Social policy agenda: following the European Councils of Lisbon and Feira, Council of Nice, December 2000

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The European Employment Strategy (EES) was launched at the Luxembourg Jobs Summit (1997) against a background of high levels of unemployment. The Lisbon European Council of 2000 updated the Strategy - adopting the goal of full employment; setting medium term employment targets and integrating the Strategy into a wider framework of policy co-ordination. The European Social Agenda - endorsed at the Nice European Council - called for an in-depth review of the first five years of the EES in 2002. The recent Barcelona European Council called for a reinforced Employment Strategy and provided directions for the future of the EES. This Communication reviews the experience of five years of the EES on the basis of an overall EU labour market performance assessment 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 up by women) and 4 million fewer people unemployed, while the active population continued to grow by 5 million people. The evaluation confirms that these improvements are not simply a reflection of a better overall economic environment but do reflect structural and sustainable improvements in the functioning of the EU labour markets. In particular it demonstrates a reduction in levels of structural unemployment, and a more employment-intensive pattern of economic growth combined with improvements in labour productivity. It also establishes that in the last few years there has been a more rapid labour market response to economic and social changes than in previous economic cycles, reflecting greater flexibility in the EU labour market. 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-benefit 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 occurred, 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, including 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 co-ordination of the Luxembourg process has demonstrated its added value in fostering partnerships and new working methods, both at national and EU level. Overall, the Strategy has brought a shift in national policy formulation and focus - away from managing unemployment, towards managing employment growth. Despite progress, there remain serious employment challenges -not least in terms of responding to demographic trends, the emergence of bottlenecks, regional differences in performance, and the ongoing economic and social restructuring, globalisation and enlargement. In order to cope effectively with these challenges, the Luxembourg process has to be refocused on its main priorities : creating more and better jobs, and promoting an inclusive labour market. To this end, the Communication identifies four main issues for the EES reform: a) the need to set clear objectives in response to the policy challenges, b) the need to simplify the policy guidelines without undermining their effectiveness, c) the need to improve governance and partnership in the execution of the strategy and d) the need to ensure greater consistency and complementarity with respect to other relevant EU processes, notably the Broad Economic Policy Guidelines.