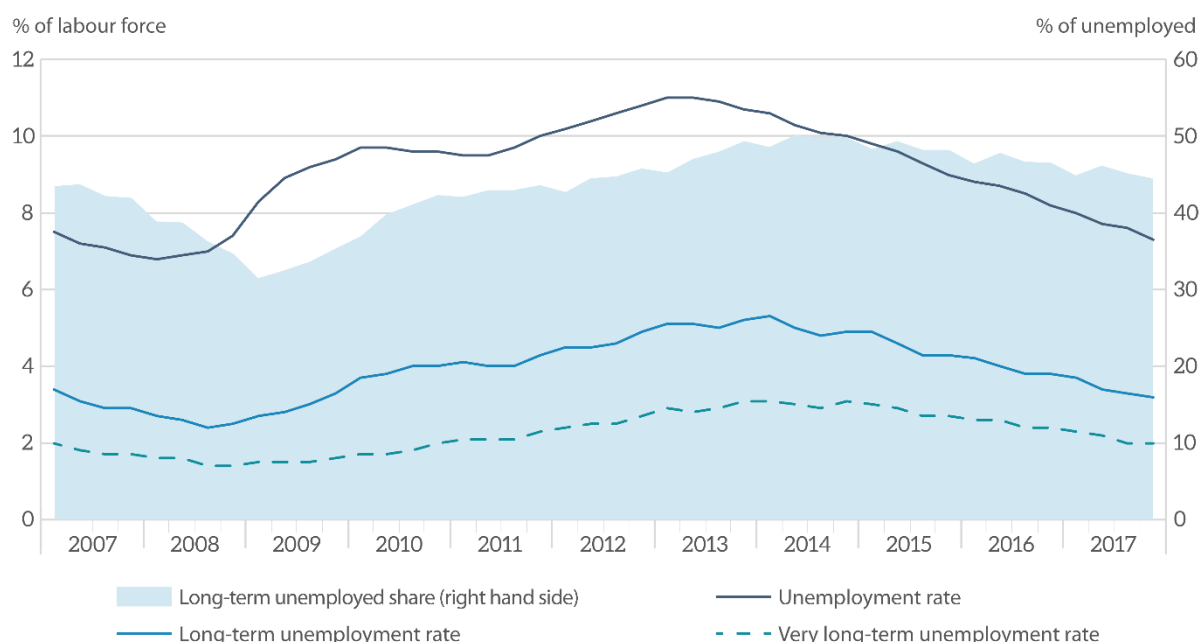
State of play

Since the onset of the 2008 economic and financial crisis, with the rise in unemployment rates in all European Union (EU) Member States, the fight against unemployment has risen to the top of the European agenda. Over recent years, however, **EU labour market conditions have improved significantly**, with important progress towards the [Europe 2020 strategy employment rate target](#) (75 % of 20 to 64 year-olds in employment by 2020).

Most labour market indicators have also strengthened steadily ([Eurostat](#)):

- Since mid-2013, the **unemployment rate** has continued to decline. In February 2019, it decreased to 6.5 % in the EU-28 (and 7.8 % in the euro area), the lowest level in the EU since December 2008 (February 2009 in the euro area). With this continuous drop in the unemployment rate of those aged 15-74, the EU is under its pre-crisis level (6.8 % in March 2008, see Figure 1).
- **Long-term unemployment** has been decreasing even if it remains above its pre-crisis level. In 2017, 2.9 % of the active population were in long-term unemployment, compared to 5.1 % in 2013 and 2.6 % in 2008.

Figure 1 – Unemployment and long term unemployment rates and share in the EU-28



Source: [European Commission 2018](#).

