

FEDERAL REPUBLIC OF GERMANY

NATIONAL

EMPLOYMENT ACTION PLAN

2000

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1. OVERVIEW

1.1 Current Economic Situation and Developments in the Labour Market

During the past year, the cyclical improvement has become increasingly stronger. Although economic development for the first half of 1999 was relatively slow, it noticeably gained momentum in the second half of the year.

By the end of 1999, small positive effects on the labour market due to the economic revival were noticeable. For the year 1999, the number of employed individuals increased slightly, by an average of 0.3 %, while the unemployment rate fell to 10.5%¹, compared to 11.1% in 1998. The unemployment rate in the new federal states (Länder) remained twice as high as in the old Länder, especially affecting Women.

Since the end of 1999, increased signs of acceleration in economic activity have become visible which will also have a positive effect on employment. For the last four calendar quarters, the West-German manufacturing industry has continually increased the level of manufacturing capacities used; the business climate for the West-German manufacturing industry has been steadily improving from its low point in April 1999; after adjustments for price changes, the volume of orders clearly exceeds that of the previous year and production plans for the manufacturing industry have been adjusted upward.

For the current year, the Federal Government expects a real economic growth of 2 ½ % in Germany. This estimate is nearly identical to those of most other national and international experts. It is anticipated to see noticeable impulses from the international market as well as a continued strengthening of the domestic demand.

Continued economic recovery will have positive effects on the labour market: projections for this year predict an increase in employment by a yearly average of around 12,000 individuals. Following this structural change, the most significant impact on employment is expected to occur in the service industry, as has been the case in the previous years. An increase in employment in the production as well as construction industries, in which employment was drastically reduced during recent years, is not expected until the latter part of the year.

Due to the continued reduction of job opportunities, it is expected that the number of unemployed this year, like last year, will decrease proportionally more than employment will increase. As an annual average for the year 2000, it is expected that unemployment in Germany will decrease by around 200,000 to 3.9 million. This would represent an unemployment rate of 10% (Eurostat: 8 ½ %).

1.2 Strategy: Creation of jobs and development of capabilities for the future

Prerequisite for an effective strategy for the promotion of growth and employment is a conflict-free interaction of measures at the microeconomic level in a dynamic macroeconomic environment. The more positive the macroeconomic framework conditions are shaped, the better structural reforms may become fully effective and the smaller the risk of a consolidation of cyclical unemployment. At the same time, favourable macroeconomic conditions will lead to more growth and employment all the sooner, the more structural reforms help to eliminate and/or avoid inflexibilities, remove disincentives and target incentives adequately.

A sustainable reduction of unemployment is above all achieved by the following:

¹ Unless otherwise indicated, Data used in this report represents the national concept.

- part of the unemployed are re-integrated into employment on the basis of a better capacity utilization,
 - by means of reinforcing and steadying the currently positive development with the help of permanently strong innovations and investments, a sufficient number of new additional jobs is created,
 - structural reforms in the commodity, services, capital and labour markets lead to new employment,
 - employability is achieved or regained by increased training and further training efforts.
- It should be noted that the promotion of equal opportunities for men and women plays an important part in the context of all measures.

Macroeconomic policy areas

With the consolidation of public budgets, fiscal policy makes a decisive contribution to a lasting and dynamic growth. It leads to increased confidence in the public sector's capacity to act and makes it possible to reduce taxes and levies and thus promote the potential to perform, to innovate and to invest. Moreover, measures to reduce net government borrowing create favourable preconditions for a stability-oriented and at the same time growth-promoting monetary policy. In the context of a consolidation which is carried out with determination the pattern of expenditure of the public budgets is at the same time adjusted with the aim of securing the future.

Wage policy comes within the competence of the collective bargaining partners. They decide in the first place on the level of labour costs and thus on the most important economic cost and demand component. It is therefore of great importance that the bargaining partners use the distributive margin which results from the productivity increase primarily for employment-effective agreements. Longer-term wage agreements provide companies with the sound basis they need to plan their investment decisions.

Monetary policy lies within the competence of the independent European Central Bank (ECB). The first and foremost aim of the ECB is to guarantee price stability in the Euro-zone. In this regard, the ECB uses the development of the money supply and the price development as orientation. In so far as it does not interfere with the aim of price stability, the ECB also has the task to support economic policy in general - which includes growth and employment - in the Euro-zone. This once again underlines the importance of a sound budgetary policy and of employment-oriented wage agreements.

Reforms to secure the future

The quick technological progress and the increasingly intense competition caused by globalisation trigger off a permanent structural change. It is at the same time the result of and prerequisite for a stronger dynamic of growth. The way in which growth and innovative opportunities are used depends to a decisive extent on how quick and how strong the markets react to changed framework conditions and economic developments. Structural reforms must therefore be targeted equally at the tax and transfer system, the labour market and the other commodity and factor markets.

With the Future Programme 2000 and the Tax Reform 2000, the Federal Government has set the course for a comprehensive and effective modernisation of the business sector (for further details, see Guideline 14).

In the field of labour market policy, it is above all important to give active measures clear priority over passive wage replacement benefits. A crucial aim is to markedly reduce the number of new cases of long-term unemployment. Already with the Second Act to amend the Social Code, Book III, the Federal Government targeted the law on employment promotion more strongly at

specific groups and at the prevention of long-term unemployment. In addition, the Federal Government will examine the efficiency and effectiveness of the labour market policy instruments and put the results of this examination into practice, inter alia in the context of a reform of the employment promotion law envisaged for the year 2002. Furthermore, the successful Immediate Action Programme to Reduce Youth Unemployment which offers training, qualification and employment to young persons is being continued in the current year.

Moreover, future-oriented tasks are put on a sounder resp. secure financial basis. This is why investments in research, education and science are annually increased, and why investments in the infrastructure are being steadied. Modern innovation policy is a cross-sectional and management task which can be made successful only if different policy areas cooperate with each other. Education, research and innovation policies are integral parts of a broader economic and social policy agenda.

What therefore matters is to create a climate which offers education, science, research and technology new possibilities for development. New ways leading to active action, to innovation and responsibility are to be opened up for the young generation, and for society as a whole. Only a "learning society" where education, training and research are a permanent task can live up to these challenges.

Further important future-oriented tasks are structural reforms on the commodity and factor markets which aim at strengthening competition, providing scope for private initiatives and opening up new growth and employment opportunities. To this add the necessary increase in efficiency and the streamlining of the public administration. The economic development of the new federal states in East Germany continues to be a particular priority on the Government's political agenda.

To deal with the repercussions of the demographic change, the further steps which are required in central key areas have to be initiated without delay. What matters in particular is to reform the social security systems in such a way that, even when the structure of the population has changed, their contribution rates remain stable with lasting effect and they continue to be able to fulfill their tasks.

Alliance for Work, Training and Competitiveness

It is only possible to cope with the employment problem and to implement the necessary reforms if this process is supported by all groups of society. The dialogue within society and a social equalization are therefore elementary parts of the overall economic policy concept of the Federal Government. The "Alliance for Work, Training and Competitiveness" ("Alliance for Work") initiated by the Federal Government provides a permanent framework for this dialogue and is an encouragement to identify and activate reforms and employment potentials (see also "National Action Plan 1999").

Meanwhile, the Alliance has inter alia achieved the following results:

- In their Joint Declaration of 9 January 2000, the partners in the Alliance expressed themselves in favour of an employment-oriented and longer-term collective bargaining policy.
- Already in the Joint Declaration of the Confederation of German Employers' Associations (BDA) and the German Trade Union Confederation (DGB) dated 6 July 1999, the collective bargaining partners expressed themselves, through their umbrella organisations, in favour of a further reform of regional industry-related agreements, a reform meant to encourage the necessary branch-related differentiations. Furthermore, the bargaining partners have agreed to strive, on the basis of the above-mentioned regional industry-related agreements, for a stronger participation of employees in the company results at company level. BDA and DGB

also advocate a differentiated and more flexible working time policy which also offers better possibilities to combine family and working life.

- Moreover, the bargaining partners have expressed themselves in favour of an employment-effective reduction of overtime and have given themselves the task to strive for corresponding collective agreements.
- First agreements were reached in the Alliance on facilitating the refilling of jobs vacated in small and medium-sized companies with up to 50 staff members as a result of old-age part-time work and on facilitating the integration of part-time employees into the old-age part-time work scheme. These agreements entered into force with effect from 1 January 2000 by virtue of the Act to further develop old-age part-time work.
- Those participating in the Alliance want to make it easier for low-qualified and long-term unemployed persons to enter the general, i.e. non-subsidized labour market. The employment effect of a reduction of non-wage labour costs at the lower end of the wage scale is being tested in the framework of pilot projects.
- The partners in the Alliance have adopted a consensus on training with the aim that "each young person who is able and willing will be given training".
- The Federal Government, for its part, considerably increased the number of training places offered in the Federal administration in 1999 so that the number of contracts concluded rose by 12%.
- A joint initiative was launched to overcome the shortage of skilled labour in the information and telecommunication industries.

Coordination and cooperation in the European Union

With the completion of the internal market and the introduction of the Euro, economic development and economic policy are also and increasingly becoming a matter of joint European interest. A successful policy requires that the process of reaching consensus at the national level is supplemented by a deepened and reinforced cooperation in the European Union. Economic policy coordination reaches its limits where national responsibilities and the need to act at the national level could be blurred and where the functioning of the markets could be adversely affected. Besides, a fair policy competition between the states contributes to an increased economic dynamic of Europe.

With the Broad Economic Policy Guidelines, the Employment Guidelines, the Stability and Growth Pact and the European Employment Pact, however, the European Union does have a coordinated set of instruments in order to secure the stability-oriented approach of the Monetary Union and support a sustainable employment-promoting growth.

The coordinated Employment Strategy is supplemented by the Macroeconomic Dialogue in the framework of the European Employment Pact and by structural reforms in the commodity, services and capital markets. In this regard, it should be noted that these three "pillars" do not exist separately from each other but rather complement and reinforce each other:

- Prerequisite for the "bridging function" of active employment policies is a sufficient growth and innovation dynamic of the economy as a whole so as to provide jobs for all those who are able to work and to avoid unemployment.
- Macroeconomic growth and employment dynamic in turn requires a sufficient and flexible employment potential as well as modern and productive economic structures in order to develop in the long term and free of tensions.
- Structural change caused by reforms in the commodity, services and capital markets requires enormous adjustments to be made, especially in the labour market, adjustments which are inevitable if jobs are meant to be jobs for the future. A clearly positive balance between newly created and disappearing jobs, which in turn leads to an increased acceptance of structural change, is only reached if there is a sufficient macroeconomic dynamic and a well qualified labour force.

1.3 Most Important Results

Pillar I: Improvement of Employability

Securing job-training opportunities for the younger generation is especially important for future opportunities for young people, the lasting employability of workers, and competitiveness of the economy. It is, therefore, the goal of the Federal Government, in co-operation with its Social Partners and the Länder, to modernise the general, vocational, and secondary vocational educational systems and to strengthen their relations with the business world. In 1999, job training opportunities for young people improved due to the efforts of businesses and publicly funded programs.

On the basis of the guidelines and measures contained in the **Bündnis für Arbeit** (Alliance for Jobs), the foundation for sustained modernisation of the "dual training system" was improved through the introduction of updated and new professions as well as increased flexibility and differentiation. In addition, extensive activities and guidelines were passed in an effort to secure sufficient job training places, especially in the new Länder, to promote disadvantaged youths and to further develop continuing vocational training. These agreements shall continue to be swiftly executed in the year 2000. The **Sofortprogramm** (Immediate Action Programme) of the Federal Government was an important factor in the prevention and reduction of youth unemployment. In 1999, approximately 220,000 young people entered the program. That program is ongoing.

It is the stated goal of the Federal Government to decisively combat youth unemployment and to significantly reduce long-term unemployment. Its emphasis is, thereby, placed on preventive measures. By way of a second preventivethreshold, certain schemes of active labour market policy have been increasingly directed towards individuals threatened by long-term unemployment in order to maintain the employability of individuals who have become unemployed and to prevent long-term unemployment. Continued funding of an active labour market policy at a high level constitutes the basis for sustained promotion of human capital which in turn strengthens growth. Women shall be promoted at a rate proportional to their share of the unemployed.

The list of services of the **Arbeitsförderungsgesetz** (Employment Promotion Law), including initial consultations for all unemployed to additional individual job counselling or measures to facilitate employment (training or continuing training), provide a complete legal ground work to ensure that a new start can be offered to every youth and adult. The implementation of this comprehensive multi-stage pathway approach in all Employment Offices should be completed within two years, and should significantly reduce the number of youths and adults who might become unemployed for periods in excess of six or twelve months, respectively. In addition, the general employment situation of older workers must be improved to achieve a gradual increase in the number employed in the over-60 age group. The task of securing the integration of youths into the labour market while simultaneously prolonging the time older workers remain employed, will dominate the social and labour market policies for years to come.

Pillar II: Developing Entrepreneurship

The number of self-employed is increasing, especially among young people. Development in the area of start-ups is equally dynamic (22% by women). Nearly 100,000 individuals utilised the **Überbrückungsgeldes** (bridging allowance), by which the unemployed are supported during transition into self-employment.

The Federal Government and the Länder are supporting this dynamic growth through a plethora of measures in economically weaker regions. The goal is to improve the business environment for entrepreneurial activities at a regional level. The service industry is especially important for the development of employment at the regional level.

The economic policy of the Federal Government for the service industry forms part of the policy for general economic growth and labour and is aimed at increasing the number of newly founded enterprises and at enlarging expansion opportunities for existing companies by creating a business-friendly environment. To further this goal, financial conditions are being improved and social security contribution rates are to be lowered gradually.

In full consideration of the need for social infrastructure, for the protection of an excellent supply of services, and for attractive jobs in the service industry, many important services have been privatised. This trend shall continue in other areas.

The tax reform and tax relief policy initiated by the Federal Government in 1998, creates a growth and employment friendly environment that has positive effects on the investment climate. In addition, the Federal Government's plan for the not so distant future is to reduce the rate of the social security contributions for employers and employees from 42% in 1998 to 40% of gross income. Additional incentives for investment are contained in the planned corporate tax reform which will significantly reduce the maximum tax rate for companies in 2001. Finally, support for small and medium-size companies (SME) in the form of training, counselling, and risk capital measures will be increased.

