



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION**

**on the Social Agenda**

## COMMUNICATION FROM THE COMMISSION

### The Social Agenda

"A social Europe in the global economy: jobs and opportunities for all", this is the motto of the second phase of the Social Agenda covering the period up to 2010. As the Commission has mentioned in its Communication on the mid-term review of the Lisbon strategy, the vision that binds us together, confirmed in the Constitution, consists of ensuring "the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress and a high level of protection and improvement of the quality of the environment".

The Commission is fully committed to the modernisation and development of the European social model as well as to the promotion of social cohesion, as part both of the Lisbon Strategy<sup>1</sup> and of the Sustainable Development Strategy<sup>2</sup>. This agenda identifies the priorities which should guide the European Union's action in this domain.

The review of the social agenda complements and supports the mid-term review of the Lisbon Strategy, which has focused on growth and jobs. The agenda has a key role in promoting the social dimension of economic growth.

Significant progress was already made in the period 2000-2004. The task now is to improve the implementation of the measures foreseen by the Social Agenda, on the basis of principles that have proved their worth. These principles should make it possible to:

- pursue an integrated European approach guaranteeing positive interplay between economic, social and employment policies;
- promote quality — of employment, social policy and industrial relations, which, in return, should make it possible to improve human and social capital;
- modernise systems of social protection by adapting them to the current requirements of our societies, on the basis of solidarity and by strengthening their role as a productive factor;
- take account of the “cost of the lack of social policy”.

The added value of the Social Agenda is beyond doubt. The Agenda makes it possible to facilitate the modernisation of national systems against a background of far-reaching economic and social changes. It supports the harmonious operation of the single market while ensuring respect for fundamental rights and common values.

The importance of this approach has been underlined by the European Parliament in its different opinions in recent years on the social aspects of the Lisbon strategy.

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<sup>1</sup>COM (2005) 24

<sup>2</sup>COM (2005) 37

The agenda also draws on the report of the High-Level Group on “the future of social policy” and the recent contribution of the third Kok report of October 2004, “Facing the challenge”. Lastly, it takes account of the open, interactive debates organised under the Dutch Presidency in the second half of 2004.

The Agenda develops a two-pronged strategy.

Firstly, it emphasises its role in strengthening citizens’ confidence. This confidence is essential for managing the process of change and plays a key role in encouraging economic growth. The Agenda describes the combination of Community instruments for improving the quality of its implementation and presents, in this context, three key conditions for success: an intergenerational approach, a partnership for change and the need to seize the opportunities offered by globalisation.

Secondly, it presents key measures under two major headings, which are covered by the Commission’s strategic objectives 2005-2009<sup>3</sup>: (1) employment (under the prosperity objective) and, linked to that, (2) equal opportunities and inclusion (under the solidarity objective). The Agenda combines the consolidation of a common European framework with the implementation of diversified measures to respond to specific needs. In this way, it supports the motto “United in diversity”, which is proclaimed by the draft Constitutional Treaty.

## **1. BUILDING CONFIDENCE — MEANS AND CONDITIONS FOR SUCCESS**

### **1.1. Building confidence**

The Agenda aims to modernise the European social model, especially by improving collective capacity to act, and to offer new chances to all.

The main driving forces behind change — increased competition in a global context, technological development and population ageing — will speed up by the end of this decade. Major challenges remain: the low rate of employment, unemployment, poverty, inequality and discrimination.

Through modernising social policies, the measures proposed are designed to enable citizens to gain confidence in their own ability to effectively manage these changes.

### **1.2. The instruments**

In order to implement the Social Agenda, the EU has a range of instruments at its disposal: legislation, the social dialogue, financial instruments — especially the European Social Fund (ESF) and the PROGRESS programme — the “open method of coordination” - which supports Member States efforts in modernising employment and social protection systems and the principle of mainstreaming. The link between the ESF and the policy framework established by the Social Agenda will be strengthened. The ESF will provide support for the Member States’ policies to implement the guidelines and recommendations adopted under the European Employment Strategy (EES) and the objectives approved by the EU in the area of social inclusion.

