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# The Lisbon Strategy after 2010

**Position paper of the Austrian social partners**

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*In order to make the text more readable, this position paper refrains from using explicitly gender-neutral wording. For the sake of simplicity, the shorter, masculine form has been used to represent both genders.*

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## Preface

At the European Council meeting in Lisbon in March 2000, the heads of state or government of the Member States of the European Union agreed to ambitious goals for developments in the EU's economic and employment policy by 2010. Following the mid-term review of this strategy in 2005, the ten-year timeline set for the Lisbon strategy is now drawing to a close. Despite some positive developments, the European Union remains a long way from the goals that were originally set. For this reason, the Austrian Economic and Social Council ("Advisory Council for Economic and Social Affairs") asked the International Affairs sub-committee for a report on the question of what should be done regarding the Lisbon strategy after 2010. The social partners agreed that the Lisbon strategy needed to be continued, in an updated form, after 2010.

Although the focus is now on short-term measures made necessary by the financial and economic crisis, the EU nonetheless needs a long-term economic and employment policy reform strategy if Europe is to remain sustainable as a place to do business. In the view of the Austrian social partners, the aim of this strategy should be to make Europe into a dynamic, knowledge-based economy that reconciles a high degree of competitiveness with full employment, social security and sustainable development.

With this in mind, when re-focusing the Lisbon strategy after 2010, even more attention should be paid to the major challenges such as climate change, energy shortages, globalisation, demographic change, employment, fighting poverty, better coordination in the currency union to strengthen internal cohesion and, last but not least, overcoming the financial crisis and all its consequences. Whilst addressing all these challenges, the European Union must establish itself as an active player on the world stage and not merely approach the challenges defensively. For this reason it is necessary, alongside the existing division of the Lisbon strategy into macroeconomic, microeconomic and employment aspects, to add a new area that sets out the broad principles of an "external strategy" for Europe vis-à-vis the rest of the world. Those goals of the current Lisbon strategy that are not achieved by 2010 should be retained and implemented by 2015 at the latest.

This economic and employment policy strategy for the European Union should not be an attempt to copy or imitate the American values model. Instead, the Lisbon strategy should further develop the European values model in the context of future challenges, based on the three adjectives "efficient", "fair" and "green". These adjectives should always be kept in mind when implementing any measures, so that the further development of the European model continues in the future to reconcile competitiveness with prosperity, social security and environmental responsibility.

The Council would like to thank all the experts who have worked on this study.

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# The Lisbon Strategy after 2010

## 1. INTRODUCTION

In March 2000, the Lisbon European Council set an ambitious goal. By 2010, the European Union was to become "the most competitive and dynamic knowledge-based economy in the world by 2010, capable of sustainable economic growth with more and better jobs and greater social cohesion". Based on this, a wide-ranging strategy was put in place and quantifiable targets in numerous policy areas were set.

The Lisbon strategy is a broad-based strategy built on three pillars: the economy, social policy and the environment. The aim of the Lisbon Agenda is, on the one hand, to strengthen the growth potential of the internal market with a view to ensuring a high level of employment, social standards and quality of life for the European Union's population in the future and, on the other, to develop Europe's competitiveness with other major world economies (USA and Asia).

The Lisbon strategy is not an attempt to copy or imitate the American values model. Instead, the Lisbon strategy should further develop the European values model in the context of future challenges. In line with the three pillars, the joint strategy brings together three adjectives: efficient, fair and green. These three aims must be kept in mind when implementing any measures. The further development of the European model must continue in the future to reconcile competitiveness with prosperity, social security and environmental responsibility.

### 1.1 Assessment of the achievements of the Lisbon strategy to date

The Lisbon process has proven to be a worthwhile European economic and employment policy strategy. Most EU member states have been able to improve their economic performance in many areas. For example, there was a steady rise in employment rates in almost all countries from the beginning of the Lisbon strategy in 2000. The same is true of employment rates among women and older workers. Structural improvements were also made in terms of the expansion of broadband, increases in research and development spending, participation in lifelong learning and educational levels among young people. This is shown by the positive trends in the EU structural indicators of individual Member States; in many areas, the EU average also rose.

Despite these positive developments, the EU is still a long way from achieving the Lisbon goals. Neither the 3% goal for research and development, nor the employment goals (70 % total employment rate, 60 % employment among women, 50 % employment amongst older workers) were reached in terms of the EU average. Similarly, the EU is further away than ever from the aim of reducing total greenhouse gas emissions to 8 % below 1990 levels by 2012. With the massive economic downturn that began in 2008, the target date of 2010 has become totally unrealistic. It could be that one of the reasons for the targets being missed is that the method of open coordination, due to its non-binding nature, has not given and does not give individual Member States sufficient incentives to pursue the goals with more commitment at national level. Undoubtedly it also has to do with the fact that there was insufficient progress in making the macroeconomic environment and monetary and fiscal policy "as supportive as possible" of growth, as called for in the Kok report of November 2004 on the mid-term review of the Lisbon strategy.

### 1.2 Overcoming the crisis in the financial markets

Efficient and stable financial markets are a key prerequisite for growth, employment and the ability of the economy to adapt. Instability and crises in the financial markets cause huge additional risks and have a significant negative impact on the development of the economy. The EU must take on a

leading role in re-regulating the international financial architecture. A new order in the world financial system must facilitate the development of sound financial innovations that support the real economy.

The current financial crisis has considerably shaken the confidence of investors and is now also having serious consequences for the economy. Among other things, the stability of the financial sector is a prerequisite for a functioning credit flow to business, for capital market financing and ultimately for the stability of the economy as a whole. Economic policy thus has an interest in and a responsibility for ensuring the greatest possible effectiveness and efficiency in financial sector supervision. Stability can only be restored to the financial markets through comprehensive reforms. Clear rules, regulatory measures, more transparency and a reform of supervision are the keystones of a new regime for the financial markets. Such measures must be targeted and should not lead to overregulation, as this could lead to higher costs for financial services.

From the perspective of the social partners, key points include the following:

- The new system must be underpinned by principles such as transparency, risk limitation, realistic risk mapping in financial statements, and the inclusion of hedge funds and private equity in the regulatory arrangements. Financial innovations should not be a source of instability, but should provide more support for the real economy.
- Any new regulation must also help prevent pro-cyclical impacts and excessive leverage.
- The reform proposals must not be a piecemeal affair, made up of individual disconnected measures, but must present a comprehensive, coherent package of measures covering all the relevant areas.
- Different countries' supervisory authorities must develop their international cooperation. A European system of financial market supervision might be a sensible way of doing this. It must be ensured that regulation and supervision takes place in accordance with the same principles throughout the European Union. International standards for regulation and supervision must be regularly adapted to new requirements and take account of innovations in the sector.
- This also means tougher rules and EU-wide supervision and monitoring of ratings agencies. The current EU directive on ratings agencies includes some steps in the right direction. In addition, the role of ratings in regulations must be evaluated.
- The social partners call for an investigation into whether, under what conditions, according to what criteria and in what form an EU-wide tax could be introduced as a management tool. For example, by introducing a tax on financial transactions, high-risk speculation could be contained.

In addition, the social partners are currently working on a study on the subject of the crisis in the financial markets.

### **1.3 Social partners in favour of continuing the Lisbon strategy after 2010**

Although the focus must currently be on overcoming the financial crisis and its consequences, the commitment to the Lisbon strategy should continue. The very fact that the current Lisbon goals cannot or could not be achieved to a sufficient extent makes continuing a refocused Lisbon strategy after 2010 worthwhile, not least because the challenges that the Austrian economy and all the other EU Member States will be facing in the future show no signs of diminishing.

For this reason, the social partners unequivocally advocate continuing a common European strategy for more growth and jobs after 2010.

