



*European Economic and Social Committee*

**SOC/251**  
**Employment of priority**  
**categories**  
**(Lisbon Strategy)**

Brussels, 12 July 2007

**OPINION**  
of the  
European Economic and Social Committee  
on the  
**Employment of priority categories (Lisbon Strategy)**  
(Own-initiative opinion)

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On 14 September 2006 (confirmed on 26 October 2006) the European Economic and Social Committee decided, in accordance with Rule 31 of its Rules of Procedure and in the framework of its work initiated at the request of the European Council of 23/24 March 2006, to draw up an information report on:

*Employment of priority categories (Lisbon Strategy).*

On 15 March 2007 the European Economic and Social Committee decided, in accordance with Rule 29(2) of its Rules of Procedure, to convert this information report into an own-initiative opinion.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 June 2007. The rapporteur was **Mr Greif**.

At its 437th plenary session of 11/12 July 2007 (meeting of 12 July 2007), the European Economic and Social Committee adopted the following opinion by 122 votes to none, with two abstentions:

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**1. Conclusions and recommendations**

1.1 This opinion argues that in quantitative terms the ambitious Lisbon employment objectives have been achieved only to a limited extent and with clear differences between countries which should always be borne in mind. The picture is also contradictory as far as the quality of employment is concerned: welcome examples of good practice in the employment policies of individual Member States, which the EESC believes should be identified and evaluated more systematically in future, are counterbalanced throughout the EU by sobering facts:

- Although standard jobs continue to be the predominant form of employment throughout the EU, many of the new jobs created in recent years - particularly for women – have been part-time. There continues to be a manifest shortage of suitable jobs for older workers. And for young people in particular there has been a sharp increase in atypical (non-standard) forms of employment, in some cases without proper legal and social safeguards.
- There has been little improvement in the labour market integration opportunities of disadvantaged groups (which can be seen from the persistently high levels of long-term unemployment, the relatively high unemployment rate among young people and the low-

skilled and the low level of employment among older people in particular). The labour market situation of socially marginalised groups also remains extremely difficult.

1.2 Against this background, the Committee considers it important that, in the context of the ongoing debate on flexicurity, any general definition and all measures designed to increase the adaptability of firms and workers should always be associated with a high degree of social security, active labour-market policy, education and training and access to social services.

1.3 The EESC calls for greater prominence to be given to the following points in the context of national social and employment policies aimed at the priority groups referred to in this opinion in the labour market:

- measures to promote the integration of young people into the labour market, aimed at offering them initial employment with prospects for the future;
- greater efforts to combat the many continuing forms of discrimination and disadvantage suffered on grounds of age, gender, disability or ethnic background, particularly with regard to access to education, access to the labour market and continuing employment;
- increasing employment security and preventing "insecure employment traps", *inter alia* by ensuring that the unemployed are not obliged to take on jobs offering no security, by combating undeclared work and by preventing the exploitation of workers employed on short-term contracts;
- measures to improve the quality of jobs and protect workers against discrimination;
- more investment in the quality of jobs and in working conditions favourable to older workers;
- investment in initial and further education and lifelong learning and dismantling of existing discrepancies between the skills on offer and those in demand on the labour market;
- measures to modernise and improve, wherever necessary, the social safeguards attached to non-standard forms of employment;
- reducing the gender-specific segmentation of the labour market, especially effective measures for reconciling career and family (in particular development of comprehensive childcare facilities and various forms of support for those in need of care and their families, including 24-hour facilities);
- dismantling obstacles facing people with care obligations when (re-)entering the labour market and seeking to remain in employment (and incentives for greater participation of fathers in care responsibilities);
- development of appropriate incentives and support for firms to employ more young people and older workers experiencing particular difficulties in finding employment.

1.4 Special measures are needed for socially excluded groups:

- the development of transitional labour markets with appropriate incentives for companies to take on more workers, with simultaneous support for workers in overcoming the

problems which are the source of their social exclusion (undesirable exploitation of these arrangements as well as distortions of competition will need to be guarded against);

- non-profit employment initiatives, especially in the social economy, have a particular role to play here. Provision should be made in labour-market policy budgets for appropriate support.

1.5 The EESC stresses that in many EU Member States implementation of the priorities sketched out in this opinion will require renewed employment-policy efforts and that appropriate budgetary funding must be provided.

- Thus, active labour-market measures at national and European level will have little success, unless appropriate attention is paid to these in the budgetary planning of the Member States.
- The EESC notes that in many countries there is a wide disparity between proposals for labour-market-policy initiatives - e.g. in the framework of their national reform plans - and budgetary funding<sup>1</sup>.
- Closer attention should be paid in the national action programmes to positive experiences from various countries and appropriate use must be made of the ESF 2007-2013.

1.6 In this connection the EESC has on a number of occasions pointed out that this budgetary funding requires a favourable macroeconomic backdrop, with the emphasis on a growth-orientated economic policy to overcome persistent cyclical weaknesses<sup>2</sup>.

1.7 In many Member States social levies which are tied to labour costs have risen to a level which may act as a disincentive to the creation of jobs. In some cases the insignificant difference between after-tax earnings and benefits may make working unattractive. These "unemployment traps" need to be prevented, without however endangering social security systems. In this connection the EESC endorses the recommendation of the high-level group on the future of social policy in an enlarged European Union that the basis for the financing of the social security systems be broadened and the fiscal charge distributed more evenly across the production factors so that the charges are not disproportionately put on labour<sup>3</sup>.

1.8 With regard to the forthcoming review of the employment policy guidelines in 2008, the EESC considers that in several of the areas discussed in this opinion more priorities need to be set and policy needs to be spelt out more clearly.

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<sup>1</sup> See the EESC opinion of 17.5.2006 on the *Proposal for a Council Decision on guidelines for the employment policies of the Member States*, rapporteur: Mr Greif (OJ C 195, 18.8.2006).

<sup>2</sup> See the *Report of the high-level group on the future of social policy in an enlarged European Union* of May 2004.

<sup>3</sup> Ibid.

- In this connection the EESC advocates more binding objectives at European level, giving the Member States a clear framework with unambiguous obligations. The EESC considers that the Commission should play a greater role in monitoring the implementation of the employment strategy in the Member States.
- The EESC also calls for further improvements to the objectives, particularly for youth employment and in order to combat youth unemployment (e.g. a reduction in the maximum six-month period of seeking employment/training places after which young people are offered a new start), for the promotion of equality, support for people with disabilities and the integration of immigrants.
- In this way the EESC would like to see the national reform programmes becoming more ambitious in future in the area of employment policy and a noticeable qualitative improvement with regard to timing, responsibility, commitment of resources and financing. In this connection the EESC proposes that ways be investigated of laying down specific objectives for the earmarking of appropriate budgetary resources for active labour-market policy in the individual Member States.

A separate EESC opinion will look in detail at the adjustments to the employment policy guidelines required from 2009 which have been sketched out here.

## 2. Background

- 2.1 In its Conclusions of 23/24 March 2006 the European Council asked the EESC, with a view to the 2008 Spring Summit, to draw up a summary report in support of the partnership for growth and employment with a particular focus on the employment of priority categories. The EESC is now submitting the following own-initiative opinion on the subject, which draws on the expertise of the national economic and social councils.
- 2.2 The EESC has always stressed that improving competitiveness and achieving sustainable economic growth in the framework of the Lisbon Strategy are not ends in themselves, but, rather, are intended to lead to a reduction in the high rate of unemployment in the EU, aiming for full employment, placing social security schemes on a more stable foundation and providing protection against social exclusion<sup>4</sup>.
- 2.3 To this end the Lisbon Strategy was intended to give a new impetus to the European employment strategy, thus raising the employment rate and the quality of work. Lisbon aimed not only at more jobs, but also better jobs. Investment in human capital, research, technology

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<sup>4</sup> See the EESC exploratory opinion of 13.9.2006 on the *Quality of working life, productivity and employment in the context of globalisation and demographic challenges*, rapporteur: Ms Engelen-Kefer, OJ C 318, 23.12.2006.

and innovation are therefore logically given equally high priority alongside labour-market and structural-policy measures<sup>5</sup>.

2.4 In this opinion the EESC will focus its analysis of trends on the European labour market and its policy recommendations on those target groups in respect of which the Council has repeatedly called on the Member States to provide measures in order to:

- improve the situation of young people in the labour market and significantly reduce youth unemployment;
- implement active ageing strategies to make it possible for older people to remain at work longer;
- promote the employment of women effectively and make it possible for both women and men to reconcile work and family life;
- integrate people with disabilities and promote their long-term employment;
- increase the employment rate and labour-market opportunities of migrants and ethnic minorities.

2.5 The EESC will propose a package of preventive and active (re-) integration measures for each of these target groups which should be given more careful consideration in the labour-market and employment policies of the Member States. Socially marginalised groups, which are often excluded from the labour market, will also be covered. Building on this, policy recommendations will be formulated, inter alia with a view to the review of the employment-policy guidelines to be carried out before the 2008 Spring Summit.

### 3. **Rate of employment, jobs and unemployment - current situation**<sup>6</sup>

3.1 In 2005 and 2006, for the first time since 2001, employment in the EU grew and there was a noticeable fall in the unemployment rate (from 9.0% in 2004 to 7.9% in 2006). The growth of the employment rate of women, at 0.6%, contrasts more clearly with the stagnation of recent years than the corresponding rate for men. This welcome trend has continued in 2007<sup>7</sup>.

3.2 It is nonetheless sobering to consider that:

- progress on the Lisbon and Stockholm interim objectives for the employment rate is slow and they were not achieved in 2005, either as regards the general rate, 67% (2005: 63.8%), or that for women, 57% (2005: 56.3%). It is becoming increasingly clear that the

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<sup>5</sup> See the EESC own-initiative opinion of 9.2.2005 on *Employment policy: the role of the EESC following the enlargement of the EU and from the point of view of the Lisbon Process*, rapporteur: Mr Greif (OJ C221, 8.9.2005).

<sup>6</sup> See various graphs in the appendix.

<sup>7</sup> Employment in Europe 2006.

objectives for 2010 cannot be met in many Member States or in the Community as a whole;

- although full-time jobs continue to be the predominant form of employment throughout the EU, many of the new jobs created in recent years - particularly for women - have been part-time (which is shown by the much lower growth in full-time equivalents – in some Member States these have actually fallen);
- the most significant rise in employment in recent years has been among older workers. Nevertheless, the employment rate for older people is also well below the target level (55-64 age group only 42.5% on average in 2005). Only nine EU countries achieved the target of 50% (major difference between men and women: target achieved for men in 17 countries but for women in only four, Scandinavia and Estonia);
- in 2005 the EU-25 average youth unemployment rate, at 18.5%, remained about twice as high as the general unemployment rate;
- despite general improvements in several Member States, particularly in those with very high unemployment rates, unemployment EU-wide, at just under 8%, persists at a high level and in some countries it has even risen;
- major regional differences in employment rates persist in a number of Member States (particularly considered in terms of full-time equivalents). The number of people today living in regions of the EU 27 with an unemployment rate of more than 15% has risen noticeably with the enlargements;
- the labour-market situation of socially marginalised groups remains extremely problematic.

