



*Employers entrusted to deliver
Sustainability Growth Innovation*

Position Paper

SGI Europe response to the First stage consultation of social partners
under article 154 TFEU on a possible action on the activation of persons
facing significant barriers to entering the labour market

15 October 2026

Executive summary

SGI Europe supports the objective of enabling people who can and want to work to move into sustainable, quality employment. For SGI Europe, further EU action must be guided by a clear diagnosis of whether each problem reflects a genuine policy or coverage gap, incomplete implementation, insufficient service or administrative capacity, or weak coordination. The Commission should not create new horizontal obligations where the problem lies in implementation, service capacity or coordination.

- **Activation** can widen the talent pool, support social inclusion and help services of general interest respond to persistent recruitment needs.
- **Employers and enabling services make different contributions.** Employers can improve skills intelligence, matching, recruitment and workplace integration. Participation also depends on whether care, transport, housing, healthcare, education and employment services are available and have sufficient capacity. EU action must keep these responsibilities distinct and must not transfer to employers responsibility for barriers they cannot influence.
- **Respect national competences and subsidiarity.** A large part of the issues covered by the consultation concern policies and services that are primarily organised and delivered at national, regional or local level, including social protection, taxation, employment services, care, housing, healthcare and transport. EU action should therefore focus on supporting Member States through coordination, guidance, funding, mutual learning and implementation support.
- **Ensure proportionality.** Any further EU action should respond to a demonstrated gap and remain limited to what is necessary to address it. The Commission should take account of the practical and administrative implications for employers and service providers, avoiding unnecessary burdens that could affect competitiveness or effective service delivery.
- **Build on the Pillar implementation architecture.** The July 2026 Communication offers a useful route through implementation dialogues, the European Semester, the Social Convergence Framework and closer links between diagnosis, reform, investment and delivery. SGI Europe calls on the Commission to use these existing instruments before creating additional governance or reporting structures.
- **Keep the form of EU action open.** Further action may add value, but the evidence at this stage does not demonstrate the need for a new horizontal legislative framework. SGI Europe therefore does not support such a framework at this stage. The initiative is not suitable for Article 155 negotiations.

Introduction

Europe has a clear economic and social interest in enabling more people to participate in the labour market. Demographic change is reducing the working-age population while labour and skills shortages persist, including in healthcare and long-term care, education and transport. In 2025, almost 50 million people aged 20 to 64 were outside the labour market, although this population is highly diverse and includes people who remain outside employment by choice.

For SGI Europe, effective activation is both an employer priority and a service-delivery question. Providers of services of general interest need to recruit and retain workers in sectors facing structural shortages. At the same time, they deliver many of the services that allow people to take up work and remain employed. That dual perspective is central to this response.

When it comes to active inclusion, Europe has developed many tools over the years. The Recommendations on active inclusion, minimum income, long-term unemployment and the reinforced Youth Guarantee already promote individual assessment, personalised support, outreach, coordination, employer involvement and access to services. EU action must respect subsidiarity, proportionality and Member States' competences, with the EU supporting action by the competent national, regional and local authorities. SGI Europe therefore believes that the key question is not simply whether a problem exists, but why it persists: is there a gap in coverage, incomplete implementation, insufficient capacity or weak coordination? The European Commission should first consider this question before shaping further EU action for the inclusion of people furthest from the labour market.

I. Are the issues and possible areas for EU action correctly identified ?

The Commission identifies the principal barriers and relevant areas for action. However, its diagnosis does not yet distinguish consistently between matters requiring a new policy response and failures to implement, coordinate or resource approaches that already exist. SGI Europe considers this distinction essential to assign responsibilities correctly and avoid obligations that do not address the underlying barrier.

1. Different barriers require different responsibilities

Skills gaps, limited work experience, matching, recognition of competences and re-entry after inactivity are areas where employment services, training providers and employers can make a direct contribution. Employers have a clear interest in successful activation and can support recruitment, work-based learning, workplace integration and retention. The Commission is therefore right to consider better employer support and stronger involvement of social partners.

