



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.11.1997  
COM(97) 611 final

COMMUNICATION FROM THE COMMISSION

**COMMUNITY POLICIES IN SUPPORT OF EMPLOYMENT**

## COMMUNITY POLICIES IN SUPPORT OF EMPLOYMENT

### AN OVERALL STRATEGY

This problem has been at the core of European, national and individual concerns for years. The Commission's most recent projections anticipate that even with appreciably higher growth between now and 1999, the unemployment rate in the European Union will still be 9.7% in 1999 if its policies remain unchanged.

What should we do? There is no magic solution. Only an overall strategy can produce a job-creating dynamic.

We have already progressed towards this overall strategy: the White Paper on growth, competitiveness and employment, the coordination strategy defined at Essen, the incorporation of this into an integrated approach through the Confidence Pact for Employment approved in Florence, and finally, the consolidation of this strategy in the new Treaty. Step by step, the European Union has thus gradually acquired a common framework of reference, the coherence of which rests on three factors:

#### **1. *It is an integrated strategy.***

Employment policy cannot be divided up into isolated components. It must incorporate side by side the three elements necessary for success: a sound macroeconomic framework, the effective realisation of the

potential of the single market, ambitious reforms of labour markets.

Of these three elements, the labour market aspect has until now been the least developed at European level. Agreement on the guidelines proposed by the Commission and the implementation of national action plans should give it renewed vigour. What this document does is look at how Community policies contribute to the overall strategy. It is thus a response to the Amsterdam European Council's wish to receive a report on Community action, noting the principal initiatives already undertaken and calling, where necessary, for new impetus.

#### **2. *The strategy covers the short, medium and long term.***

The usefulness of a strategic approach lies in the fact that it enables action on the part of all participants to extend over the long term. The accelerating pace of change that we can all see today requires that we do more to reconcile urgent needs in the short term with preparation for the medium term. This is clearly the case for demographic change: by promoting an increase in employment rates today, we are preparing the ground for contending with ageing society tomorrow and facilitating the thoroughgoing reform of social protection.

### **Recent employment trends**

- The level of unemployment remains worryingly high, at 10.8% in mid-1997. In 1996, more than 5% of the Union's labour force had been out of work for at least a year.
- Some 600 000 new jobs were created in 1996. The service sector has created 1 to 1.5 million jobs annually (except in 1993), while the more traditional sectors (agriculture and industry) have been in constant decline.
- Over the last ten years, job losses have been concentrated in sectors employing less than a quarter of the entire labour force of the Union.
- Since 1993, micro-enterprises with less than 10 employees have been recruiting twice as fast as major firms.
- Virtually the entire net increase in employment since 1990 is accounted for by the growth in part-time working.
- The average unemployment rate among young people in the Union is still over 20%. However, there has been a slight drop recently, in line with demographic trends and as a result of more young people staying on in education.
- Unemployment among women remains about 3 percentage points higher than among men (12.7% as compared with 9.4%).

It is also true for the increasing speed of technological change, intensified by globalisation: this change is the source of new wealth, but it is not distributed evenly. The faster pace

of change also entails a reorganisation of structures and social costs that can only be reduced by far-sighted employment management which will facilitate occupational and geographical mobility. This is also true for enlargement of the Union, which is seen by many as a constraint, whereas it already today and even more so in the medium term actually offers opportunities for renewed growth.

We must react to the unemployment problem quickly, and actually do something rather than just talk. We must also anticipate tomorrow's challenges by finding solutions to them today. Otherwise, the problem of unemployment will remain one of necessary adaptation rather than one of forward-looking dynamism. We are all aware of the major trends we are living through. But the responses we need to make are often postponed to a distant future. The European way is to allow initiative to create new jobs and also to provide benchmarks and references to help everybody plan for the future in so far as it is foreseeable.

### ***3. Success of the strategy depends on mobilising all parties.***

Because this strategy embraces the whole range of policies, it must appeal to all of the parties concerned. More than ever before, modernising initiatives come today from every quarter. The challenge is to break down dividing barriers and integrate the different initiatives in a common framework of reference. The actors in the employment field operate at very different levels. There are institutional actors at European, national and local level. Then of

course there are the social partners, who are in the front line when it comes to maintaining and creating jobs. And finally there are associations and individuals.

