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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT, THE ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

Social Policy Agenda

PREFACE

European social policies have played a central role in building Europe's economic strength, through the development of a unique social model. This has proven to be both flexible and dynamic in responding to rapid changes in Europe's economy and society over the past decades.

The Lisbon European Council has identified a fresh set of challenges which must be met so that Europe can become "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion".

This Social Policy Agenda forms part of the integrated European approach towards achieving the economic and social renewal outlined at Lisbon. Specifically, it seeks to ensure the positive and dynamic interaction of economic, employment and social policy, and to forge a political agreement which mobilises all key actors to work jointly towards the new strategic goal.

At the heart of the Agenda is the modernisation of the European social model and the conversion of the political commitments made at Lisbon into concrete action.

A wide range of actions are outlined in the Agenda:

- some are targeted at realising Europe's full employment potential by creating more and better jobs, anticipating and managing change and adapting to the new working environment, exploiting the potential of the knowledge-based economy and promoting mobility;**
- others will centre on modernising and improving social protection, promoting social inclusion, strengthening gender equality and reinforcing fundamental rights and combating discrimination.**
- there are also initiatives devoted to preparing for enlargement and promoting international co-operation and making the social dialogue contribute to meeting the various challenges.**

While not all the actions proposed are new, those which are on going have been re-focused in accordance with the political directions given at Lisbon. A further innovation is that the open method of co-ordination, hitherto confined to the employment area, can now be applied to other social policies. This will ensure a more qualitative, and where appropriate, quantitative follow-up to agreed objectives and targets.

The Agenda will provide key inputs for the annual synthesis report requested by the Lisbon Council.

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Social Policy Agenda

1. THE POLITICAL CONTEXT

1.1 Introduction

The Commission announced, last February, before the European Parliament, a 5-year programme of action for 2000-2005 with the objective of "shaping a new Europe". A new economic and employment agenda is a key part of it, based on the notions of full employment, economic dynamism and greater social cohesion and fairness. The rationale of this objective has been articulated in the preparation of the Lisbon European Council which resulted in political agreement at the highest level to pursue a long-term agenda.

Concretely, European governments committed themselves to work towards a **new strategic goal** for the next decade: to "become the most competitive and dynamic knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion". Achieving this goal requires a strategy aimed at modernising the European social model, investing in people and combating social exclusion. In this regard, the Lisbon and Feira European Councils' Conclusions referred to a Commission Communication on a new European Social Policy Agenda. This will be an input to the Nice European Council in December 2000.

The preparation of this Agenda has been the subject of wide-scale consultation and dialogue with the various interested parties including social partners, non-governmental organisations and advisory committees.

1.2 Achieving the new strategic goal

The aim of this Agenda is to provide a comprehensive and coherent approach for the European Union to confront the new challenges to social policy resulting from the radical transformation of Europe's economy and society. This is particularly the case for the changes engendered by the new knowledge-driven economy, which affects the working and personal life of all people living in Europe. The same challenges also provide tremendous opportunities. This Agenda is part of an integrated European Union approach aimed at economic and social renewal. It builds on the Commission's contribution to the Lisbon Summit and seeks to harness the full benefits of change whilst managing its disadvantages.

The Lisbon Summit highlighted the essential linkage between Europe's economic strength and its social model. It also addressed the European Union's weaknesses. Importantly, it agreed on the parameters of Europe's economic and social agenda for the next decade. To take this forward, a guiding principle of the new Social Policy Agenda will be to strengthen the role of **social policy as a productive factor**.

Most social expenditure on health and education represents an investment in human resources, with positive economic effects. As a result, there can be a positive correlation between the scale

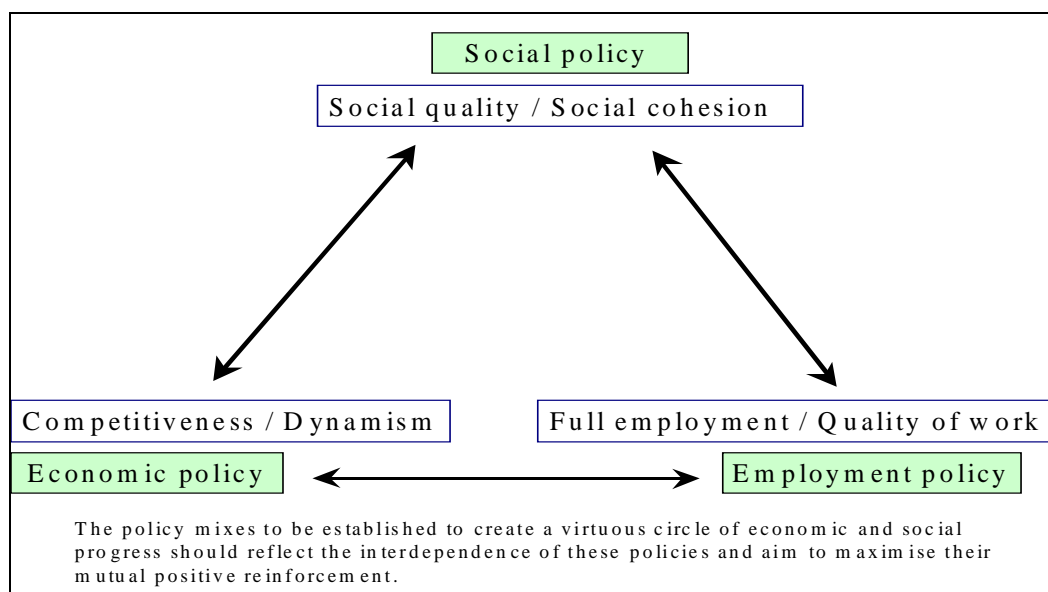
of such expenditure and the level of productivity in the countries concerned. Social transfers covering pensions and social security do not only contribute to balance and re-distribute incomes throughout lifetimes and across social groups, but also support better quality in employment, with consequent economic benefits.

It is therefore not surprising to find that levels of social expenditure are similar across a variety of developed economies – for example, 24% of GDP in the US, 26% in Denmark, 27% in the UK. The major differences between the US and the EU are not in terms of levels of expenditure as a share of GDP, but in terms of methods of funding. Most EU systems are funded mainly through taxation, while a large part of US expenditure is met out of post-tax incomes; this has an impact on the way inequalities are handled.

Europe, with its developed social policies, has been competing, and continues to compete well with the rest of the world - with high tech countries as well as with low wage countries.

In the past, social policy has enabled the European Union to manage structural change whilst minimising negative social consequences. In the future, modernising the European social model and investing in people will be crucial to retain the European social values of solidarity and justice while improving economic performance. It is well documented that in the last years the US economy has been outperforming the European Union's in terms of economic growth, particularly due to the overall slower take-up of new technology in Europe. The wide range of commitments made at Lisbon provide the political basis for a comprehensive strategy of mutually reinforcing economic and social policies.

This Agenda sets out to ensure the positive and dynamic interaction of economic, employment and social policy and the political agreement to mobilise all key actors to work jointly towards the new strategic goal.



