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Proposal for a

COUNCIL DECISION

on Guidelines for Member States' employment policies for the year 2002

(presented by the Commission)

EXPLANATORY MEMORANDUM

Introduction

The proposal for Employment Guidelines is one element in the employment package adopted each year by the Commission and submitted to the Autumn European Council for final endorsement. The package consists of the draft Joint Employment Report for 2001, together with the draft Employment Guidelines and draft country-specific Recommendations for 2002. The Employment Guidelines aim to set common policy orientations for Member States' employment policies and are complemented by new country-specific Recommendations. Both the Employment Guidelines and the Recommendations are based on the Joint Employment Report's assessment of measures taken by the Member States in response to the Guidelines and recommendations for 2001.

The Treaty context

The present proposal for the Employment Guidelines will be the fifth annual version since the extraordinary Luxembourg Summit on employment, held at the end of 1997, and the third in accordance with Article 128 of the Treaty. The proposal for Guidelines has to be submitted by the Commission for their opinion to the European Parliament, the Economic and Social Committee, the Committee of Regions and the Employment Committee. Prior to formal adoption of the Guidelines for 2002 by the Council, the European Council has to review the Joint Employment Report 2001, which will reflect the joint assessment from the Commission and the Council of the implementation of the previous Guidelines by the Member States, and establish the factual basis for the new Guidelines.

Member States have to take these Guidelines into account in shaping their employment policies, and report on their implementation in 2002 in order to prepare the next annual cycle of the "Luxembourg process". Sound macro-economic policies, appropriate wage developments and structural reforms in line with the Broad Economic Policy Guidelines, and a determined implementation of the Employment Guidelines based on the four Pillars of Employability, Entrepreneurship, Adaptability and Equal Opportunities, are required in order to make the necessary further progress. As set out in Article 128(2) of the Treaty, the Commission has been careful to ensure consistency with the Broad Economic Policy Guidelines when drawing up the draft Employment Guidelines.

Main features of the Guidelines for 2002

Following the in-depth changes which marked the Employment Guidelines for 2001, and in view of the ongoing impact evaluation of the European Employment Strategy, the results of which will be reflected in the Employment Guidelines for 2003, the Commission recommends a minor revision of the Guidelines, keeping the changes to new policy emphases resulting from recent Commission Communications, European Councils and the assessment of the Joint Employment Report 2001¹.

The Stockholm European Council agreed to complement the Lisbon targets for 2010 with intermediate targets for 2005 for the overall employment rate (67%) and the employment rate

¹ In addition, the recitals have been updated and minor changes have been incorporated to reflect the ongoing impact evaluation of the strategy (horizontal objective F), the less favorable economic outlook (overall introduction) and industrial restructuring (guideline 13).

for women (57%), as well as a target of 50% for the employment rate of older persons (55-64) to be reached in 2010. These targets have been incorporated in the horizontal objective A.

The Stockholm European Council also agreed that the Council should include quality in work as a general objective in the 2002 Employment Guidelines. This is now reflected in a new horizontal objective B which spells out the relevant aspects of quality in work on the basis of Commission Communication COM(2001)313 of 20.6.2001 ("Employment and social policies: a framework for investing in quality"). In addition, new references to the quality aspect have been integrated in a number of relevant thematic guidelines (numbers 3, 7, 10, 11 and 13).

Guideline 6 on mobility underlines more strongly the need to encourage labour mobility in new European labour markets, as stressed by Commission Communication COM(2001)116 of 28 February 2001 presented in view of the Stockholm Summit, as well as in the Communication on a European research area² as regards the mobility of researchers.

In view of the limited response made by Member States to the invitation to set national targets for employment rates in accordance with the Lisbon Summit conclusions, the wording of horizontal objective A has been reinforced in a more binding way.

The significant level of the pay gap between women and men in many Member States has been identified as a potential disincentive for women to take up work or to remain at work. The request from the Stockholm European Council to develop indicators in this area equally underlines the importance of this issue. In addition to the renewal of Recommendations in this area due to insufficient responses, this calls for a strengthening of Guideline 17 on gender gaps.