This mobilisation applies to Community policies themselves. The purpose of this document is to show how Community policies serve employment in the context of this overall strategy.

Action by the Union is not parallel to that of the Member States simply because it is external to it. On the contrary, the two are interwoven in two respects:

- EU action creates the **frame of reference** which can guarantee the compatibility of Member States' action and thus release its full potential. The creation of a sound macroeconomic framework, the completion of the single market, the scrutiny of tax provisions, the state aids code, measures to simplify the business environment, labour market reforms, the prospect of sustainable development are all important factors here;
- Union action **complements and supports** action by the Member States. The instruments specific to the Union dovetail with the measures already undertaken by the Member States, complementing them and thereby demonstrating the value added by the Community. This is true of research and innovation, the funding of small businesses, the information society and trans-European networks. Union action may also support steps by the Member States by following directly in the wake of national

measures, as in the case of the Structural Funds.

#### **Europe as an economic entity**

The European economy is an increasingly integrated economic entity. As the single market moves towards completion, cross-border movements of goods and services become no different to domestic movements. Corporate investment strategies and, hence, employment and growth policies must be increasingly conceived in terms of Europe as a whole. The volume of the Union's external trade with the rest of the world remains at a steady level of 8% of its GNP, but this trade constitutes an increasingly active stimulant to competition. The dynamism of Europe depends on its ability to face global competition and develop its competitive strengths.

The long-term increase in the growth rate of the European economy will require a significant increase in the rate of capital investment, currently standing at around 19% (compared with 24% at the beginning of the 1970s). Over the long run, intangible investment, infrastructures, technological and financial innovation, and human resource investment - operating at the interface between the macro-economy and the micro-economy - are key elements in the strategy to be developed.

**COMMUNITY POLICIES IN SUPPORT OF  
EMPLOYMENT: ENABLING,  
COMPLEMENTING AND SUPPORTING**

**I. Union action creating an  
essential framework**

**THE MACROECONOMIC FRAMEWORK**

The coherence of the employment strategy is guaranteed first and foremost by the European macroeconomic framework. A sound macroeconomic approach geared towards stability is a necessary condition but in itself it does not guarantee a high level of growth and employment. If economic and monetary union is to function smoothly, it will be even more essential for macroeconomic stability to complement structural reforms. But economic and monetary union will itself support the growth and employment dynamic.

This convergence strategy, backed by structural actions, is already bearing fruit. The Commission's macroeconomic forecasts have been revised upwards and the latest projections suggest a return to a growth in employment of about 1% per year for the two years ahead.

In the medium term, the arrangements for the changeover to the single currency are going to remove some of the macroeconomic obstacles to growth that have regularly had a debilitating effect on European performance. There will no longer be any risk of exchange rate crises occurring between the currencies of the countries participating. At the same time, the tension between monetary policy and national budgetary policies will diminish as a consequence of the

discipline demanded by the Treaty provisions and by the Stability and Growth Pact. This framework of stability will make it easier for the social partners to negotiate pay agreements. There will be more chance of striking the balance of economic policies that is most favourable to growth and employment. The transformation of the current economic upswing into lasting growth in the medium term is the real challenge for the macroeconomic framework bolstered by EMU and the euro.

➔ *With the expected introduction of the euro on 1 January 1999 and the growth prospects which are confirmed by the convergence process, the European Council in Luxembourg could restate the importance it attaches to economic coordination and in this context underline the importance of the joint declaration by the European social partners in support of the medium-term macroeconomic convergence and growth strategy.*

**THE SINGLE MARKET**

The Commission's initial assessment of the impact and effectiveness of the single market showed that the closer integration of markets and keener competition generated additional growth of 1 to 1.5% in the period from 1987 to 1993, creating considerably more jobs than would have been the case had the single market not existed. The assessment also showed, however, that there were still a large number of shortcomings which prevented the single market from functioning perfectly.