If Europe is to do justice to its role in the world, it must be an active and influential player in addressing the challenges of the future. With this in mind, Europe's role on the world stage must not be a defensive one, but an active role that shapes events. In other words: whereas the current Lisbon strategy was and is largely an "internal agenda", the Lisbon strategy after 2010 should be complemented by an external agenda so that Europe has a mandate to take on the role as an active global player.

#### **1.4 New focus for the Lisbon strategy after 2010 - Challenges**

Despite additional priorities and new challenges, a new edition of the Lisbon strategy after 2010 should not lose sight of the existing goals. On the contrary: the Lisbon strategy after 2010 must follow on seamlessly from the existing strategy. The further development of the single market, the creation of a knowledge-based society and the creation of more and better jobs must, notwithstanding the future challenges, be the common basis of all efforts. Beyond this, the social partners see the following major challenges:

##### ***Globalisation***

According to the Organisation for Economic Cooperation and Development (OECD), globalisation can be defined as a "a process whereby markets and production in different countries become increasingly interdependent due to the dynamics of trade in goods and services and flows of capital and technology". Globalisation can increase opportunities for growth as export markets for EU products expand, international competition makes economies more efficient and more innovative, and consumers benefit from lower prices and a wider choice of products. However, this also increases the pace of structural change, and the EU's strong position in the medium-tech sector is facing tough challenges from newly emerging economies. This means that lower-skilled workers will tend to be more likely to get into difficulties on the labour market than highly-skilled employees in highly productive and innovative sectors. Deepening and broadening knowledge, innovation and training are thus not only the central goals of the Lisbon strategy, but also important means of enhancing international competitiveness. The EU must work to ensure that the international competitive environment is fair and that all sections of the population can enjoy their fair share of the benefits of globalisation. For the social partners, one of the most urgent tasks over the next ten years will be to support those who are most heavily affected by change so as to minimise risk and optimise opportunities.

However, globalisation must not be allowed to give rise to erroneous thinking. The dynamic of domestic demand is a key determining factor for more growth and jobs in Europe. The EU's economy is shaped largely by developments within the single market, which can be influenced by economic policy. Only around one-eighth of the goods and services produced in the EU are exported, and about one-eighth of goods and services consumed in the EU are imported.

##### ***Demography***

The ageing of the population that is to be expected in the coming decades is one of the key challenges for many policy areas (labour market, pensions, health, long-term care, etc.) and for society as a whole. This does not just apply to Europe. The fact is that the industrialised western societies are getting older, and that this happens to all societies as they modernise. The higher life expectancy associated with this is a very positive development. Obviously, this ageing will increase the financial pressure on pension, health and elderly care systems. However, the financial stability of these systems can be ensured through appropriate adjustments. In order to ensure the long-term sustainability of social systems, it is also very important to increase productivity and wages, increase employment rates and ensure stability in public finances. However, the main starting point for dealing with the challenges of an ageing society is the labour market. Alongside the Lisbon strategy commitment to "more and better jobs" and against unemployment, more must also be done to reconcile work and family life. Countries such as Sweden and France show that the widespread availability of quality childcare is the best means of raising the birth rate. At the same time, making

work and family life more easily reconcilable helps put people in a position where they are at less risk of poverty.

### ***Energy shortages and climate change***

Secure, competitive and environmentally sustainable energy supplies are a basic prerequisite for Europe's economic success. Energy supply faces major challenges: the limited reserves of fossil fuels whilst worldwide demand is rising; a long-term rising trend in oil and gas prices; an increasing dependency of the EU on third countries; instability in key areas of the world; and the effects of climate change.

In future, oil and gas resources will increasingly be supplied by countries with relatively high levels of political risk. At the same time, the question of whether oil production can keep pace with rising demand and when peak oil (maximum production rate of oil) will be reached is being asked increasingly loudly. The dependency on oil is particularly acute in the transport sector, which accounts for 56 % of total oil consumption in the EU. The transport sector is the oil in the wheels of the internal and external market-based trading system and is thus one of the key sectors of our economies. Measures to reduce dependency on fossil fuels are therefore sensible for several reasons: they limit the negative economic impact of high oil prices, help reduce CO<sub>2</sub> emissions and increase the security of energy supply.

In the post-Lisbon era, the idea is to implement an EU climate policy that reduces greenhouse gas emissions for the long term without jeopardising the competitiveness of European industry or our standard of living, or putting too much of a strain on public finances. With the targets set out in the climate and energy package, on which a political agreement was reached at the end of 2008, the EU has set targets for 2020 that take account of this global challenge. Beyond this, the goal of involving developing countries more closely in global climate policy must also be pursued. The social partners are convinced that an intelligent, long-term climate policy could have positive economic effects, in particular through more efficient use of resources or developing leading-edge technologies for growing markets. Climate policy must make greater use of the potential for innovations that help reduce the energy and CO<sub>2</sub> intensity of our economies. It must be developed with sustainability in mind, i.e. take proper account of economic, environmental and social aims.

### **1.5 Strategic goals/New goals/Timeline**

The strategic goal of the original Lisbon Strategy, which has barely been mentioned in recent times, was to make the EU "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"<sup>1</sup>. We suggest that this form of words, which could be interpreted as a declaration of war on other economies, be replaced. As far as the social partners are concerned, it is not a matter of competition between economies. Instead, Europe should have the ambition of being a model that others want to imitate. We would therefore suggest the following new strategic goal: "The aim is to make Europe a dynamic, knowledge-based economy that combines a high level of competitiveness with full employment, social security and sustainable development". This set of aims thus directly includes energy and resource efficiency, which, in the light of the challenges mentioned above, is of strategic importance in the post-Lisbon era.

In this context, the social partners call for:

- The current Lisbon strategy to be subjected to an in-depth analysis, based on available indicators and quantitative work, of its achievements and weaknesses – similar to the mid-term Kok Report of 2005.

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Conclusions of the Lisbon European Council, March 2000.

- The new Lisbon strategy after 2010 should be valid for ten years. This period should be subdivided into two stages of five years each.
- The social partners suggest that the goals of the current Lisbon Strategy be maintained and implemented as quickly as possible – by 2015 at the latest.
- With regard to the employment goals, the social partners call for these to be adjusted to reflect the national contributions, as set out in the European Commission's employment rate scenarios for 2010, which are necessary if the EU employment goals as a whole are to be reached. According to these targets, Austria would have a total employment rate of 73.2% by 2010 (currently 71.4 %) and an employment rate of 66.8 % among women (currently 64 %). The social partners suggest that these scenarios be recalculated based on the EU-27 and then become the new national targets for 2015.
- The social partners consider that it would make sense to carry out another mid-term review by high-level experts in 2015, and to decide this from the outset when adopting the post-Lisbon strategy.
- From 2015, ambitious goals should then be set, which should then be implemented by 2020. In addition, the existing goals should be clarified and made more concrete, or new goals set.
- The "Integrated Guidelines for Growth and Jobs" should be redrafted to take account of these new goals and timescales, but also of the economic downturn.

## 2. MACROECONOMICS

### 2.1 Coordination of macroeconomic policy areas

#### ***Strengthen the focus on growth in EU policies***

The need to improve and/or refocus European macroeconomic policy, without which the Lisbon strategy post-2010 will not be able to achieve improvements in prosperity for all, is demonstrated by developments in recent years. Firstly, the international financial crisis exposed the fragility and lack of shock-resistance of the European economy. Secondly, the European domestic market often has weak consumer demand, which was most clearly expressed when the dot com bubble burst. For this reason, the weak focus on growth in comparison to the focus on stability in EU policy needs to be overcome so as to strengthen domestic demand and growth potential sustainably.