Against the background of these changes in the labour market, there is, despite progress in some areas, still a long way to go to meet the ambitious Lisbon employment objectives.

3.3 All the more so as employment trends reveal the following characteristics and tendencies, which vary greatly in their extent from one country and sector to another:

- Chances of entering the labour market have hardly improved for disadvantaged groups (this can be seen, for example, from persistently high long-term unemployment, relatively high unemployment rates, particularly among young people and the low-skilled and low employment rates, especially among older workers).
- Although standard jobs continue to be the predominant form of employment throughout the EU, the data points to an sharp increase in atypical (non-standard) forms of employment, in some cases without sufficient legal and social safeguards. Overall, the

proportion of fixed-term employment contracts is increasing, which affects young people disproportionately. There has also been a rise in contract work, temporary work, pseudo-self-employment<sup>8</sup> and short-term employment and employment contracts offering few social benefits, although the situation varies greatly between Member States. Overall, insecurity is increasing, particularly among disadvantaged groups. Such jobs can be regarded as a "bridge" to the standard labour market only if they are freely chosen and offer safeguards.

- In many Member States job uncertainties have increased, especially among low-skilled workers, school drop-outs and people without vocational training. As a result of the imbalance between the demand for and supply of skills, entering the labour market and returning to work after unemployment are particularly difficult.
- People with care responsibilities are continuing to find it difficult to find stable and satisfactory jobs.
- People with disabilities continue to figure prominently among those excluded from the labour market. According to the latest European data only 40% of people with disabilities work. Figures are even more worrying when it comes to severely disabled people.
- There are also a large number of people whose marginalisation derives from causes such as addictions, over-indebtedness or homelessness, and whose integration into the labour market requires special social measures.
- The working conditions and labour market opportunities of migrants and people from migrant backgrounds are in most Member States less favourable than those of the rest of the population. Particular attention should be paid here to the Roma who, with the accession of Romania and Bulgaria, have become Europe's largest minority and whose employment situation (with unemployment rates in some cases reaching 70-90%) is for a variety of reasons a source of considerable concern. The EESC will be returning to the subject in a separate own-initiative opinion.

3.4 The growth of the informal sector, with insecure employment conditions and often low wages, entails the risk that groups unable to make the transition to the standard labour market will be forced to accept work on a long-term basis which does not enable them to use their skills. This trend (which is difficult to quantify) not only means considerable uncertainty for those affected but also leads to loss of tax revenues and ultimately poses a threat to the sustainability of production capacity in the EU.

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See Green Paper entitled *Modernising labour law to meet the challenges of the 21st century*, COM(2006) 708 final.

#### 4. **Creating a framework for growth and more and better jobs**

- 4.1 For years the dominant thinking in European policy-making has been that labour-market problems are structural in origin. In many EU countries the one-sided focus of employment policy has been on dismantling general labour law standards, making entitlements more difficult to acquire and cutting social services, while making employment conditions more flexible.
- 4.2 Active labour market policy measures, such as, for example, promoting employability, eliminating skills shortages and programmes for the integration of disadvantaged groups into the labour market have, on the other hand, been insufficiently implemented in many countries, although some of these countries have increased their spending in this area since 1995. In most countries for which data are available, active expenditure on labour market measures (active and passive support) has actually fallen in recent years as a proportion of total spending. It is very important that resources earmarked for active labour market policy be provided on a scale commensurate with the challenges and, at the same time, the effectiveness of labour market policy measures increased and focused on the relevant target groups.
- 4.3 In this context the EESC has on a number of occasions pointed out that labour-market measures and structural reforms can ultimately only succeed against a favourable macroeconomic backdrop, with the emphasis on overcoming persistent cyclical weaknesses and consolidating growth<sup>9</sup>. A commitment is therefore needed to an expansive, growth-orientated economic policy at national and EU level, with appropriate monetary, fiscal and economic conditions:
- The European Central Bank should, in accordance with its Treaty mandate, where price stability is assured, help to increase growth and employment. A high rate of employment growth can only be achieved if there is steady economic growth at a rate higher than the medium-term rate of productivity growth.
  - Thus, for example, the greater room for manoeuvre offered by the reformed stability and growth pact must be used in order to give the EU countries an opportunity for counter-cyclical policies and fiscal scope for socially acceptable structural reforms as well as an appropriate level of public investment.
  - The Lisbon objectives determine the direction in which investment must flow: development of communications and transport infrastructure, climate protection, a research and development initiative, comprehensive childcare, support for education and

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<sup>9</sup> See also the EESC opinion of 11.12.2003 on the *Broad economic policy guidelines 2003-2005*, rapporteur: Mr Delapina (OJ C 80, 30.3.2004) and the EESC opinion of 17.5.2006 on the *Proposal for a Council Decision on guidelines for the employment policies of the Member States*, rapporteur: Mr Greif (OJ C 195 18.8.2006).

training, active labour-market policy and job quality. The national reform programmes must be designed to result in a coordinated, Europe-wide programme to strengthen economic growth, to which all players at national and EU level can make their contribution.

## 5. **Effective combating of youth unemployment**

- 5.1 Youth unemployment continues to be one of the burning issues for employment policy in the EU. In all EU countries the unemployment rate among young people is above the overall rate and in most countries at least twice as high as for the general population. In some of the EU 15 Member States and in a number of the new Member States the situation is even worse. In a number of Member States job insecurity has increased even in the higher-skilled segment of the market.
- 5.2 Increasingly entry into employment is via alternative forms of employment, sometimes with much more insecure working and social conditions. The boundary between the formal and informal employment sectors is becoming increasingly blurred. For certain groups of young people, such as the low-skilled, those from a migrant background or those from the disadvantaged population groups, the transition to regular employment is becoming increasingly difficult. The risk of remaining trapped on the margin of the working population is rising, particularly when there is a combination of any of the above characteristics.
- 5.3 The aim is as far as possible to give all young people secure prospects for the future. The question also has demographic aspects: the economic situation of young people significantly influences their willingness to start a family. In this sense it is a welcome development that in its spring report the European Commission calls for the strengthening of active labour-market policy measures, in addition to improvement of skills, and in particular urges the much earlier deployment of support for young jobseekers and the elimination of structural problems affecting the transition from training to employment.
- 5.4 Positive examples of this are the tried and tested models which exist in some Member States (Germany, Austria and to some extent the Netherlands) for combining vocationally orientated training systems geared to companies' needs with teaching in school. Numerous studies have highlighted the quality of this "dual vocational training" system and they ascribe to it a vital role in easing the transition from school to work and in reducing the disparity between the youth and general unemployment rates.

5.5 Active, pre-emptive initial and further training measures to improve young people's chances of finding employment<sup>10</sup>:

- guaranteeing quality from initial training to vocational and in-service training so as to enable workers to find their place in the labour market with as few problems as possible and stay in employment, with industry involved here alongside government;
- early active support for young people seeking training course places or jobs (possibly after four months), special programmes and individual support and coaching for the integration of problem groups and long-term unemployed young people and for school and training course drop-outs, e.g. via community employment projects and promotion of training;
- development of generally available, easily accessible careers advice and information facilities for young men and women at all levels of training; corresponding improvement in quality and human resources for job centres);
- reduction of existing discrepancies between qualifications offered and those in demand on the labour market; raising the effectiveness of primary education systems (e.g. reduction of school drop-out rate, literacy campaigns) and increasing the opportunities for moving between initial vocational and further training; gradual elimination of gender-specific segregation in careers counselling;
- implementation of measures to ensure that short-term and insecure employment is only a temporary solution for young people.

**6. Improved integration prospects for migrants**

6.1 In most EU countries there has been little change in the discrimination against migrants and their families in the labour market. They continue to be overrepresented in sectors with low pay and poor working conditions; they have a far higher risk of becoming unemployed and often they remain in jobs with little security, significant health risks, poor safety and (in some countries) little regulation of wage rates.

6.2 A particular worry is the extent to which this precarious labour market position is "inherited" by second-generation migrants as a result of massive disadvantages in schooling. In most Member States young people from migrant backgrounds belong to the groups with the highest

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<sup>10</sup> See also the EESC opinion on the *Communication from the Commission to the Council on European policies concerning youth — Addressing the concerns of young people in Europe — Implementing the European Youth Pact and promoting active citizenship* (26.10.2005), rapporteur: Ms van Turnhout (OJ C 28, 3.2.2006); *Communication from the Commission on the Social Agenda* (13.7.2005), rapporteur Ms Engelen-Kefer (OJ C 294, 25.11.2005); *Proposal for a Council Decision on guidelines for the employment policies of the Member States in accordance with Article 128 of the EC Treaty* (31.5.2005), rapporteur Mr Malosse (OJ C 286, 17.11.2005).

levels of job insecurity and the highest risk of being pushed to the margin of the standard labour market.

6.3 The EESC has stated on a number of occasions that it considers labour migration necessary given the demographic trends in the EU and has pointed to positive examples in several Member States, such as Spain and Ireland. This must, however, always be reconciled with the prospects for integration policy in the Member States, in particular with regard to employment<sup>11</sup>. The migration situation varies greatly from one Member State to another, as do the integration policy measures adopted, e.g. in labour market and education policy. The Member States should pay particular attention to the situation of asylum-seekers, who often suffer particular disadvantages.

6.4 Priorities for improving the integration of migrants:

- Particular attention should be paid to individual (pre-)school support and early investment in language and vocation-related skills; prevention of disadvantages arising in finding first jobs (e.g. by overcoming language barriers as early as possible) and facilitating the recognition of foreign qualifications of migrants.
- Integration mainstreaming throughout social and labour-market policy (e.g. by enhancing intercultural skills in government offices and job centres and offering support to businesses, especially SMEs); appropriate European and national funding for integration support measures.
- Elimination of institutional obstacles to and discrimination regarding labour market access in the Member States (e.g. shortening the waiting time for work permits – particularly for asylum-seekers<sup>12</sup>) and prevention of wage dumping while strengthening integration prospects as a component of European migration policy (ensuring that migration policy does not place obstacles in the way of integration by encouraging temporary migration, insecure forms of employment and marginalisation).
- Improving data on the link between a migrant background and segregation or discrimination in the labour market<sup>13</sup>.

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11 See the EESC opinion of 10.12.2003 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment*, rapporteur Mr Pariza Castanos (OJ C 80, 30.3.2004).

12 See the EESC opinion of 28.11.2001 on the Proposal for a Council Directive laying down minimum standards on the reception of applicants for asylum in Member States, rapporteur Mr Mengozzi (OJ C 48, 21.2.2002).

13 Eurostat is currently working on an ad hoc module on the labour situation of migrants and their immediate descendants that will be implemented in the 2008 data collection. It has the objective of improving the EU-Labour Force Survey coverage of foreign-born persons.