Pillar III: Promotion of Adaptability

The Federal Government and its Social Partners consider modernisation of labour organisation of great importance. It is the responsibility of the legislature to provide the parameters that guarantee a balance between the flexibility necessary for the adaptability of companies and the required social security for workers as well as their protection under the labour laws. A central issue is a more flexible approach to working times. In that regard, the legal framework has been significantly improved over the last few years by giving full legal equality to part-time workers compared to full-time workers. In addition, the Gesetz zur Fortentwicklung der Altersteilzeit (Law on Development of Part-Time Work of Older Workers), which came into effect on January 1, 2000, provides for further improvements in the area of part-time employment for older workers. One aspect, among others, is the integration of part-time employees into the category of part-time employment for older workers which especially benefits women because they constitute a disproportional part of the part-time labour force.

It is the responsibility of the Social Partners to appropriately fill the space created by the legal framework. They have already made significant progress by using sector-specific, flexible, and regulations, and will continue on that path. The Social Partners intend to accomplish the goals agreed upon in the joint declaration in "**Bündnis für Arbeit**" of July 6, 1999, in order to better utilise the opportunities created under the Act Governing Working Time, in order to further develop modernisation of the work organisation, and to augment the attractiveness of part-time employment. Regarding future collective bargaining agreements, it is anticipated that suggestions emanating from discussions about "working time accounts" will be included.

Pillar IV: Promotion of Equal Opportunities for Men and Women

Significant improvements in the area of equal opportunities for men and women were achieved in 1999. In June of 1999, the program "Women and Work" went into effect which at the same time cemented the principle and methods of continuing consideration of Gender-Mainstreaming into the work of the Federal Government. The first significant steps that have been taken to realise this goal are: work on new federal regulations for equal treatment of women has begun and the legislative draft for revision of regulations governing educational leave providing for

greater flexibility and a right to part-time employment, is currently in committee. The job and income status of women is currently being examined in detail. Concrete goals have been established in the action program of the Federal Government "Innovations and Jobs in the Information society of the 21. Century." Special emphasis has been placed on the promotion of women in jobs of the future. Many activities support achievement of this goal, such as the "Initiative Germany 21", the competence centre established under the initiative "Women give New Impetus to Technology", as well as the action program "Women on the Web."

In addition to the measures described in Pillars II and IV, promotion of equality of men and women is also integrated as a leading principle into Pillars I and III.

1.4 Contribution of the European Social Fund

The European Social Fund (ESF) supports the implementation of the Employment Action Plan. The ESF resources are used for active labour market and employment policy measures. Consequently, the measures co-financed by the ESF are aimed at creating new jobs, securing existing jobs, reducing unemployment, maintaining employability, increasing the human capital of the labour force and promoting equal opportunities for men and women as well as entrepreneurship.

Since Germany has had a comprehensive set of labour market policy instruments for decades already, the ESF has, in quantitative terms, a supplementary function. In qualitative terms, however, the ESF has helped considerably to promote persons and schemes in a way which would not have been possible within the framework of the national support system. At the level of the Länder, state-specific approaches are being consolidated and expanded so as to help to support a labour market policy geared to local and regional needs.

Central objectives of all measures co-financed by the ESF in the programming period 1994-99 were, both in the East and West German Länder, the fight against high unemployment by means of qualification and employment schemes, the promotion of initial training for young persons and measures to improve the human capital of employees, especially of small and medium-sized enterprises (SMEs). While the measures in East Germany were primarily meant to support the structural change and adjustment process still needed there and build bridges to employment for long-term unemployed persons and persons threatened by long-term unemployment, the measures in West Germany were focused on persons for whom the classic instruments of labour market policy are not always suitable or who do not meet the eligibility criteria for support. Furthermore, ESF resources were used to deal with the consequences of globalisation, the technological-organisational change and the increasing importance of information and communication technologies by means of introducing new contents and methods in the field of vocational further training.

In the programming period 1994 to 1999, the ESF made available a total of 7.4 billion ECU (about 15 billion DM) for employment promotion measures and measures to improve the human capital in Germany. Up until the end of 1998, about 1.2 million persons participated in ESF support measures (including the Community initiatives ADAPT and EMPLOYMENT), namely 450 000 in West Germany and 750 000 in East Germany. This results in about 250 000 cases of support per year which corresponds to a share of about 15 per cent in the total number of persons enrolled in active labour market policy measures in Germany. This means that the part played by the ESF - in relation to the number of cases in which support is granted - is much more significant than its share in the funding of active labour market policies (5.1 per cent). The share of women in receipt of ESF support amounted to 45.5 per cent in the period from 1994 to 1998.

Participants in programmes co-financed by the ESF 1994 to 1998

Programme	Fed. Gov.	States	Total
Objective 3	114,000	184,000	298,000
Objective 4 participants ¹	12,000	87,000	99,000
SMEs ¹		15,000	15,000
Objective 1	115,000	585,000	700,000
CI Employment			66,000
CI ADAPT participants ¹			73,000
SMEs ¹			15,000
Participants total excl. CI	241,000	856,000	1,097,000
Participants total incl. CI			1,236,000

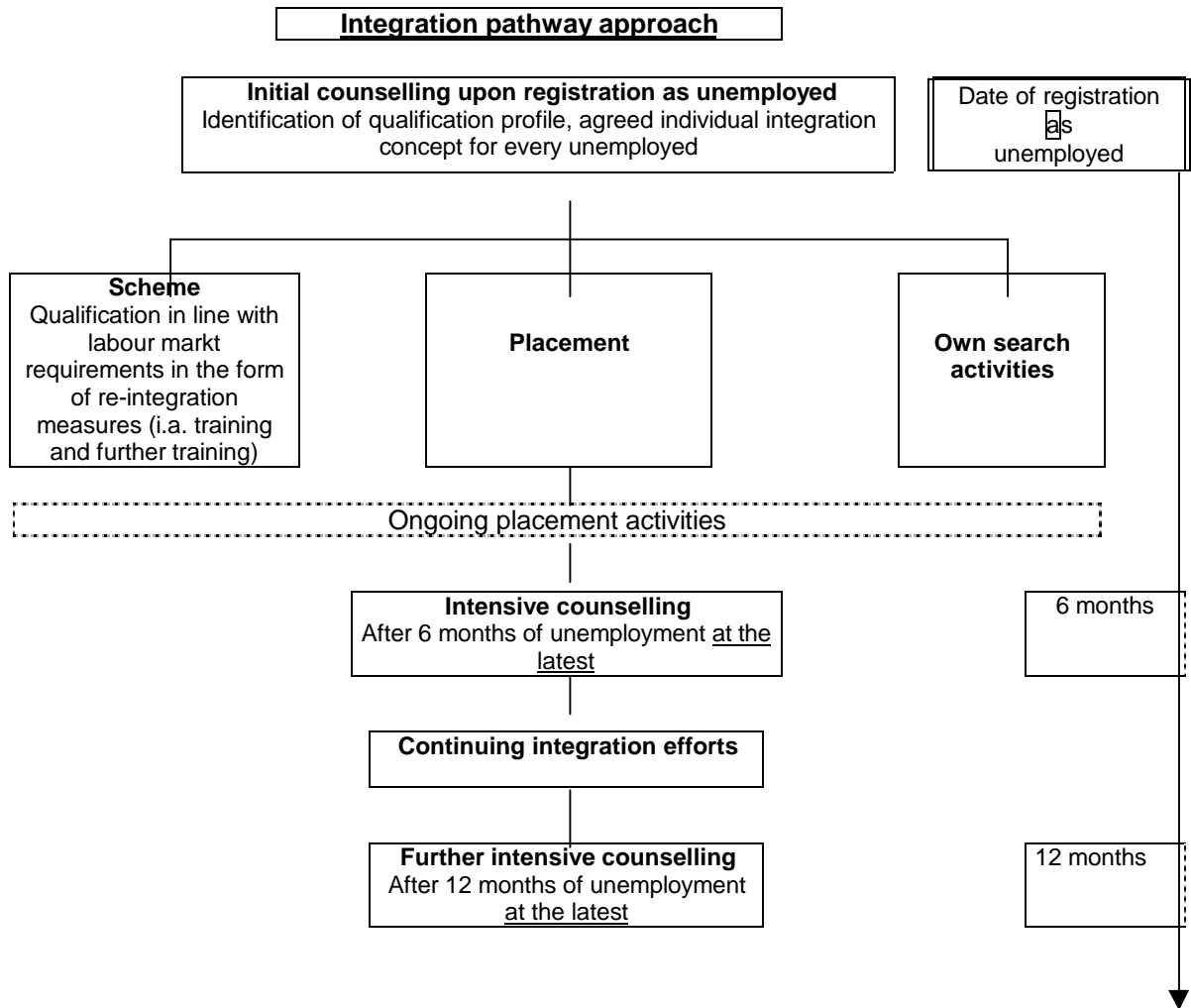
Source: German Labour Ministry, evaluation reports ISG, FHVR; 1) projected number of participants for the whole programme period

For the programming period 2000 to 2006 Germany will receive resources from the ESF in the amount of 11.5 billion Euro. The execution of the programmes and measures financed together with the ESF and their concrete implementation are ensured both by the Federal Government and the Länder. In the course of the programming of the ESF it is made sure that the targets of the European Employment Strategy, the National Action Plan for Employment and the five ESF policy objectives as laid down in the ESF Regulation are closely linked with each other. Most important among the measures co-financed from ESF resources are active and preventive employment policy measures. Here, the "gender mainstreaming approach" goes clearly beyond the labour market policy-oriented area of the ESF policy fields A and B. The aim is above all to effectively counteract gender-specific discrimination which is reflected in lower pay and smaller career opportunities. In all measures women are supported according to their share in the number of unemployed persons. In addition, 10 per cent of the resources have been earmarked for women-specific measures. Moreover, the ESF supports national employment policies in the framework of the Community initiative EQUAL which promotes transnational cooperation to promote new methods for the fight against discrimination and inequalities of all kinds in the context of the labour market.

2. MEASURES FOR REALIZATION OF GUIDELINES AND NEW INITIATIVES

Pillar I: Improving Employability

In 1999, the numerous instruments of employment promotion were even more specifically focussed on preventing long-term unemployment of young people and adults. The catalogue of benefits incorporated in the Social Code, Part III created the necessary basis for offering every young person or adult a fresh start before they have been unemployed for 6 resp. 12 months. Following an initial interview for every unemployed person (100% rate of compliance) the integration pathway approach provides for individual intensive career advice and/or participation in an employment promotion scheme such as training or re-training. An joint integration strategy is worked out, which later on is continuously up-dated in response to success achieved or problems cropping up. It is expected that this multi-stage integration pathway will be fully implemented by all labour offices within the next two years.



It should be noted that the integration pathway approach is not only operating when a person becomes unemployed. There is the possibility of being registered as seeking employment even before unemployment actually begins. In this case the job seeker is included in placement activities on an equal footing with unemployed persons. Even before leaving school young people are given career education according to specific school curricula adopted by the Länder and are offered career counselling by the labour offices at the threshold from school to training. Moreover, the Federal Employment Service is in a process of adjusting its organisation to the changing societal, economic, social and fiscal conditions. To improve its structure and processes the Federal Employment Service has developed the so-called „Arbeitsamt 2000“ (“Labour Office 2000”) concept as a basis for its future organisation. This concept is now being tested and implemented. The goal is to provide more efficient service to persons seeking assistance from labour offices.

Text of Guidelines 1 and 2

Tackling youth unemployment and preventing long-term unemployment

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

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

Guideline 1: Tackling of Youth Unemployment

Implementation and effectiveness of the measures

In 1999 youth unemployment continued to decrease. On an annual average, there was a reduction by 42 400 (9%) as against the year before. For women under 25 it even fell by 9.4%, their share in the total number of young unemployed persons amounts to about 41%. In West Germany youth unemployment went down more strongly than in East Germany (-11.0% resp. -4.4%). With an annual average of 429 300 unemployed persons under 25 the lowest number since 1992 was recorded in Germany in 1999. With 10.5% the unemployment rate (in relation to the dependent civilian labour force) of those under 25 was clearly lower than that of all age groups in 1999 (1.2 percentage points in Germany as a whole, West Germany 0.8 percentage points, East Germany 3.2 percentage points).

At the end of September 1999 29 400 persons (including 15 400 women which corresponds to a share of 52.3%) were registered as seeking company training, which was the lowest figure since 1995. At the same time 23 400 vacant training places were registered. In the "Alliance for Work" the Federal Government and the social partners reached agreement on a training consensus. As a result of intensive additional placement efforts on the part of the employment offices together with the activities of the social partners agreed upon in the training consensus, the number of persons still seeking training places was brought down to 12 800 by the end of December 1999 (year before 16 000). Up until September 1999 about 631 000 contracts, mainly for apprenticeship training, were newly concluded, i.e. about 18 500 more than in the year before. The increase was particularly due to the Federal Government's Immediate Action Programme to Reduce Youth Unemployment. In East Germany the Federal Government/Länder programme "Training places - East" led to the provision of 17 500, and supplementary Länder programmes to the provision of 8 500 additional training places.

To bring down youth unemployment more quickly the Federal Government had decided in November 1998 to launch the Immediate Action Programme to Reduce Youth Unemployment which took effect on 1 January 1999. This programme includes training offers for young persons who have failed to find a training place, and qualification and employment offers for young unemployed persons. In 1999 1.9 billion DM (972 million Euro) were spent for the purposes of this programme. Of these about 800 million DM came from the ESF. In 1999 the statistics of the Federal Employment Service recorded about 220 000 enrolments of young persons in the Immediate Action Programme, in some cases young people having participated in two or more measures. Young women are taken on according to their share in the number of persons

seeking training places resp. in the number of unemployed persons. On an annual average about 87 000 young persons participated in the Immediate Action Programme in 1999. The share of women amounted to almost 41%.

The Immediate Action Programme is offered in addition to already available instruments of the public employment services, the states and the local authorities. In a parallel development the use of the regular labour market policy instruments by young persons has further increased: Besides the Immediate Action Programme, about 394 000 young persons (share of women: 40.1%) were enrolled in schemes of the Federal Government and the Federal Employment Service on an annual average in 1999, i.e. 31 000 (8.5%) more than in the year before (see table in the annex).

The better and the more comprehensive the implementation of the preventive approach of offering a new start within the meaning of Guideline 1 (input target), the sooner and the more pronounced the successes to be recorded in preventing the transition to longer-term unemployment (more than six months). For about 85% of the young persons who became unemployed in 1998 the period of unemployment ended before the expiry of six months. In accordance with recommendation 5 of the Council the Federal Employment Service supplemented its already existing statistical evaluations by a representative survey. Of the young persons who had been unemployed for more than six months 88.5% were made an offer in the framework of the individual integration path described (see annex on the policy indicators).