² COM(2000)6 of 18.1.2000

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 128(2) thereof,

Having regard to the proposal from the Commission ³,

Having regard to the Opinion of the European Parliament ⁴,

Having regard to the Opinion of the Economic and Social Committee ⁵,

Having regard to the Opinion of the Committee of the Regions ⁶,

Having regard to the Opinion of the Employment Committee,

Whereas:

- (1) The Luxembourg process, based on the implementation of the coordinated European Employment Strategy, was launched by the extraordinary European Council meeting on Employment on 20 and 21 November 1997. The Council Resolution of 15 December 1997 on the 1998 Employment Guidelines ⁷ has launched a process with high visibility, strong political commitment and a wide-ranging acceptance by all parties concerned.
- (2) The Lisbon European Council on 23 and 24 March 2000 set a new strategic goal for the European Union to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. The attainment of this goal will enable the Union to regain the conditions for full employment.
- (3) The Nice European Council on 7, 8 and 9 December 2000 approved the European Social Agenda, which states that the return to full employment involves ambitious policies in terms of increasing employment rates, reducing regional gaps, reducing inequality and improving job quality.

³ OJ C ..., ..., p. .

⁴ OJ C ..., ..., p. .

⁵ OJ C ..., ..., p. .

⁶ OJ C ..., ..., p. .

⁷ OJ C 30, 28.1.1998, p 1.

- (4) The Stockholm European Council on 23 and 24 March 2001 agreed to complement the Lisbon targets for employment rates to be reached by 2010 with intermediate targets for employment rates by 2005 and a new target for 2010 for increasing the employment rate among older women and men.
- (5) The Stockholm European Council also agreed that regaining full employment not only involves focusing on more jobs, but also on better jobs, and that to this end common approaches should be defined to maintaining and improving the quality of work, which should be included as a general objective in the employment guidelines.
- (6) The Stockholm European Council further agreed that the modernisation of labour markets and labour mobility need to be encouraged to allow greater adaptability to change by breaking down existing barriers.
- (7) The Göteborg European Council on 15 and 16 June 2001 recognised that the fundamental Treaty objective of sustainable development implies that employment, economic reforms, social and environmental policies be addressed in a mutually reinforcing way, and invited Member States to draw up sustainable development strategies; such strategies should include the promotion of employment in the environmental field.
- (8) In implementing the employment guidelines, Member States should aim at a high degree of consistency with two other priorities highlighted by the Lisbon Summit, modernising social protection and the promotion of social inclusion, while ensuring that work pays, and the long-term sustainability of social protection systems is secured.
- (9) The Lisbon European Council stressed the need to adapt European education and training systems both to the demands of the knowledge society and to the need for an improved level and quality of employment, and called upon Member States, the Council and the Commission to pursue a substantial annual increase in per capita investment in human resources. In particular, Member States should strengthen their effort towards the use of information and communication technology (ICT) for learning.
- (10) The Santa Maria da Feira European Council on 19 and 20 June 2000 invited the social partners to play a more prominent role in defining, implementing and evaluating the employment guidelines which depend on them, focusing particularly on modernising work organisation, lifelong learning and increasing the employment rate, particularly for women.
- (11) The Council Decision of 19 January 2001 on guidelines for Member States' employment policies for the year 2001⁸ reflects the new political messages endorsed by the Lisbon and Santa Maria da Feira European Councils.
- (12) The 2001 Joint Employment Report, drawn up by the Council and the Commission, describes the employment situation in the Community and examines the action taken by the Member States in implementing their employment policy in line with the

⁸ OJ L 22, 24.1.2001 p. 18

2001 Employment Guidelines, and the Council Recommendation of 19 January 2001 on the implementation of Member States' employment policies.⁹

