

Proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2001

(2001/C 531 E/04)

(Text with EEA relevance)

COM(2000) 548 final — 2000/0225(CNS)

(Submitted by the Commission on 6 September 2000)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 128(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Having regard to the opinion of the Employment Committee,

Whereas:

(1) The Luxembourg process, based on the implementation of the coordinated European Employment Strategy, was launched by the extraordinary European Council meeting on Employment on 20 and 21 November 1997. The Council resolution of 15 December 1997 on the 1998 Employment Guidelines, confirmed by the European Council, has launched a process with high visibility, strong political commitment and a wide-ranging acceptance by all parties concerned.

(2) The Council Decision of 13 March 2000 on the 2000 Employment Guidelines has allowed consolidation of the Luxembourg process through compliance with those Guidelines.

(3) The Lisbon European Council on 23 and 24 March 2000 set a new strategic goal for the European Union to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. The attainment of this goal will enable the Union to regain the conditions of full employment.

(4) Consistency and synergy between the Employment Guidelines and the Broad Economic Policy Guidelines must be ensured.

(5) In implementing the Employment Guidelines, Member States should aim at a high degree of consistency with two other priorities highlighted by the Lisbon Summit,

modernising social protection and the promotion of social inclusion, while ensuring that work pays, and the long-term sustainability of social protection systems is secured.

(6) The Lisbon European Council stressed the need to adapt European education and training systems both to the demands of the knowledge society and to the need for an improved level and quality of employment, and called upon Member States, the Council and the Commission to pursue a substantial annual increase in per capita investment in human resources.

(7) The Santa Maria da Feira European Council on 19 and 20 June 2000 invited the social partners to play a more prominent role in defining, implementing and evaluating the employment guidelines which depend on them, focusing particularly on modernising work organisation, lifelong learning and increasing the employment rate, particularly for women.

(8) The 2000 Joint Employment Report, drawn up by the Council and the Commission, describes the employment situation in the Community and examines the action taken by the Member States in implementing their employment policy in line with the 2000 Employment Guidelines, and the Council recommendation of 14 February 2000 on the implementation of Member States' employment policies.

(9) On [...] the Council adopted a further recommendation on the implementation of Member States' employment policies.

(10) The mid-term Review of the Luxembourg Process conducted in 2000 at the request of the Lisbon European Council should be taken into account in revising the Employment Guidelines 2001, without changing the basic four pillar structure, and in improving the efficiency of the Luxembourg Process.

(11) The Member States should strengthen their efforts to include and make visible a gender perspective across all the pillars.

(12) The implementation of the guidelines may vary according to their nature, the parties to whom they are addressed and the different situations in the Member States. They should respect the principle of subsidiarity and Member States' responsibilities with regard to employment.

(13) In implementing the Employment Guidelines, Member States should be able to take regional situations into account, while fully respecting the attainment of national targets and the principle of equal treatment.

(14) Council Directive 1999/85/EC ⁽¹⁾, which provides for the possibility of applying a reduced VAT rate on labour-intensive services on an experimental basis, should be followed up in order to examine, in particular, the impact of national initiatives in terms of job potential.

(15) The contribution of the Structural Funds, and in particular the European Social Fund to the European Employment Strategy in the new programming period should be highlighted.

(16) Sustainable development and the integration of environmental concerns into other Community policies are objectives of the Treaty. Member States are invited to give effect to such integration within their national employment strategies by promoting employment creation in the environmental field,

HAS ADOPTED THIS DECISION:

Article 1

The guidelines for Member States' employment policies for the year 2001, annexed hereto, are hereby adopted. They shall be taken into account by the Member States in their employment policies.

Article 2

This Decision is addressed to the Member States.

⁽¹⁾ OJ L 277, 28.10.1999, p. 34.

ANNEX

THE EMPLOYMENT GUIDELINES FOR 2001

Horizontal objectives — Building conditions for full employment in a knowledge-based society

The careful build-up, over the last decade, of a macroeconomic framework for stability and growth coupled with consistent efforts to reform labour, capital and services markets, as well as favourable prospects in the world economy, has created a favourable economic outlook for the European Union which will bring the attainment of some of its key fundamental objectives within reach. Further progress, however, is not automatic: it requires leadership, commitment and concerted action.