Sustained economic growth with low inflation and sound public finances is crucial for increasing employment and social cohesion. Fiscal co-ordination at European level is an important aspect of the completion of the internal market and plays a key role in preventing the erosion of tax revenues through harmful tax competition. Well-targeted social protection is essential for adapting the economy to change and providing for an efficient and well-trained labour force. High quality education and training, which is accessible to all, strengthens social

inclusion and competitiveness. Raising the employment rate will underpin the sustainability of the financing of social protection systems. Social cohesion prevents and minimises the under-use of human resources. The management of the interdependence of policies should lead to a "policy mix", which will sustain economic and social progress.

In order to confront successfully technological and societal changes, the modernisation and improvement of the European social model is required to underpin economic dynamism and pursue employment-generating reforms. Europe's performance in an internationalised economy is affected by the quality of goods and services it produces and delivers and their added value. Further strengthening the internal market and the reform of goods, services and capital markets as launched by the Cardiff process will be of great importance in this regard. Improving the quality of work increases the quality of output of that work and thus strengthens the competitive position of European companies. The European Union needs to continue to combine good social conditions with high productivity and high quality goods and services. This is a key feature of the European social model. More and better employment in a dynamic and competitive economy strengthens social cohesion. The pursuit of wage moderation by the social partners plays an important role in sustaining a favourable macro-economic environment.

The new Social Policy Agenda will help to shape the EU strategy on sustainable development to be adopted by the European Council in Gothenburg in 2001. The analysis of the interlinkage between economic, employment, social and environmental policy will form part of the work to this end.

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This new Social Policy Agenda does not seek to harmonise social policies. It seeks to work towards common European objectives and increase co-ordination of social policies in the context of the internal market and the single currency.

Furthermore, the implementation of this Agenda does not require additional funding but rather implies the re-direction of public expenditure to improve efficiency and investment in people, as agreed in Lisbon and Feira.

The open method of co-ordination¹, as defined in Lisbon, will involve all actors and provide the instruments to monitor and steer policies. The new Social Policy Agenda should provide key inputs for the annual synthesis report requested by the Lisbon Council.

The Agenda encompasses the period until 2005. Several of the actions outlined in the Agenda cover this entire period. However, the main focus is on the first three years. In order to keep pace with the changes in the economic and social field, the Agenda must be sufficiently flexible. It will be subject to a mid-term review in 2003. The review will prepare further specific actions for the remainder of the Agenda.

1.3 Building on the past– preparing for the future

The European Community has a longstanding commitment to and record on social policy. Since the 1970s it has supported Member State policies in this area. In the context of the

¹ Open policy co-ordination involves establishing policy guidelines, setting benchmarks, concrete targets and a monitoring system to evaluate progress via a peer group review.

development of the Treaties, the relationship between economic and social policies of Member States has undergone substantial change.

The Treaties have also enshrined the principle of subsidiarity which in the social area is based both on the interaction between the Community and Member State level – including regional and local - and between the social partners and public authorities at all levels.

The most recent Social Action Programmes of the 1990s pursued an agenda, which had employment at its core.

The Amsterdam Treaty gave a fresh impetus to European social policy. It introduced the new Employment Title and incorporated the Social Protocol. It identified new areas and tools for action in this field and has contributed to:

- putting employment at the centre of the economic policy agenda of the Union and making its promotion a matter of common concern which started the process of open policy co-ordination in matters of employment and labour markets. This new Community policy has gained pace, driven by the strategy launched by the Luxembourg Jobs Summit; ;
- requiring Member States and the Community to better co-ordinate economic and employment policies in order to ensure consistency and improve synergy;
- making use of the Social Title of the Treaty by developing collective bargaining between the social partners;
- launching initiatives on new aspects of the Treaty such as social exclusion and anti-discrimination;
- making the equality between men and women in all aspects of social life, an aim of the Community.

If accepted, the Commission's submission to the current Intergovernmental Conference, and particularly the proposal to extend qualified majority voting, would have consequences for the future development of social policy. Equally important for future social policy may be the Charter of Fundamental Rights.

* * *

2. THE CHALLENGES AND OPPORTUNITIES AHEAD

In the run-up to the Lisbon summit, the Commission presented a series of documents which entailed an in-depth analysis of the economic and social situation in the European Union². This communication takes these analyses as a starting point.

² The documents submitted were the following: "The Lisbon European Council - an agenda of economic and social renewal for Europe" (Commission's main contribution); "*e*-Europe- An information society for all" (COM (1999) 687 final); "Community policies in support of employment" (COM (2000) 78 final); "Building an inclusive Europe" (COM (2000) 79 final); "Social trends: prospects and challenges" (COM

2.1 Employment

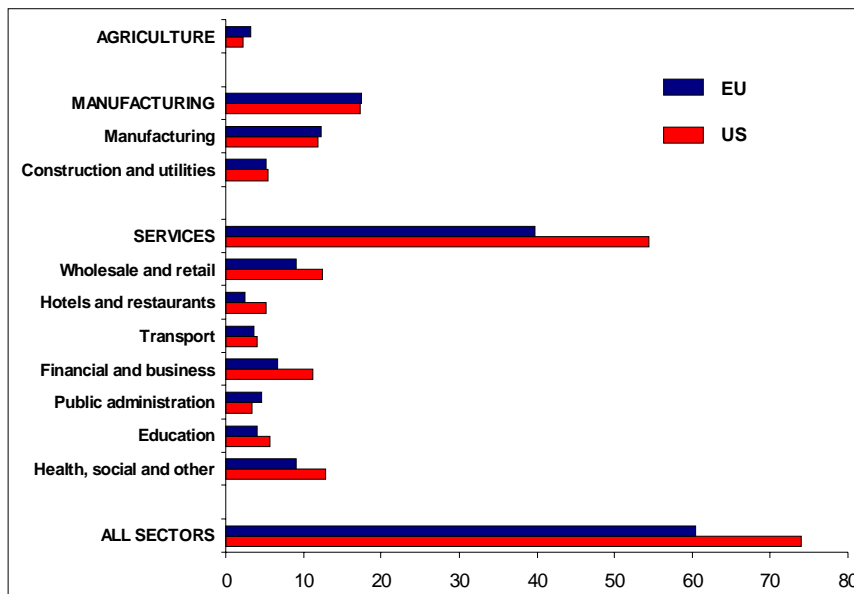
The European Union has made considerable progress in strengthening its economic fundamentals and fostering job creation. However, unemployment remains high. At present, around 9% of the European workforce is unemployed. The average employment rate was only 62% in 1999.

Employment is still relatively low in certain activities - like services. Participation among women as well as certain groups like elderly and disabled people is too low. The Commission's contribution to the Lisbon European Council identified in clear terms the main features of Europe's employment deficit. These are:

- A services gap - the European Union has a much lower level of employment in the services sector than the US.