- Preventive measures and sanctions as well as partnerships between social partners and public authorities at national level to combat black economy working in order to prevent social dumping and distortions of competition, particularly in connection with cross-border movements of workers.

## 7. Making use of opportunities for employment of older workers

- 7.1 The key response to the demographic challenge has to be targeted growth policy and increasing employment. The necessary labour potential is available in sufficient quantity. And yet throughout the EU the employment potential of older workers continues to be under-exploited.
- 7.2 The risk of long-term unemployment rises rapidly with age. The EU-25 average long-term unemployment rate of older workers (50-64) is over 60%. Against this background it has to be ensured that older workers have a real chance of finding employment and being able to work in the longer term.
- 7.3 The main reasons for older workers giving up work early are health problems caused by difficult working conditions, the intensity of work, early dismissal of older workers, lack of ongoing training and lack of (re-)employment opportunities. Efforts to increase the employment rate of older people based on alterations to pension systems, which boil down to less favourable access conditions and entitlements, are wide of the mark.
- 7.4 Only a conscious policy of "active ageing", including comprehensive opportunities for participation in further training measures and lifelong learning, can produce a sustainable rise in the employment rate of older people. Successful models, in the Nordic states (especially the integrated package of measures adopted in the framework of Finland's national action programme for older people) point to a socially acceptable way in which, by closely involving the social partners, a functioning labour market with a high rate of employment stability can be created for older people.
- 7.5 Key aspects of a systematic move towards a world of employment more favourable to older people<sup>14</sup>:
- Comprehensive advice and support for jobseekers and proactive support for employment mediation (including subsidised employment, support on taking up employment, charitable social projects) and where necessary rehabilitation measures for long-term reintegration; appropriate funding for active labour-market policies and long-term planning for job centres.

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<sup>14</sup> See the EESC opinion of 15.12.2004 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on increasing the employment of older workers and delaying the exit from the labour market*, rapporteur: Mr Dantin (OJ C 157, 28.6.2005).

- Establishment of socially acceptable incentives for later retirement and, where possible or desirable, development of attractive models for a flexible transition from working life to retirement within the public pension system (including further development of part-time working for older people).
- Measures aimed at making workers physically and mentally capable of remaining longer in active employment, above all by reducing pressures at work and by adapting working conditions (e.g. incentives to develop health protection in the workplace, generally available company health promotion, preventative medicine and employee protection programmes).
- Encouraging older workers to be involved more in further training (40 + skills initiative, incentives for improving participation in in-house further training, particularly for lower-skilled).
- Awareness-raising measures for older workers (appreciation of the value of experience and transfer of skills acquired in the course of a working life to younger workers) and advice and support for companies, especially SMEs, in forward personnel planning and the development of forms of organisation of work favourable to older workers.

## 8. **Improvements in the employment of women**

- 8.1 Although women have caught up significantly over the last 30 years in terms of formal qualifications, inequality of opportunity in the labour market continues to be widespread. Women continue to work mostly in the traditional service sectors and industrial sectors which have traditionally had a high proportion of female workers. Women have much fewer opportunities to make use of their educational qualifications in their work. Reconciling career and family continues to be incomparably more difficult for women than for men.
- 8.2 The proportion of part-time workers is much higher in all age groups for women than for men. The increase in part-time employment, which, if freely chosen and not a dead end in terms of wages and prospects, is actually something to be welcomed, continues to be a major factor in gender-specific labour market segmentation.
- 8.3 In almost all areas of employment major income disparities persist, independently of labour-market status. Long career interruptions as a result of care obligations have a particularly negative impact on career advancement opportunities, incomes and social entitlements. Whilst men can expect progressive pay rises with increasing age, women's incomes tend to stagnate in the age groups in which they interrupt their careers or often switch to part-time working in order to bring up children.

8.4 Examples from Denmark and Sweden show that things can be different and that gender mainstreaming in labour market policy can be more than a slogan. In these countries income disparities are much smaller, and the employment rate of women and the availability of day-care facilities for children (especially children under two) are much greater than in other EU Member States. The Netherlands offers another positive example. Here there is a high rate of employment of women together with a very high rate of part-time employment, which is in most cases chosen freely.

8.5 Key measures to tackle structural problems affecting women's employment<sup>15</sup>:

- Measures to eliminate existing labour-market discrimination and the structural causes of gender-specific income disparities, especially the promotion of social safeguards for women, especially via measures to reduce short-term, insecure part-time work and to improve the regulation of part-time working (e.g. extension of the right to part-time working for parents, with the right to return to full-time working later; improved involvement in in-house further training programmes).
- Massive development of generally available and affordable care, with high-quality care facilities for infants and school-aged children outside the home, making it possible to reconcile work and family; contributions to the effective promotion of shared parenting (especially incentives for increasing the father's contribution to parenting).
- Elimination of family-policy measures with strong incentives for stopping work or for long career interruptions, with reduced opportunities for starting work under acceptable conditions; parental leave allowances should not adversely affect income, create incentives for women leaving work or create new obstacles to the sharing of childcare by both partners.
- Labour-market policy measures to encourage parents to begin work again after a career break (including support for starting up own businesses) and to protect women against having to do work for which they are overqualified and loss of income (e.g. flexible further training models available during the career pause or continued employment with reduced hours).
- Family-friendly organisation of working time (including opportunities for parents of infants or school-aged children to arrange their working time accordingly, teleworking agreements and legal entitlements to variable working time for persons with care obligations).

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See the EESC opinion of 13.9.2006 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions A Roadmap for equality between women and men 2006-2010*, rapporteur: Ms Attard (OJ C 318, 23.12.2006) and the EESC opinion of 29.9.2005 on *Poverty among women in Europe*, rapporteur: Ms King (OJ C 24, 31.1.2006).

## 9. Improving labour-market opportunities for people with disabilities

- 9.1 People with disabilities continue to figure prominently among those who are excluded from the labour market. Disabled workers are more likely to be in low paid jobs and are often discriminated against in access to training and career promotion. As 15% of the EU working-age population has a disability of some sort and given the low employment rate of this group, increasing the employment rate of disabled people would significantly contribute to the goals of the Lisbon Strategy.
- 9.2 In this context the EESC welcomes the Commission document on "Disability Mainstreaming in the European Employment Strategy"<sup>16</sup>, which is a positive starting point to advance in the labour integration of people with disabilities and recalls that labour integration is the best weapon to fight social exclusion. The EESC recalls that most people acquire the disability during their working lives but very few are offered the opportunity to return to work adapted to their disability. Positive examples here are Great Britain's strict anti-discrimination laws, which provide for complaints mechanisms, and the Danish model of combining labour market flexibility with sufficient social guarantees and a high level of education and training.
- 9.3 Priority measures to promote the employment of people with disabilities<sup>17</sup>:
- Adjustment of tax and benefit systems in a way that make work and transitions to work attractive by for example providing in-work benefits; In addition, returning to disability pensions should be possible after a trial work period.
  - Development, implementation and support for active labour market programmes (in particular rehabilitation measures) specifically aimed at people with disabilities as well as measures facilitating the transition from sheltered employment to mainstream employment (e.g. adaptation of information and communication actions to disabled jobseekers).
  - Making workplaces more suitable for disabled people and supporting positive actions specifically addressed at workers that acquire their disability during their working life; Periods of leave combined with further training, adoption of their job description or alternative assignments should be considered.

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<sup>16</sup> EMCO/II/290605.

<sup>17</sup> See the EESC opinion of 20.4.2006 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Situation of disabled people in the enlarged European Union: the European Action Plan 2006-2007*, rapporteur Mr Greif (OJ C 185, 8.8.2006) and the EESC exploratory opinion of 17.1.2007 on *Equal opportunities for people with disabilities*, rapporteur: Mr Joost (CESE 91/2007).

- Provisions of additional assistance to workers with disabilities as well as of care services for people with disabilities in order to allow workers having a family member with a disability to continue to work.

Brussels, 12 July 2007.

The President  
of the  
European Economic and Social Committee

The Secretary-General  
of the  
European Economic and Social Committee

Dimitris Dimitriadis

Patrick Venturini

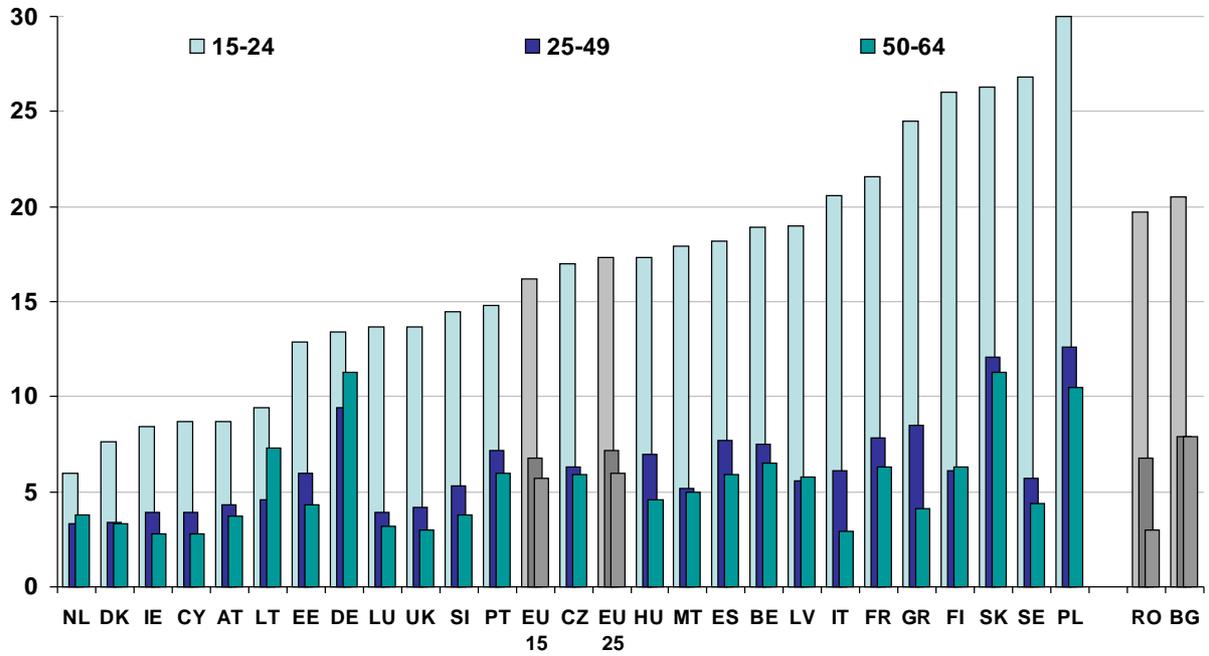
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**N.B.:** Appendices overleaf.

