



COMMISSION OF THE EUROPEAN COMMUNITIES

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Draft

COUNCIL DECISION

establishing the Employment Committee

(presented by the Commission)

EXPLANATORY MEMORANDUM

Draft Council Decision establishing the Article 130 Employment Committee

1. Introduction

As announced at the informal Social Affairs Council in Oulu on 9 July [1999], the European Commission is putting forward a draft Decision in order to establish the Employment Committee referred to in Article 130 of the Treaty. This initiative has been welcomed by the Finnish Presidency.

Now that the Amsterdam Treaty has entered into force, the establishment of the Employment Committee is a priority. The preparation of the 1999 *Joint Employment Report* [Article 128(1) of the Treaty] and the Employment Guidelines for the year 2000 [Article 128(2) of the Treaty] requires the active involvement of the Committee. Pending a Council Decision, the existing Employment and Labour Market Committee (ELC) provides a mechanism through which the Commission will continue to work with the Member States at technical level to prepare the autumn employment package.

Building on Existing Arrangements

The Commission considers that the creation of the Employment Committee should build upon the existing arrangements. In other words, the attached draft Decision provides for a continuation of many of the Employment and Labour Market Committee arrangements which have worked well until now. The draft Decision builds upon the strengths of the existing arrangements and only includes amendments where these are considered necessary for a more effective functioning of the Employment Committee. The remainder of this explanatory memorandum sets out the rationale for those changes, making reference where appropriate to experience so far in the ELC.

2. Legal Basis

The present Employment and Labour Market Committee was established by Council Decision of 20 December 1996 (97/16/EC). On adoption of this draft Decision, that Committee should cease to exist.

Article 130 of the Treaty of Amsterdam states the following:-

The Council, after consulting the European Parliament, shall establish an Employment Committee with advisory status to promote coordination between Member States on employment and labour market policies. The tasks of the Committee shall be:

- *to monitor the employment situation and employment policies in the Member States and the Community;*
- *without prejudice to Article 207, to formulate opinions at the request of either the Council or the Commission or on its own initiative, and to contribute to the preparation of the Council proceedings referred to in Article 128.*

In fulfilling its mandate, the Committee shall consult management and labour.

Each Member State and the Commission shall appoint two members of the Committee.

The draft Decision therefore sets out Article 130 as the legal basis for the new Decision.

3. Working Arrangements with Other Committees

The recitals of the present ELC Decision refer to the Economic Policy Committee and Article 1(3) states that "*the Committee shall work as far as necessary in cooperation with other relevant bodies, in particular the Economic Policy Committee*". In addition, the creation of the Economic and Financial Committee at the start of the third stage of EMU has also changed the broader policy environment in which the Committee operates. This environment has been further altered in the light of successive European Council meetings calling for greater coordination between broader economic policies and employment policies, most recently at the Cologne European Council meeting.

By establishing this Employment Committee an opportunity is provided to achieve improved co-ordination and to consolidate relations between the Committees. When the attached draft Decision refers (in Article 5) to Committees dealing with economic policy matters, it can be taken to include the Economic and Financial Committee (like the Employment Committee a Treaty-based Committee) and the Economic Policy Committee (established by Council Decision).

4. Membership Composition

The draft Decision provides scope for the membership composition of the Employment Committee to be changed (with respect to that of the ELC) in the following two ways:

- reference is made to seniority in order to ensure the required level of knowledge, experience and standing;
- while certain Member States have nominated members of the present ELC from Economic or Finance ministries as well as Labour and Social Affairs ministries, the Commission encourages all Member States to consider this option for the Employment Committee.

These changes are designed to give the new Committee the political weight commensurate with the expectations placed on the coordination of employment policies at European level and to ensure a better synergy between employment and broader economic policies.

5. Relationship with Social Partners

Article 130 of the Amsterdam Treaty states that "*in fulfilling its mandate, the Committee shall consult management and labour*". For much of the ELC's existence, the Standing Committee on Employment was being reformed. As a consequence, contacts between the ELC and the social partners have largely been informal. Recent meetings between the ELC and the social partners have sought to regularise these informal contacts.

The 9 March 1999 Decision on the Standing Committee on Employment makes reference to the ELC. Firstly, the recitals reiterate the call from the European Parliament that coordination mechanisms should be introduced between the Standing Committee on Employment and the ELC. Secondly, Article 6 states that the Rules of Procedure of the Committee will relate to "*... the contacts to be established with other relevant bodies, in particular the Employment and Labour Market Committee*". These references are without prejudice to the establishment of the Article 130 Employment Committee.

The draft Decision retains the Treaty wording on the need to consult "management and labour" and therefore leaves open some of the precise arrangements for the new Committee itself to establish.

6. Incorporation of Technical Expertise

The present ELC Rules of Procedure state that the Committee may delegate specific tasks to working parties and *ad hoc* groups. It may call upon experts for assistance, and organise hearings as appropriate. In practice, the ELC has to date created only one *ad hoc* group, that of the experts on indicators. However, provision has been made for strengthening the extent to which expertise can be "on-tap" to the new Committee. The draft Decision leaves open the possibility of a structure of technical working groups, thus allowing the new Committee to determine how it can best accomplish its tasks through the tapping of available expertise.

Draft

COUNCIL DECISION

establishing the Employment Committee

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130 thereof,

Having regard to the opinion of the European Parliament¹,

Whereas:

- (1) Article 3 of the Treaty sets out that the activities of the Community shall include the promotion of coordination between employment policies of the Member States with a view to enhancing their effectiveness by developing a coordinated strategy for employment;
- (2) Title VIII of the Treaty establishes the procedures by which Member States and the Community shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change; this Title provides for the establishment of an advisory Employment Committee (hereafter referred to as "the committee");
- (3) The European Council at its meeting in Cologne in June 1999 launched a process of macroeconomic dialogue at Community level;
- (4) The members of the committee nominated by the Member States and the Commission should possess the required level of knowledge, experience and standing; its chairperson should represent the interests of the committee as a whole and may also be an expert from one of the Member States holding a position of vice-chairperson;
- (5) A structure of working groups should allow the committee itself to determine the structure through which detailed expertise will be available to that committee;
- (6) The Amsterdam Resolution on Growth and Employment of 16 June 1997 called for an enhanced coordination of economic policies to complement the procedure as envisaged in the new Title on Employment in the Treaty, and requested that the Employment Committee should work closely together with

¹ OJ C ...

the Economic Policy Committee; close collaboration with the Economic and Financial Committee, and with the social partners represented in the Standing Committee on Employment provided for by the Council Decision of 9 March 1999 on the reform of the Standing Committee on Employment and repealing Decision 70/532/EEC², will also be required;

- (7) The Employment Committee is to replace the Employment and Labour Market Committee, established by the Council Decision (97/16/EC³) to assist the Council in carrying out its responsibilities in the fields of labour and social affairs; Decision 97/16/EC must therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1 (Institutions and functions)

1. An advisory Employment Committee (hereinafter referred to as "the committee") is hereby established to promote coordination between Member States on employment and labour market policies, in full compliance with the Treaty and with due regard for the powers of the Community's institutions and organs.
2. The committee shall, in particular, be responsible for:
 - monitoring the employment situation and employment policies in the Member States of the Community;
 - formulating opinions at the request of either the Council or the Commission or on its own initiative, and contributing to the preparation of the Council proceedings referred to in Article 128 of the EC Treaty, without prejudice to Article 207 of that Treaty;
 - promoting exchanges of information and experience between Member States and with the Commission in these fields;
 - participating in the dialogue on macroeconomic policies at Community level.

