

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

**FOLLOW-UP TO THE ESSEN EUROPEAN COUNCIL  
ON EMPLOYMENT**

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**Introduction**

1. Fighting unemployment is a paramount task of the European Community and its Member States (arts. 2, 102a and 118 of the Treaty). In December 1993, the Commission's White Paper on *Growth, Competitiveness and Employment* proposed a series of policy actions designed to increase competitiveness, strengthen economic growth and turn that growth into more jobs through structural changes in Member States. As the White Paper has underlined, it is possible to significantly reduce unemployment but continued efforts will be necessary for many years. Progress in reducing unemployment levels is essential if the construction of Europe and the transition to Economic and Monetary Union are to continue to receive the support of European citizens.
2. The conclusions of the European Council (Dec. 93) endorsed this approach and identified key areas of action. The conclusions of the European Council at Corfu and then at Essen (Dec. 94) gave a further dynamic to the ideas set out in the White Paper and consolidated the Employment Action Plan by setting out 5 key areas of action. The Essen conclusions also broke new ground in the employment field, urging the Member States to *"transpose these recommendations in their individual policies into a multi-annual programme having regard to the specific features of their economic and social situation"*.
3. In order to pursue these objectives, the Essen European Council requested *"the Labour and Social Affairs and Economic and Financial Affairs Councils and the Commission to keep close track of employment trends, monitor the relevant policies of the Member States and report annually to the European Council on further progress on the employment market, starting in December 1995"*.
4. These objectives and principles therefore now need to be translated into practice, in terms of both action by each Member State, and in terms of further developing co-operative policy-making. This communication proposes orientations regarding these different points with a view to progressively instituting a process of

surveillance of the functioning of the employment system as defined in the White Paper "*Growth, Competitiveness, Employment*".

## A coherent approach

5. The Commission considers that the next phase of cooperation between the Member States and the Commission should involve a coherent approach by the Economic and Financial Affairs Council and the Social Affairs Council, culminating in the European Council, thus avoiding a 'two track' approach to policies and based on an interdependent set of macro-economic and structural policy initiatives. This approach is essential because most issues which affect employment are inter-related and concern different policy responsibilities e.g. non-wage costs involve issues of competitiveness, public finance, as well as social protection, just as human resource development involves various policy and financial concerns.
  
6. To achieve this goal, it would be useful to:
  - ♦ develop this coherent approach on employment in the context of Article 103 of the Treaty.
  - ♦ identify the key characteristics of employment performance, with particular reference to the five action points of the Essen conclusions, that could be used by all concerned both in establishing the individual Member State multi-annual programmes and in monitoring the progress of Member States and the Community as a whole.
  - ♦ identify with Member States the essential elements and factors for the adaptation of education and training systems and support actions for their development, including "good practices" in the area.
  - ♦ include in the medium-term programmes of Member States and/or in their convergence programmes, where this is not yet the case, sections dealing with employment trends and policies, including the 5 action points indicated in the European Council's conclusions at Essen.
  - ♦ reinforce the co-operative machinery with the appropriate departments of the Member States and in the relevant committees in order to ensure the flow of information necessary for monitoring and assessing Member States progress

with respect to these programmes. In particular more frequent and more up to date statistical data on employment and the exchange of information on experiences and "best practices" should be considered.

- ♦ ensure the coherence between the Structural Funds and the individual Member State multi-annual programmes, paying particular attention to the implementation of the Community Support Frameworks and Community Initiatives.
7. As a first step the Commission will include a larger and more developed employment chapter in its recommendation for the "broad guidelines" for the economic policies of the Member States and of the Community, starting in the spring of 1995. The Commission's annual Employment Report will be focused this year on the five key areas concerning employment and training systems identified in Essen and will be presented before the summer.
  8. The Commission will present, at the beginning of October of each year, an overview document on employment trends and on the development of employment systems as defined in the White Paper. The Community institutions, in particular the European Parliament, and the Social Partners would be invited to examine it and to give their opinions.

This document would concentrate on progress in creating jobs, in reducing unemployment - especially among young people and the long term unemployed - in increasing the employment content of growth and in improving the functioning of Member State employment systems. In this context, particular attention will be paid to trends and developments in the education and training fields. The document will assess macro-economic and structural policies affecting the labour market as well as policies towards human resources, training, equal opportunities, local development, small and medium-sized enterprises and the labour market.

The document which will be presented in October 1995 will contain an initial assessment of the five action points adopted at Essen and specific sections dealing with the two issues which the Essen European Council identified as requiring particular policy attention: the effects of tax and income support systems on the readiness both to create and to take up jobs, and the inter-relationship between economic growth and the environment.

