



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL RESOLUTION

**ON THE 1999 EMPLOYMENT GUIDELINES**

(presented by the Commission)

# COUNCIL RESOLUTION

## ON THE 1999 EMPLOYMENT GUIDELINES

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Whereas under Article 2 of that Treaty the Community has its task the promotion, in particular, of a high level of employment,

In accordance with the conclusions of the Amsterdam European Council and the Resolution on Growth and Employment which referred to the procedure as envisaged in the new Title on Employment in the Amsterdam Treaty and stated that the Council should seek to make those provisions immediately effective,

On the basis of the conclusions of the extraordinary European Council meeting on Employment of 20 and 21 November 1997 which launched the Luxembourg process,

On the basis of the conclusions of the European Council of 11 and 12 December 1998,

Having regard to the Resolution of 15 December 1997 on the 1998 Employment Guidelines, and the contribution of all Member States to the development of the process set out in the Resolution, in particular through the presentation of National Action Plans for Employment,

Having regard to the 1998 Joint Employment Report, prepared jointly with the Commission, describing the employment situation in the Community and examining the action taken by the Member States in implementing their employment policy in line with the 1998 guidelines,

Having regard to the Commission proposal for Guidelines for Member States' Employment Policies in 1999 of 14 October 1998,

Having regard to the Commission report on ways of improving the comparability of statistics to monitor and value progress under the European employment strategy established in view of the European Council in Vienna,

Having regard to the Commission report on job opportunities in the Information Society submitted to the European Council in Vienna,

Having regard to the Resolution embodying the contribution of the European Parliament,

Having regard to the opinions of the Economic and Social Committee and of the Committee of the Regions,

Having regard to the opinion of the Employment and Labour Market Committee,

Having regard to the Social Partners' contribution to the implementation of the 1998 Employment Guidelines and to the results of the contacts established with the Troika of Heads of State or Government and the Commission,

Whereas the issue of employment continues to be central to the concerns of Europe's citizens and a concerted action must be pursued in a sustained manner to combat unemployment and raise the present levels of employment on a lasting basis;

Whereas the 1998 Employment Guidelines, endorsed at the Luxembourg European Council, have launched a process with high visibility, strong political commitment and a wide-ranging acceptance by all actors concerned;

Whereas all 15 Member States have submitted reports on the implementation of their National Action Plans, and on this basis a fruitful dialogue could be established with the Commission on the clarification of the aims, methods, funding and timescales of their policies in the context of the respective action plans;

Whereas for the continued success of the European Employment Strategy, it is important to maintain the integrated approach based on sound macro-economic policies and co-ordinated structural reforms in labour, product, services and capital markets;

Whereas the 1999 Employment Guidelines preserve the four pillar structure: improving employability, developing entrepreneurship, encouraging adaptability of businesses and their employees and strengthening the policies for equal opportunities between women and men;

Whereas the Member States should fully exploit the new possibilities opened up by information and communication technologies for job creation, employability, more flexible and adaptable forms of work organisation and progress on equal opportunities; whereas to this end Member States should submit comprehensive national Information Society strategies when submitting their National Action Plans for 1999;

Whereas the implementation of these Guidelines could help to bring undeclared work into the open;

Whereas the role and responsibility of partners at the regional and local levels in job creation and in ensuring supportive conditions and structures needs to be more fully recognised and supported;

Whereas the reform of the European Social Fund should be used to strengthen support for the Employment Strategy and for the qualification of human resources;

Whereas sustainable development and the integration of environmental concerns in other Community policies are endorsed by the Amsterdam Treaty; whereas Member States should give effect to this integration within their national employment strategies by encouraging employment creation in the environmental field;

Whereas the role of the cultural sectors in creating sustainable jobs should be clearly recognised in formulating and implementing the National Action Plans;

Whereas the experience in implementing the Luxembourg process in 1998 showed that streamlining is necessary for 1999 and the following years,

HEREBY ADOPTS THIS RESOLUTION:

1. The 1999 Employment Guidelines appended hereto are adopted;
2. In 1999, each Member State will submit by mid-June, to the Council and the Commission, an implementation report presenting detailed information and data on the implementation of the 1998 National Action Plan and describing the adjustments made to the National Action Plan to take account of the changes introduced by the 1999 Guidelines.
3. The Council notes that the Commission will, on the basis of its evaluation of the Member States' implementation reports, make its proposal for the Joint Employment Report and the revised Employment Guidelines for the year 2000 by September 1999. The Joint Employment Report 1999 will contain a first evaluation of the impact of the National Action Plans on the employment situation.
4. The Council will, having received the views of the Employment and Labour Market Committee, carry out an examination of the implementation of the employment policies of the Member States in the light of the Employment Guidelines.
5. The Council recognises that the social partners have an important responsibility in the employment process and urges them to contribute at all levels to the Employment Strategy.
6. The Council recognises the key importance of a broad and intensive dialogue between all actors involved, i.e. the Council, the Commission, the European Parliament, Social Partners, the European Central Bank and the European Investment Bank, for the future success of the Luxembourg process.
7. The Council invites the Commission and the Member States to reach an agreement on the definition of all relevant indicators in time for the European Council in Cologne.
8. The Council notes that the Commission is invited in Spring 1999 to present a communication on mainstreaming employment policies at Community level, based on Article 127 of the Amsterdam Treaty.

## THE 1999 EMPLOYMENT GUIDELINES

INTRODUCTION: QUANTITATIVE TARGETS AND INDICATORS

It is essential that the Employment Guidelines are transformed into concrete national action plans. The use of common indicators, based on comparable statistics, is of crucial importance for an effective monitoring and evaluation of policies, both at national and at EU-level. So far, *Basic Employment Performance Indicators* have been used in several *Joint Employment Reports* and the work on *Policy Indicators*, referring to the concrete Guidelines, is well under way.

It was agreed at Luxembourg that the ultimate objective of a coordination of Member States' employment policies is to arrive at a significant increase in the employment rate in Europe on a sustainable basis.

In order to produce concrete results, Member States:

- are urged to support the process of defining and collecting comparable data in order to implement the three EU-wide operational targets under Guideline 1-3. This includes in particular developing reliable flow data on employment and unemployment;
- will need, in order meaningfully to evaluate progress on implementing the Guidelines, to ensure that adequate and comparable data systems and procedures are available.

In addition, Member States are invited to set themselves national targets which could be quantified wherever possible and appropriate.

Furthermore, objective criteria will have to be developed for selecting best practices.

## I. IMPROVING EMPLOYABILITY

### ***Tackling youth unemployment and preventing long-term unemployment***

In order to influence the trend in youth and long-term unemployment the Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs; within a period to be determined by each Member State which may not exceed four years and which may be longer in Member States with particularly high unemployment, Member States will ensure that:

1. every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure;
2. unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance.

These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed.

### ***Transition from passive measures to active measures***

Benefit, tax and training systems - where that proves necessary - must be reviewed and adapted to ensure that they actively support employability. Each Member State:

3. will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20%;
4. will review and, where appropriate, refocus its benefit and tax system and provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability and for employers to create new jobs. In addition, it is important to develop, in the context of a policy for active ageing, measures such as maintaining working capacity, lifelong learning and other flexible working arrangements, so that older workers are also able to participate actively in working life.

### ***Encouraging a partnership approach***

The actions of the Member States alone will not suffice to achieve the desired results in promoting employability. Consequently:

5. The social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability.
6. In order to reinforce the development of a skilled and adaptable workforce, both Member States and the social partners will endeavour to develop possibilities for lifelong learning, particularly in the fields of information and communication technologies, and, in consultation with the Employment and Labour Market Committee, define lifelong learning in order to set a target according to national circumstances for participants benefiting from such measures. Easy access for older workers will be particularly important.

### ***Easing the transition from school to work***

Employment prospects are poor for young people who leave the school system without having acquired the aptitudes required for entering the job market. Member States will therefore:

7. improve the quality of their school systems in order to reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties.
8. make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market, where appropriate by implementing or developing apprenticeship training.