Article 2 (Membership)

1. The Member States and the Commission shall each appoint two members of the committee. They may also appoint two alternates.
2. The members of the committee and the alternates shall be selected from among senior experts possessing outstanding competence in the field of employment and labour market policy in the Member States.

² OJ L 72, 18.3.1999, p. 33.

³ OJ L 6, 10.1.1997, p. 32.

3. The committee may call on external experts where appropriate to its agenda.

Article 3 (Operation)

1. The committee shall elect its chairperson from among its members for a non-renewable term of two years.
2. The chairperson shall be assisted by three vice-chairpersons representing those Member States which at any given time represent the Member State holding the Presidency of the Council, and those Member States which have preceded and will follow the incumbent Presidency.
3. The Commission shall provide the analytical and organisational support for the committee. It shall liaise with the General Secretariat of the Council with regard to the holding of meetings.
4. The committee shall establish its own rules of procedure.
5. Meetings of the committee shall be convened by the chairperson, either on his own initiative or at the request of at least half of the members of the committee.

Article 4 (Working groups)

The committee may entrust the study of specific questions to its alternate members or to working groups. In such cases, the chair shall be taken by either the Commission, a member or an alternate member of the committee, appointed by the committee. The working groups may call upon experts to assist them.

Article 5 (Liaison with other bodies)

1. The committee shall consult management and labour. It shall establish coordination mechanisms with the social partners represented on the Standing Committee on Employment.
2. The committee shall work as appropriate in cooperation with other relevant bodies and committees dealing with economic policy matters.

Article 6 (Repeal)

Decision 97/16/EC is hereby repealed.

The Employment and Labour Market Committee established by the above Decision shall cease to exist upon adoption of this Decision.

Article 7 (Publication)

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Brussels,

*For the Council
The President*

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Creation of the Employment Committee as set out in Article 130 of the Treaty establishing the European Community.

2. BUDGET HEADING(S) INVOLVED

A7031 Obligatory Committees;

A 7010 Mission expenses, travel expenses and incidental expenditure.

3. LEGAL BASIS

Application of Article 130 of the Treaty. Council Decision expected in late 1999 or early 2000.

4. DESCRIPTION OF OPERATION

4.1 General objective

Title VIII of the Treaty (Employment) establishes the procedures by which Member States and the Community shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change. In this context, the Employment Committee will have advisory status to promote coordination between Member States on employment and labour market policies. On adoption of the Decision establishing the Employment Committee, the existing Employment and Labour Market Committee, set up by Council Decision of 20 December 1996 (97/16/EC), will cease to exist.

4.2 Period covered and arrangements for renewal

Indefinite.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure.

5.2 Non-differentiated appropriations.

5.3 Type of revenue involved: none.

6. TYPE OF EXPENDITURE OR REVENUE

100% for the necessary personnel and costs of meetings.

7. FINANCIAL IMPACT

No impact on operational expenditure; for administrative expenditure see point 10.

8. FRAUD PREVENTION MEASURES

Expenditure will be carried out in accordance with the normal administrative rules governing the payment of expenses of experts invited to meetings.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives; target population

To set up an Employment Committee to assist the Council in carrying out its responsibilities in the field of employment and labour market policies, in full compliance with the Treaty and with due regard for the powers of the Community's institutions and organs.

The Committee shall, in particular, be responsible for:

- monitoring the employment situation and employment policies in the Member States of the Community;
- formulating opinions at the request of either the Council or the Commission or on its own initiative, and contributing to the preparation of the Council proceedings referred to in Article 128 of the Treaty establishing the European Community without prejudice to Article 207 of that Treaty;
- promoting exchanges of information and experience between Member States and with the Commission in these fields;
- participating in the dialogue on macroeconomic policies at Community level.

The work of the Committee shall be coordinated with that of the Economic and Financial Committee, the Economic Policy Committee and the Standing Committee on Employment.