At the end of September 1999 the number of young persons who had been unemployed for more than six months had fallen by about 20 000 (-22.8%) as against the year before. The transition into longer-term unemployment could be reduced significantly for younger persons.

Aims and initiatives for 2000

Due to its success the Federal Government's Immediate Action Programme is being continued in this year. Again, 2 billion DM (1.02 billion Euro) are available.

For training place initiatives in East Germany about 454 million DM are available in the year 2000, of which 50% are provided by the Federal Government and 50% by the Länder; furthermore, the states provide about 500 million DM for additional programmes to promote training. In the ERP programme 150 million DM are available in this year, and for the initiative "Creating training places" 19 million DM.

Moreover, the full implementation of the integration path approach will considerably help to reduce the transition of young persons to unemployment of more than six months by one third, i.e. to a share of less than 10% (in relation to all young unemployed persons).

Guideline 2: Prevention of Long-term Unemployment

Implementation and effectiveness of the measures

Long-term unemployment which is still one of the big structural problems in the German labour market showed a declining trend in 1999 as against the year before. On an annual average, 1.42 million persons were long-term unemployed in 1999, i.e. their number had gone down by about 107 000 compared with 1998. This corresponds to a decrease of roughly 7%. The share of women in the total number of long-term unemployed persons amounted to 50.8% in 1999 (1998: 50.6%).

The aim is to effectively integrate unemployed persons into the labour market. To avoid long-term unemployment or further reduce the number of new cases not only intensive counselling and placement interviews are required but also target group-oriented preventive assistance in the field of active labour market policy such as training, retraining or vocational experience. About 1 million persons who had been out unemployed for less than twelve months took part in active labour market policy measures on an annual average in 1999. It should also be mentioned that the Federal Employment Service has specifically reinforced its counselling and placement activities so as to intensify prevention and integration. The reduction of long-term unemployment was declared to be one of the most important aims of the Federal Employment Service. In 1999 about 700 new posts were made available for placement officers. With these additional posts special project teams for the fight against long-term unemployment were inter alia set up in the offices.

To reinforce or expand the preventive approach in the field of active labour market policies, the eligibility criteria for certain employment promotion instruments were extended to persons threatened by long-term unemployment - as already announced in the "German National Action Plan 1999". Participation in a job creation scheme is now possible already after a period of unemployment of six months within a reference period of twelve months or in case of long-term unemployment. Integration subsidies for older workers may now be granted after a period of unemployment of six months already instead of the previously prescribed twelve months. The fight against long-term unemployment is considered to be one of the most important tasks of a preventive active labour market policy also at the regional level and is implemented in particular by means of qualification measures in the context of the Länder programmes and activities of the local authorities (with support from the ESF).

To develop strategies against long-term unemployment, the Federal Employment Service, in cooperation with the Netherlands Employment Service, launched a pilot project which is financially supported by the EU; the title of this project is "Early recognition of the risk of longer-term unemployment (profiling) and development of new methods to reduce this risk by systematic case management also involving third parties". The Federal Government also supports the programme "Learning in a social context - developing competences in the setting up and expansion of regional infrastructures" which pursues a preventive approach to avoid long-term unemployment.

For 83.3% of those who became unemployed in 1998 the period of unemployment ended before the expiry of twelve months. In accordance with recommendation 5 of the Council the Federal Employment Service supplemented its already existing statistical evaluations by a representative survey. Of those who had been unemployed for more than twelve months 80.3% were made an offer in the framework of the integration pathway approach described (see Annex 1 on the policy indicators).

Not only preventive measures are offered but also measures to reintegrate long-term unemployed persons. A considerable contribution to integration is inter alia made by the Federal Government's Special Programme for the Reintegration of Long-term Unemployed Persons which has been extended up until 2002. In 1999 about 33.000 employment relationships were supported in the context of this programme.

Aims and initiatives for 2000

The fight against long-term unemployment is one of the big employment policy challenges in Germany. In accordance with the Council's first recommendation to Germany, namely to strengthen its preventive policies so as to bring down the inflow into long-term unemployment, Germany has recently implemented a whole set of measures in order to reach this aim (expansion of the integration pathway approach, more staff for counselling and placement activities, changed eligibility criteria for active labour market policy measures and provision of

extensive activation measures for persons threatened by long-term unemployment). To make progress on this way, the aim is to fully implement the integration path/new start which has been described above as quickly as possible. This will help considerably to reduce the transition to unemployment of more than twelve months by 40% to a share of, if possible, less than 10% (in relation to all unemployed persons).

Text of Guidelines 3 and 4

These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed. In this context, Member States should pursue the modernisation of their Public Employment Services so that they can deal with the strategy of prevention and activation in the most effective way.

Transition from passive measures to active measures

Benefit, tax and training systems - where that proves necessary - must be reviewed and adapted to ensure that they actively support employability. Moreover, these systems should interact to increase the incentive to return to the labour market. Each Member State:

3. will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability with a view to effective integration into the labour market. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20 %;

4. will review and, where appropriate, refocus its benefit and tax system

to provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability and for employers to create new jobs, and

in addition, it is important to develop a policy for active ageing, encompassing appropriate measures such as maintaining working capacity, lifelong learning and other flexible working arrangements, so that older workers are also able to remain and participate actively in working life.

Guideline 3: Transition from Passive Measures to Active Measures

Implementation and effectiveness of the measures

In 1999 the Federal Government and the Federal Employment Service spent 44.5 billion DM (ESF share just under 3%) on active labour market policy measures and thus 5.5 billion DM more than in 1998. As a result, the number of participants in labour market policy measures amounted to roughly 1.5 million on an annual average in 1999 which means that it was markedly higher than in 1998 (about 240 000 persons more). Women accounted for a share of 45.2% which is quite close to their share in the number of unemployed persons (47.3%).

**Participants in active labour market policy measures of the
Federal Government and the Federal Employment Service
(annual average in thousands)**

	1999	women
Vocational further training (excl. work familiarization)	385	200
Training measures	39	19
Job creation schemes	234	123
Integration subsidies	86	34
Recruitment subsidies in case of business start-ups	10	3
Flexible Promotion ¹⁾	50	22
Vocational rehabilitation	132	48
Vocational preparation training measures and vocational training for disadvantaged young persons	200	71
Bridging allowances	44	12
Structural adjustment measures	195	93
Programme for Long-term Unemployed Persons	33	14
Immediate Action Programme for Young Unemployed Persons	87	37
Total	1,495	676

¹⁾ share of women is estimate

To this add the labour market policy measures and programmes of the Länder . According to first surveys the Länder spent roughly 4.5 billion DM in 1999 (1998: roughly 4.3 billion DM). The ESF share in the Länder programmes amounted to 36.0% in 1999.

On the basis of first estimates it can be assumed that against this background, the remarkable level of participants in Länder measures in 1998 was again reached in 1999. In 1998 385 000 persons had participated in these measures.

The measures of the states cover a wide range of different approaches focussing on vocational further training and other qualification measures. Their activities are primarily concentrated on innovative strategies for the integration of target groups and preventive labour market policies. The programmes offered include inter alia measures to improve the vocational integration opportunities of young unemployed persons, qualification and counselling for persons who start up new businesses and measures for the vocational integration of long-term unemployed persons.

If only the above-mentioned numbers of participants in measures of the Federal Government, the Federal Employment Service and the Länder are taken into account, a total of 1.88 million persons took part in active labour market policy measures on an annual average in the whole of Germany. In relation to an annual average of 4.1 million persons registered as unemployed, this corresponds to an activation rate of 45.8%. This is a considerable increase as against 1998 when an activation rate of 37.2% was reached.

In addition, the local authorities, in their capacity as agencies responsible for social assistance, further expanded their employment policy activities for social assistance recipients and thus underlined the activating aspect of social assistance as "assistance in finding work". According to a survey carried out by the Association of German Cities and Towns among its members, more than 300 000 social assistance recipients were brought into employment by the local authorities in 1998. Compared with the preceding survey of 1996, this corresponds to an increase by 50%. It can be assumed that the figures for 1999 are not lower than those for 1998. With regard to the indicator in the context of Guideline 3 it has to be mentioned, however, that it

is currently not possible to collect precise statistical data on how many of these social assistance recipients were also registered as unemployed. Often these measures are carried out and financed in a joint effort of Länder and local authorities.

Against the background of an unemployment rate which amounted to 17.6% on an annual average in 1999 in East Germany (West Germany 8.8%), the Federal Government and the Federal Employment Service use the funds for active labour market policies far above proportion in East Germany in order to take account of the difficult labour market situation which is still prevailing there. Whereas unemployed East Germans accounted for a share of 32.7% in the total number of unemployed persons in 1999, the share of the funds spent by the Federal Government and the Federal Employment Service for active labour market policies in East Germany (neue Länder) amounted to 49.2%.

Aims and initiatives for 2000

Despite the necessary budget consolidation the level of active labour market policy remains unchanged in the year 2000. About 46 billion DM are made available by the Federal Government and the Federal Employment Service which means that roughly 1.6 million persons will be supported. In addition, there are those participating in measures of the Länder and local authorities.

The Federal Government is examining the efficiency and effectiveness of the labour market policy instruments. In this context, the Federal Employment Service submitted an integration balance as a first step in summer 1999. These annual balances will continue to be improved.

Guideline 4A: Review of the Tax and Benefits Systems

Implementation and effectiveness of the measures

The Federal Government further develops the German tax/transfer system in a way which promotes employment (see also Guideline 14).

The German social benefit system is geared to provide incentives for persons entitled to benefits to seek and take up work or measures to improve their employability.

Also the Federal Social Assistance Act is last but not least geared to promote the integration of assistance recipients in the labour market. Incentives are inter alia provided in the form of integration schemes. On the one hand, these schemes are meant to motivate employers, by means of subsidies, to take on low-qualified workers. On the other hand, subsidies granted to the assistance recipients themselves are meant to provide additional incentives to take up work.

Aims and initiatives for 2000

The social security system has to be adjusted to the changes in the age structure of the population and the life expectancy and to work histories which are no longer homogeneous. The precise targeting, incentive effects, quality and social fairness of wage replacement benefits and social assistance are to be taken into account. There must be a reasonable relation between wage replacement benefits and social assistance, and also between wage replacement benefits and social assistance on the one hand and wages and salaries on the other.

To increase the employment dynamic of the German economy, the Federal Government presented its concept for the further development and consolidation of the income tax reform (Tax Reform 2000) at the end of December 1999. The Tax Reform 2000 also includes a company tax reform which will become effective in 2001. The income tax reform will help, together with the ecological tax reform, to

- strengthen the economic growth factors in the German economy,
- secure existing, and create new employment opportunities in Germany,
- further improve incentives to take up work in the low-wage sector.

(for further details, see the comments on Guideline 14)

Guideline 4B: Promoting Participation of Older Workers into Working Life

Implementation and effectiveness of the measures

On an annual average in 1999, a total of 1.36 million persons over 50 were registered as unemployed (West: 940 000; East: 420 000), 47% of them were women. The employment rates of those from 50 to under 55 and from 55 to under 60 amounted to 71.4% and 53.9% respectively in 1998 (Eurostat) and were thus higher than the EU average. Only the employment rate of those from 60 to under 65 was below average with 18.7% which is inter alia attributable to the possibility of an early transition into retirement used especially after reunification and the related structural change in East Germany.

To stop the trend of an early withdrawal from working life, it was decided already in 1996 to raise the age limit for pensions on account of unemployment from 60 to 65, a raise which will gradually take effect up until the year 2001. Furthermore, the general age limit for women will also be raised to 65 between 2000 and 2004. Employees who still wish to retire earlier have to accept discounts on their pensions of 3.6% per year of early pension payments (up to a maximum of 18%) which provides an additional incentive to remain in working life for a longer time.

This is supported by extended possibilities for part-time work in old age which is inter alia meant to ensure a continued participation in working life together with a gradual transition into retirement on a voluntary basis. The Act on Part-time Work in Old Age thus gives older workers the possibility to make working life easier for themselves in the last years before retirement by reducing their working time by half without having to accept intolerably high income losses; the employment relationship continues during such part-time work. The inclusion of part-time employees in the scheme benefits above all women who are represented above proportion in the group of part-time employees.

The use of labour market policy measures for older unemployed persons is currently focussed on offers for the integration into employment and measures to improve the qualification-related requirements of the labour market. As far as integration subsidies are concerned, for example, older persons accounted for a share of 34% already at the end of December 1999 which is inter alia a result of the Federal Government's decision to lower the age limits from 55 to 50. The numbers of older persons employed in structural adjustment measures also rose in absolute terms from 1998 to 1999 both in the East and in the West. The states, too, reinforced their efforts to reintegrate older unemployed persons into the labour market.

Aims and initiatives for 2000

The Federal Government followed the recommendation of the Council to examine its social benefit system with regard to disincentives which may discourage labour market participation especially of older workers. The aim is to improve the general employment situation also for the benefit of older persons and achieve a gradual increase in the employment rate of those over 60. It will be of decisive importance in this context to promote employability by means of an increased offer of company training in order to keep them longer in working life. A stronger decrease of the labour force potential and thus a relief for the labour market is to be expected only from 2010. The tasks to be performed simultaneously, namely to secure the integration of young persons into the employment system and to give older workers the possibility to stay

longer in working life, will continue to determine our social and labour market policy action for quite some time.

In their "Joint Declaration of 9 January 2000" the partners in the "Alliance for Work" agreed by a large majority that ways should be found which would make an employment-effective withdrawal from working life possible for long-term insured persons on conditions acceptable to those concerned and without any additional burden to the social insurance schemes. The collective bargaining partners are striving for differentiated company and branch-related arrangements.

Text of Guidelines 5 and 6

Encouraging a partnership approach

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

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

Guideline 5: Contribution of the Social Partners for the Creation of Additional Training Opportunities

Implementation and Effectiveness of Measures

The Social Partners:

- Undertook a great effort in 1999 to make approximately 655,000 training places available, 95% of which were training places in businesses.
- Developed new professions in co-operation with the Federal Government and the Länder, through which more than 30,000 young people have entered into vocational training contracts in companies. In addition new companies willing to train were added and training places in restructured companies were secured.
- Negotiated collective agreements in 55 economic /bargaining sectors with a total of 9.6 million employees in 1999, to provide for the maintenance and creation of additional training places or to offer permanent employment for after completion of the training period.
- Agreed in the "Alliance for Jobs" and in additional agreements with individual sectors of industry in 1999, to an array of measures to decrease the shortage of skilled employees in the IT field and to use that opportunity for training of young people in this field. (In 1999, the number of training contracts in the IT field increased by around 45% compared with the previous year.)

