Opinion of the Economic and Social Committee on the 'Proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2002'

(2002/C 36/17)

On 17 October 2001 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 October 2001. The rapporteur was Mr van Dijk.

At its 385th plenary session of 17 and 18 October 2001 (meeting of 17 October), the Economic and Social Committee adopted the following opinion by 75 votes in favour with six abstentions.

1. **Introduction**

1.1. In line with Treaty Article 128, the Commission is drawing up its annual employment policy guidelines for 2002.

1.2. The Lisbon summit took place in 2000. In its wake, the Commission undertook an in-depth revision of the 2001 guidelines. For 2002, the Commission is planning a thorough impact assessment since implementation of some of the guidelines has to be completed by then. For that reason, it has made no major changes in the 2002 guidelines.

1.2.1. Following the in-depth changes which marked the employment guidelines for 2001, and in view of the ongoing impact evaluation of the European Employment Strategy, the results of which will be reflected in the employment guidelines for 2003, the Commission recommends a minor revision of the guidelines for 2002, keeping the changes to new policy emphasis resulting from recent Commission communications, European Councils and the assessment of the Joint Employment Report 2001 ([1]).

These are the main changes made compared to the employment guidelines for 2001:

— The Stockholm European Council agreed to complement the Lisbon targets for 2010 with intermediate targets for 2005 for the overall employment rate (67 %) and the employment rate for women (57 %), as well as a target of 50 % for the employment rate of older persons (55-64) to be reached in 2010. These targets have been incorporated in the horizontal objective A.

— The Stockholm European Council also agreed that the Council should include quality in work as a general objective in the 2002 employment guidelines. This is now reflected in a new horizontal objective B ([2]). In addition, new references to the quality aspect have been integrated in a number of relevant thematic guidelines (numbers 3, 7, 10, 11 and 13).

— Guideline 6 on mobility underlines more strongly the need to encourage labour mobility in new European labour markets ([3]).

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

— A strengthening of guideline 17 on gender gaps. The significant level of the pay gap between women and men in many Member States has been identified as a potential disincentive for women to take up work or to remain at work. The request from the Stockholm European Council to develop indicators in this area equally underlines the importance of this issue.

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

([2]) Changes are made on the basis of the Commission Communication COM(2001) 313, 20.6.2001 (Employment and social policies: a framework for investing in quality).

([3]) Changes are made on the basis of the Commission Communication COM(2001) 116 of 28.2.2001 presented in view of the Stockholm Summit, as well as in the Communication on a European research area, COM(2000)6, 18.1.2000.

1.3. The Committee intends to structure the opinion as follows. Firstly, it will point to relevant earlier opinions. Consideration will thereby be given to how far recommendations made in these opinions are adequately reflected in the 2002 employment guidelines. The Committee will then make one or two observations which, following the impact assessment, must be borne in mind when drawing up the 2003 guidelines.

2. **Earlier opinions**

2.1. In October 2000, the Economic and Social Committee issued an opinion on the 2001 employment guidelines ([1]). Particular emphasis was thereby laid on:

— the catalyst key objective of full employment;

— the vital need for lifelong learning;

— closer involvement of the social partners in the process;

— the need for balanced implementation of the various pillars;

— the need for quantitative and qualitative indicators.

The Committee opinion endorsed the main thrust of the proposed employment guidelines and welcomed the inclusion of a separate guideline on safety and health in the workplace ([2]). The opinion also draws particular attention to vulnerable groups on the labour market such as older workers, women, young school-leavers and the long-term unemployed. To achieve the Lisbon summit's objectives — i.e. to become the most competitive and dynamic knowledge-based economy in the world — considerable attention must in particular be paid to investments in research and development and in training.