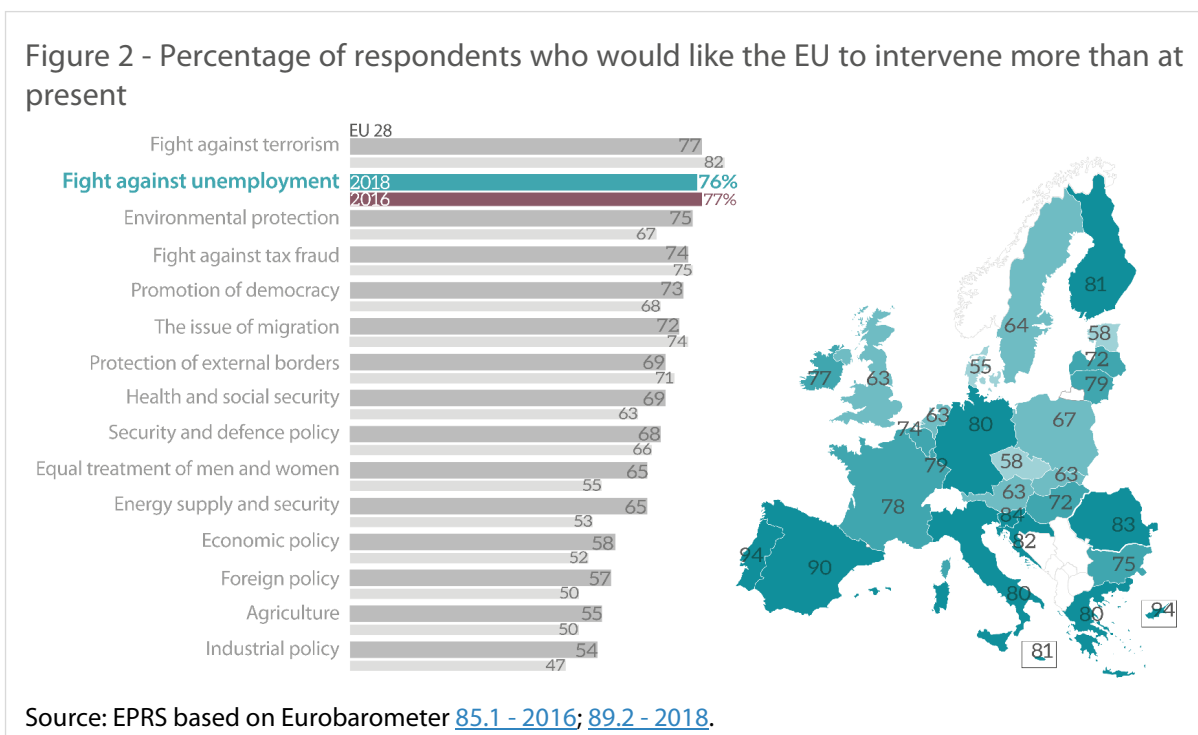
- The labour market situation for **young** people has also undoubtedly improved in Europe. Since 2013, the youth unemployment rate decreased by almost 9 percentage points (pps) from a peak of 23.7 % in 2013 (EU-28) to 18.7 % in 2016, and further to 14.6 % in February 2019 ([Eurostat](#)). This rate is beyond its pre-crisis minimum value (15.1 %, first quarter 2008) and the number of unemployed young people fell to 3.3 million in February 2019 (compared to 4.2 million in 2008), well below the pre-crisis level ([Eurostat](#)).

Despite the recent improving macroeconomic situation and its positive impact on the labour market, the EU has still to face challenges as regards unemployment:

- While all Member States show improvements, substantial **differences** can be observed between European countries. The unemployment rate ranges from 1.9 % in the Czech Republic and 3.1 % in Germany to 18.0 % in Greece (December 2018) and 13.9 % in Spain.

- The **employment rate of young people**, although recovering, is still almost four percentage points below the pre-crisis level. Moreover, tackling youth unemployment remains a priority in a number of countries. If the lowest rates were observed in the Czech Republic (5.4%), Germany (5.9%) and the Netherlands (6.9%), high rates were still recorded in Greece (39.6% in December 2018), Spain (33.2%) and Italy (32.8%). In addition to those working or looking for a job, a considerable proportion of young people aged 15-24 are economically inactive. In 2017, 10.9% of the population in that age band were not in employment, education or training (NEETs) in the EU. While this is a fall, compared to the peak of 13.2% in 2012, the rate is not yet below the pre-crisis level (Eurostat).
- **Long-term unemployment** (i.e. persons unemployed for more than 12 months as a share of the active population) remains very high in some Member States and still accounts for around 45% of total unemployment.

Public expectations for EU involvement



A comparative Eurobarometer survey on citizens' 'perceptions and expectations', conducted for the European Parliament in 2016 and 2018, shows that the share of European citizens who would like the EU to intervene more in fighting against unemployment has dropped from 77% in 2016 to 76% in 2018. This marginal decrease does not change the fact that this policy area accounts for the second largest share of citizens supporting increased EU intervention.