This is why the European Council embraced full employment as an overarching objective of the EU's employment and social policy. It committed the Member States to reach the strategic goal of making the Union the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. The achievement of these objectives requires simultaneous efforts by the Community and the Member States. It also requires a continued implementation of an effective and well balanced and mutually supportive policy mix, based on macroeconomic policy, structural reforms promoting adaptable and flexible labour markets, innovation and competitiveness, and an active welfare State promoting human resources development, participation, inclusion and solidarity.

Preparing the transition to a knowledge-based economy, reaping the benefits of the information and communication technologies, modernising the European social model by investing in people and combating social exclusion and promoting equal opportunities are key challenges for the Luxembourg process. In order to achieve the goal of full employment set at Lisbon, the Member States should articulate their response to the guidelines under the four pillars in a coherent overall strategy which incorporates the following horizontal objectives:

- A. Enhancing job opportunities and providing adequate incentives for all those willing to take up gainful employment with the aim of moving towards full employment. To this end, Member States should set national targets for raising the rate of employment, in order to contribute to the overall European objectives of reaching by 2010 an overall employment rate of 70 per cent and an employment rate of more than 60 per cent for women. In pursuing these targets, the aim of increasing the quality of jobs should also be taken into consideration.

- B. Member States shall develop comprehensive and coherent strategies for lifelong learning, in order to help people acquire and update the skills needed to cope with economic and social changes throughout the entire life cycle. In particular, the strategies should cover the development of systems for initial, secondary and tertiary education, further education and vocational training for young people and adults to improve their employability, adaptability and skills, as well as their participation in the knowledge-based society. Such strategies should articulate the shared responsibility of public authorities, enterprises, the social partners and individuals, with relevant contribution from civil society, to contribute to the realisation of a knowledge-based society. In this context, the Social Partners should negotiate and agree on measures to improve further education and training of adults to enhance the adaptability of workers and competitiveness of business. To this end, Member States should set national targets for an increase in investment in human resources as well as in participation in further education and training (whether formal or informal) and monitor regularly progress towards such targets.
- C. The Member States shall develop a comprehensive partnership with the Social Partners for the implementation, the monitoring and the follow-up of the Employment Strategy. The Social Partners at all levels are invited to step up their action in support of the Luxembourg process. Within the overall framework and the objectives set by these guidelines, the Social Partners are invited to develop, in accordance with their national traditions and practices, their own process of implementing the guidelines for which they have the key responsibility, identify the issues upon which they will negotiate, and report regularly on progress as well as the impact of their actions on employment and labour market functioning. The Social Partners at European level are invited to define their own contribution and to monitor, encourage and support efforts undertaken at national level.
- D. In translating the Employment Guidelines into national policies, Member States will give due attention to all the four pillars and the horizontal objectives by setting their priorities in a balanced manner, so as to respect the integrated nature and equal value of the guidelines. The National Action Plans will develop the strategy for employment, comprising an identification of the policy mix based on the four pillars and the horizontal objectives which should make explicit how policy initiatives under different guidelines are structured in order to reach long-term goals.
- E. The Member States and the Commission should strengthen the development of quantitative common indicators in order to evaluate adequately progress under all four pillars and to underpin the setting of benchmarks and the identification of good practice. The Social Partners should develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible.

I. Improving employability

Tackling youth unemployment and preventing long-term unemployment

In order to influence the trend in youth and long-term unemployment, the Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs; within a period to be determined by each Member State which may not exceed two years and which may be longer in Member States with particularly high unemployment, Member States will ensure that:

1. Every unemployed person is offered a new start before reaching six months of unemployment in the case of young people, and twelve months of unemployment in the case of adults in the form of training, retraining, work practice, a job, or other employability measure, and, if necessary, with accompanying individual vocational guidance and counselling with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to reduce the stock of long-term unemployed by promoting their reinsertion in the labour market.

In this context, Member States should pursue the modernisation of their public employment services and their partnership with other service providers so that they can deal with the strategy of prevention and activation in the most effective way.