Buoyed by its findings, the Commission presented an **Action**

Plan that adopts a clear and strategic approach to the action needing to be taken to improve the workings of the single market in the years ahead. This plan was endorsed by the Amsterdam European Council. It is now incumbent on all those involved to demonstrate a strong political will to work towards the rapid implementation of the priority actions listed in the plan. The Commission will keep a watchful eye on the achievement of these priorities, in particular by regularly publishing the "Single Market Scoreboard."

➔ *The impetus provided by the European Council on employment will focus attention on the strict and effective implementation of the single market rules. For example, the provisions governing the opening up of the telecommunications market, where there is great potential for job creation, will have to be applied within the deadlines set.*

#### **Restoring an employment-friendly tax system**

There can be no doubt that the taxation system is one of the areas where structural action can have the most far-reaching effects on employment. In this connection the Amsterdam European Council and the latest broad policy guidelines call for an overall reduction of the general level of taxation. However, European economic integration makes it increasingly difficult to embark at national level on tax reforms that are inspired by concern about employment.

This is why the Commission regards it as essential that agreement be reached on guidelines aimed at guaranteeing greater fiscal

coherence throughout Europe in three areas:

- **Implementation of a balanced tax package** along the lines proposed by the Commission following up the work of the Tax Policy Group, including a code of good conduct in the field of company tax, common principles regarding the taxation of savings and the elimination of withholding taxes on interest and royalty payments between companies. The Ecofin Council will shortly be called on to give its opinion on this package. The aim is to combat harmful competition with regard to taxation, with a view to reversing current tendencies that lead to increased statutory charges on labour, especially on the low-skilled and least mobile.
- **The adoption of a Community framework for the taxation of energy products** (excise duties, broadening the tax base to cover all energy products) leaving room for manoeuvre to reduce indirect labour costs.
- **Targeted reduction in VAT rates** for labour-intensive services, so as to boost demand for such services and reduce moonlighting. The Commission recently adopted a communication on this subject, suggesting that a temporary experiment could be tried with services not affected by cross-border competition. Member States which so wished would be authorised to apply the reduced rate rather than the standard rate. This could play a supporting role alongside the measures stipulated in the first two points, which would be most

decisive for reducing indirect labour costs.

⇒ *The special European Council on employment could call on the Council of Ministers to reach agreement by the end of 1997 on the Commission's proposed overall package for combating harmful tax competition and to take a positive line on taxation of energy and the targeted reduction in VAT.*

### ***Redirecting and reducing state aid***

Strict control over state aid to ensure compatibility with Community rules is the only way to establish fair competition and to avoid jobs in one place being created at the cost of job losses elsewhere.

Here the Member States have a shared interest in coordinating their systems of state aid to reduce the overall sums involved which come to around ECU 100 billion a year. Much national aid still gives rise to mutual outbidding or a distortion of competition affecting the cohesion countries. The Commission plans to hold consultations with the Member States on this issue.

➔ *The Commission also intends in due course to review the criteria for approving aid in order to foster schemes that genuinely promote economic efficiency and employment, including continuing training, the creation of lasting jobs and the smooth operation of the labour market. In conjunction with the Member States it will devise a system of benchmarking to evaluate the effectiveness of the different national schemes in terms of employment.*

### ***Simplifying the business environment, especially for smaller businesses***

The BEST Task Force on small businesses was set up following the Amsterdam European Council. It is made up of 15 leading figures with experience of the problems faced by small and medium-sized businesses. Its job is to provide an independent assessment of the measures that should be taken to simplify the administrative requirements and regulations that apply to businesses.

In addition to legislation proper, the Task Force is also to examine other areas that could help encourage entrepreneurship, for example:

- the availability of the basic services needed to run a business, such as financial management, bookkeeping and personnel management;
- easier access to services provided by the often unduly complicated public authorities responsible for job centres and training schemes, social security regulations and local and national rules concerning standards and the environment;
- training opportunities for people running businesses, their spouses and co-workers, including qualifications in traditional occupations (crafts, tourism, trading) where there is good employment potential.

Both European and national legislation will be required to give effect to these recommendations.