Although there are differences across Member States, the variation in opinion is moderate. The strongest support for increased EU action is in Cyprus, Portugal (94% in both countries) and Spain (90%). Such levels of support demonstrate almost unanimous public support for intensified EU intervention in this policy area. The weakest level of support is registered in Denmark (55%), the Czech Republic and Estonia (58% in both). In all three of these countries, public support for increased action has dropped in comparison to 2016, nonetheless support for increased EU action is still shared by the majority of citizens.

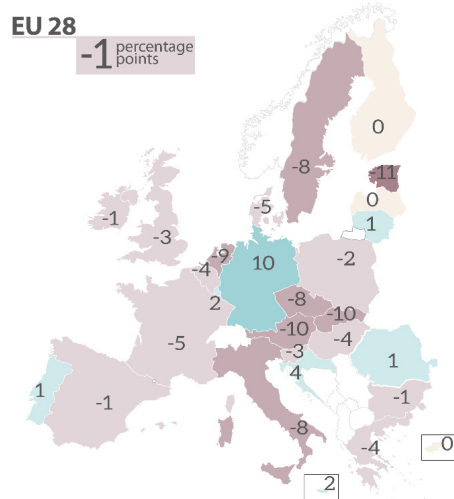
The overall support for more EU involvement in the fight against unemployment stayed almost constant, with a one percentage point decrease. However, there are significant changes in some Member States (see Figure 3). The most significant increase is seen in Germany (an increase of

10 percentage points) and the most significant decrease is in Estonia (decrease of 11 percentage points), Austria and Slovakia (10 percentage point decrease in both countries).

The evaluation of EU involvement in the fight against unemployment has improved significantly between 2016 and 2018. The share of citizens who evaluate it as adequate has increased by six percentage points (from 23 % in 2016 to 29 % in 2018), whereas the share of citizens who evaluate it as insufficient has dropped by 10 percentage points (from 69 % in 2016 to 59 % in 2018). Despite that, the fight against unemployment is the policy area with the highest number of citizens who evaluate current EU action as insufficient (compared to the other policy areas included in the survey).

The differences in the evaluation of current EU involvement in the fight against unemployment amongst different Member States are very high. The share of citizens sharing positive evaluations vary between as high as 61 % in the Czech Republic and 50 % in Poland, to as low as 6 % in Greece.

Figure 3 - Expectations for more EU action than at present: percentage points difference between 2016 and 2018

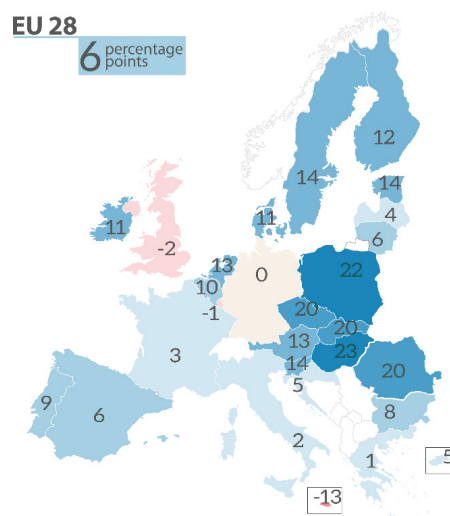


Source: EPRS based on Eurobarometer [85.1 - 2016](#); [89.2 - 2018](#).

The increase in the share of Europeans who evaluate EU action in the fight against unemployment as adequate is six percentage points. This trend is almost universal across the entire EU, with the Member States with the most significantly improved evaluation being Hungary (23 percentage point increase) and Poland (22 percentage point increase). The only Member State in which significantly fewer people evaluate EU action on fighting unemployment positively is Malta (13 percentage point decrease).

There is still a significant gap between EU citizens' expectations regarding EU involvement in fighting unemployment and their perception of current EU involvement, although the gap has decreased significantly mostly due to the improved evaluation of current EU action.

Figure 4 - Perception of EU action as adequate at present: percentage points difference between 2016 and 2018



Source: EPRS based on Eurobarometer [85.1 - 2016](#); [89.2 - 2018](#).

EU framework

Even though competence for employment policy remains primarily with the Member States, the promotion of a high level of employment has been a key objective of the European Union since as long ago as the 1950s, with European Coal and Steel Community 'readaptation aid' to finance tide-over, temporary lay-off, resettlement and vocational training for workers.

In the 1997 context of high unemployment in most EU countries, a new '**Employment**' chapter in the Amsterdam Treaty provided the basis for setting up the [European employment strategy](#) (EES) and the [Employment Committee](#) (EMCO). Since then, employment guidelines have been subject to co-decision by the European Parliament (EP) and the Council, after consultation of the Economic and Social Committee and the Committee of the Regions (ordinary legislative procedure).

According to the horizontal 'social clause' ([Article 9 TFEU](#)), the objective of a high level of employment must be taken into consideration in the definition and implementation of all EU policies and activities. The European Council is to draw up guidelines each year that Member States must consider in their employment policies (Articles 145-149 TFEU). The EU shall guarantee the free movement of workers, and the EP and Council shall issue directives or make regulations setting out the measures required to do so (Articles 45-46 TFEU).

In the EU's **multiannual financial framework** (MFF) for 2014-2020, funds are available for the fight against unemployment, at least partly, under:

- the [European Social Fund](#) (ESF) (more than €86 billion for 2014-2020) aims to support the promotion of employment and enhancement of labour mobility. An additional €3.2 billion is allocated to the [Youth Employment Initiative](#) (YEI). The YEI also receives €3.2 billion from a dedicated budget line to support youth employment. Given the continued high levels of youth unemployment in the European Union, in June 2017 a further €2.4 billion for eligible Member States was agreed for the 2017-2020 period. To mobilise YEI actions on the ground faster, substantial funding was released to Member States in the form of [pre-financing](#), which in 2015 was exceptionally increased to 30 % of the special YEI budget line;
- the [Employment and Social Innovation Fund](#) (EaSI) (€919.47 million) is divided into three thematic axes: progress (61 % of the EaSI budget); EURES (18 %); and microfinance/social innovation (21 %). The progress heading supports the modernisation of employment and social policies. EURES is a cooperative network facilitating the free movement of workers. The microfinance/social innovation axis makes access to finance easier for social enterprises or vulnerable people who wish to set up or develop a micro-company;
- the [European Globalisation Adjustment Fund](#) (EGF) is designed to combat unemployment when large companies reduce production and/or employment or move it out of the EU. The EGF has a maximum annual budget of €150 million for 2014-2020;
- [European Investment Fund](#) (EIF) products aimed at boosting growth and jobs include [equity](#), [debt](#) and [microfinance](#) products under umbrella programmes such as [COSME](#), [EaSI](#) and [Horizon 2020](#). Those most closely linked to the fight against unemployment are microfinance loans (up to €25 000), which help people to become self-employed.

Deliveries of the 2014-2019 parliamentary term

A number of strategies, measures and initiatives to fight unemployment in the EU were adopted during the last legislature.

European employment strategy

The [European employment strategy](#) (EES) is an important tool in the fight against unemployment and for fostering the creation of more and better jobs in the EU and its Member States, through the development of a coordinated strategy. Launched in 1997, the EES is now part of the [Europe 2020 strategy](#) and is implemented through the [European Semester](#), following an annual four-step process:

- The European Commission proposes [employment guidelines](#) (common priorities and targets for employment policies), agreed by national governments and [adopted by the Council](#);
- A [Joint employment report](#) (JER) is published by the Commission and adopted by the Council;
- National governments submit their [national reform programmes](#) (NRPs) to the Commission for compliance with the Europe 2020 strategy;

- Based on the assessment of the NRPs, the Commission analyses Member States' economic and social policies and issues [country-specific recommendations](#).

Youth unemployment

In 2014, the [European Parliament](#) warned that significant sustainable economic growth in the EU requires inequality to be reduced and recalled the importance of reducing unemployment, especially of young people. In this spirit, a [series of initiatives](#) aimed to reduce youth unemployment in the EU.