The European Union has an enormous employment potential in virtually all services sectors

Sectoral structure of employment - EU-US



Source: Eurostat 1997

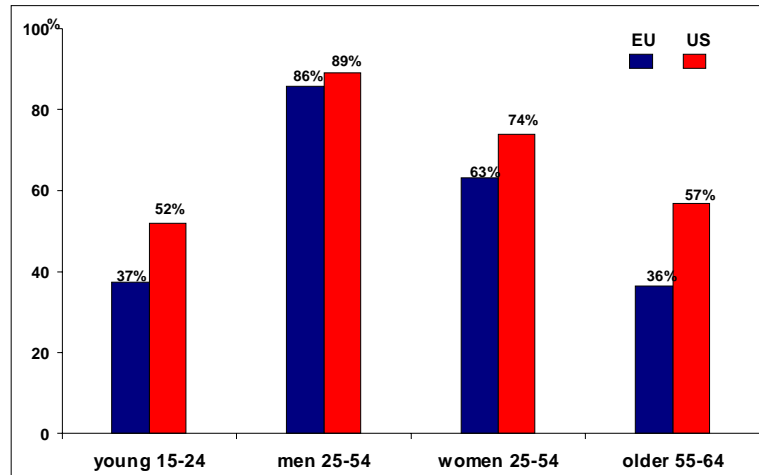
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- A gender gap - only half of the women in the European Union are in work compared to two-thirds in the US.
- An age gap - the rate of employment in the 55-65 age group is too low.

(2000) 82 final); "Strategies for jobs in the information society" (COM (2000) 48 final) and "Economic reform: report on the functioning of product and capital markets" (COM(2000) 26 final).

The European Union has a significant employment potential, particularly among women of all ages. There is also a large potential among older men

Employment rates - EU-US



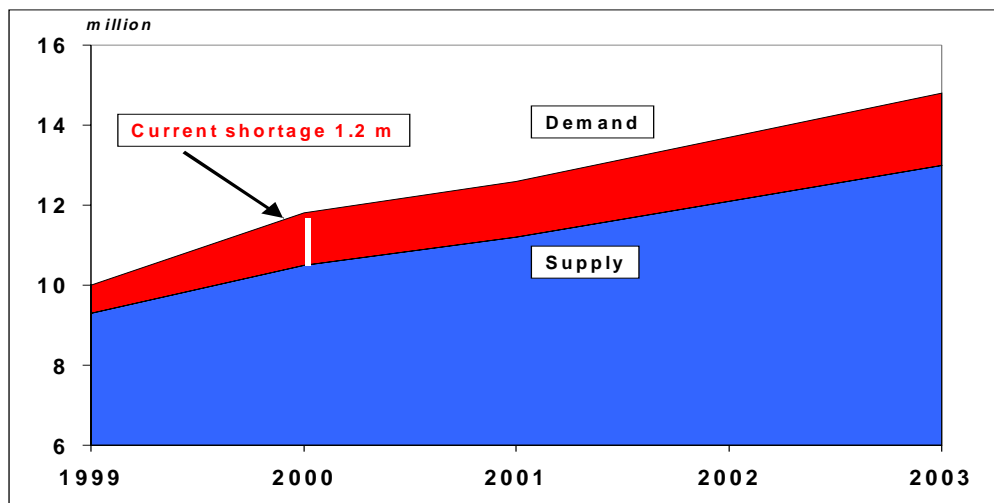
Source: Eurostat 1999

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- A skills gap – skill requirements in the European Union are not matched by existing supply. This is particularly noticeable in information technology across Europe.

The IT skills shortage in Europe is increasing

Demand and supply for IT skills in Europe



Source: Int. Data Corp. 2000 EU + Norway & Switzerland

- Long term structural unemployment - half of those out of work have been unemployed for more than a year.

- Marked regional imbalances both in Europe and within Member States - European Union unemployment is concentrated in Eastern Germany, France, Southern Italy, Spain and Greece. It is highest in certain less developed regions, outlying regions and declining industrial areas.

The European employment strategy has proven over the last three years to be an effective tool for structural reform in the national labour markets. Strengthening this Strategy will be essential for creating more and better jobs. As is apparent already in some Member States, once the levels of employment are rising, the availability of a labour supply which reaches the standards demanded by the market is of crucial importance for sustained economic development and non-inflationary growth.

2.2 The knowledge-based economy

Over and above these challenges, Europe lags behind the US in taking up new technologies, notably the Internet. However, the e-Europe and European research area initiatives provide policies to bridge the gap with the US. Appropriate measures by all relevant actors, both public and private, are needed so that the knowledge-based society and economy can contribute to sustainable economic growth, an increase in employment and more social cohesion.

This implies ensuring affordable access to the information society tools and ICT literacy training to meet people's needs. Failure to tackle these issues could lead to the widening of social and economic disparities within the Union.

The development of human resources, in particular upgrading skills and extending life-long learning, is crucial in the knowledge-based economy. In addition, equal access to – and quality of – education and training are of utmost importance in providing people with real opportunities to prepare for rapidly changing working conditions and the requirements of the knowledge-based economy. It implies the implementation of an overall strategy and concerted effort at all levels. The initiative on "e-Learning" will mobilise all relevant actors, and will require Europe's educational and training systems to adapt to the knowledge-based society.

Given that the knowledge-based economy will be very dynamic, improving insight in its functioning will be essential. Research in the conditions for the development of the knowledge-based economy will underpin policy efforts.

2.3 The social situation

While the essential role of the Member States' social systems in creating a cohesive society must be recognised, they now face a series of significant common challenges such as the need to adapt to the changing world of work, new family structures, persistent gender inequalities, demographic changes and the requirements of the knowledge-based economy. In the longer term, demographic changes will strongly affect the structure of the labour market and labour supply and will put heavy pressure on pension and health systems. This calls for a reflection on the role of immigration as part of a strategy to combat these trends. Failure to adapt and modernise social protection systems would increase the risk of more unemployment, poverty and social exclusion.

The modernisation of social protection systems is essential to underpin the transformation to the knowledge-based economy and to cater for the new needs in society. Whilst social protection remains Member States' competence, co-operation at European level will facilitate a