Aims and Initiatives for 2000

The Social Partners will:

- Intensify their efforts to create more training places in companies through various measures in order to satisfy the need for additional training places based on demographics.
- Propose new professions so that new professions may be quickly developed on the basis of the proven consent principle.
- Increase the training volume in the new IT and media professions to 40,000 training places by the end of 2000, if at all possible.
- Increase the participation of young women in training for these professions to broaden professional choices for women.

This goal shall be achieved by developing, in co-operation with the Federal Government and the Länder, new and modernised training careers with an emphasis on areas with growing employment, such as the service sector (currently, over 50 training careers are being discussed; 12 updated training careers as well as three new careers are to take effect in the year 2000; and opportunities for new careers in areas like "Leisure/tourism," Transportation/Traffic/Logistic," and Health and Environment" are being analysed).

The Social Partners will also:

- Include agreements for the maintenance and promotion of new training places in future collective bargaining agreements.
- Support training sponsorships, as agreed upon in "Alliance for Jobs," in which companies and private individuals are furthering training relationships between enterprises and youths or create additional training places in companies by providing assets, personnel or cash.
- Encourage or procure business associations for training and continuing training.
- Organise, with the support of the Federal Government and the Länder, regional and national informational and marketing measures for additional training opportunities, especially in the IT and media industry (with emphasis on medium-size companies).
- Promote the expansion of regional networks for the development and recruitment of skilled workers, analysis of needs, exchange of experience, and general co-operation.
- Support acquiring the necessary qualifications for all training personnel and educators by providing personnel and funds.

In order to support the Social Partners in their efforts to increase the number of training places, the Federal Government also sponsors many projects (see Guideline 1) aimed at permanently increase the number of women participating in IT vocational training (the percentage of women in new training contracts in the IT area is currently 13%). Within the framework of the initiative "Germany 21 (D21): Women and IT – Chances for Women," new appropriate measures are also being developed in co-operation with leading companies of the IT sector.

Guideline 6: Lifelong Learning

Implementation and Effectiveness of Measures

The continuing development of the educational system to promote lifelong learning of all individuals is jointly supported by the Federal Government and the Länder, the Social Partners, companies, associations and authorities responsible for both vocational and general education, and the educational institutions. In 1999, the following measures were implemented:

- Start of the action program “Innovation and Jobs in the Information Society of the 21st Century” (i.e., accelerated utilisation and dissemination of the new information and communications media in all educational sectors, improved access for girls and women to new technologies – particularly the Internet);
- Measures for continuing vocational training of the unemployed by employment offices (approx. DM 14 billion in 1999);
- Public subsidies for vocational training for skilled workers for career advancement and for start-ups by the Federal Government and the Länder (approx. DM 75 million in 1999);
- Promotion of pilot projects and core tasks in the area of lifelong learning by the Länder through, among other things, laws for further education and other continuing education related regulations.

Aims and Initiatives for 2000

A foundation has to be laid in all educational sectors to guarantee that all individuals develop a willingness for lifelong learning, obtain the necessary qualifications for lifelong learning, and use informal educational opportunities in their daily lives as well as at work.

The Federal Government

- is preparing an action program “Lifelong Learning for Everybody” which includes all measures by the Federal Government for lifelong learning in individual educational sectors and is targeted at sustained promotion of lifelong learning. This action program includes the following subprograms:
 - a program, “Networks for Lifelong Learning” (DM 8 million per year plus ESF funds) aimed at promoting co-operative associations, operating across educational sectors and including a variety of authorities on a regional and national basis, with the purpose of combining educational suppliers and consumers, as well as other interested parties, into “learning regions”;
 - the initiative “Culture of Learning and Development of Competence” created to build efficient, continuing learning structures, to strengthen individual vocational competence, and to develop strategies for the maintenance of competency among the unemployed;
- will continue the action program “Innovation and Jobs in the Information Society of the 21st Century”, particularly to improve the parameters for accelerated utilisation of new information and communications technologies (I&C); emphasis is to be placed on the improvement of training and job opportunities for women and their professional advancement as well as the promotion of the reconciliation of family and career for men and women;

- will promote the development of the technical, substantive, and conceptual building blocks necessary for further vocational training and its testing in learning centres through the pilot program “Lifelong Learning – Further Education as a Basic Need”;
- will structurally improve the support for vocational training for career advancement of skilled workers which will also improve their employability; to achieve this goal, the Federal Government will further develop the Career Advancement Support Act (Gesetz zur Förderung der beruflichen Aufstiegsfortbildung) on the basis of experience already gained;
- anticipates establishment of a comprehensive Competence centre to link and strengthen all activities for increasing the participation of women in training and further-training programs in the IT-sector.

The Federal Employment Service:

- will increase the qualification opportunities for skilled workers in the IT-sector from 30,000 to 35,000 per year for the years 2000 to 2003;
- will probably appropriate DM 14 billion for further vocational training and other training measures.

The Social Partners have proposed that companies

- include more unskilled workers in further vocational training within the company;
- help to further train older workers as well as help avoid premature termination for reasons of qualification deficits, and to increase the use of “Job Rotation” by temporarily employing unemployed people.

The Länder will

- establish a system of lifelong learning by combining general education, initial vocational training, and further vocational training (expenses under the Law for Further Vocational Training and for concentrated promotional efforts in further training will be approximately DM 2 billion);
- in co-operation with the Federal Government, start an experimental model program “Lifelong Learning” to initiate new forms of cross-sectional co-operation in and between all Ländern to promote lifelong learning (DM 2,5 million per year plus ESF-funds).

Text of Guidelines 7 and 8

Easing the transition from school to work

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

- (7) improve the quality of their school system in order to reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties;*
- (8) make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market. Particular attention should be given to the development and modernisation of their apprenticeship and vocational training system, where appropriate in co-operation with the Social Partners, as well as the development of educational concepts for the teaching of computer science to pupils, students and teacher, and the easing of Internet access for pupils and students by way of computers provided to the schools.*

Guideline 7: Reduction of School Dropout Rate – Improving Transition from School to Job

Implementation and Effectiveness of Measures

Although the number of young people who leave school without a degree has risen in the last couple of years (76,000 in 1995, 83,000 in 1998), the proportion of the population in the 15 to 17 year old age group has remained constant, between 8.4% and 9.1% (of these approx. 35% girls). Because 44% of those who leave secondary schools without any degree will eventually obtain it during a subsequent three-year pre-work training program, the proportion of young people without any qualification in the 17 to 20 year old age group, is reduced to approximately 5%. By the time a person reaches age 27, that percentage has fallen to 3 – 4 %.

Aims and Initiatives for 2000

The Länder will continue their measures to improve the ability for learning. Part of such efforts will be the ongoing revision of syllabi and assistance in harmonising the core subject matter taught in schools with the requirements of professional training and vocational schools.

To reach this goal, the following measures will be used:

- Regional initiatives will develop ideas and solutions will be developed which will improve the transition of young people from school to work; this will be a co-operation between youth welfare, schools, and local businesses;
- Remedial classes, practical lessons, and special vocationally-oriented measures such as work experience and projects, as well as a training and preparatory year will be offered to youths with learning or performance deficits;
 - Promotion of disadvantaged youths and pupils with learning and performance deficits in secondary schools and in **Foerderschule** as well as during the preparatory year while transitioning from school to a vocational training in a company, and in the working world by providing vocation- and employment-oriented assistance through youth employment counsellors; in this way, already existing measures can be integrated

- The Federal Government, in consultation with the Länder and the social partners, will start an initiative “School-Business/World of Work” to promote improved co-operation between schools and regional businesses. The aim is to improve the pupils’ ability to understand the importance of vocational training, to improve job opportunities for disadvantaged groups, and to reduce the number of pupils who drop out without any degree. Part of this effort are the activities of the work groups “School-Business/World of Work” which already exist in nearly all Ländern.

The Federal Government, the Länder, and municipalities spend approx. DM 110 billion a year for the improvement of schools including promotion of training and other support measures for pupils. In 2000, DM 10 million of federal funds will be made available for the initiative “School – Business/World of Work.”

Guideline 8: Expanding of Apprenticeship Training

Implementation and Effectiveness of Measures

- Two thirds of all youths of any particular age group enter the so called “Dual System” of vocational training, i.e., young people are trained both directly in the company and in a vocational school. The “dual system” is an important factor in improving employability, preventing youth unemployment, and providing for a direct transition into full employment (Youth unemployment in Germany is 10.5%). The proportion of women participating in the “dual system” is around 40%, and in the craft sector below 20%.
- The Federal Government, the social partners, and the Länder agreed in 1999 on a shared foundation and directions for comprehensive modernisation of the “dual system”, as well as concepts for measures to be taken to improve training opportunities for socially disadvantaged youths (many without any qualifications and behavioural and cognitive problems).
- The action program of the Federal Government “Innovations and Jobs in the Information Society of the 21. Century” aims at the promotion of competence in new media and net-based learning through the modernisation of educational institutions by providing multimedia equipment.
- In 1999, the Länder contributed approx. DM 81 million to the nation-wide initiative “Schools onto the Net”. The total funds appropriated by the Länder for the I&C-sector will be significantly increased over the next years.

Aims and Initiatives for 2000

- Further development of the structure of the “dual system”, in order to promote the creation and maintenance of strong training places in companies, especially in new and growing employment sectors as well as innovative areas.
- Schools and vocational training should provide every pupil with a solid knowledge base for the responsible handling of modern I&C-technologies. By the year 2001, every educational institution is to be equipped with computers with multimedia capability and Internet access.
- It is a goal to gradually increase the proportion of female freshmen in computer science to 40% by the end of 2005.

The following measures will be taken:

- Further development of the “dual system” with emphasis on: modernisation of vocations, additional qualifications and more flexibility, co-operation between training locations, adjusting the examination process and a more Europe-oriented approach within vocational training;
- Organisational linking of work-orientation courses and subsequent vocational training for disadvantaged youths;
- In the Länder, new concepts are being developed for the labour market and the economy to expand regional co-operation, to create additional qualifications through vocational schools, and to utilise intercultural competence, especially in young people of foreign origin;
- Creation of a program for the development of educational software for general and vocational schools. New emphasis on “Female Teacher and Female Pupils on the Web” within the framework of “Schools on the Web”. In addition, expansion of the action “Women on the Web”.
- The Länder will start new initiatives for schools and universities to promote IKT (e.g., establishment of educational networks in schools, universities, institutions for further education, and libraries; intensive qualification of teachers in technology).
- Development of new courses of study and qualification building blocks for women in the IT-sector, as well as improved access for women to natural science and technology courses of study; virtual universities for women within the framework of the international university for women “Technology and Culture” at the EXPO 2000.

Beginning in 2000, and for the next 5 years, the Federal Government will make funds in the total amount of DM 100 million available for the development of educational software, the establishment and utilisation of multimedia information sources for teachers and students, and the establishment of a computer exchange for schools. During the same time period, and in order to further the same objectives, additional DM 100 million will be made available for vocational training. The Länder will contribute funds of similar magnitude, (also for further vocational training).

Promoting a labour market open to all

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

9. Each member state will give special attention to the needs of the disabled, ethnic and other disadvantaged groups and individuals, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.

Guideline 9: Integrating the Disabled and Foreign Women and Men into the Labour Market

A cornerstone of German labour market policy is the integration of disabled people and foreign nationals. In Germany there are some 6.6 million severely disabled people (8 % of the population) and about 7.3 million foreign nationals (8.9 % of the population). Integration measures are available for all foreign nationals (male and female) with a permanent resident status. The integration of disabled people and foreign nationals into the labour market is being supplemented by specific measures.

(A) Disabled People

Implementation and effectiveness of measures

Since the introduction of employment promotion law and legislation concerning people with disabilities, the integration of disabled people into working life in Germany has been an integral part of active policies pursued in Germany with the aim of prevention and intervention at the earliest possible stage, account being taken in each case of the special needs of disabled people resulting from the type and severity of their disability. Measures listed in the German Nation Action Plan 1999, implemented in addition to those provided for by legislation have achieved first results. For example, the construction of a European Vocational Rehabilitation Centre for disabled young people and young adults has got under way in Bitburg in 1999.

In 1999, the employment situation of severely disabled people has again slightly improved compared with the previous year: the number of severely disabled people who were registered unemployed decreased by 1.176 and the number of disabled people in sheltered workshops was 15.000 above the previous year's level. Specific schemes like the Immediate Action Program to Reduce Youth Unemployment have contributed to this result. The programme has been extended and will also in 2000 help to bring about to a further improvement in the integration of disabled people.

Aims and Initiatives for 2000

The Federal Government intends to achieve a sustained improvement in the employment situation of severely disabled people still in the course of the current year. There will be a number of legal changes aimed at a tangible reduction in unemployment over the coming two or three years. As part of this legal initiative it is planned to improve employment opportunities for severely disabled women, who continue to be overrepresented in the group of unemployed disabled people.

(B) Foreign Nationals (women and men)

Implementation and effectiveness of measures

The general labour market instruments available for disadvantaged people will also in future be supplemented at the federal level by measures aiming at linguistic, vocational and social integration, and new ways of improving integration will be explored in the form of pilot projects.

In 1999, a volume of 34 million DM was spent on financial support for approximately 68.000 foreign nationals attending German language courses. A large number of projects was aimed at vocational integration (see the German Action Plan 1999): by setting up a joint National Coordination Centre for Traineeships in Foreign Companies (KAUSA), foreign companies' willingness to offer training places will be supported, and within the context of the pilot project „Centre for Intercultural Training and Employment Promotion (ZIBB)“, information and counselling is offered to job and training seekers.

In 1999, the unemployment rate for foreign workers (male and female) was 19.2 % on annual average, which constitutes a slight improvement compared with 1998 (annual average 20.3%). The general decline in youth unemployment had a positive effect also on the employment situation of young foreigners. Consequently, the share of foreign nationals in the number of unemployed young people dropped to 13.7 % (a reduction by 14.5 % compared with the previous year). The rate to which young foreigners (male and female) were included in the Federal Government's Immediate Action Program To Reduce Youth Unemployment (see Guideline 1), was in the same order of magnitude, which has been a factor contributing to success.

With the amendment of the Nationality Law the Federal Government realized one of its major reform projects in the field of its policy towards foreigners. Under the new legislation, children born to foreign nationals with lawful and permanent residence status acquire German nationality by birth, which gives them the chance right from the start to grow up as equal citizens in Germany.