A more employment friendly approach: benefits, taxes and training systems

Benefit, tax and training systems where that proves necessary must be reviewed and adapted to ensure that they actively support the employability of unemployed persons. Moreover, these systems should interact appropriately to encourage the return to the labour market of those inactive persons willing and able to take up a job. Particular attention should be given to promoting incentives for unemployed or inactive people to seek and take up work, as well as measures to upgrade their skills and enhance job opportunities in particular for those with greatest difficulties.

2. Each Member State will

- review and, where appropriate, reform its benefit and tax system to remove poverty traps, and provide incentives for unemployed or inactive people to seek and take up work,
- endeavour to increase significantly the proportion of persons benefiting from active measures to improve their employability with a view to effective integration into the labour market, and will increase, in the light of its starting situation, its per capita expenditure on active measures, taking into account cost effectiveness and the overall budgetary balance.

Developing a policy for active ageing

In-depth changes in the prevailing social attitudes towards older workers, as well as a revision of tax-benefit systems are called for, in order to reach full employment, to help ensure the long-term fairness and sustainability of social security systems, and to make the best use of older workers' experience.

3. Member States will therefore develop policies for active ageing with the aim of enhancing the capacity of and incentives for older workers to remain in the labour force as long as possible, in particular by:

- adopting positive measures to maintain working capacity and skills of older workers, to introduce flexible working arrangements and to raise employers' awareness of the potential of older workers,
- ensuring that older workers have sufficient access to further education and training to allow them to participate on an equal footing in a knowledge-based labour market, and
- reviewing tax and social protection systems with the aim of removing disincentives and creating new incentives for older workers to remain active in the labour market.

Developing skills for the new labour market in the context of Lifelong Learning

Effective and well functioning educational and training systems responsive to labour-market needs are key to the development of the knowledge-based economy and to the improvement of the level and quality of employment. They are also crucial to the delivery of lifelong learning to allow for a smooth transition from school to work, lay the foundations for productive human resources equipped with core and specific skills and enable people to adapt positively to social and economic change. The development of an employable labour force involves providing people with the capacity to access and reap the benefits of the knowledge-based society, addressing skill gaps and preventing the erosion of skills resulting from unemployment, non-participation and exclusion throughout the lifecycle.

4. Member States will therefore improve the quality of their education and training systems, as well as the relevant curricula, including the modernisation of apprenticeship systems, and the development of multi-purpose local learning centres, in order to:

- Equip young people with the basic skills, including IT and language skills, relevant to the labour market and needed to participate in lifelong learning.
- Eradicate illiteracy and reduce substantially the number of young people who drop out of the school system early, in particular by developing appropriate support for young people with learning difficulties. Member States will in this context develop measures aimed at halving by 2010 the number of 18 to 24 year olds with only lower-secondary level education who are not in further education and training.

- Promote conditions to facilitate better access of adults, including those with atypical contracts, to lifelong learning, so as to approach gradually the proportion of adult working-age population (25-64 year olds) participating at any given time in education and training in the best performing Member States, doubling the existing levels by 2005, to reach at least 10 % by 2010.
- Ensure that their education systems deliver a continuously updated package of core skills.

In order to facilitate mobility and encourage lifelong learning, Member States should improve the recognition of qualifications, acquired knowledge and skills.

5. Member States will aim at developing e-learning for all citizens. In particular, Member States will ensure that all education and training institutions have access to the internet and multimedia resources by the end of 2001 and that all the teachers and trainers concerned are skilled in the use of these technologies by the end of 2002 in order to provide all pupils with a broad digital literacy.

6. Member States will promote measures for unemployed people to acquire or upgrade skills including IT and communication skills, thereby facilitating their access to the labour market and reducing skills gaps. To this end, each Member State will fix a target for active measures involving training offered to the unemployed, thereby aiming at gradually achieving the average of the three most advanced Member States, and at least 20 %.

Active policies to develop job matching and to prevent and combat emerging bottlenecks

In all Member States unemployment and exclusion from the labour market coexist with labour shortages in certain sectors, occupations and regions. With the improvement of the employment situation and accelerating pace of technological change, these bottlenecks are increasing. An insufficiency of active policies to prevent and combat emerging labour shortages will harm competitiveness, increase inflationary pressures and keep structural unemployment high.