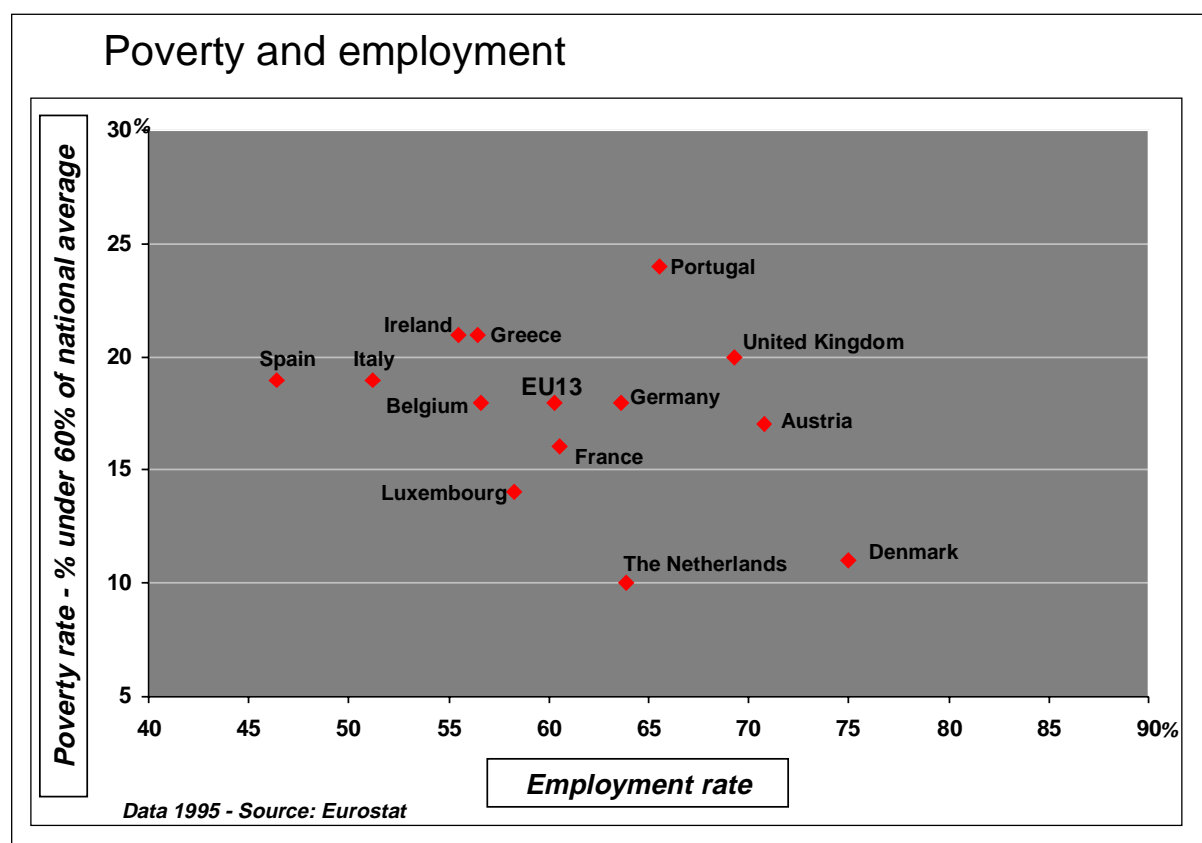
collective reflection on how best to address the challenges in modernising and improving the various social protection systems.

A key challenge is now to move from an agenda of tackling social exclusion to one which fosters social inclusion and mainstreams it into the heart of all policy making.

Unemployment is the single most important reason for poverty. Nearly two out of three of those unemployed are at risk of poverty. This is why a job is the best safeguard against social exclusion. However, employment alone does not solve all problems.

A comparison of employment rates with poverty rates³ shows that poverty may be relatively widespread even in some Member States with high employment rates. Raising employment rates and lowering unemployment would reduce significantly poverty and social exclusion, especially in those Member States which have low employment rates at present. In this respect, it is important to focus attention on those at the margins of the labour market, by investing in people to increase their employability and by reducing barriers for labour market entry. Confronting these challenges requires multi-faceted policies, which go beyond labour market issues, and which aim to increase social inclusion and participation.

Employment alone does not solve all problems



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³ Poverty rates are defined in this illustration as 60 % of the median household-adjusted income of the country concerned (Eurostat definition). Improving indicators and statistics will be important for facilitating Member States in reducing poverty and exclusion.

2.4 Enlargement

In seeking to join the Union, the candidate countries aim to develop their economies, societies and social systems along similar lines to the Member States. Their aim is to raise living and social standards and enhance economic and employment performance over the long run. By preparing for European Union membership, the candidate countries are already in the process of adopting a comprehensive body of laws and rules, which should ensure the compliance with the European Union social acquis by the time of accession. The candidate countries not only face major challenges in transforming and adapting their systems but also have to confront many of the problems which are being tackled by current Members of the European Union.

2.5 Internationalisation

Internationalisation and globalisation are important facets of the changing financial, economic and trading conditions confronting Europe and its social systems. Embracing change does not imply abandoning social objectives. Rather, it reinforces the economic need for social investment by way of well-designed social policies. More than ever, Europe's economic performance will depend on the productive and innovative potential of its people. Investing in knowledge, creating added value, attracting new economic activity and managing change will be strongly influenced by the skills and adaptability of its workforce.

3. THE APPROACH

3.1 Promotion of quality

The new Social Policy Agenda revolves around a series of actions designed to ensure that the full benefits can be reaped from as well as contribute to the dynamic interaction between economic, employment and social policy. A key message is that growth is not an end in itself but essentially a means to achieving a better standard of living for all. Social policy underpins economic policy and employment has not only economic but also a social value.

The overall focus will be the promotion of quality as the driving force for a thriving economy, more and better jobs and an inclusive society: strong partnership, dialogue and participation at all levels, access to good services and care, social protection adapted to a changing economy and society. Extending the notion of quality - which is already familiar to the business world - to the whole of the economy and society will facilitate improving the inter-relationship between economic and social policies.

Such an approach means striving to achieve competitiveness, full employment and quality of work, quality in industrial relations and quality of social policy:

- **Full employment** means promoting more jobs; **Quality of work** includes better jobs and more balanced ways of combining working life with personal life. This is to the advantage of the individual, the economy and the society. It implies better employment policies, fair remuneration, an organisation of work adapted to the needs of both companies and individuals. It is based on high skills, fair labour standards and decent levels of occupational health and safety and includes facilitating occupational and geographical mobility.
- **Quality of social policy** implies a high level of social protection, good social services available to all people in Europe, real opportunities for all, and the guarantee of fundamental and social rights. Good employment and social policies are needed to underpin productivity

and to facilitate the adaptation to change. They also will play an essential role towards the full transition to the knowledge-based economy.

- **Quality in industrial relations** is determined by the capacity to build consensus on both diagnosis and ways and means to take forward the adaptation and modernisation agenda. This also includes coping successfully with industrial change and corporate restructuring.

3.2 Actors

The Agenda should be based on an improved form of governance. This means providing a clear and active role to all stakeholders and actors enabling them to participate in managing the policies associated with this new Agenda. All actors, the European Union institutions, the Member States, the regional and local levels, the social partners, civil society and companies have an important role to play.

The **Commission** will make all relevant proposals using its right of initiative⁴. Furthermore, it will act as a catalyst and will support Member States' and other actors' policies with all means at its disposal. It will also monitor and steer the implementation of the Agenda. **The Council of Ministers** and the **European Parliament** will have to fulfil their legislative responsibility. Within the Member States, the **national governments** and the **regional and local authorities** should undertake their own policies to implement this Agenda. **Social partners at all levels** should play their full role, in particular to negotiate agreements and to modernise and adapt the contractual framework and contribute to a sound macro-economic policy. The **Non governmental organisations** will be closely associated with the development of inclusive policies and equal opportunities for all.

All actors, at the appropriate time, should play their part in the dynamic and interactive process required to implement this Agenda.