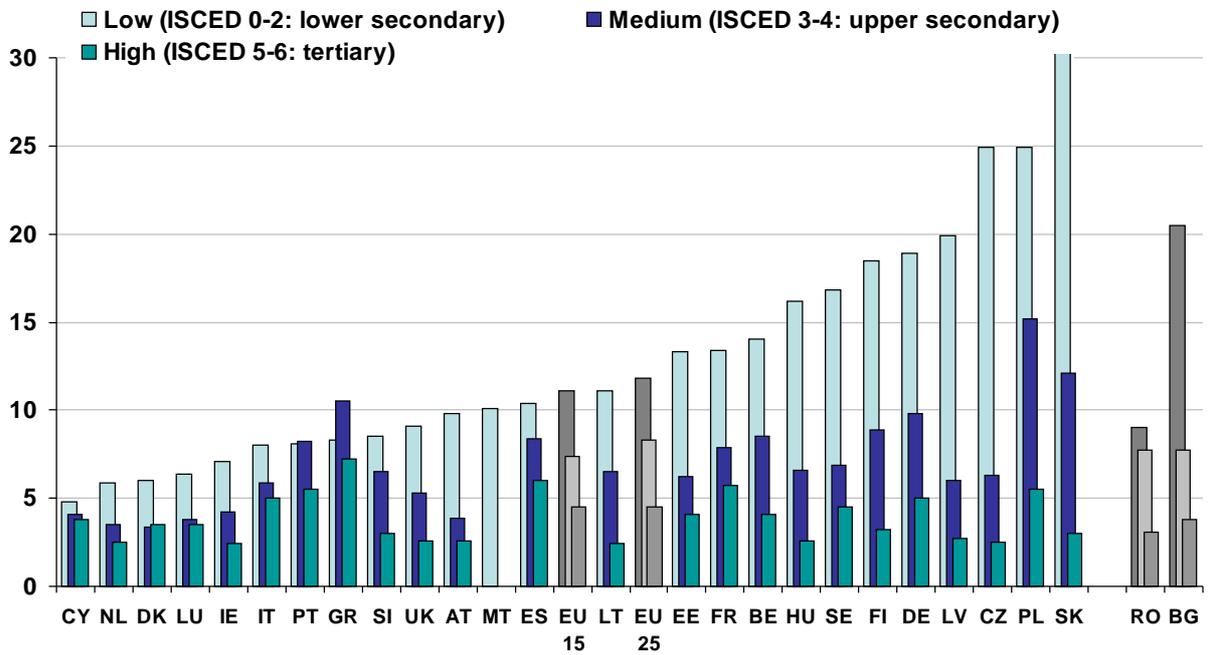
APPENDIX I<sup>18</sup> to the EESC's own-initiative opinion

Unemployment rates by age, 2nd quarter 2006  
(% of labour force 15-64)

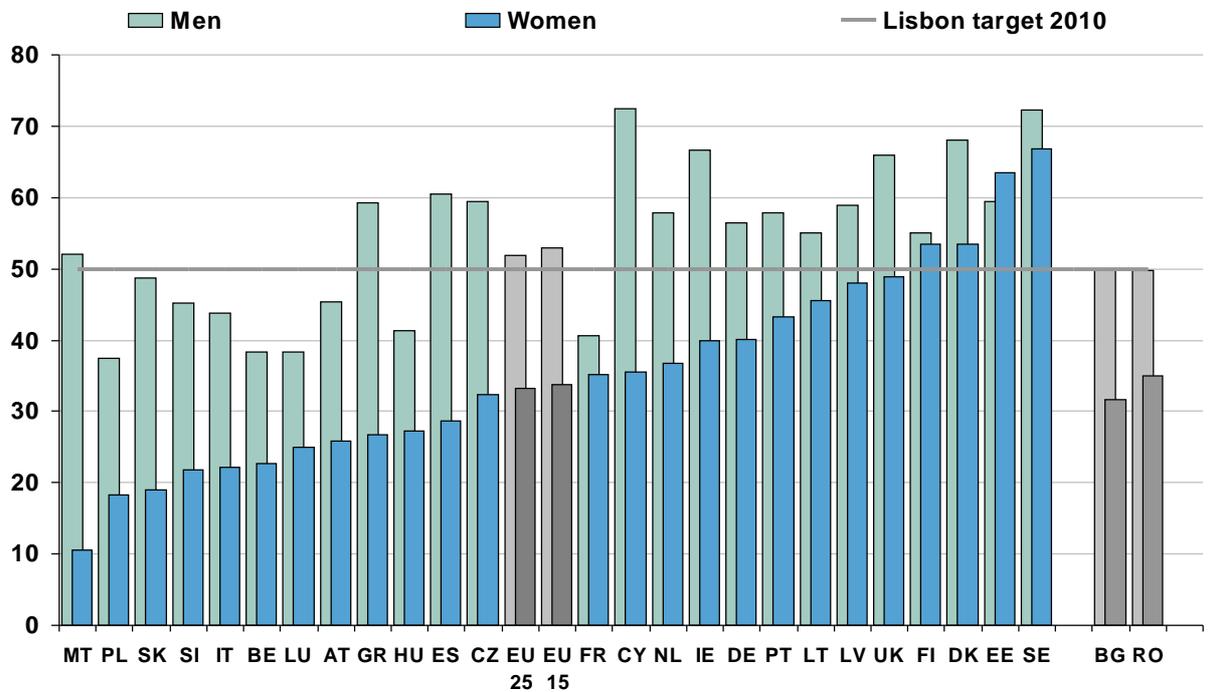


<sup>18</sup> The graphs are based on data from Eurostat (2006), Labour Force Survey, New Cronos database.

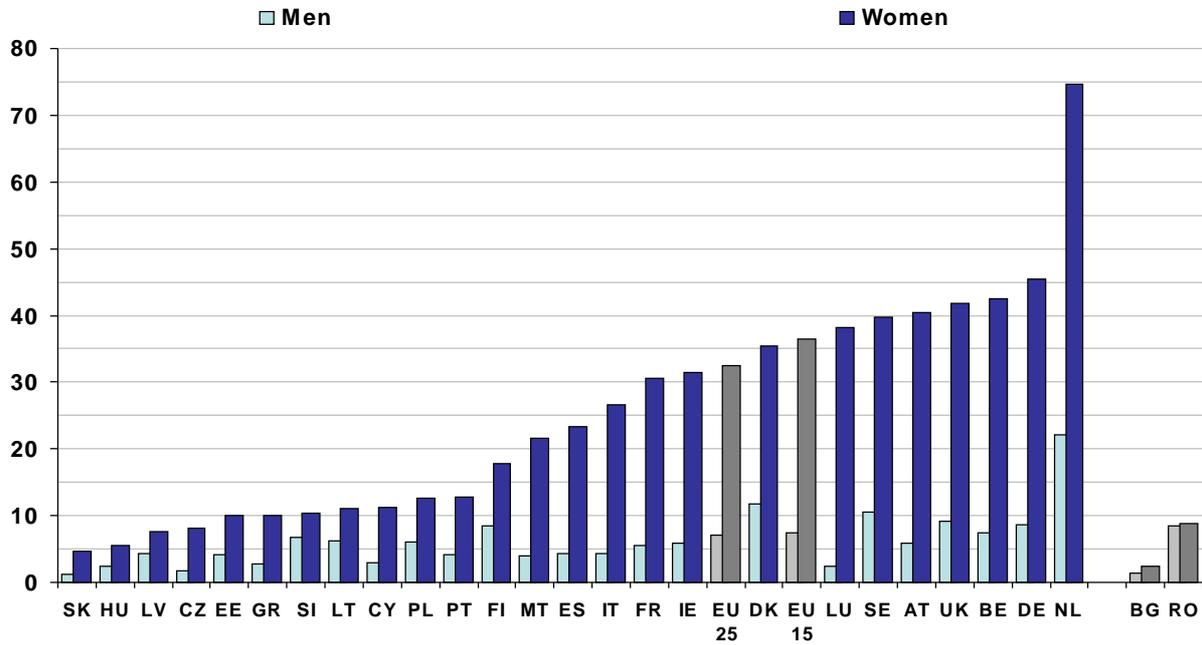
**Unemployment rates by educational level, 2nd quarter 2006**  
(% of labour force 15-64)



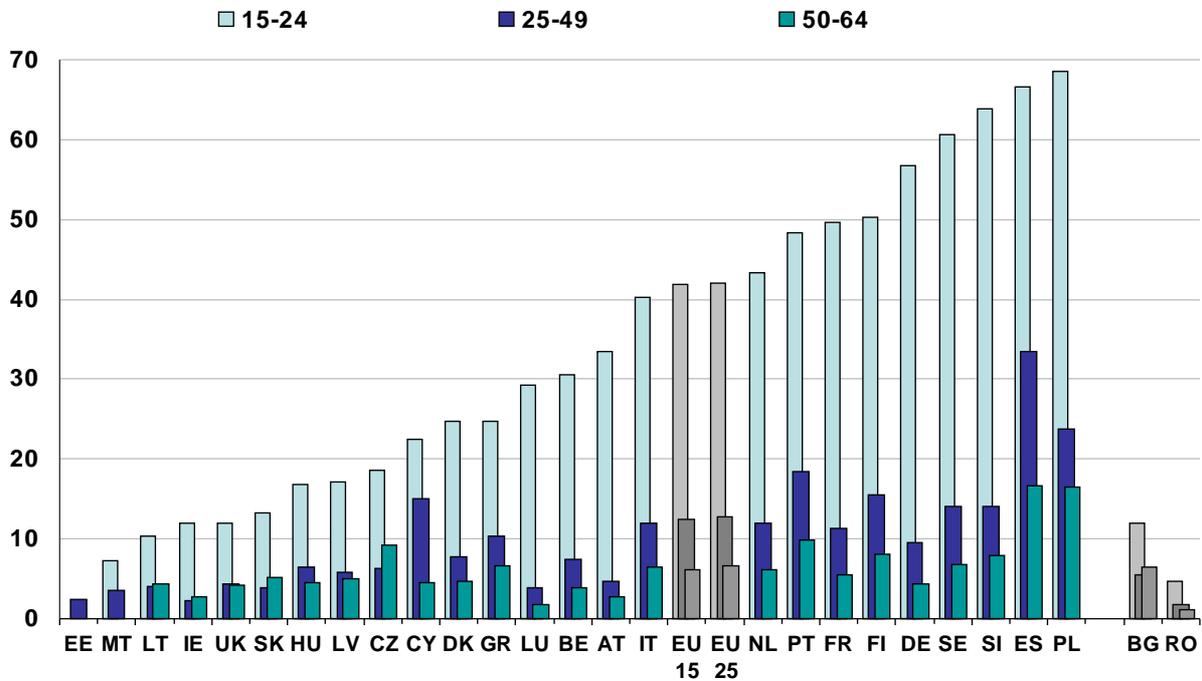
**Older workers' employment rates by gender, 2nd quarter 2006**  
(% of population aged 55-64)



