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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Towards a Quality Framework on Traineeships

**Second-stage consultation of the social partners at European level
under Article 154 TFEU**
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{SWD(2012) 408 final}

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1. INTRODUCTION

The aim of this Communication is to seek the views of the social partners at EU level, in accordance with Article 154(3) of the Treaty on the Functioning of the European Union (TFEU), on the content of a Commission proposal for a European Quality Framework for Traineeships, and to ask whether they wish to enter into negotiation as provided by Article 154(4) TFEU.

In the communication *Towards a job rich recovery*¹ of 18 April 2012 (Employment Package), the Commission announced that it would present a Council Recommendation on a quality framework for traineeships by the end of 2012. In parallel, a public consultation was launched² to seek the views of different stakeholders about the need for such an initiative, its scope, form and possible content. The public consultation received over 250 responses, of which 29 came from national and regional governments (ministries and agencies), 8 from trade unions, 40 from employer organisations and business representatives, 14 from youth (umbrella) organisations, 33 from education institutions, 11 from other organisations and 117 from private individuals. There was broad agreement on the important role of traineeships in smoothing the transition from education to work and on the need for high-quality traineeships. Trade unions, the NGO community, most educational institutions, private individuals and several national governments expressed their support for a quality framework for traineeships.

In their replies to the public consultation, the European social partners asked to be formally consulted on the possible direction of action under the procedure provided for in Articles 154 and 155 TFEU. According to these articles, the Commission must consult the social partners before submitting proposals in the social policy field.

The Commission accepted the request of social partners, stressing that they can play a key role in establishing and implementing a quality framework on traineeships. On 11 September 2012, the European social partners were invited to give their views on the possible direction

¹ COM(2012) 173 final.

² SWD(2012) 99 final.

of EU action in a first-stage consultation. Following the responses received, the Commission is now launching a second-stage consultation on the content of the proposal³.

This Communication brings together the main results of this first-stage consultation as well as recent evidence about quality problems related to traineeships. It goes on to set out options for EU-level action. To help the social partners prepare their replies to this consultation, this Communication is accompanied by an analytical document giving background information and analysis (e.g. giving a definition of traineeships' types, their benefits and costs, reporting stakeholders views, problem definition and policy objectives)⁴.

Traineeships are understood as a limited period of work practice spent at a business, public body or non-profit institution by students or young people having recently completed their education, in order to gain valuable hands-on work experience ahead of taking up regular employment. There are five main, – partly overlapping - types of traineeships: traineeships during education; traineeships forming part of mandatory professional training (e.g. law, medicine, teaching, architecture, accounting, etc.); traineeships as part of active labour market policies; traineeships on the open market; transnational traineeships.

Regarding the scope of the initiative, while the decision is left to social partners, open-market traineeships could be a target, given that they represent the most problematic segment. But there are alternatives: the scope of the measures could be either widened or restricted to apply to cross-border traineeships only, or to traineeships above a certain duration. Another issue is whether sectoral specificities would warrant tailoring or limiting the measures to certain industries.

2. THE FIRST-STAGE CONSULTATION OF THE SOCIAL PARTNERS

There is broad consensus among EU social partners that traineeships have an important role in smoothing the transition between education and work, particularly in the context of the crisis. In 2010, the cross-sectoral social partners had agreed to '*promote more and better apprenticeship and traineeship contracts*' as a key action under their Framework Agreement on Inclusive Labour Markets. All respondents agree on the important role of social partners in supporting the provision of traineeships and urge the Commission to provide financial support to increase the number of traineeships, including by launching large scale EU-level programmes. However, the first-stage consultation shows diverging views regarding the need for an EU initiative, its scope, the form such an initiative should take and the main quality elements that the initiative could cover.

³ The possible outcomes of this procedure are the following: social partners can enter into negotiations, and may reach an autonomous agreement or they may ask the Commission to make a legislative proposal based on their agreement. If social partners fail to agree or decide not to negotiate, the Commission has to assess the situation and decide whether to present its own proposal.

⁴ SWD(2012) 407 of 5 December 2012.

