Employment: candidate countries' policy, joint assessment papers

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PURPOSE : to review progress on the implementation of the Joint Assessment Papers on employment policies in candidate countries. CONTENT : in 1999 the Commission initiated a cooperation process on employment with the candidate countries. It was agreed that in a first step candidate countries and the Commission would analyse the key challenges for employment policies in "Joint Assessments Papers" (JAPs). This Communication summarises the challenges identified in the JAPs and reviews the progress in follow up. Thereby it points to the employment policy challenges resulting from applying the Lisbon objectives and from preparing the implementation of the Employment Title. Labour market strategic challenges: To date economic restructuring has had a heavy impact on the labour markets in the candidate countries in particular those in Central and Eastern Europe. With participation and employment still adjusting, unemployment has risen. A significant increase in employment in services has been achieved, but it has not yet been sufficient to compensate for the job losses in agriculture and industry, which remain the main employers in most counters. Against the background of rapid restructuring the JAPs identify a number of crucial strategic challenges for the labour market: - increase employment rates, which are generally below that of the EU with high unemployment in Bulgaria, Slovakia, Poland, Estonia, Latvia and Lithuania. The low employment rates in the candidate countries are mainly accounted for by low male employment rates. At the moment none of the CCs meets the two Lisbon employment targets, with Cyprus at 67.9% being the closest and Poland at 53.8% the most distant from the overall 70% target. - increase labour supply. In most candidate countries, a feature of the transition process was substantial withdrawals from the labour market. Most candidate countries need to reverse the trend of labour force participation and bring back major parts of the working-age population into the labour market as a precondition for economic and social development. - labour market functioning should support the restructuring of the economy. Rapid restructuring is driving economic growth, at least in the Central and Eastern European candidate countries and structural adjustment is likely to continue after membership. The importance of agriculture for the economies of some candidate countries remains significantly greater than in the EU but the high share of agricultural workers is not reflected in a proportionately high share of gross valued-added, and productivity levels are much below the EU average. This is of particular concern in Romania, Bulgaria and Poland. - increase labour force skill levels in the context of restructuring and future pressures linked to the Single Market. The employment rate of the high-skilled is markedly higher than that for the low-skilled - even if compared to the already high EU differentials. The expected shifts in the sectoral employment structures in these countries suggest that the demand for a more qualified labour supply will increase further. Against this background, the review carried out in the JAPs has identified certain common policy issues. These centre on: - ensuring that wage developments and wage formation system areemployment-friendly, and - that tax and benefits systems are supportive to employment; - investing in human resources and addressing skills gaps; - enabling the Public Employment services to play an effective role; - promoting a more pro-active and preventive policy approach; - ensuring social cohesion and integration ethnic minorities; - modernising the labour market, by developing new framework for security and flexibility; - promoting equal opportunities; - strengthening capacity building to design appropriate policies and policy mix and ensuring implementation; - ensure availability of resources for employment policies including human capital investment and social infrastructure. The paper goes on to outline the next steps and the areas where cooperation will be pursued before membership.