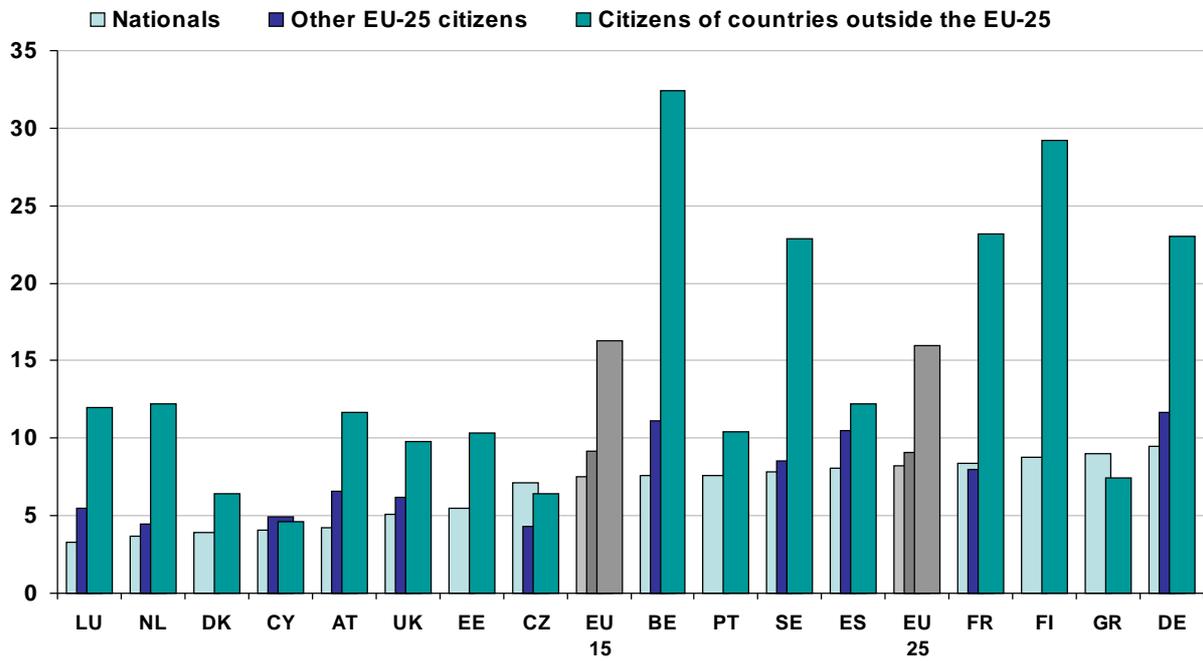
**Part-time employment by gender, 2nd quarter 2006**  
 (% of total employment 15-64 of a given sex)



**Fixed-term employment by age group, 2nd quarter 2006**  
 (% total number employees in age group)



**Unemployment rates by citizenship, 2nd quarter 2006**  
(% of labour force 15-64)



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**APPENDIX II**  
**to the EESC's own-initiative opinion**

**Contribution of the Central Economic Council**  
**to the Belgian national reform plan (2005-2008)**

Within the Central Economic Council (CEC), the social partners are discussing various subjects of central relevance to the Lisbon strategy. Since the 1996 law on promoting employment and preventive safeguarding of competitiveness, the social partners have been engaged in an in-depth analysis of the main elements determining wages and structural competitiveness factors in our economy. The results of this work can be found in the technical report on maximum available margins for increases in wage costs, used as a basis for biannual inter-sectoral negotiations.

The Council would point out that each time the wage margin is set in successive inter-sectoral agreements, account is taken of the various economic shocks experienced by Belgium and socio-economic changes in neighbouring countries. The most recent inter-sectoral agreement (ISA) was entitled "For an innovative economy and employment". It followed on from three preceding agreements, on adjusting the index (01/2006), the declaration on competitiveness (03/2006), and the agreement on reducing employers' payments and adjusting social allowances to increasing prosperity (09/2006).

The social partners agreed on and reaffirmed their determination to ensure stricter application of the 1996 law on promoting employment and preventive safeguarding of competitiveness. They recommended that, within the framework of the 2007-2008 ISA, sectors which had not yet done so should negotiate a correction mechanism to prevent excessive wage rises and the conversion of savings on employers' payments into higher wages. The inter-sectoral social partners agreed that a balance had to be struck between, on the one hand, keeping the growth of wage costs under control and, on the other, employees' purchasing power.

Officially, since the inter-sectoral agreement of 1998, the social partners have attached particular importance to continuing training, and they have set an objective of 1.9% of total wages on training measures. Since then, a chapter of the Central Economic Council's technical report has been devoted to evaluation of such training measures. In the course of joint work by the CNT (Conseil National de Travail) and the Central Economic Council, the social partners have developed a tool for evaluating these training measures. For them, vocational training must be a key issue for sectoral negotiations in 2007-2008. They are urging sectoral employers' and trade union negotiators to take appropriate initiatives enabling Belgium to catch up in this area.

For several years, the social partners have expressed their determination to pay particular attention to *structural competitiveness*. The most recent and inter-sectoral agreement tasked the CEC with continuing its analysis of this subject. Significant work is underway in collaboration with the Belgian Federal Science Policy Office, the Federal Planning Office, and various academics, by means of a

network involving federal and regional players. This work has produced a diagnosis of the Belgian national system of innovation in the form of an opinion submitted to the government.

In implementing the joint declaration of 27 March 2006, the CEC has organised a conference to explore the factors behind underperformance in terms of innovation and discuss possible solutions. Based on the conclusions of this conference, the social partners intend to take steps to achieve a culture of innovation, both within companies and at the level of public authorities and society as a whole. They feel that an important requirement for this to happen is the involvement of all stakeholders - and therefore all social partners - in the formulation of innovation policy. Indeed, in countries which have succeeded in the field of innovation, national consensus on the importance of a strong innovation policy has helped to develop a strategic vision and an effective innovation system. They emphasise that a culture of innovation does not only depend on the level of expenditure on research and development but also on numerous other aspects: employees' training, the organisation of work, human resources policy, as well as the involvement and support of all employees; wage costs, mobility and career prospects for researchers, patent award systems, and contacts with research institutions. The CEC has also been requested to review innovation efforts by individual sectors and the problems which they are encountering, and to develop useful indicators. The social partners are currently working on a second opinion on policies which could improve our national system of innovation. To this end, the CEC has set up four working groups, tasked respectively with carrying out an analysis of patenting and standardisation issues; the exchange of knowledge, firstly between companies, and secondly between academia and industry; entrepreneurship; and fiscal conditions for research and development and the policy mix. At the request of the social partners, the CEC and the regional economic and social councils have decided to encourage the exchange of information on best practice between regional, federal and European levels. A joint seminar of the Central Economic Council, the FPS Economy/Energy and the European Economic and Social Committee will be held in 2008 on "energy policy, structural competitiveness and sustainable development: energy technologies and innovation".

In addition, the social partners issued an opinion in December 2005<sup>19</sup> and an additional opinion in April 2006<sup>20</sup> on energy efficiency in the housing sector, as a follow-up to the opinion of 2004 on the proposal for a European directive on energy efficiency and energy services. These opinions were intended to ensure better understanding of household energy consumption practices and socio-economic and technical factors behind changes and resistance to change in the field of energy consumption in the residential sector. At present, the CEC and the regional economic and social councils are setting up a round table on this subject.

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19 CCE 2005-1391 avis relatif à l'efficacité énergétique dans le secteur du logement en Belgique (opinion on energy efficiency in the Belgian housing sector) (21/12/2005)

20 CCE 2006-422 avis complémentaire à l'avis relatif à l'efficacité énergétique dans le secteur du logement en Belgique (additional opinion on energy efficiency in the Belgian housing sector) (19/4/2006)

Over the last few months, the CEC has begun work on the subject of improving energy efficiency in transport. A diagnostic opinion<sup>21</sup> on commuting was adopted in 2007. This paid particular attention to emphasising best practices negotiated or supported by the social partners to improve commutes.

In collaboration with the European Economic and Social Committee and the Federal Planning Office, the CEC has carried out a series of studies and held a seminar on reforming network industries. These studies are included as part of the work of the CEC's energy and transport sub-committees. The CEC has a work programme on energy, covering four subjects: energy supply; the contribution of the energy sector to competitiveness, growth and employment; liberalisation of the energy market in the EU and Belgium; and potential in the field of innovation, research and development. The CEC has adopted an opinion on the Commission's preliminary report on "Energy 2030".<sup>22</sup>

As part of negotiations on the Inter-Generational Pact, the social partners introduced a link between the sustainability of public finances, employment rates, and upgrading social services to the level of prosperity. In implementing an agreement of September 2006 within the Group of Ten, the CEC and the CNT adopted a joint opinion<sup>23</sup> on a mechanism for adapting welfare payments to prosperity.

Finally, for the last few years a current affairs monitoring unit has been operating within the CEC. This unit will enable the social partners to select issues which are appropriate for discussion and will keep them in touch with the main developments on the Lisbon strategy. The unit is developing a cooperation network with academic experts and several Belgian representatives to European authorities, whether political decision-making institutions or consultative bodies. Regular hearings are held at the level of the CEC, involving the Belgian permanent representation to the European Union as well as Belgian representatives on the Economic Policy Committee and the Economic and Financial Committee.

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21 CCE 2007-127 avis diagnostic sur les déplacements des travailleurs entre leur domicile et leur lieu d'activité professionnelle (diagnostic opinion on commuting) (30/1/2007)

22 CCE 2007-357 avis concernant le rapport préliminaire de la commission « énergie 2030 » (opinion on the commission's preliminary report on "energy 2030") "Belgium's energy challenges towards 2030 " (1/3/2007)

23 CCE 2006-1022 liaison au bien-être - bonus annuel de bien-être pour les pensions - diminution des charges patronales - exécution du pacte de solidarité entre les générations (linkage to prosperity - annual prosperity bonus for pensions - reducing employers' payments -implementing the pact for inter-generational solidarity) (21/9/2006)

## **Contribution of the Bulgarian Economic and Social Council**

### **The situation in Bulgaria**

One main objective of labour market policies in Bulgaria, both implemented and planned, is to increase employment, focusing on quality improvement of human capital as a source of higher income and the effective integration of disabled groups into the labour market. This will be achieved by coordination and steady efforts by state institutions, social partners and civil society.

Bulgaria has set the goal that by 2009 the employment rate should reach 61% (55.8% in 2005) as a result of the coordinated and steady efforts to improve working conditions and quality as well as the capacity of regulatory institutions, increase the flexibility of the labour market and attract young people, women and older people to enter the labour market.

Employment data of age groups show that the most vulnerable groups in the Bulgarian labour market are the long-term unemployed, young people below the age of 29 without any professional experience or without proper education and qualifications, disabled people and older unemployed people over 55.