Trade unions consider EU action on traineeships ‘*absolutely necessary*’. *ETUC*⁵ is very concerned about the large number of young people who linger in traineeship positions, sometimes for several years. All too often, these young people have neither a clear status nor any entitlement to social protection and earn far less than the minimum wage. In other words, they provide a service equivalent to that of an employee but without any comparable benefit. Therefore *ETUC* insists that, to address these issues, a quality framework should be laid down in legislation or in a collective agreement. *ETUC* agrees with the Commission’s analysis/definition of the quality elements laid down in the consultation document (traineeship contract, clear objectives and content, limited duration, adequate social security/remuneration etc.) and underlines that social partners must be actively involved in this process at every stage and at every level. *ETUC* also highlights the need to monitor compliance with a future quality framework.

Employer organisations adopt a more sceptical stance and underline the need to clearly distinguish traineeships from apprenticeships. BusinessEurope questions whether the need for an EU initiative is justified. Employer organisations accept that there may be quality concerns regarding some traineeships, but in their view, such concerns should be addressed at national or regional level. They argue that the EU does not have sufficient competence, particularly on the issue of remuneration.

BusinessEurope argues that remuneration and social protection issues may not fall under EU competence and, in any case, small businesses would have problems applying them. Although it is acknowledged that traineeships offer significant advantages for SMEs (in particular the possibility of screening potential future employees, recruiting and retaining high-skilled workers and enhancing their corporate image at relatively low cost), UEAPME⁶ underlines that small businesses face particular difficulties when offering traineeship placements due to relatively higher levels of costs. CEEP⁷ favours an EU-level quality framework in the form of a set of overarching principles.

BusinessEurope and UEAMPE cite the need to keep the framework sufficiently flexible to accommodate the diversity of national systems and practices. Concerns are raised about traineeship schemes becoming overburdened with too many legal or administrative procedures that could discourage companies from taking on trainees, thus depriving young people of valuable work experience opportunities.

There is a broad agreement that most reported problems concern open-market traineeships and several organisations (including many, but not all, employer organisations) suggest limiting the framework to open-market traineeships.

At the Social Dialogue Committee meeting of 23 October 2012, *BusinessEurope*, *CEEP* and *UEAPME* expressed the readiness of EU employers to start discussions on traineeships as part of the EU social partner autonomous negotiations on a Framework of Action on Youth

⁵ European Trade Union Confederation.

⁶ European Association of Craft, Small and Medium-Sized Enterprises.

⁷ European Centre of Employers and Enterprises providing Public services.

Employment. *ETUC* explained that, while it is fully committed to participate in the EU social partners negotiations on the Framework of Action and it welcomed the Commission's initiative to work towards a quality framework for traineeships, it considered that the discussions under the Framework of Action are not, at this stage, the appropriate place for negotiations on traineeships under Article 154 TFEU. Both sides highlighted that the positions they expressed at the stage of the first consultation do not prejudice their positions at the stage of a (possible) second consultation.

3. PROBLEMS RELATED TO TRAINEESHIPS

Despite the fact that traineeships have a number of benefits not only for trainees, but also for employers, and society as a whole, all the EU institutions have voiced concerns about the effectiveness, availability and quality of traineeships. In 2010, the European Parliament adopted a resolution calling specifically for better and secured traineeships and for a European quality charter setting out minimum standards for traineeships to ensure their educational value and avoid exploitation⁸. In April 2012, the European Commission announced in the Employment Package⁹ a proposal for a quality framework on traineeships by the end of 2012. In June 2012, the European Council concluded that *'it is crucial to address youth unemployment, in particular through the Commission's initiatives on youth guarantees and the quality framework for traineeships'*¹⁰.

The high level of political attention is due to the fact that a substantial share of traineeships suffer from problems such as an insufficient learning content, no or low compensation, unsatisfactory terms and conditions on arrangements other than remuneration/compensation, (such as substandard working conditions). There are also problems related to the low level of intra-EU mobility for trainees¹¹.

