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A5-0295/2000

REPORT

on

the Commission proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2001
(COM(2000) 548 – C5-0491/2000 – 2000/0225(CNS))

and

the Commission communication on the Joint Employment Report 2000
(COM(2000) 551 – C5-0504/2000 – 200/2239 (COS))

Committee on Employment and Social Affairs

Rapporteur: Luigi Cocilovo
Delegation of the power of decision – Rule 62 of the
Rules of Procedure

Draftsman*: Fiorella Ghilardotti, Committee on Women's Rights and Equal
Opportunities

(* Hughes Procedure)

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members, except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Cooperation procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

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(* Hughes Procedure)

PROCEDURAL PAGE

By letter of 29 September 2000 the Council consulted Parliament, pursuant to Article 128(2) of the EC Treaty, on the proposal for a Council decision on Guidelines for Member States' employment policies for the year 2001 (COM(2000) 548 –).

At the sitting of 2 October 2000 the President of Parliament announced that she had referred the proposal to the Committee on Employment and Social Affairs as the committee responsible and the Committee on Women's Rights and Equal Opportunities and the Committee on Economic and Monetary Affairs and the Committee on Industry, External Trade, Research and Energy for their opinions (C5-0491/2000).

By letter of 8 September 2000 the Commission forwarded to Parliament a communication on the Joint Employment Report 2000 (COM(2000) 551 – 2000/2239 (COS)).

At the sitting of 23 October 2000 the President of Parliament will announce that she had referred the Joint Employment Report 2000 to the Committee on Employment and Social Affairs as the committee responsible and the Committee on Women's Rights and Equal Opportunities and the Committee on Economic and Monetary Affairs and the Committee on Industry, External Trade, Research and Energy for their opinions (C5-0504/2000).

At the sitting of 6 October 2000 the President of Parliament announced that the Conference of Presidents had delegated the power of decision to the Committee on Employment and Social Affairs, under Rule 62 and that this report should be drawn up in accordance with the Hughes procedure by the Committee on Employment and Social Affairs and the Committee on Women's Rights and Equal Opportunities for an opinion (C5-0491/2000).

The Committee on Employment and Social Affairs had appointed Luigi Cocilovo rapporteur at its meeting of 15 February 2000.

It considered the Commission proposal and Joint Employment Report and the draft report at its meetings of 19 September, 11 and 12 October 2000.

At the last meeting it adopted the draft legislative resolution by 35 votes to 1, with 3 abstentions.

The following were present for the vote: Michel Rocard (chairman); Winfried Menrad, (vice-chairman); Luigi Cocilovo (rapporteur), Sylviane H. Ainarði, Jan Andersson, María Antonia Avilés Perea, Regina Bastos, Jean-Louis Bernié, Philip Rodway Bushill-Matthews, Chantal Cauquil, Luciano Emilio Caveri, Alejandro Cercas Alonso, Brian Crowley, Proinsias De Rossa, Harlem Désir (for Elisa Maria Damião), Harald Ettl, Carlo Fatuzzo, Ilda Figueiredo, Hélène Flautre, Roger Helmer (for Anne-Karin Glase), Richard Howitt (for Fiorella Ghilardotti), Marie-Hélène Gillig, Stephen Hughes, Ioannis Koukiadis, Rodi Kratsa, Jean Lambert, Elizabeth Lynne, Mario Mantovani, Manuel Medina Ortega (for Karin Jöns), Neil Parish (for Raffaele Lombardo), Bartho Pronk, Luciana Sbarbati, Herman Schmid, Miet Smet, Ursula Stenzel (for Thomas Mann), Ilkka Suominen, Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker and Barbara Weiler.

The opinions of the Committee on Women's Rights and Equal Opportunities and the Committee on Economic and Monetary Affairs are attached; the Committee on Industry, External Trade, Research and Energy decided on 13 September 2000 not to deliver an opinion.

The report was tabled on 13 October 2000.

LEGISLATIVE PROPOSAL

Proposal for a Council decision on Guidelines for Member States' employment policies for the year 2001 (COM(2000) 548 – C5-0491/2000 – 2000/0225(CNS))

The proposal is amended as follows:

Text proposed by the Commission¹

Amendments by Parliament

(Amendment 1)
Recital 10a (new)

Parliament's opinion on the guidelines for employment policies for 2001, expressed in its resolution on the Joint Employment Report 2000, should be taken into account.

Justification:

This amendment is necessary to ensure that the Council takes account of Parliament's opinion on the guidelines for employment policies for 2001, expressed in its resolution on the Joint Employment Report 2000.

¹ Not yet published in OJ.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2001 (COM(2000) 548 – C5-0491/0000 – 2000/0225(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2000) 548)¹,
 - having been consulted by the Council pursuant to Article 128(2) of the EC Treaty,
 - having regard to Rule 67 of its Rules of Procedure,
 - having delegated the power of decision, pursuant to Rule 62 of its Rules of Procedure to the Committee on Employment and Social Affairs,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Women's Rights and Equal Opportunities and of the Committee on Economic and Monetary Affairs (A5-0295/2000),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Asks to be consulted again should the Council intend to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

¹ Not yet published in OJ.

