

**Proposal for guidelines for Member States employment policies 1999****UNICE position paper****Introduction**

1. UNICE has noted the proposal for guidelines for Member States employment policies 1999. It welcomes the fact that the Commission has given precedence to coherence and continuity around the four pillars which form the architecture of the 1998 guidelines: employability, entrepreneurship, adaptability and equal opportunity. Only coherent and balanced implementation, on a multi-annual basis, of the strategy defined in Luxembourg in 1997 will make it possible to achieve the objectives sought in the medium term.
2. UNICE is strongly committed to keep the fight against unemployment as the number one priority in the Member States as well as at EU level. However, the implementation of the necessary reforms of the labour markets should remain primarily a national responsibility.
3. UNICE is convinced of the added value of co-ordinating and comparing the initiatives of Member Countries in order to address the underlying causes of persistently high levels of unemployment in most European countries. However, it has strong reservations concerning any kind of quantitative targets at EU level.

**Macro-economic context**

4. In order to promote investor confidence, it is essential for the European Union and its Member States to pursue economic and social policies which are mutually reinforcing. European employers have expressed their support for the 1998 broad economic policy guidelines. They believe that they constitute a good basis for promoting growth and employment, and underline the need to continue along this route in 1999.
5. UNICE recognises that the international financial crisis has made the international environment less favourable than originally foreseen, and may have a dampening effect on European growth. However, the economic fundamentals resulting from rationalisation linked to putting EMU in

place remain good. It is indispensable to pursue this rationalisation and supplement it with the structural reforms needed for a smoother functioning of the labour market.

### **Developing a spirit of enterprise**

6. 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. In this respect, UNICE would also like to recall the importance of implementing the proposals of the BEST initiative within the agreed timetable.
  
7. UNICE notes that the measures taken by Member States have tended to concentrate on promotion of the supply of labour through education and training. Progress to facilitate job creation through flexible forms of work and lower indirect labour costs continues to be insufficient. Consequently, it is essential for Member States to make good the shortcomings in their national action plans in the area of structural reform of the labour market. It will not be enough to redirect public spending towards more active labour-market policies (guideline 4). It will also be important to:
  - encourage development of self-employment (guideline 11);
  - reduce the overhead costs and administrative burden imposed on companies (guideline 10);
  - set an objective of reducing the overall tax burden and statutory deductions on labour in particular (guideline 14). However, UNICE is opposed to this being done by making up for reductions in indirect labour costs by increases in taxation on other production factors such as energy or capital. Such compensation would be contrary to the objective of reducing the overall burden on companies, and would be detrimental to investment in Europe and therefore to growth and employment.
  
8. Implementation of guidelines 10, 11 and 14 would also make it possible to lower the barriers which are holding back development of jobs in the service sector and rapid growth in new activities linked to needs which are not yet met by the market (guidelines 12 and 13). In addition, this may reduce the distortions of competition and loss of tax revenue linked to development of the informal economy.
  
9. UNICE calls on Member States to implement, without further delay, the measures already recommended in the 1998 employment guidelines, and fully endorses the Commission's proposals 10, 11 and 14 for 1999. In the absence of balanced application of the four pillars, the integrated character of the strategy will be lost, and the goal of increasing the employment rate in Europe cannot be attained.

