

PRESS RELEASE

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The Standing Committee on Employment held its 45th meeting in Brussels on Wednesday 22 September 1993 under the chairmanship of Ms Miet SMET, Minister for Employment and Labour of the Kingdom of Belgium and President-in-Office of the Social Affairs Council, and in the presence of Mr Philippe MAYSTADT, Minister for Finance of the Kingdom of Belgium and President-in-Office of the ECOFIN Council. The Commission was represented by Mr Pádraig FLYNN and representatives of the Member States and of the workers' and employers' organizations took part.

At the meeting the Committee examined the Commission working paper entitled "Rolling programme on employment: Adaptability - Non-Wage Labour costs - Training".

Following the meeting the Chair issued the following conclusions:

1. The Standing Committee on Employment devoted its meeting on 22 September to a wide-ranging discussion on employment.

The discussions focused on three main topics which were furthermore included by the Commission in its communication on the Community-wide framework for employment: labour market adaptability, labour costs and alternative financing of social security and finally the contribution of training to improvement of the employment situation.

The Chair first stressed the importance which the governments and the social partners attached to the medium-term strategy for growth, competitiveness and employment adopted by the European Council and to the Commission's work on the White Paper.

In general, it emerged from the discussions that the employment crisis was of a structural nature and that one of the main factors for improving employment was increased growth and greater competitiveness of firms. It was important, however, to keep a watch on the nature and the quality of the jobs to be created.

It was further stressed that the solution to the present crisis could not be the same throughout the Community. Account would need to be taken of the diversity of situations in the Member States.

It was also stressed that the Community institutions and the Member States to involve the social partners closely in the search for solutions and in the implementation of appropriate initiatives.

2. Examining the problem of employment and the adaptability of the labour market, it was noted that the possibilities of job creation by public authorities were limited.

The workers' representatives stressed, however, that the public authorities had a responsibility in this matter.

The employers stressed that it was mainly for market forces to create jobs.

The Chair considered that particularly high-performance firms, often with a high level of technology, offered potential for economic growth which was likely to contribute to job creation in the Member States and that in addition to research efforts, the Community should also develop efforts to provide training in this area.

The view as expressed that the Community should carry out further studies on the potential for job creation in services and SMEs and the conditions under which such jobs could increase. The Commission was examining this question in the context of the discussions on the Community-wide framework for employment.

The problems of job creation in the non-trade sector in personal services and in the environment sector were also discussed. Opinions differed in the Committee on the conditions under which such jobs should be developed. Special attention should nevertheless be paid by public authorities at all levels to the reintegration into the labour market of particularly vulnerable groups such as the long-term unemployed. The Chair considered that it would be useful to study this question using the most appropriate methods, both by the social partners and by the Community institutions.

3. It was also noted that part-time work was increasing considerably in numerous Community countries and could often be the basis for new jobs.

The employers' representatives drew attention to the need for firms to have autonomy in this area and stressed, with several governments, the importance they attached to the greatest flexibility possible in the organization of part-time work, while ensuring in particular that regulations were not so strict as to discourage the use of this type of work.

The trade-union representatives and several governments stressed that part-time work should develop essentially on a voluntary basis, while ensuring in any event that part-time workers had proportionate wages and adequate social protection. They also stressed the need to avoid a situation where the choice of part-time work was a barrier to a real professional career. Moreover, they stressed that the adoption of the Directive on non-standard employment was urgent and that the trade-union rights of part-time workers should be guaranteed.

The Chair stressed the importance it attached to recognition by the Community of the principle of adequate social protection for part-time work, with the implementation and level of such protection being left to national authorities.

4. A number of suggestions were made concerning both internal and external adaptability of the labour market.

The Chair wished to stress, by way of examples, the following initiatives and suggestions mentioned during the discussions:

- part-time work, with partial exemption from social security contributions, to assist the initial integration of young people into the labour market;

- organization of working hours and opening hours;
- introduction, to ensure rotation of available jobs, of career interruption and sabbatical leave. The jobs thus made available having to be filled by unemployed people during the leave;
- introduction of parental leave;
- development of fixed-duration contracts and temporary work;
- greater flexibility in early retirement schemes;
- redistribution of work when firms are restructured, rather than redundancy or early retirement;
- reduction and reorganization of working time in the context of improved utilization of production resources (night and weekend teams);
- greater flexibility of recruitment and redundancy conditions;
- strengthening and modernization of employment agencies;
- recourse to training leave.