The social partners welcome the fast and decisive action taken in the wake of the global financial and economic crisis and the fact that economic policy, which had hitherto been focused on the supply side, was complemented with an active anti-cyclical demand-oriented policy. Specifically, public finances are being used to support demand through tax cuts and increased public expenditure, whilst monetary policy has been used more effectively than in previous recessions by using interest rates cuts to stimulate demand. This should mean a more balanced macroeconomic policy mix that will effectively counter the crisis.

#### ***Interpreting the Stability and Growth Pact intelligently***

The Stability and Growth Pact (SGP) must show sufficient flexibility to enable Member States to permit temporarily higher deficits during economic downturns in order to stimulate the economy. However, the debt must be cut back again once the economy picks up. Intelligent solutions are needed for stabilising public finances. They must be appropriate to the social market economy and should not come at the expense of the population, particularly its socially most vulnerable members. As a basic principle, budgets that are balanced over the economic cycle help create the necessary

room for manoeuvre in fiscal policy. The conditions of the pact should not be an obstacle to creating the potential for future growth through future-oriented public investment in research, development and education.

### ***Preventing competitiveness disparities from developing in the EU***

The long-standing danger of increasing inequalities in Europe and the euro area has become even greater as a result of the current crisis. Any further widening of competitiveness disparities within the EU must be prevented in order to avoid jeopardising the stability of the economic and monetary union (EMU) and encouraging protectionist tendencies. What is needed is better economic coordination and governance at European level.

With regard to the post-Lisbon strategy and the EU's macroeconomic policy, the Austrian social partners consider the following main points to be of importance:

- The ECB should work towards a stability goal in the broader sense, taking account of developments in the real economy.
- Developments in wages must reflect the dual role of wages as a cost factor and a demand factor.
- We must not lose sight of the objective of long-term sustainable budgets. At that time care will be needed to avoid re-imposing excessive burdens on labour and unacceptable spending constraints. The importance of investment as a way of enhancing locations, promoting growth and stabilising the economy should be properly taken into account when monitoring Member States' budget positions.
- Coordination of the various components of economic policy within the European Union must be improved and macroeconomic dialogue enhanced.
- More effective coordination of tax issues within the EU must not be put off for any longer. Unfair tax competition should be counteracted by the greatest possible approximation of tax systems, transparency, simplification and closing tax loopholes.
- The efforts of international institutions towards better coordination of the central banks and financial market supervision, and to further develop a properly targeted regulatory framework, are to be supported with a view to restoring and improving the stability and efficiency of the financial markets.
- By better coordinating monetary, fiscal and wages policies, the growth potential in the EU can be strengthened and inequalities in Europe reduced.

## **2.2 EU budget**

The social partners consider the current EU funding system to be complex and opaque, which leads to political conflicts. As we saw in the last negotiations over the 2007-2013 budget, it is becoming increasingly difficult to achieve agreement amongst the Member States, which in turn jeopardises the financing of important EU policies in the context of the Lisbon agenda. In order to address future challenges, a root-and-branch reform of the EU budget is essential:

- In general terms, there needs to be a significant shift in the weighting of expenditure towards research and competitiveness, the environment and climate, technology and research, infrastructure, making Europe a good place to do business, an active labour market policy, reducing poverty and creating new and/or high-quality jobs. However, this must not be done at the expense of existing Community policies that will continue to be of great significance in the future.

- The European Social Fund (ESF) supports national labour market policies. ESF funding has fallen for some countries. Without changes in budget policy, there is likely to be a drastic drop in funding. Efforts should be made towards expanding the existing European Social Fund beyond the area of structural policy. The fund should not, as has hitherto been the case, be mainly targeted at economically weaker regions, but should support all regions as they tackle labour market problems.
- Radical changes take time. The debate about long-term strategic reform should therefore not be limited to the current funding period to 2013, but should also refer to the next one (2014-2020).

The EU budget is financed primarily by "membership contributions" from individual EU Member States. The social partners do not consider that these should be increased. The following points should be considered with a view to securing the EU budget:

- The way national contributions are raised is rather opaque to the general public. The provision of individual rebates (such as the UK rebate) complicates the system still further. These rebates lack legitimacy and should therefore be abolished.
- In the light of the wide range of tasks, alternative funding models should be examined.
- The social partners call for an investigation into whether, under what conditions, according to what criteria and in what form an EU-wide tax could be introduced as a management tool. For example, by introducing a tax on financial transactions, high-risk speculation could be contained. The revenue could be used, among other things, for financing the EU budget<sup>2</sup>.

### 3. MICROECONOMICS

#### 3.1 Single market and better regulation

As the central pillar of EU integration, the single market has contributed to economic and employment growth and provided many benefits for businesses and EU citizens in the European Union. The single market resulted in falling prices, which were beneficial to European consumers and to improving the competitiveness of the economy.

However, it also speeded up structural change. From the perspective of employees, one of the effects of restructuring was that a large number of people in some sectors lost their jobs. The lowest-skilled are the first to be hit. These processes therefore need to be accompanied so that those who become unemployed can quickly find new jobs in the new growth sectors.

The single market project is not finished. When further developing the single market, it must be ensured that the interests of businesses, workers and consumers are reconciled. Further development of the single market must not lead to the loss of jobs. A thorough analysis should be made of the impact of the single market on the employment situation in Europe and on the way the European social model works, and of some specific ECJ rulings<sup>3</sup> and the extent of market opening. Proper application of the single market *acquis* is also key to a well-functioning single market.

- By removing numerous barriers to intra-EU trade, the steps made so far towards the completion of the single market have helped strengthen Europe's competitiveness. In this context it should

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<sup>2</sup> The Austrian Institute of Economic Research estimates that the potential revenue from a trifling tax rate of 0.01% would be around EUR 80 billion, which is equivalent to almost two-thirds of the EU's own resources for 2008.

<sup>3</sup> Vaxholm, Viking, Ruffert

also be stressed that Europe has achieved its high level of competitiveness largely through new technologies, further vocational training, improved organisation of work, and health and safety.

- Cutting red tape is a top concern of business. Fast, high-quality business legislation is key to Europe's competitiveness. However, this should not jeopardise the legitimate protection of workers' and consumers' interests.
- There is room for improvement in the area of impact assessments of Commission proposals. When carrying out an impact assessment, care should be taken that the evaluation adopts a balanced, systematic approach, taking account of the interests of businesses, workers, consumers, the environment and of legal certainty.
- Legislative processes that are too slow militate, amongst other things, against a speedy response to technical progress and changed market circumstances. However, sufficient consultation needs to be ensured even when legislative processes are speeded up. Comprehensive involvement of the social partners at an early stage not only increases the quality and acceptance of new legislative acts, but also makes it easier to implement them.
- The cause of the remaining obstacles to the single market in goods often lies in directives being applied differently by the Member States. The need for national and/or regional implementing measures increases the number of legislative processes required. In order to avoid differing implementing measures and to make potential savings in the area of legislation, an investigation should be carried out into where regulations rather than directives could be used.
- More attention should be paid to fast, streamlined and effective ways of dealing with violations of the laws governing the single market. For this to happen, internal market complaint proceedings need to be made faster, less bureaucratic and more transparent. For example, SOLVIT could be strengthened by means of the Commission taking on justified but unsuccessful SOLVIT complaints through fast-track Treaty infringement proceedings.
- The social partners are willing to contribute to the EU's Better Regulation Initiative. The aim must be to continue beyond 2010 to optimise administrative processes and cut red tape, and to enhance the competitiveness of the European economy through high-quality lawmaking. This should not undermine the protection of the legitimate interests of workers, consumers and the environment.
- The aim of reducing the administrative costs to business arising from information and reporting requirements by 25 % by 2012 could give a significant boost to growth and innovation in Europe. However, this success must not be undermined by newly-created administrative costs. The screening process should be regularly applied both to legislation under discussion and to existing law.