9.2 Grounds for the operation

In order to ensure the continued success of the European Employment Strategy, and to facilitate the practical implementation of the employment policy coordination process set out in Article 128 of the Treaty, the Treaty requires the establishment of the Employment Committee. This Committee will replace the existing Employment and Labour Market Committee.

9.3 Monitoring and evaluation of the operation

The Committee shall be responsible for preparing opinions and reports for the Social Affairs Council and the European Council. To this end, it will prepare an Annual Work Programme to be submitted to the Council.

9.4 Coherence with financial programming

The measures provided for are included in the financial programming of DG V.

10. Administrative expenditure (Section III, Part A of the budget)

10.1 Effect on the number of posts

The proposed operation will not involve an increase in the number of Commission staff, given that it will employ the same number of staff as the existing Employment and Labour Market Committee (which will be replaced by the new Committee).

Types of posts		Personnel to be assigned to the activity		of which		duration
		<u>Permanent posts</u>	<u>Temporary</u>	Use of existing resources in the DG concerned	Use of additional resources	
Officials or Temporary Staff	A	2 x 0.6= 1.2		1.2		Indefinite
	B					
	C	0.8		0.8		
Other resources						
Total		2.0		2.0		Indefinite

10.2 Overall financial impact of human resources (€)

	Amounts	Method of calculation
Officials	216 000	2 persons/years x €108 000 (unit cost). Titles A1, A2, A4, A5 and A7
Temporary staff		
Other resources (indicate budget heading)		
Total	216 000	

The amounts given must express the total cost of posts for the entire duration of the operation, if this duration is predetermined, or for 12 months if it is indefinite.

As for the existing Employment and Labour Market Committee, the Secretariat of the Employment Committee will continue to be provided by the staff of Directorate A of DG V. Two A grade personnel and one C grade will be allocated to this Secretariat from existing resources.

10.3 Increase in other administrative expenditure as a result of the operation

Travel costs for Member State experts will be provided in accordance with the rules currently in force. Meetings of the Committee will be organised by the Commission in Commission meeting rooms. Interpretation will be provided by the Commission. It is estimated that the Committee will meet around 10 times per year.

It is estimated that these 10 meetings (30 participants) will cost around €220 000 per year under budget heading A7031.

Budget heading	Amount	Calculation
A7031 Obligatory Committees	€220 000	<p>€650 (average cost of travel to and from a committee meeting in Brussels) x 30 members x 10 meetings (average number of meetings per year) = €195 000</p> <p>Note that two of the ten meetings per year normally take place outside Brussels (in the Member States holding the six-month Presidency of the Council). Experience shows that these meetings tend to incur an average travel cost higher than the €650 figure for Brussels meetings. Based on the average additional cost of meetings outside Brussels of the existing Employment and Labour Market Committee (ELC), one arrives at an estimated cost of €220 000 on budget heading A7031.</p>
A7010 Missions	€6 265	<p>For meetings outside Brussels in the year 2000:</p> <p>5 officials (i.e. two Commission members of the Committee plus three support staff) x €114 (average cost of overnight stay on a mission to Portugal) x 2 days = €1 140 + €2 865 (i.e. 5 x average cost of transport to Portugal) = €4 005</p> <p>5 officials (i.e. two Commission members of the Committee plus three support staff) x €113 (average cost of overnight stay on a mission to France) x 2 days = €1 130 + €1 130 (i.e. 5 x average cost of transport to France) = €2 260</p>

		<p>Note that the draft Decision provides scope for the creation of a number of subcommittees. Experience with the present ELC has been that, for the one expert subgroup which has existed so far, the Commission has paid the travel expenses of 15 experts (only one per Member State) to come to Brussels around four times per year. It is not possible to estimate any additional costs at this stage, as it is not clear whether the new Committee will itself choose (as provided for in the draft Decision) to establish any subcommittees at all.</p>
Total	€226 265	

The expenditure set out in the above table under Chapter A-7 (obligatory committees and missions) will be covered by appropriations within the DG V global envelope.