The most serious challenge to Bulgaria is the integration of young and older people into the labour market where the employment coefficient is about half that of the EU-25 and its increase is the slowest among the target groups. Another key feature is that the percentage of people employed part-time out of the overall number of employed people in Bulgaria is too low (2.1%) compared to figures in the EU (18.4%). In order to stimulate the self-fulfilment of young people, activities will be directed towards improving IT-related knowledge and skills and improving the transition process from school to working life. Given the steady rise in retirement age, measures to increase knowledge and skills will be taken to facilitate the integration of unemployed people over 50 into today's labour market. Activities and measures for combining working and family life play a key role in increasing employment of women, improving their educational and qualification level and guaranteeing gender equality in economic, political and social life. The following measures are intended to achieve this:

- integrating and keeping young people in the labour market by supporting them in their career development and during the transition period from school to employment through the already implemented programme “Start of the career”;
- provision of accessible services and facilities for raising children and wider implementation of flexible forms of employment aimed at encouraging higher economic activity of women;
- implementation of a new employment programme for maternity support, so that mothers are able to get back to work earlier thus employing unemployed women engaged in raising their children up to the age of two years.

The Act for the integration of disabled people outlines active measures for the employment and professional rehabilitation of disabled people. One of the possible forms of participation in labour activity is employment in cooperatives and specialised companies, which employ people with sensory and other types of disabilities. So as to support these cooperatives and companies, the State provides

annual financing on the basis of the projects they have carried out and competition. Despite limited financial means, specialised companies and cooperatives offer support to people with permanent injuries. They certainly contribute to the integration into the labour market of people with specific abilities, and this is also a positive practice for the development of entrepreneurship in the social economy. At present, 115 specialised companies and cooperatives are registered. Measures and activities in the field of social integration of disabled people are brought into line with European requirements for equality and non-discrimination as stipulated in the National Strategy for Disabled People. The Agency for disabled people supports various initiatives to integrate these people and its priority is to promote programmes to facilitate employment of disabled people by increasing their qualifications and vocational training in the light of their injury and creating new professions in line with market conditions. Programmes to be implemented to encourage employment of disabled people are as follows:

- National programme for assisting disabled people;
- National Programme for the employment and vocational training of people with permanent injuries.

One priority of the policy of social support is guaranteeing the social protection of vulnerable groups by improving the allocation of social benefits, creating conditions to develop and improve the mechanism for provision of social services and creating opportunities for social integration of these people. The target groups for practical measures to prevent or escape poverty are the unemployed, single parents and people living alone, disabled people, representatives of ethnic minorities and older people who have difficulty adapting to labour market requirements. Specific measures are:

- improved allocation of social benefits, better supervision of benefits and increase in the sanctions for abuse of the social benefit system;
- decrease in the number of passive users of social benefits and creation of opportunities for reallocating resources to the people who need them the most;
- optimisation of coordination between the social assistance system and programmes for subsidised employment and training for social reintegration of individuals receiving social benefits;
- provision of alternative forms of family support: paying the fees for child care centres, paying for proper meals at school canteens, buying school necessities (text books, clothes, etc.).

Priorities for overcoming the social isolation and employment challenges of minorities include literacy and training so as to acquire a professional qualification and improvement of infrastructure in villages and districts populated by minorities. Efforts in this area are also supported by activities for improving the health status of minorities (including consultations with specially trained mediators among minorities) and solving housing problems. Measures to be taken in this field are:

- introduction into the employment system of guidelines on “Specialised individual consultations to solve specific issues of the Rom ethnic community”;
- the JOBS project (including “Rom employment”) will offer services to representatives from the minority communities including training, consultations, internet services, support for provision of

financial resources (including direct access to micro-financing in the form of financial leasing and access to grant schemes);

- development and introduction of a national information system on the housing conditions of vulnerable minorities;
- implementation of the National Programme for literacy and qualification of Rom for effective integration of representatives of the Rom minority into the labour market.

### **ESC proposals**

The ESC considers that the increase in the effectiveness of employment policies is extremely important in achieving higher economic growth. Therefore, the ESC believes that the principle of safety and flexibility, generally accepted in EU countries, should be applied in Bulgaria. The sequence of and logical connection between the main objectives and measures guaranteeing a balance between safety and flexibility in the labour market need to be highlighted more clearly. Such a restructuring would improve comprehension and support for the objectives and measures by both businesses and employees.

At the same time, the ESC proposes that State policy should further stress more decisive measures for improving the educational level and quality of human capital in Bulgaria. Additional measures are needed guaranteeing the principle of good parentage and a chance for every child to enter employment. The ESC recommends that effective measures be stressed forcing employment of all unemployed people who refuse to accept a suitable job offered by labour agencies.

The ESC insists on the creation of a fund for Investment in youth, which would give additional guarantees for the provision of financial resources for the education of young people after a certain age.

The ESC insists that the national Assembly should adopt a national vision for Bulgaria's human capital with the active participation of all stakeholders, highlighting the key importance of education for the future prosperity of Bulgaria. A long-term national strategy for the development of education in Bulgaria should be adopted on the basis of this vision, setting out clear priorities for the development of all educational levels. The national strategy for vocational training should be implemented on the basis of mid-term national action plans prepared by the Ministry of Education and Science in cooperation with all relevant ministries and after coordination with the representatives of civil society. The national action plans should set out specific assignments and responsibilities incumbent on state institutions and social partners.

The ESC insists that a policy be drawn up and implemented encouraging the return of Bulgarian citizens who, for financial reasons, left the country during the transition period. The ESC is convinced that, with their newly acquired experience, qualifications and financial resources, this contingent of the labour force could, if they returned, be a key factor in overcoming the structural deficit in the labour force and would provide additional sources for economic growth. The ESC advocates that policies and measures be drafted to promote the return of Bulgarian communities living abroad. The

ESC recommends that migration be included in the NRP, with clearly defined objectives, measures and resources.

The ESC has put forward proposals in the area of employment of priority categories:

- creating a flexible labour market for better social cohesion. Motivating entrepreneurship and stimulating SMEs by reducing administrative barriers are prerequisites for a more flexible labour market;
- extending working life and enhancing the policy for active aging by training older workers in new technologies, raising the retirement age and allowing employment contracts to be converted to part-time;
- increasing adaptability to the changing conditions of the labour market: flexitime, regulation of overtime and flexibility in collective labour bargaining;
- improving the quality indexes of human capital by life-long learning:
  - education should be modern and aimed at the future needs of employers;
  - in the education process of unemployed people, the main criteria should be quality of education and the knowledge gained by the trainees;
  - branch centres for vocational qualifications serving SMEs need to be supported at institutional level;
  - overcoming regional differences;
- adapting the education provided by universities to labour market requirements;
- active measures are needed to limit unemployment and increase economic activity by converting employment from temporary to sustainable forms and combining social objectives with economic effectiveness;
- a migration strategy should be adopted by establishing an Agency for Migration;
- policies should be adopted encouraging the extension of working life and active ageing.

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**Contribution of the French Economic and Social Council**  
(Employment Section)

The Economic and Social Council has already on several occasions examined the problems encountered by certain categories of people who face difficulties in entering or maintaining their position in the job market.

With its analyses on the employment situation of young people, women, older people, people with disabilities or immigrants, the council seeks to emphasise the need for viable solutions to deal with the inequalities or difficulties that have been noted. The council also believes that it is crucial to take the difficulties faced by people with few or no qualifications into consideration, especially in view of the fact that current and future challenges in the labour market and in economic development will have to be met by improving qualifications. The objectives of the European strategy for growth and employment have added further weight to this issue given that in our globalised world companies and employees are facing growing uncertainty.

Our assembly has been working on an ambitious approach to safeguarding career paths as part of the above efforts. This involves proposals on how to provide employment for persons throughout their working lives, under the best possible conditions, regardless of whether a person is at the beginning, middle or end of their career, with equal right of access for everyone.

- **Making it easier for young people to enter the labour market**

In our assembly's view, a change in philosophy on labour market access for young people is needed, which involves making work more attractive to young people. Concretely, this means limiting the use of special contracts for young people which prevent them from becoming employees like other employees. Even if the high rate of unemployment amongst young people calls for specific policy measures, these should nonetheless be reserved for the most difficult cases, to limit the use of lower-grade contracts.

Young people also need to be given the means to discover the labour market and to prepare their entry into it. The ways in which young people are informed, especially about different careers, training leading onto various professions, and the labour market need to be reconsidered, and information provided at different stages of basic training, at college, university, school and beyond. Likewise, the way career guidance is provided needs to be thoroughly rethought to help and inform young people and their families about career choices and to prevent them from embarking on dead-end career paths. The vocational side of basic training also needs to be boosted, especially by encouraging the provision of training which includes regular periods of hands-on experience or apprenticeships, and by tailoring vocational training to guarantee employability. Integrating young people in the labour market requires greater dialogue between the worlds of education and work.

- **Improving conditions of access to employment and work for women**

Women's work is not only useful, but indeed indispensable to the future of our society. It boosts the economy and helps shift mentalities, leading to a better division of tasks between women and men. Our assembly recommends boosting the level of basic and ongoing training for the benefit of all. Lifelong learning, which is a right, should help to achieve this objective. Meanwhile, providers of career guidance need to, in future, avoid the pitfall of stereotyping women in terms of their suitability for certain types of career, to ensure equal opportunities also applied in practice.

Moreover, a response needs to be found, both at the political level and through collective bargaining, to the problem of imposed part-time work which mainly affects women and leads to loss of income, so that employees enjoy greater security.

Finally, the development of child care services for young children is indispensable if women are to be given genuine, free choice between work and family responsibilities, allowing them to reconcile working and family life.

- **Increasing the rate of employment of older people and rethinking retirement**

Managing the end of working life is a major challenge for our society. Policies should encourage a shift away from age as deciding factor in employment towards greater appreciation of the skills that workers have to offer at different stages in their career. Even if increasing the rate of employment of workers over 55 is a priority which requires specific measures, guidelines that solely target older workers can, in fact, by way of stigmatisation, contribute to maintaining barriers and prevent a smoother management of working life.

Initiatives to create a more positive image of older workers should help to make employers realise that it is in their interest to keep older workers at work. Without neglecting the new approach involving special contracts, our assembly remains in favour of attempts to increase the rate of employment for older workers by means of legislation. New practices concerning working conditions, mid-career management, training and end of career arrangements, which today are limited in nature, need to be developed within companies across the different sectors and in the different regions. This is part of a policy approach which anticipates employment and training needs, and allows older workers to stay in work.

- **Promoting the employment of people with disabilities**

Our assembly has previously highlighted the challenges faced in helping disabled people to participate fully in society. The Law of 11 February 2005, which drew on several of our recommendations, emphasises the principle of non-discrimination, as it requires all types of employment to be considered as potentially suitable for disabled people and imposes financial penalties on employers who fail to ensure that 6% of the staff they take on are disabled. It also contains important provisions on the rearrangement of work stations, training and the maintenance of benefit once a disabled person

has found employment. These measures require substantial funds to ensure the principles set out in the law, especially those concerning the integration of disabled people into working life, are implemented in day-to-day life. The fact that access to employment is a crucial factor in the independence and personal fulfilment of disabled people makes this all the more of a challenge.