⇒ *The BEST Task Force is to produce an interim report for the European Council on employment for finalisation ahead of the Cardiff European Council.*

⇒ *Before the Luxembourg European Council in December the Commission will be reporting on all simplification measures under way or planned: "Better lawmaking".*

#### **STRUCTURAL REFORMS OF THE LABOUR MARKET**

Medium and long-term structural reforms form the core of the draft joint report and guidelines on employment adopted by the Commission on 1 October. Four priority areas are identified: entrepreneurship, employability, adaptability and equal opportunities. Focusing on these priorities should help expand on this hitherto underdeveloped aspect of the integrated approach. Only if these structural reforms are a success will a genuine increase in the volume of job-creation be possible.

It is clear that this is primarily an area for national action. However, the Community framework is needed for exchanging good practices and setting shared objectives through guidelines. It will then be for the Member States to act on these guidelines in line with the particular features of their own labour market.

#### **What the European social dialogue has achieved**

Issues affecting all workers, regardless of their occupation, have been discussed since 1985 by UNICE, CEEP and ETUC as part of an independent and voluntary process known as the Val Duchesse social dialogue. They have so far produced 21 joint opinions and 3 agreements.

Two agreements have been negotiated under Articles 3 and 4 of the Social Policy Protocol. The first concerns parental leave and the second part-time work. These agreements have been submitted to the Council to be implemented in the form of a directive.

Occupation-specific discussions are held with twenty or so different sectors and the social partners have issued more than 140 joint declarations. The most important recent initiatives include:

- a framework agreement on agriculture for national-level negotiations to reconcile reductions in working time with working time flexibility;
- several charters and codes of good practice concerning, for example, child labour in the commercial, footwear, textiles and clothing sectors;
- memorandums on expanding employment in the cleaning industry and in the distributive trades.

The social partners have a vital role to play here. A negotiated understanding on the need to strike a fundamental balance between labour market flexibility and job security for



workers is at the heart of the European model. The agreement reached on part-time working is an important step along that path. The social dialogue summit on 13 November should bring further progress, with a stronger commitment from the social partners to play their full role and to assume their responsibilities in this process.

Similarly social dialogue should be stepped up in individual sectors, endeavouring to emulate the success achieved in the agricultural sector. Across-the-board progress involving all sectors should be built on with agreements which supplement them and/or are specific to particular sectors.

⇒ *By way of advance application of the Treaty of Amsterdam, the European Council will call on the Council to adopt the first guidelines on national employment policies to be applied by the Member States through their national action plans.*

⇒ *By laying the foundations for an outline agreement the negotiating partners at multi-sector level in Europe should give a European lead on resolving the problems of non-standard work and informing and consulting workers.*

#### EMPLOYMENT AND SUSTAINABLE DEVELOPMENT

The Member States have already started taking steps to encourage environmental activities which have a positive impact on employment, such as nature conservation, waste collection and processing and urban renewal. If this is to go further, there must be better safeguards for the

sustainability of actual production and consumption.

#### Green technology which creates or maintains jobs

- 1) In 1994, added value in the sector producing environmental technology and services came to ECU 90 billion, providing work for more than 1.5 million people. These figures do not include technologies to promote energy-saving and the production of renewable forms of energy.
- 2) In the United Kingdom a survey was done of 11 firms in various branches of industry which had applied a strategy of reducing waste by introducing green technology. These firms saw their profits rise by some £4 million within four years. In 70% of cases, the investment in energy-saving measures showed a positive return in less than a year.
- 3) The management of a tannery in the Netherlands launched a target-oriented programme of investment in introducing clean technology. This led to a rise in profits thanks to reduced environmental costs (2% of turnover) and sales of new types of by-products.

This is a long-term exercise which will eventually lead to new jobs being created, and dictate whether existing jobs will continue to be viable into the future. But it calls for an overall, sustained strategy for the whole European Union, if we are to cope with the costs of the switchover, which for certain types of firms (small businesses) and certain regions may be high.