7. Member States will, as appropriate with the social partners, step up their efforts to identify and prevent emerging bottlenecks, in particular by:

- developing the job-matching capacities of employment services,
- developing policies to prevent skills shortages,
- promoting occupational and geographical mobility,
- enhancing the functioning of labour markets by improving databases on jobs and learning opportunities, which should be interconnected at European level, making use of modern information technologies and experience already available at European level.

Combating discrimination and promoting social inclusion by access to employment

Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in the labour market. This may increase the risk of exclusion. A coherent set of policies which promote social inclusion by supporting the integration of disadvantaged groups and individuals into the world of work, and combat discrimination in access to, and on, the labour market is called for.

8. Each Member State will

- Develop pathways consisting of effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of 'working poor' and a drift into exclusion.
- Implement appropriate measures to meet the needs of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market and set national targets for this purpose, in accordance with the national situation.

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II. Developing entrepreneurship and job creation

Making it easier to start up and run businesses

The development of new businesses in general, and the contribution to the growth of small and medium-sized enterprises (SMEs) in particular, is essential for job creation and for the expansion of training opportunities for young people. This process must be promoted by encouraging greater entrepreneurial awareness across society and in educational curricula, by providing a clear, stable and predictable set of rules and regulations by improving the conditions for the development of, and access to, risk capital markets. The Member States should also reduce and simplify the administrative and tax burdens on SMEs. These policies should strengthen the prevention of undeclared work.

9. The Member States will give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, in particular when an enterprise is being set up and when hiring additional workers. Also, the Member States should, when designing new regulations, assess their eventual impact on such administrative burdens and overhead costs for businesses.

10. The Member States will encourage the take up of entrepreneurial activities

- by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses,
- by promoting education for entrepreneurship and self-employment, targeted support services as well as training for entrepreneurs and would-be entrepreneurs,
- by combating undeclared work and encouraging the transformation of such work into regular employment, making use of all relevant means of action, including regulatory measures, incentives and tax and benefit reform, in partnership with the Social Partners.

New opportunities for employment in the knowledge-based society and in services

If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies must be exploited effectively. Innovative enterprises must find a supportive environment because they can make an essential contribution to mobilising the job-creation potential of the knowledge-based society. A considerable potential exists in particular in the services sector. To this end:

11. The Member States will remove barriers to the provision of services and develop framework conditions to exploit fully the employment potential of the services sector to create more and better jobs, across the full range of traditional and non-traditional services, business-related and personal services. In particular, the employment potential of the knowledge society and the environmental sector should be tapped.

Local action for employment

All actors at the regional and local levels must be mobilised to implement the European Employment Strategy by identifying the potential of job creation at local level and strengthening partnerships to this end.

12. Member States will

- Encourage local and regional authorities to develop strategies for employment in order to exploit fully the possibilities offered by job creation at local level.
- Promote partnerships between all actors concerned including the social partners, in the implementation of such strategies at the local level.

- Promote measures to enhance the competitive development and job creation capacity of the social economy, especially the provision of goods and services linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures.
- Strengthen the role of the Public Employment Services at all levels in identifying local employment opportunities and improving the functioning of local labour markets.

Tax reforms for employment and training

It is important to deepen the examination of the employment impact of the tax burden, and make the taxation system more employment friendly by reversing the long-term trend towards higher taxes and charges on labour. Tax reforms must also take into account the need to increase investment in people, by business, public authorities and individuals themselves, in view of the longer term impact on employment and competitiveness.

13. Each Member State will

- Set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, set a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour. Such reforms should be undertaken without jeopardising the recovery of public finances or the financial equilibrium of social security systems.
- Provide incentives and remove tax obstacles to investment in human resources,
- Examine the desirability of using alternative sources of tax revenue, inter alia energy and pollutant emissions, taking into account current market trends, notably in oil markets.

III. Encouraging adaptability of businesses and their employees

The opportunities created by the knowledge-based economy and the prospect of an improved level and quality of employment require a consequent adaptation of work organisation and the contribution to the implementation of life-long Learning strategies by all actors including enterprises, in order to meet the needs of workers and employers.

Modernising work organisation

In order to promote the modernisation of work organisation and forms of work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels).

