



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
COUNCIL DECISION
setting up an Employment and Labour Market Policy Committee

(presented by the Commission)

EXPLANATORY MEMORANDUM

Implementing a European employment strategy

At the Essen summit, in December 1994, the European Council gave a decisive impetus to the European employment strategy. It declared that the fight against unemployment and for equal opportunities was the most important task of the European Union and its Member States and it identified priority areas for structural action in favour of employment.

To back up these political recommendations, the European Council set out a number of procedures and responsibilities. It asked the Member States to adopt multiannual national programmes reflecting the common priorities. It invited the Council of Ministers responsible for social affairs and employment and the "Economic and Financial Affairs" Council as well as the Commission to keep close track of employment trends, monitor the relevant policies in Member States and submit an annual report to the European Council on further progress in the labour market.

This approach was confirmed by the European Council both in Cannes in June 1995 as well as in Madrid in December 1995. In Madrid, the European Council welcomed the substantial progress made in putting the Essen strategy into practice. In particular, all Member States have adopted their multiannual programmes and the "Social Affairs" and Ecofin Councils and the Commission presented, as requested, a single, joint report on employment to the Madrid Council which approved its recommendations.

To ensure the continuing success of this strategy the Madrid European Council asked the Council (Ecofin and Labour and Social Affairs) to monitor the application of the multiannual programmes continuously and to present a further joint annual report for its meeting in December 1996. This meeting would examine the degree of application of the programmes and recommendations adopted in Madrid "with the aim of reinforcing the employment strategy and adopting further recommendations".

This confirms that European-level monitoring of national employment measures, exchanges of information and experience between Member States and with the Commission on these measures, updating multiannual employment programmes to meet common priorities and adopting further recommendations are essential elements of a European strategy for employment which is now well established and which will henceforth be progressively strengthened.

Need for a new structure

In order to put the Essen mandate into effect, the Social Affairs Council established, at its meeting on 27 March 1995, an Ad Hoc Group of personal representatives of the Ministers of Labour "Follow-up to the Essen European Council". This Group, comprising Directors-General of Employment, met five times in 1995 under the French and Spanish Presidencies. It permitted the exchange of information and experience between Member States on their employment policies, particularly in terms of the five priority areas for action on the labour market identified at Essen. At the request of the Social Affairs Council, it presented an interim report on employment to the Cannes European Council in

June 1995. The Group prepared the report on employment adopted by the Social Affairs Council on 5 December 1995 for submission to the Madrid European Council. Finally, the Group gave its opinion on the single report on employment presented by the Ecofin Council, the Social Affairs Council and the Commission at Madrid.

Taking into account both the importance of the work which the Ad Hoc Group was given as well as the inadequacy of the means at its disposal, a large majority of Member States expressed the wish to see the formal establishment of a stable structure which would have more effective tools, and which would have an equivalent role to the Economic Policy Committee in the latter's relationship with the Ecofin Council.

The need was felt in particular to have a secretariat with adequate human resources, ensuring continuity of the work and offering sufficient analysis and drafting capacity. Effectively, the Commission largely fulfilled this role for the Ad Hoc Group.

At the informal Council of Social Affairs Ministers on 27-29 October at Cordoba, the Commission was asked to submit an appropriate proposal. The need to set up a structure of this kind was also highlighted in the report on employment by the Social Affairs Council adopted on 5 December as well as in the joint Commission and Council report for Madrid.

The Madrid European Council welcomed the way in which the procedure for monitoring employment provided for at Essen had been established and put into practice for the first time. However, it felt that "so as to facilitate practical application of the employment monitoring procedure decided on at Essen, it is necessary to establish as soon as possible the mechanisms envisaged in the joint report (structure and common indicators)".

Relationship with the Standing Employment Committee and with the social partners

The Standing Employment Committee was created in 1970⁽¹⁾. It is a tripartite consultative body comprising the Council, the Commission and representatives of employers' and workers' organizations.

Its role is to "enable, in compliance with the Treaties and with due regard for the powers of the institutions and organs of the Community, that there shall be continuous dialogue, joint action and consultation between the Council - or, where appropriate, the Representatives of the Governments of the Member States - the Commission and the two sides of industry in order to facilitate coordination by Member States of their employment policies in harmony with the objectives of the Community".

The Council has requested a reform - currently in preparation - of the Standing Employment Committee to reinforce its effectiveness and, particularly, its capacity for analysis. Appropriate links between the Standing Committee and the Employment/Labour Market Committee should therefore be provided for.

The two bodies are of different levels, one meeting at ministerial level and the other at that of national administrations. Their composition is also different, as the Standing Committee is a tripartite body.