➔ *Before the employment summit the Commission will be adopting a communication on the environment and employment which defines such a strategy and suggests the first steps to be taken in embarking on it: identifying promising areas for investment in sustainable forms of technology, coherent use of the various awareness-raising instruments, and regulatory and fiscal incentives. Proposals for five key measures will be put forward.*

<b>II. Action by the Union complements and supports action by the Member States</b>
---

### RESEARCH AND INNOVATION

The Union currently devotes a much smaller proportion of its gross domestic product to R&D than the United States or Japan. It is also some way behind in its capacity to turn research findings to good account quickly, with a view to launching new products and services. Extra efforts will have to be put in, both as regards steering research in the right directions, particularly towards making the best use of human resources, and in terms of disseminating new developments through exchanges of know-how via networks linking together companies and regions.

These are the concerns which are at the heart of the scientific guidelines proposed by the **Fifth framework programme** for Community research, of which the six main subject-specific or across-the-board lines develop out of Member States' own endeavours in a multidisciplinary approach, targeting the European effort around nine basic criteria, one

of them being employment. The same concerns are to be seen at work in the **action plan on innovation** presented in November 1996.

➔ *The new framework programme should be adopted in February 1998. Its specific programmes should be approved by summer 1998. In the same year, the first network of Innovation Training Centres and Educational Resource Centres is to be set up (based on an idea put forward in the Ciampi Group report), the object being to make technology transfer to small businesses easier.*

➔ *In response to the brief given to it by the Amsterdam European Council, the Commission has tabled a proposal for using the interest (some 40 MECUs per year) yielded by the ECSC assets to continue financing research in sectors associated with the coal and steel industries after 2002.*

### INCREASED FINANCIAL RESOURCES FOR SMALL BUSINESSES

The Board of Governors of the EIB has approved the broad lines of a **special action programme** determined at Amsterdam in support of employment policies. A start has been made on extending the Bank's activities to education, health, the urban environment and protection of the environment; many projects have already been presented for approval by the Board. To build the trans-European networks, the Bank is looking into the possibility of granting very long-term loans and raising the ceiling on financing to 75% of the project cost. The Bank is

proposing that up to a billion ecus be allocated to support instruments for small businesses, especially in the field of technological innovation.

Sustainable job creation by small businesses could also be promoted by Parliament's plan to devote up to ECU 450 million in the budget over three years to employment and innovation. Three types of complementary instruments covering the development phases of small businesses, from launch to maturity, would be introduced:

- a risk capital window, focusing on certain stages in the life of a small business, to back up the European technological facility financed by the EIB and managed by the EIF;
- a Community instrument offering assistance for the creation of Joint European Ventures;
- a special guarantee mechanism for small businesses set up with the EIF to increase the risk-taking capacity of institutions financing small businesses.

#### The second market in the United States: NASDAQ

- o 5 500 companies are quoted, including 1 341 in the small business section.
- o The volume of NASDAQ's transactions exceeds that of the New York stock exchange.
- o NASDAQ market capitalisation: the quoted value is greater than the GDP of France (1 800 billion).
- o NASDAQ was behind 16% of the new jobs (500 000) created in the United States between 1990 and 1994. It is also estimated that 10 million jobs are associated with the firms quoted on NASDAQ.

The establishment of a specialised capital market at European level by 2000 is a priority for the Commission. The American experience demonstrates that such a market, with its panoply of additional private instruments, has multiple beneficial spin-off effects for the development of small businesses with great growth potential, especially in high-tech sectors. Two initiatives along these lines were launched in Europe in 1996: EASDAQ and Euro-NM. A specialised market integrated at European level will supplement and reinforce existing national experiments, providing them with the necessary critical mass. It will operate via an electronic network between national stock exchanges, which will require harmonisation at European level of the rules of business management (bookkeeping, European Company Statute), and the development of a reserve of skills needed to instruct and support new firms.

➤ *The launching of the special EIB action programme and the agreement on the complementary instruments financed by the Community budget will be a major highlight of the European Council on employment.*

#### PROMOTION OF A SOCIETY WHERE KNOWLEDGE IS AT THE FOREFRONT

The communications technology industries and services represent a fast-growing sector (about 10% per year). Europe has a twofold opportunity in this area: first, it can make optimum use of these technologies to become more competitive in every sector of the economy, and second, it can reinforce European supply in the fast-

growing segments of the market linked to the information society, especially the Internet. By responding to the dynamics of demand, and by anticipating the future needs of users in Europe and worldwide, Europe can build up the reputation and competitiveness of its producers.