- **Integrating immigrants into working life**

Even though future developments in the labour market, especially those associated with demographic change, will potentially lead to a fall in unemployment in the short term, such developments are also likely to lead to major tensions in certain areas of employment or certain professions.

The Economic and Social Council believes that controlled and well-managed immigration in the coming decades can help to increase the number of working-age persons in employment and thus contribute to economic growth, employment and the preservation of the pensions and social security system. Further efforts need to be made, with the help of the social partners, to help immigrants find quality employment, and to counter all forms of exploitation or discrimination.

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Although the employment situation of these different categories of people calls for a number of specific policy measures, the Economic and Social Council believes that such measures must be well-targeted and applied only where strictly necessary, to avoid fragmenting the labour market.

Any policy aimed at achieving the objectives of sustainable economic growth, more and better quality jobs, and greater social cohesion must feature lifelong learning as a major theme.

That is why we stress the importance of providing new resources to promote training for the workforce as a whole, with a special focus on people who have received relatively short basic training, those most at risk in the labour market (low-skilled or unskilled workers, young and older people, ...) as well as those needing to adapt to changes in technology. Also, ways of introducing obligatory training, to be taken up at least every five years, with shared responsibility for employees and companies, need to be considered. Improving and simplifying the recognition of professional experience, both in quantitative and qualitative terms, would lead to crucial progress in what is a key right of each person to have their experience acknowledged in the form of certificates.

Finally, our assembly wishes to draw attention to the need for an ambitious and proactive approach to the above issues, which brings together the social partners and public authorities, and is based on negotiation and a constructive social dialogue.

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## **Contribution of the Italian National Economic and Labour Council (CNEL)**

### **(Committee for Labour and Production-Sector Policies (II))**

#### **I. European reference framework**

While the European Union in 2006 experienced a growth in employment and a slight dip in unemployment rates for the first time since 2001, a number of serious structural problems remained:

- a continuing marked differentiation in employment and unemployment rates depending on sex, age and skills, with the most vulnerable categories faring worst;
- a rise in employment owed almost entirely to an increase in modes of employment – predominantly and disproportionately involving women and young people – that offer scant legal and social security.

In 2006, the EU-25 had not achieved the goals set at Lisbon and Stockholm, in terms either of overall employment levels (as evinced by an EU average of 64.7% in the EU-25) or in the employment of women (57.3%)<sup>24</sup>. It is thus looking ever more likely that in many Member States, as in the Community as a whole, the goals set for 2010 (70% employment, 60% for female employment) will not be met.

In addition, young people, the disabled and migrant workers remain at the periphery of the labour market: youth unemployment in the EU is around double the overall figure (16.7% in the EU-25 in 2006), while only 40% of people with a disability have jobs.

This is why a framework needs to be created which will improve the quality of work and create active labour policies aimed at boosting employability, eliminating skills gaps and shortcomings, and encouraging the employment of disadvantaged categories.

#### **II. The situation in Italy**

Although there have been some successes in the Italian labour market over the past year, there are nevertheless a number of problem areas:

- 1 a level of female employment that still falls far short of the Lisbon strategy goals;
  - 2 high rates of youth unemployment in the south of the country;
  - 3 a high rate of undeclared employment;
- and

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<sup>24</sup> Eurostat, Employment rates (total and females) - provisional, 2007.

4 difficulties in getting the disabled into work.

### 1. Female employment

Notwithstanding the growth registered in recent decades, with women accounting for more than 60% of overall employment growth in Italy<sup>25</sup>, female employment rates come out below the EU average (including new Member States) for every age group. In fact, at present Italy ranks second only to Malta as the country with the lowest levels of female employment in all of the Union: in contrast to the overall employment rate, which stood at 58.9% in 2006 (6 percentage points below the EU-25)<sup>26</sup>, the female employment rate is 46.7%, almost 12% short of that of the EU-25 (57.3%).

There is no doubt that the difficulties of getting onto the labour market have to do with the lack of care services for children and the elderly and the difficulty of striking a balance between the family and work. Despite recent important legislation on the issue – most notably Law 53/00 and Consolidation Act 151/01 – children still remain a barrier to getting and holding on to a job. In fact, the employment rate of single and childless women aged between 35 and 44 stands at 84.6% as against 37.4% for women of the same age with three or more children. Furthermore, there are 564 000 women who would seek work if they had support from social services, and 15 000 women who, with the same proviso, would be willing to swap full-time for part-time work<sup>27</sup>.

In ten years, the number of part-time female workers has gone up by more than 70% (compared with 9% for men) and they now make up 26% rather than 20% of the female workforce<sup>28</sup>. Adult women account for the bulk of this increase, a sign that the prevailing model of work is no longer an "either/or" option (a clear choice between work and family), but a model of combining and balancing: the roles of mother and regular worker are added, but the onus of achieving the balance falls almost entirely on women and, despite everything, hampers greater participation. The fact is that, notwithstanding the intention of the legislators in drafting Law 53/00 – to promote a better balance between time spent in working, caring, nurturing relationships and training, and encouraging the redistribution of care duties between the sexes – it is predominantly women who take parental leave: 74.4% of mothers compared with 8% of fathers of children born in 2003, and more in the north than in the south<sup>29</sup>.

What is needed to reconcile working and family life – not only in terms of Italy, but also regarding the Community strategy for promoting work – are innovative policies for balancing work and the family

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25 ISTAT, Annual Reports 2006, 2007.

26 ISTAT, cit.

27 As reported by Cnel in its document of observations and proposals on *Le politiche familiari: bisogni sociali, servizi innovativi, modelli di sostegno* [Family policies: social needs and models of support], Assembly of 30 May 2007.

28 2006 Annual Report, cit.

29 *Le politiche familiari...*, cit.

that foreground the provision of new and more inefficient services. To this end, reconciliation "at family level" should take the form of a package of specific instruments that make the relationship between the family and work a satisfactory one. Much can be done in this direction by, for instance, promoting the use of greater online access to local and regional public services, encouraging a role for collective bargaining and putting in place various kinds of incentives (in companies and in public administration) in order to encourage best reconciliation practices. The work-family balance instruments already available also need to be given a rethink to make it easier for companies and their workers to use them.

## **2. Youth employment**

The general upturn of the Italian economy and the slight drop in the unemployment rate – which, according to ISTAT figures, fell from 7.7% in 2005 to 6.8% in 2006 – has also had a beneficial impact on youth unemployment (those aged 15 to 24), bringing jobless rates down to 21.6% (from 24% in 2005) compared with the EU-25 average of 16.7%. The south has the highest rates with 34.3%, compared with 12.4% in the north and 19% in the centre, while there is a notable concentration of youth unemployment in the major urban areas.

Because of the ageing population (at present rates, we shall have an extra 4.8 m people over 80 and 12 m fewer under 80 in the year 2050), it will be the young who bear the brunt of the changes underway. This, allied to lack of personal independence, disenchantment with looking for work and staying longer in education, means that a question mark hangs over the future of young people which Europe and Italy need to address.

As with female employment, any serious consideration of youth employment must address not only quantitative aspects, but also, and above all, qualitative ones.

In this connection, although there have been positive results in some sectors, the progress made in Europe's education and training systems – key engines for improving quality – still goes little way to meeting the Lisbon goals (a maximum 10% drop-out rate among students and 85% successfully completing high school). In Italy, 21% of young people between the ages of 18 and 24 do not obtain a certificate of secondary education, compared with the EU-25 figure of 15%.

Further efforts in terms of investment in, and development of, education and training are therefore crucial, since without them Europe's competitiveness will not improve.

At the end of the day, if we are to respond to the need to provide "more and better jobs", there must be monitoring to prevent situations in which increased employment of young people actually means that they are concentrated in flexible jobs which are often synonymous with a lack of security.

In fact, this is the prospect facing a huge number of young people in Europe: a little over half of those in Italy and slightly below 40% of those in France currently entering the world of work on temporary contracts (now half of new recruits) will probably not have a secure job even after 2010. According to

Banca d'Italia, in 2006 49.8% of Italian new recruits aged between 15 and 29 had temporary contracts (up from 46.4% only the year before), compared with 40.5% of new recruits of all ages.

In the south of Italy, in particular, flexible working appears to have now become the only way of creating new jobs, gradually displacing normal terms of employment.

If it is true, however, that flexibility does not invariably mean lack of security, it is also vitally urgent to re-establish work as a value and to redefine the stability of work and the professional and social enrichment it brings.

### **3. Undeclared work**

Undeclared work in Italy is still of alarming proportions. 2005 estimates<sup>30</sup> put the number of undeclared workers at just under three million, a fall on the 2001 level, primarily due to a drop in the number of non-resident foreign workers. The level of undeclared work fell from 13.8% in 2001 to 12.1% in 2005. It is markedly higher – approaching 20% – in the south.

Many laws have been passed in recent years, with mixed results, in an attempt to stem the phenomenon.

The 2007 Finance Act (Law No 297 of 27 December 2006) seeks to regularise undeclared work through a procedure (Arts. 1192 to 1201) that targets workers who do not show up in accounting records or other obligatory documentation. The strategy adopted is to reward law-abiding companies: benefiting those companies that correctly apply standards on work, social security and safety through incentives and easier access to contracts, tenders and so on. The aim is to make bona fide work less trouble than work that is wholly or partly illegal and rooted in abuse of or lack of respect for standards.

In the last six months, 45 000 of the three and a half million undeclared workers estimated in 2006 have now "resurfaced", the bulk of them coming from sectors such as the building industry, where the government's action is largely concentrated.

It is clearly of fundamental importance, then, to continue along these lines and send, on the one hand, a signal of resolve to the wrongdoers, and, on the other, of enlightened thinking to those who respect the rules. A signal that is not only about cracking down, but also about prevention, information and training so that institutions, workers and employers can together create a positive, bona fide culture of work.

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<sup>30</sup> 2006 Annual Report, cit.

#### 4. Work and people with disabilities

Policies geared to promoting the family/work balance only highlight how urgently they are needed when it comes to families with disabled members, for whom increasing care needs have become particularly worrying in recent years, with obvious repercussions on family budgets.

According to the last annual ISTAT report, which gives a snapshot of the country in 2006, Italy has around 2.6 m people with a disability, more than two thirds of them aged 65 and older. The issue is also reflected in the labour market, since employment among the disabled is still rather low. However, it needs to be remembered that among the disabled of working age, 27% are actually incapable of work. Disabled women are notably disadvantaged compared with men, with employment rates of 11% and 29% respectively; a disadvantage exists for those without a disability, but here the difference is less pronounced. Nor is the situation very different in the rest of the European Union, where, according to the 2007 ILO estimate, anyone between the age of 16 and 64 has a 66% chance of finding work, a figure that falls to 47% for those with a slight disability and to 25% for those with a severe disability. In its report on discrimination in the workplace, the International Labour Office highlights its concern at the persistence of discrimination directed at people with disabilities, not least because there are 470 million such people of working age in the world as a whole. In Europe, 52% of people with disabilities are not in the work force, and their global employment rate in 2005 stood at 38% against the overall average of 78%. The ILO thinks the reason for the exclusion or disadvantage of disabled people in the search for work or in the workplace lies in the still very widespread prejudice regarding their assumed lack of productivity or their inability to work or to prepare for work. And the greater the degree of disability, the stronger these convictions are.

