



Green Paper on Demographic Change
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J-27 01/122
European Commission
B-1049 Brussels

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Brussels, October 17, 2005

Dear Sir,

Please find attached the Euro-CIETT written contribution to the Green Paper on "Confronting demographic change: a new solidarity between the generations".

Euro-CIETT, the European Confederation of Private Employment Agencies, explicitly welcomes this initiative and would like to focus its contribution on its core activity: employment and the efficiency of labour market.

Euro-CIETT is the European organisation of CIETT, the International Confederation of Private Employment Agencies. Euro-CIETT is the authoritative voice representing the interests of agency work businesses in Europe and is the Social Partner for the agency work sector. It is recognised as such by European organisations (EU, UNI-Europa, UNICE, Dublin Foundation...) as well as national governments.

Euro-CIETT brings together 21 national federations of private employment agencies and 6 of the largest staffing companies worldwide (Adecco, Kelly Services, Manpower, Randstad, USG, Vedior). Euro-CIETT members gather private companies operating in the following HR activities: temporary work, recruitment, headhunting, outplacement and training.

Through their network of 15,000 branches and their 175,000 permanent employees, they employ more than 3 millions of workers (full time equivalent) on a daily average.

The Euro-CIETT mission is to seek greater recognition for the contribution that private employment agencies make to labour markets, especially in relation with 3 key aspects: employment creation; access to and integration in the labour market of diversified categories of workers (disabled, first-time entrants, long-term unemployed...); economic growth and financial contribution.

Yours Sincerely,

Denis Pennel
Managing Director
Euro-CIETT



*Euro-CIETT position paper on the Green Paper
"Confronting demographic change: a new solidarity between the generations"*

EXECUTIVE SUMMARY

With the Green Paper "Confronting demographic change", the European Commission has launched a consultation process on demographic changes and their impact across society and the economy. Demographic change has been identified by the European institutions and Member States' governments as one of the challenges the European Union needs to address in order to reach the Lisbon job creation and worker integration targets and to remain competitive. Euro-CIETT, the European Confederation of Private Employment Agencies, explicitly welcomes this initiative and would like to focus its contribution on its core activity: employment and the efficiency of labour market.

1 - What are the challenges for the European labour market

The main impacts the labour market will have to handle in the future are as follow:

- To improve the fluidity of the labour market
- To provide labour flexibility while maintaining social cohesion
- To cope with an ageing labour workforce
- To bridge the gap in terms of labour shortage
- To integrate more disadvantaged people at work (especially younger people)
- To reconcile work & family life
- To provide life-long learning
- To manage work migration/immigration

2 - Private Employment Agencies can contribute to address these issues by:

- Facilitating the match between demand and supply of labour
- Creating jobs that would not exist otherwise
- Providing the flexible labour force required by companies while ensuring worker protection
- Helping young people to enter the labour market via the stepping stone function of temporary work, hence contributing to job creation and social cohesion
- Keeping older people longer at work through flexible contracts
- Enabling otherwise marginalized groups (migrants, long-term unemployed, disabled people, ethnic minorities...) to (re)enter the job market and become socially included
- Training workers to new skills and thus enhancing their employability
- Increasing work mobility on a pan-European level
- Strengthening their effective cooperation with Public Employment Services
- Contributing to economic growth and public budget incomes

3 - What should be the role of the European Union

- To enhance access channels to labour market for all categories of workers, especially for current outsiders (long-term unemployed, disabled and low-skilled people) by making effective use of the stepping-stone function of private employment agencies.
- To take full account of the essential function of Private Employment Agencies in the European labour market and acknowledge their essential contribution to the required flexibility and fluidity.
- To take measures to remove unjustified barriers and to lift restrictions for Private Employment Agencies in order to promote flexibility on the labour market. Agency work is still subject to a large set of protectionist national laws and restrictions that limit its job-creating and worker integration potential.
- To establish a suitable legal framework for economic migration, which has to include an adequate, regulatory approach for the posting of third country nationals in the EU.



EXPLANATORY NOTE

1 - The challenges of the demographic change for the European labour market

Euro-CIETT welcomes the initiative of the European Commission to put the topic of demographic changes on the European agenda and calls upon European institutions, Member States and stakeholders to take decisive actions in order to address the challenges inherent in demographic changes for the European labour markets. The European Commission underlines in its Green Paper especially the following key challenges resulting from demographic changes:

- **The challenge of low birth rate** - European economies will be lacking around 20,8 million people of working age from now until 2030 due to demographic changes in the European societies.
- **A new solidarity between the generations** - A declining number of active people (age 15 – 65) will have to take care of a growing number of retired people as a result of the combination of a raising life expectancy and a declining birth rate.
- **An ageing workforce**, as the number of people at the age of 65 and above will rise by 52,3 percent (which corresponds to 40 million people), whereas the age group of 15 – 64 will decrease by 6,8 percent (20,8 million). To offset the loss of working-age people, the EU needs to meet the Lisbon employment target of over 70%.

These developments will have a large impact on a broad number of policy areas and affect all age groups of the European societies. These demographic changes should be addressed by decisive actions of national governments and by the European Union. The Commission underlines that many needed actions to address these challenges remain with the political responsibility of the Member States. As the demographic challenges do affect the whole EU, these policy actions on the national level should however be complemented by a political debate and corresponding actions on the European level. Exchange of best practises will be essential. The Green Paper is a first step in this respect.

Euro-CIETT agrees with the analysis presented in the Green Paper that the increase of life expectancy and the decrease of birth rates in Europe inevitably lead to an ageing society, in which new solutions have to be found to achieve a sustainable balance between generations, between working-life and retirement and the needs of the European labour market.

Euro-CIETT fully concurs with the assessment of the Wim Kok High Level Group on the Lisbon Strategy, quoted by the Green Paper, which emphasised the importance of the demographic challenge for the Lisbon Strategy. The High Level Group called on the EU to resolutely implement the Lisbon agenda and to focus on policies aimed at getting people – especially disadvantaged categories of workers – into jobs¹.

Euro-CIETT believes that if the EU is to have a chance of meeting the Lisbon targets and of remaining competitive beyond 2010, every potential worker will need to be mobilised. PrEAs already play a role in mobilising outsiders into the labour market, both in terms of direct job creation and also as a stepping-stone to longer-term employment. That role will have to be fully capitalised upon – chiefly through the elimination of unjustified restrictions on agency work - not just to achieve the Lisbon objectives but more importantly to remain competitive².

¹ *The High Level Group concluded that "The potential of agency work to contribute to growth and employment should be used more effectively. Agency work is a source of flexibility for both companies and workers while ensuring sufficient social security for agency workers and should therefore play an essential role in the labour market. Agency work can be an effective stepping stone for new entrants into the labour market hence contributing to increased job creation."*

² *The High Level Group called on "all unjustified restrictions on agency work to be eliminated".*



2 - Private Employment Agencies' contribution to tackle the demographic changes

As one of the largest and most dynamic employer in Europe, Private Employment Agencies can play a key role in tackling the consequences that demographic changes will have on the labour market, by:

Improving labour market fluidity. Private Employment Agencies (PrEAs) can match labour supply and demand virtually immediately, through their network of 15,000 branches across Europe and their 175,000 permanent staff specialised in recruitment.

Creating jobs that would not exist otherwise. Private Employment Agencies employ over 7 million workers in the EU on an annual basis. That is equivalent to a daily average of 2.8 million workers employed through agencies, or 1.9% of the EU working population.

⇒ *PrEAs are responsible for genuine employment creation: 17 % of work done through agencies would not have been carried out had this option not been available. 38 % would have been carried out using other flexibility solutions, such as overtime, which do not contribute to employment creation. Only 14 % of companies using agency work would have hired longer-term employment workers*.*

Providing the flexible labour force required by companies while ensuring worker protection. Flexibility is a market requirement companies cannot ignore. Agency Work is the most dependable response to this need, since it brings the best balance between flexibility and workers protection. Furthermore, Private Employment Agencies meet a genuine demand for flexible work from workers. The role that PrEAs play in the conciliation of flexibility needs of both workers and companies should be explored further by Member States as part of the assessment of the demographic challenge in the context of the Lisbon Agenda.

⇒ *33% of agency workers have a real preference for agency work and only 26 % of them work through an agency because they could not find a permanent job.*

Helping to reconcile work & family life. Flexible forms of employment like temporary work can provide solutions for an adequate work-life balance (mothers wanting not to work during school holidays, students needing to work part-time to finance their studies...) and can contribute to the supply of labour needed.

⇒ *In Belgium, more than 100,000 students work every year through Agency Work to finance their studies.*

Helping young people to enter the labour market. Additionally, provide a stepping stone function of temporary work to permanent employment. 41% of agency workers are in longer-term employment within one year from their agency work assignment. Indeed, first-time entrants to the labour market gain experience through their assignments and can demonstrate their skills to prospective employers and be tested and hired on that basis.

⇒ *In Belgium and France, 40% of temporary workers are less than 25 year old; in Spain, up to 70% of workers employed through PrEAs are between 16 to 30 year old.*

Keeping older people at work through flexible contracts. Because of ageing population, people will have to work longer in order to get extra financial resources (pensions will tend to be reduced because there will be less workers to finance them) and for making up labour shortage. Flexible contracts and part time work will be a good solution for these older workers to remain active in the labour market.

⇒ *In the Netherlands, 9% of Agency workers are 45 year old and over.*

Helping disadvantaged publics to enter the labour market. If the current systems of social security and labour market are to be maintained at the same level, the access to the labour market has inevitably to be broadened and more effective measures have to be taken to integrate current outsiders of the labour market. Both through temporary and part-time employment opportunities, Private Employment Agencies broaden the access to the European labour market and supply labour force needed by companies.

⇒ *40% of the workers employed through employment agencies belong to the group defined by the OECD as the 'outsiders to the labour market' (i.e. long-term unemployed, first-time entrants to the labour market, women accessing the labour market, older people, ethnic minorities and disabled workers).*



Training workers to new skills and thus enhancing their employability. By keeping workers in touch with the job market and providing training, Private Employment Agencies help them to remain as attractive as possible to the labour market. Agency workers also improve their skills by multiplying experience in very specific working environment, moving from one assignment to another one in different industries or companies.

⇒ *In France, as many as 200,000 agency workers are trained every year and PrEAs are spending 2,2% of their total wages amount on vocational training (representing 250 million euros).*

Increasing work mobility on a pan-European level. For many years, PrEAs have established cross border services, with the aim of recruiting and supplying workers within other Members States new country as well as with to source skilled labour for positions that need to be filled in within their own Member State.

⇒ *To face labour shortage, Irish agency work companies are recruiting airline pilots in the new EU Members States and are offering them career opportunities in Ireland.*

Strengthening an effective cooperation with Public Employment Services in order to help disadvantaged groups to get back at work. In many EU countries, PrEAs work in close cooperation with the national Public Employment Services to help jobseekers to find a position. Indeed, the main objective of PrEAs is to find work assignments for the agency workers, aiming to ensure that they have work whenever they want. The agency workers benefits from the fact that the PrEA is constantly trying to find them a new assignment.

⇒ *The French Temporary Work Trade Federation (SETT) has signed a cooperation agreement with ANPE (the French Public Employment Agency) in order help jobseekers to get back at work. In 2003, more than 400,000 job ads have been transmitted to ANPE by PrEAs, 78,4% of which have been satisfied.*

Contributing to economic growth and public budget incomes. PrEAs provide commercial services that serve the general interest while being privately financed. Their 175,000 permanent employees are committed on a daily basis to help jobseeker to get back at work. Furthermore, by putting millions of people at work, PrEAs reduce the unemployment allowances paid by Member States while increasing public incomes through the social contributions paid by these agency workers.

⇒ *In the UK, the Agency Work industry's tax and fiscal contribution (income tax, social charges, VAT...) accounts for up to 1% of national income.*

** All quoted figures are updated data from the CIETT report 'Orchestrating the Evolution of Private Employment Agencies towards a stronger society', McKinsey – 2000 or Euro-CIETT internal sources.*

3 - What should be the role of the European Union

With regards to the above-mentioned issues, Euro-CIETT calls the European Union:

- To further explore the challenges of the demographic change and provide EU guidelines based on the exchange national best practice experiences, while respecting national diversity in their implementation for Member States to best adapt solutions to their realities.
- To take full account of the essential function of Private Employment Agencies in the European labour market and acknowledge their essential contribution to the flexibility and fluidity needs required by the future demographic changes.
- To enhance access channels to labour market for all categories of workers, especially for current outsiders (long-term unemployed, disabled and low-skilled people) by making effective use of the stepping-stone function of private employment agencies.
- To take measures to remove unjustified barriers and to lift restrictions for Private Employment Agencies in order to promote flexibility on the labour market. Agency work is still subject to a large set of protectionist national laws and outdated restrictions not justified on the grounds of worker protection that limit its job-creating and worker integration potential.
- To establish a suitable legal framework for economic migration, which has to include an adequate, regulatory approach for the posting of third country nationals in the EU.

Brussels, 17 October 2005



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