### **3.2 Fair competition in the single market**

If the single market is to work properly, it needs clear rules. The completion of the single market will also depend on the extent to which an acceptable balance can be achieved between its economic, social and ecological dimensions.

Concerning the directive on the posting of workers, it must be ensured that the interpretation of economic freedoms should not lead to national employment and social rights being circumvented. A level playing field should be created where businesses can compete on quality whilst maintaining proper environmental, safety, employment and social standards that will benefit workers, consumers and business. Sufficient capacity for supervision and penalties are extremely important to ensure fair competition and to prevent violations by foreign service providers.

With regard to the posting of workers, we refer to the Social Partners Paper "Arbeitsmarkt 2010" (Labour Market 2010), published in autumn 2007, which includes the following points:

- Official monitoring of the actual payment of minimum wages and other working conditions must be enshrined in law in accordance with the directive on the posting of workers.
- The supervisory authorities must have sufficient human and material resources.
- Safeguards in the event of violation of the directive on the posting of workers.
- It must be ensured that official documents can be served across borders and administrative penalties enforced abroad. Until then and additionally, it must be possible and permitted for Member States to require service providers to nominate a representative whom the authorities can hold to account if necessary.
- Where claims are made through the civil courts, particularly in relation to claims by competitors and associations under competition law, it must be ensured in practice that such claims can be pursued appropriately, i.e. without significant extra cost, risk or delay.
- The boundary between self-employment and dependent employment must be drawn by the Member States. This also includes examining the possibility that, despite self-employment existing on paper, the reality is that the economic characteristics of dependent employment are fulfilled (bogus self-employment).

### **3.3 Research, development and innovation**

The idea aimed at enhancing performance in research and innovation is the European Research Area (ERA). This is to be complemented by making Europe an integral player in international research and international cooperation on R&D. The Lisbon goal – making Europe a dynamic, knowledge-based economy that combines full employment, social security and sustainable development – needs developing further to include efficient bringing of scientific and technical innovations to market and the potential for cooperation between Member States and regions.

The main instrument for boosting R&D performance and making the ERA a reality is currently the seventh EU framework programme for research (2007-2013). Alongside this, the technological competitiveness of businesses and research institutes deserves attention. The Framework Programme for Competitiveness and Innovation (CIP) addresses this, but only covers three core areas (entrepreneurship, ICT and intelligent energy). The social partners therefore take the following view:

- Overall, the goal of R&D intensity of 3% of GDP remains a challenge, as the EU average is significantly lower than this. If progress is to be made here, there needs to be public funding, coordinated between the European and national level, for R&D. This funding must be subject to medium and long-term planning. For the highly developed countries and regions of the EU, the goal is significantly higher than 3%.
- The areas for action in the European Research Area are joint financing and implementation of top-level research, the mobility of researchers, the development and use of joint European research infrastructure, the vertical and horizontal transferability of European qualifications systems (initial training, vocational further training), cooperation between research institutes and business and better coordination of the use of public funding for R&D.
- If there is to be better implementation of innovative ideas, there needs to be a better environment for the protection of intellectual property, the issuing and exploitation of patents, and improved

access for business to the latest developments in scientific thinking. Models for cooperation in research and innovation also need to be drawn up.

- Concerning the EU Framework Programme for Research, the social partners call for adjustments to the second half of the current seventh framework programme and to the eighth EU framework programme for research with the aim of better involvement of businesses.
- There also needs to be a sharper focus on economic impact. After all, the contribution of research to growth and jobs is measured by the extent to which the results of research and innovation are turned into marketable products, processes and services.
- In addition, improving performance in research and innovation should also be seen as an integral part of other policy areas, such as the environment, health, transport, energy and infrastructure; business and employment; regional development; and education.

### 3.4 Education and science

The social partners expressly welcome the process, which began in 2000 with the Lisbon Summit and, in particular, with the EU memorandum on lifelong learning (LLL), of creating a European education and employment area and promoting lifelong learning. This gave the debate on a coherent LLL strategy a new dimension and made it more binding. The Education and Training 2010 work programme proved to be a good framework for cooperation and for fleshing out and implementing common goals. In respect of the period after 2010, the social partners share the following views:

- The social partners welcome the Commission's initiative of developing a new strategic framework for European cooperation in the area of education and training.
- The continuation of European cooperation in the area of education needs to send a signal that education and training play a pivotal role in overcoming current and future challenges. In the context of the current economic situation and, more generally, demographic change and a changing world of business and employment, Europe needs strong and efficient education and qualification systems to guarantee growth and jobs.
- In principle, the social partners fully support the method of open coordination on the basis of strategic goals and benchmarks. We also support the strategic goals proposed by the European Commission (making lifelong learning and mobility a reality; improving quality and efficiency; promoting equity and active citizenship; enhancing innovation and creativity, including entrepreneurship).
- With regard to setting detailed goals and benchmarks for the new period of cooperation, the social partners emphasise that the implementation of existing goals and instruments must take priority over new initiatives. When developing new benchmarks, national specifics must be taken into account and it must be ensured that the Member States are making efforts to achieve the goals.
- The strategic goal of making lifelong learning a reality is especially important to the social partners. The goal, originally set for 2006, of putting in place coherent and comprehensive national lifelong learning strategies in every Member State, needs particular further efforts.
- The recommendations adopted at European level on a European Qualifications Framework and a European Credit System for Vocational Education and Training could make a significant contribution to making lifelong learning a reality. However, considerable further efforts are needed to implement these instruments, which need a long-term commitment from the European Commission, the Member States and the social partners. In the light of immigration from third countries, the application of the European Qualifications Framework (EQF) and ECVET

(European Credit System for Vocational Education and Training) by non-EU countries should also be discussed.

- The EU's contribution to enhancing mobility in Europe is indispensable. The social partners expect the funding for mobility under the LLL programme to be increased in the next budget period. Particular attention should be given to those groups that have hitherto been underrepresented in the sub-programmes (e.g. apprentices and young workers).

### 3.5 The environment

The United Nations' World Climate Report, the Millennium Ecosystem Assessment and reports from the European Environment Agency all show that the sustainability of the earth has reached critical levels and that an ecological change of direction is inevitable.

The social partners consider that improving energy and resource efficiency must be one of the key elements of the post-Lisbon strategy. An additional strategic goal should therefore be to make the EU the most energy and resource-efficient economy in the world. Increasing energy and resource-efficiency in the economy pushes the boundaries of growth and thus creates the necessary time to manage the transition to a sustainable prosperity model in which the economy and the environment are no longer in conflict with each other.

At the same time, this could make Europe the world market leader in green technologies and enable it to tap the potential of green jobs in the area of innovative environmental technologies and renewable energy. Under a European green new deal, new jobs would be created, innovation fostered, costs saved (e.g. on oil imports) and, without sacrificing prosperity or quality of life, the energy and resources used per unit of production reduced. In order to measure progress, an indicator for resource use at EU level should be introduced.

The social partners consider that a European Green New Deal should include the following elements:

- Reducing greenhouse gas emissions and dependency on fossil fuels through increasing public investment to combat climate change (infrastructure, alternative energy sources, insulation, etc.) and developing and modernising Europe's energy infrastructure.
- More investment in innovative energy and environmental technologies and promoting training and skills for green jobs.
- Fostering sustainable mobility by developing public transport and making it more attractive, and by pushing environment-friendly means of transport.
- Transport policy is part of services of general interest. It ensures the mobility of the population and enables business to transport goods. Efficient transport policy must therefore take account of social, economic and environmental aspects. To achieve this, the transport-related infrastructure needs to be adapted. Bottlenecks need to be removed and the infrastructure should be updated to meet the challenges of the future. To do this, a consensus needs to be found between creating a good place to do business; mobility and security of supply to the public; and conserving nature and protecting people seeking rest and recreation.
- Measures to counter the increasing trend towards uncontrolled development, which brings about a significant increase in individual transport and thus pushes up energy consumption.
- Guidelines for the EU's structural and cohesion funds that ensure that more grants are provided for energy and resource efficiency.