- (13) Consistency and synergy between the Employment Guidelines and the Broad Economic Policy Guidelines should be ensured.
- (14) The opinion of the Employment Committee was drafted jointly with the Economic Policy Committee.
- (15) On [...] the Council adopted a further recommendation on the implementation of Member States' employment policies.^(*)
- (16) The implementation of the guidelines may vary according to their nature, the parties to whom they are addressed and the different situations in the Member States. They should respect the principle of subsidiarity and Member States' responsibilities with regard to employment.
- (17) In implementing the Employment Guidelines, Member States should be able to take regional situations into account, while fully respecting the attainment of national targets and the principle of equal treatment
- (18) The effectiveness of the Luxembourg process requires that the implementation of the employment guidelines is also reflected inter alia in financial provision. To this end, the national reports should, where appropriate, include budget information in order to permit an effective assessment of the progress achieved by each Member State in implementing the guidelines, taking into account their impact and cost effectiveness.
- (19) Partnership at all levels should be encouraged, including with the social partners, regional and local authorities and representatives of civil society so that they can contribute, in their respective fields of responsibility, to promoting a high level of employment.
- (20) There is a need to consolidate and develop further comparable indicators to make it possible to assess the implementation and impact of the annexed guidelines, and to refine the targets which they contain and facilitate the identification and exchange of best practice.
- (21) Member States should strengthen their efforts to include and make visible a gender perspective across all the pillars.
- (22) Quality in work is an important objective of the European Employment Strategy. It involves both the job characteristics and the wider labour market context, and should be promoted through actions across all the pillars.

HAS ADOPTED THIS DECISION:

⁹ OJ L 52, 25.2.2000, p. 32.

^(*) See p. of this Official Journal.

Sole Article

The guidelines for Member States' employment policies for the year 2002, annexed hereto, are hereby adopted. They shall be taken into account by the Member States in their employment policies.

Done at Brussels,

For the Council
The President

ANNEX

THE EMPLOYMENT GUIDELINES FOR 2002

HORIZONTAL OBJECTIVES - BUILDING CONDITIONS FOR FULL EMPLOYMENT IN A KNOWLEDGE-BASED SOCIETY

The careful build-up, over the last decade, of a macroeconomic framework for stability and growth coupled with consistent efforts to reform labour, capital, goods and services markets, as well as an improvement in the labour market situation over the last few years, has brought the attainment of some of the key objectives of the European Employment Strategy within reach. This is why the European Council has embraced full employment as an overarching objective of the EU's employment and social policy. It committed the Member States to reach the strategic goal of making the Union the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.

The achievement of these objectives requires simultaneous efforts by the Community and the Member States. It also requires a continued implementation of a comprehensive set of policies aiming at growth and macroeconomic stability, further structural reforms to improve the functioning of the European labour market, innovation and competitiveness, and an active welfare state promoting human resources development, participation, inclusion and solidarity. Further progress is however not automatic and requires strengthened efforts in view of the less favourable economic and employment outlook.

Preparing the transition to a knowledge-based economy, reaping the benefits of the information and communication technologies, modernising the European social model by investing in people and combating social exclusion and promoting equal opportunities are key challenges for the Luxembourg process. In order to achieve the goal of full employment set at Lisbon, the Member States should articulate their response to the guidelines under the four pillars in a coherent overall strategy which incorporates the following horizontal objectives:

- A. Enhancing job opportunities and providing adequate incentives for all those willing to take up gainful employment with the aim of moving towards full employment recognising Member States' different starting positions, and recognising the fact that full employment is a goal of overall national economic policy. To this end Member States should set national targets for raising the rate of employment, in order to contribute to the overall European objectives of :
- reaching by January 2005 an overall employment rate of 67 % and an employment rate of 57 % for women
 - reaching by 2010 an overall employment rate of 70 per cent and an employment rate of more than 60 per cent for women.
 - reaching by 2010 an employment rate among older persons (aged 55-64) of 50 per cent.
- B. With a view to raising employment rates, enhancing competitiveness, productivity and the functioning of the labour market, Member States will ensure that policies across the four pillars contribute to raising quality in work. Such actions should take

into account both job characteristics (such as intrinsic job quality, skills, lifelong learning and career development) and the wider labour market context encompassing gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker involvement, diversity and non-discrimination and overall work performance and productivity.

- C. Member States shall develop comprehensive and coherent strategies for Lifelong Learning, in order to help people acquire and update the skills needed to cope with economic and social changes throughout the entire life cycle. In particular, the strategies should cover the development of systems for initial, secondary and tertiary education, further education and vocational training for young people and adults to improve their employability, adaptability and skills, as well as their participation in the knowledge-based society. Such strategies should articulate the shared responsibility of public authorities, enterprises, the social partners and individuals, with relevant contribution from civil society, to contribute to the realisation of a knowledge-based society. In this context, the social partners should negotiate and agree on measures to improve further education and training of adults to enhance the adaptability of workers and competitiveness of business. To this end, Member States should set national targets for an increase in investment in human resources as well as in participation in further education and training (whether formal or informal) and monitor regularly progress towards such targets.
- D. Member States shall develop a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the Employment Strategy. The social partners at all levels are invited to step up their action in support of the Luxembourg process. Within the overall framework and objectives set by these guidelines, the social partners are invited to develop, in accordance with their national traditions and practices, their own process of implementing the guidelines for which they have the key responsibility, identify the issues upon which they will negotiate and report regularly on progress, in the context of the National Action Plans if desired, as well as the impact of their actions on employment and labour market functioning. The social partners at European level are invited to define their own contribution and to monitor, encourage and support efforts undertaken at national level.
- E. In translating the Employment Guidelines into national policies, Member States will give due attention to all the four pillars and the horizontal objectives by setting their priorities in a balanced manner, so as to respect the integrated nature and equal value of the guidelines. The National Action Plans will develop the strategy for employment (adopting a gender mainstreaming approach), comprising an identification of the policy mix based on the four pillars and the horizontal objectives which should make explicit how policy initiatives under different guidelines are structured in order to reach long-term goals. In giving effect to the Strategy, the regional dimension and regional disparities will be taken into account in terms of differentiated policies or targets, while fully respecting the attainment of national targets and the principle of equal treatment. Likewise, it is appropriate for Member States, without prejudice to the overall framework, to focus, in particular, on certain dimensions of the strategy to meet the particular needs of their labour market situation.

- F. Member States and the Commission should strengthen the development of common indicators in order to evaluate adequately progress under all four pillars, including with regard to quality in work, and to underpin the setting of benchmarks and the identification of good practice. The social partners are invited to develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible. In particular, the Member states should evaluate and report on the efficiency of their policy measures in terms of their impact on labour market outcomes.

I. IMPROVING EMPLOYABILITY

Tackling youth unemployment and preventing long-term unemployment

In order to influence the trend in youth and long-term unemployment, Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs. Within one year – although this period may be extended in Member States with particularly high unemployment and without prejudice to the review of the Guidelines which will take place in 2002 – Member States will ensure that:

1. Every unemployed person is offered a new start before reaching six months of unemployment in the case of young people, and twelve months of unemployment in the case of adults in the form of training, retraining, work practice, a job, or other employability measure, including, more generally, accompanying individual vocational guidance and counselling with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to reduce the stock of the long-term unemployed by promoting their reinsertion in the labour market.

In this context, Member States should pursue the modernisation of their Public Employment Services, in particular by monitoring progress, setting clear deadlines and providing adequate retraining of their staff. Member States should encourage cooperation with other service providers so as to make the strategy of prevention and activation more effective.

A more employment-friendly approach: benefits, taxes and training systems

Benefit, tax and training systems – where that proves necessary – must be reviewed and adapted to ensure that they actively support the employability of unemployed persons. Moreover, these systems should interact appropriately to encourage the return to the labour market of those inactive persons willing and able to take up a job. Particular attention should be given to promoting incentives for unemployed or inactive people to seek and take up work, as well as measures to upgrade their skills and enhance job opportunities in particular for those with greatest difficulties.

2. Each Member State will:

- review and, where appropriate, reform its benefit and tax system to reduce poverty traps, and provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability and for employers to create new jobs;
- endeavour to increase significantly the proportion of unemployed and inactive persons benefiting from active measures to improve their employability with a view to effective integration into the labour market, and will improve the outcomes, outputs and cost effectiveness of such measures;
- promote measures for unemployed and inactive people to acquire or upgrade skills, including IT and communication skills, thereby facilitating their access to the labour market and reducing skills gaps. To this end, each Member State will fix a target for active measures involving education, training or similar

measures offered to the unemployed thereby aiming at gradually achieving the average of the three most advanced Member States, and at least 20 per cent.

