COUNCIL RECOMMENDATION
of 19 January 2001
on the implementation of Member States' employment policies

(2001/64/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 128(4) thereof,

Having regard to the 15 implementation reports for 2000 received from the Member States, comprising the implementation of the 1999 National Employment Action Plans and describing the adjustments made to the National Employment Action Plans to take account of the changes introduced by the 2000 guidelines,

Having regard to the Council Recommendation of 14 February 2000 on the implementation of Member States' employment policies [1],

Having regard to the Commission recommendation of 6 September 2000,

Whereas:

(1) The Council adopted the employment guidelines for 1998, 1999 and 2000 by, respectively, the Resolutions of 15 December 1997 [2] and 22 February 1999 [3], and by the Decision of 13 March 2000 [4].

(2) The Lisbon European Council on 23 and 24 March 2000 agreed on a comprehensive strategy towards employment, economic reform and social cohesion as part of the knowledge-based society, made a commitment to creating the conditions for full employment and stressed the importance of lifelong learning.

(3) The Santa Maria da Feira European Council on 19 and 20 June 2000 highlighted the prominent role the social partners are called to play in modernising work organisation, promoting lifelong learning and increasing the employment rate, particularly amongst women.

(4) The Council adopted the recommendation on the Broad Economic Policy Guidelines on 19 June 2000, and the Amsterdam European Council of 16 and 17 June 1997 agreed on a Resolution on a Stability and Growth Pact setting commitments by Member States.

(5) The 2000 Joint Employment Report, prepared jointly with the Commission, describes the employment situation in the Community and examines the action taken by Member States in implementing their employment policy in line with the guidelines.

(6) On 31 October 2000, the Employment Committee and the Economic Policy Committee jointly submitted an opinion on this Recommendation.

(7) The Council considers it appropriate, in the light of the examination of the implementation of the Member States' employment policies, to make recommendations. They should be used sparingly, concentrate on priority issues and be based on sound and accurate analysis.

(8) In complementing action undertaken by the Member States with a view to contributing towards the achievement of full employment, the competences of the Member States should be respected.

(9) The Council acknowledges the significant efforts already undertaken by Member States with a view to implementing the Employment Guidelines and the Recommendation of 14 February 2000. In the assessment of the impact of these policies, the multi-annual perspective of the Employment Guidelines should be taken into account.

(10) In addressing the employment guidelines, an overall strategic approach to the development and implementation of the employment policies in the Member States is called for.

(11) The development and implementation of lifelong learning is crucial to the development of a competitive and dynamic knowledge-based society and requires the active commitment of all actors concerned, including public authorities, the social partners and individuals, with a relevant contribution from civil society.

(12) To tackle youth unemployment, which is a long-standing problem in most Member States, all young people should have the opportunity to gain entry to the world of work before they have been unemployed for six months.

(13) To prevent adult long-term unemployment, which affects roughly half of the unemployed in the European Union, all the adult unemployed should be offered a new start before they have been unemployed for twelve months.

[1] OJ L 52, 25.2.2000, p. 32.
[2] OJ C 30, 28.1.1998, p. 1.
[3] OJ C 69, 12.3.1999, p. 2.
[4] OJ L 72, 21.3.2000, p. 15.

(14) It is important to reduce disincentives to employment embodied in the tax or benefit systems in order to ensure higher participation rates amongst women and older workers.

(15) Improvements of the business environment and a better equipment of individuals for taking up entrepreneurial activities are needed to stimulate job creation by more and more dynamic enterprises.

(16) Framework conditions need to be developed to tap the potential for employment growth in the services sector.

(17) Sustained job creation calls for more employment-friendly taxation systems in which the currently high burden on labour is shifted to alternative sources of fiscal revenue, such as energy and the environment.

(18) Local action for employment significantly contributes to the achievement of the objectives of the European Employment Strategy.

(19) The establishment of partnerships at all appropriate levels is crucial for the modernisation of the organisation of work and the promotion of the adaptability of undertakings and their employees.

