



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

on guidelines for Member States' employment policies for the year 2000

(presented by the Commission)

EXPLANATORY MEMORANDUM

On 8 September 1999, the Commission adopted its proposal for Guidelines for Member States' Employment Policies in 2000. In accordance with the new Article 128(2) TEU, the Council consulted the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment and Labour Market Committee. Each produced an opinion on the proposal; in the case of the Employment and Labour Market Committee, it was a joint opinion with the Economic Policy Committee.

Further to the agreement reached on the Guidelines at the Jumbo Council meeting of the Employment and Social Affairs and the ECOFIN Councils on 29 November 1999, the proposal for the Employment Guidelines 2000 was endorsed by the Helsinki European Council of 10 and 11 December 1999.

The agreed text of the guidelines reflects the Commission proposal, and integrates the joint opinion of the Employment and Labour Market Committee and of the Economic Policy Committee. It also takes into account some of the amendments proposed by the European Parliament.

The present Council decision includes in annex the text of the Employment Guidelines, as endorsed by the European Council, and defines the main steps of the process of implementation of the Employment Guidelines during 2000.

Proposal for a
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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 Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³,

Having regard to the opinion of the Committee of the Regions⁴,

Having regard to the joint opinion of the Employment and Labour Market Committee and the Economic Policy Committee,

On the basis of the conclusions of the Helsinki European Council of 10 and 11 December 1999,

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 of 20 and 21 November 1997. The Council Resolution of 15 December 1997 on the 1998 Employment Guidelines⁵, strongly advocated by that European Council meeting, has launched a process with high visibility, strong political commitment and a wide-ranging acceptance by all parties concerned.
- (2) The Council Resolution of 22 February 1999 on the 1999 Employment Guidelines⁶ has led to a consolidation of the Luxembourg process by allowing significant progress in complying with those Guidelines.
- (3) The contribution of the Social Partners in the framework of the Standing Committee on Employment, the Social Dialogue and the contacts established with the troika of Heads of State or Government and the Commission should be taken into account.

¹ OJ C

² OJ C

³ OJ C

⁴ OJ C

⁵ OJ C 30, 28.1.1998, p. 1.

⁶ OJ C 69, 12.3.1999, p. 2.

- (4) The Council adopted on 29 November 1999 recommendations on the implementation of Member States' employment policies.
- (5) The 1999 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 1999 Employment Guidelines.
- (6) The Cologne European Council of 3 and 4 June 1999 took the initiative for a European Employment Pact, embodying a comprehensive overall approach to employment policy by coordinating macroeconomic, structural and labour market policies.
- (7) The Commission proposal for Guidelines for Member States' Employment Policies 2000⁷, while recognising the need to consolidate the framework for employment policy, introduces a limited number of changes to further sharpen the guidelines' focus and aims.
- (8) The need for preventive and active measures should lead to an effective integration of beneficiaries into the labour market, and not merely provide temporarily for subsidised occupation.
- (9) There is a need to develop skills in information technologies and to provide schools with computer equipment as well as access to the Internet.
- (10) The role of the social partners as well as that of regional and local authorities, and of other partners at the regional and local level, needs to be more fully recognised in the implementation of the Guidelines.
- (11) Public employment services should play an important role in prevention and activation as well as in the identification of local employment opportunities, to achieve a better functioning of the local labour market.
- (12) The implementation of Employment Guidelines may vary according to their nature, and the parties to whom they are addressed, as well as according to the different situations in the Member States.
- (13) There is a need for Member States, in implementing the employment guidelines in accordance with the subsidiarity principle, to take regional conditions into account, while fully respecting the attainment of national targets, and an equal treatment of citizens.
- (14) The Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment⁸, as amended by Directive 1999/85/EC⁹, provides for the possibility of applying on an experimental basis a reduced VAT rate on labour-intensive services. Those provisions should be followed up, in order to examine, in particular, the impact of national initiatives in terms of job potential.

⁷ COM(1999) 441 final.

⁸ OJ L 145, 13.6.1977, p. 1.

⁹ OJ L 277, 28.10.1999, p. 34.