Developing a policy for active ageing

In-depth changes in the prevailing social attitudes towards older workers, as well as a revision of tax-benefit systems are called for, in order to reach full employment, to help ensure the long-term fairness and sustainability of social security systems, and to make the best use of older workers' experience. The promotion of quality in work should also be considered as an important factor in maintaining older workers in the labour force.

3. Member States, if appropriate with the social partners, will therefore develop policies for active ageing with the aim of enhancing the capacity of, and incentives for older workers to stay longer at work, in particular by:
 - adopting positive measures to maintain working capacity and skills of older workers, not least in a knowledge-based labour market, in particular through sufficient access to education and training, to introduce flexible working arrangements including, for example, part-time work if workers so choose, and to raise employers' awareness of the potential of older workers; and
 - reviewing tax and benefit systems in order to reduce disincentives and make it more attractive for older workers to continue participating in the labour market.

Developing skills for the new labour market in the context of Lifelong Learning

Effective and well functioning educational and training systems responsive to labour market needs are key to the development of the knowledge-based economy and to the improvement of the level and quality of employment. They are also crucial to the delivery of lifelong learning to allow for a smooth transition from school to work, lay the foundations for productive human resources equipped with core and specific skills and enable people to adapt positively to social and economic change. The development of an employable labour force involves providing people with the capacity to access and reap the benefits of the knowledge-based society, addressing skill gaps and preventing the erosion of skills resulting from unemployment, non-participation and exclusion throughout the lifecycle.

4. Member States are therefore called upon to improve the quality of their education and training systems, as well as the relevant curricula, including the provision of appropriate guidance in the context of both initial training and lifelong learning, the modernisation and greater effectiveness of apprenticeship systems and of in-work training, and promote the development of multi-purpose local learning centres, in order to:
 - equip young people with the basic skills relevant to the labour market and needed to participate in lifelong learning;
 - reduce youth and adult illiteracy and reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties and with educational problems. Member States will in this context develop measures aimed at halving by 2010 the number of 18 to 24 year olds with only lower-secondary level education who are not in further education and training;

- promote conditions to facilitate better access of adults, including those with atypical contracts, to lifelong learning, so as to increase the proportion of adult working-age population (25-64 year olds) participating at any given time in education and training. Member States should set targets for this purpose.

In order to facilitate mobility and encourage lifelong learning, Member States should improve the recognition of qualifications, acquired knowledge and skills.

5. Member States will aim at developing e-learning for all citizens. In particular, Member States will continue their efforts to ensure that all schools have access to the internet and multimedia resources and that, by the end of 2002, all the teachers needed are skilled in the use of these technologies in order to provide all pupils with a broad digital literacy.

Active policies to develop job matching and to prevent and combat emerging bottlenecks in the new European labour markets.

In all Member States unemployment and exclusion from the labour market coexist with labour shortages in certain sectors, occupations and regions. With the improvement of the employment situation and accelerating pace of technological change, these bottlenecks are increasing. An insufficiency of active policies to prevent and combat emerging labour shortages will harm competitiveness, increase inflationary pressures and keep structural unemployment high. The mobility of workers should be facilitated and encouraged in order to exploit fully the potential of open and accessible European labour markets.

6. Member States will, as appropriate with the social partners, step up their efforts to identify and prevent emerging bottlenecks, in particular by:
 - developing the job-matching capacities of employment services;
 - developing policies to prevent skills shortages;
 - promoting occupational and geographical mobility;
 - enhancing the functioning of labour markets by improving databases on jobs and learning opportunities which should be interconnected at European level, making use of modern information technologies and experience already available at European level.

Combating discrimination and promoting social inclusion by access to employment

Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in, the labour market. This may increase the risk of exclusion. A coherent set of policies is called for to promote social inclusion by supporting the integration of disadvantaged groups and individuals into the world of work, and promoting the quality of their employment. Discrimination in access to, and on the labour market, should be combatted.

7. Each Member State will:
 - identify and combat all forms of discrimination in access to the labour market and to education and training;

- develop pathways consisting of effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of "working poor" and a drift into exclusion;
- implement appropriate measures to meet the needs of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market and set national targets where appropriate for this purpose.