(20) Gender gaps in the labour market, particularly affecting employment, unemployment and pay, as well as gender segregation across sectors and occupations, require comprehensive mainstreaming strategies and measures the better to reconcile work and family life,

HEREBY ISSUES to the individual Member States the recommendations set out in the Annex.

Done at Brussels, 19 January 2001.

For the Council

The President

B. RINGHOLM

ANNEX

RECOMMENDATIONS TO THE INDIVIDUAL MEMBER STATES

I. BELGIUM

Problems in employment performance

The Belgian labour market improved in 1999 with a particularly strong increase in the employment rate and a fall in the unemployment rate to below the EU average. However, employment growth slowed down and was below the EU average, and long-standing challenges are only gradually being met.

— Inflows into long-term unemployment are high, as are stocks of long-term unemployed people, who accounted for 5,0 % of the labour force in 1999.

— Participation in employment is low amongst older people (12 points below EU average) particularly those over 55, whose employment rate (24,7 %) is still the lowest in the Union.

— The average tax burden on labour remains one of the highest in the EU.

— Labour and skills shortages are emerging while regional disparities in unemployment remain considerable.

After due analysis, it appears that more efforts are required in response to the employment guidelines and recommendations concerning: implementation of a preventive policy; revision of the tax-benefit system; better cooperation between labour market authorities; reduction of the tax burden on labour and the development of lifelong learning.

Belgium should therefore:

1. intensify its efforts to implement the new individual approach towards all unemployed young people, which aims to reach them before they have been unemployed for six months; take decisive steps to design, and start implementing, an appropriate early-intervention system for unemployed adults;

2. continue to examine disincentives to labour market participation within the tax and benefit system, particularly those affecting older workers. Belgium should, in particular, closely monitor measures aiming at preventing the early withdrawal of workers from work and consider strengthening disincentive measures in that field;

3. continue efforts to reinforce cooperation between the different labour market authorities in order to integrate and ensure co-ordination between multiple active measures;

4. pursue further and closely monitor measures to reduce the tax burden on labour so as to encourage employees to take up a job and employers to recruit, and closely monitor the impact of the reduction of social security contributions;

5. develop and implement a comprehensive lifelong learning strategy to prevent skills shortages and build a more solid foundation for the knowledge-based economy and society.

II. DENMARK

Problems in employment performance

The labour market situation remains very favourable with the highest employment rates in the EU, both for men and women and one of the lowest unemployment rates. The key challenges for Denmark still lie in the need:

— to expand the current labour force, notably by encouraging employees to remain active members of the workforce for longer and by reducing the number of people of working age on social benefits;

— to achieve a greater balance between women and men across occupations.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: reduction of the tax-burden on labour; encouragement for employees to remain active members of the work force for longer; integration of unemployed women and lessening the degree of gender segregation.

Denmark should therefore:

1. pursue further and closely monitor implementation of on-going reforms to reduce the overall fiscal pressure on labour, in particular, the tax burden on low incomes;

2. increase incentives to take up, or remain in, employment and continue to monitor closely reform of early retirement and leave schemes in the light of the need to increase labour supply;

3. continue efforts to develop a more substantial mainstreaming approach and a comprehensive strategy for reducing the current levels of occupational gender segregation in the labour market.

III. GERMANY

Problems in employment performance

As the German economy continues to recover, the reversal in employment trends is becoming clearer, and unemployment has fallen further as the consequences of German unification continue to feed through. Amongst the key challenges still facing Germany's labour market are:

— slow absorption of the job losses registered throughout most of the 1990s (–1,2 percentage points per year from 1991 to 1998); and large regional differences in unemployment rates, the new *Länder* being particularly badly affected;

— persistently high long-term unemployment, accounting for 4,4 % of the labour force;

— despite recent reforms, one of the highest overall tax burdens on labour in the EU;

— the low proportion of people between 55 and 64 still in employment (about 37,8 %), which points to an additional unused employment potential, and the need for a more vigorous comprehensive lifelong learning policy to boost the employability of the labour force.

After due analysis, it appears that more efforts are required in response to the employment guidelines and recommendations concerning: the tax burden on labour; preventive policies; the tax/benefit system, in particular for older workers; lifelong learning and equal opportunities.