MOTION FOR A RESOLUTION

European Parliament resolution on the Commission communication on the Joint Employment Report 2000 (COM(2000) 551 – C5-0504/2000 – 2000/2239(COS))

The European Parliament,

- having regard to the Commission communication on the Joint Employment Report 2000 (COM(2000) 551 – C5-0504/2000¹),
- having regard to the proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2001 (COM(2000) 548 – C5-0491/2000 – CNS 2000/0225²),
- having regard to the draft recommendations to the Member States,
- having regard to the mid-term review of the guidelines,
- having regard to the conclusions of the Lisbon European Council of 23 and 24 March 2000,
- having regard to Council Decision 2000/228/EC of 13 March 2000 on guidelines for Member States' employment policies for the year 2000,
- having regard to Parliament's amendments to the Commission proposal for Guidelines for Member States' employment policies 2000 (COM(1999) 441– C5-0147/1999-1999/0816 (CNS)),
- having regard to the Commission communication 'Social Policy Agenda'(COM (2000) 379),
- having regard to the Commission communication 'Community policies in support of employment (COM(2000) 78),

having regard to Council Directive 1999/85/EC of 22 October 1999, amending Directive 77/388/EEC as regards the possibility of applying on an experimental basis a reduced VAT rate on labour-intensive services³,
- having regard to Rule 47(1) and Rule 62 of its Rules of Procedure
- having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Women's Rights and Equal Opportunities and of the Committee on Economic and Monetary Affairs (A5-0295/2000),

¹ OJ C... not yet published

² OJ C..., not yet published

³ OJ L 277, 28.10.1999, p. 34-6.

- A. whereas the Commission has adopted and forwarded to Parliament the ‘employment package’, namely the proposal for a Council decision on Guidelines for Member States’ employment policies for the year 2001, the Joint Employment Report 2000 and the proposal for recommendations to the Member States, and Parliament considers that the three documents must be considered together to ensure that they are consistent in policy terms and to this end has drawn up the overall resolution which follows,
- B. whereas rationalisation is required in the procedures for the employment guidelines, the European social agenda, the broad guidelines for the economic policies of the Member States, the report on structural reforms, the macro-economic dialogue and the annual meeting of the European Council provided for in the Lisbon Summit conclusions, in order to ensure consistency with regard to economic, employment and social policies,
- C. whereas, in this regard, an ‘annual report on the economic and social state of the European Union’ should be drawn up, to include the Commission’s analyses published in the annual economic report, the report on employment and the reports on competition, economic reforms and the state of SMEs,
- D. whereas, in addition, the participation of the Employment and Social Affairs Council in drawing up the broad macro-economic guidelines and, at the same time, of the ‘Ecofin’ Council in drawing up the employment guidelines could lead to added value in synergies and consistency between the EU’s economic and employment policies; requesting, further, that Parliament’s powers to intervene, propose and monitor should be generally consolidated and extended in that area (by means of formal institutional agreements as well),
- E. welcoming the Commission’s proposal, further to the Lisbon conclusions, to stipulate that the Member States should set national targets for raising the employment rate, so as to enable the European target of an overall employment rate of 70% with a rise to at least 60% in the employment rate for women to be achieved by 2010,
- F. whereas the Commission has stated the need to speed up action by the Member States, in cooperation with regional and local authorities and social partners, to improve the efficiency and quality of education and training systems, to gear them more closely to the labour market’s requirements for professional skills and the qualification standards required by the development of the information society,
- G. regarding it as essential to create and consolidate at all levels (European, national, regional and local) extremely broad and accountable methods of cooperating with the social partners to implement, monitor and follow up the employment strategy,
- H. whereas in spite of a context of average employment growth there is a considerable imbalance, as the Commission emphasises, between geographical areas, whereas the labour markets face the risk of a dual structure, where, on the one hand, there are problems with lack of qualification or labour shortages in certain sectors or regions and bottlenecks, stress and burnout reactions and excessive overtime work, and, on the other, problems with precarious low-quality jobs, social exclusion and unemployment, and whereas a long-term, continuous strategy therefore needs to be adopted in order to eliminate the contradictions

and bottlenecks found in the labour market,

- I. considering, on this point, that support and incentive measures should be established to promote geographic mobility, without prejudice to the priority of initiatives designed to attract productive investment and thereby to promote economic balance and social cohesion in less-developed areas. This will require the necessary investment to be made in the fields of infrastructure, SME support, research and training and retraining of workers, and the social security contributions and taxation burden on employment to be restricted,
- J. whereas it would also be advisable to respond to labour shortage problems by encouraging moves to regularise the status of immigrants, together with any appropriate investments in training and specialisation,
- K. whereas the Commission has stated the need to step up action by Member States to reduce the fiscal pressure and the direct and indirect tax burden on employment, as far as is compatible with financial equilibrium in public finance and social insurance and security systems, e.g. by making Directive 85/1999/EC on the reduction of VAT on labour-intensive services more generally applicable,
- L. whereas strategies, action plans, national targets established at Member State level and specific follow-up instruments need to be defined across all pillars and guidelines of the European Employment Strategy to combat all forms of discrimination in access to the labour market and training opportunities. Also to ensure the integration of groups and individuals who are disadvantaged or at risk of exclusion, such as disabled people, older people, ethnic minorities and immigrants,

Guidelines for 2001

1. Approves the prospect of full employment as a priority goal for Europe's economic, employment and social policy strategy and emphasises that in order to achieve this not only is full and effective implementation of the policies grouped under the four pillars of the Luxembourg process required, but this should be complemented by an effective and consistent mix of macro-economic policies, progress in structural reforms, investment in training, research and innovation for systematic competitiveness and governments that are active in the social field, developing human resources and policies for social inclusion and solidarity;
2. Reaffirms the need to stimulate and encourage increased access to intermediate and higher levels of education and training, and also to develop effective and consistent strategies for enabling lifelong training opportunities; to this end once again emphasises the need to set both national and European quantitative and qualitative targets and to formulate effective instruments and procedures for monitoring the progress made towards this goal;
3. While acknowledging that unemployment benefit systems are essential, proposes that the deadline within which Member States are required to guarantee unemployed individuals a chance to access an active employment measure should not exceed two years from the adoption of the current guidelines and that Member States should be given suitable guidelines setting out *clearer* deadlines and follow-up instruments. With this in mind,

public-sector job placement bodies are in need of structural reform and staff training measures, and cooperation with private-sector operators providing job placement and vocational retraining services must be stepped up, with due regard for quality standards;