3.3 Means

To achieve these priorities, an adequate combination of all existing means will be required, principally the following:

- The **open method of co-ordination**, inspired by the Luxembourg Employment Process and developed by the Lisbon and Feira European Councils.
- **Legislation**: Standards should be developed or adapted, where appropriate, to ensure the respect of fundamental social rights and to respond to new challenges. Such standards can also result from agreements between the social partners at European level.
- **The Social Dialogue** as the most effective way of modernising contractual relations, adapting work organisation and developing adequate balance between flexibility and security.
- The **Structural Funds** and particularly the **European Social Fund** as the main Community financial instruments to underpin policy.

⁴ See annex 1 for Commission's new proposals and annex 2 for pending proposals.

- The Commission will, where appropriate, propose **programmes** underpinning the development of policy initiatives.
- The use of **mainstreaming** as a tool will be strengthened and further developed.
- **Policy analysis and research** will underpin the implementation of this Social Policy Agenda. This should result in regular reports on employment, gender equality, social situation and industrial relations.

The European agencies active in the social area should make an important contribution in this regard. This is particularly the case for the European Foundation for the Improvement of Living and Working Conditions (Dublin), the European Agency for Health and Safety at Work (Bilbao) and the Monitoring Centre on Racism and Xenophobia (Vienna), the European Centre for the Development of Vocational Training -CEDEFOP (Thessaloniki) and the European Training Foundation (Turin).

4. THE OBJECTIVES AND ACTIONS

The successful implementation of the Agenda over the next years will be based on agreeing concrete objectives and targets to be achieved using all relevant instruments and involving all actors in the social field. It will play a fundamental role in combining economic, employment and social policies in a way which maximises economic dynamism, employment growth and social cohesion. This will involve ensuring the best synergy and consistency with other policy areas, such as economic policy, enterprise policy, regional policy, research, education and training policies, the information society and the preparation for enlargement.

While not all the actions proposed are new, those which are ongoing have been re-focused in accordance with the political directions given at Lisbon. Those which have already been proposed by the Commission should be adopted and implemented.

4.1 FULL EMPLOYMENT AND QUALITY OF WORK

4.1.1 Towards more and better jobs

4.1.1.1 Objective

To realise Europe's full employment potential by working towards raising the employment rate to as close as possible to 70 % by 2010 and increasing the number of women in work to more than 60 % in 2010 whilst taking into account the different starting points of the Member States.

The promotion of employment, entrepreneurship and of a high quality of working life is central to the strategy. The structure of the labour market – in particular gender segregation and low skill and low wage employment – needs to be addressed. Access to the labour market has to be improved for all social groups.

Thus the aim is not only to have more jobs but also to develop quality jobs, in particular those linked to the knowledge-based economy. The further deepening and strengthening of the European employment strategy has a key role to play in unleashing this potential by, for example:

- focusing our efforts on improving people's employability and reducing skill gaps, in particular through developing life-long learning, e-learning and scientific and technological education;
- promoting entrepreneurship and job creation, which will be helped by creating a friendly environment for starting up and developing innovative businesses, particularly SMEs;
- establishing framework conditions and removing all remaining barriers to the development of the services sector to enable job creation in services - including in the social economy;
- giving more priority to equal opportunities, developing a comprehensive approach on adaptability of the workforce and companies to new forms of work organisation and strengthening the contribution of all actors including social partners;
- pursuing economic reform of product services and capital markets and reinforcing their co-ordination with and contribution to a stability-oriented macroeconomic policy strategy, with the objective of strengthening the employment content of growth;
- developing and improving education and training systems so as to implement a strategy for the "lifelong education of all".

The employment strategy calls for action at all levels – European Community, national, regional and local.

4.1.1.2 Action

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| <ul style="list-style-type: none"> – continue to strengthen the Luxembourg Process with annual proposals for a draft joint employment report, guidelines and recommendations on employment policy (strengthening and further developing relevant issues including, where appropriate, quantified targets); integrate the Lisbon conclusions into the Employment Guidelines for the year 2001 and review and assess the impact of the strategy in 2002 – strengthen the lifelong learning theme under the Employment Guidelines – propose a decision on Community incentive measures in the field of employment (Article 129 of the Treaty) – continue developing the evaluation of labour market policies, based on a peer-review approach and exchange of good practice – further develop a set of quantitative and qualitative common indicators – develop a systematic, regular assessment of how the objective of a high level of employment is taken into consideration in the formulation and implementation of Community policies and activities (Article 127 of the Treaty) – reinforce the role of the ESF as the main Community instrument to foster human resources development in the context of the implementation of the Employment Strategy. Assess the impact of the Structural Funds support, in particular of the ESF on employment and social policies. Pay special attention to the innovations and good practices developed by the Community initiatives EQUAL, Interreg III, Leader+ and Urban |
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- support the local and regional dimensions of the Employment Strategy
- ensure consistency and greater synergy between economic, structural and employment policies, in particular in the preparation and implementation of the Employment Guidelines and the Broad Economic Policy Guidelines
- invite the social partners to:
 - contribute and co-operate more systematically to the employment strategy
 - develop dialogue and negotiations at all relevant levels, with a view to fostering employment, in particular on lifelong learning
 - launch at European level the development of common objectives to serve as a reference for social partners actions at national level on the basis of the employment guidelines.

4.1.2 Anticipating and managing change and adapting to the new working environment

4.1.2.1 Objective

To develop a positive and pro-active approach to change by promoting adequate information for both companies and employees, addressing the employment and social consequences of economic and market integration (mergers, acquisitions, etc.) and adapting working conditions and contractual relations to the new economy with a view to fostering a renewed balance between flexibility and security.

This will require strong action by social partners at all levels (European, national, sectoral and company), the development of shared responsibility between business and employees regarding the employability of the work force, occupational and geographical mobility, the modernisation and improvement of employment relations, the way in which the social partners work, the development of adequate information and consultative procedures and the creation of tools to prevent and mediate conflicts. Public authorities should provide the necessary support and conditions to foster such adaptation.

A key issue of importance will be promoting health and safety at work and ensuring that legislation and accompanying measures in this area are adapted appropriately in the light of new knowledge or technical progress.

4.1.2.2 Action

- strengthen the adaptability dimension of the Employment Strategy
- launch a consultation of social partners on the basis of Article 138 of the Treaty on modernising and improving employment relations
- follow-up the negotiations on temporary work
- consult the social partners on the need to establish, at European level, voluntary mechanisms on mediation, arbitration and conciliation for conflict resolution
- complete and codify the Community legislation on working time

- adopt pending legislative proposals, notably those on the European Company Statute and information and consultation of employees
- codify and simplify health and safety legislation
- adapt and improve existing legislation taking into account Community case law and the changing world of work (e.g. insolvency, health and safety)
- promote exchange and dissemination of good practice (via the European Work Organisation Network)
- launch a communication and action plan on the financial participation of workers
- support initiatives related to corporate social responsibility and management of change by issuing a communication
- address the social aspects of public procurement proceedings by issuing a communication
- invite the social partners to:
 - further pursue negotiations and collective bargaining where appropriate on issues related to work organisation and new forms of jobs
 - launch discussions which might lead to negotiations on the shared responsibility between business and employees regarding the employability and adaptability of the work force, in particular with regard to occupational mobility
- invite the European Foundation for the Improvement of Living and Working Conditions (Dublin) to put in place an adequate information mechanism on change, which could also serve as a forum of exchange
- further develop the Community strategy on health and safety at work by issuing a communication

4.1.3 Exploiting the opportunities of the knowledge-based economy

4.1.3.1 Objective

To accelerate the development of the knowledge-based economy to create more jobs in Europe.