Other barriers arise outside the workplace. A parent without childcare, an informal carer without adequate support, or a person unable to reach a job or training opportunity because of weak transport connections does not primarily face an employer-side problem. Housing constraints, unmet healthcare needs and the design of tax and benefit systems likewise require action by the competent public authorities. Effective activation often brings several actors together, but responsibility must remain with those able to influence the barrier. SGI Europe considers that responsibility should remain with the actors able to address the underlying barrier, and that employers should not be made responsible for the availability or design of services and systems beyond their control.

This matters particularly for gender equality. Women represent the largest share of people outside the labour market and continue to carry a disproportionate share of care responsibilities. Activation should connect the

equality and work-life balance framework with the actual availability of childcare and long-term care. Formal rights at work and adequate enabling services are complementary; neither can compensate for the absence of the other. Social partners in several Member States have worked for many years to make full-time employment more accessible, particularly for women. Making it possible for more people to work full-time where they wish to do so can strengthen lifetime income and pensions, service capacity and society's labour supply.

2. Existing experience points to delivery gaps and some coverage gaps

The 2016 Recommendation on long-term unemployment already provides for registration, individual assessment, job integration agreements, employer engagement and a single point of contact. Yet the 2024 EMCO review found uneven implementation and slowing progress.¹ Outreach, personalised pathways and integrated support also underpin the Youth Guarantee and minimum-income framework. This suggests that the central weakness is often delivery rather than a weakness of the activation concept.

There may nevertheless be a genuine coverage gap for people who are neither registered with employment services nor reached through existing social protection or youth frameworks. More proactive outreach could add value here. The Commission should first assess the systemic reasons why some groups remain outside existing support systems, identify which outreach approaches have proved effective, and consider the additional caseload and delivery implications of extending current arrangements. Any expansion of outreach should take account of the additional staff, funding and administrative capacity required to deliver it effectively. Digital and AI-supported tools may deserve further exploration, but should complement rather than replace accessible personal support.

Individual assessment, skills profiling, coordinated referral and appropriate follow-up can form a useful pathway from first contact to sustainable employment. The emphasis should be on the quality and continuity of support, not on reproducing the same organisational model everywhere. Any common EU approach to post-placement support should first clarify its purpose, the responsibilities of the different actors and the practical implications for employment services, employers and individuals.

Tax and benefit systems should make work pay and avoid creating disincentives to labour-market participation. Responsibility for these choices lies primarily with Member States. Where hiring incentives are used, they should be targeted at genuine barriers to recruitment and judged by whether they lead to sustainable employment rather than short-term placements.

3. Activation depends on enabling services and territorial conditions

Access to work depends partly on access to services. Childcare requires places and a qualified and skilled workforce. Long-term care likewise requires a sufficiently qualified and skilled workforce and provider capacity. Transport determines whether a job or training offer is reachable; housing can affect both mobility and the ability to remain in a territory; healthcare may be decisive for returning to work and sustaining participation. Public Employment Services themselves need the staff, skills and institutional capacity to provide individualised support and coordinate with other actors.

This is where the provider perspective changes the activation debate. A referral is of little value when the service is unavailable, unaffordable or too distant. Nor can a formal entitlement create the workforce and infrastructure needed to deliver it. The Commission's proposed access to an ECEC place, or an equivalent

¹ Employment Committee, Implementation of the Recommendation on the integration of the long-term unemployed into the labour market: Key Messages, endorsed by EPSCO in 2024.

temporary arrangement, should therefore be assessed against competence, financing and delivery capacity, as well as the Barcelona targets, Child Guarantee and European Care Deal. The Commission's 2026 anti-poverty analysis reports that 62.5% of Public Employment Services surveyed recorded staff reductions between 2023 and 2025, while 75% identified limited human resources as a challenge.² SGI Europe considers that no new EU commitment should be developed without first assessing the workforce, infrastructure and financing required for delivery. Expanding expectations without addressing capacity would deepen the implementation gap.

The July 2026 Pillar Communication moves in a useful direction. Its emphasis on implementation and simplification, implementation dialogues, the European Semester and the Social Convergence Framework offers a way to connect social objectives with administrative capacity, funding and investment. It also gives greater weight to essential services and the territorial dimension of social rights. The activation initiative should build on this architecture rather than create a parallel one: monitoring should lead to diagnosis, diagnosis to reform and investment, delivery to evaluation, and evaluation back into better implementation.³

Labour-market participation is territorial as well as individual. A person's distance from employment may reflect the distance from transport, care, healthcare, housing, education or training. Mobility should remain a genuine choice, not the default response when opportunities and essential services are concentrated elsewhere. In line with the Freedom to Stay concept developed in the Letta report, activation policy should contribute to creating the conditions that allow people to work and build their lives where they choose to live. The Commission's Right to Stay initiative and the European Semester provide a framework for identifying territorial barriers and linking them with the reforms and investment needed to address them.

II. Is EU action needed, and what should be its direction and scope ?

Targeted EU action could add value where a clear gap and European added value are demonstrated. Its direction and form must follow the nature of the problem established. On the evidence available at this stage, SGI Europe does not support a new horizontal legislative framework.

1. Start with the gap before choosing the instrument

SGI Europe calls on the Commission to establish what the existing framework already covers before considering a new instrument and in particular where implementation remains incomplete, what outcomes have been achieved and where people still fall between systems. A genuine policy or coverage gap may justify targeted action. Incomplete implementation calls first for stronger follow-up, practical guidance and fuller use of existing governance. Where services or administrations lack capacity, the response must address staff, infrastructure, systems and investment. Weak coordination requires workable referral and cooperation between the responsible actors. These problems may overlap, but they are not interchangeable, and a new instrument will not by itself create capacity or cooperation.

The form of possible EU action should therefore remain open. Reinforcing implementation and monitoring of existing instruments, improving their coherence, or considering a further instrument may each warrant examination once the nature of the gap is clear. Where Recommendations and strategies overlap or create fragmentation, simplification and better alignment should come before adding another layer. Only where the

² European Commission, Poverty in the EU: key trends and policies, SWD(2026) 770 final, p 77 ; European Network of Public Employment Services, Trends in PES: Assessment report on PES capacity 2025.

³ European Commission, Communication on the European Pillar of Social Rights, COM(2026) 650 final, 22 July 2026; see also C(2026) 8200 final, p. 5, on the Right to Stay Strategy.

Commission can demonstrate that existing instruments and implementation measures are insufficient should new measures be considered.

If the Commission proceeds to a second-stage consultation, its analytical document should define the problem and target population clearly; show what existing instruments already cover and why they have fallen short; assess subsidiarity, proportionality, national diversity and practical delivery requirements; and compare the effectiveness, costs and administrative implications of the available options. Any proposal should reduce, rather than add to, fragmentation across the active inclusion framework.

2. Strengthen delivery through existing EU governance, services and investment

The Pillar implementation framework should be the starting point. Implementation dialogues can identify practical obstacles, while the European Semester and Social Convergence Framework can connect employment and social outcomes with country-specific reforms and investment priorities. EU funds and technical assistance can then support the administrative capacity, social infrastructure and services needed to act on those findings. Used together, these instruments can turn monitoring into a practical sequence of diagnosis, reform or investment, delivery and evaluation, allowing the activation initiative to build on an existing implementation architecture rather than create a parallel one.

SGI Europe supports personalised pathways and stronger cooperation between employment, social and other relevant services, particularly for people facing multiple barriers. The emphasis should be on practical delivery rather than prescribing a single organisational model. This implementation logic is consistent with the Commission's own approach in the 2026 mid-term review of the Social Economy Action Plan, which stresses multilevel governance and the role of regional and local authorities in translating national priorities into effective local delivery.

Experience under the Long-Term Unemployment Recommendation shows that formal structures can coexist with weak information-sharing and limited multidisciplinary cooperation. EU action can therefore add value by supporting effective referral mechanisms, appropriate exchange of information, capacity-building and mutual learning. Digital tools can improve access and matching, but personal support should remain available where digital access or skills are themselves barriers.

The European Semester and Social Convergence Framework should identify activation bottlenecks and assess whether the measures taken actually improve access to employment and enabling services. Where gaps in childcare, long-term care, transport, housing, healthcare or employment service prevents people from working, service capacity becomes part of labour-market policy. Recommendations should better connect reforms with the staffing, infrastructure and investment needed to deliver them, involving social partners and the authorities responsible. Fiscal pressures and competing priorities must not marginalise these investments. For this purpose, the next Multiannual Financial Framework should secure a strong, adequately resourced European Social Fund, building on ESF+, with protected funding for employment, skills and social inclusion. Earmarking for social objectives should provide predictable support for services and individual pathways, with effectiveness assessed through sustained participation and employment outcomes without unnecessary reporting burdens.

Activation should be judged by sustainable employment and effective access to the services that make participation possible, rather than only by programme participation, first placement or additional process indicators.

Skills development should form an integral part of activation. The objective should not only be to connect people with vacancies, but to ensure that training and support respond to actual and emerging labour-market needs. In their 2026 joint recommendations on improving skills matching, the European cross-industry social partners called for flexible and recognised training programmes to support inactive and unemployed people into quality employment, closer cooperation between employment services and social partners on recruitment and matching, and meaningful social-partner involvement in skills governance. Yet access to learning remains unequal: OECD data show participation in non-formal learning averaging 49% among employed adults, compared with 34% among unemployed adults and 17% among those outside the labour force.⁴ Monitoring should therefore assess who training systems reach, the barriers to participation and completion, and whether provision connects people with realistic employment opportunities.

Activation measures should build on these principles, including through vocational education and training, work-based learning, career guidance and sector-specific upskilling and reskilling, while remaining adapted to national systems and labour-market needs. Traineeships and relevant national social-partner arrangements can also provide valuable routes into employment, particularly for people facing barriers. EU initiatives should be coherent: any new requirements on traineeships should preserve the capacity of well-designed national arrangements to support inclusion and transitions into quality employment.

3. Give employers and social partners a defined role

Employers have a direct interest in successful activation, particularly in sectors facing persistent recruitment and replacement needs. Their involvement can improve skills intelligence, job matching, work-based learning, recruitment, workplace integration and retention. Cooperation with employment services can also make support more responsive to actual vacancies and sectoral needs. SGI Europe members have a dual role as employers and providers of enabling services. Employers also have a responsibility to make workplaces inclusive and to ensure that recruitment, workplace integration and retention practices create real opportunities for people facing barriers. Helping more people enter and remain in employment can strengthen the skilled workforce needed to deliver SGIs, including their preparedness and continuity in times of crisis.

SGI Europe calls for the early and structured involvement of social partners in the design, implementation and evaluation of activation measures. This is necessary to ensure that pathways reflect labour-market realities while remaining adapted to national systems and sectoral circumstances.

The boundary of employer responsibility must remain clear. Employers should contribute where they can influence outcomes, but they cannot compensate for insufficient childcare, weak transport connectivity, housing shortages, under-resourced employment services or poorly designed tax-benefit systems. SGI Europe would oppose any approach that shifts responsibility or costs for these structural barriers onto employers. Structural barriers require structural responses.

⁴ OECD, Education at a Glance 2026: OECD Indicators, Chapter A5, 'To what extent do adults participate in education and training?', 2026.

III. Would SGI Europe consider initiating dialogue under Article 155 TFEU ?

SGI Europe does not consider the initiative, as currently framed, suitable for negotiations under Article 155 TFEU.

Many of the principal barriers concern Member State and public-authority responsibilities, including social protection and taxation, employment services, childcare and long-term care, education, housing, healthcare and transport. They cannot be resolved through an agreement between the European social partners alone. Social partners may nevertheless contribute through national, sectoral or local dialogue and collective agreements where this is consistent with national systems, competences and practices. Such arrangements can support skills, recruitment, workplace integration or cooperation with employment services, but they are not a model available or appropriate in every Member State. Social partners should in any event remain closely involved in the design, implementation and evaluation of further EU action.

Conclusion

SGI Europe supports targeted further EU action where it responds to a demonstrated gap and provides clear European added value. Its success will depend on whether it addresses the reason people are not reached or supported effectively. The Commission must therefore distinguish between policy coverage, implementation, capacity and coordination before choosing an instrument.

For SGI Europe, the crucial question is whether employers and employment services are able to connect people with real opportunities, and whether the services needed for participation exist where people live. SGI Europe therefore calls for an approach centred on implementation, adequate service capacity and investment, with clearly defined responsibilities for public authorities, employers and social partners. The Commission should first demonstrate why existing instruments, implementation measures and investment support are insufficient before considering further EU action.. The Pillar implementation architecture, investment and social dialogue offer a sound basis for progress without prejudging a possible second stage. Progress should be pursued in line with subsidiarity and proportionality, with the EU supporting Member States while respecting responsibilities and arrangements at national, regional and local level.