14. The social partners are invited to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work (e.g. telework) and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, and access to career breaks. Within the context of the Luxembourg Process, the social partners are invited to report annually on which aspects of the modernisation of the organisation of work have been covered by the negotiations as well as the status of their implementation and impact on employment and labour market functioning.

15. Member States will, where appropriate with the social partners,

- review the existing regulatory framework, and examine proposals for new provisions and incentives to make sure they will contribute to reducing barriers to employment, to facilitate the introduction of modernised work organisation and to helping the labour market adapt to structural change in the economy,
- endeavour to ensure a better application at workplace level of existing health and safety legislation by stepping up and strengthening enforcement, by providing guidance to help enterprises, especially SMEs, to comply with existing legislation, by improving training on occupational health and safety, and by setting target figures for reduction of occupational accidents and diseases in traditional high risk sectors,

- at the same time, taking into account the fact that forms of employment are increasingly diverse, examine the possibility of incorporating in national law more flexible types of contract, and ensure that those working under new flexible contracts enjoy adequate security and higher occupational status, compatible with the needs of business.

Supporting adaptability in enterprises as a component of lifelong learning

In order to renew skill levels within enterprises as a key component to lifelong learning:

16. The Social Partners are invited, at all relevant levels, to:

- conclude agreements on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communication technologies. In this context, the conditions for giving every worker the opportunity to achieve information society literacy by 2003 should be established,
- encourage companies to identify and disseminate best practices on lifelong learning and to develop a European award for particularly progressive firms.

IV. Strengthening equal opportunities policies for women and men

Gender mainstreaming approach

In order to meet the objective of equal opportunity and reach the target of an increased employment rate for women in line with the conclusions of the Lisbon European Council, Member States' policies towards gender equality should be strengthened and should address all relevant conditions influencing women's decisions to take up employment.

Women still face particular problems in gaining access to employment, in career advancement, in earnings and in reconciling professional and family life. It is therefore important, inter alia:

- to ensure that active labour market policies are made available for women in proportion to their share of unemployment,
- to pay particular attention to the gender impact of tax and benefit systems. Wherever tax-benefit structures are identified that impact negatively on women's participation in the labour force, they should be reviewed,
- to pay particular attention to ensuring the application of the principle of equal pay for equal work or work of equivalent value,
- to give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed,
- to ensure that women are able to benefit positively from flexible forms of work organisation, on a voluntary basis and without loss of job quality.

17. Therefore, the Member States will adopt a gender-mainstreaming approach in implementing the Guidelines across all four pillars:

- developing and reinforcing consultative systems with gender equality bodies,
- applying procedures for gender impact assessment under each guideline,
- developing indicators to measure progress in gender equality in relation to each guideline.

In order meaningfully to evaluate progress, Member States will need to provide for adequate data collection systems and procedures.

Tackling gender gaps

Member States and the Social Partners should pay attention to the imbalance in the representation of women or men in certain economic sectors and occupations, as well as to the improvement of female career opportunities.

18. Member States will, where appropriate with the Social Partners:

- strengthen their efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women,
- take action to bring about a balanced representation of women and men in all sectors and occupations,
- initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men: actions to address gender pay gaps are necessary in the public and private sector, and the impact of the policies on gender pay gaps should be identified and addressed,
- consider an increased use of measures for the advancement of women in order to reduce gender gaps.

Reconciling work and family life

Policies on career breaks, parental leave and part-time work, as well as flexible working arrangements which serve the interests of both employers and employees, are of particular importance to women and men. Implementation of the various Directives and social-partner agreements in this area should be accelerated and monitored regularly. There must be an adequate provision of good quality care for children and other dependants in order to support women's and men's entry and continued participation in the labour market. An equal sharing of family responsibilities is crucial in this respect. Those returning to the labour market after an absence may also have outmoded skills, and experience difficulty in gaining access to training. Reintegration of women and men into the labour market after an absence must be facilitated. In order to strengthen equal opportunities,

19. Member States and the social partners will:

- design, implement and promote family-friendly policies, including affordable, accessible and high quality care services for children and other dependants, as well as parental and other leave schemes,
 - consider setting a national target, in accordance with their national situation, for increasing the availability of care facilities,
 - give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles in the way of such return.
-