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Proposal for guidelines for Member States' employment policies 2001 and recommendations to Member States**UNICE position paper****Introduction**

1. UNICE has noted the proposal for guidelines for Member States' employment policies in 2001 and for Council recommendations to Member States.
2. In the employment guidelines for 2001, the Commission keeps the structure in four pillars but
 - ?? adds two horizontal objectives relating to the role of social partners and life-long learning,
 - ?? simplifies guidelines in certain areas, and
 - ?? proposes new quantitative targets.
3. In the recommendations to Member States, the Commission emphasises the need for further efforts to
 - ?? implement the entrepreneurship pillar in 18 recommendations (7 on reduction of the tax burden on labour, 8 on reform of tax/benefit systems and 3 on reduction of the burden on business) ,
 - ?? implement the employability pillar in 16 recommendations (10 on activation or training measures and 6 on the reversal of the trend towards early retirement from the labour market),
 - ?? implement the adaptability pillar in 5 recommendations,
 - ?? address gender aspects in 12 recommendations,
 - ?? promote social partnership in 5 recommendations.

General assessment of the package

4. Employers support the Commission's choice to ensure coherence and continuity both with the previous years guidelines and with the conclusions of the Lisbon European Council. Only coherent and balanced implementation of all aspects of the agreed strategy over time will make it possible to raise the employment rate from an average of 61% today to as close as possible to 70% by 2010 and increase the number of women in employment from an average of 51% today to more than 60% by 2010 .
5. The new employment package is being discussed at a time when despite recent improvements in unemployment figures, Europe's labour markets are characterised by the co-existence of persistent structural unemployment and of bottlenecks due to a lack of skilled workers. The stronger emphasis on the

promotion of life long learning as a horizontal objective for national employment policies is therefore justified.

6. However, the recommendations clearly show that progress has been slow not only for life-long learning but also for implementation of the entrepreneurship pillar. It is therefore essential to effectively mobilise tax and benefits as well as training systems towards a more employment friendly approach in the employment guidelines for 2001.
7. European employers are concerned that the Commission continues to claim that there is a general lack of action by the social partners across the EU, without substantiating this affirmation, and despite the fact that only 5 countries are concerned by recommendations pointing in that direction.

On the economic context

8. The economic policies defined in view of the single currency and completion of EMU constitute a good basis for promoting growth and employment. UNICE underlines the need to continue along this route and to implement the employment guidelines in a way which is consistent with the broad macro-economic policy guidelines. The budgetary situation has improved due to strong growth performance. However, UNICE is concerned that in many Member States, structural consolidation lags behind, particularly due to insufficient reform of public pension systems.
9. Speeding up structural reforms of all markets, including labour markets, is needed to enhance the credibility of the Euro and create the conditions for non-inflationary and sustainable economic growth necessary to increase employment rates.

On employability

10. European employers support the proposed merger of the former guidelines 1 and 2. At the implementation stage, it will be essential to avoid a purely quantitative implementation, resulting in a “merry-go-round” from unemployment to training and to seek effective integration into the labour market” as specified in the guideline’s text.
11. As mentioned in paragraph 6 above, it is essential to effectively mobilise tax and benefits as well as training systems towards a more employment friendly approach. UNICE therefore fully supports the request for each Member State to reform tax/benefit systems. Given the slow progress in this area, UNICE believes that a stronger emphasis should have been placed on this in guideline 2 in order to be consistent with the recommendations.
12. Guideline 3 requires development of policies for active ageing. UNICE has on several occasions underlined the need to review social protection systems in order to encourage a longer working life. It therefore welcomes guideline 3. However, it believes that the formulation of guideline 4 in last year’s version asking for a critical re-evaluation of measures which encourage workers to take early retirement pointed more clearly towards the need to avoid using early retirement schemes as a short-sighted way to solve specific labour-market problems.