- Taking account of environmental criteria in public procurement whilst maintaining sufficient fair competition without discrimination against products or materials, in which SMEs can also participate under fair conditions.
- More incentives and measures to promote sustainable consumption.

### 3.6 Energy

Our energy system faces major challenges. Whilst the existing energy scenarios predict an increase in energy consumption, a rise in CO<sub>2</sub> emissions and an increasing dependency on a small number of oil-producing countries, policy – for reasons of security of supply as much as to combat global warming – requires a reduction in CO<sub>2</sub> emissions and of the contribution of fossil fuels to total energy consumption.

The European Union has adopted legislation that provides for legally binding and enforceable commitments to keeping energy consumption constant and increasing the proportion of renewable energy sources in the national energy mix.

- On the basis of binding targets set out in international and European law, there is a need to determine what changes to energy demand and energy mix are required and how much variation within these parameters is still possible so as to select and work towards the most effective ones. Speedy changes to the energy system are not easy; many measures have a significant time lag before they take effect. Moreover, individual, ad hoc measures are not enough. A comprehensive and systematic approach is needed.
- With regard to increasing the contribution of renewable energy to energy consumption, hydro power and energy from biomass will have to make the biggest contributions. However, we will also need more of other types of renewable energy. In general terms, there should be a preference for the most cost-effective types of energy.
- The specific details of a long-term strategic overall concept should be worked out in an energy and climate master plan that goes way beyond a legislative term and involves all stakeholders.
- Only with such a central guidance and coordination instrument will it be possible to correctly assess what needs to be done and to beat a cost-effective path to achieving goals over the long term. In this context it is important not to overlook the fact that, as well as costs and burdens, there are business opportunities associated with systemic change. Any measures must comply with the following principles:
  - Medium to long-term goals
  - Cost-effective use of funds and optimal use of resources
  - Optimisation of the impact on wealth creation and jobs
  - Measurability and regular evaluation of the results in relation to energy consumption and emissions reduction
  - Establishment of responsibilities and, if necessary, penalties
  - Fair sharing of costs amongst all stakeholders.
- The necessary changes to the energy mix and major improvements in energy productivity have the greatest impact on the building, transport and energy generation sectors.
- In the long term, a significant real-terms rise in the oil price is to be expected, both from the demand side and from the production cost side. For the foreseeable future, the crude oil market will remain the lead market in energy. This means that the oil price remains the reference price for energy-saving investments and for conversion and substitution measures. To that extent,

improving energy efficiency is also a strategy for reducing the cost of energy to consumers. Low-income households also need a guaranteed basic energy supply.

- The possibilities afforded by technology are far from being exhausted. Austria and the EU must be at the cutting edge of the development of new sustainable technologies. National and European research and technology policies should have an even stronger focus on such technologies, as these areas of the economy are of strategic importance to the competitiveness of a country and an economic area. This is where the aims of combating climate change, security of energy supply, growth and jobs all meet.
- A stronger European energy policy is needed. A common foreign policy in the area of energy should be developed for infrastructure projects to improve security of supply and for cooperation with other countries. Efforts to open up the energy markets within the EU should be brought to a successful conclusion in a way that is socially, environmentally and economically acceptable. Unbalanced cost burdens on energy-intensive businesses in the EU that will lead to such businesses relocating outside the EU should be avoided, as they impair the European Union's competitiveness. The social partners call for any new global agreement on combating climate change to include countries that have hitherto stood on the sidelines whilst contributing significantly to worldwide CO<sub>2</sub> emissions and for such countries to make commitments similar to those made by the European Union.
- The move from an energy and carbon-intensive energy system to a low-energy, low-carbon system should be organised in such a way that the opportunities that offer themselves to Austria as a place to do business actually come to fruition.

### **3.7 Services of General Interest**

As the Austrian social partners see it, the single market should be a driver for growth and jobs and, at the same time, a means of improving quality of life in Europe. Single market policies must take greater account of all these dimensions.

- The social partners reiterate their view that services of general interest are an important means of ensuring social and territorial cohesion.
- An evaluation of past and current steps towards liberalisation, for example of postal services, energy and telecommunications, is a key prerequisite for any accompanying measures or adjustments to the liberalisation process. The social partners welcome such initiatives.
- Every country should continue to be able to decide individually on services of general interest, which should be affordable, efficiently provided and accessible to all.

## **4. EMPLOYMENT**

### **4.1 Employment policy**

The social partners are convinced that the best way of overcoming social exclusion and poverty in Europe is to promote employment and sustainable labour market integration. The European employment strategy must not therefore simply revolve around creating more jobs but rather should seek to improve the quality of jobs. This involves good working conditions such as participation and collective representation of interests, fair wages, equal opportunities for women and men, safety and

health protection at work, a family-friendly organisation of work as well as promoting lifelong learning and opportunities for career development.<sup>4</sup>

- In spite of its goals, the European employment strategy has not been entirely successful in tapping employment potential. Higher levels of employment in Europe have to a large extent translated into an increase in part-time jobs – which in some cases can be very desirable - and temporary contracts. Too many people are still excluded from the regular labour market or find employment only under precarious conditions. Several groups still have problems accessing and remaining in the labour market. Women, older people, the low-skilled, people with migrant backgrounds and people with disabilities are the main groups here. In order to be able to tap their employment potential, there need to be further efforts, inter alia, with regard to initial training and lifelong learning, simplifying formal accreditation procedures and stronger measures to improve skills.
- As regards efforts to strengthen the active employment policy, the objective must be to bring as much of the labour force as possible into high-quality employment (not least by promoting employment).
- There must be a fast and flexible response to rapidly changing structures. New and changing economic conditions require a high degree of flexibility and adaptability above all in the labour markets. At the same time, there must be efforts to ensure that workers are equipped for the new challenges in the world of work and for structural change. "Security in change" is important not only for the people concerned, this security is also a key requirement for achieving sustainable economic success. Alongside ensuring jobs and decent wages, this is primarily a question of maintaining employability and a high level of social protection while taking account of long-term funding capacity<sup>5</sup>.
- Under the integrated guidelines for growth and jobs, the employment policy guidelines constitute quite general basic goals, such as achieving an overall employment rate of 70% by 2010. However, there is a lack of detailed goals such as ensuring that 25% of the long-term unemployed take part in active labour market policy measures or raising the pension age. Such objectives, which were specifically included in earlier guidelines, have been abandoned and converted into "background recommendations". The social partners propose reincorporating more specific goals into the employment policy so that there is a greater obligation associated with development and implementation.
- The social partners believe that within the framework of the flexicurity strategy there is a need for solutions at both national and EU level which give balanced consideration to the requirements of flexibility and security for workers. Attention should continue to be paid to the fact that each Member State can choose its individual policy mix to implement the flexicurity principle with the participation of the social partners.
- In order to pursue a lifecycle-based approach in employment policy, to integrate more people into the labour market and to prevent a division of the labour market, priority must be given to positive preventive and active labour market policy measures in the EU's employment policy guidelines.
- As regards the goal of raising the current low pension age in Europe, there needs to be fundamental change of mentality. This can only be achieved through a comprehensive policy mix which is geared towards maintaining health and productivity and creating positive incentives for remaining longer in employment and at the same time ensures ongoing investment in vocational knowledge and skills and promotes an organisation of work in businesses that take account of the needs of older people.