⁽¹⁾ OJ No L 273, 17.12.1970 and OJ No L 21, 28.1.1975.

Although the two committees have very similar fields of interest, they will therefore each have their own role to play whilst reinforcing each other mutually. The Employment/Labour Market Committee could, in particular, play the role of interface with the social partners in preparing the meetings of the Standing Employment Committee. A joint meeting between the Employment/Labour Market Committee and representatives of the social partners could be held, for example, on a twice-yearly basis. In this way, the Employment/Labour Market Committee will help meet the need to strengthen the capacity of the Standing Employment Committee in terms of the analysis and preparation of its work.

In February 1996, the Commission called for a European Confidence Pact for Employment, to involve all economic actors in the promotion of employment in the European Union. The proposal to create the Employment /Labour Market Committee is entirely consistent with the Pact since both are part of the process of cooperation and coordination in the field of employment.

Relationship with the Economic Policy Committee

Aside from improving the structure and operation of the labour market, the European employment strategy is also characterized by close interaction between macroeconomic and structural policies. This approach requires full collaboration between the parties involved in defining policies which can have an impact on employment.

With this in mind the European Council requested the two Councils with responsibility, respectively, for Economic and Financial Affairs and for Social Affairs to present, together with the Commission, a report and recommendations on employment. Collaboration between the Economic Policy Committee and the aforementioned Ad Hoc Social Affairs Council Group made this possible.

The Economic Policy Committee was established by a Council Decision in 1974⁽²⁾ with the objective of promoting the coordination of Member States' short and medium-term economic policies. It consists of four representatives of the Commission and four representatives of each Member State. The Commission provides the secretariat. A working group has specific responsibility for employment policies. The Committee regularly submits opinions and reports to the Ecofin Council.

The establishment of an Employment Labour Market Committee to assist, in particular, the Social Affairs Council will enable more structured collaboration between the two Councils and promote in a more effective way close interaction between macroeconomic and structural policies. In order to strengthen the coordination between the two Committees, and in order to fully analyse and take into account these mutual benefits of better coordination of macroeconomic and structural policies, the Chairmen of the two Committees will coordinate their work programmes with each other.

⁽²⁾ Decision 74/122/EEC of 18 February 1974, OJ No L 63, 5.3.1974, p. 21.

Proposal for a Decision setting up the Employment and Labour Market Policy Committee

The Decision is based on Article 145 of the Treaty, which is also the basis adopted for the Economic Policy Committee and the Standing Employment Committee.

The role given to the Committee and the tasks set out for it in a non-exhaustive way are appropriate for a body assisting the Social Affairs Council in the implementation and the development of the European Employment Strategy.

The provisions concerning the composition and the functioning of the Committee are broadly based on those applying to the Economic Policy Committee. The provision for the Commission to provide the Committee's secretariat responds to the need to guarantee a permanent and sufficient capacity - in terms of human resources - to fulfil the needs of the presidency and members of the Committee.

Proposal for a
COUNCIL DECISION
setting up an Employment and Labour Market Policy Committee

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 145 thereof,

Having regard to the opinion of the European Parliament,

Whereas the European Council, in its recent meetings, confirmed that the fight against unemployment and the effort to achieve equality for men and women were the paramount tasks of the European Union and of its Member States;

Whereas, at its meeting of December 1994 at Essen, the European Council identified priority areas for action to overcome structural employment problems; whereas it requested each Member State to incorporate these recommendations into a multiannual programme; whereas it invited the Council of Ministers with responsibility for Social Affairs and Employment, the "Economic and Financial Affairs" Council and the Commission, to monitor employment trends attentively, to examine the relevant policies of the Member States and to report annually to the European Council on further progress on the employment market;

Whereas the Committee is established in the light of the monitoring and reporting process defined in the White Paper on Growth, Competitiveness and Employment;

Whereas the "Economic and Financial Affairs" Council is assisted in its work on employment by the Economic Policy Committee set up by Council Decision 74/122/EEC⁽¹⁾; whereas the Social Affairs Council set up, for the same purpose, on 27 March 1995, an "Ad Hoc Group of personal representatives of the Ministers of Labour";

Whereas, in order to ensure the continued success of the Community's strategy for employment, and to facilitate the practical implementation of the employment monitoring procedure decided on in Essen, the European Council at its meeting in Madrid in December 1995 felt that it was necessary to establish, as soon as possible, a stable structure to assist the "Social Affairs" Council in the field of employment,

HAS DECIDED AS FOLLOWS:

Article 1

1. An Employment and Labour Market Policy Committee (hereinafter referred to as "the Committee") is hereby set up to assist the Council in carrying out its responsibilities in the field of employment and labour market policy, in full compliance with the Treaty and with due regard for the powers of the Community's institutions and organs.