This will involve pursuing Knowledge-based Society objectives within the European employment strategy, ensuring life-long learning and closing the skills and gender gaps, promoting new forms of work organisation in the new economy as well as employment of people with disabilities.

4.1.3.2 Action

- further develop the knowledge-based society aspects of the employment strategy

- promote closer co-operation at European level between research institutions, science centres, universities and schools, to re-inforce the scientific culture of European citizens and attract more people into scientific and technological professions
- further develop the human resources aspect of the e-Europe action plan
- promote the employability and access of women to ICT and other scientific and technological jobs, particularly by enhancing the participation of women in relevant education and training
- monitor the implementation of the new European Social Fund programming with emphasis on investment and training in the area of information technologies
- promote the identification and dissemination of good practice, in close co-operation with the High Level Group on the Employment and Social Dimension of the Information Society
- invite social partners to focus their discussions on lifelong learning and new forms of work related to information technology.

4.1.4 *Promoting mobility*

4.1.4.1 Objective

To ensure the de facto implementation of free movement of workers by removing obstacles to geographical mobility. Continue to monitor the application of Community rules on free movement of workers, examine the need for specific measures in areas which are at the heart of the knowledge-based economy and develop support mechanisms to facilitate mobility, including the use of new technologies.

This involves dealing with the practical and legal problems encountered by workers exercising their right to free movement, as well as removing obstacles in the field of social security, in particular supplementary pensions as well as co-operation between Member States and regions including employment services and social security institutions.

It is important to approximate national legislation on the conditions for admission and residence of third country nationals, on the basis of a shared assessment of the demographic changes, the situation of the labour market as well as the situation in countries of origin.

4.1.4.2 Action

- adopt the existing proposals on simplification and extension of Regulation 1408/71 concerning social security for migrant workers to cover third country nationals and Regulation 1612/68 on freedom of movement for workers
- create a Pensions Forum to address the issue of pensions and mobility with all relevant actors by issuing a communication
- propose, after discussion in the Forum, an instrument on transferability of supplementary pensions
- improve co-operation between all parties involved to solve legal and practical problems encountered by workers exercising their right to free movement

- tackle the remaining problems on free movement in the public service by issuing a communication
- review the rules governing EURES (European Employment Services)
- undertake specific actions to suppress obstacles to the mobility of researchers, students, trainees, teachers and trainers

4.2 QUALITY OF SOCIAL POLICY

4.2.1 Modernising and improving social protection

4.2.1.1 Objective

To modernise and improve social protection to respond to the transformation to the knowledge economy, change in social and family structures and build on the role of social protection as a productive factor.

In practice this will mean adapting social protection systems to make work pay and provide secure income, make pensions safe and pension systems sustainable, promote social inclusion and ensure high quality and sustainability of health care.

Strengthening co-operation between Member States and involving relevant actors (social partners, non-governmental organisations, social protection institutions) is essential. It will help Member States in meeting the challenges which they all face in this area.

4.2.1.2 Action

- establish the Social Protection Committee
- contribute to the reflection on the future of social protection with a medium and long term perspective with particular reference to pensions by issuing a communication
- support the work of the Social Protection Committee by providing input, with a view to developing objectives and indicators as well as exchange of experiences and good practices, including on the gender dimension of social protection
- present an annual report on social protection based on the objectives defined at European level, with a view to preparing a Commission/Council joint annual social protection report
- develop close co-operation with Community institutions, social partners and social protection institutions to elaborate an agenda of modernisation
- invite the social partners to develop and discuss their contribution to the modernisation and improvement of social protection

4.2.2 Promoting social inclusion

4.2.2.1 Objective

To prevent and eradicate poverty and exclusion and promote the integration and participation of all into economic and social life.

This requires an integrated and comprehensive approach, which draws upon all relevant policies and includes a gender perspective. Education and training play a particularly important role here by providing basic skills.

Fighting social exclusion also requires a strong partnership at all levels, between public authorities, social partners, non-governmental organisations and other interested parties.

The open co-ordination method in this area provided for at the Lisbon and Feira European Councils will support integrated efforts in Member States in the context of national action plans to promote social inclusion. It will develop adequate indicators, targets and benchmarking mechanisms to monitor the evolution and the success of these policies and plans, both in terms of mainstreaming and of integration of specific groups, including those with disabilities.

4.2.2.2 Action

- combat social exclusion by adopting the proposed specific action programme
- agree objectives and targets, develop indicators, strengthen statistics and develop studies in all relevant areas to support the open method of co-ordination
- launch, on the basis of art. 137 § 2 of the Treaty, a consultation of all relevant actors on the best ways and means to promote the integration of people excluded from the labour market
- evaluate the impact of the ESF, including the Community Initiative Equal, in promoting social inclusion
- promote more and better job opportunities for vulnerable groups, including those with disabilities, ethnic groups and new immigrants by proposing the strengthening of the employment guidelines
- issue an annual report on inclusion policy

4.2.3 *Promoting gender equality*

4.2.3.1 Objective

To promote full participation of women in economic, scientific, social, political and civic life as a key component of democracy. This is not only an issue of rights, but also a major component for promoting social and economic progress.

The long-standing commitments on equality between women and men at European level should be broadened and a gender perspective should be mainstreamed into all relevant policies. A key area to be addressed is the problem of violence against women.

4.2.3.2 Action

- implement the Community framework strategy on gender equality, in particular through the adoption and implementation of the proposed specific programme on gender equality and to further strengthen equality rights by making full use of the Treaty (proposal for an equal treatment directive on areas other than employment and occupation based on Article 13).
- adopt the proposed modification of the 1976 equal treatment directive

- closely monitor the implementation and strengthen the fourth pillar of the employment strategy
- develop, monitor and evaluate gender equality in public administrations at all levels
- develop, monitor and evaluate gender equality in the field of science and technology at all levels
- invite social partners to strengthen their dialogue with particular attention to:
 - equal pay
 - gender desegregation of the labour market
 - reconciliation between family and working life

4.2.4 *Reinforcing fundamental rights and combating discrimination*

4.2.4.1 Objective

To ensure the development and respect of fundamental social rights as a key component of an equitable society and of respect for human dignity. To protect personal data of individuals in the employment relationship.

This involves further consolidation and strengthening of the rights in relation to existing instruments, carried out in close co-operation with the civil society.