13. UNICE fully agrees that measures need to be taken in order to address the skills gap and prevent the erosion of skills by improving the quality of national education and training systems. Two quantitative targets are included in the new guideline 4.

?? The first requires Member States to develop measures aimed at halving by 2010 the number for 18-24 years old with lower-secondary education who are not in further training. As for guideline 1, at the implementation stage, it will be essential to avoid an artificial quantitative implementation and make sure that further training opportunities offered equip these young people with competences required on the labour market.

?? The second target asks to promote conditions facilitating access to life-long learning so as to approach gradually the proportion of 25-64 years old participating in education and training in the best performing Member States, doubling the existing levels by 2005 and reach at least 10% by 2010. While they fully agree with the objective sought by this guideline, European employers stress that an increasing proportion of adult training does not take the form of formal training. They question the quantified approach taken in the proposed guideline and the feasibility of developing meaningful indicators to measure progress in the implementation of this guideline.

14. UNICE supports guidelines 5 and 7, which are necessary to implement the Lisbon conclusions but re-iterates its call to avoid a purely quantitative implementation of guideline 6 in order to use efficiently the resources available to offer training to the unemployed.

15. Finally, UNICE has often emphasised that legislation was not the only way to combat discrimination and that practical actions to promote the integration of groups with specific difficulties were sometimes more important than instituting rights at EU level. It therefore supports guideline 8 which correspond to its recommendation to act in the context of the employment strategy.

On entrepreneurship

16. Improvements in the employment situation result from the creation of new businesses and development of existing businesses, hence the central importance of the entrepreneurship pillar. UNICE therefore believes that implementation of the guidelines of this pillar will be determinant both for the success of the European employment strategy and for reaching the decision taken in Lisbon to turn Europe into the most competitive knowledge-driven economy in the world.

17. UNICE is concerned by the fact that progress in implementation of this pillar is lagging behind and that the guidelines for 2001 have not been strengthened accordingly. In order to encourage Member States to be more focused in their efforts, UNICE believes that, as stated in guideline 13 on the reduction of the tax burden on labour, national governments should be invited to set appropriate targets or practical objectives to be attained by a specific date for guidelines 9 (on the reduction of overhead costs and administrative burdens on business) and 10 (on obstacles to moving to self employment or setting a small business). Alternatively, for the reduction of indirect labour

costs, Member States could be encouraged to reach the average level of the three best performing countries (i.e. 29%).

18. UNICE agrees on the need to both combat undeclared work and create the conditions that will encourage its transformation into regular activities. The latter transformation into regular activities will largely depend on the reform of tax/benefit systems. By contrast, regulatory measures are not the appropriate way to achieve this as undeclared work, by definition, consists in disregarding regulation. On the contrary, one should take a critical look at the regulatory framework, remove elements, which have the undesired effect of increasing undeclared work, and then ensure effective implementation of the new rules.
19. UNICE welcomes the recognition of the role of players at the local and regional level in guideline 12.
20. Concerning guideline 13 on the tax reform for employment and training, UNICE fully agrees that providing incentives and removing tax obstacles to investment in human resources is the right approach to increase investment in human resources. Employers also agree that the overall tax burden on labour and indirect labour costs need to be reduced in most European countries. However, as explained in UNICE's comments on last year's guidelines, this must be done in the context of an overall reduction of the fiscal burden through a reduction in public expenditure and not by compensating these reductions by increases in other taxes on business, such as energy taxes which will penalise economic growth and competitiveness, especially with present market trends in the oil markets .