- (15) The problem of undeclared work should be taken into account in implementing Employment Guidelines.
- (16) There is a need for further development of indicators, by specifying national objectives and targets, taking into account good practice in the Member States, as well as improving quantitative and qualitative indicators and data collection systems for impact assessments.
- (17) There is a need for a mid-term review of Employment Guidelines during the year 2000, with a view to further streamlining and consolidating the Guidelines within the existing four-pillar structure.
- (18) Focused national reports, supported by indicators, are a key condition for an effective peer-group review by other Member States and the Commission in order to assess progress achieved by each Member State in implementing the Guidelines.
- (19) The contribution of the European Social Fund to the European Employment Strategy should be highlighted in the new programming period.
- (20) Sustainable development and the integration of environmental concerns in other Community policies were endorsed by the Amsterdam European Council of 16 and 17 June 1997 and Member States should therefore be invited to give effect to this integration within their national employment strategies by promoting employment creation in the environmental field,

HAS ADOPTED THIS DECISION:

Article 1

Employment Guidelines 2000

The guidelines for Member States' employment policies appended hereto are adopted.

Article 2

National Action Plans reports

By 1 May 2000, every Member State shall submit to the Council and the Commission one implementation report, providing a synopsis of the major steps taken to implement the 1999 National Action Plans, the most important results achieved and describing the adjustments made to the National Action Plan to take account of the changes introduced by the 2000 Guidelines.

These reports shall also describe how the 1999 Council recommendations on the implementation of Member States' policies have been attended to.

Article 3

Indicators

The Commission and the Member States are invited to continue and to accelerate work on indicators and data collection systems with the aim of expanding and further specifying Community and national targets. Good practice from the Member States should also be taken into account.

Article 4

Joint Employment Report

The Council notes that the Commission will, on the basis of its evaluation of the Member States' implementation reports, submit its proposal for the Joint Employment Report, a recommendation for Council recommendations to Member States on the implementation of their employment policies, if necessary, and draft Employment Guidelines for the year 2001 in the second half of September 2000.

The Council will, on the basis of the Member States' implementation reports and having received the views of the Employment Committee, carry out an examination of the implementation of the employment policies of the Member States in the light of the Employment Guidelines. On the basis of the results of that examination, the Council and the Commission shall, on the basis of the Commission's proposal referred to in the first paragraph, make a joint annual report to the European Council in December 2000, to enable it to consider the employment situation in the Community and adopt conclusions thereon.

Article 5

Employment Guidelines 2001

The Joint Employment Report, together with the conclusions of the European Council, shall form the basis for the Employment Guidelines for 2001.

Article 6

Employment Pact

Consistency and synergy between the Employment Guidelines and the Broad Economic Policy Guidelines shall be ensured in the framework of the European Employment Pact.

Article 7

Social Partners and Regional Authorities

The social partners at all levels as well as the regional and local authorities are invited to participate in all stages of this approach and to contribute, in the field of their responsibility, to the implementation of these Guidelines with a view to promoting a high level of employment. That contribution will be regularly assessed.

Article 8

Addressees

This Decision is addressed to the Member States.

Done at Brussels,

For the Council
The President

ANNEX

THE EMPLOYMENT GUIDELINES FOR 2000

I. IMPROVING EMPLOYABILITY

Tackling youth unemployment and preventing long-term unemployment

In order to influence the trend in youth and long-term unemployment the Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs; within a period to be determined by each Member State which may not exceed three years and which may be longer in Member States with particularly high unemployment, Member States will ensure that:

1. every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure with a view to effective integration into the labour market;
2. unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed. In this context, Member States should pursue the modernisation of their Public Employment Services so that they can deal with the strategy of prevention and activation in the most effective way.

Transition from passive measures to active measures

Benefit, tax and training systems - where that proves necessary - must be reviewed and adapted to ensure that they actively support employability. Moreover, these systems should interact to increase the incentive to return to the labour market. Each Member State:

3. will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability with a view to effective integration into the labour market. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20%;
4. will review and, where appropriate, refocus its benefit and tax system
 - to 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, and
 - in addition, it is important to develop a policy for active ageing, encompassing appropriate measures such as maintaining working capacity, lifelong learning and other flexible working arrangements, so that older workers are also able to remain and participate actively in working life.