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<sup>3</sup> COM (2005) 12

The ESF invests directly in the implementation of policies approved at European level and drawn up in the Member States. While respecting the particular situation in each country, the ESF will provide specific European added value. Indeed, investment in the training of people and the promotion of social capital that is capable of creating confidence and promoting partnerships have considerable influence over the attainment of economic, social and employment objectives and could thus help to make up for lost time in the implementation of reforms.

In the Member States and the regions that will be eligible under the proposed 'Convergence' heading, there are major socio-economic disparities: the growth and cohesion objectives cannot be achieved without Community funding. In the Member States that will receive funding under the proposed 'regional competitiveness and employment' heading, the ESF will play the role of a catalyst; it will also support exchanges of experience.

The complementarity between the Agenda and both the mid-term review of the Lisbon strategy and the sustainable development strategy makes it necessary to ensure close dovetailing with other Community policies on the internal market, industry, competition and trade. This approach implies taking full account of social and employment dimensions in other Community policies, and vice-versa. The integrated Impact Assessment tool developed by the Commission provides a valuable methodological contribution. Accordingly, the Social Agenda draws its inspiration from the Constitutional Treaty, which proclaims the importance of an integrated approach.

### **1.3. Three conditions for success**

The Agenda can only succeed by involving all the constituent parts of the European population: change must be founded on a new intergenerational approach. Similarly, the objectives of employment, solidarity and social inclusion cannot be separated from the globalised economy, where the competitiveness and attractiveness of Europe are at stake. This opening-up on two fronts requires strong and active participation of all concerned.

#### *1.3.1. An intergenerational approach: chances for young people*

##### **1.3.1.1. A Green Paper on the intergenerational dimension**

The changes brought about by the demographic development of European populations, the need to adapt systems of social protection and pensions to these changes and, finally, the need to link this process of thought to the whole question of migration are major challenges.

That is why it is necessary to analyse the future challenges in relations between the generations and in the position of the families. To this end, the Commission will put forward a Green Paper on the intergenerational dimension in 2005.

A Green Paper on the intergenerational dimension: analysing the demographic changes of European populations and their consequences

##### **1.3.1.2. A contribution to the European Initiative for Youth**

A commitment for youth, especially with a view to creating a dynamic relationship between the generations, expresses confidence in the future and rejects the fatalistic view of ageing and scepticism. A European initiative for youth will mark this commitment.

The commitment of the social partners, in the form of an intergenerational partnership, which they have already announced will be a crucial contribution to this initiative , as will the incorporation of the youth dimension into the employment and social inclusion strategies.

An intergenerational partnership: a contribution to the European Initiative for Youth

### *1.3.2. The partnership for change*

The partnership between the authorities, the social partners and civil society is one of the keys to the success of European policies. In order to promote support for the reforms, the European Council of March 2004 called on the Member States to set up partnerships for change.

It is also necessary to take stock of the progress made in the participation of all players in the implementation of European policies. To this end, the Commission will propose:

The organisation of an annual meeting of all players concerned in a forum to evaluate the implementation of the Agenda

### *1.3.3. The external dimension*

The report of the World Commission on the Social Dimension of Globalisation and the Commission's own proposals offer a good basis to make substantial progress in strengthening the social dimension of globalisation.

- The Agenda seeks ways of benefiting from the exchange of experience between the EU and its partners on the close link between economic progress and social progress, taking account of the impact of foreign trade on competitiveness: firstly with the candidate countries, neighbouring countries and other third countries, like industrialised countries (USA, Japan), emerging economies (China, Brazil, India, South Africa) and developing countries;
- secondly with international organisations like the ILO, OECD and UN and with organisations involved in economic governance (IMF, World Bank, WTO), in order to take greater account of the social dimension of globalisation and the social pillar of sustainable development.

The promotion of decent work for all should be a world objective at all levels, as called for by the World Commission on the Social Dimension of Globalisation. This objective is in keeping with the Millennium Development Goals, the commitments of the Copenhagen World Social Summit and economic governance.

