

EU SOCIAL PACKAGE

Anti-Poverty Strategy, European Child Guarantee, Disability Strategy and Council Recommendation on Housing Exclusion

KEY MESSAGES

- BusinessEurope takes note of the Commission's Social Package, in particular of the announced first-stage social partner consultation on labour market activation under Article 154(2) TFEU, while cautioning against a one-size-fits-all approach creating new obligations on European employers at a time when simplification of European social legislation should be a key focus.
- Responsibility for poverty reduction lies primarily with public authorities. The package should focus on enabling conditions for labour market participation.
- Any EU-level follow-up must remain evidence-based and non-binding, and must fully respect national competence over social protection, minimum income, child benefits and housing policy.
- Social partners have a key role to play, and the next steps of the European Commission will need to take into account the role of the European social dialogue.

BUSINESSEUROPE'S MESSAGES

1. Ensure the first-stage Article 154(2) TFEU consultation on activation is genuine, two-stage, and allows sufficient time for substantiated social partner input.
2. Maintain the in-work poverty Recommendation outside the scope of wage-setting throughout its development, and ensure it is grounded in the productivity-and-competitiveness framing of the Quality Jobs agenda.
3. Avoid introducing an EU-level binary classification of 'good' vs 'bad' jobs in any instrument arising from this package.
4. Differentiate activation measures by target group and avoid one-size-fits-all EU-level case management models.
5. Preserve national competence over social protection, minimum income, child benefits and housing policy.

6. Use EU financial instruments, including the ESF, to support employer-led training rather than impose new financing obligations on business.

7. Respect the autonomy and voluntary nature of social dialogue in developing any follow-up to this package, in line with the 2023 Council Recommendation on social dialogue.

1. GENERAL ASSESSMENT

BusinessEurope welcomes the activation-first framing of the social package adopted on 6 May 2026, comprising the *EU Anti-Poverty Strategy*, the *Communication on strengthening the European Child Guarantee*, the *Communication enhancing the Strategy for the rights of persons with disabilities up to 2030*, and the *Council Recommendation on fighting housing exclusion*. A competitive economy with dynamic and functioning labour markets is the first condition for sustainable poverty reduction. We support the package's recognition that quality jobs and economic competitiveness are mutually reinforcing, and caution against any drift towards new prescriptive obligations on employers or expansion of EU instruments into areas of national competence: social protection, minimum income, child benefits and housing.

2. ACCESS TO THE LABOUR MARKET AND ACTIVATION

When it comes to labour market activation, effective activation requires the following[1]:

- **Reducing inactivity rates in a differentiated way by target group:** BusinessEurope fully supports EU and national policy efforts to reduce inactivity rates, which calls for an overall labour market approach and a better use of social protection resources to achieve better employment outcomes across the board. At the same time, the inactive population is highly heterogeneous (around 1 in 4 working-age people in the EU, far exceeding headline unemployment). Sub-categories (people with caring responsibilities, persons with disabilities, the long-term unemployed, discouraged workers, early retirees) each need tailored approaches. Outreach to the most distant groups also often requires NGOs, social enterprises and specialised intermediaries. One EU-level activation model cannot address this diversity.

- **Individual guidance and employer-aligned training:** defining professional goals, matching training to employer needs, and supporting individuals through their first months in work are essential for those furthest from the labour market. Policy approaches aiming at reducing inactivity at EU and national levels should ensure investments in relevant job training in combination with flexible and tailored active labour market policies, making the transition as smooth as possible.[2] From an employers' perspective, while transversal skills, such as working well in a team, being on time, creativity, entrepreneurship, critical and systemic thinking are frequently cited as being in demand, the nature of some of the more specific skills requirements will also vary geographically and in response to the labour market in a given region and sector. Consequently, a targeted approach to training support can be beneficial and is usually accompanied by careers advice and guidance. Advisory and guidance services targeted to individuals should be the main

[1] BusinessEurope Position Paper, Active Labour Market Policies (June 2017); BusinessEurope Policy Orientation Note, Reducing Inactivity Rates in Europe (May 2023).

[2] BusinessEurope Recommendations, Access to training for people that are inactive and unemployed (September 2022).

driver for identifying the training needs of people. Skills assessment frameworks also offer a replicable model. Training must be regularly evaluated against employment outcomes.

- **Conditionality, flexicurity and making work pay:** passive support must be conditional on active and relevant job search. Income from employment must always exceed benefits. Minimum income schemes should be conditional, means-tested and include an activation component. Diverse contractual arrangements can be an important stepping stone at the start of an activation pathway and throughout the entire career trajectory. They also reflect and respect workers' preferences, enabling individuals to participate in the labour market in a way that suits their circumstances. Labour market flexibility (working time, employers' abilities to terminate the employment, contractual form) must be preserved to allow this.
- **PES reform and public-private cooperation:** more funding alone does not produce higher integration rates. PES must be reformed through mutual learning and benchmarking, and must cooperate closely with private employment agencies, social services and social partners. Social security institutions, often the primary contact point for the inactive, should be integrated into activation referral chains.
- **Removing practical barriers:** affordable childcare, transport and timely recognition of qualifications are important aspects facilitating activation. Our gender equality paper[3] shows that closing the ECEC gap for children under three in low-income households could considerably raise women's employment in some Member States.[4] Care responsibilities remain the primary driver of female inactivity across the EU.
- **Complementarity with labour mobility:** activation policy operates alongside, and not instead of, well-regulated labour mobility as a response to structural labour and skills shortages. In Member States and sectors where domestic labour supply is insufficient to meet demand even with effective activation, legal pathways for cross-border and third-country workers remain indispensable. The Fair Labour Mobility Package should facilitate intra-EU mobility and simplify the regulatory framework for employers, while third-country labour migration channels must be adequate, well-managed and accompanied by proper integration support. These two levers, activating domestic untapped potential and facilitating legal mobility, are complementary and should be pursued in parallel.

3. IN-WORK POVERTY AND QUALITY JOBS

Employment is the most effective route out of poverty, but only where jobs are sustainable and productive. Quality jobs are productive, value-adding and competitiveness-driven, and not defined by an EU binary classification of 'good' versus 'bad' jobs.[5]

- **No EU job quality classification or collective bargaining coverage indicator:** job quality is multifaceted and context-dependent. There is no one-size-fits-all solution. Including collective bargaining coverage as a required job quality metric is misleading: participation in collective bargaining must remain a voluntary decision, in line with national industrial relations systems.
- **Productivity, skills and making work pay:** policies should promote productivity growth, employer-led skills development, including through the targeted use of the ESF, and career transitions.

[3] BusinessEurope Position Paper, Priorities for Strengthening Gender Equality in Europe (March 2025).
[4] European Commission, Employment and Social Developments in Europe - ESDE (2023).
[5] BusinessEurope Policy Orientation Note, Quality Jobs (April 2025).

Tax-benefit systems must make work pay through well-targeted in-work benefitsdesigned at national level.[6] Work should always pay more than inactivity.

- **Stable regulatory environment and digital tools:** businesses need a stable, proportionate legal framework. BusinessEurope does not see the need for additions to the existing and extensive EU acquis on working conditions, which risks creating further regulatory burdens for employers. More broadly, the Commission and Member States should review whether existing legislation is at odds with the objective of labour market activation. The interaction between the Platform Work Directive, the AI Act and GDPR, for example, creates overlapping compliance obligations that can make it harder for employers to use technology to offer access to jobs. Regulatory coherence should be a precondition for any new activation initiative.
- **Social dialogue:** We acknowledge, as the Commission stressed in its principles for effective anti-poverty strategies, that social dialogue and collective bargaining mechanisms can effectively facilitate discussions and policies to prevent in-work poverty. However, it is also crucial for public authorities at EU, national, regional and local levels to respect the autonomy of the social partners. This should be emphasised more in the Commission's anti-poverty strategy follow-up actions.

4. ROLE OF SOCIAL PARTNERS

Primary responsibility for poverty reduction falls on public authorities. The Strategy should focus on enabling conditions for growth, job creation and employability. Modalities and outcomes of social dialogue can only be defined by the parties at the appropriate level, in line with the 2023 Council Recommendation on social dialogue. Social partners can contribute through collective bargaining, activation policy design aligned with business needs, and sharing of company-level best practices. Any EU-level initiative arising from this package must be evidence-based, non-binding, and respectful of the diversity of national industrial relations systems.

5. EUROPEAN CHILD GUARANTEE

BusinessEurope supports the Guarantee's positioning of parental employment as central alongside child services. Only 37% of children aged 0-2 are enrolled in ECEC, 19 Member States have not reached the 2030 Barcelona targets, and closing the gap for low-income households could raise women's employment by up to 17pp in some Member States.[7] Therefore:

- Childcare should be treated as a standing political priority, monitored through the European Semester, with EU structural funds more clearly linked to childcare infrastructure in lagging Member States.
- Flexible, family-friendly work arrangements should remain a matter for company-level practice and collective agreement, not EU-level mandates.
- The 2027 Recommendation on child-related benefit systems should remain within Member State competence over design, financing and administration.

[6] BusinessEurope technical note, In-work benefits and their role in supporting employment (May 2022).

[7] BusinessEurope Position Paper, Priorities for Strengthening Gender Equality in Europe (March 2025).

6. DISABILITY STRATEGY

BusinessEurope welcomes the continued reliance on non-binding instruments, including best-practice guidance, toolkits and a joint Commission/OECD cost-benefit analysis, to support the employment of persons with disabilities. We support the objective of closing the 24 percentage point employment gap through enabling and flexible measures rather than new obligations. In this respect, improving access to public support measures through clear guidance for employers and simplified application procedures should be a priority in promoting the employment of persons with disabilities.

- The Commission must ensure that the planned assessment of the extent to which reasonable accommodation is provided at the workplace, under the Employment Equality Directive, is genuinely evidence-based and involves employer input before any policy conclusions are drawn or follow-up considered.
- We welcome the planned joint Commission/OECD cost-benefit analysis as a useful evidence base for future policy discussions.

7. HOUSING EXCLUSION

The escalating housing crisis is no longer solely a domestic social issue. The availability of housing is increasingly a factor in cities' and regions' ability to attract investment and retain the skilled workforce on which European competitiveness depends.

BusinessEurope notes the Council Recommendation on fighting housing exclusion. We support its non-binding form and its explicit respect for Member State, regional and local competence over housing policy. Given the different housing market conditions across Member States and regions, the EU should act as an enabler, supporting investment and delivery through existing EU frameworks, while making better use of existing financial and regulatory frameworks to support housing delivery, rather than introducing new top-down mandates. Decision-making should remain as close as possible to the level of delivery.

Future non-binding initiatives should prioritise closing the supply-demand gap and increasing the capacity of housing markets to respond to demand. In land-constrained and high-density Member States and regions, this should include making better use of existing building stock — through renovation, conversion and reuse of vacant or underused property — alongside targeted new construction. This requires favourable conditions for investment in housing and renovation, including stable and predictable regulatory frameworks, reduced administrative burdens and more efficient and flexible permitting procedures. EU and national rules that unnecessarily delay construction or increase costs should be identified and addressed.

Innovation and new technologies can also contribute to increasing housing supply, reducing construction costs and improving the efficiency of construction and renovation. This is particularly relevant where limited land availability calls for higher-density, higher-quality building solutions that ensure durable housing and support labour market attractiveness.

Increasing housing supply should also be considered alongside labour market policies, as access to affordable housing can support labour mobility and help employers attract and retain workers in areas facing labour shortages. The EU should therefore focus on removing barriers to housing delivery and

investment, while leaving decisions on the appropriate mix of housing and the implementation of housing policies to the competent national, regional and local authorities.

8. PENSIONS

On pensions, we welcome the Strategy's multi-pillar framing, which is consistent with our existing positions on occupational pensions and the ongoing IORP II review.[8] The 2027 Joint Report on Adequate Social Protection in Old Age and the associated high-level exchange should be grounded in this multi-pillar logic and must respect national competence over pension system design, adequacy levels and financing.

9. CONCLUSIONS

BusinessEurope supports the overall direction of the Social Package and its focus on activation, employment and enabling people to participate in the labour market. Effective poverty reduction requires strong economic conditions, quality and productive jobs, and well-designed policies that address barriers to employment. At the same time, EU action should remain evidence-based, proportionate and non-binding, while fully respecting Member State competences and the autonomy of social partners. The focus should therefore be on creating the right conditions for job creation, skills development, labour market participation and investment.

[8] BusinessEurope Position Paper, Enabling Occupational Pensions in Europe (February 2026).

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BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

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