Germany should therefore:

1. push ahead with full implementation of a preventive approach, focused on early action to meet individual needs and prevent people from becoming long-term unemployed. Progress towards common and national targets should be closely monitored;

2. continue to examine obstacles and disincentives liable to discourage labour market participation amongst all groups, especially older workers. Changes in labour market participation rates amongst older workers should be monitored and further measures adopted to improve the employability of this group;

3. tackle skills gaps in the labour market, through improvements in the framework conditions, including incentives, for continuous education, training and apprenticeship in partnership with the social partners, and through further developing a comprehensive strategy and qualitative as well as quantitative targets for lifelong learning. Measures are needed in schools and training establishments to ensure a better transition into modern jobs in the workplace;

4. pursue further and monitor efforts to continue the reduction of the fiscal pressure on labour notably, on the basis of the recent tax reform 2000 and eco-tax reform, by reducing taxes and social security contributions. Labour costs should be reduced further also at the lowest end of the wage scale, while respecting the need for fiscal consolidation;

5. pursue and strengthen the double-pronged approach coupling gender mainstreaming and specific measures for equal opportunities, paying particular attention to the impact of the tax and benefit system on women's employment, and taking action to reduce the gender pay gap.

IV. GREECE

Problems in employment performance

By the end of 1999, Greece met the convergence criteria for joining the Economic and Monetary Union. However, Greece has one of the lowest employment rates (55,4 %) in the EU. Unemployment has increased in the last few years largely as a result of the growing labour force (women and immigrants) and of the continuous decline of employment in the agricultural sector, and it is still above the EU average. Long-term unemployment has also increased. This situation illustrates the following structural problems in the labour market:

— youth, female and long-term unemployment rates remain high, above the EU average;

— there is a wide gender gap both in employment and unemployment;

— educational reforms include steps to develop lifelong learning, but there is no clear overall strategy, while education and vocational training systems need further improvement;

— high administrative burdens hinder business growth, particularly in the start-up phase, and employment in services is still low, despite improvements in certain areas;

— there is room for improvement in the use of new technologies and in the modernisation of work organisation.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the overall policy approach; prevention and activation; gender mainstreaming and increased female participation; education and training; the reduction of the administrative burden and the modernisation of work organisation.

Greece should therefore:

1. develop a strategic framework and a set of well structured policies for the implementation of the employment guidelines across the four pillars;

2. take decisive and coherent action to prevent young and adult unemployed people from drifting into long-term unemployment, in compliance with guidelines 1 and 2, through developing existing plans for the swift reform of public employment services; the statistical system must be upgraded, so that policy indicators on prevention and activation are available in good time and progress can be effectively monitored;

3. examine the possibility of reducing taxes on labour and/or earned income, in order to raise the employment rate. Greece should also encourage, within a gender mainstreaming approach, greater participation of women in the labour market;

4. adopt a comprehensive strategy on lifelong learning, including the setting of targets, and further improve education and vocational training systems in order to enhance the skills of the labour force; and give more support for continuous training, in particular by involving social partners more actively;

5. adopt and implement a coherent strategy aimed at significantly reducing the administrative burden involved in setting up a new business, in order to stimulate entrepreneurship and fully exploit the job creation potential of the service sector;

6. strengthen a partnership approach and promote concrete commitments by the social partners at all appropriate levels on the modernisation of work organisation, with the aim of making undertakings more productive and competitive while achieving the required balance between flexibility and security.

V. SPAIN

Problems in employment performance

Spain has been experiencing positive economic and employment growth over recent years, but serious challenges remain.

— The employment rate, though on the rise, is among the lowest in the EU. Unemployment is still high, at 15,9 %, despite a significant decline since 1996. Long-term unemployment has also declined, but women and older workers remain particularly badly affected by unemployment.

— The percentage of temporary employment is high; most of these temporary jobs are of short duration and tend to be done predominantly by women and young people.

— Regional disparities are wide, while geographical mobility is very low.

