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COVER NOTE

from : The Employment Committee
to : Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject : EMCO Opinion on the European Employment Strategy within the post - 2010
Lisbon Agenda

Delegations will find attached an opinion by the Employment Committee, presented with a view to the session of the Council (EPSCO) on 30 November/1December 2009.



The Employment Committee

THE EUROPEAN EMPLOYMENT STRATEGY WITHIN THE POST-2010 LISBON AGENDA

EMCO OPINION

More than ever Europe needs more and better jobs. Within the post-2010 Lisbon strategy, the European Employment Strategy (EES) should play a central role, addressing both the consequences of the current crisis and the long term challenges.

Action taken by EU Member States has created or saved several million jobs. However, despite signs of economic recovery, in the short term the lagged effect of the crisis on employment will require policies which help to avoid that exit from the labour market leads to permanent exclusion.

Structural reforms and policies to speed up recovery must go hand in hand to strengthen EU economies.

Policy objectives and priorities

The objectives of today's EES remain valid and reforms are still needed to attain them. Ageing, globalisation, human capital and innovation remain crucial challenges.

The future post-2010 Lisbon strategy should also reflect the need to address new challenges such as climate change or a stronger social dimension. Economic growth, competitiveness, social cohesion and environmental protection should be mutually supporting. Employment policy has a crucial role to ensure that they are credibly balanced.

A limited number of policy priorities stemming from the current political and economic context need to be brought to the fore and become more visible along with the overall EES objectives – full employment, improving quality and productivity at work, strengthening economic, social and territorial cohesion.

The post-2010 Lisbon strategy requires a stronger social dimension to face inequalities, labour market exclusion, and labour market segmentation. As the main impacts of the economic crisis are on people, it **should contribute to creating more inclusive labour markets in order to fight all dimensions of exclusion and promote social cohesion.**

Labour market reforms on both the supply and demand side should stimulate more and better jobs for all. The EES should aim at increasing the labour supply of both women and men, increasing their employability, in particular of those who are able to work but are less productive or low skilled. This is key to ensure **sustainable social protection systems and sound public finances in the context of demographic challenges.**

Employment policies should **address other structural challenges.** They must provide adequate **skills**, ease job reallocations toward **green** sectors, and other emerging activities, strengthen capacity to **adapt to change, innovation and productivity.** Only a competitive EU can ensure growth and jobs and **high living standards** of its citizens. Particular attention should be paid to a better management of economic **migration.** The Common Principles for **flexicurity** provide a useful framework to address future challenges and to find the proper balance between flexibility and security in individual countries.

Governance

Weaknesses of the Lisbon strategy were in implementation rather than in the formulation of the right policy priorities. Focus and integration have been too weak.

The future EES should have a **simpler structure and clearer language** to ease effective communication to the wider public of the need for reforms and of the costs of non-implementation, as well as to deepen appropriation and commitment to policy objectives.

With 27 Member States, the 3-year Lisbon cycle has increasingly revealed the potential of the **Open Method of Coordination** but also the need to improve two of its most essential elements, **multilateral surveillance and political ownership**.

Reinforced multilateral surveillance mechanisms could also help to accelerate the pace of reform.

Country-specific recommendations proposed by the Commission and approved by the Council, are an important tool to raise pressure for reforms when closely aligned to national circumstances. Robust evaluation frameworks, transparent **assessment** of Member States' performance and regular bilateral **discussions** between Member States, the Commission and all relevant actors could increase political awareness.

Mutual learning and sharing of experiences is acknowledged as one of the –if not the– main EU value added. Yet, efforts must be stepped up to identify innovative policies, strengthen its evidence base and the dissemination of results.

Active involvement of the social partners and other stakeholders, and stronger labour market institutions are all necessary in order to focus on implementation across countries, to overcome the delivery gaps and strengthen effective policy implementation.

The EU budget should ensure that the objectives of the European Social Fund and other relevant EU instruments continue to be closely interlinked with the EES objectives, so that they directly support the delivery of reform.

More efficient governance requires efficient procedures, availability of all necessary information, and reduced administrative burden. For example, Member States could submit light reports in in-between years with a more substantial analysis of their challenges and achievements only at the beginning and at the end of the cycle.

Targets, benchmarks and indicators

Commonly agreed EU targets and benchmarks are important to express commitment to deliver policy objectives, and also to communicate the purpose and achievements of the EES.

A limited number of headline EU targets linked to performance should be defined in line with the political objectives of the future employment guidelines. Operational targets might also be a useful complement to indicate the policy effort.

Targets reflecting different starting positions could be defined in order to take into account the diversity of the EU with 27 Member States. This could make targets more effective, more enforceable and more result-oriented.

Indicators play an important role in the monitoring of progress achieved and fuel policy dialogue. Most indicators developed by EMCO since the outset of the EES will probably remain valid for future monitoring and analysis but they might need to be revised to relate to new strategic challenges.