Encouraging a partnership approach

The actions of the Member States alone will not suffice to achieve the desired results in promoting employability. Consequently:

5. The social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability of the young and adult unemployed and to promote entry into the labour market.
6. In order to reinforce the development of a skilled and adaptable workforce, both Member States and the social partners will endeavour to develop possibilities for lifelong learning, particularly in the fields of information and communication technologies, and each Member State will set a target according to national circumstances for participants benefiting from such measures. Easy access for older workers will be particularly important.

Easing the transition from school to work

Employment prospects are poor for young people who leave the school system without having acquired the aptitudes required for entering the job market. Member States will therefore:

7. improve the quality of their school systems in order to 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.
8. make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market. Member States will give particular attention to the development and modernisation of their apprenticeship and vocational training systems, where appropriate in co-operation with the social partners, to developing appropriate training for the acquisition of computer literacy and skills by students and teachers as well as to equipping schools with computer equipment and facilitating student access to the Internet by the end of 2002.

Promoting a labour market open to all

Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in, the labour market. A coherent set of policies promoting the integration of such groups and individuals into the world of work and combating discrimination is called for. Each Member State will:

9. give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.

II. DEVELOPING ENTREPRENEURSHIP

Making it easier to start up and run businesses

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

10. give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially SMEs, in particular when an enterprise is being set up and when hiring additional workers;
11. encourage the development of self-employment 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 as well as by promoting training for entrepreneurship and targeted support services for entrepreneurs and would-be entrepreneurs.

Exploiting new opportunities for job creation

If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies and innovations must be exploited effectively. To that end the Member States will:

12. promote measures to exploit fully the possibilities offered by job creation at local level and in the social economy, especially in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures. In this respect, the special role and responsibility of local and regional authorities, other partners at the regional and local levels, as well as the social partners, needs to be more fully recognised and supported. In addition, the role of the Public Employment Services in identifying local employment opportunities and improving the functioning of local labour markets, should be fully exploited.
13. develop framework conditions to fully exploit the employment potential of the services sector and industry-related services, inter alia by tapping the employment potential of the information society and the environmental sector, to create more and better jobs.

Making the taxation system more employment friendly

and reversing the long-term trend towards higher taxes and charges on labour (which have increased from 35% in 1980 to more than 42% in 1995). Each Member State will:

14. set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour, without jeopardising the recovery of public finances or the financial equilibrium of social security schemes. It will examine, if appropriate, the desirability of introducing a tax on energy or on pollutant emissions or any other tax measure.

III. ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES

Modernising work organisation

In order to promote the modernisation of work organisation and forms of work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels):

15. 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 and competitive and achieving the required balance between flexibility and security. Subjects to be covered may, for example, include training and re-training, 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, and access to training and career breaks.
16. For its part, each Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.

Support adaptability in enterprises

In order to renew skill levels within enterprises Member States will:

17. re-examine and, where appropriate, remove the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine new regulations and review the existing regulatory framework to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.

IV. STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR WOMEN AND MEN

Gender mainstreaming approach

Women still have particular problems in gaining access to the employment market, 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 reduce tax-benefit disincentives, wherever identified, because of their negative effects on the female labour supply;
- 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. Therefore, the Member States will:

18. adopt a gender-mainstreaming approach in implementing the Guidelines of all four pillars. In order meaningfully to evaluate progress on this approach, Member States will need to provide for adequate data collection systems and procedures.

Tackling gender gaps

Member States and the social partners should translate their desire to promote equality of opportunity into increased employment rates for women. They should also 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. Member States will:

19. attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will take action to bring about a balanced representation of women and men in all sectors and occupations. They will initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men. In order to reduce gender gaps, Member States will also consider an increased use of measures for the advancement of women.

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 women's and men's entry and continued participation in the labour market. An equal sharing of family responsibilities is crucial in this respect. In order to strengthen equal opportunities, Member States and the social partners will:

20. 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.

Facilitating reintegration into the labour market

Those returning to the labour market after an absence may have outmoded skills and experience difficulty in gaining access to training. The Member States will:

21. 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 in the way of such return.