Employment: guidelines for Member states' policies for the year 2001

2000/0225(CNS) - 06/09/2000 - Legislative proposal

PURPOSE: adoption of guidelines for Member States' employment policies for 2001. CONTENT: Following an in-depth analysis of the employment policies and employment situation in all the EU Member States, the Commission concludes that substantial progress has been made in structural reforms designed to increase the dynamism and adaptability of Europe's labour markets but that governments can and must do more. Although on a downward trend, long-run unemployment still accounts for almost half of the EU's jobless; gender differences in employment, unemployment and pay rates persist and major regional inequalities remain stubborn. Participation in lifelong learning remains relatively low, active ageing policies for the workforce are limited and, at the same time, bottlenecks in labour supply and skills are building up in some areas. Key Areas for Recommendations include: 1) Active and preventive policies combating youth and long-run unemployment: progress is uneven across the Member States in meeting the target that every young person is offered a new start before reaching six months of unemployment and every adult before 12 months. Most progress has in fact been made by the Member States that were already ahead : Sweden, UK, Austria, Finland and Luxembourg. Some progress has been made by most of the others, although progress has been rather uneven in Belgium, while there are particular concerns about the capacity of Greece and Italy to meet the common targets by the deadline of 2002. The Commission has put forward recommendations in this area to 7 member states (B,D,EL,ES,F,IT,UK). 2) Tax and benefit reforms: few of the Member States have undertaken comprehensive reviews and reforms of their tax and benefit systems - exceptions being Denmark, UK and the Netherlands. This therefore remains a priority for action. Recommendations are issued here to 5 countries (B,EL,ES,FIN,SW). 3) Taxes on labour: progress in reducing these has been slow and uneven across the Member States. At just over 39% in 1998, the average effective EU tax on employment remains 15 percentage points higher than the US. Specific recommendations to reduce taxes on labour are issued to 7 countries (B,DK,D,F,AU,FIN,SW). 4) Skills and lifelong learning: with the challenge of building a competitive knowledge-based economy, much more needs to be done on skills and lifelong learning to promote employability and adaptability in the new economy. Progress has been made in education, training and lifelong learning but some countries still lag behind and more remains to be done. Most Member States still need to develop comprehensive lifelong learning strategies. Recommendations on skills and lifelong learning are issued to 10 countries (B, D,EL,ES,F,IRL,IT,LUX,P,UK). 5) Older workers and active ageing: variation in older workers' participation rates in employment is one important factor lying behind differences in employment and unemployment rates across Member States. Policy action here involves tax and benefit systems as well as skills and training and antidiscrimination. Member States are developing proactive policies in this area with the most comprehensive reforms undertaken or envisaged in Denmark, Germany, the Netherlands, Austria and Finland. Recommendations are issued to five countries (DK,D,F,IT,AU). 6) Gender mainstreaming and equal opportunities: differences in employment rates between men and women are one central factorbehind different employment rates across countries and between the EU and the US. Countries with gender gaps greater than 20 percentage points are: Spain, Greece, Italy and Ireland. There are also serious gender gaps continuing in pay : in the EU, women on average receive 83% of men's hourly wages. The gaps are widest in Germany, Ireland, Austria and the UK. While a range of policy actions are being undertaken across the Member States, much remains to be done and there is disappointment that the two countries with the highest gender gaps and lowest employment rates - Spain and Greece - have only taken limited action to improve the situation. Recommendations are issued to 11 countries (DK,D,ES,IRE,IT,LUX,AU,P,FIN,SW,UK). 7) Service sector promotion: the service sector is the key net creator of jobs in the EU. Action to promote entrepreneurship, to reform the tax benefits system and reduce taxes on labour are all relevant here, together with action to simplify administrative burdens. Employment in services in the US remains much higher: 73.8% of total employment in the US compared to 66.1 in the EU. Recommendations are issued to 2 countries (EL,P). 8) Social partners and

modernisation of work organisation: creating a skilled workforce, and modern adaptable businesses is a central element of the employment strategy. Inadequate reporting by the social partners makes proper assessment of the adaptability pillar of the guidelines difficult. There is relatively little evidence of comprehensive efforts to modernise work organisation, with only piecemeal approaches on more adaptable forms of contract. Recommendations are issued to six countries (EL,ES,LUX, NL,P,UK). The new Employment Guidelines for 2001 make some substantial changes and additions to the guidelines for 2000 to take account of policy developments, the continuing need for structural reforms in Europe's labour markets, the new strategic goal adopted at the Lisbon summit of building an inclusive and competitive knowledge-based economy and the Lisbon decision to review progress in 2002. The 2001 employment guidelines call on the Member States to set targets in order to reach the Lisbon goals of an employment rate of 70% by 2010, and of over 60% for women. They call on Member States to make more specific commitments to develop lifelong learning strategies encompassing education and training throughout the life cycle - who should act and at what level. They call on the social partners to be more active in implementing key parts of the employment strategy. They call for a range of specific targets to be set. Other new elements in the guidelines include: tackling labour shortages, bottlenecks and skill gaps; eliminating the poverty trap, avoiding the creation of "working poor"and marginalisation; eradicating illiteracy; boosting targets for education policies; establishing comprehensive active ageing and older workers strategies; increasing investment in human resources; building up a knowledge-based society by investing in education and training; identifying and combating discrimination on grounds of sex, racial ethnic origin, religion or belief, disability, age or sexual orientation; developing equal opportunities policies through more consultation with equal opportunities bodies; and considering the establishment of targets for childcare. Article 128 para 2 of the EC Treaty provides for the annual adoption by the Council of employment guidelines for MemberStates' employment policies as part of a co-ordinated employment strategy. Member States report to the Commission each year (in the form of national action plans) on how their labour markets have performed. The Commission then examines, in its draft joint employment report (joint : Commission and Council), how far they have got in complying with the guidelines adopted the previous year and may propose draft recommendations to the Council. The joint employment report will be submitted to the Nice European Council in December 2000 and will form the basis for next year's guidelines. The European employment strategy is supported by financing from the European Social Fund which is focused on tackling employment problems in each Member State in the period 2000-2006.