

ECOS-014

Brussels, 29 April 2003

OPINION

of the Committee of the Regions

of 10 April 2003

on the

Review of the European Employment Strategy and the Employment Guidelines for 2003**based on the Communication on****Taking stock of five years of the European Employment Strategy**

(COM(2002) 416 final)

and the

Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions**on****The future of the European Employment Strategy (EES):
A strategy for full employment and better jobs for all**

(COM(2003) 6 final)

The Committee of the Regions,

HAVING REGARD TO the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on Taking stock of five years of the European Employment strategy (COM(2002) 416 final) and the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on The future of the European Employment Strategy (EES): A

strategy for full employment and better jobs for all (COM(2003) 6 final);

HAVING REGARD TO the Decisions of the European Commission of 18 July 2002 and 14 January 2003 to consult it, under the first paragraph of Article 265 of the Treaty establishing the European Community;

HAVING REGARD TO the Decision of its President of 23 September 2002 to instruct the Commission for Economic and Social Policy to draw up an opinion on this subject;

HAVING REGARD TO its Draft Opinion CdR 15/2003 rev. 1 adopted on 24 February 2003 by the Commission for Economic and Social Policy (Rapporteur: **Pauliina Haijanen**, Member of the Board, Regional Council of Southwest Finland, (FIN/EPP));

adopted the following opinion unanimously at its 49th plenary session of 9 and 10 April 2003 (meeting of 10 April).

THE COMMITTEE OF THE REGIONS' RECOMMENDATIONS

1. Overall objectives of the reform of the Employment Strategy

1. The Committee of the Regions feels that the Commission Communication reflects in a clear and consistent way the goals for the reform of the Employment Strategy set by the Barcelona European Council. The main thrust of the Communication is in line with the views expressed earlier by the CoR on enhancing the effectiveness of the Employment Strategy and strengthening the local and regional dimension. Abandoning the pillar approach will clarify the structure of the Employment Strategy and make it easier to interpret.
2. The Committee of the Regions considers it important that the overall goals proposed by the Commission for the reform of the Strategy are based on the Lisbon objectives. The priorities identified as the basis for future guidelines reflect the problems in European labour markets and future challenges and provide a good basis for the development of increasingly result-oriented guidelines.
3. The Committee of the Regions welcomes the fact that the stability of the Employment Guidelines is to be reinforced. The Employment Strategy must focus on the medium-term objectives and the emphasis of the process must shift from setting goals to improving implementation and evaluation of results. The CoR would stress that greater stability will also enable a widening and deepening of the consultation process in connection with the drawing up of National Action Plans (NAPs) and the closer involvement of local and regional authorities in the preparation of NAPs.
4. The Committee of the Regions supports the Commission's aim to streamline the Employment Strategy and specify the division of labour between the European Union and Member States. Country-specific recommendations and NAPs will be given a stronger role in the implementation of the Employment Strategy. The new time frame for the process will enable NAPs to be better integrated than at present into the preparation of national budgets. These changes will boost the importance of the European Employment Strategy at national level.
5. The Committee of the Regions considers it important that labour market reform support the EU's longer-term growth, employment and competitiveness strategy and ensure that labour market constraints do not hamper economic growth. The development of employment must be approached from a wide perspective by coordinating measures

in different policy areas. Raising the labour force participation rate requires structural reforms in the area of employment and social policy, measures to prevent long-term unemployment and a reduction in structural employment.

6. The Committee of the Regions stresses that raising the labour force participation rate calls for a strong commitment to job creation and entrepreneurship. Companies' competitiveness must be enhanced by improving the skills of businesses and the workforce, work organisation, quality at work and productivity. The operating environment for companies must be improved. A determined effort must be made to reduce administrative barriers to the setting up and operation of businesses and the hiring of new staff.
7. The Committee of the Regions concurs with the Commission's view that raising quality and productivity at work requires a shift towards a more knowledge-based economy. The Committee would, however, stress that, in some sectors, unemployment is due to the fact that the skill levels of the workforce do not match labour-market demands. There is a pool of untapped labour potential outside the labour market that cannot be readily equipped with the skills to meet such demands. Action is therefore needed to harness that potential for the labour market, thereby also permitting, among other things, the existence of a low-wage sector.
8. The Committee of the Regions considers it important that enlargement be taken into account in the reform of the Strategy and that the future Member States be consulted in subsequent stages of the preparatory work. Raising the employment rate, upgrading skills and restructuring the productive base are among the major problems facing new Member States. Structural change is amplifying regional employment disparities. Administrative structures in the candidate countries, and in particular local and regional authorities' capacity to act, must be strengthened so that they can adapt to labour market challenges in Europe and exploit the resources earmarked for development purposes in the most effective way possible.

2. Governance of the Employment Strategy and reinforcing the local and regional dimension

1. The Committee of the Regions stresses that the achievement of full employment and the other employment objectives set in Lisbon is a challenging task. Success will, more than ever, depend on many policies geared to the same ends and on effective cooperation and coordination of resources between actors at different levels.
2. The Committee of the Regions agrees with the Commission that the political commitment of Member States to the Employment Strategy must be reinforced. NAPs for employment are generally regarded as being government documents where the link to other national policies is unclear. Local and regional actors, the media and the general public have little awareness of the Employment Strategy. As a result problems arise in applying the Strategy at the levels where decisions on employment are ultimately taken.

2.3 The CoR feels that national parliaments should comment on the National Action Plans for Employment. This would provide a better grasp of the rationale behind the European Employment Strategy, and also open it up to a wide-ranging debate. As national action plans, NAPs would thus carry more weight, and it would provide national MPs with a "natural" channel for working towards a much needed common central/regional and local approach to employment policy.