On adaptability

21. UNICE shares the concern to promote modernisation of work organisation in order to make companies more productive and competitive. Realisation of EMU makes this doubly important. It welcomes the recognition of the responsibility of social partners for working conditions issues related to work organisation. However, a clear distinction should be made between what can only be decided in individual companies (i.e. how to organise work) and framework conditions negotiated by social partners at multi-company levels, which have an impact on work organisation in individual companies.
22. Guideline 14 invites social partners to negotiate and implement at all appropriate levels agreements to modernise work organisation. In addition, European Social Partners are currently being consulted on a method to promote and monitor such modernisation. As explained in UNICE's reply to this consultation, the starting point of any process for modernising employment relations should be based on national evaluations of the rules governing the functioning of labour markets. At European level, the method which should be retained is that of **open coordination** as advocated by the Lisbon European Council. The direction of any EU initiatives (whatever their nature) can only be considered after these national evaluations and identification of problems encountered in each Member State.
23. A reference to health and safety has been introduced in guideline 15. Applying the open-coordination method to help a better application of existing legislation and asking Member States to set themselves targets for reduction of work accidents and occupational diseases can be an interesting approach. However, UNICE considers that this should be not done in the context of the

new social policy agenda rather than in the employment guidelines. Should this be maintained in the employment guidelines, it would be more logical to include this recommendation in the employability pillar.

24. UNICE supports the general objective pursued by and main thrust of guideline 16. However, concluding agreements is not the only way in which social partners can promote life-long learning. Practical actions by the social partners, which do not take the form of an agreement, are at least as important to “create the conditions for every worker to achieve information society by 2003”. The wording of guideline 16 should therefore be adapted to avoid the exclusive emphasis on agreements. Moreover, creating the conditions for every worker to achieve information society goes well beyond the social partners sphere of action. It is a shared responsibility between employers, trade unions, individuals, education and training institutions, and public authorities.

On equal opportunities for women and men

25. European employers recognise the particular importance of active participation of women in the labour market. They support the emphasis on an integrated approach, mainstreaming equal opportunities in the guidelines.
26. As emphasised in paragraph 15 above, legislation was not the only way to promote equal opportunities and practical actions to promote the integration of disadvantaged groups are equally important. UNICE therefore also supports guideline 18 and 19. For the sake of clarity, since gender equality guidelines are gathered in this pillar, it would be preferable to delete references to sex discrimination from guideline 8.
27. In the context of mainstreaming efforts, UNICE believes that particular attention should be paid to
- ?? promoting a spirit of enterprise also among women;
 - ?? removing obstacles to the development of flexible working hours or part-time work in order to prevent the problems of return to work;
 - ?? encouraging a desegregation of the labour market through vocational guidance and training measures and in particular encourage women to acquire IT skills as a way to increase their career prospects.

On the draft recommendations to Member States

28. UNICE is convinced that the publication of recommendations tailored to the specific situation of each Member State is an essential element of the open-coordination method applied in the context of the European employment strategy. It broadly supports the draft recommendations proposed by the Commission but leaves to its members the task of presenting detailed comments on the recommendations addressed to their country if they so wish.
29. However, as emphasised in several sections of the present paper, progress made in implementation of the guidelines of the employability pillar cannot be judged only in terms of percentages of people “processed” but should include efficiency and quality considerations (were the measures adequate, do they lead to effective integration in the labour market? Is the country relying on subsidised jobs rather than sustainable employment?), etc.

30. UNICE is also concerned that

- ?? the conclusions from the lack of progress made in implementation of the entrepreneurship pillar are not drawn and fed into the new guidelines.
- ?? paradoxically in the analysis underlying the recommendations, detailed statistical data are not provided for the guidelines where it is logical to assess progress in quantitative terms (e.g. the reduction of the overall tax burden and indirect labour costs).

Conclusion

31. European employers believe that effective implementation of the European employment strategy can bring real benefits to European citizens and companies alike. They believe that the proposed employment guidelines for 2001 constitute a good basis for discussions on practical measures to turn Europe into the worlds' most competitive knowledge-based economy. They are willing to participate constructively in the definition of policy orientations at EU level and in implementation in Member States. They very much hope that UNICE's comments will be taken into account and stress the importance of consulting the European social partners in good time before decisions are made by the various EU institutions involved in the decision-making process.