Aims and initiatives for 2000

In the federal, state and municipal budgets a considerable amount of funding has been made available for measures to support the linguistic, vocational and social integration of foreign workers. The guidelines for the implementation of the Immediate Action Programme to Reduce Youth Unemployment in the year 2000 specify that young foreigners shall participate in proportion to their share in youth unemployment.

Pillar II: Developing Entrepreneurship

Text of Guidelines 10 and 11

Making it easier to start up and run businesses

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

- (10) give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially SME, in particular when an enterprise is being set up and when hiring additional workers;***
- (11) encourage the development of self-employment by examining, with the aim of reducing any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses as well as by promoting training for entrepreneurship and targeted support services for entrepreneurs.***

Guideline 10: Reduction of the Administrative Burden for Start-up Companies

Implementation and Effectiveness of Measures

With the program “Modern State – Modern Administration”, the Federal Government seeks to reduce bureaucracy and the total volume of regulations. A project group was established which follows up on all substantive indications of more efficient processes and regulations and converts them into action proposals, if feasible. At the same time, a mail-box has been established to provide enterprises an opportunity to report bureaucratic obstacles directly to the ministry. Various measures to reduce bureaucracy have also been initiated at Länder-level, e.g., the establishment of bureaucratic cost oversight agencies, the streamlining of agencies and the simplification and acceleration of planning and approval processes. The SME-Dialogue (**Mittelstandsdialog**), which is part of the “Alliances for Jobs” already contains concrete proposals for the reduction of bureaucratic obstacles with the goal to reduce administrative costs and the amount of time spent dealing with agencies for start-ups and smaller enterprises.

Within the biggest multimedia pilot project Germany’s, MEDIA@Komm, long administrative processes are being shortened by establishing “virtual City Halls” or “virtual market places”, which translates into the shift of information, communications, and interactive processes into the electronic net. This benefits entrepreneurs as well.

Aims and Initiatives for 2000

- The Federal Government will create a catalogue of measures for the reduction of bureaucratic obstacles for start-ups and small and medium-size enterprises, which should be implemented by the end of 2001.
- Also proposed is a simplification of the administrative processes for start-ups and small and medium-size enterprises. This also includes easier access to loans funded by the Federation and the Länder.
- The concepts gained from the entries of the winners of the city competition sponsored by the MEDIA@Komm pilot project, Bremen, Esslingen, and Nürnberg, will be converted into Best-Practice-Examples by the year 2002.
- The measures for the implementation of administrative reforms intended to reduce the bureaucratic burden for start-ups to the necessary minimum, have already started on Länder-level and will be continued and intensified.

Guideline 11: Promoting the Development of Self-Employment

Implementation and Effectiveness of Measures

The promotion of self-employment and the strengthening of economic productivity of small and medium-size companies are core concerns of German economic policy. The measures of the Employment Action Plan 1999 have been completely implemented.

In Germany business start-ups and young enterprises are assisted by a range of financing instruments especially tailored to their requirements. A broad spectrum of funding for start-ups and recently started companies is available from the Federal Government, the Länder, and the EU. In 1999, available funding for start-ups was supplemented by the Program “Start Funds” of the Deutsche Ausgleichsbank, which makes it easier to fund small companies with capital needs of up to € 50,000. This benefits in particular start-ups by

female entrepreneurs, which constitute a 37% share of the total of 4,400 credit applications. Take-overs, as a special form of start-up, are supported through a program called “Joint Initiative Change/Chance”. Within the framework of the “ERP Innovations program”, an additional investment capital scheme was first introduced in 1999. The program “Investment Capital for Small Technology-oriented Companies” mobilised DM 1.5 billion in 1999. The funding required by the various programs is supplemented by support for the private risk capital market in Germany.

A comprehensive counselling and educational program is available to Start-ups, the use of which is promoted by the State. The Federal Government relies, hereby, on the support of Chambers of Commerce and other partners in the economy. In addition, local “Open-Houses” are being conducted in the new Länder, in co-operation with the governments of the Länder, the Chambers, and other institutions.

Attempts are being made to lend support to mobilizing potential start-ups by creating a “corporate” climate in schools and universities. The project “Junior – Young Entrepreneurs Initiate – Organise – Implement”, in which students set up actually operating mini companies, strengthens the independence, initiative and teamwork of young people. The project currently exists in nine Ländern. Additional professorships to teach people how to start a business are being created in universities, of which nearly a dozen were implemented by the end of 1999. The federal “EXIST Program” supports people wishing to set up new companies from universities and research institutions. The five regional EXIST-networks initiated and monitored approximately 100 start-ups in 1999.

Aims and Initiatives for 2000

- Within the framework of a renewed labour market program called “ESF-BA-Program”, co-financed by the European Social Fund, the setting up of new companies by unemployed persons is being supported through participation in start-up seminars.
- Since 2000, EXIST-SEED is available to people enrolled in EXIST-universities who are in the preparatory stage of setting-up new companies, to cover their living expenses.
- The Federal Government is currently researching whether the attraction for skilled workers to set up a new company could be enhanced by a revision of the Career Advancement Support Act would .
- Establishment of additional professorships to teach people how to start a business.
- Introduction of school projects in all Ländern to promote entrepreneurial initiative.
- Significant increase of start-ups by women from 30% today to 40% over the next few years by using, in particular, the new information and communications technologies as the driving force for such start-up activities.

Text of Guidelines 12 and 13

Exploiting new opportunities for job creation

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

(12) promote measures to exploit fully the possibilities for job creation at the local level, in the social economy, in the area of environmental technologies and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing any obstacles in the way of such measures. In this respect, the special role of local authorities and the social partners should be taken into account. In addition, the public labour administration shall play a larger role in determining possibilities for employment at the local level and guaranteeing a well functioning local labour market;

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

Guideline 12: The Creation of Jobs at the Local Level

Implementation and Effectiveness of Measures

Entrepreneurial initiative is an essential factor for successful regional economic development. The Länder, responsible for the regional economic development according to the Constitution, and the Federal Government may support this. The best example is the "Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur" (GA), a joint task, in which the goal is to create and maintain competitive permanent jobs in economically weaker regions. This way, the GA promotes the regions' endogenous potential for development, inter alia through so called regional development concepts which support a future-oriented development of structurally lagging regions and the creation of jobs in growing market segments. The GA provides the opportunity to give priority to investments in the creation of jobs for women.

In addition, the Federal Government and the Länder have started various measures with regional ramifications. As such, the Federal Government supports the renewal of infrastructure for cities and municipalities with emphasis on "The Social City" which includes the educational sector, as well as traffic, and construction projects for those parts of the city in particular need of development. The federal "InnoRegio" program intends to launch regional development in the new Ländern by promoting local integrated consolidations. In addition, the Federal Government conducted the contest "Regions of the Future for Women". The "Labour Market Policy Initiative for Agriculture and Forestry" is a combination of measures to support the structural adaptation of rural regions to the changed economic framework conditions. At the Länder-level, pilot projects have been created to promote the co-operation of small and medium-size companies of the inner-city trade and service sectors, in order to create additional jobs.

Especially important is the co-operation of Employment Offices with companies to exploit all employment opportunities and to improve the balance of the labour market. Thus, the Employment Offices are obligated to actively support the employers in trying to fill employment and training places.

Aims and Initiatives for 2000

- On the regional level, “Alliances for Jobs” shall be implemented by co-ordinating regional and labour market policy.
- Possible co-operation between employment offices and welfare offices are being considered.

Guideline 13: Tapping Employment Potential of the Services Sector

Implementation and Effectiveness of Measures

Measures, such as the further opening of markets, the privatisation of public services, the accelerated utilisation and dissemination of modern I&C technology, tapping the potential for start-ups in the labour-intensive service sectors, the development of the social infrastructure, and the improvement of training and further training have contributed to a further increase in people employed in the service sector. In 1999, 66% of all people with jobs were employed in the private or public service sector. Since many businesses perform their own services internally, that number understates the importance of the service sector for employment in Germany. Considering the proportion of service professions, the share of nearly 70% is only slightly lower than the respective share in the U.S.A. 48% of all people employed in the service sector are women. It is, therefore, expected that the development of new opportunities in the service sectors will increase job opportunities, particularly for women.

Aims and Initiatives for 2000

- Measures in the area of I&C-technologies through the action program “Innovations and Jobs in the Information Society of the 21st Century”, such as improved access to and wider utilisation of multimedia, especially in all educational institutions; assuring equal Internet use by women; improving the utilisation of new media for SME; closing the gap of about 75,000 high qualified workers (as estimated by businesses) for the I&C-sector; creation of a solid and secure infrastructure for the use of information technology.
- Measures to improve participation of women in the information society. The action program contains specific target data.
- Measures in the area of R&D and innovation: “Innovations Billion” (until 2003)/Bio-Regio-Initiative/ Program Innovationskompetenz of medium-size companies/ Special programs for the new Länder.
- Modernisation of the educational system: creation of new service sector training vocations/ qualification of existing training vocations, especially the integration of new I&C-technologies; increase in the percentage of women participating in IT-vocational trainings and courses of study for computer science.
- Strengthening the markets for risk capital to promote start-ups: investment capital for small technology companies (BTU, FUTUR, EXIST).
- Equal support for personnel intensive services. Talks with the EU Commission to overcome the strict orientation of the subsidy regulation towards investments in assets and to open them for investments in the service sector.

- The social service sector has a very important position in the labour market policy. Therefore, the Federal Government has implemented measures for development of the social infrastructure, such as investment programs to extend the care infrastructure in the new Länder and the pilot program to improve the situation of people in need of care.
- Analysis of reorganisation of care professions by consolidating the training for care of both the sick and the elderly.
- The policy to further open markets and privatise services will be continued: free access for third parties to the railway network for the promotion of across-border traffic (EU-laws)/ easier access to the market for private suppliers in the water-supply business/ implementation of the action concept of the water associations "Permanent and Competitive Water-Supply Business", assessment of the proposal to delete the special clause for water in the Law Against Restraints of Competition (GWB), and further improvement of access to the power supply net (Association Agreement of December 1999).
- The legislative process for the introduction of standardized services statistics has been initiated.
- Increase in export possibilities for technical services companies by supporting co-operation with industry and the selective information aids.
- The Länder promote the structural change towards rapidly growing service sectors (e.g., biotechnology, information services) as well as improved I&C-qualifications and use, by way of their own information and incentive campaigns, using the opportunities for the support of telematic and technology as well as joint initiatives, such as Rechar, Retex, and Resider.

Text of Guidelines 14

Making the taxation system more employment-friendly

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

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

Guideline 14: "Employment-Friendly" Revisions of the Tax System

Implementation and Effectiveness of Measures

Immediately after the election of the government, it began to gradually reduce taxes and charges on labour. The first two stages of the Tax Relief Act 1999/2000/2002 have already been implemented: the basic income tax rate has been lowered by 3%-points to 22.9%, and the

top income tax rate has been lowered by 2%-points to 51%, while the basic allowance has been increased by DM 1,134 to DM 13,499.

The second pillar of the tax policy to promote growth and employment lies in the completed beginning of the ecological tax reform. The Federal Government has used the income from ecological taxes specifically to soften the impact on the factor labour. The increased revenues have been used to reduce contributions to statutory pension funds once on April 1, 1999, by .8%-points, and again, since January 1, 2000, also due to the lower pension adjustment, by .2%-points to now 19.3% of gross pay.

The third pillar of the tax policy is relief for families through a tax relief package. The Federal Government has –incorporating the child allowance into the child-related basic allowance – raised both the child allowance and the child-related basic allowance. Since January 1, 2000, the monthly child allowance for the first and second child are DM 270, for the third child DM 300, and DM 350 for the fourth and any additional child(ren). The family tax relief package and its improvements with a financial volume of over DM 60 billion support economic development and have a stabilising effect on employment.

Income tax and ecological tax reform provide for a stable economic environment for investments and jobs. The ecological tax especially will have positive effects on the necessary structural change and modernisation of the German economy. From this point of view, the ecological tax provides a solid mid-term basis for dynamic development of employment in Germany.

In 2000, the taxation rate, at 42 ½ % of BIP, will be ½ % of BIP lower than in the previous year. The Federal Government plans to continue the reduction of the taxation rate after 2000. To this end, it submitted a comprehensive tax reform concept (Tax Reform 2000) at the end of December, 2000 which was passed into law in the beginning of February, 2000.

Aims and Initiatives for 2000

The tax relief for households and companies, implemented or planned by the Federal Government since 1999, will total DM 75 billion until 2005. Reductions in taxes are mainly produced by the Tax Reform 2000, the Tax Relief Act 1999/2000/2002, and the Law for the Improvement of Families.

The Tax Reform 2000 alone, through providing basic reform of company taxation as well as significant relief from wage and income taxation, will result in tax relief in the amount of DM 44 billion by the year 2005. The most important elements of this reform package are:

- Relief from corporate tax obligation beginning with the assessment year 2001 by reducing the corporate tax rate to 25%. Similar provisions have been created for partnerships and one-man businesses.
- The income tax rate for the year 2002 will already be applied in the tax year 2001. Beginning January 1, 2000, the basic income tax rate will be lowered to 19.9% and the top income tax rate to 48.5%.
- Income tax reform 2003 will increase the basic allowance to DM 14,500, lower the basic income tax rate to 17%, and lower the top rate to 47%.
- Income tax reform 2005 which will increase the basic allowance to DM 15,000, lower the basic income tax rate to 15%, and lower the top rate to 45%. In addition, there will be a one-time general flattening of the rate sequence.

Broad tax relief is being soundly financed through strict budget consolidation measures imposed by the Federal Government. This allows the savings resulting from these measures to be passed onto private households and companies.

In addition, the Federal Government will continuously and carefully proceed with ecological tax reform and reform of charges on labour in the years, 2000 to 2003. The gasoline tax will increase annually by DM 0.06/litre, and the tax on electricity will increase annually by DM 0.05/kWh. Relief on contributions for the statutory pension fund from the ecological tax makes it mathematically possible to reduce contributions by 1%-point in 2003. It is the goal of the Federal Government to reduce the total amount of contribution to the social security system to below 40%.

Aims and measures for income and ecological tax reform are in keeping with the recommendations of the Rat to Germany pursuant Art. 128 para.4 EGV. The introduction of an electricity tax and use of its revenues to reduce non-wage labour costs are consistent with the guidelines of the Commission for the Restructuring of the General Framework Conditions for the Taxation of Energy Products.