In addition, the Commission will set up an interdepartmental group to promote consideration of the external dimension of employment, social policy and decent work.

The incorporation of the European social model into external dialogue and measures at bilateral, regional and multilateral level

The promotion of decent work as a global objective at all levels

## **2. THE TWO PRIORITY AREAS**

### **2.1. Moving towards full employment: making work a real option for all, increasing the quality and productivity of work, and anticipating and managing change**

#### **Achieving full employment**

A revamped cycle of the European Employment Strategy (EES) in 2005 under the Lisbon mid-term review

An ESF fostering convergence, employment and competitiveness

Anticipation and positive management of change: a strategic approach

In order to attain the Lisbon growth and jobs objectives, Europe needs a greater number of active workers, who are also more productive. This will underpin long-term economic growth, combat unemployment and regional disparities and promote social cohesion. Europe therefore needs to address both the quantity and quality of jobs and the productivity of work. It also needs to consider how to tackle the question of economic migration.

As part of the mid-term review of the Lisbon strategy, the Commission has proposed a revamped cycle comprising new guidelines and linking up with the rationalisation of economic policy coordination cycles at European level. The four priorities proposed by the Kok Task Force on employment in 2003 (report "Jobs, jobs, jobs") will be at the heart of this cycle, in order to:

- increase the adaptability of workers and enterprises;
- attract more people to enter and remain in the labour market;
- invest more, and more effectively, in human capital;
- ensure genuine implementation of reforms through better governance.

In order to improve the governance of the EES, in 2006 the Commission plans to put forward a measure to sensitise the ESF players. In 2006/2007, it will launch a communication campaign among parliaments and players concerned, at all levels.

Against a background of increasing economic integration and intensified global competition, the EU must be capable of anticipating, triggering and managing economic change more effectively. Economic change is accelerating; restructuring, offshoring, outsourcing, even deindustrialisation, are gaining in importance.

Experience shows us that an active approach is both necessary and possible. That is why the Commission will develop a strategy around four themes:

- greater interplay between European policies designed to encourage and accompany restructuring. The Commission plans to set up a high-level forum of all players and stakeholders in order to move in this direction;

- greater involvement of the social partners, especially through the second phase of consultation of the social partners on the issue of restructuring and on the revision of the Directive on European Works Councils (94/45/EC);
- greater synergy between policies and their financial levers, especially the ESF;
- a stronger link between the EES and the development of the legal frameworks and social partners' agreements; this will make it possible to enhance the adaptability of labour and to support policies for lifelong training and modernisation of the organisation of work.

### **A new dynamic for industrial relations**

An evolving legal framework

Key role of the social dialogue

Promotion of corporate social responsibility

In a dynamic economy, new forms of work emerge, for example economically dependent work and fixed-term work.

In the light of economic integration, the European level will provide considerable added value in relation to what is already being done at national level.

Accordingly, the Commission intends to adopt a Green Paper on the development of labour law. In this Green Paper, the Commission will analyse current trends in new work patterns and the role of labour law in tackling these developments, by providing a more secure environment encouraging efficient transitions on the labour market. The discussion that this document will produce could lead to proposals for a whole range of measures to modernise and simplify the current rules.

In 2005 the Commission will propose an initiative concerning the protection of the personal data of workers. In the context of better regulation, as outlined in the Lisbon mid-term review, the Commission will propose the updating of Directives 2001/23/EC (transfers of undertakings) and 98/59/EC (collective redundancies), and the consolidation of the various provisions on worker information and consultation.

As regards health and safety at work, the Commission will put forward a new strategy for the period 2007-2012. Prevention pays off: less work-related accidents and diseases push up productivity, contain costs, strengthen quality in work and hence valorise Europe's human capital. The new strategy should focus on new and emerging risks and safeguarding minimum levels of protection in workplace situations and to workers not adequately covered. The evaluation of the current programme should help to define these new situations. Specific attention should also be given to the quality of prevention services, health and safety training, as well as other tools to ensure a better application of health and safety standards. Since the quality of implementation is of vital importance, the Commission will pursue its efforts to monitor the transposition and implementation of legislation. Moreover, in order to ensure effective implementation, all the players concerned must have the capacity to take on their responsibilities. The ESF will play a key role in strengthening the capacity of administrations and social partners.