— Although the female employment rate has been increasing, it is still the lowest in the EU (37,6 %). At 30,3 %, the employment gender gap is the widest in the EU. Unemployment amongst women is running at 23,1 %.

— Less than 35 % of the population aged 25 to 64 have completed upper-secondary level education. Early school-leaving is widespread and participation in education and training during adulthood is particularly low. There is no comprehensive approach to lifelong learning.

After due analysis, it appears that more efforts are required in response to the employment guidelines and recommendations concerning: prevention and activation policies; improvement of the statistical monitoring system; gender mainstreaming; lifelong learning; adaptability and tax and benefit systems.

Spain should therefore:

1. continue with modernisation of the Public Employment Services to improve its efficiency, and step up implementation of the preventive approach so as to cover all potential beneficiaries. Such efforts should include the completion of the statistical monitoring system in accordance with the National Action Plan and the Joint Employment Report;

2. do more to support mainstreaming of equal opportunities in order to bring the female employment rate up towards the EU average, in a timeframe, given the extent of the problem, that adequately reflects the urgency of this objective;

3. develop and implement a coherent strategy on lifelong learning which includes targets and encompasses initial and continuing education and training so as to increase the levels of educational attainment and participation of adults in education and training activities. Special attention should be given to the problem of early school leavers;

4. pursue efforts, in partnership with the social partners, to adapt employment relations, including labour regulations, and to develop new forms of work organisation, by ensuring an appropriate balance between flexibility and security for the whole labour force;

5. examine the incentives/disincentives emerging from the tax and benefit systems with a view to increase participation in the labour market and stable employment.

VI. FRANCE

Problems in employment performance

The employment situation continues to improve. However, major structural problems remain.

— Participation amongst the 55 to 64 age group remains well below the EU average (28,3 % against 35,9 %) and 1999 saw no change in the downward trend.

— The fall in unemployment was modest and, at 11,3 %, the unemployment rate is still above the EU average of 10,8 %.

— Taxes on labour are high.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: older workers in active life; the reduction of fiscal pressure on labour; prevention and lifelong learning.

France should therefore:

1. strengthen efforts to curb older workers' early withdrawal from working life by developing a more comprehensive approach involving the social partners;

2. pursue and evaluate policy measures designed to reduce the fiscal pressure on labour, particularly measures with an effect on unskilled and low-paid workers;

3. continue with implementation of individualised and early intervention schemes for the unemployed, and make greater use of such schemes to prevent both youth and adult unemployment;

4. pursue efforts to modernise work organisation and monitor closely the net effects of the implementation of the 35-hour week legislation; take steps to increase the efficiency of the continuous training system and to promote a comprehensive lifelong learning strategy;

5. pursue the implementation of coherent strategies, encompassing regulatory, fiscal and other measures, designed to reduce the administrative burden on companies, and evaluate the impact of on-going efforts to create new job opportunities for young people.

VII. IRELAND

Problems in employment performance

Ireland's economic and employment performance has been exceptional. In 1999, the employment rate overtook the EU average. Furthermore, the unemployment rate has continued to fall for all groups. These developments indicate a further tightening of the labour market. Some structural problems still exist however.

— As is the case for some other Member States, avoiding labour market shortages and associated wage inflation pressures is a core problem for Ireland.

— Although it has increased significantly, the participation rate for women remains below the EU average and the employment gender gap has only slightly improved between 1998 and 1999.

— As a result of the growing labour market shortages, it is important for Ireland to invest in education and training for the unemployed and employed alike. It is one of the few countries which saw an increase in the percentage of unemployed people taking part in training. At the same time, the number of employed in training remains one of the lowest in the Union.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the participation of women in the labour market and the development of a strategy in relation to in-company training and lifelong learning.

Ireland should therefore:

1. push ahead with its comprehensive strategy aimed at increasing the proportion of women in employment, removing tax barriers and increasing child care places; and take action with the aim of reducing the gender pay gap;

2. pursue and strengthen efforts to sustain productivity growth and upgrade skills and qualifications in the workforce, through increased emphasis on in-company training and the further development of lifelong learning, including the setting of targets.