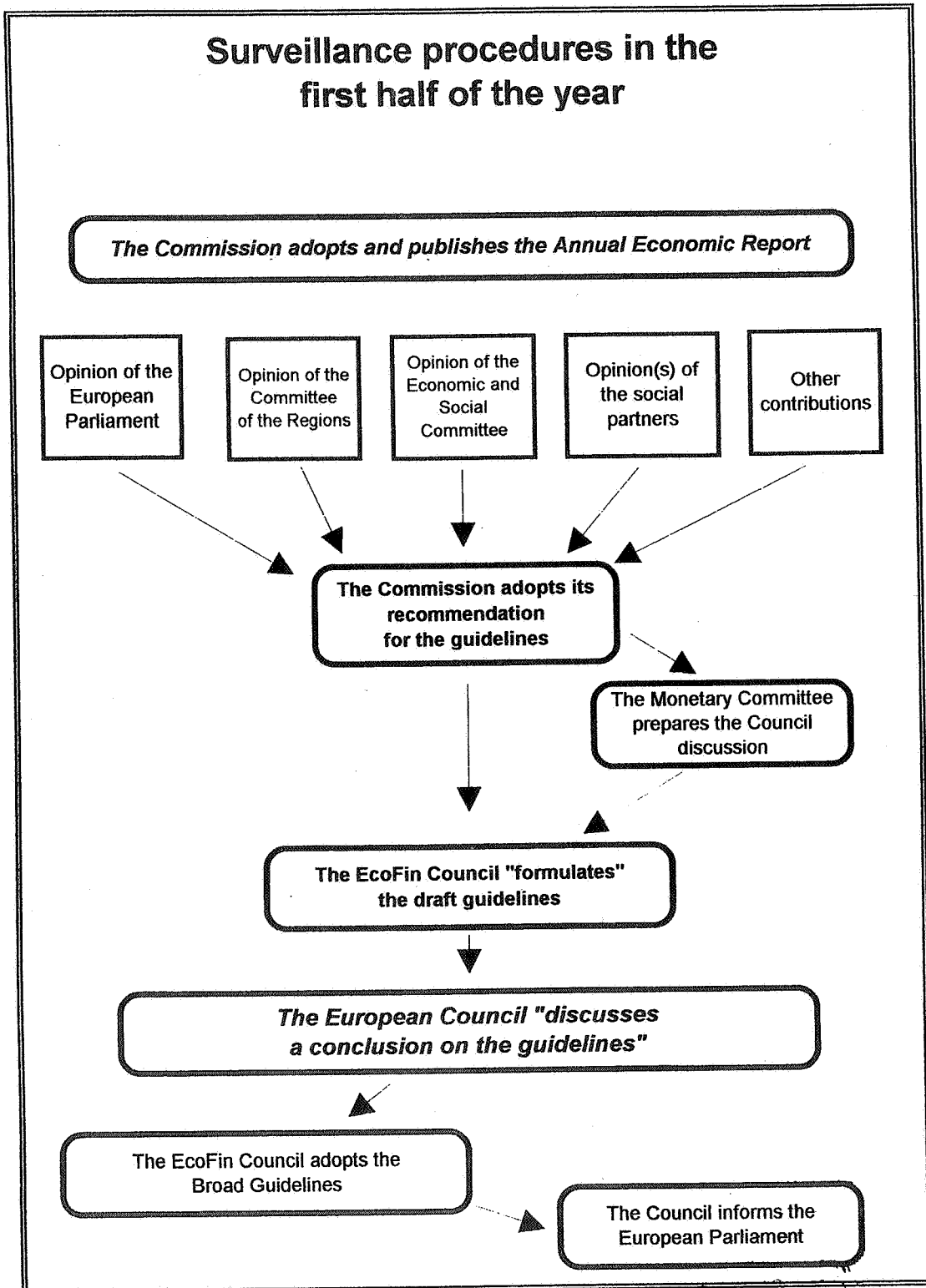
9. The Commission would then report in December to the European Council on the basis of further examination of the above document, taking account of the opinions expressed and incorporating the latest information.
10. Taking into account the October document provided by the Commission, the Social Affairs and the Economic and Financial Affairs Councils may wish to transmit to the European Council a joint report on these questions.
11. In order to contribute to the coherent approach outlined above, the Commission wishes to further encourage the Social Dialogue at Member State and Community levels and welcomes the initiative of the French Presidency to hold a high level conference in Paris in March.

The Commission wishes equally to see the role of the Standing Committee for Employment developed in the process and recalls that, as stated in its White Paper on Social Policy, it will be presenting proposals this year with a view to improving the role and functioning of the Standing Committee.

## **Conclusion**

12. The Commission seeks the agreement of the Council to the approach set out in this Communication, so that all necessary steps can be taken to ensure a well-coordinated process throughout the year which could be endorsed by the European Council in Cannes in June.

## Surveillance procedures in the first half of the year



## Surveillance procedures in the second half of the year

*The Commission adopts and publishes the Employment Report*

*The Commission adopts its "overview" report*

Opinion of the European Parliament

Opinion of the Committee of the Regions

Opinion of the Economic and Social Committee

Opinion(s) of the social partners

Standing Employment Committee

The EcoFin Council examines the overview report of the Commission

The Social Affairs Council examines the overview report of the Commission

The Commission reports to the European Council taking into account the opinions expressed

*The European Council assesses progress in creating jobs and reducing unemployment*