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4 Social partners, 50 years of the Rome Treaties

5 European social model – long version – Austrian social partners 2008.

- Against the background of demographic change and globalisation, social systems must remain fundable over the long term. Reform of social security must take account of the changes in the course of people's lives in today's world of work. Given the increasingly unsettled nature of people's careers paths and the need for a better work/family balance, supporting periods of transition in the labour market is becoming more and more important.
- Protection measures must be supplemented through incentives to take up employment and ensure readiness for work - motivation and personal initiative must be an extension to an effective labour market policy.
- Combating discrimination and promoting equal opportunities will increasingly be tackled within the framework of the Lisbon Strategy. In view of the significance of these matters, the employment policy should provide for a comprehensive approach or guidelines.
- These labour market policy measures can be successful both in a national and EU framework only in a favourable macroeconomic climate that is geared towards overcoming existing economic weaknesses. A key element of such a growth and employment-orientated economic policy is a comprehensive economic policy mix geared towards stabilising the economy.
- Specific target groups which are particularly affected by economic crises and are at more of a disadvantage in terms of labour market opportunities as a result of structural change must be the focal point of employment policy measures.

## 4.2 Social policy

If the internal market is to become an instrument for improving quality of life in Europe, then we need minimum European standards in many areas which must be assessed periodically in accordance with the Reform Treaty's goal of social progress and be further developed. The goal must be to end unfair competition between Member States so as not to put the social state at risk<sup>6</sup>.

The European Union's current social *acquis* forms a good basis. With support from all instruments available within the framework of the European social policy such as guidelines, the method of open coordination and agreements between European social partners, the following subjects should be tackled:

- Improved law enforcement in connection with the secondment of workers
- Integration and active support of groups excluded from the labour market
- Integration of migrants
- Ensuring general high-quality health care.

## 4.3 Combating poverty

The Lisbon Strategy seeks to reduce significantly by 2010 the number of people at risk of poverty and social exclusion (European Council of Barcelona, March 2002). The European Commission had earlier proposed in the spring report that the number of people at risk of poverty should be halved by 2010.

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<sup>6</sup> European social model – Austrian social partners 2008

According to the EU's 2009 Joint Report on Social Protection and Social Inclusion<sup>7</sup>, the latest figures show that 16% of Europeans are still at risk of poverty. Even the OECD has warned in its study "Growing Unequal? Income Distribution and Poverty in OECD Countries"(2008), that in most OECD countries the gap between poor and rich has become bigger in recent decades.

Poverty has serious consequences for society as a whole, but they are more serious for the individual. It means not only poor living conditions but also generally poor health, social exclusion and poor future prospects (even for children – transmission of poverty).

- The social partners believe that the post-Lisbon strategy must be geared more towards combating poverty. In this connection, the social partners are expressly in favour of setting European goals. The national implementation of goals must involve the national social partners. This not only strengthens the open method of coordination (OMC), it also helps to combat poverty in a much more targeted and sustainable way.

#### 4.4 Gender equality

There are still major gender-specific differences in Europe's labour markets (wage differences, employment rates, etc.). The main reasons for income differences are clear: an excessive proportion of women are employed in low-paid sectors; unclear rules in businesses concerning wages make it difficult to make appropriate salary requests in interviews; career breaks to look after children and part-time work damage career and thus income prospects; lack of childcare places with appropriate opening times and flexibility reduce considerably the labour market opportunities of mothers.

- The social partners propose a stronger focus on gender equality and family/work balance and propose in this connection that specific guidelines be drawn up within the framework of the employment policy guidelines.
- An important step in the area of equality policy is to raise the number of women in management positions. The exchange of experience and mutual learning among Member States should be promoted in this area.
- The active labour market policy can, among other things, help to close the income gap by encouraging women during their initial training to choose a career of the future and by making businesses aware of this.
- Furthermore, better skills can help to improve the labour market opportunities of unemployed women. Changing the traditional division of the labour market also helps to make better use of women's job potential in respect of demographic change.
- In order to facilitate wage negotiations, a continually updated wage calculation system could be established to provide details of typical wages for various careers and activities in specific sectors. Furthermore, there must be stronger awareness among those responsible for human resources and on works councils of the need for clearer salary calculation procedures.
- EU structural funds should, among other things, be geared towards promoting business start-ups by women.
- Major importance is also attached to promoting networks and organisations for female entrepreneurs and the mentoring of women.

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[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2009/comm\\_pdf\\_com\\_2009\\_0058\\_f\\_de\\_communication.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2009/comm_pdf_com_2009_0058_f_de_communication.pdf).

## 4.5 Family/work balance

An important strategy for promoting equal participation of mothers in the labour market is the provision of childcare. High quality and affordable childcare with work-friendly opening times is a prerequisite for both mothers and fathers being able to work.

A better family/work balance also provides a response to the demographic challenge. Even the European Commission writes in its communication, "Finally, against the background of the current demographic slowdown in Europe, the availability of childcare facilities provides encouragement for people to plan a family. It transpires that the Member States which currently have the highest birth rates are those which have also done most to facilitate the work-life balance for parents and which have a high rate of female employment."<sup>8</sup> At the same time, a high level of female employment makes a considerable contribution to the sustainable funding of social systems.

Better childcare also makes sense economically. Timely childcare offering a good level of education puts in place the most important building blocks for when the child starts school and then later chooses a career and gets a job. This applies above all to children from migrant backgrounds insofar as improving childcare is very important for integration policy too.

- The EU is far from achieving its goals regarding childcare facilities and must definitely step up its efforts and call for more transparency on childcare spending and for goals to be binding.
- At the same time, the partnership-based division of care obligations should be promoted, since in reality women still shoulder the main responsibility for childcare. In this connection, an income-dependent childcare allowance could provide major incentives for greater male participation in childcare.

## 5. INTEGRATION AND MIGRATION

Both the integration of people of migrant origin already living in Europe and the issue of migration - not least against the background of demographic change – will become increasingly important in future. In the last 50 years, the birth rate has fallen sharply and as a result there are fewer and fewer workers and an increasing number of pensioners. Immigration is still the main factor in the EU's population growth and positive net migration is recorded in most Member States.

In the European Union and Austria, there is however enormous employment potential which should make it possible to meet the requirements for highly-skilled workers, as predicted by the European Centre for the Development of Vocational Training (Cedefop)<sup>9</sup>.

According to the 2007 EU employment report, there were some 327 million people of working age across Europe, while the actual number of people in employment was some 210 million. A considerable proportion of those who are not employed are unskilled people with a migrant background. The social partners agree on the following points here:

- The priority is to step up efforts to use domestic potential (such as bringing the employment rate among older workers closer to the EU target), and to expand the supply of labour (vocational training, active labour market policy, support in rejoining the labour market, family policy, etc.).
- Where necessary, some of the immigration requirements should be met from third countries. This requires a forward-looking migration policy, which is geared more towards skilled workers. In this

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<sup>8</sup> COM(2008) 638 "Implementation of the Barcelona objectives concerning childcare facilities for pre-school-age children"

<sup>9</sup> CEDEFOP: Future skill needs in Europe: medium-term forecast (2008).

connection, various models such as the Canadian model should be analysed for their applicability. The European Union is currently taking a more active approach to the question of how to create a common framework for the immigration of highly skilled third country nationals to the EU. Immigration of highly skilled third country nationals should be simplified through the blue card directive, which should guarantee this group of people both residence and access to the labour market through a single permit for a period of two years. However, the number of these people should be determined by Member States.

