

**COMMISSION COMMUNICATION ON THE FUTURE OF THE EUROPEAN
EMPLOYMENT STRATEGY
“A STRATEGY FOR FULL EMPLOYMENT AND BETTER JOBS FOR ALL”**

UNICE POSITION

Executive summary

The communication advocates for the future European employment strategy (EES) simpler guidelines oriented on results and valid for three year, three overarching objectives reflecting the Lisbon balance and identification of a limited number of priorities. It also recommends confirming and strengthening the global approach to employment policies going beyond labour market policies, and calls on governments to pursue a multi-faceted policy.

UNICE globally shares the approach advocated by the Commission. It is pleased to see that the Communication meets some of the employers' concerns by suggesting a simplification of the procedure, by putting the emphasis on outcomes rather than on methods, by giving more importance to competitiveness, productivity and entrepreneurship, and by paying attention to active ageing and making work pay.

However, European employers fear that the eleven priorities proposed might give rise to too many guidelines and that the emphasis on outcomes might result in more EU quantified targets as opposed to national targets to be set by Member States.

In addition UNICE wishes to make the following specific remarks:

Implementation of the entrepreneurship pillar has been the main weakness of the EES. Member States should better encourage entrepreneurship and job creation and should set themselves targets for reducing the tax burden on labour.

With respect to the growing competitive gap between the EU and the US, notably in terms of productivity, UNICE sees a sense of urgency which is not sufficiently reflected in the Communication. Actions are needed now if we are to meet the Lisbon objectives.

Concerning regional disparities, UNICE believes that analysing why some regions and countries do better than others would be extremely useful.

With respect to governance, simplification should also take place in the national employment processes. The EU level should not impose heavy procedures on the national players. Member States should be free to organise the national process in the most efficient way.

Regarding the role of social partners, their autonomy should be respected. The future guidelines should not give instructions to social partners. They have to be left the necessary space to develop their own work programme in the area of employment.

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I. General comments

1. UNICE has noted the Commission Communication on the future of the European employment strategy (EES) [COM(2003)6].
2. The communication advocates for the future EES:
 - simpler, stable, results-oriented and medium-term perspective guidelines
 - three overarching objectives reflecting the Lisbon balance
 - a stronger emphasis on the delivery and governance of the EES
 - identification of a limited number of priorities
 - specific messages addressed to the social partners
 - definition of appropriate targets.
3. UNICE globally shares the approach advocated by the Commission.
4. The communication recommends confirming and strengthening the global approach to employment policies going beyond labour market policies and call on governments to pursue a multi-faceted policy aiming at improving the overall macroeconomic and regulatory environment.
5. The communication also meets the concerns expressed by employers on four points:
 - by suggesting a simplification of the procedure,
 - by putting the emphasis on results rather than on methods,
 - by giving more importance to employment creation through competitiveness, productivity and entrepreneurship,
 - by paying attention to active ageing and making work pay.
6. However, European employers see two remaining risks.
 - The communication foresees eleven priorities to be implemented by guidelines valid for three years. If these eleven priorities give rise to too many guidelines, the objective of simplification will not be met.
 - The emphasis on results must not lead to more quantified targets at EU level since this would give rise to a comparison of national situations which would be misleading and would favour a purely quantitative implementation of the targets. An invitation to Member States to set their own targets in accordance with broad EU objectives would be preferable.

Member States should urgently carry out the necessary reforms to increase participation rates and to promote more flexible labour markets. The benchmarking and the peer pressure process should be strengthened and Member States should be urged to pay more attention to the recommendations made to them.

II. Specific comments

On entrepreneurship

7. The regulatory environment in EU makes it difficult to do business and hinders entrepreneurship. Implementation of the entrepreneurship pillar has been the main weakness of EES. Member States should better encourage entrepreneurship and job creation and should set themselves targets for reducing the tax burden on labour. They should encourage an increase in the number of enterprises created each year. An improvement in the survival rate of new enterprises should also be targeted.
8. A focused set of actions to foster entrepreneurship should be identified as a follow-up to the Green Paper on entrepreneurship.

On articulation of economic and employment policies

9. The Commission stresses that raising employment rates calls for a broad policy mix incorporating both demand and supply side measures. Indeed, the Spring Report acknowledges that there is strong evidence that the countries that have made the strongest progress in terms of employment performance are those that have undertaken wide-ranging reforms. UNICE therefore welcomes the emphasis put on a better articulation between the Employment Guidelines and the Broad Economic Policy Guidelines. A stronger link between the employment and education and training processes should also be sought. The creation of a tripartite social summit for growth and employment should also reflect this global approach.

On productivity

10. UNICE welcomes the higher importance given to improving productivity. It agrees that this requires full attention. The gap in terms of productivity, economic growth and innovation between EU and US is widening. Europe has so far failed to become its own growth motor because the structural reforms needed to boost employment and productivity are not being implemented with the necessary vigour. Member States should implement conditions in favour of more employment and step up efforts to make good their underperformance.
11. The growing competitive gap between the EU and the US, notably in terms of productivity is acknowledged in the Commission Spring Report. However, UNICE regrets that the sense of urgency is not sufficiently reflected in the Commission Communication on the future EES. Actions are needed now if we are to meet the Lisbon objectives in terms of employment rates. This will be even more crucial after enlargement, given the statistical impact it could have on average EU figures.