In all Member States, youth unemployment rates are much higher than for the rest of the working age population — on average twice as high. This is due to a number of reasons, in particular the lack of work experience of new entrants in the labour market. This emphasises the importance of traineeships in smoothing the transition from education to work and, ultimately, in helping to bring down youth unemployment. An effective quality framework should provide guidelines to help employers set up more traineeships that both benefit their business and give trainees a good stepping stone into the labour market.

On the other hand, low-quality traineeships that do not boost the trainee's employability, that do not offer a minimum level of protection and that are used as a low-cost replacement for existing jobs can discourage young people from investing in traineeships and can distort the

⁸ EP 2009/2221(INI), 14.6.2010.

⁹ COM(2012) 173, 18.4.2012.

¹⁰ EUCO 76/12, 28-29 June 2012 .

¹¹ European Commission (2012): Study on a comprehensive overview on traineeship arrangements in Member States (henceforth 'the Traineeships study').

labour market. In a number of Member States, it is not compulsory to have a traineeship contract specifying the rights and obligations of the parties, meaning that some trainees (as much as 25% according to a 2011 survey by the European Youth Forum) have no written contractual links to their host organisation.

Regarding compensation and remuneration, the provision of high-quality training represents a cost for the employer. Nevertheless, remuneration constitutes an important quality element. Lack of compensation in a large share of traineeships raises concerns about equity of access, as those from a less privileged background may be effectively excluded from them.

A further problem is the expansion of successive traineeships, whereby a young person sometimes has to take up several traineeships before entering the labour market. According to the EYF survey, 37% of respondents completed three or more traineeships. Low or no pay combined with the extension of successive traineeships also raises concerns about employers using traineeships as a form of unpaid employment.

Currently, relatively few young people complete a **traineeship in another country**. A 2011 Eurobarometer survey showed that 53% of young people in Europe are willing or keen to work in another EU Member State.¹²

The main barriers identified to organising cross-border mobility are linked to the lack of transparent and easily accessible information on the legal and administrative conditions and the difficulty of finding host organisations where a good match can be found between the trainee's profile and the needs of the organisation. The lack of information about the quality of traineeships is indeed more acute for **cross-border traineeships**. The Traineeship study identified large differences in labour market and traineeship regulation across Member States. The lack of foreign trainees' awareness of local conditions makes understanding and enforcing their rights more of a challenge.

The interest shown by young people in working abroad, and the concurrent low share of international traineeships suggest that uncertainties about working conditions abroad may be playing an important (negative) role. If a young person does not know what he or she can expect in terms of conditions, learning, social protection, remuneration etc. in a foreign placement, his/her willingness to participate will be limited. This means a lost opportunity for the trainee (and later worker) both in terms of new skills and experience. and constitutes an obstacle to mobility within the EU.

4. NEED FOR EU ACTION ON TRAINEESHIPS

Given the situation of young people in the EU labour market and the problems described above, there is an urgent need to improve the quality of traineeships by mobilising social

¹² The experience acquired in the Erasmus and Leonardo da Vinci programmes demonstrates that many students are keen to take up a traineeship abroad as the demand from potential trainees by far exceeds the available budget.

partners and by providing guidance to Member States. It is necessary to address high levels of youth unemployment and to reduce mismatches in the European labour market by facilitating education-to-work transition and lifting obstacles to mobility. This Communication is adopted as part of the Youth Employment Package that includes initiatives on a youth guarantee, mobility and apprenticeships¹³.

In the 2012 European Semester, 22 Member States received country-specific recommendations specifically aimed at improving the situation of young people in the labour market¹⁴. High-quality traineeships help boost the employability of young people and are important stepping stones in the progression to regular employment.

EU action will support Member States in implementing Europe 2020 employment guideline nr 8, in particular 'enacting schemes to help recent graduates find initial employment or further education and training opportunities'. Furthermore, the definition of internationally accepted quality standards can be faster if supranational institutions adopt a coordinating and supporting role. The EU is best placed for this, as there seems to be little or no movement towards spontaneous development of international quality standards. An EU-wide solution would also have clear benefits in terms of intra-EU mobility of trainees and would contribute to achieving a more integrated EU labour market. The promotion of trainees' geographic mobility within the EU will help drive down structural unemployment, given that there are marked skill and demand/supply mismatches in the European labour market. Developing cross-border traineeships is a key tool to achieve this. Young people who consider training in another EU Member State should have a clear reference point to enable them to check quality criteria and avoid them getting discouraged by uncertainty about administrative formalities, legal concerns or contractual obligations. An EU-level approach is also a pre-condition, operationally, for extending EURES to apprenticeships and traineeships, as requested by the European Council of June 2012¹⁵.