II. DEVELOPING ENTREPRENEURSHIP AND JOB CREATION

Making it easier to start up and run businesses

The development of new businesses in general, and the contribution to the growth of small and medium-sized enterprises (SMEs) in particular, is essential for job creation and for the expansion of training opportunities for young people. This process must be promoted by encouraging greater entrepreneurial awareness across society and in educational curricula, by providing a clear, stable and predictable set of rules and regulations by improving the conditions for the development of, and access to, risk capital markets. Member States should also reduce and simplify the administrative and tax burdens on SMEs. These policies should strengthen the prevention of undeclared work.

8. Member States will give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, in particular when an enterprise is being set up and when hiring additional workers. Also, Member States should, when drafting new regulations, assess their potential impact on such administrative burdens and overhead costs for businesses.
9. Member States will encourage the taking up of entrepreneurial activities:
 - by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses;
 - by promoting education for entrepreneurship and self-employment, targeted support services as well as training for entrepreneurs and would-be entrepreneurs;
 - by combating undeclared work and encouraging the transformation of such work into regular employment, making use of all relevant means of action including regulatory measures, incentives and tax and benefit reform, in partnership with the social partners.

New opportunities for employment in the knowledge-based society and in services

If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies must be exploited effectively. Innovative enterprises must find a supportive environment because they can make an essential contribution to mobilising the job creation potential of the knowledge-based society. A considerable potential for jobs and for increasing quality in work exists in particular in the services sector. The environment sector in particular may open important possibilities of allowing the low-skilled to enter the labour market, and there is also a potential to upgrade workers' skills through the more rapid introduction of modern environment technology. To this end:

10. Member States will remove barriers to the provision of services and develop framework conditions to exploit fully the employment potential of the full range of the services sector to create more and better jobs. In particular, the employment potential of the knowledge society and the environmental sector should be tapped.

Regional and local action for employment

All actors at the regional and local levels, including the social partners, must be mobilised to implement the European Employment Strategy by identifying the potential of job creation at local level and strengthening partnerships to this end.

11. Member States will:

- take into account, where appropriate, in their overall employment policy the regional development dimension;
- encourage local and regional authorities to develop strategies for employment in order to exploit fully the possibilities offered by job creation at local level and promote partnerships to this end with all the actors concerned, including the representatives of civil society;
- promote measures to enhance the competitive development and the capacity of the social economy to create more jobs and to enhance their quality, especially the provision of goods and services linked to needs not yet satisfied by the market, and examine, with the aim reducing, any obstacles to such measures;
- strengthen the role of the Public Employment Services at all levels in identifying local employment opportunities and improving the functioning of local labour markets.

Tax reforms for employment and training

It is important to deepen the examination of the employment impact of the tax burden, and make the taxation system more employment friendly by reversing the long-term trend towards higher taxes and charges on labour. Tax reforms must also take into account the need to increase investment in people, by business, public authorities and individuals themselves, in view of the longer term impact on employment and competitiveness.

12. Each Member State will:

- set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, set a target for gradually reducing both the fiscal pressure on labour, and on non-wage labour costs, in particular on relatively unskilled and low-paid labour. Such reforms should be undertaken without jeopardising public finances or the long-term sustainability of social security systems;
- provide incentives and remove tax obstacles to investment in human resources;
- examine the practicability of and design options for using alternative sources of tax revenue, inter alia energy and pollutant emissions taking into account the experience with environmental tax reforms in several Member States.

III. ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES

The opportunities created by the knowledge-based economy and the prospect of an improved level and quality of employment require a consequent adaptation of work organisation and the contribution to the implementation of Life Long Learning strategies by all actors including enterprises, in order to meet the needs of workers and employers.

Modernising work organisation

In order to promote the modernisation of work organisation and forms of work, which inter alia contribute to improvements in quality in work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels).

13. The social partners are invited:

- to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive, competitive and adaptable to industrial change, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, access to career breaks, and associated job security issues; and
- within the context of the Luxembourg process, to report annually on which aspects of the modernisation of the organisation of work have been covered by the negotiations as well as the status of their implementation and impact on employment and labour market functioning.