2.2. Also in 2000, the Committee issued an opinion on older workers ([3]). It noted that, in various Member States, the employment rate of workers in the 50-64 age group is much lower than that of younger workers. The opinion made a number of recommendations which may help boost the employment rate of older workers, although the Committee was aware that, in some cases, a lower pensionable age was warranted:

— a change in attitudes among employees and companies;

— a human resource strategy that does not stop when workers reach 45; age-aware human resource policy is very important for older workers. This may include issues such as recruitment and retirement; vocational training, further training and promotion; the flexible organisation of work; ergonomics; and a change of attitudes within companies;

— consideration of pay-scale structures where salaries would increase faster at the beginning than at the end of a career, so as to make older workers less vulnerable. The Committee directed this recommendation principally to the social partners, although it has no desire to impinge on their independence in matters of wage negotiation.

2.2.1. The Committee advocated guidelines to give shape to the policy on older workers. It also pointed to the ESF which could play an important part in putting that policy into effect.

2.3. In its opinion on the mid-term review of the three processes that underpin the European employment strategy ([4]), the Committee endorsed the employment guidelines as a policy tool. The guidelines' most important contribution has been to generate more attention for the issue and to involve all the relevant partners. To improve the process and following on from the Commission assessment, the Committee proposed fewer guidelines, more effective coordination with other processes (e.g. Cardiff, Cologne and Lisbon), definition of indicators, better monitoring and the dissemination of best practice. Involvement of the social partners could also be improved. The Committee added that, at the end of a five-year period, a one-year pause might be advisable to enable all the players concerned to play their part to the full.

2.4. In its opinion on European immigration policy ([5]), the Committee has this to say:

'The national employment action plans must include criteria which are helpful in managing migratory flows. With the necessary flexibility, national employment plans must give consideration to immigration forecasts in order to ensure

([1]) Opinion on the Proposal for a Council Decision on guidelines for Member States' employment policies for the year 2001, 18 and 19 October 2000, OJ C 29, 30.1.2001.

([2]) See also: Towards a Community Strategy for health and safety at work, OJ C 240, 17.9.2001, p. 97, and Health and Safety in the workplace, OJ C 51, 23.2.2000.

([3]) Own-initiative opinion on older workers, 18 and 19 October 2000, OJ C 14, 16.1.2001.

([4]) Own-initiative opinion on The Mid-term review of the three processes that underpin the European Employment Strategy, OJ C 139, 11.5.2001, p. 33.

([5]) Opinion on the Commission Communication on a Community immigration policy, OJ C 260, 17.9.2001, p. 104.

that the labour market functions properly. The employment guidelines, drawn up annually on the basis of the four "pillars" (employability, entrepreneurship, adaptability and equal opportunities), should embrace the new immigration policy. The guidelines will promote higher quality employment for both Member State nationals and immigrants.'

2.5. In its opinion on equal pay for men and women [1], the Committee called in particular for greater transparency in male-female pay. Member States should launch initiatives on this front. Statistics also need to be updated. The employment guidelines should require countries to undertake specific actions to make it easier for women to enter the labour market and to combat wage discrimination.

2.6. A recent opinion of the Economic and Social Committee also drew attention to improving the quality dimension of social and employment policy [2].

3. **2002 guidelines: an assessment**

3.1. The Committee is pleased that, as called for in its opinion on older workers, more attention is paid in the guidelines to older workers.

3.2. Like the Commission, the Committee has attached high priority to combating the pay gap between women and men. It thus backs strengthening the relevant guideline under which Member States, in cooperation with the social partners, are called upon to work out a strategy to end existing differentials.

3.3. Compared with the 2001 guidelines, the changes made in the current paper are only marginal. Following the thorough revision undertaken in 2001, the Committee endorses this approach. It is pleased that the Commission has not proposed minor drafting changes.

3.4. That said, the Committee does have certain doubts about the deletion of the quantitative objectives that had been included in the 2001 guidelines. On the one hand, the Committee understands why these figures have been dropped, since the Commission does not yet have a set of clear-cut indicators for the EU as a whole. On the other hand, the guidelines will be stronger and more effective if they include readily measurable objectives. The Committee trusts that such quantitative objectives, based on European indicators, will again be included following the impact evaluation.

3.5. The Committee would point out that the current uncertain economic outlook places additional pressure on Member States to implement the guidelines as effectively as possible. The Committee therefore wishes to point out that an active labour market policy is now more necessary than ever.

4. **Building blocks for employment guidelines after the impact assessment**

4.1. Work is currently under way on the employment guidelines impact assessment. In March 2002, the Commission will submit a technical report to the other institutions setting out the key findings of this assessment. The Committee will also be asked to issue an opinion on the assessment. In anticipation of that, the Committee would like to bring forward some building blocks for this assessment.

4.2. Under the Treaty, the Commission is required to review employment policy and draw up guidelines on an annual basis. The Committee wonders whether an annual revision of the guidelines is advisable. Member States need to put a great deal of effort into drawing up the guidelines and transposing them into national action plans — although the priorities involved do not change a great deal from year to year. It also takes some time before the effects of a policy become visible and measurable. The Committee would therefore recommend a multiannual cycle which will make an effective policy cycle possible. It must be ensured that there is scope for adapting to changed circumstances. Such a policy change would, however, require an amendment to Article 128 of the Treaty. An alternative, for as long as the Treaty remains unchanged, could be to opt for a thorough revision every two years, with a marginal adjustment in the intervening year, thereby giving Member States more time to assess the impact of the employment guidelines on their policy.

4.2.1. Member States' annual reporting arrangements to the European Commission could also be adjusted. They would then be required to report annually on half the guidelines.

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(1) Own-initiative opinion on wage discrimination between men and women, OJ C 155, 29.5.2001, p. 65.

(2) Improving the quality dimension of social and employment policy OJ C 311, 7.11.2001, adopted at the plenary session of 12 and 13 September 2001.

4.3. The Committee is concerned about the involvement of the social partners in drawing up the employment guidelines and their transposition into national action plans. Although the Commission remains fairly optimistic about their involvement, the social partners themselves are not always happy. Often, they have little time to discuss the guidelines internally and, accordingly, to set out views that are backed by the organisations concerned. This is also apparent from the way the ESC opinion has to be drawn up. Just one study group meeting has to suffice to draft such a key opinion.

4.3.1. The Committee is even more concerned about social partners' involvement in transposing the guidelines into national action plans. Often, social partners are only sent the plans at the last minute and have just a few days to set out their views. Optimum involvement of the social partners in framing the plans is found in only a few Member States.

4.3.2. In order to make the social partners more involved in drawing up the national action plans (NAPs), Member States should bring them into the process at an earlier stage. At the moment, they are often consulted about the NAPs only after these have been drawn up by the governments concerned. Thus, social partners do not feel involved in the drawing up and implementation of the NAPs. The social partners should also be more closely involved in the implementation of the country-specific recommendations.

4.4. In addition to comments about the process itself, the Committee would also like to add a few points to which the guidelines must give more consideration in future.

4.4.1. In the employment guidelines, the Commission and the Council rightly ask that consideration be given to vulnerable groups on the labour market. By that, they mean women, older workers, the long-term unemployed and young school-leavers. The Committee would add another two groups: the disabled and ethnic minorities. The disabled are already mentioned in guideline 7, but they should also be taken into consideration in other guidelines. Ethnic minorities are extremely vulnerable and require extra attention. The Committee sees a promising signal in the country-specific recommendations given to Germany, Austria and Sweden.

4.4.2. In order to be able to measure the impact of the guidelines effectively, it is essential to have readily comparable indicators. That will boost the commitment of Member States and the social partners to the Luxembourg process.

4.4.3. Finally, the Committee would point to the discussions under way in the field of immigration policy. The Committee has already called for the inclusion of a passage on immigration policy in the employment guidelines.

Brussels, 17 October 2001.

The President

of the Economic and Social Committee

Göke FRERICHS