## **Improving employability**

10. European employers are favourable to development of preventive strategies articulated around employability, based on early identification of individual needs, and which require Member States to intensify their efforts to offer a new starting point to each young unemployed person within the first six months of unemployment, and twelve months for unemployed adults (guidelines 1 and 2). However, it believes it preferable to allow each Member State to decide both the means to be deployed and the timetable for doing this, since these two aspects are closely linked and should be geared to their specific situations.
11. Regarding improvement of active measures to offer training or similar measures to the unemployed, UNICE believes that the efforts mentioned in guideline 3 must be based on a qualitative approach and not on a purely quantitative approach to the objectives in view. In addition, without adjustments to benefit and tax systems to encourage people to accept jobs or follow training courses (guideline 4), the efforts of Member States may fail to produce results.
12. In the context of Europe's ageing population, UNICE has on several occasions underlined the need to review social protection systems in order to encourage a longer working life. It therefore welcomes the recommendation for a critical re-evaluation of measures which encourage workers to take early retirement (guideline 4).
13. UNICE also welcomes the fact that measures designed to foster integration of ethnic and racial minorities and disabled persons in the world of work (guideline 9 have been included in the employability pillar. This approach is coherent with early identification of individual needs in the framework of preventing long-term unemployment. It also has the advantage of avoiding the effects of a fragmented approach which merely shifts employment difficulties from one target group to another.
14. Lifelong learning is essential to maintain and strengthen the employability of the workforce and to ensure competitiveness of enterprises. UNICE welcomes the fact that the importance of lifelong learning was recognised by introducing a new guideline on this issue. However, a quantitative approach, asking Member States to define a general yearly increase of the number of participants benefiting from such measures regardless of the starting situation, which may already be on a high level, is inappropriate.

## **Encouraging adaptability**

15. UNICE shares the concern to promote modernisation of work organisation and forms of work in order to make companies more productive and competitive. Realisation of EMU makes this doubly important.
16. The responsibility for deciding how to organise work belongs to individual companies but the regulatory framework can facilitate or hamper adaptation. UNICE therefore welcomes the

proposed approach (guideline 17), which seeks to ensure sufficient flexibility and real security through better functioning of the labour market and enhancement of individual skills by:

- encouraging investments in training by removing tax obstacles to (or introduction of incentives for) in-house training;
- reviewing the existing regulatory framework to ensure that it is conducive to reducing obstacles to employment and increasing the labour market's capacity to adapt to structural changes in the economy.

17. European employers consider that the recommendation to examine the usefulness of allowing more adaptable forms of contract while ensuring that workers have adequate security (guideline 16) should be implemented in the wider context of guideline 17 which sets an objective of reducing obstacles to employment.

### **Role of social partners**

18. UNICE stresses that the main contribution of the social partners to combating unemployment is pursuit of policies for moderate pay rises, wage differentiation and sufficiently flexible agreements on working conditions. As far as wage developments are concerned, UNICE stresses that even in an environment where comparisons are made easier by the single currency, pay rises must remain compatible with labour productivity. There is no single model for achieving this result.

19. European employers are pleased that the proposed guidelines for 1999 recognise that the governments respect that:

- effective organisation of work (guideline 15), or
- training actions which correspond to the skills required on the labour market (guideline 5).

are areas of social partner responsibility.

20. They will play their full role in this regard, in line with national industrial relations practice and the training systems in place in Member States. However, they recall their firm opposition to across-the-board reductions in working hours which considerably reduce adaptability and hamper job creation.

21. In addition, in order to prevent any confusion, UNICE calls for deletion of references to the European level in guidelines 5 and 15. These guidelines seek to define orientations for the employment policies of Member States.

22. UNICE welcomes the opportunity to contribute to discussions prior to preparation of guidelines for Member States' employment policies. However, it urges that a clear distinction be made between:

- these discussions at European level with the Commission and Council (which involves concertation between public authorities and social partners on areas which concern employers, but which are primarily the responsibility of public authorities);
- and social dialogue or negotiations at European level, which deal with areas of the social partners' own responsibility, and fall into the category of autonomous dialogue between employers and trade unions.

### **Strengthening policies for equal opportunities between women and men**

23. European employers recognise the particular importance of inclusion of women in the labour market in order progressively to increase the employment rate in Europe. They understand the reasons for maintaining a separate pillar devoted exclusively to promotion of equal opportunity between women and men. However, UNICE calls on Member States to place the emphasis on an integrated approach, mainstreaming implementation of guidelines 18, 19 and 20 in the guidelines proposed for the first three pillars. UNICE believes that promotion of part-time work and other flexible forms of work on a voluntary basis in the context of guideline 16 will facilitate reconciliation of work and family life for women and men.

24. In particular, UNICE underlines the importance of:

- 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.