4. Agrees with the proposal in the Guidelines to promote and give incentives for older workers to remain in or rejoin the labour market, using a coordinated package of instruments, such as: the opportunity to have access to continuing training and initiatives aimed at retraining; the introduction of suitable changes to tax systems, and incentives; experimentation with agreed flexible working arrangements and the introduction of the opportunity to move towards retirement gradually, via part-time work, on a voluntary basis;
5. Stresses the need to improve the effectiveness and quality of education systems not least within the perspective of lifelong learning through encouraging Member States to:
 - a. discourage children from dropping out of school early, by giving appropriate support to those with learning difficulties, raising the age for compulsory education or training to 18, and by allocating an appropriate financial resources contribution (both public and private) for continuing training,
 - b. guarantee effective access to education and training, targeted and geared to the poorest and most vulnerable sections of society,
 - c. ensure the effectiveness and quality of training linked to joint work/training contracts or completed under special working circumstances (work placements, apprenticeships, joint work/training contracts),
 - d. increase the quantity and improve the quality of adult education opportunities for occupational change and sectoral mobility,
 - e. ensuring that the other specific measures and quantitative targets proposed by the Commission are adopted, especially those in guideline No 4;
6. Considers it necessary to promote and encourage observatories and suitable research programmes at national, regional and local levels to highlight professional skills requirements in different sectors and regions, taking into consideration technological and production innovation processes, with the greatest possible collaboration with the social partners;
7. With regard to the entrepreneurship pillar there should be more precise definition of measures aimed at:
 - a. combating all forms of illegal, irregular or underground business activity or work, by strengthening legal sanctions, and also by means of appropriate support and incentive measures aimed at the regularisation of such work and by making good use of action by social forces on this point,
 - b. taking initiatives to promote and encourage the employment potential of the services sector, for both traditional and non-traditional services, business activities and personal

services; in other words, investing in significant areas of innovative business activity and potential job-creating sources (with regard in particular to the environmental sector, conservation, security at work and the development of the information society), and to encourage by means of appropriate taxation and legislative measures the development of the tertiary sector, especially in the field of personal services,

- c. the Member States taking consistent action to place increased importance on the roles and responsibilities of both institutional and social local players, in the context of development plans and projects and local job-creation. At this level it is even more important to endeavour to have a coordinated intervention strategy to support productive investment, especially for SMEs; designed to reduce bureaucratic hold-ups and inappropriate burdens: committed to enhancing active employment policies and targeted professional training and requalification procedures, focused on enhancing the roles and contributions of social partners in reshaping the industrial relations system and to experimentation with flexibility, within agreed limits, promoting the development of business activity and employment;
8. Recalls the important role of the EIB in supporting growth and employment in particular by venture capital operations of SMEs, investments in new and environmental friendly technologies;
9. Points to the contribution that a reorganisation of financial markets can make to expanding employment by making more risk capital available to SMEs which, in addition, must be relieved of bureaucratic, legal, and fiscal obstacles;
10. Considers it vital to encourage, foster and develop negotiations between the social partners and formulate agreements for modernising the way work is structured, to meet the productivity and competitiveness challenges which enterprises face, to raise the quality of work and increase its security and to ensure that the surplus from growth can be fairly distributed between profits, pay, innovation and a higher level of employment (both in quantitative and qualitative terms);
11. Within the framework of the open coordination strategy initiated by the Luxembourg process and while observing the subsidiarity principle, urges appropriate action by the Member States to put into practice Council Directive 94/45/EC on European Works Council and update the basic legislative framework, guaranteeing the legislative support needed to develop bargaining on flexibility within agreed limits, working hours policy (reduction and reorganisation of working hours; reduction of overtime; overtime compensation and stored overtime credit systems; training leave and parental leave) and the development and regulation of new forms of employment;
12. Calls on the Commission, the Council, the Social Protection Committee and the Member States to set to work, within the framework of the open coordination strategy, on guidelines for combating social exclusion with the aims, inter alia, of adopting policy measures to tackle social exclusion on the labour market and of selecting employment measures that are such as to promote social inclusion;
13. Calls on the Council to recognise domestic work performed by third persons in private households as an employment sector, as recognition implies the adoption of rules governing

the social rights of employees, regulation of supply and demand in the sector, opportunities for training and public-sector contributions in respect of fiscal and parafiscal charges;

14. Considers that the results achieved in implementing the policies grouped under the fourth pillar, on equal opportunities for men and women, are still inadequate, particularly considering that many of the new female jobs are part-time, of short duration and low quality, and that in some countries improvements have been totally insufficient.