5. AVENUES FOR EU ACTION

The Commission has identified possible avenues for EU action, on which it would like to seek the views of social partners, including with regard to the possible initiation of negotiations between them. All avenues for EU action – which can be combined – are detailed in the accompanying analytical document.

Currently, the opinions expressed by EU social partners during the first-stage consultation differ on the content and the form of such an initiative.

¹³ COM(2012) 727 of 5 December 2012

¹⁴ A detailed overview of youth-specific recommendations can be found in Annex II of SWD(2012) 406 of 5 December 2012.

¹⁵ EUCO 76/12, 28-29 June 2012.

5.1. Quality Framework for Traineeships

The Commission announced in the Employment Package of April 2012¹⁶ a proposal for a quality framework for traineeships. Regarding the choice of the quality elements to be adopted, the Commission has identified a number of principles that characterise good quality traineeships, on the basis of the traineeship study and the replies to the open consultation and to the first stage consultation. Although these principles seem to have general validity, they could be adapted to the type of occupation/sector and reflect the size of the host organisation. The compliance burden for SMEs should be taken into account, as small and particularly micro-enterprises may face greater difficulty in providing trainees with the same level of mentoring (or other support) as larger organisations. Furthermore, the level of protection offered to trainees should not be greater than that for employees.

The following elements should be considered for inclusion in the framework:

- **Traineeship agreement:** The starting point for the quality framework is the conclusion of a traineeship agreement. A good-quality traineeship should be based on a written agreement between the trainee and the host organisation (and possibly with the training organisation) that covers aspects such as the professional and learning objectives, the duration, the daily/weekly working time and, where applicable, social security and remuneration/compensation.
- **Transparency of information:** Rights and obligations of the trainee, the employer and, where applicable, the educational institution. Up-to-date information on legal and other provisions applicable at European and national level should be easily available in a comparable format to all parties involved in organising and taking up traineeships. The difficulty of accessing reliable and complete information on these provisions across all Member States is one of the major obstacles to organising cross-border traineeships.
- **Objectives and content:** Traineeships should enable the trainee to acquire skills in the workplace complementary to his or her theoretical studies. The main purpose of traineeships is to increase the employability of young people and their career development. To increase the employability of the trainee, it is important to have well-defined objectives and a high quality learning content..
- **Guidance and recognition:** Educational content should be ensured by assigning a personal supervisor or mentor at the host organisation to each trainee. A supervisor should guide the trainee through the assigned tasks, monitor progress, and explain general work processes and techniques. The supervisor should evaluate the trainee's performance at the end of his/her traineeship, which may take the form of a letter of reference. A final evaluation containing aspects such as the duration, the educational content, the tasks performed, the knowledge, skills and competences acquired and a performance assessment, should ensure the proper recognition of the traineeship.
- **Duration:** Open-market traineeships should typically not be longer than a specified period, for example six months, to ensure that traineeships are not replacing regular

¹⁶ COM(2012) 173, 18.4.2012.

jobs. Mandatory post-graduation professional training (e.g. for doctors, lawyers, teachers) should be exempted as these traineeships tend to be highly regulated. A similar category is the in-company ‘traineeship programmes’ for recruitment at higher levels of management in order to prepare trainees for a high-level career in the enterprise.