⁽¹⁾ OJ No L 63, 5.3.1974, p. 21.

2. The Committee shall, in particular, be responsible for:
 - monitoring trends in employment in the Community,
 - examining the Member States' employment and labour market policies,
 - exchanges of information and experience between Member States and with the Commission in these fields,
 - preparing reports and recommendations on these questions.
3. The opinion of the Committee on a specific subject may be requested by the Council or the Commission. Moreover, the Committee may, on its own initiative, undertake work within its area of competence.
4. The Chairman of the Committee shall coordinate with the Chairmen of other Committees on related work, in particular the Economic Policy Committee and the Standing Employment Committee, to take account of their respective responsibilities.

Article 2

1. The Committee shall consist of two representatives of each Member State and two representatives of the Commission. These representatives may be assisted by two alternates. The members of the Committee appointed by the Member States shall be selected from among persons who in their countries participate in the formulation of employment and labour market policy.
2. The Committee may call on external experts where appropriate to its agenda.

Article 3

1. The Committee shall elect its Chair from among its members for a non-renewable term of two years.
2. The Secretariat of the Committee shall be provided by the Commission.
3. The Committee shall establish its own rules of procedure.
4. Meetings of the Committee shall be convened by the Chair, either on his or her own initiative or at the request of the Commission or of at least eight Committee members.

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Creation of an employment and labour market policy committee

2. BUDGET HEADINGS INVOLVED

AO 2510

3. LEGAL BASIS

Application of Article 145 of the Treaty. Council Decision expected during 1996.

4. DESCRIPTION OF OPERATION

4.1 Objectives

The European Council of Madrid requested the Social Affairs Council, the EcoFin Council and the Commission to continue to monitor the application of the multiannual programmes and to prepare an annual single report "with the aim of reinforcing the employment strategy and adopting further recommendations". It also noted that in order to facilitate the practical application of the monitoring procedure, the necessary mechanisms, of which one is a "stable structure", should be established as soon as possible.

4.2 Period covered

Indefinite

5. CLASSIFICATION OF EXPENDITURE

5.1 Non-compulsory expenditure

5.2 Non-differentiated appropriations

5.3 Type of revenue involved: none

6. TYPE OF EXPENDITURE

6.1 100% for the necessary personnel and costs of meetings

6.2

6.3 Interest subsidy: none

6.4 Other: none

6.5 Reimbursement: none

The proposed operation will not cause any change in the level of revenue.

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 objectives

To set up an Employment and Labour Market Policy Committee to assist the Social Affairs Council in carrying out its responsibilities in the field of employment and labour market policy, in full compliance with the Treaties and with due regard for the powers of the Community's institutions and organs.

The Committee shall, in particular, be responsible for:

- monitoring trends in employment in the Community,
- examining the Member States' employment and labour market policies,
- exchanges of information and experience between Member States and with the Commission in the aforementioned fields,
- preparing reports and recommendations on these questions.

The work of the Committee shall be coordinated with the Economic Policy Committee and the Standing Employment Committee.

9.2 Grounds for the operation

In order to ensure the continued success of the Community's strategy for employment, and to facilitate the practical implementation of the employment monitoring procedure decided on in Essen, the European Council in its meeting in Madrid in December 1995 felt that it was necessary to establish, as soon as possible, a stable structure to assist the "Social Affairs" Council in the field of employment.

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.

9.4 Coherence with financial programming

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

10. Administrative expenditure (Part A of the budget)

The effective use of the required administrative resources will depend on the annual decision of the Commission on the allocation of resources, taking into account the additional posts and resources which are granted by the budgetary authority.

10.1 Impact on the number of posts

Types of posts		Personnel to be attributed to the activity		of which		duration
		permanent posts	temporary	use of existing resources	use of additional resources	
officials or temporary agents	A	2		2		indefinite
	B					
	C	1		1		
other resources						
TOTAL		3		3		

10.2 Overall financial impact of additional human resources

	Amount	Calculation
Officials		
Temporary agents		
Other		

The Secretariat of the Committee will be provided by the staff of the Employment Directorate of DG V. Travel costs for national government officials in accordance with the rules currently in force will be provided. Meetings of the Committee will be organized by the Commission in Commission meeting rooms. Interpretation will be provided by the Commission. It is estimated that the Committee will meet between six to eight times a year. To a certain extent, these meetings may replace meetings of the Group of Directors-General for Employment and the Directors of Employment Agencies.

Budget line	Amount	Calculation
AO 2510	125 000	Six meetings per year at an average cost of ECU 20 850 per meeting (30 participants)

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DOCUMENTS

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