### ***Promoting a labour market open to all***

Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in, the labour market. A coherent set of policies promoting the integration of such groups and individuals into the world of work and combating discrimination is called for. Each Member State will:

9. give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.

## **II. DEVELOPING ENTREPRENEURSHIP**

### ***Making it easier to start up and run businesses***

The development of new enterprises, and the growth of SMEs, is essential for job creation and for the expansion of training opportunities for young people. This process must be promoted by encouraging greater entrepreneurial awareness across society, by providing a clear, stable and predictable set of rules and by improving the conditions for the development of risk capital markets. The Member States should also reduce and simplify the administrative and tax burdens on small and medium-sized enterprises. These policies will support Member States' attempts to tackle undeclared work. To that end the Member States will:

10. give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially small and medium-sized enterprises, in particular when an enterprise is being set up and when hiring additional workers;

11. encourage the development of self-employment by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses as well as by promoting training for entrepreneurship and targeted support services for entrepreneurs.

### ***Exploiting new opportunities for job creation***

If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies and innovations must be exploited effectively. To that end the Member States will:

12. promote measures to exploit fully the possibilities offered by job creation at local level, in the social economy, in the area of environmental technologies and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures. In this respect, the special role of local authorities and the social partners should be taken into account.

13. develop framework conditions to fully exploit the employment potential of the services sector and industry-related services, inter alia by tapping the employment potential of the information society and the environmental sector, to create more and better jobs.

### ***Making the taxation system more employment friendly***

and reversing the long-term trend towards higher taxes and charges on labour (which have increased from 35% in 1980 to more than 42% in 1995). Each Member State will:

14. set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour, without jeopardising the recovery of public finances or the financial equilibrium of social security schemes. It will examine, if appropriate, the desirability of introducing a tax on energy or on pollutant emissions or any other tax measure.

15. examine, without obligation, the advisability of reducing the rate of VAT on labour-intensive services not exposed to cross-border competition.



### III. ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES

#### ***Modernising work organisation***

In order to promote the modernisation of work organisation and forms of work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels):

16. The social partners are invited to negotiate at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Such agreements may, for example, cover the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, lifelong training and career breaks.

17. For its part, each Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.

#### ***Support adaptability in enterprises***

In order to renew skill levels within enterprises Member States will:

18. re-examine the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine new regulations and review the existing regulatory framework to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.

### IV. STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR WOMEN AND MEN

#### ***Gender mainstreaming approach***

Women still have particular problems in gaining access to the employment market, in career advancement, in earnings and in reconciling professional and family life. It is therefore important, inter alia: to ensure that active labour market policies are made available for women in proportion to their share of unemployment; to reduce tax-benefit disincentives, wherever identified, because of their negative effects on the female labour supply; to give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed; to ensure that women are able to benefit positively from flexible forms of work organisation.

Therefore, the Member States will:

19. adopt a gender-mainstreaming approach in implementing the Guidelines of all four pillars. In order meaningfully to evaluate progress on this approach, Member States will need to provide for adequate data collection systems and procedures.

### ***Tackling gender gaps***

Member States and the social partners should translate their desire to promote equality of opportunity into increased employment rates for women. They should also pay attention to the imbalance in the representation of women or men in certain economic sectors and occupations, as well as to the improvement of female career opportunities. Member States will:

20. attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will take action to bring about a balanced representation of women and men in all sectors and occupations. They will initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men. In order to reduce gender gaps, Member States will also consider an increased use of measures for the advancement of women.

### ***Reconciling work and family life***

Policies on career breaks, parental leave and part-time work, as well as flexible working arrangements which serve the interests of both employers and employees, are of particular importance to women and men. Implementation of the various Directives and social-partner agreements in this area should be accelerated and monitored regularly. There must be an adequate provision of good quality care for children and other dependants in order to support women's and men's entry and continued participation in the labour market. An equal sharing of family responsibilities is crucial in this respect. In order to strengthen equal opportunities, Member States and the social partners will:

21. design, implement and promote family-friendly policies, including affordable, accessible and high quality care services for children and other dependants, as well as parental and other leave schemes.

### ***Facilitating reintegration into the labour market***

The Member States will:

22. give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles in the way of such return.