**Electronic commerce** illustrates this situation where the intensity and diversity of demand offer Europe tremendous opportunities to make the most of its know-how. The European dimension lends itself to innovation and new forms of commerce between businesses and between sellers and buyers. A Community initiative was launched in April this year to stimulate electronic commerce. It was followed in October 1997 by an initiative designed to develop digital signature and cryptographic services, which are an essential condition for the development of electronic commerce.

**The expansion of open networks** is a new factor for growth and innovation for all businesses and individuals involved. Here again, there is enormous potential for activities and jobs created indirectly by services and software, which could meet new needs created by information and communication technologies, hence the crucial importance of the liberalisation of telecommunications infrastructures and services in the single market.

### **The Internet: a potential source of jobs**

The Internet should have a major impact on employment as it develops. In 1996 it was estimated that the Internet was responsible, directly or indirectly, for the creation of a million new jobs worldwide. At the start of 1997, around 70 million people were using the Net. This figure is expected to reach 200 million by the year 2000. The range of services available on the Internet continues to expand – from 200 Web sites in 1992 to 250 000 commercial sites today. Revenue from electronic commerce on the Internet looks set to reach around ECU 200 billion by the year 2000. If the potential of the Internet is to be used to the full, certain obstacles to the creation and expansion of innovative firms still have to be removed.

The growth in demand is also closely linked to the general public's increasing familiarity with new on-line and multimedia technologies. In addition to awareness-raising campaigns, **education and training** also play a role of fundamental importance.

- *The Commission will report by the end of 1998 on electronic commerce, the development of open networks and the use of multimedia tools for educational purposes. The report will examine how these things are being used and to what effect.*

### PARTNERSHIPS FOR FINANCING THE TRANS-EUROPEAN NETWORK

Setting up an integrated and well thought-out transport network at European level continues to be, in the first instance, one of the best ways of boosting Europe's competitiveness and hence employment too. It is also an essential adjunct to the single market. What is more, the networks will also have an impact on the labour market by generating new temporary jobs while they are being built. Progress will be all the quicker if steps are taken to:

- develop innovatory approaches as soon as possible, with partnerships between public and private bodies, to speed up implementation of priority projects;
- extend the scope of the EIB instruments in accordance with the provisions agreed on at Amsterdam, in order to meet long-term project requirements at the same time as reducing the degree of dependence on guarantees with regard to third parties;
- to ensure that, for each of the priority projects identified in Essen, the Member States concerned, in cooperation with the Commission, produce a clear timetable and a financing plan as a sign of their political commitment, as commitment will certainly be required to build up the momentum required for decisive action, and to make people aware of the benefits to be gained from the networks.

⇒ The Luxembourg European Council on employment should see the launching of the special EIB action plan for adapting the financing instruments for long-term TEN projects.

⇒ The timetables and financing plans for priority projects could be discussed at the Cardiff European Council.

### PROMOTING EMPLOYMENT AND DEVELOPMENT THROUGH THE STRUCTURAL FUNDS

The Union's structural policies are an expression of solidarity with the countries or regions engaged in the most difficult modernisation efforts and with the social groups experiencing the greatest difficulties in finding work. The Structural Funds are therefore an essential instrument both for the Union's economic and social cohesion and for the promotion of development and employment.

With the promotion of an overall strategy, from the White Paper on growth, competitiveness and employment to the Confidence Pact for Employment, more and more has been done to focus the Structural Funds on the shared priorities of competitiveness and employment. The structural policies contribute through two complementary channels to attaining these priority aims:

- By improving infrastructures and boosting productive investment in regions suffering from structural handicaps, they increase demand in these regions and in particular make them more attractive, thereby sustaining employment.