There is a particular need to boost initiatives and measures designed to:

- a. points out the need to reduce gender gaps with regard to employment, unemployment, pay and sectoral segregation by 50% in the Member States in the next five years. In order to achieve this it is necessary to have statistics on employment broken down by gender and sector; therefore calls on the Commission and the Member States to define more precisely agreed criteria and benchmarks for employment, the implementation and the assessment of the principle of gender mainstreaming in each sector of Community and Member States' policies,
- b. guarantee women access to active policies for work, in proportion to the unemployment rate for women,
- c. stresses the importance of abolishing tax and benefit disincentives which have a negative impact on women's participation in the labour force, and of reducing tax pressure on employment and non-salary employment costs; points out the need to support women who wish to set up their own businesses or become self-employed both in the private sector and in the social economy, both by promoting the education and training of female entrepreneurs and by reducing tax and benefit obstacles. It is necessary in addition to turn to good account, by means of tax incentives, the positive experiences gained by undertakings with family-friendly policies;
- d. points out the pressing need to achieve equal pay for equal work by means of more specific policies and with the involvement and more active participation of the social partners. For this purpose Eurostat should draw up and publish at regular intervals statistics on pay levels subdivided by gender for each sector and occupation,
- e. strongly supports the Commission's call to the Member States and the social partners to draw up and implement family-friendly policies by creating high-quality and accessible services for the care of children and other dependants; for this purpose points out the need for the Member States to lay down national targets aimed at reaching within the next five years the average level of the three Member States with the best performance in that sector,
- f. take account of the requirements relating to the health of pregnant women, both before and after childbirth;

Procedures and current state of implementation

15. Stresses the need for more policy coordination and for a comprehensive partnership involving all the relevant social actors also in the Member States in preparing, implementing and evaluating the impact of the Luxembourg strategy and by ensuring greater engagement of civil society and greater opportunity for informed participation by citizens;

16. Suggests that at all levels (Community, national and local) checks should be made to ensure that the budget policies adopted are consistent with the strategies and priorities laid down by the employment guidelines, in order to translate agreed targets, commitments and measures into appropriate budget allocations, possibly on a multi-annual basis;
17. At the same time considers that the contributions of other intervention instruments, particularly the structural funds and Community initiatives, need to be incorporated into a coherent strategic perspective;
18. Agrees on the need to formulate and adopt joint comparable indicators, in order to put in place homogeneous and effective statistical reporting systems and to assess the impact of the actions undertaken. This objective is also a basic requirement for sustaining benchmarking projects and facilitating the identification and exchange of best practices at all possible levels;
19. Draws particular attention to the convenience of including the ECOFIN Council, as well as the Employment and Social Affairs Council in the preparation of the first European Council "spring session" on economic and employment strategies and policies;
20. Is deeply concerned at the suggested way of implementation of the Lisbon 'open method of co-ordination' aimed at ensuring close co-operation between the various Council formations and between the Council Presidency and the Commission; insists that the position of the European Parliament be respected in this framework through an inter-institutional agreement between the Council, Commission and Parliament, to ensure that the follow-up to the Lisbon strategy is not carried out on a purely intergovernmental basis;
21. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

- The proposal for Employment Guidelines adopted by the Commission on 6 September 2000 is the fourth of the annual proposals of this kind produced since the extraordinary Luxembourg Summit on employment held at the end of 1997, in accordance with the provisions of the Employment Title (and, in particular, Article 128) of the Treaty establishing the European Community, which came into force in 1999.
- The proposal forms an integral part of the annual 'employment package', together with the Joint Employment Report on the current year and the specific recommendations for individual countries for the following year.
- The Commission has rightly decided not to modify the four-pillar structure of the employment guidelines to enable the Luxembourg strategy to be applied on a long-term basis, with a final impact assessment being drawn up eventually. Obviously, the Member States have been progressively improving the implementation of the measures specified in the Luxembourg process and it would, therefore, be misguided to attempt to assess its effectiveness over too short a period of time.
- On the other hand, various adjustments and corrections do prove necessary over the years. The proposal for the new guidelines must be consistent with the findings and conclusions set out in the Joint Employment Report while taking account of the following important developments: the conclusions of the Lisbon Summit of 23-24 March 2000; the Luxembourg process mid-term review (which marked the half-way stage of the five-year planning period); the current economic situation and the corresponding changes in the general macro-economic background.
- The year 2000 could mark a turning point for employment. The favourable trends that had emerged in various individual Member States have become more widespread. For the first time, unemployment is falling across the whole of the European Union. Here are some of the more significant statistics:
 - since 1997, some 4 million new jobs have been created, a clear majority of which involve technical, professional and highly-skilled work; last year, for the first time, the number of full-time jobs exceeded the number of part-time or temporary jobs;
 - part-time or temporary posts still form a large proportion (circa 30%) of the total number of jobs in the EU, although every opportunity for employment, even on a casual basis, should be regarded as preferable to unemployment;
 - in view of the above developments, the average employment rate in the EU has risen slightly, to 62.2%. The rising employment rate was predominantly due to the increasing number of women in work, but there is still a considerable difference (around 19%) in

the respective employment rates of men and women, with the latter standing at only 52.5%;

- there has been a corresponding partial reduction in unemployment, from a European average of 9.2% in 1999 to 8.4% in June 2000 but. However, though some progress has been achieved, the long-term unemployment rate is still high (affecting over 4% of the labour force), while the percentage of older workers in employment continues to be very low (around 37%).
- These figures result from many different factors. It would be wrong to analyse the situation in simplistic terms. If we are to consolidate the results achieved and ensure the success of the European employment strategy, it is essential to carry into effect the conclusions of the Lisbon Summit with a view to establishing a comprehensive economic and social strategy for Europe. This will involve increasingly close and consistent co-ordination of the three 'processes' (of Luxembourg, Cardiff and Cologne) to ensure that economic growth and stability are achieved and the opportunities offered by the development of the knowledge-based economy and the information society are exploited. The Luxembourg approach, in particular, has proved an effective means of pushing through structural reforms in relation to employment. Important progress has been achieved in terms of the flexibility of the employment market and the organisation of work. The successes achieved in terms of employment would have been insignificant, however, without the added boost of economic growth; it was economic growth, accompanied by adequate mechanisms to promote adaptability, which made possible the rise in employment and the corresponding fall in unemployment.
- All the various analyses and economic forecasts confirm the improvement of the macro-economic climate since the initial stages of the Luxembourg process, given that the European economy is expected to attain growth rates of 3.4% and 3.1% for the years 2000 and 2001 respectively. This is occurring against a generally favourable background for the world economy as a result of the continuing consolidation of the US economy (which is still expanding) and the prospect of limited improvement in the Asian countries and the emerging economies of Latin America.
- The previous point is linked to the major change marked by the Lisbon Summit. A Europe of full employment, which could have seemed an over-ambitious or illusory objective, turns out to be an attainable target against a background of sustained and permanent growth of at least 3% per year. But this outcome will not automatically be achieved. It can and should emerge as a result of the Union, and individual Member States, pursuing convergent policies. In short, we must adopt policies capable of consolidating the EU's current growth, which has been greatly assisted by the booming American economy and the depreciation of the euro. As we cannot rely on the former in coming years, and it would be against our interests to count on a permanently weak euro, the Union needs high and sustained endogenous growth. This means policies geared towards encouraging investment and, more generally, domestic demand. There must be investment in research, in advanced technologies, in training, in infrastructures and to promote small and medium-sized undertakings. This is a crucial point: the Luxembourg process, after having been reviewed and, where necessary, adjusted, must be geared to a macro-economic policy which, in

accordance with the Lisbon guidelines, is directed towards achieving the sustained growth required to effect the transition to the information society and the knowledge-based economy. All the Member States have espoused the objective of financial stability: that objective must now be supplemented by the objective of consolidating the growth that has been achieved. It would be insufficient, and misguided, to place the emphasis on reforming employment market structures alone.

- It should be pointed out, however, that although a number of successes and signs of improvement are emerging in the field of employment, such progress is only partial and there are still significant differences in the results achieved at national, regional and sectoral level. There is still an extremely large number of unemployed people, estimated at roughly 14.5 million people throughout the Community, while the long-term unemployment rate is very high, and accounts for 45.5% of the total number of unemployed people.
- In fact, the problems of employment and unemployment need to be seen in new terms. As the Commission itself points out, the current situation is marked by considerable disparities. In some parts of the Union, there is almost full employment. Labour is in short supply. Increasingly frequent use is made of immigrant labour. In effect, the Lisbon objectives are within reach or have already been attained. Elsewhere, however, unemployment continues to run at a very high level, and in some cases is increasing. Overlooking this problem, or failing to address it, would have very serious consequences. Obviously, there would be social repercussions arising from the breakdown of the basic principle of social cohesion. But there would also be economic repercussions in terms of the lack of balance in the employment market, inflationary consequences, pressure on the environment, etc. In this new scenario, new analytical methods and specific policies must be devised. In areas such as the Italian south and eastern Germany, to cite only two cases among many others, there is a need for policies expressly designed to step up the pace of investment, growth and action to combat unemployment. Policies of this kind need to be pursued both by the Union and by individual Member States. Specific policies are required to encourage investment, particularly in small and medium-sized undertakings. There is a need for policies to reduce the non-wage costs of employment; policies to promote research, training and the development of infrastructures and the new economy. The application of differentiated measures should not be regarded as running counter to the principle of competition: we are not calling for the provision of state aid to individual undertakings or sectors, but support for regions whose development is lagging behind, to address the development of increasingly marked disparities between regions highlighted by the Commission and avert the prospect of dumping.
- The foregoing points underline the need to adjust and improve the Luxembourg process to take account of both the positive and negative developments such as the attainment of almost full employment in some areas, and the serious difficulties affecting others. We cannot apply the same measures to situations in which contrasting, or indeed opposite, conditions obtain: Union policies must take account of the need to create the conditions to restore balance. It is necessary to increase the supply of labour where labour shortages already exist: appropriate measures must be taken to get women, young people and older workers into employment. But in areas where unemployment is three or four times higher, the problem is the lack of demand for labour, which must be addressed by investment,

infrastructures, support for undertakings, action to contain non-wage costs and flexibility within agreed limits.

- On the specific subject of structural reforms in the employment market, it should be noted that progress has been made with regard to flexibility, organisation and forms of work. To make further progress in this direction, it is now necessary to ensure that flexibility and adaptability are, increasingly, accompanied by adequate safeguards to provide security for individual workers and their families. So the social indicators that are being drawn up, like the economic policy indicators, should include specific indicators relating to income distribution, poverty levels and the risk of exclusion. Meanwhile, there is a political need to establish objectives and criteria for intervention. The social agenda that is being discussed under the French Presidency, the review of the Luxembourg process, and economic policy choices should form part of a coordinated approach aimed at achieving the objectives set at the Lisbon Summit. The Commission and the Council should draw up proposals that address the questions raised. The European Parliament should not just be the place where opinions are expressed and noted, but should be constantly engaged in scrutinising the policies adopted, ascertaining their suitability, monitoring the objectives attained and examining the problems that arise.

10 October 2000

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND EQUAL OPPORTUNITIES

for the Committee on Employment and Social Affairs

on the proposal for a Council decision on Guidelines for Member States' employment policies for the year 2001

(COM(2000) 548 – C5-0491/2000 – 2000/0255 (CNS))

and on the Joint Employment Report 2000 presented by the Commission

(COM(2000) 551 – C5-0504/2000 – 2000/2239 (COS))

Draftsperson: Fiorella Ghilardotti

PROCEDURE

At its meeting of 20 June 2000 the Committee on Women's Rights and Equal Opportunities appointed Fiorella Ghilardotti draftsman.

It considered the draft opinion at its meetings of 11 July 2000, 14 September 2000, 2 October 2000 and 9 October 2000.

At the last meeting it adopted the following conclusions unanimously with one abstention.

The following were present for the vote: Theorin, chairperson; Eriksson, vice-chairperson; Van Lancker, vice-chairperson; Evans, vice-chairperson; Ghilardotti, draftsperson; Aviles Perea, Gröner, Izquierdo Rojo (for Rodriguez Ramos), Karamanou, Klass, Kratsa, Lulling, McNally, Prets, Sartori, Sørensen, Torres Marques and Valenciano Martínez-Orozco.

BACKGROUND/GENERAL COMMENTS

The promotion of equal opportunities between men and women is one of the main challenges of the Luxembourg process and constitutes the fourth pillar of the Guidelines for Member States' employment policies.

It can be seen from the Joint Report on Employment 2000 that this year the Member States' NAPs have implemented the fourth pillar better than in 1998 and 1999. Nevertheless, equal opportunities for men and women are still not being fully integrated with the other three pillars, employment policies and measures under those pillars are still presented as gender-neutral and their impact in terms of equality between men and women is not being assessed.

There have been improvements in terms of the data, statistics and indicators as a whole for the purpose of implementing and monitoring the integration of equal opportunities in the NAPs. Nevertheless, this progress is insufficient: in order to establish a real mainstreaming policy, data broken down by gender and sector must be produced, on the one hand, and plans for policies to promote employment must be drawn up which are more specific with regard both to resources allocated and to the periods of time for which they are to run.

In addition, the lack of progress with regard to the pillar on adaptability has serious consequences for women. Work organisation is still too rigid and the employment potential offered by the information society, especially to women, has not been fully exploited. This means in practice that action on work organisation and working hours is still insufficient to ensure equal opportunities for men and women as regards access to work and career advancement.

The situation therefore needs to improve, and your draftsman firmly believes that the Member States must make greater efforts than in the past to fulfil their obligations towards their female citizens in their respective countries. The objective of the guidelines under the fourth pillar established by the Luxembourg process (and also in Cardiff, Cologne, Lisbon and Feira) is precisely to implement the new provisions of the Treaty of Amsterdam on equal opportunities for men and women. These provisions have now become a Community objective, laid down of course in Article 2, together with that of sustainable development and economic and social cohesion. Gender mainstreaming is laid down in Article 3(2) of the Treaty, which provides that inequalities between men and women must be eliminated and that equality must be promoted in all the Community's policies and activities. The Member States must take specific measures, accompanied by specific deadlines, to include and make visible a gender perspective across all the pillars, ensuring that gender gaps are tackled and that work and family life can be reconciled and facilitating reintegration of women into the labour market after an absence.

In the light of all this, the Commission has introduced several positive changes in the guidelines contained in the fourth pillar which make them more specific, better organised and more precise and therefore, it is hoped, more effective, in particular:

(a) with regard to the gender mainstreaming approach:

- particular attention must be paid to ensuring the application of the principle of equal

pay;

- consultative systems with gender equality bodies and the social partners must be developed and reinforced, procedures for gender impact assessment under each guideline applied and indicators developed to measure progress in gender equality in relation to each guideline;
- particular attention must be paid to the gender impact of tax and benefit systems, and tax-benefit structures that impact negatively on women's participation in the labour force must be abolished.

(b) with regard to the tackling of gender gaps:

- the increased employment of women must be actively supported;
- action must be taken to address gender pay gaps in the public and private sectors and in all occupations and the impact of the policies on gender pay gaps must be identified and addressed.

(c) with regard to the reconciliation of family life:

- the setting of a national target for increasing the availability of care facilities for young children and other dependants, must be considered in accordance with the respective national situations.
- specific attention must be given to women and men considering a return to the paid workforce after an absence.

The Commission has carried out the proposed amendments to the guidelines on the fourth pillar in order to take into account the new priorities fixed at the Lisbon Summit, in other words the priority objective of achieving full employment within the context of social cohesion accompanied by the setting of specific, progressive targets, which are, to be exact, to reach by 2010 an average European employment rate of 70% for men and an employment rate of 60% for women, with the additional aim of increasing the quality of jobs.

This objective should of course be viewed positively. Nevertheless, your draftsman wishes to draw attention to the existing differences within and between the various EU countries which show that in some cases efforts to achieve the objectives of equal opportunities for men and women have been more determined and specific whilst in others they are still decidedly inadequate.

Your draftsman welcomes and supports the abovementioned new elements of the guidelines for 2001, as regards both their drafting and their substance, since they reflect the efforts to achieve more effective implementation of the orientations of the Member States' employment policies. The amendments are important steps in the right direction but there is still a great deal to do in order to achieve the objectives laid down in the Treaty, in other words equality between men and women. The Committee on Women's Rights and Equal Opportunities proposes several

additions to strengthen the Commission's guidelines for the achievement of quantitative and qualitative targets and deadlines.

In view of the above, the Committee on Women's Rights and Equal Opportunities calls on the committee responsible to incorporate the following conclusions in its motion for a resolution:

CONCLUSIONS

The Committee on Women's Rights and Equal Opportunities requests the Committee on Employment and Social Affairs, as the committee responsible, to incorporate, for the purpose of achieving integration of the principle of gender mainstreaming with all pillars of the employment strategy, the following conclusions in its motion for a resolution:

Systematically promoting equal opportunities for men and women

1. Points out the need to reduce gender gaps with regard to employment, unemployment, pay and sectoral segregation by 50% in the Member States in the next five years. In order to achieve this it is necessary to have statistics on employment broken down by gender and sector; therefore calls on the Commission and the Member States to define more precisely agreed criteria and benchmarks for employment, the implementation and the assessment of the principle of gender mainstreaming in each sector of Community and Member States' policies. For this purpose it is necessary for corresponding budgetary resources to be allocated at every level (national, regional and local) within a multiannual perspective and for fixed periods of time.

Justification: The principle of gender mainstreaming laid down by the Treaty cannot be properly implemented and assessed without agreed definitions and corresponding data which must be published so that the progress made by the Member States can be monitored. As pointed out in the mid-term review of the Luxembourg process, the fact that that process is not integrated with the budgetary process constitutes a risk factor, and the targets, obligations and measures laid down must be converted into budget appropriations within a multiannual perspective. The risk factor is very clearly visible in the fourth pillar.

2. Stresses the importance of abolishing tax and benefit disincentives which have a negative impact on women's participation in the labour force, and of reducing tax pressure on employment and non-salary employment costs; points out the need to support women who wish to set up their own businesses or become self-employed both in the private sector and in the social economy, both by promoting the education and training of female entrepreneurs and by reducing tax and benefit obstacles. It is necessary in addition to turn to good account, by means of tax incentives, the positive experiences gained by undertakings with family-friendly policies.

Justification: Disincentives created by tax and benefit systems lead to relatively low rates of participation by women in the labour market. It is necessary in addition to help women who wish to start up and run their own businesses and to publicise the experiences gained by positive policies implemented in some countries by the private sector.

3. Calls for targets to be fixed, on the basis of the averages recorded in the three Member States offering the best facilities, to measure the level of inclusion of women in training programmes designed to improve employability. In developing the skills necessary for the new labour market within the context of lifelong learning, special attention should be given to the sector of information technology. Due to the fact that gender-based occupational stereotyping in schools is an important obstacle to gender equality and to the access to the labour market, it

is also appropriate to offer young girls better careers guidance to ensure diversification in their choice of occupation.

Justification: Women are often excluded from measures aimed at training to improve employability. In practice female students have less access than their male colleagues to training in the field of information technology in particular and in the sciences in general.

Tackling gender pay gaps

4. Points out the pressing need to achieve equal pay for equal work by means of more specific policies and with the involvement and more active participation of the social partners. To do so, this is necessary to make the social partners aware of the need to pay greater attention to the issue of equality of men and women at work and to ensure that each Member State strives to achieve better representation of women in the decision-making bodies of the social partners. It is also necessary to regulate swiftly 'atypical' and temporary work. For this purpose Eurostat should draw up and publish at regular intervals statistics on pay levels subdivided by gender for each sector and occupation.

Justification: The object of the measures should be to abolish pay gaps totally and not merely to reduce them. Proper application of the principle of equal pay for equal work, laid down in the Treaty, cannot be guaranteed unless there are agreed definitions, statistics are published and the social partners take an active part.

Reconciling work and family life for both men and women

5. Strongly supports the Commission's call to the Member States and the social partners to draw up and implement family-friendly policies by creating high-quality and accessible services for the care of children and other dependants; for this purpose points out the need for the Member States to lay down national targets aimed at reaching within the next five years the average level of the three Member States with the best performance in that sector. Calls, therefore, in order to enable fair sharing of family responsibilities between men and women, for action to be taken, in particular at local level, with regard to working hours and working arrangements and for the purpose of the strengthening and reorganising, even in terms of working hours, of public and private services whilst developing their considerable potential in the field of employment.

Justification: Unless family responsibilities are more fairly shared between men and women it is impossible to achieve de facto equality. Caring for children and other dependants should no longer be regarded as a career obstacle. Facilities for the care of children and other dependants and flexible working arrangements are the necessary ingredients to ensure that women and men can benefit from programmes to help reintegrate people into the labour market. Qualitative criteria are the necessary accompaniment to quantitative measures for the encouragement and promotion of a family-friendly policy. Opportunities for employment in the service sector are important for women and men and should be better exploited.

6. Paid domestic labour performed by a third party in private households needs to be acknowledged as a sector of the labour market. Acknowledgement entails the establishment of

rules on the social rights of workers, on the adjustment of supply and demand in the sector, on the access to training and on the co-funding of contributions by the public authorities.

Justification: The demand for domestic labour increases and the supply of persons willing to perform such work is limited because of frequently existing bad working circumstances. This sector, which is currently part of the informal labourmarket, deserves more dignity. The negative image needs to disappear and abuse tackled in order to ensure certain rights and provisions for those persons who have served others for many years. Acknowledging this sector enforces at the same time the struggle against undeclared work.

22 September 2000

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Employment and Social Affairs

on the Commission draft proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2001
(COM (2000) 548 – C5-0491/2000 – 2000/0225 (CNS))

and on the Commission communication on the Joint Employment Report 2000
(COM(2000) 551 – C5-0504/2000 – 2000/2239 (COS))

Draftsman: Giorgos Katiforis

PROCEDURE

At its meeting of 28 August 2000 the Committee on Economic and Monetary Affairs appointed Giorgos Katiforis draftsman.

It considered the draft opinion at its meeting of 12 and 13 September 2000.

At the last meeting it adopted the following conclusions by 34 votes to 1, with 1 abstention.

The following were present for the vote: Christa Randzio-Plath, chairwoman; Giorgos Katiforis, draftsman; Alejandro Agag Longo, Luis Berenguer Fuster, Pervenche Berès, Hans Udo Bullmann, Alexander de Roo (for Gorka Knörr Borràs), Benedetto Della Vedova, Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Christopher Huhne, Pierre Jonckheer, Othmar Karas, Giorgos Katiforis, Wilfried Kuckelkorn (for Bernhard Rapkay), Astrid Lulling, Thomas Mann (for Christoph Werner Konrad), Ioannis Marinou, Peter Michael Mombaur (for José Javier Pomés Ruiz), Simon Francis Murphy, Juan Ojeda Sanz (for José Manuel García-Margallo y Marfil), Karla M.H. Peijs (for Piia-Noora Kauppi), Fernando Pérez Royo, John Purvis (for Alain Madelin), Alexander Radwan, Amalia Sartori, Olle Schmidt, Peter William Skinner, Charles Tannock, Marianne L.P. Thyssen, Helena Torres Marques, Bruno Trentin, Ieke van den Burg (for Richard A. Balfe), Theresa Villiers and Karl von Wogau.

GENERAL COMMENTS

The new provisions on employment policy laid down in the Amsterdam Treaty initiated a process of establishing a comprehensive system of co-ordination in the area of employment in the European Union. As part of that process, an employment strategy aimed at co-ordinating national employment policies was adopted by the European Council in Luxembourg in November 1997. The Member States undertook to implement employment policy guidelines within the context of National Action Plans (NAPs), and to report to the Commission on progress with the implementation of the plans. In Cardiff, the European Council adopted a decision to implement structural reforms designed to have a positive impact on employment through greater co-ordination of macroeconomic policy. Finally, at the Cologne summit on 3 and 4 June the European Council adopted an Employment Pact establishing a macroeconomic dialogue on co-ordination between financial and monetary policy and wage development.

Following the adoption by the Council of guidelines for Member States' employment policies for 1998, 1999, and 2000, the Commission is now putting forward proposals for guidelines for the year 2001. The Commission's proposal to the Council implements the process of employment policy co-ordination as laid down in Article 128 of the Amsterdam Treaty.

The draftsman welcomes the fact that the provisions of the Amsterdam Treaty on employment policy are being implemented. The current employment situation in Europe shows definite signs of improvement, but with unemployment still at the unacceptably high level of around 8%, there is little room for complacency. Member States and the European Union as a whole need to make further substantial efforts to reduce unemployment and raise the rate of labour participation, especially in view of the full employment target and the 70% (60% for women) employment rate set for 2010 by the Lisbon Council.

From the point of view of the Committee on Economic and Monetary Affairs, the draftsman regards the increased rates of growth, achieved by the European economy in the years 1999 and 2000, as the main factor contributing to the improvement of the employment / unemployment situation. It follows that maintenance of comparably high, or even higher, rates of growth over the medium term (the following four to five years) is the necessary condition for the continuation of employment improvement. But it is not a sufficient condition. It has to be supplemented by specific, employment-friendly policies. The priorities agreed upon by the special Employment Summit of Luxembourg, which have been only partially and unevenly, as among Member States, implemented so far, must be pursued with renewed vigour. The draftsman agrees with the Commission that all four pillars of employment promoting policies, agreed in Luxembourg, must be promoted by all Member States in a balanced manner for the potential synergies among them to be brought fully to bear on the unemployment situation.

While underlining the vital importance of continuing high rates of growth for achieving the ambitious aim of full employment by the year 2010, the draftsman reaffirms the need for such growth to proceed in conditions of price stability. While underlying inflation remains well within the limits determined by the ECB, the flare-up of petrol prices has kindled fears, in various quarters, of a possible re-appearance of serious inflationary pressures. The European economy finds itself in a difficult path, where price stability and growth must go hand in hand,

neither one jeopardising the other. In a sense, there are elements of a knife-edge balance in European economic policy, and all policy-making organs, including the ECB, have to take the delicate character of the situation into account when taking relevant decisions. To repeat a very apt formulation coined by Laurent Fabius, to the stagflation of the seventies we must oppose the "stabgrowth" of the present decade. A refinement of quantitative indicators is necessary, in this respect, to give us, among other things, a more accurate assessment of the gap between potential and real output, a variable crucial in any decision affecting the level of economic activity. The importance of investment, private but also public, the resuscitation of the package of Trans-European networks, the contribution to productivity, forthcoming from new economy technologies, the re-organisation of financial services with an edge on the wider availability of risk capital for SMEs, the tightening up of fiscal systems, are all so obviously connected with the necessary increase of potential output and maximum rate of growth as to need little belabouring here.

The draftsman expresses satisfaction with the Commission's efforts to align the Guidelines closer to the knowledge-based economy challenge of the Lisbon summit, by means of horizontal measures, indicating to all Member States the need of increased efforts, especially in the area of education, training and retraining. The draftsman expresses a certain disappointment that an equally explicit effort in the area of full employment, the second major challenge of Lisbon, is not as obvious in the commission's draft.

CONCLUSIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following amendments in its report:

1. Supports the strategic goal to develop the Union into a more competitive and dynamic space which is characterised by knowledge-based technology, sustainable growth and greater social cohesion; underlines in this context the important aim of full employment through steady growth and economic, structural and labour market reforms;
2. Underlines the importance of the quality of employment, and the need consequently for both quantitative and qualitative criteria at national and European level;
3. Accepts that part-time employment can make a contribution to the fight against unemployment;
4. Stresses the importance of concrete measures to promote the knowledge and innovation society by developing structural reforms and macro-economic policies, creating a common European research space and modernising the European social model;
5. Underlines once more the importance of private and public investment in Europe, including investment in human resources directed towards a major package of European initiatives on public and private investment at national and Community level through a

common European investment policy in line with the 'Lisbon commitments' and the commitments enshrined in the Kyoto protocol on fighting greenhouse gas emissions;

6. Recalls the important role of the EIB in supporting growth and employment in particular by venture capital operations of SMEs, investments in new and environmental friendly technologies;
7. Approves of the ECB's vigilance over price stability, whilst reminding the ESCB of its obligations under Article 105 (1) of the Treaty on European Union to support the general economic objectives of the Union, as far as they do not jeopardise price stability;
8. