The first five year evaluation of the employment guidelines

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This Communication reviews the experience of five years of the European Employment Strategy (EES) on the basis of an overall EU labour market performance and an evaluation of the policies implemented by the Member States under the Luxembourg process. It also reviews the main issues which will have to be addressed when re-designing the Strategy for the future. In recent years, the EU labour market performance has visibly improved, with more than 10 million new jobs created since 1997 (6 million of which were taken by women) and 4 million less unemployed, while the active population continued to grow by 5 million people. The evaluation confirms the structural character of these improvements, through reductions in levels of structural unemployment, a more employment-intensive pattern of economic growth and a more rapid labour market response to the economic and social changes. It is difficult to establish how much of the improvement in employment performance can be attributed to the introduction of the EES and how much to economic improvement. However, there have been significant changes in national employment policies, with a clear convergence towards the common EU objectives set out in the EES policy guidelines. A number of specific policy changes have taken place: - employment policies and the role of public employment services have been reshaped to support an active and preventive approach; - in some Member States, tax-benefits systems have been adapted in line with the principles of activation; - labour taxation started to become more employment friendly - education and training systems increasingly adapted to labour market needs; - progress in modernising work organisation has taken place, notably in terms of working time arrangements and more flexible work contracts; - gender mainstreaming has become generalised, with various initiatives taken to tackle the gender gaps. This includes the provision of childcare facilities to improve the reconciliation of work and family life. - new common paradigms such as lifelong learning and quality at work were recognised as policy priorities, with convergence in these areas starting to take place. Beyond this general process of policy convergence, the open method of coordination of the Luxembourg process has demonstrated its added value in fostering partnerships and new working methods, both at national and EU level. Overall, the EES has brought a shift in policy formulation and focus - away from managing unemployment towards managing employment growth. Despite progress there remain serious challenges - not least in terms of responding to demographic trends, the emergence of bottlenecks, regional differences in performance, and the ongoing social and economic restructuring, globalisation and enlargement. The Luxembourg process has to be refocused on its main priorities: creating more and better jobs, and promoting an inclusive labour market. The Communication identifies four main issues for EES reform: - the need to set clear objectives in response to the policy challenges; - the need to simplify the policy guidelines without undermining their effectiveness; - the need to improve governance and partnership in the execution of the strategy; - the need to ensure greater consistency and complementarity with respect to other relevant EU processes, notably the Broad Economic Policy Guidelines.