- By applying a wide variety of instruments adapted to the needs of all categories of the working population in order to ensure that human resources are used to maximum effect, the structural policies provide direct support for national or regional employment and social inclusion policies.

The new provisions of the Amsterdam Treaty, in particular those in the employment chapter, ought to gear the structural policies more closely to the priorities of fighting unemployment and creating jobs.

This was the thinking behind the Commission's proposal in Agenda 2000 for a new generation of programmes covering:

- two regionalised objectives: helping less developed regions to catch up (1) and promoting economic and social conversion (2), with due account being taken of the difficulties caused by structural underdevelopment and of the problems encountered by industrial areas in decline, rural areas, derelict inner-city areas and coastal regions affected by the modernisation of the fishing industry;
- one general objective (3) concerned with the development of human resources, which will thus become a major component of Structural Fund operations throughout the European Union, capable of providing significant support for the action plans introduced in each country to give effect to the employment guidelines agreed at European level.

#### **For new requirements, new jobs**

- Demographic shifts and changing lifestyles, in particular **equal opportunities** and the increase in the number of women in employment, bring with them new requirements: satisfying these requirements can generate a large increase in new employment, especially in the areas of personal services such as childcare and aid for the elderly, quality of the environment and living conditions, leisure and culture. There is enormous potential for employment in the arts in the years to come; the **audiovisual market**, for instance, should grow by 70% in Europe by 2005
- Throughout the European Union, in the areas where there is a wealth of **local development and employment** initiatives, up to 19 areas of high employment growth potential have been identified which could represent the equivalent of an annual average of 0.25 percentage points of net job creation.
- Freeing this potential is often the result of a local move, of which the **rural development boom** of the 1980s was a forerunner. This move now extends to new urban rehabilitation and job-creation strategies which involve the resources of the many **associations, cooperatives and the like** closely interwoven into the economic fabric.
- The removal of obstacles to the creation of these new jobs requires an appropriate framework based on administrative decentralisation, openness of the public authorities to partnership with the private sector, clear references on the environment, energy and transport and the recognition of new qualifications and skills

Mirroring the Union's overall employment strategy, integration of the Structural Funds in the areas where they are applied together should be reinforced. Greater concentration on those areas, simplified procedures for paying over funds accompanied by tighter control and evaluation should enhance the effectiveness of the structural policies in promoting employment and business. Targeting Community resources on practices and measures with a large job-creating potential can also help. In this connection the implementation of the Territorial Pacts for Employment is a perfect opportunity for the Structural Funds to demonstrate coordinated support for the innovative approach of partnership, local development and decentralisation of employment policies.

⇒ *The Commission will be presenting the draft regulations for the new generation of structural policies in spring 1998.*

## CONCLUSION

Employment, the fight against unemployment and the creation of new business should continue to be the Union's priority. Neither the Union nor the Member States can ignore the structural reforms that this priority will require. Joint action will be needed if the reforms are to be truly successful.

Sceptics will be thinking that statements like this proclaiming good intentions have been made before, to no avail. The first response must be to point to the window of opportunity now open thanks to the macroeconomic climate, more

favourable now than at any time in the last six years. They must also be made aware of the advantages and opportunities that exist in European societies : changing demographic structures and the related new values and new needs; the considerable, and probably underestimated, spin-off effects of the euro and enlargement. Lastly, there is a comprehensive European strategy, the coherence of which can be seen from the way Community and national measures complement each other.

The European Council on employment will be the opportunity to transform intentions into action, by demonstrating the Member States' resolve to work together to promote employment. This will take the form of the application, ahead of the entry into force of the Treaty of Amsterdam, of the jointly agreed guidelines for national policies. The unqualified support of each country for the overall strategy will rule out any risk of breaking of ranks and acting in isolation. Only if the European dimension is fully realised will the necessary confidence be built up: confidence of Europeans in each Member State's determination, confidence of Europeans in themselves.

ISSN 0254-1475

COM(97) 611 final

# DOCUMENTS

EN

04 05 06

---

Catalogue number : CB-CO-97-622-EN-C

ISBN 92-78-27638-3

---

Office for Official Publications of the European Communities

L-2985 Luxembourg