VIII. ITALY

Problems in employment performance

Employment increased during 1999, principally due to the adoption of fiscal incentives and flexible working arrangements. However, these improvements leave several structural problems of the Italian labour market still unsolved, particularly with reference to regional unbalances.

— The low employment rate of 52,5 % is some 10 percentage points below the EU average. At 27,5 %, the employment rate for older people is still low.

— The female employment rate rose more sharply than the male rate, yet, at 38,1 %, it remains among the lowest in the EU.

— Unemployment fell to 11,3 % but remains 2 percentage points above the EU average. At 12,4 % the unemployment ratio amongst 15 to 24 year-olds remained almost 4 percentage points higher than the EU average. Long-term unemployment improved only marginally from 7,1 % of the labour force in 1998 to 6,9 % in 1999.

— Wide gender gaps in employment — at roughly 30 percentage points — are characteristic of the labour market, particularly in the southern regions and female unemployment, at 15,6 %, is almost double the male unemployment rate of 8,7 %.

— Regional disparities remain significant with an unemployment rate of about 6,5 % in the Centre-North and 22 % in the South.

— 51,5 % of the workforce has completed upper secondary level education, compared with the EU average of 66 %, but only 6,1 % of adults were involved in education or training, compared to an EU average of 8,7 %.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the policy mix across the four pillars; tax and benefit systems; activation and prevention; gender mainstreaming and gender gaps and lifelong learning.

Italy should therefore:

1. continue to improve the balance in the policy mix across the four pillars, by further strengthening employability policies, pursuing the modernisation of work organisation, including the regulatory framework, developing a comprehensive strategy for equal opportunities and continuing gender mainstreaming efforts;

2. continue the implementation of the reform of pension through the review planned for 2001 and review other benefit systems in order to reduce the outflow from the labour market and further continue efforts to reduce the tax burden, especially on low-paid workers;

3. in the context of employability policies, take further action to prevent the inflow of young and adult unemployed people into long-term unemployment. Such action would include the full implementation of the PES reform across the country, speeding up the introduction of the Employment Information System and continuation of current efforts to upgrade the statistical monitoring system;

4. pursue active labour market policies and implement specific measures to narrow the wide gender gaps in employment and unemployment, with the aim of providing women with more and better job opportunities;

5. adopt and implement a coherent strategy on lifelong learning, including national targets; social partners should be more active in providing more training opportunities for the work force.

IX. LUXEMBOURG

Problems in employment performance

Luxembourg enjoyed good labour market conditions in 1999, supported by strong economic growth and the highest rise in the employment rate in the EU (4,8 percentage points). The unemployment rate continued to fall and remains the lowest in the EU (2,3 %). Some structural problems can be identified though.

— The overall national employment rate is very low despite a very good employment situation with a large number of cross-border workers. The rates are especially low for workers over 55 (26,3 %) and for women (48,5 %), although both figures have risen since 1998.

— The employment gender gap is one of the widest in the EU, at 25,9 percentage points.

— The domestic supply of qualified people is insufficient.

— The proportion of the adult working population taking part in continuous education and training is still low (5,3 %).

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the social dialogue, participation of older workers and women in the labour market and lifelong learning.

Luxembourg should therefore:

1. encourage the social partners to foster a constructive dialogue, as this is indispensable for the success of the employment policies outlined in the National Action Plan;

2. pursue efforts and implement measures aimed at increasing labour-market participation rates amongst older workers and women, including a review of tax and benefit systems; and take action to promote gender mainstreaming;

3. continue with implementation of the framework law on continuous vocational training and work on policy development and implementation, including the setting of targets, so as to increase the participation rates in education and training.

X. THE NETHERLANDS

Problems in employment performance

The Netherlands enjoyed healthy employment growth in 1999 and employment rates are clearly above the EU average. The unemployment rate continued to fall in 1999, to 3,3 %, below the EU average. There are still some structural problems however.

— Although long-term unemployment is falling, there are persistent problems with specific groups, especially low-skilled workers, older workers and ethnic minorities.