The Employers' Liaison Committee stressed the importance it attached to the development of part-time work and to the greatest possible flexibility as regards working hours.

It pointed out that the different forms of leave should not result in compensatory recruitment obligations.

It furthermore stressed the development of fixed-duration contracts and of temporary employment, which should be authorized in all Community countries.

It also stressed that internal flexibility of firms should be accompanied by external flexibility, particularly by making recruitment and redundancy conditions more flexible.

The European Trade Union Confederation pointed out that it attached great importance to part-time work, particularly for the young, being combined with specific training projects.

It stressed that any flexibility measure should be negotiated, particularly the organization of working hours, fixed-duration contracts and temporary work while avoiding the fragmentation of the labour market.

It pointed out that any relaxation of recruitment and redundancy conditions should be properly organized and negotiated.

5. It also emerged from the discussions that the evolution of wage costs affected employment everywhere, particularly as regards low-skill jobs and the recruitment of young people. This development was highly influenced by the level of compulsory charges used to finance social protection.

Several governments referred to the need to reduce the burden of social security which affected the employment market but the need to compensate for that reduction by finding alternative sources of finance was also stressed.

The Employers' Liaison Committee stressed that, in its view, overall total costs, and not only wage costs, affecting firms should be reduced.

The European Trade Union Confederation and certain governments stressed that no reduction in charges should jeopardize existing social protection.

The social partners acknowledged that there was a real problem but disagreed in the present situation on the ways of achieving such a reduction and finding alternative sources of funding.

Many speakers stressed that the level of deductions from salaries and, more generally, the methods of financing social security benefits should be discussed and studied in greater detail.

The Commission was examining this question in the context of the discussions on the Community-wide framework for employment.

It was also stressed during the discussions that a reduction in the cost of low-skill labour could contribute to a structural reduction of unemployment.

Several governments stressed the importance of moderating pay levels.

The Chair considered that the reduction of salary costs should take the form of a reduction in compulsory charges relating to employment. For this operation to produce a significant effect in terms of job creation it would also have to be ambitious.

Bearing in mind the budgetary situation in the majority of Member States and the requirement for budgetary convergence at European level, the Chair considered that the funding solution should be implemented at Community level to neutralize the budgetary cost of this operation to reduce compulsory charges.

The Chair mentioned among the different possibilities:

- introduction of a tax on CO₂ emissions and energy consumption, while ensuring that the competitiveness of Community firms was not undermined;
- introduction of a tax on income from financial investments;
- an increase in minimum rates of VAT or excise duty.

The Chair agreed that the practical details of the reduction of compulsory charges were a matter for the Member States.

6. In the face of technological change and the fundamental and rapid changes in production systems, the discussions focused on the vital need for training. Training should make workers more adaptable and, consequently, firms more competitive.

The European Trade Union Confederation stressed that training should also take account of the needs of individuals and stressed the importance of access to continuing vocational training.



All those involved had a role to play: those directly responsible for training and education, public authorities and the social partners. Each would have to play its part: the education system to prepare young people for working, public authorities to improve the qualifications of the unemployed and lastly the social partners for maintenance, growth and the adaptability of workers' qualifications.

Certain governments stressed the importance of firms taking part in training activities.

The Employers' Liaison Committee stressed the primary importance of basic training which should enable workers to adapt permanently to the needs of firms.

At present, the number of employed people who actually received training based on updating and developing their personal abilities was still very low. There were often gaps in basic training, particularly for some older workers. They were hardly ever filled, particularly as workers got older.

Although there were already training programmes in large firms, small and medium-sized firms had specific difficulties in implementing them. These difficulties needed to be analyzed very closely. It was also pointed out that there were differing levels of participation in training between men and women. Efforts should be made to remove this imbalance.

Vocational training was organized differently in each country. In some countries it was based on legal requirements, and in others on collective agreements or a combination of the two. For maximum effectiveness, the activities of the various parties involved should be co-ordinated and collaboration introduced. First, training requirements should be determined by a dialogue between social partners and public authorities. Then, at practical level, firms, in collaboration with workers' representatives, should implement training plans, calling on public authorities for help if necessary. Particular attention should be given to certain groups or certain types of firms (such as SMEs) which had more specific needs.

Lastly, the importance was stressed of continuing training for workers throughout their working lives to avoid social exclusion, increase living standards and preserve firms' competitiveness.