- The European Commission's measures to promote integration of people with migrant backgrounds are viewed by the social partners as an appropriate initial step, but efforts must be stepped up considerably. The most important thing in this connection would be to increase transfer of best practices in the area of integration among EU Member States, such as the Handbook on Integration for Policy-makers and Practitioners of the Directorate-General for Justice, Freedom and Security.
- Alongside better integration into the labour market and the acquisition of German as well as their mother tongue, increased dialogue between the host society and people with a migrant background is essential.
- Since people with a migrant background can be particularly affected by the black economy, the social partners expect measures to combat illegal work will be of particular benefit to this group of people. The social partners expect further important measures to come from the EU directive on sanctions against people who employ third country nationals without legal residence. Furthermore, there must be more measures as regards the secondment of workers.

## **6. EXTERNAL DIMENSION OF THE LISBON STRATEGY**

The EU must not respond to the impact of globalisation purely through internal reforms, but should do more to gear these reforms towards common European values. To this end, a strategy is required which complements the current Lisbon Strategy and tackles the external challenges resulting from globalisation.

- In order to give the EU's voice the required weight at international level, the EU's image vis-à-vis third countries must be coordinated much more effectively.
- Accordingly, relations with EU neighbouring countries should serve to strengthen the EU internationally. In this connection, European neighbourhood initiatives, such as the European Neighbourhood Policy, the Mediterranean Union and the Eastern Partnership are becoming increasingly important. Over the long term, the social partners propose strengthening these neighbourhood initiatives.
- From a political and economic point of view, the European perspective is of major importance for the countries of the Western Balkans. Political stability is also a key prerequisite for economic stability. Through the process of the Western Balkan countries becoming closer to the EU, these factors will be significantly strengthened and promoted.
- One of the major external challenges facing the EU is energy security. The EU must try to reduce its one-sided dependencies on individual countries and create a system of diversified resources and transport routes within the framework of a common European energy security concept. It is essential to adopt a uniform position, speaking with one voice to important suppliers and transit countries. To this end, rapid and efficient communication and coordination structures must be created, especially to deal with crises.

## 6.1 International Trade

Global trade has grown rapidly over the past two decades, especially since the beginning of the 21st century, increasing almost twice as much as world economic growth<sup>10</sup>. The EU's foreign trade has thus also made a positive contribution to the growth in the European Union. The division of the prosperity gains in the various world regions - also within the EU - is however unequal, creating areas of economic and social tension.

The World Trade Organisation (WTO) is currently the only multilateral framework for the ongoing multiplicity of regional and national trade policies that can be brought to bear in practice, by means of its dispute settlement mechanism. The social partners are convinced:

- that the increasingly integrated and globalised relationships between the world's regions and states, and cooperation processes in individual policy areas, need to be improved further.
- In that connection, preference should in principle be given to multilateral models of cooperation, but bilateral and regional forms of cooperation also have a substantial contribution to make to deepening trade and economic relations.

As international trade has contributed significantly to the accelerating pace of globalisation, the WTO, as a global organisation with, at present, 153 members, has an important role in shaping the global framework for international trade. The liberalisation of trade in goods, services and investments within the WTO and at bilateral level is currently taking place in an unfair competitive environment. The social partners therefore feel:

- that the external dimension of the Lisbon Strategy in general, and of the post-2010 Lisbon Strategy in particular, needs to be designed to be compatible with the goals of social, environmental and economic sustainability. Competition at the expense of the environment and workers' rights must be avoided; this also applies to those free trade zones where the ILO core labour standards are routinely breached and where even the relevant national labour laws are not applied.

Within the International Labour Organisation (ILO), all 182 members, most of which are also WTO members, have undertaken to comply with a set of internationally applicable fundamental rights for workers (known as the ILO core labour standards). These minimum labour standards cover only the most basic human and workers' rights<sup>11</sup>. The social partners have the following demands:

- It must be ensured, in connection with the globalisation process at international and national level, that there is a fair international competitive environment and that all sections of the population can derive a fair benefit from globalisation.
- Compliance with these core labour standards would at least prevent the most extreme cases of degrading working conditions and exploitation. In addition to a fairer distribution of income, an improvement in respect for the core labour standards would also stimulate an increase in productivity and thus in competitiveness. Both of these factors would boost domestic production and help to speed up economic development and make global competition fairer.

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10 [http://www.wto.org/english/res\\_e/statistics\\_e/its2008\\_e/its08\\_toc\\_e.htm](http://www.wto.org/english/res_e/statistics_e/its2008_e/its08_toc_e.htm)

11 Convention 87 – Freedom of association and protection of the right to organise, 1948; Convention 98 – Right to organise and collective bargaining, 1949; Convention 29 – Forced labour, 1930; Convention 105 – Abolition of forced labour, 1957; Convention 100 – Equal remuneration, 1951; Convention 111 – Discrimination (employment and occupation), 1958; Convention 138 – Minimum age, 1973; Convention 182 – Prohibition and immediate action for the elimination of the worst forms of child labour, 1999

- The inclusion of the ILO core labour standards in bilateral and multilateral trade agreements must therefore be actively pursued, with the aim of their being made binding and enforced in the EU's partner countries.

The environmental dimension is also a key basis for economic development, particularly in the emerging and developing countries, and issues surrounding climate change and the limited availability of resources are currently central. The increase in demand for energy-saving products, technology and know-how also represents a major opportunity for the economy:

- Improved access to the market for environmentally friendly goods and services should be pursued as an important objective in multilateral and bilateral negotiations.
- With a view to sustainable development, however, international trade policy should also involve actively promoting ecological standards in non-Member States, in which connection the environmental agreements<sup>12</sup> already included in the EU's generalised system of preferences (GSP+) and the sustainability criteria<sup>13</sup> in the directive on the promotion of the use of energy from renewable sources could be used as a blueprint.

The EU's intention with the new post-2010 Lisbon Strategy is to work actively to shape the diverse processes of globalisation in the interests of cooperation on an equal footing with its economic and trading partners. Europe should be able to meet the challenges of globalisation and, at the same time, to seize the opportunities that go along with it. This involves: designing and implementing a strategy to improve the competitiveness of the European economy via foreign-policy and trade-policy measures; improving market access for goods, services and investments; avoiding unjustified non-tariff barriers to trade (NTBs); avoiding protectionist tendencies; and improving global trade rules and standards, including environmental standards and core labour standards.

## 6.2 Global social partnership

Globalisation and new technologies and communication methods confront people with completely new challenges: they give rise to new opportunities, but also create uncertainty by increasing the need for adaptation. Over the coming decade, the social partners will have the important task of supporting those affected by the changes required, eliminating the risks as far as possible and making the most of the opportunities.

The aim of global social dialogue is to change people's negative perceptions of globalisation, and to help create "globalisation with a human face". The concept of "decent work" – which is a fair globalisation catchphrase – is based on four pillars: productive and freely chosen employment, workers' rights (including the core labour standards), social protection and social dialogue. These pillars are also reflected in the principles of the UN Global Compact.

- These principles could be pursued further by getting business organisations and employee organisations more involved, by highlighting examples of good practice in implementing the core labour standards as part of the Global Compact and making them available to all. The main focus here should be on the opportunities to learn from one another and on developing mutual trust.

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<sup>12</sup> The Montreal Protocol (ozone layer), the Basle Convention (hazardous waste), the Stockholm Convention (persistent organic pollutants), the Convention on trade in endangered species of fauna and flora, the Convention on biological diversity and the Rotterdam Convention (hazardous chemicals and pesticides).

<sup>13</sup> The Fuel Quality Directive and the directive on the promotion of the use of energy from renewable sources (RES Directive) laid down sustainability criteria for biofuels and liquid fuels, e.g. that they should achieve a minimum level of greenhouse gas savings, that raw materials should not be obtained from land with high biodiversity or high carbon stocks, and that third countries should be required to report on the ratification and implementation of ILO, environmental and biodiversity agreements.

- In close cooperation with the ILO and other UN agencies, this learning from each other, dialogue and specific actions should contribute to fairer globalisation and, at the same time, make the opportunities afforded by globalisation more visible.