The Commission will continue to encourage the social partners to contribute fully to the Lisbon mid-term review including by the conclusion of agreements, at all levels.

While respecting the autonomy of the social partners, the Commission will continue to promote the European social dialogue at cross-industry and sectoral levels, especially by strengthening its logistic and technical support and by conducting consultations on the basis of Article 138 of the EU Treaty.

The Commission will continue to promote corporate social responsibility. In order to contribute to the effectiveness and credibility of these practices, the Commission, in cooperation with the Member States and the parties involved, will put forward initiatives designed to further enhance the development and transparency of corporate social responsibility.

### **Towards a European labour market**

An optional European framework for transnational collective bargaining

2006, a European Year of workers' mobility

If a genuine European labour market is to be created and is to function effectively, it is necessary both to remove the remaining direct and indirect barriers and to draw up policies that create the conditions for the players concerned to derive maximum benefit from the European area. As stated in the Lisbon mid term review, the Commission will make proposals to remove obstacles to labour mobility, notably those arising from occupational pension schemes.

In the EU, there is still considerable potential for facilitating improvements in quality and productivity through more intensive cooperation between economic players.

Providing an optional framework for transnational collective bargaining at either enterprise level or sectoral level could support companies and sectors to handle challenges dealing with issues such as work organisation, employment, working conditions, training. It will give the social partners a basis for increasing their capacity to act at transnational level. It will provide an innovative tool to adapt to changing circumstances, and provide cost-effective transnational responses. Such an approach is firmly anchored in the partnership for change priority advocated by the Lisbon strategy.

The Commission plans to adopt a proposal designed to make it possible for the social partners to formalise the nature and results of transnational collective bargaining. The existence of this resource is essential but its use will remain optional and will depend entirely on the will of the social partners.

Moreover, freedom of movement for persons is one of the basic freedoms and is a necessary tool for economic adjustment. Strengthening the network of European employment services could facilitate this mobility. However, various specific questions arise: the transitional period (with regard to workers from the new Member States) and the strengthening and simplification of the provisions for the coordination of social security schemes.

The Commission will set up in 2005 a high-level group with representatives from all the Member States in order to assess the impact of enlargement on mobility and the way the

transitional periods that were approved for the most recent enlargement are working. This should provide an input into the report the Commission will prepare for the Council in early 2006, in order to inform the decisions to be taken on the transitional periods.

The Commission will also conduct studies aiming at the permanent monitoring of migratory movements following enlargement and in view of future enlargements.

Finally, the work of modernising and adapting the existing Community rules will be pursued through the amendment of the Regulations on the coordination of social security schemes (1408/71, 883/04 and 574/72).

## **2.2. A more cohesive society: equal opportunities for all**

Modernising social protection: a key component of the Lisbon mid term review

Initiating the Open Method of Coordination (OMC) for health and long-term care

All the Member States have embarked on long-term reforms of their systems of social protection. The OMC provides common objectives but leaves it up to each Member State to choose the ways and means of achieving them. The ESF contributes on the ground to the implementation of inclusion policies.

This method, which was initially applied to combating exclusion and poverty (from 2000 onwards) and then to pensions (from 2002 onwards), has been broadly validated by the various partners: national governments, social partners, civil society, local and regional players. They also called for the initiation of a process of OMC from 2006 for the areas of health and long-term care which will be important for structuring the reforms around the three common themes of universal accessibility, quality and financial sustainability. The quality of implementation should be further improved in order to make these national reforms more effective. The Commission will propose that the way the OMC is implemented be rationalised and simplified. This rationalisation will involve the establishment of a single list of objectives common to all three strands – inclusion, pensions, health – including cross-cutting objectives such as equal opportunities and access to the labour market.

### **Combating poverty and promoting social inclusion**

A Community initiative on minimum income schemes and the integration of people excluded from the labour market

2010, European Year of combating exclusion and poverty

At the start of the decade, the number of citizens of the enlarged EU who were at risk of poverty and persistent poverty was very high: 15% and 9% respectively. Deprivation of real chances prevents people from full participation in society. Moreover, transmission of poverty over generations confines to permanent exclusion those more vulnerable. This is socially and economically not sustainable and shows that the challenges are still considerable even though global strategies have been introduced everywhere and take account of the many facets of poverty.

Under the new agenda, the Commission will act on the debate on the national minimum income schemes that it committed itself to launching in the previous Social Agenda.

Encouraged by the OMC, the Member States have already sought to make their national minimum income schemes more effective. However, many people are still in considerable difficulties and are obtaining neither employment nor the national minimum income protection.

From 2005, the Commission will begin consultations on the reasons why the existing schemes are not effective enough. These consultations will focus on the social partners, which are directly involved in implementing inclusion measures via the labour market which could pave the way for concrete measures to provide better opportunities. The Commission will also put forward the idea of a European Year of combating poverty and social exclusion in 2010. This year should measure the progress made during the decade in order to underline the particular vulnerability of the most fragile population groups.

### **Promoting diversity and non-discrimination**

A strategic approach to combating discrimination (2005)

2007, European year of equal opportunities

A new phase in promoting equality between men and women: a European gender institute

The EU has been a driving force in implementing the principle of equal treatment. It has shown the way in the area of equality between men and women and contributed to progress on the ground in the Member States. The combating of discrimination is based on a hard core of rights and gives priority to synergy between all European instruments.

Following the 2004 Green Paper entitled “Equality and Non-Discrimination in an Enlarged European Union”, for which more than 1 500 contributions were received, the Commission will put forward a Communication in 2005 setting out its planned policy approach and defining the policy framework for new measures, including the feasibility and relevance of any initiatives to supplement the EU’s existing legal framework. The Communication will also address the question of minorities, especially Roma.

The Commission plans to organise a European year on equal opportunities in 2007, which will stress the importance of this topic, highlight the results achieved and, finally, show the advantages of diversity for the economy and society of Europe.

The EU has a long standing tradition of determined action in the area of gender equality. In spite of progress made, significant problems remain in areas such as gender pay gap, women's access to and participation in the labour market, training, career advancement, reconciliation of family and working life or participation in decision making. As the current framework strategy 2000-2005 comes to an end, the Commission will draw up a communication on future policy developments proposing action in order to tackle these weaknesses. The Commission will also submit its annual report to the spring summit.

The June 2004 European Council called for the establishment of a European Gender Institute. The Commission will shortly bring forward a proposal on this issue. This would provide a clearing-house for information and exchanges of good practices. It would also assist the Commission and the Member States in implementing the Community objectives for promoting equality between men and women and ensuring that they are incorporated into Community policies.

Finally, in the area of equal opportunities for people with disabilities, the Commission will put forward new editions of its Action Plan and, every two years, on the European Day of Disabled People, will publish a report on the situation of people with disabilities.

### **Social services of general interest**

Moving towards a clarification of the role and characteristics of social services of general interest

As the Commission announced in its 2004 White Paper on services of general interest, in 2005 it will put forward a communication in order to clarify the framework within which social services of general interest operate and can be modernised. This communication will draw up a list of the Community policies that relate to the provision of social services of general interest. It will also describe how these services are organised and how they operate, in order to contribute to their modernisation and quality, having regard to the various areas covered.

As far as State aids are concerned, in 2005 the Commission will also adopt a decision based on Article 86(3) of the Treaty and a Community framework on the arrangements for financing services of general economic interest (SGEI). These texts will define the conditions under which State aids granted to SGEI are compatible with Community rules. In the light of the consultations currently underway on this issue, the Commission intends also to grant an exemption from notification of public service compensations of a limited amount. Special conditions could also apply to hospitals and social housing associations. In practice, most social services that constitute SGEI should benefit from this Decision.