- The [Youth Guarantee](#) (YG) seeks to ensure that all EU Member States make a good-quality offer – to all people up to age 25 – of a job, continued education, an apprenticeship or traineeship, within four months of leaving formal education or becoming unemployed. The YG aims to enable young people to find a suitable job, or to acquire the education, skills and experience to increase their chances of finding one. Since 2014, significant EU investment has supported establishment of the guarantee – notably from the [ESF](#) and the [YEI](#) (€8.8 billion in total from 2014 to 2020). In early 2018, Parliament stressed the need to [transform the YEI](#) into a more stable instrument and to improve the quality of offers under the YEI and YG.
- Effective vocational education and training systems, with a strong work-based learning component, appear to facilitate the transition of young people from education to work. Launched in 2013, the [European Alliance for Apprenticeships](#), is to improve the quality and supply of apprenticeships across the EU and to change mind-sets towards apprenticeship-type learning. In parallel, so that young people can gain high-quality work experience in safe and fair conditions, and increase their employability, Member States agreed on a [Quality Framework for Traineeships](#) (2014).
- Facilitation of EU labour mobility, in particular by making young people aware of job opportunities in other EU countries, is another significant initiative. [Your first EURES Job](#) (YfEj) is a platform that matches the CVs of young jobseekers – aged 18 to 35, from all EU-28 countries plus Norway and Iceland, who are interested in finding professional experience abroad – with job/traineeship vacancies at employers looking for young workers.
- The new [European Solidarity Corps](#) aims to create opportunities for young people to volunteer or work in solidarity-related projects benefitting communities and people around Europe.

Long-term unemployment

Addressing long-term unemployment is a major employment challenge for the European Commission's [jobs, growth and investment strategy](#) (the 'Juncker Plan'). On 15 February 2016, the Council adopted a [Recommendation on the integration of the long-term unemployed in the labour market](#). In line with the Europe 2020 objectives, it aims to increase rates of long-term unemployed people's transition into employment, by encouraging registration with an employment service; assessing individual needs and potential; and offering them a job integration agreement after 18 months.

- To support the implementation and monitoring of actions taken, Member States and the European Commission developed a quantitative indicator framework to collect data on that basis. The 2017 [first results](#) provided an important quantitative mapping of the state of play in the Member States. The second data collection round, launched in March 2018, introduced a number of changes to make the data more robust and comparable. In parallel, in 2017, the Commission launched a two-year project via the [European Social Fund Transnational Network on Employment](#), involving a number of Member States (Belgium, Bulgaria, Croatia, Finland, Greece, Ireland, Lithuania, Slovakia, Slovenia and Spain). The project aims to develop 'long-term unemployment support packages' in the form of transferable toolkits through an exchange of experiences between countries.
- In May 2018, the Commission launched a [public consultation](#) to gather the views of different actors (public authorities, employment and social services providers, civil society, individuals, etc.) on how the support to the long-term unemployed is being delivered in response to the

2016 Recommendation. Its results fed into the Commission's report [on the implementation of the Council recommendation taking stock of progress made](#) to help long-term unemployed people get back to work (April 2019).

Reducing the risk of unemployment: upgrading skills

- In the context of the 2008 economic and financial crisis, an [agenda for new skills and jobs](#) was launched in 2010, as part of the Europe 2020 strategy. A key objective of the agenda is to help the EU reach its employment target for 2020 with a fight against skills mismatches.
- On 10 June 2016, the Commission adopted a '[new skills agenda for Europe](#)' to promote a wider range of skills (such as literacy, numeracy, digital and transversal skills) through measures including the promotion of the better use of all available skills in the European labour market, and actions to address skills shortages in specific economic sectors.

Facilitating workers' mobility

Enhancing worker mobility is another way to fight unemployment. The [labour mobility package](#), supports labour mobility and tackles abuse, through a targeted review of the Posting of Workers Directive, an enhanced EURES portal and better coordination of social security systems.

- With rising worker mobility, the EU decided to tighten rules on [posted workers](#). Aiming to establish a balance between a level playing field for business, on the one hand, and social protection for workers on the other, the new rules mean that the host country's labour law applies to posted workers after 12 months; that collective agreements may apply in all sectors; and that the principle of the 'same pay for the same work at the same workplace' will apply to posted workers from day one.
- The [new EURES portal](#) is now a true European placement and recruitment tool, making available a near-complete supply of job vacancies and an extensive pool of CVs. The platform provides an effective, automated system to match vacancies and CVs across Member States.
- The European Commission's proposal for a revision of the regulations on [social security coordination](#), if maintained in the new legislature, may help to make the rules clearer, fairer and simpler to enforce, to enable people to move more freely in the EU.

