Employment: guidelines for member States' policies for the year 2002

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PURPOSE : to present the draft joint employment report 2002. CONTENT : the present joint report is published by the Commission in accordance with Article 128 of the Treaty. The report provides an overview of the employment situation and a political assessment of the progress made by Member States in the implementation of the Employment Guidelines in the year 2001. The remaining challenges for the Member States are also highlighted. The Joint Report contains both an analysis of progress across the EU under the major agreed objectives and guidelines, and a brief country by country review. Key common indicators underpin the analysis and are summarised in the annexes. The report states that after five years of implementation, the European Employment Strategy is at a crossroads. Launched in 1997, with the fight against unemployment as a priority, its focus has progressively shifted to support the wider Lisbon Strategy commitment towards more and better jobs in an inclusive society. Achieving the agreed employment targets and raising labour force participation has become a central concern. EU employment performances in 2001 must be seen in the context of a sharp deterioration in the economic climate, with GDP growth halved compared to 2000 and serious uncertainties about the future. In spite of these less favourable conditions, performances both in terms of employment (+0,6%) and unemployment (-0,6%) continued to improve, albeit more slowly. While the EES five year evaluation pointed to structural improvements in the EU labour market, serious weaknesses remain in terms of unemployment levels, participation and employment rates, gender gaps, quality of employment, productivity growth and regional disparities. These weaknesses need to be addressed as a matter of urgency to prepare the EU labour market for challenges ahead. The overall clarity and coherence of the NAPs has improved. However, the use of national targets, reporting on the impact of measures on the labour market, budgetary information, evidence of the use of structural funds to support the EES and the involvement of key stakeholders all appear largely insufficient. The response to the horizontal objectives has improved compared to last year, particularly as regards efforts to raise employment rates. While encouraging progress was made towards the Lisbon and Stockholm EU targets overall and for women, reaching the overall target for 2010 will require -particular efforts in those Member States which have not contributed enough so far to the overall improvement in employment. The wide gap between the current situation and the 50% employment rate target for older workers raises serious cause for concern and a stronger focus on the gender dimension of the ageing problem is crucial. The issue of quality in work is still dealt with in a piecemeal way, focussing largely on aspects such as job flexibility, health and safety and education and training while insufficient attention is given to other dimensions, such as the intrinsic quality of jobs and the quality of social dialogue. The development of lifelong learning strategies is progressing, all Member States have now laid the groundwork for comprehensive strategies, although full implementation will take time. Some progress, though at a slower pace, can be seen on making these strategies more coherent, in particular the transitions within and between education and training systems and the labour marketare not addressed in a comprehensive manner. A growing number of 6 Member States are setting targets for educational participation and attainment and the increase in expenditure on human resources visible in the majority of Member States testifies to their strengthened commitment, despite the continuing lack of national targets on investment. The widening gap in the take-up of education and training opportunities between those with low and high skills and between older and younger age groups gives cause for serious concern. The assessment of national employment performance and policies in 2001 confirms the main outcomes of the evaluation for the period 1997-2001, and provides a strong basis to design the next generation of the European Employment Strategy. While structural labour market reforms have paid dividends so far, major weaknesses remain. Faced with the current economic slowdown Member States should intensify structural reforms including those of labour markets in order to support adaptation to change of workers as well as firms. There is already a broad consensus on a number of elements for an effective new EES, including the focus on the Lisbon objectives, a stable strategy over the medium term, a

reduced number of guidelines more focussed on results to be achieved, and an improved co-ordination with other relevant processes, in particular the Broad Economic Policy Guidelines. In the light of remaining weaknesses, the future generation of guidelines should explicitly address the three key priorities of raising employment and participation rates, improving quality and productivity at work and promoting an inclusive labour market. In all these areas much progress is still required if the overall goals of the Lisbon strategy are to be reached. Lastly, following the Spring European Council, the Commission will, in April 2003, make a formal proposal of Employment Guidelines and Recommendations, with a view to its adoption by the Council at the end of the first semester 2003.