## 7. IMPLEMENTING THE LISBON STRATEGY AFTER 2010

### 7.1 Governance

The most important tools in achieving the objectives are the annual progress evaluations using structural indicators, a progress report, the national reform programmes for growth and jobs (NRPs) and the Spring Council, and also the open method of coordination (OMC). This basic structure for the Lisbon process has been tried and tested, and should be retained in the guidelines, but there is potential to improve the design and application of the available instruments.

The open method of coordination has, over the past few years, developed into a useful instrument for mutual exchanges of experience that can contribute to greater social convergence. Close interaction between the revised Lisbon Strategy and the OMC is, in the view of the social partners, essential for a balanced relationship between economic, social, environmental and employment policy in the European Union.

The social partners propose the following improvements:

- The structural indicators are a useful aid in evaluating progress, and make it easier to monitor the Lisbon Strategy. They should not, however, by any means be seen as the only measure of the development of national economies, particularly since the social partners believe that some of the indicators do not give an accurate representation of actual development in national economies – this is especially true for the indicators "relative price levels" and "business investment" in the context of economic reform<sup>14</sup>.
- Meaningful benchmarking – such as a comparison with the best three, etc. – is an appropriate tool for working out the relative positions of the individual Member States and drawing conclusions from that. At European level, it should lead to a more intensive exchange of best practice models.
- In order to step up the "naming and shaming" of Member States who fall short, and to highlight their weak spots, the Lisbon ranking should not just list countries, but also – and especially – subjects. The ranking should be set out according to sectors and published on the Commission's home page.
- Stronger incentives need to be created to encourage Member States to implement the recommendations. One possible sanction that could be envisaged, for example in European employment policy, when a Member State consistently falls short of its targets, is to adapt the funding from the European Social Fund, which the Member State and the Commission determine jointly, in such a way that the funds from the ESF are used primarily to finance the measures that are needed to overcome the shortcomings identified in the Member State's active labour market policy.
- In order to preserve a certain degree of continuity, the new Council president, who under the new Lisbon Treaty would be appointed for two and a half years, could be made responsible for the Lisbon process, both in terms of its content and strategy. The Lisbon steering group should be

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<sup>14</sup> For a critical evaluation of the structural indicators, see Economic and Social Council, No 80, 2005. Macro-economic policy and the EU Lisbon Strategy, p. 44 et seq.

made up of national coordinators, representatives of the European Parliament and the European Commission, as well as the European social partners, and should monitor the Lisbon agenda and provide guidance. The Council, in its various formations, should continue to be responsible for preparing the Lisbon agenda for the European Spring Summit, as usual.

- In order to achieve broader acceptance of the Lisbon goals and thus create better conditions for their implementation, greater involvement of European and national social partners in the drafting of the "Integrated guidelines for growth and employment" is crucial.
- After 2010, the Community Lisbon Programme should be limited to identifying the major challenges for the Community.

## 7.2 European Social Dialogue

Social dialogue is both key to the European Social Model and one of Europe's main strengths in comparison to other parts of the world. Strong social partners, well-functioning collective agreements and social dialogue within companies provide the most favourable basis for lasting economic success and socially balanced development. This potential should be exploited more fully in the future. Strengthening the role of the social partners can help restore trust in the EU .

The European partners in social dialogue are particularly involved in the Lisbon Process via the tri-partite Social Summit and are involved in Lisbon's entire spectrum of topics. As rapid economic and social change cannot be managed without the participation of those affected, the Austrian social partners support the involvement of as many social partners as possible in the tri-partite Social Summit.

The social partners consider that the following improvements could be made in Social Dialogue:

- Increased support to heighten the profile of social partners in the new Member States
- Improved monitoring of national implementation measures for "autonomous" framework agreements
- More timely and improved consultations of the social partners at all stages of the Integrated Guidelines for Jobs and Growth and "Open Coordination" (preparation, national implementation, surveillance)
- Reinforcing macroeconomic dialogue by improved networking with the Eurogroup
- Involving all representative employers' and employees' organisations in the tri-partite Social Summit
- Improved cooperation between horizontal and sectoral social dialogue
- Adoption of minimum social standards in the EU - where this is possible and reasonable
- Boosting mutual trust and creating a joint bank of know-how, possibly via seminars and workshops
- Continuing to frame the autonomous Work Programme beyond 2010

## 8. CONCLUDING REMARKS

The Lisbon strategy is not an aim in itself; on the contrary, it frames the conditions which not only ensure Europe's competitiveness worldwide, but also increased growth and more and better jobs. These European values are the very foundation of the European internal market, therefore, and in developing it further we should guard against emulating the American model. The real objective is to make Europe a dynamic, knowledge-based economic space which combines high competitiveness with full employment, a secure social system and sustainable development.

Since the current Lisbon strategy has only been able to fulfil its 2010 objectives in part, the social partners are unequivocally in favour of continuing this common strategy for growth and employment. In the future, however, our attention will be increasingly directed towards the considerable challenges of climate change, energy shortages, globalisation, demographic change, employment, combating poverty, improved cooperation in the currency union to cement internal cohesion and not least overcoming the financial crisis and its consequences. In facing these challenges, the European community of nation states must make its mark as an active, global player and not content itself with merely taking defensive action. This is why a new section mapping out the principles on which Europe would pursue a global "external strategy" needs to be added to the macro- and micro-economic and employment policy sections in the existing Lisbon strategy.

In order for the growth objective of the Lisbon strategy to be further prioritised, the macroeconomic focus of any post 2010 Lisbon strategy must emphasise cooperation and increased coordination of all policy areas to a greater extent than has thus far been the case. Improved harmonisation of fiscal, monetary and wages policy is especially significant here. However, the stability objective must not be lost sight of along the way. Any future agreement between the heads of state and government on how to put the EU budget on a new footing, and not least, guarding against nascent protectionist instincts will be areas of decisive importance.

A new post-2010 version of the Lisbon Agenda must also maintain the further microeconomic development of the internal market. The internal market has to operate both as an engine for growth and jobs and an instrument for improving quality of life. Making the internal market a reality requires correspondingly increased cross-border cooperation. This area is one in which the social partners see substantial scope for improvement. Research and development and education will play a vital role in meeting future challenges, because they form the basis for the economy's innovative capacity. Future challenges such as climate change, energy shortages and demographic change can only be overcome by a well-educated population and by turning innovative ideas into commercially viable products.

The aim of full employment must remain the central focus of the employment policy section of the Lisbon agenda as more jobs and sustainable labour market integration are the best way to combat poverty and social barriers in Europe. This does not necessarily mean "more" jobs, but also an improvement in job quality, i.e. good working conditions which include worker participation and collective representation of interests, fair wages, equal opportunities for men and women, safety and health protection at work, family-friendly organisation of work, as well as life-long learning and opportunities for further training. It is also important to integrate immigrants and, in the longer-term, to work on a immigration policy which looks to the future.

Simply making internal reforms within the EU is an insufficient reaction to the impact of globalisation; common European values must shape these more than has been the case thus far. To supplement the current Lisbon strategy, a strategy which empowers European actors to represent Europe's interests more actively and with more commitment on the world stage needs to be developed. Integral to any such strategy, however; must be ambitious social and environmental dimensions.

Great challenges face Europe and they can only be met by working on the widest basis possible. It is for this reason that the social partners are ready to contribute to actively implementing the

objectives. Therefore the social partners advocate involving as many social partners as possible in decision processes regarding important issues for the future.

If the reformed Lisbon strategy is to enjoy any success, national governments must better communicate the aims and objectives of the policies needed to the European citizen. The social partners, too, are prepared to work to win back and strengthen the European citizen's trust in the EU.

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