On quality at work

12. UNICE strongly supports improved quality at work. However, it is concerned to see that the current debates often seem to imply an opposition between quality at work and quantity at work. Europe should always seek to maximise all opportunities for job

creation, including through flexible forms of work which incorporate both quality and quantity and therefore benefit individuals, companies and overall growth and productivity - particularly important in the current economic situation.

On labour costs

13. Making work pay and combating undeclared work are seen as priorities. Reducing excessive labour costs should be seen as a key policy measure for achieving these objectives.

On the role of the social partners

14. UNICE welcomes the intention to reinforce the role and responsibility of social partners in the implementation and monitoring of the guidelines in the reformed EES. European employers are attached to the EES and want to contribute actively to its definition and implementation.
15. However, over the years, there has been a tendency from the European level to intervene in the work programme of the social partners. This tendency can also be found in the Communication. The autonomy of the social partners should be respected. UNICE insists that the future guidelines must avoid any formulations giving instructions to social partners.
16. The social partners have agreed on a common work programme for the period 2003-2005. The main chapter in this programme is employment, with 12 out of 19 issues relating to it. Issues such as the ageing workforce, lifelong learning, equal opportunities, etc. are highly relevant for the EES. Social partners have to be left the necessary space to develop their own agenda in this area.
17. With regard to the Tripartite Social Summit for Growth and Employment, the involvement of social partners cannot be limited only to bringing their own contribution to the employment strategy. This forum must also be the place where social partners can discuss with the Council the progress made in implementing the Lisbon agenda and creating framework conditions conducive to growth and employment.

On governance

18. UNICE sees a risk that the proposed simplification in the formulation of the guidelines will not also translate in the national action plan (NAPs) process. Indeed, the Communication highlights how the national processes should be organised and which actors should be involved. Social partners are asked to produce annually a report on their contribution to the employment strategy at national level. Member States are asked to involve all stakeholders, including civil society and appropriate level of policy or administration, a closer parliamentary involvement is sought, etc.
19. UNICE insists that the EU level should not impose a heavy and bureaucratic process on the national level. According to the subsidiarity principle, Member States should have the possibility of organising the process in the most efficient way taking into account their national practices.

On regional disparities

20. Regional employment and unemployment disparities remain. This has been recognised by the Commission in its Communication. The employment strategy is

also about learning and benchmarking. UNICE believes that analysing why some regions and countries do better than others would be extremely useful.

On active and preventive measures for the unemployed and the inactive

21. The Communication argues that given that the existing activation target of 20% has been exceeded by most Member States, it would be appropriate to put a stronger focus on the quality of labour market integration measures (i.e. results achieved in terms of effective integration of beneficiaries in the labour market and on cost-effectiveness). UNICE supports the focus on the quality of labour market integration measures. This is the only way in which a “merry-go-round” from unemployment to training can be avoided. However, at the same time the Commission advocates higher activation target. UNICE would like to underline that, while opening active measures to all non-employed persons wishing to reintegrate the labour market is important, it fears that increasing activation targets could perpetuate the predominantly quantitative implementation and undermine the objective of taking a more qualitative approach to this important issue.

On investment in human capital and strategies for lifelong learning

22. The Communication underlines that an increase in the investment by enterprises in the training of adults is imperative.
23. UNICE stresses that the Commission should take both a qualitative and a quantitative approach to investment in education and training. Moreover, data on private investment should reflect investment in formal training as well as companies’ efforts to develop workers’ competences in non-formal ways.
24. As the Commission rightly stresses in its Communication on “Investing efficiently in education and training: an imperative for Europe”, it is important for public authorities to put in place policies and incentives to encourage more private investment in education and training as a complement to, not as a substitute for adequate public expenditure. Mobilising resources for lifelong learning requires a real partnership approach and action from all relevant actors: individuals, enterprises, social partners and public authorities.

On ESF

25. Better coherence and mutual support between policy and financial instruments is desirable. The efficiency of ESF as financial instrument for EES should be reinforced. As mentioned by the Commission, the mid-term review of the Structural funds due this year is an important moment to evaluate the real impact of ESF on national employment policies. Concerning the overall reform of the structural funds, European employers stress that the specificity of the ESF, i.e. the only financial tool for investment in human resources, should be maintained.

III. **Conclusion**

26. To sum up, UNICE globally shares the approach advocated by the Commission and stresses that:
- Meeting the Lisbon objectives in terms of employment rates calls for a multi-faceted policy and wide-ranging reforms. The gap in terms of productivity, economic growth and innovation between EU and US is widening. Actions are needed now.

- Simplification of the guidelines is essential and should also be translated in the national employment process.
- Implementation of entrepreneurship pillar has been the main weakness of the EES that needs to be redressed in the future.
- The future guidelines must avoid any formulations which might seem to be giving instructions to social partners. Social partners have to be left the space to implement their common actions provided for in their autonomous work programme.