Lastly, the taxation policy of the Federal Government fits perfectly with the fundamentals of its economic policy. The total tax burden of citizens and companies will be significantly reduced. This will have positive effects on the demand as well as the supply. The reduction of the basic income tax rate, particularly in combination with the reduction of non-wage labour costs pursuant to the ecological tax reform, will improve employment opportunities in low-wage jobs.

The effect on employment of additional reductions of the non-wage labour costs for very low wages is currently undergoing testing as a model. The model's aim is to increase the level of employment for workers with little or no skills and for the unemployed, by providing subsidies to social security contributions. These models are tested in chosen labour market regions in one Land in the eastern part of Germany and one Land in the western part, and are concurrently evaluated.

Pillar III: Encouraging Adaptability of Businesses and their Employees

Text of Guidelines 15 and 16

Modernizing work organization

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

15. The social partners are invited to negotiate and implement at all appropriate levels agreements to modernize the organization of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Subject to be covered may, for example, include training and retraining, the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working and access to training and career breaks.
16. For its part, each Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.

Guideline 15: Contribution by the Social Partners to the Modernisation of Work Organization

Implementation and effectiveness of measures

The collective bargainers have agreed on sector-specific, flexible and differentiated regulations, especially concerning working time, allowing a differentiated distribution of daily and weekly working time and the expression of working time as an annual figure at company level. Moreover, the duration of regulations for more flexible working time and working conditions as well as for job maintenance have been extended and in some cases their scope has been broadened. These regulations include collective agreements on job maintenance, the creation of new training places and the retention of trainees after the end of their training, entry wages for newly recruited workers and long-time unemployed, as well as small business, opening and hardship clauses. Some collective agreements provide for part-time work for older workers, allowing a smooth transition from work into retirement. By the end of 1998, 349 agreements on part-time work for older workers were concluded, covering areas in which about 13 million workers (men and women) are employed.

In the context of the Alliance for Jobs, Training and Competitiveness, the organisation of working time has been an important issue. At the third round of top level talks, which took place on 6 July 1999, the Confederation of German Employers Associations (BDA) and the German Trade Union Congress (DGB) issued a joint declaration which all partners in the alliance welcomed at the top level meeting. In the declaration, employers and workers are calling for differentiated and more flexible working time policies and a job-creating reduction of overtime. In this context, they intend to use the existing possibilities for developing modern instruments of working time policy. Important working time issues are collective agreements on working time corridors, the expression of working time as an annual figure, the introduction of "accounts" for annual, long-term or life working time as well as improved dovetailing of work and further training in companies.

The Confederation of German Employers Associations and the German Trade Union Congress are in favour of providing more part-time jobs and are going to test models to create additional incentives for part-time work. Proposals to increase the attractiveness of part-time work are to be worked out within the framework of the job alliance. In doing so, special attention will be given to a balanced distribution of part-time between men and women and to making part-time work available to professional and managerial staff as well.

Aims and initiatives for 2000

The social partners intend to implement the objectives set out in the joint job alliance declaration by making more effective use of the possibilities given to them under the law on working time, by making further headway in modernizing work organization and by increasing the attractiveness of part-time employment. Consequently, suggestions on "working time accounts" emanating from the ongoing debate are planned to be included in collective agreements in the coming two years. The issue of insolvency protection for accumulated working time is currently being discussed at expert level.

The implementation of modern and innovative forms of work organization including new forms of work and advanced concepts of work is best done at company level. In this field Germany has an exemplary tradition of consensus building between the partners at company level, i.e. management and employees or their representatives.

Guideline 16: Legal Framework to Increase Flexibility in Employment Contracts

Implementation and effectiveness of measures

The legal framework for more flexible working time arrangements has been substantially improved over the past two years (see comments on Guideline 17 in the German Employment Action Plan 1999). Following up on these improvements, further progress in the field of part-time work for older workers has been achieved. On 1 January 2000, the Law on Development of Part-Time Work for older workers entered into force, giving effect to new regulations worked out in the job alliance process. The new provisions are aimed at extending the part-time work for older workers scheme also to older part-time workers and at easing the conditions under which vacated jobs may be refilled in companies with less than 50 employees. Employers with less than 50 employees are now eligible to subsidies in cases where an older worker opting for part-time work is replaced by a worker registered as unemployed or by a young person who completed training. In these cases the newly hired worker may be assigned to any job within the company (whereas the previous legislation required a closer link between vacated jobs and new recruitments). Small and medium-sized companies are granted support not only in cases where vacated jobs are refilled but also in cases where trainees are hired (the threshold was increased from previously 20 to now 50 employees).

The inclusion of part-time workers in the scheme is of particular benefit to women as they account for a more than proportional share in the number of part-time workers: Out of a total number of approximately 5.2 million workers aged between 50 and 64 and subject to compulsory social insurance, 900.000 are in part-time employment; of those, 814.000 are women (status 30 June 1998).

Aims and Initiatives for 2000

The aim is to continue to modernize work organization and introduce more flexible working time arrangements through the job alliance process (see Guideline 15).

To support agreements concluded by the social partners, the Federal Government will in the current year transpose EU-directive 97/81/EG of 15 December 1997 into German law. The purpose of the Part-time Directive is preventing any form of discrimination against part-time workers, facilitating the development of part-time work on a voluntary basis and contributing to the flexible organisation of working time. Special emphasis is i.a. given to facilitating the transfer from full-time to part-time work or vice versa. In addition, the framework for part-time work will be improved through the job alliance process (see Guideline 15). In the context of the transposition of Directive 1999/70/EC of 28 June 1999 concerning fixed-term work, which is foreseen for this year, new regulations will be adopted concerning in particular non-discrimination, the restriction of successive fixed-term contracts and the improvement of opportunities for fixed-term workers to secure permanent employment.

Moreover, the Act concerning part-time work for older workers will again be amended with the purpose of increasing its employment impact and extending its duration of validity.

The implementation of this Guideline is also supported by the resources of the European Structural Fund. The Federal Government and the Länder have allocated considerable funding especially in the context of the new Objective 3 to make further headway in modernizing work organization and implementing new working time models.

Text of Guideline 17

Support adaptability in enterprises

In order to adjust knowledge and skill levels within enterprises Member States will:

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

Guideline 17: Improving Knowledge and Skills of Employees

Implementation and Effectiveness of Measures

The trend of the German economy to orientate itself intensely towards knowledge continues, which includes the production factor "Knowledge" as an essential driving force for growth, structural change, and, thereby, for economic and social prosperity. This results in an increasing need for highly skilled employees. Continuing further training besides primary education, decisively influences the skill level of employees. This is increasingly important as the time period in which acquired knowledge is useable is becoming continuously shorter and requires, therefore, constant renewal and development of existing qualifications. There are no tax obstacles to company investments in human resources. All expenses which a company incurs for further training of its employees continue to be fully tax deductible as operating expenses.

Aims and Initiatives for 2000

The measures mentioned in the National Action Plan 1999 will be continued.

The following new measures are planned:

- The research and development program of the Federal Government “Proficiency Development for Economic Change – Structural Changes of Further Training in Companies”, including the following projects:
 - Individual proficiency development through training within the work process,
 - Flexibility of companies and proficiency development,
 - Interdependency between proficiency development and individual development, development of companies and regions,
 - Proficiency development for economic change – co-operation from work and personnel councils.

A particular focal point for the year 2000 is the evaluation of 30 integrated company development projects with scientific oversight. They will reveal to what extent employment design can be used to maintain or develop skill levels.

- The Länder will intensify their efforts to sensitise universities to the need for closer co-operation with SME in the area of job-related academic continuing education, especially for skilled workers and management personnel, and to approach companies with curricula, accordingly designed. The program “Proficiency Development for Economic Change – Structural Changes of Further Training in Companies” will be funded by federal and ESF funds in the amount of approx. DM 40 million until the end of 2000.

Pillar IV: Strengthening the Measures to Promote Equal Opportunities for Women and Men

Text of Guideline 18

Gender-mainstreaming-approach

Women still have particular problems in gaining access to the labour market, in career advancement, in earnings and in reconciling professional and family life. It is therefore important, inter alia:

- ? to ensure that active labour market policies are made available for women in proportion to their share of unemployment;
- ? to reduce tax-benefit disincentives, wherever identified, because of their negative effects on the female labour supply;
- ? to give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed;
- ? to ensure that women are able to benefit positively from flexible forms of work organisation.

Therefore, the Member States will:

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

Guideline 18: Equal Opportunities for Women and Men as a Horizontal Task

Implementation and Effectiveness of Measures

The implementation of the guidelines in all 4 pillars is based on a gender-mainstreaming approach. The measures will be presented mainly under the individual guidelines. The program “Woman and Work” provides for increased inclusion of the principles and methods of gender-mainstreaming into the work of the Federal Government. The following measures have been targeted:

- Establishment of an inter-ministry work group at the executive level for the improvement of equality;
- Development of a catalogue of criteria and measures for further training that will result in stronger consideration of gender-specific questions in ongoing work and action planning of the Federal Government.

Equality controlling has already been implemented in parts of the Federal Government. The idea of gender-mainstreaming is particularly present in the federal action program "Innovations and Jobs in the Information Society of the 21. Century." The Länder as well as the municipalities have committed themselves to this approach.

Aims and Initiatives for 2000

The consistent implementation of a gender-mainstreaming approach in all employment policy measures. It is planned to include a new paragraph "Equality Policy" in the upcoming revision of the joint standing orders of the Federal Government and to conduct a check for compatibility with equality principles. This will underscore that the equality of women and men is a consistent leading principle and that it will be supported as a horizontal task.

Text of Guideline 19

Tackling gender gaps

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

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

Guideline 19: Tackling Gender Gaps

Implementation and effectiveness of measure

In 1999, female unemployment in Germany decreased by approximately 67.000 on annual average, which corresponds to a reduction by 3.3 % (unemployment as a whole: -4.2%). In percentage terms, the decrease was more or less equivalent in the west and the east of the country. According to data from EUROSTAT (October 1999) the rate of unemployment for women for the whole of Germany was 9.9%, which is below the EU average of 10.7%. According to the German national statistics the rate of female unemployment in 1999 was 11.2% on annual average. Measured in terms of the civilian labour force as a whole, the respective unemployment rates for women and men were roughly the same in western Germany (8.9 vs. 8.7%). In eastern Germany there continued to be a considerable gap between women and men as regards unemployment rates (19.8% vs. 15.5%). There was, however, a slight reduction in the differential compared to the previous year. In 1998, the activity rate for women was 55.5% (men: 71.8%): According to data from EUROSTAT it was 55.6%, which is 4.5 percentage points above the EU average.

The provision in Social Code Part III that women are to participate in active measures proportionally to their share in unemployment, was fully complied with in the case of most of the major instruments (see Statistical Annex).

In June 1999 the programme 'Women and Work' was adopted and has been continuously implemented since (more details can be found under other Guidelines). The programme is aiming at a substantial improvement of training and job opportunities for women.

On the initiative of the Federal Government, the Joint Commission of the Federal Government and the Länder decided on a Programme for „Equal Opportunities for Women in Research and Teaching at Universities“ as a follow-up to the previous Third Universities Special Programme (HSP III). The programme is strongly focussed on increasing the share of women in leading positions. With a share of 7.5% in the number of university professors and of 9% in the number of professors in higher education as a whole, women continue to be underrepresented in this area. However, special measures for the advancement of women contributed to an increase by one percentage point in the period between 1995 and 1997.

The latest statistics on the advancement of women (1998) show a continued increase in the share of women in senior posts in the public service. For the private sector, the annual survey „Emploi Cadre l'Europe“ reports that women accounted for a share of 11% in leading positions in Germany in 1996/97.

The measures of the Federal Government are complemented by Länder measures to promote the employment prospects of women. Moreover, the social partners make an important contribution to the tackling of gender gaps especially as regards pay (Example: Guidelines to support the social partners in the development and design of specific assessment criteria for jobs occupied by women).

Currently, the statistical sources do not provide any reliable information about differences of income between men and women. However, it must be assumed that clear differentials persist in many areas. The forthcoming report of the Federal Government on the job and income status of women and men will contain representative results and will analyse the causes of pay differentials.

Aims and initiatives for 2000

The Government is aiming at a further reduction of female unemployment especially in eastern Germany; at increasing the activity rate of women; increasing their share in jobs of the future to a level of 40% by the year 2005; narrowing the pay gap between women and men; increasing the percentage of women in leading position and bringing the share of women in professorships to a level of 20% by the year 2005.

The following supporting measures have been planned:

- A new Equality Opportunities Act for the Federal Administration/Federal Bodies Law will be worked out.
- Four dialogue forums will be held to discuss equal opportunity legislation for the private sector. A congress on the same theme will be organized in co-operation with the social partners, to be held in September 2000.
- A congress will be held in Berlin in the first half of 2001 for an interim evaluation of the results of the „Women and Work“ Programme.
- Continuation of initiatives to increase the share of women in future oriented jobs .
- Presentation of the “Report on Equal Pay and on the Economic Situation of Women” by the end of 2001.
- In its business policy targets 2000 the Federal Employment Service adopted the dual strategy of the employment guidelines, i. e. „specific action to improve equal opportunities“ plus „gender-mainstreaming approach for all fields of action“ and at the same time defined target values for each individual field.

In the budget year 2000 the Federal Government allocated 22 million DM for advancing the equality between women and men in society; moreover, 12 million DM have been made available for strategic measures to build up structures for the enforcement of equality of opportunity in education and research and another 1.6 million DM for measures to support the advancement of women in the field of general and vocational further education. In 2000, some 60 million DM from the Third Universities Special Programme (HSP III) have been allocated for the advancement of women in the field of science. An equal amount of funding has been made available by the Länder.

Text of Guideline 20

Reconciliation of work and family life

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

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

Guideline 20: Improving the Reconciliation of Family and Career

Implementation and Measures:

The reconciliation of work and family life is an important aspect of the program "Women and Work".

The Länder and municipalities are responsible for child day care centres and have undertaken considerable efforts to implement the legal requirement (since 1996) that there is a kindergarten place for each child. The voluntary youth services, which share responsibility, have also made important contributions. Parental fees have to be paid, which are staggered in a socially responsible way by the Länder and in part by the statutory and voluntary youth services. In addition, the Federal Government introduced tax relief to support parents, in the form of a care allowance, amounting to DM 3,024. Every Land except Bavaria has implemented the legal requirement so that every child whose parents request a kindergarten place will get one. However, a supply of day-care places covering the need is not consistently met, especially in the western Länder. Gaps in coverage also exist for the care of children under the age of three, and for after-school care. Efforts are underway, however, to maintain the current number of places or to provide a flexible number of places according to the needs of parents and children.

