

Restructuring and employment

2005/2188(INI) - 31/03/2005 - Document attached to the procedure

This Communication looks at the role of the EU in anticipating and accompanying restructuring in order to develop employment. The prosperity of European citizens depends on economic players and workers adapting rapidly to the current far-reaching socio-economic changes, which are translating into the creation of new economic activities, but also into the contraction, or even disappearance, of existing jobs. At the same time, the restructuring of enterprises often entails costs that can be very high, not only for the workers concerned but also for the economy. The preservation of social cohesion, which is a distinctive characteristic of the European social model, requires the introduction of accompanying policies designed to reduce the social costs to a minimum and to promote the search for alternative sources of jobs and income. It is therefore essential to ensure that restructuring is well-managed so as to meet a two-fold economic and social requirement. It is vital for enterprises to adapt to change: if enterprises conduct these operations rapidly, their competitiveness can be enhanced.

Moreover, the intention to preserve the employability of workers and to facilitate their transition to another job of equivalent quality has an economic impact by taking advantage of one of the main competitive assets of the EU, namely the quality of its workforce, which is the guarantee of future growth.

This Communication sets out the measures to be developed or strengthened around the means that the Union can mobilise to this end through cross-cutting and sectoral action. When these measures are implemented, it is necessary to limit as far as possible the burdens imposed on enterprises, while ensuring improved anticipation and management of restructuring operations.

The Communication analyses the phenomenon of restructuring, which it defines as the form taken at enterprise level by the permanent reshaping of the fabric of production under the effect of numerous factors. It looks at the creation of the European single market and the opening up of economies to international competition. The development of the regulatory framework is resulting in changes on product and labour markets. Major changes in consumer demand are also occurring. The reconstruction of the fabric of production entails permanent adjustments which has both quantitative and qualitative aspects, outlined in the Communication.

Clearly, most of the concrete responses to the present challenges occur at sub-European level. For its part, the EU has useful levers at its disposal. It has an important role to play in three areas:

- through the cross-cutting policies it pursues, coordinates or promotes, it helps create the conditions for long-term economic and technological development and facilitates the anticipation of change;
- by endowing itself with adequate capacity to identify sectoral developments and instruments for reacting to unforeseen events with a concentrated impact in certain sectors or regions, the European Union promotes effective coordination among all stakeholders;
- by recognising the role which the social partners can play in anticipating and managing change, it gives them the opportunity to play a positive part.

The Commission firmly believes that restructuring must not be synonymous with social decline and a loss of economic substance. On the contrary, restructuring can underpin economic and social progress but only if such measures are correctly anticipated, and provided firms can manage the necessary change quickly and effectively, and provided public action helps ensure that the change is carried out in sound conditions.

Policies aimed at blocking change and freezing economic structures can only defer the problem and exacerbate the negative effects. They would tend to slow down innovation and lead to a loss of competitiveness on the part of European companies. Additionally, policies which would in effect make workers less employable would have grave effects on growth potential and social cohesion.

It follows that the response at Community level must focus on four essential requirements:

- A need for consistency between the various policies, if growth and the ensuing restructuring are to avoid destroying human capital.

- A need for a long-term perspective encompassing the various Community policies. If the economic and social players are to act effectively, they need to be able to see the way ahead.

- A need for participation on the part of all the stakeholders, first and foremost the social partners.

- A need to pay heed to the local dimension — it is, after all, at local level that anticipating change is most effective. Looked at from this angle, the European Union's regional and cohesion policy must act as a catalyst.