Building on the agreement on the Directive on equal treatment irrespective of racial and ethnic origin, the adoption of the Charter of Fundamental Rights and of the two remaining proposals on anti-discrimination based on Article 13 of the Treaty in 2000 will provide a new impulse to this area, and will raise the visibility of the fight against racism.

Equality of treatment should also apply to third country nationals who reside legally within the European Union, in particular long-term residents, in view of strengthening their integration into the host country.

4.2.4.2 Action

- adopt the proposed directive banning discrimination in employment on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation
- adopt and implement the proposed action programme to combat discrimination
- promote awareness raising campaigns to combat racism and xenophobia
- report on the functioning of the Monitoring Centre on Racism and Xenophobia
- monitor the implementation of the Communication "Towards a barrier-free Europe for People with Disabilities", and prepare an implementation report
- propose a European Year on Disability for 2003

- organise an annual European Day on Disability
- launch a consultation of social partners on the basis of Article 138 of the Treaty on data protection
- invite the social partners to contribute further to the eradication of discrimination in the work place

The new form of governance requires the direct involvement of all key actors, in particular non governmental organisations and grassroots organisations, to ensure the full participation of people in social policy. This is particularly the case for the promotion of quality of social policy, as defined in this Agenda where the specific role of social non governmental organisations should be fully acknowledged. The participation and composition of civil society organisations are therefore highly relevant.

- The Commission will organise regular dialogue with social non governmental organisations on policy issues (inclusion, anti-discrimination and fundamental rights, gender equality, social protection).
- The non governmental organisations will be invited to co-operate with the social partners and develop together partnership initiatives on issues of common concern such as inclusion, fundamental rights or gender equality.

4.3 PROMOTING QUALITY IN INDUSTRIAL RELATIONS

4.3.1 Objective

To make social dialogue at all levels contribute in an effective way to the challenges identified. To promote competitiveness and solidarity and the balance between flexibility and security.

The development of social dialogue at European level, as a specific component of the Treaty, is a key tool for the modernisation and further development of the European social model, as well as the macro-economic strategy. It should be closely articulated with the national developments.

4.3.2 Action

- consult the social partners at European level with a view to identifying areas of common interest including those offering the best possibilities for collective bargaining
- closely monitor and continuously update the study on representativeness of social partners at European level
- launch a reflection group on the future of industrial relations
- promote interaction between social dialogue at European and national level through national round tables on issues of common interest (work organisation, future of work, new forms of work)

- review with the social partners the functioning of the social dialogue structures (at both cross industry and sectoral levels) and if necessary, propose adaptations
- invite social partners to develop their own initiatives in areas of their responsibility to adapt to change
- implement the strategy for lifelong learning and training

4.4 PREPARING FOR ENLARGEMENT

4.4.1 Objective

To contribute to preparing the enlargement of the Union under conditions of balanced economic and social development

4.4.2 Action

- continue the monitoring of the implementation of the European Union social and employment acquis by the candidate countries
- continue with the elaboration of the Employment Policy Reviews (leading to Joint Assessments) with all candidate countries
- support the process of strengthening the social dialogue and the social partner organisations in the candidate countries
- contribute to the further development of relevant non governmental organisations in the candidate countries
- promote co-operation between civil society organisations from the European Union and from the candidate countries
- identify common issues and needs and prepare for joint analysis in the field of social protection
- mainstream gender equality in the pre-accession strategy
- ensure the successful participation of candidate countries in Community action programmes in the social area as part of the pre-accession strategy.

4.5 PROMOTING INTERNATIONAL CO-OPERATION

4.5.1 Objective

To facilitate the exchange of experience and good practice in particular with international organisations (ILO, OECD, Council of Europe).

A key aim will be to strengthen the employment and social dimension of globalisation, through the respect of core labour standards and the promotion of an integrated economic and social agenda in a global economy.

The Commission will also further develop bilateral co-operation on employment and social issues with other countries in the context of bilateral agreements.

4.5.2 Action

- further develop Community co-operation with international organisations in the field of employment, education and training, social protection and fundamental social rights
- support the debate on the respect for core labour standards through a dialogue involving international organisations, including the ILO and the WTO
- encourage the Member States to ratify the convention of the ILO on child labour
- organise a conference on the social dimension of the European Union' external relations

5. FOLLOW-UP AND MONITORING

5.1 Systematic monitoring and control of the social “acquis” will be developed and new tools will be put in place.

- A high level group of Member State officials will be created to co-operate with the Commission in implementing and reviewing Community legislation and facilitating its transposition (working conditions, equal treatment between women and men, anti-discrimination).
- Networks of national labour inspectors will be developed to monitor the implementation of Community legislation, on the basis of the existing structures in the health and safety area.

5.2 The mid-term review of the Agenda in 2003 will also highlight this approach. A policy forum bringing together all interested parties will be organised in early 2003 to prepare for this review.

5.3 Improving employment and social statistics will be important for a closer monitoring of policy developments. The Commission will co-operate to this end with Member States and other key actors, in order to identify appropriate integrated indicators and benchmarks. Ongoing evaluation will enable regular monitoring and updating of the Agenda.

6. CONCLUSION

The new Social Agenda is the strategic response to modernise the European social model and to translate the political commitments made at the Lisbon Summit into concrete action. In doing so, it builds on the progress achieved in the employment and social fields during the past Social Action Programmes and takes forward the implementation of the Treaty of Amsterdam.

The modernisation of the European social model seeks to ensure that the mutual re-enforcement of economic and social policy will effectively be maximised in the changing environment. In this sense, the new Agenda will play a fundamental role for both economic and social reforms as part of a positive strategy, which combines dynamism, innovation and competitiveness with more and better jobs and social cohesion. It will confirm to the candidate

countries that the path of 'quality' they are taking by preparing for enlargement will be beneficial for both their economic and social situation.

The new Agenda sets out concrete actions and proposals from the Commission as well as a policy framework in which all stakeholders could play a role and mobilises community tools and instruments for making progress together, while fully respecting the diversity of systems and policies across the European Union.

SPECIFIC COMMISSION PROPOSALS

(2000 – 2005)

Towards more and better jobs

- Annual presentation of the employment package
- propose a decision on Community incentive measures in the field of employment (Article 129 of the Treaty) (2000)
- invite the social partners in 2000 to:
 - contribute and co-operate more systematically to the employment strategy
 - develop dialogue and negotiations at all relevant levels, in particular on lifelong learning, with a view to fostering employment
 - launch at European level the development of common objectives to serve as a reference for Social partners actions at national level on the basis of the employment guidelines.
- support the local and regional dimension of the Employment Strategy (Communications on local development in 2000 and 2001)
- in-depth review and assessment of the impact of the Luxembourg Process (2002)

Anticipating and managing change and adapting to the new working environment

- issue a communication on the social aspects of public procurement proceedings (2000)
- launch a consultation of social partners on the basis of Article 138 of the Treaty on modernising and improving employment relations (2000)
- follow-up the negotiations on temporary work (2001)
- communication and conference on corporate social responsibility (triple bottom-line approach) (2001)
- consult the social partners on the need to establish, at European level, voluntary mechanisms on mediation, arbitration and conciliation for conflict resolution
- launch a communication and action plan on the financial participation of workers (2001)
- complete and codify Community legislation on working time (2002)
- codify and simplify health and safety legislation (2002)
- adopt a Communication on a Community strategy on health and safety at work (2002)

Exploiting the opportunities of the knowledge-based economy

- invite social partners to focus their discussions on lifelong learning and new forms of work related to information technology (2000).