According to a micro census, in 1998, 7.4% (Germany before unification 4.1%, new Länder and East-Berlin 32%) of all children under the age of three were enrolled in crèches nursery schools, and 78% (Germany before unification 77.1%, new Länder and East-Berlin 85.2%) of all three to eight year old children were enrolled in kindergartens. Only older data from 1994 is available for children cared for in day-care centres for school-age children. According to the youth services statistics, places were available for 11.7% (Germany before unification 5.1%, new Länder and East-Berlin 34.1%) of the 6 to 12 year old. However, these numbers do not include day places or after school places created in the schools by most of the Länder.

For people in need of care there exists a comprehensive net of out-patient care services and day and over-night care facilities. The insurance benefits for day and over-night care were raised in 1999 for care levels II and III. The draft of the revised Law for Residential Care improves the legal rights of and the protection for people in residential care facilities. In a joint declaration on the occasion of the 3rd association summit on July 6, 1999, the social partners proposed a differentiated and flexible working time policy that would provide better opportunities for the reconciliation between family and work. The collective bargainers of the private insurance industry were successful in including in the collective bargaining agreement, the creation and maintenance of part-time positions.

Aims and Initiatives for 2000

Further improvement of the reconcilability of work and family life; part of that effort is the increased involvement of men in family work and use of parental leave; further improvement of the child care situation.

Some of the measures are:

- Revision of the Parental Leave Act on January 1, 2001, increasing flexibility for parental leave and expansion of part-time employment opportunities.
- Award for the federal competition "The Family Friendly Company 2000. New Opportunities for Women and Men" at the EXPO 2000, September 2000. Substantive core issues: support for fathers and tele-jobs.
- Campaign "New Male Image" – the initial event is planned for the early autumn 2000.
- Child Care: Autumn 2000, federal convention "Growing up 2000" regarding the living and care situation of children. The project association "National Quality Initiatives in the Child Day Care System for Children", in which ten Länder participate, aims at maintaining and developing the quality of child care.

According to financial statistics, in 1998 public expenditures by Länder and municipalities on child care was DM 19.3 billion (without the contributions of the voluntary youth services). Approx. 7 billion will be made available annually for the child-raising allowance.

Text of Guideline 21

Facilitating reintegration into the labour market

Those returning to the labour market after an absence may have outmoded skills and experience difficulty in gaining access to training. The Member States will:

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

Guideline 21: Facilitating Reintegration into the Labour Market

Implementation and effectiveness of measures

In January 1999 the Federal Employment Service issued an order to the labour offices concerning guidelines for the statistical registration of labour market returnees (male and female). To clarify the legal position, the order was incorporated into law in the form of an amendment in August 1999. The result has been more transparency in the registration of the actual number of returnees. In December 1999, 114 000 unemployed returnees were registered with the Federal Employment Service.

Aims and initiatives for 2000

Facilitating Reintegration into the labour market by

- adequate provision of child care facilities;
- increasing the offer of part time jobs, especially also for higher-quality employment;
- enhancement of flexible working time arrangements;
- increasing the number of qualification opportunities offered by companies to workers also during an absence;
- increasing the participation of labour market returnees (male and female) in active measures.

The amendment of the Employment Promotion Law has resulted in a more transparent labour market situation of returnees and will over the coming two years contribute to labour offices offering more intensive activities to this category of persons which is in need of special support.

The situation of women returnees is further improved by a wider scope of individual options given to them by the planned amendment of the Parental Leave Act. Moreover, agreements with a long-term perspective have been concluded within the context of the Alliance for Jobs, Training and Competitiveness.

3. COMMENTS TO THE RECOMMENDATIONS OF THE COUNCIL

Recommendations

On the basis of the continuing effects of the reunification of Germany, the economic recovery in 1998 halted the decrease in employment levels and affected a slight decrease in unemployment. The most important challenges for the German labour market are considerable and include the following:

- the negative employment growth in the nineties (-1.2% annually from 1991 to 1998, -0.7% from 1994 to 1998) and the significant differences in unemployment which affects especially the new Länder;
- the continuing high long-term unemployment rate of 5% of the working population;
- the significant employment potential in the service sector, in which currently only 38% of the working population are employed (50% in the three most productive member states);
- the small proportion of employed people at the ages 50 to 64 (approx. 47.5%), is an indication of additional, untapped employment potential.

Germany should:

- (1) expand its preventive measures, by utilising timely measures aimed at individual needs to prevent long-term unemployment. It should set more ambitious target goals in that respect to reduce an increase of long-term unemployment to the level of the best performing member states (less than 10% after 12 months);
- (2) devise and implement a coherent strategy to fully utilise the employment potential in the service sector which includes legal, tax, and other measures to reduce the financial burden for setting up new companies;
- (3) review its tax and social service system particularly with regard to obstacles to employment opportunities for all groups of the population, especially the elderly. In particular, it should reassess the current policy favouring early retirement, and search for the best ways to prevent that older employees leave the labour market prematurely, and to promote the employment of older workers;
- (4) continue its efforts for a gradual decrease of the tax and non-wage labour costs by reducing taxes and social security contributions, especially at the low end of the income scale while considering the necessary consolidation of the budget.
- (5) undertake appropriate measures for the improvement and adaptation of its statistical system so that data will be available in 2000 that is compatible with the joint policy indicators. Germany should consider conducting an employee census, pursuant to the ordinance (EG) No. 577/98 of the Rat, every three months.

The Report contains a full discussion of the recommendations in the guidelines so that the following can be limited to references and supplemental comments.

To Recommendation 1:

It is the declared goal to significantly slow the increase in long-term unemployment. The benefit and service catalogue of the Employment Promotion Law creates all necessary legal preconditions to provide each youth and adult with a new start. The tools of the Employment Promotion Law were increasingly directed towards the reduction of long-term unemployment. The complete implementation of the comprehensive, multi-stage pathway approach in all employment offices should be achieved within two years. The initiatives that have already begun are described in more detail in Guideline 2.

To Recommendation 2:

The economic policy of the Federal Government for the service sector is part of a general growth and employment policy. Its aim is to increase the setting up of new companies and to increase the expansion opportunities for existing companies by creating performance enhancing framework conditions.

Important starting points are: a gradual decrease of the social security contribution rate, improved financing conditions, especially for new, innovative service companies; continuing privatisation of public services; further opening of network markets to competition; improvement of training and further training systems; speedy initiatives for the reduction of bureaucracy; promotion of the development of innovative services on a broad scale, and an accelerated dissemination and use of modern information and communications technology.

Progress made in these areas is described in detail in the Federal Government's second report regarding structural reforms in the product, service, and capital markets, which was presented in 1999 according to conclusions reached by the European Council in Cardiff. The Federal Government will consequently pursue and strengthen this stance over the coming years.

A more detailed discussion of the improved utilisation of the employment potential in the service sector can be found in Guideline 13.

To Recommendation 3 and 4:

Development conducive to growth and employment contained in the Cost-Transfer-System is described in detail in Guideline 14. The Federal Government has followed the recommendation of the Council and has reviewed its Social Security System with regard to obstacles to employment opportunities for older workers. The current federal policy to promote employment of the elderly as well as to reintroduce unemployed people into the working world, is portrayed in number 2 of Guideline 4. It becomes obvious that the task of securing the integration of youths into the labour market while simultaneously prolonging the time older workers remain employed, will dominate the social and labour market policies for years to come.

To Recommendation 5:

Joint policy indicators are being used in this report; the necessary data was made available. In addition, Guidelines 1 to 3 and Attachment 1 are included by reference.

Furthermore, Germany is currently studying the feasibility of a labour force survey carried out more than once a year.. Test surveys will probably be conducted in the autumn of 2000. The decision whether to conduct more than one survey per year has not been made yet.

ATTACHMENT 1: STATISTICAL INFORMATION

Guideline 1 – Policy input and output indicators	
	Total
(A) number of young people who became unemployed in 1998	1,343,755
(B) number of young people who became unemployed in 1998 and who are still unemployed 6 months later	203,881
Ratio (B) / (A) (output indicator)	15.2 %
(C) number of young people who became unemployed in 1998 and have started a measure within a concrete individual action plan before the sixth month of unemployment	999,108
Ratio (C) / (A) (input indicator– rate of compliance)	74.4 %
(D) number of young people who became unemployed in 1998, are still unemployed after 6 months and have not started a measure within a concrete individual action plan	32,212
Ratio (D) / (B) (input indicator- rate of non-compliance)	15.8 %
(D1) number of young people who became unemployed in 1998, are still unemployed after 6 months and have not received an offer of an individual action plan	23,374
Ratio (D1) / (B) (input indicator – rate of failure)	11.5 %
(D2) number of young people who became unemployed in 1998, are still unemployed after 6 months and have refused an offer of an individual action plan	8,838
Ratio (D2) / (B) (input indicator – rate of refusal)	4.3 %

Guideline 2 – Policy input and output indicators	
	<u>Total</u>
(A): number of unemployed persons who became unemployed in 1998	6,324,813
(B): number of unemployed persons who became unemployed in 1998 and who are still unemployed 12 months later	1,057,322
Ratio (B) / (A) (output indicator)	16.7 %
(C) number of unemployed persons who became unemployed in 1998 and have started a measure within a concrete individual action plan before 12 months	4,870,160
Ratio (C) / (A) (input indicator– rate of compliance)	77 %
(D) number of unemployed persons who became unemployed in 1998, are still unemployed after 12 months and have not started a measure within a concrete individual action plan	220,336
Ratio (D) / (B) (input indicator – rate of non-compliance)	20.8 %
(D1) number of unemployed persons who became unemployed in 1998, are still unemployed after 12 months and have not received an offer of an individual action plan	207,974
Ratio (D1) / (B) (input indicator – rate of failure)	19.7 %
(D2) number of unemployed persons who became unemployed in 1998, are still unemployed after 12 months and have refused an offer of an individual action plan	12,362
Ratio (D2) / (B) (input indicator – rate of refusal)	1.2 %

The number of long-term unemployed (1 year and longer) also includes young people. Their share is, however, small. In September 1999 young people under 25 accounted for no more than about 20,000 out of a total of just under 1.38 million; this corresponds to a proportion of 1.5 per cent. Therefore, young people are not an important factor in this context.

Guideline 3	
	<u>Total</u>
(E) Number of registered unemployed	4.1 Mio
(F) Total number of participants in active measures	1.88 Mio
Ratio: (F) / (E) (input indicator)	45.8 %
Ratio (H) / (G) (output indicator)	*

***Retention rates for participants who left measures in
the first half of 1999**

for	Germany
vocational further training	67.8 %
job creation measures	40.6 %
integration subsidy	78.7 %
recruitment subsidy in the case of business start-ups	76.2 %
SAM* total	60.7 %
SAM OfW*	63.3 %
bridging allowance	89.4 %
training support	90.8 %
vocational training in non-company institutions	73.4 %

SAM: Structural Adjustment Measures; SAMOfW: SAM Ost für Wirtschaftsunternehmen (SAM/East for commercial enterprises)

The retention rate is defined as the share of participants in measures who are not registered unemployed six months after termination (including drop-outs) of the measure. As for the variation in the rates it has to be taken into account that the various instruments have been designed for different target groups.

Unemployed persons and rates of unemployment*

Annual average	Men and women		Men		Women	
	absolute	rate	absolute	rate	absolute	rate
1998	4,279,288	11.1	2,272,655	10.5	2,006,633	11.8
1999	4,099,209	10.5	2,159,776	9.9	1,939,433	11.2

* in relation to the civilian labour force as a whole

Unemployed persons seeking part-time employment

Year	Absolute	of those women	share of women in percent
1997	333,190	323,806	97.2
1998	341,333	331,354	97.1
1999	351,562	340,730	96.9

Gainfully employed persons and employment rate

	Gainfully employed persons		Men		Women	
	absolute	rate	absolute	rate	absolute	rate
1997	35,438,000	63.7	20,322,000	71.9	15,117,000	55.2
1998	35,498,000	63.8	20,278,000	71.8	15,220,000	55.5

Part-time workers subject to compulsory social insurance

Year	Absolute	of those women	share of women in percent
1997	3,628,590	3,251,102	89.6
1998	3,799,004	3,352,675	88.3
1999**)	4,333,907	3,581,773	82.6

** June 1999 (Annual Average not yet available)

Young people (up to the age of 25) in selected schemes and/or receiving benefits in the context of active labour market policies

Type of measures/ Benefits	Annual average 1999	
	total	Of those, women
Training measures	6,931	2,939
Transitional allowance e.g. for taking up self-employment	2,357	618
Training allowance in the case of vocational training ^{2) 3)}	47,582	27,681
Participants in basic skill training ^{2) 3)}	47,547	20,985
Support for vocational further training	34,415	14,925
Measures for the vocational integration of people with disabilities ⁴⁾	90,400	32,700
Integration and recruitment subsidies and integration contract	7,044	2,720
Training support	63,663	18,158
Promotion of training in non-company institutions ^{2) 3)}	38,497	13,307
Transitional allowances	757	320
Work and qualification for young people who are not yet fit for training ³⁾	2,776	1,165
Job creation measures	21,321	8,033
Structural adjustment measures	23,647	11,054
German language courses	4,482	2,050
Employment support for long-term unemployed	1,465	641
Promotion of the employment of disabled people ¹⁾⁴⁾	1,500	600
Total (rounded):	394,000	158,000
Immediate Action Programme to Reduce Youth Unemployment	86,589	36,764
Total (rounded figures):	481,000	195,000
total annual figure: ⁵⁾		
Career counselling	2,221,191	1,098,635
Placement into training (applicants)	802,648	402,211
Company visits of the Federal Employment Service in the context of placement into training	306,532	

¹⁾ (Reported) annual figure of benefit grants stock data not available.

²⁾ excluding people with disabilities

³⁾ Age structure data are not available for this category of persons. It is assumed that participants are under 25.

⁴⁾ Preliminary figure for 1999

⁵⁾ Counselling year 1998/99 (01.10.1998 to 30.09.1999)

**Women:
Unemployment and application of major Federal Employment Service
- Federal Territory as a whole -**

	<u>Women absolute</u>		<u>Pe</u>
	1998	1999	
Unemployed - stock (annual average)	2,006,633	1,939,433	
Job creation measures - persons employed (annual average)	113,922	122,844	
Structural adjustment ¹⁾ - Persons employed (annual average)	86,303	93,350	
Support for vocational further training ²⁾ - stock	181,540	187,392	
Integration subsidy - Beneficiaries (annual average)	17,040 ³⁾	34,394	
Training measures - Beneficiaries (annual average)	16,591	19,445	
Application of schemes total	415,396	457,455	

¹⁾ Up until March 1998: only employees in measures within the meaning of s. 242s of the Employment Promotion Act, from April 19

²⁾ Excluding job familiarization and German language courses.