— Large numbers of working-age people are kept out of the labour market by disability and other welfare benefits.

— Labour market shortages and associated wage inflation pressures are emerging.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the tax and benefit systems and the statistical monitoring system.

The Netherlands should therefore:

1. continue to cooperate with the social partners, to reduce disincentives in the benefit system liable to discourage people from participating in the open labour market, in particular people receiving disability benefits, and generate poverty traps;

2. continue to upgrade the statistical system so that policy and output indicators are available early enough to be used for monitoring and evaluating on-going implementation of the preventive approach.

XI. AUSTRIA

Problems in employment performance

The Austrian labour market's performance improved last year, when the overall employment rate reached 68,2 % (59,7 % for women). That figure is close to the 70 % target established by the Lisbon European Council and well above the EU average. Overall unemployment was reduced to 3,8 % in 1999, and together with youth and long-term unemployment is among the lowest in the EU. Despite the overall good performance, structural problems remain in the labour market.

— The overall tax burden is above average and fiscal pressure on labour increased in the period from 1994 to 1998. The forecast reduction in non-wage labour costs of around 0,4 percentage points of GDP by 2003 is a first step forward.

— There is still a significant gender gap in both employment and unemployment, despite the fact that the employment rate for women is higher than the EU average.

— The employment rate for older workers is below the EU average figure and unemployment amongst the over-50s remains high.

After due analysis, it appears that more efforts are required in response to the employment guidelines and recommendations concerning: older workers' employability, gender mainstreaming and taxation on labour.

Austria should therefore:

1. do more to reduce significantly the heavy tax burden on labour, in particular by focusing on groups who face problems in the labour market;

2. pursue a comprehensive strategy to narrow the still significant gender gap in employment, for instance through measures that help reduce the pay gap and facilitate the reconciliation of work and family life;

3. continue its efforts to reform early retirement schemes and other measures for older people to stay in work longer so as to achieve a significant rise in the employment rate of older workers.

XII. PORTUGAL

Problems in employment performance

The employment situation further improved in 1999, confirming the previous year's positive trend. Unemployment is among the lowest in the EU, and long-term unemployment has fallen fast. However, the labour market suffers from structural weaknesses which require action:

— the average skill level in the work force is low. Only 21,2 % have completed at least upper-secondary education compared to the EU average of 66 %. At 3,6 %, participation in education and training is also below the EU average of 8,7 % and 45 % of young people aged 18 to 24 left school early;

— the potential for creating jobs in services is considerable, as can be seen from the service-sector employment rate of 36,2 %, and it is necessary to pursue a coherent strategy to foster entrepreneurship;

— a strong input from the social partners is needed to address the main challenges facing the Portuguese labour market, in particular the low skill level, the modernisation of work organisation and employment relations;

— in a context of overall improvement of the situation of women in the labour market, a better gender balance is needed, especially in terms of sectors.

After due analysis, it appears that more efforts are required in response to the employment guidelines and recommendations concerning: education and training; reduction of the administrative burden on companies; the partnership approach; gender segregation and access to childcare.

Portugal should therefore:

1. pursue the efforts to develop and implement a comprehensive lifelong learning strategy which also addresses the problems of early school leaving, sets clear objectives and devises appropriate means. Particular attention should be devoted to the quality of education and training in order to avoid skill shortages;

2. pursue efforts to reduce the administrative burden on companies, to exploit the job creation potential of the service sector and to promote the creation of medium and highly skilled jobs in the services sector;

3. pursue efforts to implement a partnership approach and promote concrete commitments from social partners, in particular in the areas of modernisation of work organisation, adaptation of employment relations, including labour regulations and continuous training;

4. pursue efforts to reconcile family and working life by extending childcare facilities, and examine ways to promote gender balance at sectorial level.

XIII. FINLAND

Problems in employment performance

While Finland has maintained strong economic growth over the past five years, some major structural problems remain.

— The overall unemployment rate is still high at 10,2 %, being predominantly structural. Youth unemployment and long-term unemployment for those over 50 years old remain a major concern.

— Through recent initiatives, Finland has made progress in lightening the tax burden on labour. However it remains heavier than the EU-average.

— Finland faces skills shortages in several sectors (both in high and low-skilled jobs) and there is a general need to mobilise the labour force by focusing on quality active labour market policies.

— Regional disparities in employment remain considerable.

After due analysis, it appears further efforts are required in response to the employment guidelines and recommendations concerning: tax and benefit schemes, the tax burden on labour and occupational and sectoral segregation in the labour market.

Finland should therefore:

1. continue to review existing tax and benefit schemes, in order to increase incentives to work and to recruit workers, and focus lifelong learning policies on older people, so as to retain them as active members of the workforce for longer;

2. pursue further recent policy initiatives aimed at reducing the tax burden on labour, with due consideration for prevailing economic and employment conditions in Finland;

3. monitor and assess, in the context of a gender mainstreaming approach, the current levels of occupational and sectoral segregation in the labour market.

XIV. SWEDEN

Problems in employment performance

Sweden has one of the highest employment rates in the EU. It has recently improved its job creation performance, reducing unemployment to 7,2 % in 1999. However, a number of structural problems remain in the labour market.

— The tax burden on labour is still very heavy, especially for the relatively unskilled and low paid. Sweden continues to have the highest tax rates on employed labour in the EU — 52,7 % in 1998 compared to the EU average of 39,2 %.

— A large number of people of working age are dependent on benefits.

— Skill shortages, particularly at regional level, have become a factor hampering economic growth and regional development.

— The current level of occupational and sectoral segregation between men and women remains an issue of concern, despite well developed equal opportunity policies.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: the tax burden on labour, and gender mainstreaming.

Sweden should therefore:

1. do more, including the setting of targets taking into account the national situation to reduce the high tax burden on labour, in particular for those with a low take-home pay from work;

2. pursue further policy initiatives to further adapt the benefit and assistance schemes, so as to provide adequate incentives to take up jobs;

3. monitor and assess current levels of occupational and sectoral segregation in the labour market, as part of the gender mainstreaming reforms begun in 1999.

XV. UNITED KINGDOM

Problems in employment performance

The United Kingdom enjoyed healthy employment growth in 1999, and the employment rates for men and women are clearly above the EU average. The unemployment rate continued to fall in 1999, to 6,1 %, below the EU average. Yet, important structural problems persist:

— inflows into long-term unemployment amongst young people and adults (17 % and 11 % respectively) still exceed those of the best performing Member States;

— although long-term unemployment is falling, there are still persistent problems concentrated in specific groups, especially within households with no one in work, amongst disadvantaged groups, and in a number of geographical areas. Inactivity among lone parents is still a problem;

— some sectors, particularly information technology, suffer from a skills gap. The low level of basic skills is a generalised problem in the United Kingdom;

— though diminishing, the gender pay gap remains high compared to the EU average. The gender gap in employment attributable to the impact of parenthood is also the highest in the EU, suggesting a need for sufficient and affordable childcare;

— the current levels of occupational and sectoral segregation between men and women are higher than the EU average.

After due analysis, it appears that further efforts are required in response to the employment guidelines and recommendations concerning: adaptability, the gender pay gap, childcare provision, a preventive strategy for the unemployed and lifelong learning.

The United Kingdom should therefore:

1. improve the balance of policy implementation of the Guidelines, so as to strengthen and make more visible efforts to modernise work organisation, in particular by fostering social partnership at all appropriate levels;

2. pursue efforts to reduce the gender pay gap and take action to improve childcare provision, with a view to making it easier for men and women with parental responsibilities to take employment. Special attention should be given to the needs of lone parents;

3. reinforce active labour market policies for the adult unemployed before the 12 month point, so as to increase the number of people benefiting from active measures, and supplement the support provided by the Jobseekers' Allowance Regime;

4. intensify efforts to implement initiatives on lifelong learning, particularly those aimed at increasing the general level of basic skills, demonstrating how access will be ensured for those groups traditionally reluctant to take up the opportunity, or unable to find suitable provision.