- **Successive traineeships:** The limitation of successive traineeships with the same employer should be addressed, e.g. by restricting the possibility of a new traineeship agreement between the same parties within a certain period (e.g. 12 months) following the expiry of the previous agreement.
- **Social security provisions:** Social protection coverage should be clarified between the trainee and the host organisation. This includes health insurance and insurance against accidents at the workplace. If the trainee is not a student¹⁷, the host organisation and the trainee need to fulfil insurance obligations as stipulated by labour law in that country. Alternatively, the contractual arrangement could provide for insurance schemes to be paid by the host organisation or the trainee.
- **Remuneration/cost compensation:** If there is a mutual benefit for both the host organisation and the trainee in terms of knowledge transfer and learning, an unpaid traineeship may be appropriate. Therefore, a guideline on remuneration/compensation should stipulate that the written traineeship agreement specifies clearly what, if any, compensation or remuneration is offered, noting the role that remuneration / cost compensation can play in ensuring access to quality traineeships, and ultimately to certain professions, to (young) people from disadvantaged backgrounds.
- **Partnership approach:** In order to increase the number of high-quality traineeships, employers and host organisations should step up cooperation with public employment services (including through the EURES network), other public authorities, educational and training institutions and other employers to better exploit synergies, reduce costs, share best practices, improve the matching with potential trainees and so forth.

Such a quality framework could be limited to open-market traineeships and take the form of a recommendation (based on Articles 292, 153 TFEU) as announced in the Employment Package.

5.2. Quality label for traineeships

Another option would be to issue a quality label to host organisations, educational institutions, employment services and/or other relevant actors that comply with the quality framework or with a more limited set of quality principles. A quality label for specific sectors could also be considered.

¹⁷ In most Member States, students are provided with social protection by the state or their educational institution, i.e. they are insured against health risks and accidents while undertaking traineeships during their studies.

Various solutions are possible. To achieve minimal compliance costs, the quality label could be awarded to organisations committing to the quality principles without requiring advance inspection or screening, on the understanding that duly justified complaints could lead to the withdrawal of the label. This would allow the label to be managed by a small external office or a stakeholder organisation. A quality label would be a non-regulatory solution to quality issues. However, the risk of this approach is that only a few organisations may apply for the label, particularly as at current demand for traineeships outstrips supply. Furthermore, many of those that apply are likely to be those that already offer high-quality traineeships, therefore it would not address the problem fully.

5.3. Creation of an information website

A further option is to set up a website with a traineeship panorama (containing regularly updated information on traineeship conditions and the legal framework in each Member State – possibly in the context of the EURES portal). A properly designed, user-friendly website would allow easier access to information on national legislation of traineeships and on the availability of different types of traineeships in Member States. This would reduce search costs for trainees, could improve matching and could also have a positive effect on increasing the availability of candidates for cross-border traineeships. On the other hand, it could have a limited impact on traineeship quality. The website would address the problem of the lack of general information on standards, but it would not be able to systematically provide information on the quality of specific traineeship positions on offer, it would be dependent on a module where trainees or ex-trainees could leave subjective feedback about specific traineeship positions.

5.4. Impact of options

All avenues for EU action will have an impact, as indicated in the accompanying analytical document. The Commission would appreciate the social partners' views on the impact of the proposed options.

6. NEXT STEPS

A quality framework could be instrumental in improving the quality of traineeships in the EU. It would encourage host organisations to offer more traineeships providing a high quality learning content, decent working conditions and representing real stepping stones to enter the labour market.

The Commission will take into account the results of this consultation in its further work to improve the quality of traineeships. In particular, it may suspend such work if the social partners decide to negotiate between themselves on matters with a sufficiently wide scope. Otherwise, it will proceed to adopt an EU initiative on a quality framework for traineeships, supported by an impact assessment.

7. QUESTIONS TO THE SOCIAL PARTNERS

The Commission therefore seeks the views of the social partners on the following questions, and on their assessment of the impact of the preferred option:

1. Do you consider that the option set out in section 5.1
 - could provide an acceptable framework for addressing the concerns expressed in your replies to the first stage consultation?
 - should be limited to open-market traineeships, or should it cover all types of traineeships?
2. What are your views on the other options set out in sections 5.2 and 5.3?
3. Are the EU social partners, at cross-industry or sectoral level, willing to enter into negotiations on the basis of the elements set out in section 5.1 of this communication with a view to concluding an agreement on a quality framework for traineeships under Article 155 TFEU?