Potential for the future

On 30 May 2018, in preparation for the upcoming multiannual financial framework for 2021-2027, the European Commission published a [proposal for a regulation on the European Social Fund Plus \(ESF+\)](#). In the same spirit as the current European Social Fund 2014-2020, **the ESF+** will be the main EU financial instrument for improving workers' mobility and employment opportunities and strengthening social cohesion, improving social fairness and increasing competitiveness across Europe for the 2021-2027 period. With a provisional budget of €101.2 billion (current prices), the ESF+ should merge the existing European Social Fund (ESF), the Youth Employment Initiative (YEI), and the Fund for European Aid to the most Deprived (FEAD), the Employment and Social Innovation programme (EaSI) and the EU Health programme. The new fund will concentrate investment in three areas: education, employment and social inclusion. In employment, the Commission proposes to focus on access to employment; modernising the labour market; women's labour market participation; work/life balance; childcare; working environment; adaptation of workers; and active and healthy ageing. Additionally, Member States with an above-EU average rate of young NEETs in 2019 will be required to dedicate at least 10 % of this share to measures tackling youth employment.

The [European Globalisation Adjustment Fund](#) (EGF) will be revised to intervene more effectively to support workers who have lost their jobs – focusing on improving their skills and employability. The maximum amount over the 2021-2027 period would be about €1.6 billion (at current prices), an average of €225 million per year compared to the current €170 million per year.

Under the Treaties, the EU has powers to address the challenges highlighted above. However, it is limited by the fact that responsibility for financing and implementing employment measures adopted at EU level lies with Member States, and in some cases regional and local authorities.

New or updated legislation could be passed in the following areas:

- **Modernising work to adjust to a digital world.** As in many areas, the digital shift, or the 'fourth industrial revolution', has strongly impacted the labour market, with new forms of employment. Responding to the European Parliament's numerous calls for a [framework directive on decent working conditions](#) in all forms of employment and a revision of the 1991 Directive, to take account of the impact of [new forms of employment](#) on working conditions and precarious employment, the Commission published a [proposal for a directive on transparent and predictable working conditions](#) in December 2017. It aims to modernise existing obligations to inform workers about working conditions, in particular for those in non-standard forms of employment. Parliament adopted its first reading position on the proposal in April 2019. Finally, on 13 March 2018, the Commission adopted a [proposal for a Council recommendation on access to social protection for workers and the self-employed](#). The overall aim is to [support](#) people in non-standard forms of employment and self-employment who, due to that status, are not sufficiently covered by social security schemes and thus are exposed to higher economic uncertainty. On 6 December 2018, the Council reached a political agreement on the Commission's proposal for a Council recommendation on access to social protection for all. Some national parliaments still need to approve the agreement before its final adoption in the Council. Member States committed themselves to develop their national plans within two years.
- **Supporting sustainable transitions from unemployment into employment and between jobs.** Smooth coordination between employment, education and youth policies is key to better supporting young people's transition from education and/or unemployment to work. More generally, ensuring smooth transitions from unemployment into employment and between jobs is key for the future functioning of the labour market, as explained by the European Parliament in its June 2018 resolution on [modernisation of education in the EU](#). Similarly, fighting (long-term) unemployment calls for [well-designed unemployment benefit systems](#), combined with activation strategies to support long-term unemployed people's transitions back to work.
- **Increasing labour mobility.** [Mobile EU workers](#) make up just 4.1 % of the total EU workforce. Cross-border worker mobility as well as cross-border company operations in the EU should be encouraged. A new [European Labour Authority](#) (ELA) should be up and running in 2019 and reach its full operational capacity by 2023. The ELA should ensure that EU rules on labour mobility be enforced in a fair, simple and effective way and bring together seven existing EU bodies (including EURES) to improve coordination on labour mobility. The Authority should also gather resources and foster synergies across different aspects of labour mobility.
- **Creating closer coordination between economic and social policies** is critical in the fight against unemployment. In the ongoing debate on the [Future of Europe](#), many EU leaders have called for increased cooperation among Member States on social and employment aspects, including fair access to the labour market for all and a fair social security system and adequate pensions. They agree that the future success of the EU depends on the ability to ensure that policy decisions are geared towards more economic, social and political cohesion. Closer coordination of economic and social policies will be needed. In the same spirit, [Parliament's resolution of 14 March 2018 on the European Semester](#) stressed that the Commission should improve the link between economic coordination and employment and social performance. It underlined the need to integrate long-term unemployed people into the labour market through individually tailor-made measures and to focus on delivering smoother transitions into work from education and (long-term) unemployment.

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