2.4 The Committee of the Regions takes the view that the content of the Employment Strategy and the terminology it uses should be recast to make them easier to understand and relevant to local and regional circumstances. Public opinion surveys show that citizens in Europe find EU activities alien and remote. Experience gained from efforts to promote local employment indicate that considerable problems still exist in terms of interpretation between the various levels engaged in implementing the European Employment Strategy.

2.5 The Committee of the Regions emphasises that local and regional authorities must have a central role and responsibility in developing and implementing the Employment Strategy. The European Employment Strategy must become a multi-level process where there is ongoing interaction between actors at local, regional, national and EU level. It is crucial for the good governance of the strategy to assess how cooperation between different actors and levels of administration functions in the preparation and implementation of the Strategy. For the customer, however, administration is a single whole and therefore it is also important to determine how businesses and citizens can be actively involved at grass roots level in developing services supporting employment.

2.6 The Committee takes the view that a wide-ranging approach should be adopted to *reinforcing the local and regional dimension* of the European Employment Strategy. The Commission's Communication examines the local and regional role primarily from the viewpoint of the *governance of the Employment Strategy*, i.e. in terms of its operation and legitimacy. This approach does not, however, pay adequate attention to the direct role played by local and regional actors in implementing the objectives of the Employment Strategy. All jobs are created and lost at local level. Local and regional actors play an important role as providers of welfare, training and education services that support employment, developing local labour markets and new job opportunities, as well as being employers themselves. They have an extensive influence on the conditions of access to the labour market for young people, women, immigrants and an ageing population and on the promotion of labour market equality. The role they play in integrating groups outside the labour market is often crucial. High employment is also a key objective of local development policy and a prerequisite for maintaining the level of services.

2.7 The Commission Communication identifies addressing regional employment disparities as one of the priorities of future Employment Strategy. Regional differences in employment are large and will grow further in connection with enlargement. The Committee of the Regions points out that at the same time there is a growing diversity of problems within regions. The ability of policies determined at macro level to respond to local and regional problems is diminishing. The Committee stresses that labour market problems highlight the need for an approach where the policy pursued also incorporates the changes needed to address regional disparities. The Employment Strategy should support a shift towards a decentralisation of employment policy, in line with general developments in OECD countries. Member States should also promote the devolution of decision-making powers in the implementation of employment policy to the local and regional level.

2.8 The Committee of the Regions shares the Commission's view that the European Employment Strategy should encourage and support the design and implementation of partnership-based regional employment strategies. The Committee feels that partnerships between the public sector, companies, actors in the social economy and NGOs are of particular importance for strengthening social cohesion and creating new social capital, companies and jobs. Partnerships should be broad-based, bringing together different actors at different levels. The planning of regional employment strategies should be effectively integrated into the preparation of NAPs. Adequate resources for their design and implementation should be set aside in national budgets and ESF programmes.

2.9 The Committee of the Regions considers that the promotion of local and regional employment has relied too heavily on traditional active labour market policy approaches and methods. Traditional measures at the individual level should to an increasing extent be accompanied by the promotion of preventive employment measures and the development of a favourable environment for employment

(infrastructure, education and training, services, entrepreneurship). Players at local and regional level should be encouraged to exploit new innovative approaches and methods.

2.10 The Committee of the Regions believes that there is a need for better coordination of employment measures (European Employment Strategy) and the related funding (European Social Fund and innovative actions) in planning the implementation of the Employment Strategy so as to improve the effectiveness of programmes. The European Social Fund should support the incorporation of the regional dimension into the European Employment Strategy.

2.11 The Committee of the Regions emphasises that the interaction between experiments supporting the local and regional dimension of the European Employment Strategy (Territorial Employment Pacts, innovative actions, partnership programmes, etc.) and national policies must be strengthened. The experiments have brought added value to the promotion of employment. The problem is that often it has not been possible to transfer the good practices that have evolved from these experiments into national programmes.

2.12 The Committee of the Regions considers it important in developing the European Employment Strategy to strengthen the knowledge base and methods for assessing activity at local and regional level and to develop procedures whereby Member States report on the role of the local and regional level in implementing national employment programmes.

2.13 The Committee of the Regions endorses the Commission's goal of strengthening the role of the social partners in employment matters. The Committee thinks it important that local and regional authorities, as major employers, be treated as fully fledged partners in the social dialogue.

2.14 The Committee of the Regions shares the Commission's view about the usefulness of the open method of coordination in the implementation of the Employment Strategy. The Committee stresses, however, that the more widespread use of this method must not undermine the decision-making powers of either the Member States or the local and regional level in organising the provision of welfare services.

2.15 The Committee of the Regions welcomes the fact that, following the call made at the Barcelona Spring Summit, the Commission has presented a proposal for closer coordination between the Employment Guidelines and the Broad Economic Policy Guidelines and for streamlining the process. The Committee stresses that this coordination must be conducted in such a way as to allow the appropriate involvement by all the institutions, the social partners and other parties participating in the implementation of the Employment Strategy as well as a high-quality debate between them. The Committee also considers it important that its views are taken into consideration in subsequent stages of the preparation of the Employment Strategy.

2.16 The Committee of the Regions stresses that the dialogue between the Commission and the Committee concerning the development of the European Employment Strategy has been open and constructive. The CoR would also like to express its wish to actively contribute to the Local Development Forum to be held in Greece in May and the dissemination of experiences gained at local and regional level in Member States.

Brussels, 10 April 2003

The President

The Secretary-General

of the

of the

Committee of the Regions

Committee of the Regions

Albert Bore

Vincenzo Falcone

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