Nevertheless, some progress made in Italy should be mentioned: in 2005, 30 865 people with disabilities were incorporated into the workforce, compared with 25 337 the year before. This was due to the legislative innovations focusing on getting people into work brought in by Law 68/1999, and the many initiatives set in train, sometimes involving European projects and funding.

This legislation has brought radical change to the mandatory recruitment of people with disabilities (governed by the previous Law 482/1968), introducing the concept of *targeted* placement, which is based on the potential of people with disabilities to work (Art. 1(4) of Law 68/99) and aims to secure qualified employment through a process of personalised guidance, training and practical assessment on temporary work placements (Art. 11 of Law 68/99).

To this end, financial support is provided to employers ready to take on the severely disabled and incentives are also provided by regional authorities (enshrined in Legislative Decree No 469 of 23 December 1997 which gave regions powers to manage the labour market, including the recruitment of the disabled).

However, this remains an unduly worrying phenomenon that can only be combated if governments adopt truly effective measures.

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### **Contribution of the Romanian Economic and Social Council**

Romania's labour market has undergone profound changes as a result of its economic reforms. If the structure of the labour force is broken down by age group, it becomes clear that this population is ageing. The largest age group consists of those over 35. The activity and employment rates for the working-age population (aged 15-64) have shown fluctuations, with the activity rate in 2005 standing at 62.4% and the employment rate at 57.7%, 7.8 and 6.1 percentage points below the EU average, respectively. While the total workforce is set to decrease as a result of the reduction in the number of over 65-year-olds, the segment aged 15-64 will increase, with the activity rate reaching approximately 67.6% by 2010.

The restructuring of the economy and privatisation have resulted in the migration of city dwellers to rural areas following redundancies. Agriculture has become the last-resort employer, resulting in a higher employment rate in rural areas than in urban ones. Over the forthcoming period, the workforce in rural areas is expected to move towards the agricultural service sector, as a result of the development of competitive farming focused on medium-sized holdings. Measures will be taken to steer those employed in subsistence farming towards the non-agricultural service sector. In this context, it is estimated that the rural and urban employment rates will even out in 2008, reaching approximately 58.5% and 58.2%<sup>31</sup>, respectively.

Romania's labour market is marked by a relatively high inactivity rate, high unemployment among 15-19 and 20-24-year-olds, a high level of early retirement from the formal labour market, and a significant level of employment in the agricultural sector, hallmarked by undeclared work.

In 2005, the official ILO unemployment rate was 7.2%, breaking down to 7.7% for men and 6.4% for women. The unemployment rate is forecast to drop to 6.47% by 2010. In 2005, there was a 3.6 point difference between the ILO urban and rural unemployment rates, with the urban rate remaining higher than that in rural areas. However, the urban and rural unemployment rates will continue to decrease and increase, respectively, so that by 2010 the two rates are expected to even out.

As regards social policy, Romania is to focus its efforts on the three priorities set down by the revised Lisbon Agenda: attracting and keeping more people in employment, improving the adaptability of businesses and workers, and increasing investment in human capital in order to improve its quality. These aspects will ensure convergence with the objectives of the Sustainable Development Strategy: demographic and migration issues, social exclusion and related aspects such as public health.

In order to comply with the European Employment Strategy and implement the Joint Inclusion Memorandum, the following measures have been adopted at national level: the National strategy for employment 2004-2010, the National action plan for employment 2006, the Strategic plan for social inclusion and the National strategic report for social protection and inclusion, the National

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<sup>31</sup>

Estimation by the Romanian national forecast committee (Comisia Națională de Prognoză).

development plan and the National strategic reference framework 2007-2013 – Sectoral operational programme for the development of human resources (POS DRU).

For the 2007-2013 period, European Social Fund intervention in Romania aims to meet the Lisbon objectives and will focus on modernising the education and training systems, increasing access to education and training services, improving the adaptability of employees and businesses, modernising the public sector, and promoting active measures for employment and social inclusion.

### **Increasing participation in the labour market and promoting the quality of employment**

Key priorities:

- ensuring that the labour market operates in a way that is conducive to job creation, reducing undeclared work and ensuring adequate change management for businesses and workers;
- improving access to the labour market for vulnerable groups;
- promoting competitiveness on the labour market, particularly by bringing the education and training system closer in line with labour market requirements.

#### **1. Promoting an integrated approach to flexibility and security on the labour market**

The main objective of Romania's economic policy is to keep unemployment down whilst pursuing industrial reform.

In order to achieve these ends, the government has proposed:

- to increase the quality of employment and job security by reducing tax on labour, whilst creating opportunities for lifelong learning;
- to introduce measures to boost businesses in order to increase productivity and flexibility on the labour market;
- in the short and medium term, the priority areas for action involve ensuring that the labour market operates in a way that is conducive to job creation, curtailing undeclared work and ensuring adequate change management for businesses and workers.

#### *Flexibility and security in the labour market*

The changes and additions made to legislation in 2005-2006 focus on making labour relations more flexible and reducing administrative pressure on employers:

- loosening restrictions for the conclusion of individual fixed-term work contracts;
- regulating new forms of employment via part-time work, temporary work or "teleworking" contracts;
- simplifying the procedures for keeping records of employees, with the introduction of the general employee register;

- increasing the flexibility of procedures for individual and collective dismissal, and guaranteeing employees' rights in the event of such dismissal.

#### *Reducing taxes on labour and curtailing undeclared work*

In economic terms, the main measure adopted by the government since 2005 has been the establishment and maintenance of the single tax-rate. The process aims to reduce the percentage of undeclared workers (during 2006, the situations of around 150 000 workers<sup>32</sup> were clarified).

## **2. Improving access to employment**

In the general context of labour market changes and demographic challenges, Romania is keen to attract and maintain under-represented groups within the labour market, including young people (15-24 year-olds), older workers (55-64 year-olds), rural residents, Romas and people with disabilities.

### *a) Developing adequate change management for businesses and employees*

The process of economic restructuring and adaptation to new technologies, together with the pressure of joining the European economy, have made necessary another area for priority action: change management support measures.

### *b) Improving the quality of employment services and participation in active employment measures*

Improving the quality of employment policies and adapting to the requirements of beneficiaries are among the main concerns of the public employment service, whose priority, in the medium term, is to bring active employment measures into line with individual requirements (tailored services).

## **3. Integration of young people within the labour market**

The ILO unemployment rate for young people stood at 19.7% in 2005. Of the 210 300 unemployed 15-24 year-olds, 162 100 had never had a job. The long-term unemployment rate for young people was 13.1%, rising to 18.2% in urban areas – 9.5 points higher than in rural areas.

In this context, the government's short- and medium-term actions to promote young people's access to the job market involve:

- facilitating the transition from school to work, by strengthening career guidance and information services and implementing the national programme aimed at providing pupils and students at the end of their studies with information on the opportunities and risks of the job market;
- promoting apprenticeships as an alternative for young people with poor education and no qualifications;

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<sup>32</sup> Estimation by the Romanian national forecast committee (Comisia Națională de Prognoză).

- implementing measures by the public employment service to boost the employment of young people (recruitment premiums, lower contributions to the unemployment insurance scheme, wage subsidies, vocational retraining schemes, soft loans for students who want to start a business);
- focusing on the situation of young people who have been in care, by implementing the special socio-occupational integration programme.

For the 2008-2010 period, the government is to implement the national programme for the promotion of youth employment, which aims to improve the administrative capabilities of public players and social partners in order to devise employment measures geared towards young people, increase the efficiency of measures to attract young people to the world of work and raise public awareness of the challenges resulting from the unstable situation faced by young people on the job market.

#### **4. Prolonging active life**

In Romania, measures to prolong working life aim to gradually increase the retirement age for men (age 65) and women (age 60), remove the obstacles to remaining in work for those eligible for retirement (recent modification of legislation to this end) and apply measures to promote the employment of older workers (reduction of contributions to unemployment insurance system, subsidised wages).

The government intends to prevent early retirement by reassessing the criteria for early retirement eligibility and invalidity, and identifying active measures to extend activity until the end of the career.

#### **5. Promoting local potential for the implementation of employment and social inclusion measures**

At regional level, action plans for employment and social inclusion began to be drawn up in 2005. In this context, 43 regional and local pacts for employment and social inclusion were established with the aim of promoting local employment potential, increasing workforce skills, combating discrimination in the job market and promoting social inclusion for vulnerable groups.

##### *Quality of employment in rural areas*

The legislation to promote employment has been amended in order to give rural residents more opportunities for decent employment.

In order to reduce employment in the subsistence farming sector and make it possible to move towards an official presence on the labour market, an integrated approach is required, geared towards a number of areas:

- encouraging the modification of economic structures in rural areas, the type of production and the marketing of agricultural products (creation and development of modern agricultural holdings);
- boosting employment opportunities in the service sector;
- improving school and physical infrastructures in order to increase the geographical mobility of the workforce;
- providing financial support for ongoing vocational training programmes and increasing opportunities for educating adults in rural areas.

#### *Encouraging economic activities in rural areas to prevent depopulation*

Through the national rural development programme 2007-2013 – priority 3, Romania will focus particularly on supporting semi-subsistence farms. Such support aims to ease the transition to competitive farming, by means of a series of individual steps designed essentially to improve revenues in semi-subsistence farms and to attract young people to agricultural activities by improving living and working conditions.

#### **6. Promoting initiatives to boost employment of groups at risk of social exclusion**

To create a flexible and inclusive labour market, it is necessary to promote instruments that disadvantaged groups can utilise to enhance their employment opportunities and access adequate social and education/ongoing training services.

The employment rate for people with disabilities is very low in Romania.

**2005 saw the promotion of the national strategy for the protection, integration and social inclusion of people with disabilities 2006-2013: equal opportunities for people with disabilities – towards a discrimination-free society. In order to implement this strategy, vocational training measures were set up to bring people with disabilities into the labour market, based on a national programme. The measures aim to meet the needs of this population in terms of workplace ergonomics, and to develop their skills and access to the labour market through "second chance" type schemes.**

#### *Ensuring equal opportunities for women and men*

In order to reduce the gender gap, the government has adopted a national strategy for equal opportunities between women and men, and a related general action plan comprising objectives and actions to integrate women excluded from the labour market, help women access economic sectors in which they are under-represented, and promote equal access to education and training for women and men.

The government is taking steps to facilitate the move from inactivity to activity on the labour market, providing free vocational training and development services in order to ease the transition from home-

making/family building to rejoining the workforce, helping to reduce this period of caring for children (which, under Romanian legislation, lasts until the age of 2) by providing crèche vouchers and wage top-up allowances, developing social services for community childcare and care of dependent family members.

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