

UEAPME¹ position

EU Commission's proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market

Introduction

UEAPME takes note of the European Commission proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market.

I – Key messages

1. Long-term unemployment is a serious problem for economic, personal and societal reasons. The best way to fight long-term unemployment is preventing unemployed people from becoming long-term unemployed. Tackling it requires a systemic approach and local solutions in accordance with the Member States' competences and responsibilities.
2. The systemic approach comprises on the one-hand a business-friendly environment for job creation and on the other hand effective active labour market policies to support integration of this target group through well-targeted tax and benefit measures and tailored-made activation policies.
3. Concrete solutions have to be found on the local level, where public employment services and agencies work together with local stakeholders including social partners, social services and the business community. Employer involvement will be essential to meet the needs of the labour market.
4. An individualised, targeted approach on the local level is necessary to integrate unemployed into the labour market. Job integration agreements based on rights and obligations are an appropriate way to do so. Making best use of the EU financial support and notably the EU social fund will require the full respect of the newly introduced partnership principle.

II – General comments

UEAPME welcomes the Commission's proposal for a Council Recommendation. Long term unemployment remains very high, therefore integration of long-term unemployed should be a key EU priority, even if the responsibility lies within the Member States and concrete actions have to be taken at national, regional and local level.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

Furthermore it is important to tackle root causes and to take appropriate measures on the ground to address this serious problem. For that reason, **the European initiative to tackle long term-unemployment should not be seen in isolation but more as one piece of an overall EU strategy for growth, jobs and competitiveness.**

Long-term unemployed are often at risk of social exclusion and poverty at present, and this risk is increasing in the future. This puts pressure on social welfare systems, including social security and pension systems in the Member States, adding to the challenges of a rapidly ageing population and the shrinking of the active workforce. Moreover, it is important that skills and talents are better used, as businesses will have an increased demand for labour in the near future, thus contributing to growth and competitiveness.

A systemic approach including national labour market reforms is therefore necessary. There are different causes and various features of the current high level of long-term unemployed in the Member States. Part of this phenomenon has been caused by the recent economic crisis, but also by pre-existing structural problems and imbalances on the labour market that are common in many Member States. **Policy priority should be on growth and competitiveness as the basis for new jobs.**

III – Two-tier approach

UEAPME acknowledges the necessity of a two-tier approach. This involves on the one hand a systemic assessment and reforms of the labour market, to identify and remove bottlenecks for job creation. **Even the most effective and well-targeted training and mentoring actions for long-term unemployed remain fruitless if these people are not able to find a job afterwards.** On the other hand a micro-approach is required which considers the efficiency of integration measures on the ground, the interplay of local actors and the needs of local businesses.

Structural reforms

The macro-dimension means designing smart and effective policies for facilitating job creation, contributing to increased competitiveness and thus further job creation. Member States should introduce and/or further **continue structural reforms of the labour market** along the line of the flexicurity approach, reducing the tax wedge on labour and looking at the efficiency of social spending. Wages should be set in line with productivity. Efforts to implement labour market reforms should be further strengthened through the Open Method of Coordination and the EU Semester process.

Make work pay

Reducing non-wage labour costs will be an effective measure, notably for low-paid/low qualified jobs through targeted cuts in employers' contributions. This would stimulate demand by encouraging employers to hire more staff and certain categories of long-term unemployed. At the same time, job seekers would be more motivated to accept lower paid jobs if they are topped-up by tax credit systems or other additional resources, making it financially attractive to work

Increasing the efficiency of Public Employment Services (PES) is fully part of this equation, as they are the key intermediate between the labour market and the long-term unemployed. UEAPME supports in particular the PES Network that has been set up to encourage the exchange of good practices through "benchlearning". PES should also work in close cooperation with private agencies and social services to fully meet the multiple needs of people further from the labour market.

Further targeted measures are needed, such as fostering mobility before reaching the stage of long-term unemployment, acquiring specific skills (ICT, language), and adapting care facilities to modern work patterns. Long-term unemployment is a multi-faceted reality, tackling it efficiently will require a good combination of different types of measures.

Modernising and reforming education and training systems belongs to the solution. Education and training systems should work in close partnership with social partners to identify and meet the needs of the labour market. Businesses should be closely involved in the design of curricula to avoid further skills mismatch.

Local solutions

It is in the Member States themselves and even more on the local and regional level that the concrete solutions have to be found and implemented. Representing SMEs well embedded at local and regional level, UEAPME is calling for permanent cooperation between institutions, stakeholders involved and the business community at local at regional level. Demand is created locally, and in several Member States it is proven that where employment services and the business community work hand in hand, better results are achieved. **Employer's involvement will be essential to identify and meet the needs of the labour market.** Businesses know best where and in which sector people are needed.

UEAPME calls for **stronger partnerships on the local level** between employers, social partners, authorities, social services and PES to find solutions that are in line with regional and local needs. UEAPME highlights that in many Member States, where social partners are involved in the management of public employment services, the match between jobseekers and employers in the primary labour market is better.

IV – On the proposal for a Council Recommendation

UEAPME considers the Council Recommendations as the right approach at EU level to integrate long-term unemployed into the labour market. Nevertheless, as argued, the proposal cannot be seen as the sole answer to fighting high numbers of long-term unemployed and it can only be a part of a more systemic approach.

UEAPME supports the practical steps proposed, including an individualised assessment and service offer. **An individualised, targeted approach on the local level is the best way to integrate unemployed into the labour market** by reaching out to them in a structured manner. However, a period of 18 months before job integration agreements are made is too long. Integration measures should already start at the beginning of the unemployment period. Essential is to guarantee consistency and continuity of approach.

Single points of contact and tailor-made offers leading to (re)integration, adapted to the personal situation at local level, are an appropriate way to do so.

UEAPME also stresses the importance to clearly define principles of rights and obligations of job-seekers, with commitments that should be respected.

The ESF is the right financial instrument to be used in this context. Operational Programmes should be implemented respecting the partnership principle which foresees a full involvement of stakeholders including social partners in the monitoring committees. Only under these conditions, regional and local actors will be able to assess if a further adaptation of OPs would be necessary to better tackle long term unemployment.

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