³⁾ Average April to December 1998

Trainees in IT and Media Occupations 1997 and 1998, by gender

	Trainees 1997			Tra
	total	of those, female		tota
	number	number	percent	number
Film and video editor	36	20	55 %	57
Media designer (video and audio)	500	139	28 %	965
Graphic master producer for advertising and media	1,707	964	56 %	1,528
Specialized computer scientist	1,800	217	12 %	5,635
Informatics clerk	772	185	24 %	2,193
Information and telecommunication systems electronic	1,485	68	5 %	3,651
Media and information services specialist (public service)				540
Media and information services specialist (industry and commerce)				33
Audio-visual media clerk				269
Media designer for digital and print media				2,602

Source: Statistisches Bundesamt, Fachserie 11, Bildung und Kultur, Reihe 3, Berufliche Bildung 1997 und 1998, Erhebung zum 31. Dezember; Berechnungen des Bundesinstituts für Berufsbildung und des BMBF

Child raising allowance

Programme to evaluate the statistics on child raising allowance beneficiaries

1998 - First application; status 17.10.1999

First application 1998

Live births 1998	785,034	percent	percent 1997	Deviation from previous year in percentage points
Multiple births	12,522			
Persons potentially eligible	775,512			
total	732,372	94.80 %	93.89 %	0.91
of those, women	712,295	97.26 %	97.43 %	- 0.17
men	13,729	1.87 %	1.81 %	0.06
parents in alternation	6,348	0.87 %	0.76 %	0.11

ATTACHMENT 2: EXAMPLES OF BEST PRACTICE

I. Tax Reform to Promote Growth and Employment

The medium-term tax policy concept, the reduction of the tax rates and the Company Tax Reform (see Guideline 14) strengthens investment opportunities for companies as well as the buying power of employed people. This supports the creation of jobs.

The main objective of the concept is not only the improvement of conditions for the factor capital, but for the factor labour as well. The tax relief, whether already implemented or still in the planning stage, strengthens the domestic demand of the economy. This creates a basis for the continuing of the economic recovery and recovery of the German labour market.

The early announcement of the tax relief has already enabled investors and consumers to adjust to the continuing development of the framework conditions of the revised tax system and to adjust their decisions accordingly. This strengthens trust in and the reliability of the financial policy. It creates security and stabilises expectations of domestic and foreign investors. A predictable tax policy will further brighten the growth expectations and will also show positive effects in the short term.

The envisaged reduction in non-wage labour costs in the framework of the Company Tax Reform in an amount of about DM 9 billion in the year of its inception, 2001, will provide additional room for employers to create new jobs. The tax policy concept is intentionally geared towards the middle class because the most significant increase in jobs is expected to occur in small and medium-size companies. The middle class will benefit from the Tax Relief Act 1999/2000/2002 in an amount of approx. DM 5.5 billion. In addition, the Company Tax Reform together with general income tax reduction contains relief for medium-size companies, often operated as partnerships or sole proprietorships, similar to those previously reserved for large corporation.

Consequently, the new taxation scheme will improve investment conditions and result in the creation of new jobs and preservation of existing ones. This should benefit especially the unemployed. This is the permanent contribution to social justice which the tax policy can provide in the larger economic context.

In the tax policy concept of the Federal Government a reduction in the basic tax rate coincides with an increase in the basic allowance. Low-income wage earners will retain noticeably more money after the reforms take effect. Re-entry into the workforce will again be more attractive for welfare recipients. This will encourage people to take more responsibility.

II. Immediate Action Programme to Reduce Youth Unemployment

Aim

The Federal Government considers the reduction in youth unemployment a very high priority because professional life is largely influenced by how it is begun. Lack of training places and youth unemployment is socio-economically extremely harmful and presents a special challenge for policy makers.

Therefore, in November 1990, the Federal Government passed the "Immediate Action Programme to Reduce Youth Unemployment" which includes training, qualification, and job opportunities for young people. The programme targets young people under age 25 who are looking for a training place or who are unemployed. Under these measures, women are to be considered proportionally to the number they represent in both the group of young people looking for training places and the unemployed under 25. Within the promotion of local and regional projects, emphasis is to be placed on those projects that attempt to integrate women into future- and technology-oriented training professions with disproportionately low representation by women. The measures of this project will be carefully analysed in this regard. The Immediate Action Programme includes a variety of measures because life situations and problems for young peoples are manifold. The main points of the program are:

- Opportunities for initial vocational training,
- Opportunities for further training, and
- Integration into the first job through wage cost subsidies.

Training and qualification play an essential role in professional development in the economy which demands, due to rapid technological development, an ever increasing level of qualification of employees.

Funding/Participation

As in the previous year, this special programme will have DM 2 billion in funding available. In 1999, 219,000 young people (41% women) participated in some aspects of the program. 80% of those were previously unemployed. Since some of the services of the Immediate Action Programme are preparatory in nature, some young people participated in more than one measure. The Institute for Labour Market and Work Research of the Federal Employment Service (IAB) determined in its accompanying research that in 1999 about 179,000 different young people entered the Immediate Action Programme. On average, participation for the year was 87,000. In addition, approximately 9,000 additional training places were created.

Evaluation

The goal of the Immediate Action Programme is the occupational integration of the involved young people who will also be evaluated by the IAB's accompanying research. It is too early to make a comprehensive analysis because many young people who entered the Programme are still participating in ongoing training. Early projections by IAB show that in October 1999, approx. 33% of participants, who have since left the Programme, are now employed and approx. 20,000 (31%) have entered into vocational training.

The success of the Immediate Action Program is also economically evident. In 1999, the number of unemployed young people declined faster than the unemployment rate in any other age group. A decline was especially seen in the number of those young people who were unemployed longer than half a year.

Prospect

Due to the success of this Programme, the Federal Government will continue the Immediate Action Programme in 2001, even though it was initially limited to one year. In the context of the planned reform of the Employment Promotion Act, planned for 2002, whether and to what extent certain elements of this Programme can be made part of the Employment Promotion Act will be reviewed.

III. The “Learning Fair”

For the first time in 1998, “Learning Fairs”, i.e., a week of further training, took place in regions, cities, and municipalities. The goal of the “Learning Fair Initiative” was to convince people of all ages of the necessity of lifelong learning, and to motivate them to actively learn by offering formal courses and/or informal learning activities.

To implement nation-wide Learning Fairs in Germany, regional and communal co-operative associations were founded in all the Länder between institutions and organisations of further education, companies, museums, libraries, cultural and other institutions and initiatives were put forth to organise and hold a Learning Fair in their region or city. A total of 120 co-operative associations held Learning Fairs for people, in which hundreds of thousands participated.

After the success of the first nation-wide Learning Fair, a second Learning Fair was held in 1999. More institutions participated in this nation-wide week of further learning than in 1998. A total of 140 Learning Fairs were held in regions and municipalities. The number of participants also exceeded the number in 1998. In addition, the Learning Fairs received intensive media coverage.

The two Learning Fairs in Germany prove that such actions provide an important contribution to emphasising in public the importance of education and training for the development of our society.

It is planned to hold a nation-wide Learning Fair, i.e., a week of further training, in the year, 2000. As in the previous year, the Learning Fair 2000 will be organised as a joint initiative between the Federal Government and Länder. The main event of the Learning Fair 2000 occurs in association with the “Global Dialogue” of UNESCO as part of “Lifelong Learning” in September 2000 at the EXPO 2000 in Hannover. The world-wide “Week of Further Training” will also open on that day. It is anticipated that participation in the German Learning Fair as well as Learning Fairs/Weeks in other countries will continue to increase.

IV: Project: "Foreign Entrepreneurs Train"

Aim

An increasing number of entrepreneurs of foreign origin are doing business in the German market while their share in training activities is significantly lower than those of their German counterparts. The main reason for this discrepancy is due to the information deficit foreign entrepreneurs have regarding the dual training system in Germany. Initiatives have been created in many parts of Germany to promote the participation of foreign companies in vocational training. These projects have been organised in various forms and pursue different approaches in an attempt to promote training in foreign companies.

The project "Foreign Entrepreneurs Train" was started in March 1999 and will initially be continued until the end of 2000. The organisation responsible for the project is the Workgroup of Turkish Entrepreneurs and start-ups e.V. in Hamburg. Its goal is to convince foreign companies to become training companies by providing information about the dual training system and the subsidies available to support offering training places. Companies that are willing to train but are unable to do so on their own, should be convinced to join a training association. It is beneficial for the project that the number of companies owned by foreigners has steadily increased over the last few years, and that the companies have expanded their array of goods and services to attract consumers of all nationalities. In the past they were primarily oriented to consumers of the same ethnic origin.

Implementation

To reduce the information deficit in foreign companies targeted for acquisition, brochures and other documentation was prepared in various languages. Based on these orientation aids, many one-on-one discussions as well as events with company owners/representatives were conducted. Gaining companies as multipliers was very successful. Providing information to the companies and rendering assistance while complying with all formalities is the most important task. The companies enter into training contracts with the young people and appear, thereby, as the trainer. Close co-operation with the chamber of commerce is important to ensure the registration of the training relationship. Companies that are unable to offer training on their own are joined in associations with other companies and/or an organisation responsible for training. It became evident during implementation that many companies, especially Turkish ones, were reluctant to train young people with the same ethnic background. The companies have hopes of breaking the ethnic barrier and gaining an economic advantage by training German apprentices. The same intentions are evidenced by the aspirations of some foreign companies to enter into training associations with German companies, i.e., to profit from the know-how of German companies.

V. Women in the Information Society

Initiative Germany 21 (D21)

The initiative "Germany 21 – Departure into the Information Age" is a company initiative to promote the change from the industrial to the informational era spanning many sectors of industry. The Federal Government is participating in from of a Public-Private-Partnership in projects and actions to promote the accelerated dissemination and use of modern information and communications technology in Germany. One main task of the initiative is

to promote equal opportunities for women and men in the information society. Measures are being developed to increase the percentage of girls and women in the IT-training professions and courses. A survey of all D21-companies is currently being conducted to create, within the framework of a model, 1000 additional training places for young women in the new IT-professions. The initiative shall be used in close co-operation with all participants, to further improve training opportunities to benefit the target group and companies.

The workgroup further intends to support projects to broaden technical courses of study for women and to publicise Best-Practice-Examples of telework and innovative ways of women setting up companies in the IT-sector. It is planned to award a Women@ElectronicWorkAward, to reward exceptional personal dedication and vision of women in utilising new communications technologies.

“Women on the Web”

The joint action of the initiative “Women give new Impetus to Technology”, in co-operation with the Federal Government, the Federal Employment Service, and companies, have offered women since September 22, 1999, free access to the Internet. The enormous interest of women is reflected in the following numbers: all 33,000 Internet accounts were taken after just 5 days, nearly 16,000 inquiries were received, and the homepage “Women on the Web” registered 1.4 million visits.

Female trainers from the Women-Computer-Schools, technical centres, and further training institutions provided an introduction to and supervision for the first steps in the electronic world. The rooms were well equipped with electronic devices and had enough computers to provide opportunities to log onto the Net for the first time or to broaden existing experience. This completed action and additional future actions shall ensure that, besides the well educated professional women, women with minimal access to computer technology, homemakers and women with reduced job opportunities will recognise the value of the Internet and learn to properly use it for future training and further training.

VI. Easing the Reintegration into the Labour Market

Through special support programs, Lower Saxony created 13 co-ordination places in some certain regions for the professional and internal promotion of women within companies. These programs contribute to a reduction in problems for women re-entering the job market, returning from parental leave, and who experience long-term unemployment and, thereby, secure jobs. In co-operation with regional companies concepts have been developed for more family-friendly working conditions. Areas of concern for the co-ordination places are:

- Guidance for the above-mentioned target groups,
- Implementation of job-oriented qualification measures, and
- Organising the association of regional companies which will use the services of the co-ordination place.

Joining forces of small and medium-size companies into associations can promote the implementation of measures to promote women which otherwise could only be realised in large companies. For example, this includes training of women returning from parental leave free of charge and arranging of vacation coverage or job placement within the association. The success of the measures promoting women within an association depends largely on its size.

The more companies belong to the association the more opportunities for further training it can offer and the more it can accommodate women returning from parental leave. The larger the association is the stronger the attraction is for new companies to join for economic considerations. Through the implementation of the above-mentioned tasks, the co-ordination places serve as a very important link between the regional economy, the labour market and the women residing in its area.

VII. The Program “ Youth at Work”

Aim

“Youth at Work” is a joint initiative between Nord-rhine-Westfalia (NRW), the Chambers and the Employer Associations, the employment service, municipalities and charitable associations that has made as its goal to offer every long-term unemployed youth in NRW, willing and able to work, a work place in a company. In 1998, at the beginning of the program, approx. 100,000 youths were effectively unemployed, among them 10,000 unemployed for periods exceeding one year.

Within the framework of the program, every long-term unemployed youth is personally contacted and approached to motivate them, to make the path into the employment system accessible, and to accompany them along the way. If the youth agrees to cooperate, he or she will receive individualised and flexible counselling, a development plan and contacts with companies to assist in resolving personal problems and providing them with specific qualifying opportunities.

The individual counselling of young people is conducted by counsellors in organisations that have worked with this target group in the past. Experts of the Chambers secure work places for the target group in member companies. Discussions between experts of the Chambers and the counselling groups assure that the each youth’s abilities match the demands of the respective work place.

The youths are offered an employment contract for at least one year at wages fixed in accordance with collective bargaining agreements. During their employment, one day a week or in block sessions, they receive appropriate further education.

Funding/Participation

In 1998 and 1999, the program “Youth at Work” was funded by NRW at a rate of DM 41.4 million. In the year 2000, DM 35 million have been appropriated. By now, a total of 9,600 long-term unemployed youths have been contacted; 8,000 youths (80% of the entire target group) were willing to accept counselling.

Evaluation

The program “Youth at Work” is incorporated into an up-to-date controlling and its success is evaluated within the framework of an accompanying scientific research project. The data has demonstrated that by December 31, 1999, a development plan was created for 6,700 of the youths counselled. 3,500 youths were employed in companies. 2,000 youths dropped out of the program, 1,500 of which for personal reasons (among others, military draft, civil service, pregnancy). At this time, 4,100 youths are still actively involved in the counselling process.

Perspective

The program will be continued until 2002.