14. Member States will, where appropriate in partnership with the social partners or drawing upon agreements negotiated by the social partners,

- review the existing regulatory framework, and examine proposals for new provisions and incentives to make sure they will contribute to reducing barriers to employment, to facilitate the introduction of modernised work organisation and to helping the labour market adapt to structural change in the economy;
- at the same time, taking into account the fact that forms of employment are increasingly diverse, examine the possibility of incorporating in national law more flexible types of contract, and ensure that those working under new flexible contracts enjoy adequate security and higher occupational status, compatible with the needs of business and the aspirations of workers;
- endeavour to ensure a better application at workplace level of existing health and safety legislation by stepping up and strengthening enforcement, by providing guidance to help enterprises, especially SMEs, to comply with existing legislation, by improving training on occupational health and safety, and by promoting measures for the reduction of occupational accidents and diseases in traditional high risk sectors.

Supporting adaptability in enterprises as a component of Lifelong Learning

In order to renew skill levels within enterprises as a key component to lifelong learning:

15. The social partners are invited, at all relevant levels, to conclude agreements, where appropriate, on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communication technologies. In this context, the conditions for giving every worker the opportunity to achieve information society literacy by 2003 should be established.

IV. STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR WOMEN AND MEN

Gender mainstreaming approach

In order to meet the objective of equal opportunity and reach the target of an increased employment rate for women in line with the conclusions of the Lisbon European Council, Member States' policies towards gender equality should be strengthened and should address all relevant conditions influencing women's decisions to take up employment.

Women still face particular problems in gaining access to employment, in career advancement, in earnings and in reconciling professional and family life. It is therefore important, inter alia:

- to ensure that active labour market policies are made available for women in proportion to their share of unemployment;
- to pay particular attention to the gender impact of tax and benefit systems. Wherever tax-benefit structures are identified that impact negatively on women's participation in the labour force, they should be reviewed;
- to pay particular attention to ensuring the application of the principle of equal pay for equal work or work of equivalent value;
- to give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed;
- to ensure that women are able to benefit positively from flexible forms of work organisation, on a voluntary basis and without loss of job quality;
- to ensure the conditions for facilitating the access of women to lifelong learning and in particular to IT training.

16. Therefore, the Member States will adopt a gender-mainstreaming approach in implementing the Guidelines across all four pillars:

- developing and reinforcing consultative systems with gender equality bodies;
- applying procedures for gender impact assessment under each guideline;
- developing indicators to measure progress in gender equality in relation to each guideline.

In order meaningfully to evaluate progress, Member States will need to provide for adequate data collection systems and procedures and ensure a gender breakdown of employment statistics.

Tackling gender gaps

Member States and the social partners should pay attention to the imbalance in the representation of women or men in certain economic sectors and occupations, as well as to the improvement of female career opportunities.

17. Member States will, where appropriate with the social partners:

- strengthen their efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women, and consider setting national targets in accordance with the objectives set out in the conclusions of the Lisbon European Council;
- take action to bring about a balanced representation of women and men in all sectors and occupations;
- adopt a multi-faceted strategy to achieve gender pay equality in both the public and private sectors, and consider the setting of targets to tackle the pay gap. Such a strategy could include inter alia a review of job classification and pay systems to eliminate gender bias, improving statistical and monitoring systems, and awareness-raising and transparency as regards pay gaps;
- Consider an increased use of measures for the advancement of women in order to reduce gender gaps.

Reconciling work and family life

Policies on career breaks, parental leave and part-time work, as well as flexible working arrangements which serve the interests of both employers and employees, are of particular importance to women and men. Implementation of the various Directives and social-partner agreements in this area should be accelerated and monitored regularly. There must be an adequate provision of good quality care for children and other dependants in order to support the entry of women and men into, and their continued participation in, the labour market. An equal sharing of family responsibilities is crucial in this respect. Those returning to the labour market after an absence may also have outmoded skills, and experience difficulty in gaining access to training. Reintegration of women and men into the labour market after an absence must be facilitated. In order to strengthen equal opportunities,

18. Member States and the social partners will:

- design, implement and promote family-friendly policies, including affordable, accessible and high-quality care services for children and other dependants, as well as parental and other leave schemes;
- consider setting a national target, in accordance with their national situation, for increasing the availability of care services for children and other dependants;

- give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles to such return.