Employment policy: guidelines for 2005-2008

2005/0057(CNS) - 12/04/2005 - Legislative proposal

PURPOSE : proposal to adopt the guidelines for Member States' employment policies for 2005-2008.

PROPOSED ACT : Council Decision

CONTENT : This document includes a Communication on the first integrated guidelines for growth and jobs for the period 2005-2008, in accordance with the request from the 2005 Spring European Council. It covers both the Commission Recommendation on the Broad Economy Policy Guidelines (BEPGs) and the proposal for a Council Decision on the Employment Guidelines (EGs).

The document analyses trends and growth in the EU. The economic recovery has gradually taken hold since the second half of 2003 and, although the EU's economic performance was disappointing in the second half of 2004, the Commission's latest forecasts predict a rebound in economic activity in the course of 2005. Unemployment rates are projected to decrease, albeit slowly, to 8.7% in 2006. The estimated overall employment rate is 62.9% for EU-25 in 2003, which is significantly below the agreed target level of 70%. Progress towards the female employment rate target of 60% has been slow, with the rate now standing at 56.1% for EU-25, but is expected to pick up again. The employment rate of older workers, which continued to climb to just over 40.2% has the largest gap to bridge towards the 50% target for 2010. At the same time, progress in improving quality in work has been mixed and the economic slowdown has raised the profile of social inclusion problems. Long-term unemployment increased again after several years of decline and seems unlikely to fall in the near future.

The economic recovery has to a large extent been dependent upon the resurgence of global growth and the rapid increase in world trade. As the world growth cycle reaches maturity and absorbs the dampening effect of higher world oil prices, the emphasis will fall increasingly on domestic demand in the EU to provide greater impetus to the upswing. The Communication goes on to give possible explanations for the under-performance of the EU economy, such as low levels of productivity growth and labour input.

The European Council of March 2005 has relaunched the Lisbon strategy by refocusing on growth and employment in Europe. The new start for the Lisbon strategy, as reflected in the integrated guidelines, aims to set out the appropriate responses to these developments. It defines a strategy that addresses a relatively weak growth performance and insufficient job creation. Comprehensive reforms in product and labour markets constitute an integral part of this approach.

In order to make the refocusing on jobs and growth effective, the European Council has decided to strengthen the consistency and complementarity nature of the existing mechanisms by launching a new cycle of governance. The document describes the new cycle. It then describes the structure and content of the integrated guidelines. In recognition of the fact that macro-microeconomic and employment policies are

interrelated and should be mutually reinforcing, the integrated guidelines are presented in one comprehensive document with two parts:

Part 1 – The Broad Economic Policy Guidelines:

This part of the integrated guidelines includes the Commission Recommendation on the Broad Economic Policy Guidelines, applicable to all Member States and to the Community. As one of the main instruments of economic policy coordination, it reflects the new start for the Lisbon strategy and concentrates on the

contribution of economic policies to higher growth and more jobs. This part provides guidance on macroeconomic and microeconomic policies in the Member States and the Community in the areas offering the greatest potential for improving growth and employment. Section A deals with the contribution that macroeconomic policies can make in this respect. Section B focuses on the measures and policies that the Union and the Member States must carry out in order to make Europe a more attractive place to invest and work and to boost knowledge and innovation for growth.

Part 2 – The Employment Guidelines:

These guidelines – and the related European Employment Strategy – play a central coordinating role for the employment policies of the Member States. Since 1997, the Strategy has contributed to improving the focus, monitoring and reporting of employment policies across the EU.

This part concentrates on the contribution of employment policies to creating more and better jobs, as defined by the new Lisbon Agenda. Employment policies can make a decisive contribution to raising employment and productivity growth, and to strengthening social cohesion. The modernisation of social protection systems is also necessary to ensure their adequacy, financial sustainability and responsiveness to changing needs in society and to support lasting economic and employment growth.

The Employment Guidelines set out the overall employment objectives and priorities for action for the EU and its Member States. Employment policies should go hand-in-hand with reforms in the services, product and financial markets and interact positively with growth and employment-oriented macroeconomic policies.