Promoting mobility

- adopt a Commission Decision creating a Pensions Forum to address the issue of supplementary pensions and mobility with all relevant actors (2000)
- propose after discussion in the Forum an instrument on transferability of supplementary pensions (2002)
- issue a Communication on remaining problems on free movement in the public service (2002)
- review the rules governing EURES (2002)
- undertake specific actions to suppress obstacles to the mobility of researchers, students, trainees, teachers and trainers

Modernising and improving social protection

- issue a Communication on the future of social protection in a medium and long perspective with particular reference to pensions (2000)

Promoting social inclusion

- launch, on the basis of art. 137 § 2 of the Treaty, a consultation of all relevant actors on the best ways and means to promote the integration of people excluded from the labour market
- evaluate the impact of the ESF, including the Community Initiative Equal, in promoting social inclusion (2003)

Promoting gender equality

- further strengthen equality rights by making full use of the Treaty: proposal for an equal treatment directive on areas other than employment and occupation based on Article 13 (2002)

Reinforcing fundamental rights and combating discrimination

- issue a report on the functioning of the Monitoring Centre on Racism and Xenophobia (2001)
- monitor the implementation of the Communication "Towards a barrier-free Europe for People with Disabilities", and prepare an implementation report for 2003
- propose a European Year on Disability for 2003 (2001)
- launch a consultation of the social partners on data protection on the basis of Article 138 of the Treaty (2001)

Promoting quality in industrial relations

- launch a reflection group on the future of industrial relations (2000)
- consult the social partners with a view to identifying areas of common interest including those offering the best possibilities for collective bargaining (2001)
- organise a conference with the social partners on the functioning of the social dialogue structures (at both cross industry and sectoral levels, and if necessary, propose adaptations (2002 : organisation of a social partners conference to this end)

Preparing for enlargement

- continue the monitoring of the implementation of the European Union social and employment acquis by the candidate countries
- continue the elaboration of the Employment Policy Reviews (leading to Joint Assessments) with all candidate countries (2000-2001)
- ensure the successful participation of candidate countries in Community action programmes in the social area as part of the pre-accession strategy. (2000-2001)

Promoting international co-operation

- propose a recommendation to ratify the convention of the ILO on child labour (2001)
- organise a conference on the social dimension of the European Union external relations (2001)

PENDING PROPOSALS

- Amendments to Regulation (EEC) no. 1408/71 on social security for migrant workers concerning:
 - extension to nationals of third countries – COM (97) 561 final (OJ C 6 of 10.1.98, p. 15)
 - miscellaneous amendments – COM (2000) 186 final of 28.4.2000
 - early retirement benefits – COM (95) 735 final (OJ C 62 of 1.3.96, p. 14)
 - unemployment – COM (95) 734 final (OJ C 68 of 6.3.96, p.11), amended by COM (97) 158 final (OJ C 161 of 28.5.97, p.5)
 - co-ordination of social security systems – COM (98) 779 final (OJ C 38 of 12.2.99, p.10)

- Proposal for a European Parliament and Council Regulation amending Council Regulation (EEC) no. 1612/68 on freedom of movement for workers within the Community – COM (98) 394 final of 22.7.1998 (OJ C 344 of 12.11.1998, p. 9)

- Proposal for a European Parliament and Council Directive amending Directive 68/360/EEC on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families– COM (98) 394 final of 22.7.1998 (OJ C 344 of 12.11.1998, p. 12)

- Proposal for a European Parliament and Council Decision establishing an Advisory Committee on freedom of movement and social security for Community workers and amending Council Regulations (EEC) no. 1612/68 and (EEC) no. 1408/71 – COM (98) 394 final of 22.7.1998 (OJ C 344 of 12.11.1998, p. 16)

- Proposal for a Council Regulation to apply Decision 3/80 of the EEC – Turkey Association Council – COM (83) 13 final (OJ C 110 of 25.4.83, p.1)

- Proposal for a Council Decision setting up a Social Protection Committee – COM (2000) 134 final

- Proposal for a Council Directive establishing a general framework for informing and consulting employees in the European Community – COM (98) 612 final (OJ C 2 of 5.1.99, p.3)

- Proposal for a Council Directive on the risks arising from physical agents – COM (92) 560 final (OJ C 77 of 18.3.93, p. 12)

- Proposal for a Council Decision concerning the minimum safety and health requirements for transport activities and workplaces on means of transport- COM (92) 234 final, (OJ C 25 of 28.1.93, p. 17), amended by COM (93) 421 final (OJ C 294 of 30.10.93, p.4)

- Proposal for a Council Directive on minimum requirements to improve the mobility and the safe transport to work of workers with motor disabilities – COM (90) 588 final (OJ C 68 of 16.3.91, p. 7), amended by COM (91) 539 final (OJ C 15 of 21.1.92, p. 18)
- Proposal for a Council Directive amending for the second time Directive 89/658/EEC concerning the minimum safety and health requirements for the use of work equipment by workers at work (2nd individual Directive within the meaning of Article 16 of Directive 89/391/EEC) – COM (98) 678 final (OJ C 247 of 31.8.99, p.23)
- Proposal for a Decision of the European Parliament and of the Council establishing a programme of Community action to encourage co-operation between Member States to promote social inclusion – COM (2000) 368 final of 16.6.2000
- Proposal for a Council Directive amending Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions (Kalanke) – COM (96) 93 final (OJ C 179 of 22.6.96, p.8)
- Proposal for a Council Directive completing the implementation of the principle of equal treatment in statutory and occupational social security schemes – COM (87) 494 final (OJ C 309 of 19.11.87, p. 10)
- Proposal for a Council Directive establishing a general framework for equal treatment in employment and occupation – (COM (99) 565 final of 25.11.99)
- Proposal for a Council Decision establishing a Community action programme to combat discrimination – (COM (99) 567 final of 25.11.99)
- Proposal for a European Parliament and Council Directive amending Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions – COM (2000) 334 final of 7.6.2000
- Proposal for a Council Decision on the Supporting Programme for the Community Framework on Gender Equality (2001- 2005) – COM (2000) 335 final of 7.6.2000
- Proposal for a Council Decision on the replacement of members of the European Social Fund Committee – COM (2000) 187 final of 31.3.2000
- Proposal for a Council Directive concerning the European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation concluded by the Association of European Airlines (AEA), the European Transport Workers' Federation (ETF), the European Cockpit Association (ECA), the European Regions Airline Association (ERA) and the International Air Carrier Association (IACA) - COM(2000) 382 final of 23.6.2000