



15 September 2009

MEETING OF THE EMPLOYMENT COMMITTEE WITH THE EUROPEAN SOCIAL PARTNERS

Post-2010 Lisbon Strategy

The impact of the crisis on the corporate sector, labour markets and public finances has been significant and will be long-lasting in the absence of an adequate policy response.

In addition to dealing with the immediate consequences of the crisis, the EU is faced with structural challenges of globalisation, population ageing, technological developments and the transition towards low-carbon economy.

Europe's social and economic model, alongside a vibrant single market, a well-functioning monetary union and solid international relations, offers a strong base for turning these challenges into opportunities for development.

But to do this, strong political leadership and an unwavering commitment to reforms will be needed. We therefore need a clear growth strategy for Europe, extending and improving on the current Lisbon strategy. More specifically, EU policies should be strengthened around five mutually reinforcing 'pillars', aimed at:

1. deepening economic integration and restoring financial stability
2. enhancing innovation, entrepreneurship, education and skills
3. putting modern employment and social policies in place
4. integrating energy, environmental and competitiveness policies
5. shaping globalisation and fighting protectionism

European Employment Strategy as part of post-2010 Lisbon Agenda

European social systems have cushioned the worst impact of the financial and economic crisis on workers and citizens. However, with the return of high unemployment and a severely deteriorated outlook for public finances, the EU's capacity to provide protection against risks and combine economic growth with social progress will only be sustained by intensifying reform efforts. Joint progress must be achieved in increasing employment levels and productivity growth. The key objectives of boosting employment and productivity growth should be at the heart of the new European Employment Strategy.

Member states must therefore implement the principles of flexicurity – combining the flexibility employers need to adapt their workforces to meet changing demands with security for workers by supporting them between jobs and providing skills training. As



part of this, social protection systems should be modernised to promote mobility and attract more people into the labour market. Non-wage labour costs must also be contained to encourage job creation. Tax and benefit systems should also be reformed to ensure that working is economically advantageous by decreasing benefit dependency and encouraging active searching for work while providing adequate income support for those that remain outside the labour market.

Finally, combining employment and productivity growth will also require a substantial increase in the supply of skilled workers on European labour markets. Modernised education and training systems and well-designed immigration policies are crucial building blocks to support high sustainable growth in the years ahead.

With respect to the future of the European Employment Strategy, it is further important to continue to benchmark national initiatives in order to foster 'policy learning' across member states and increase the pressure on under-performers; keep the number of indicators and guidelines limited; and link the process closely to the post-2010 Lisbon Agenda. Social partners should be adequately consulted and involved.
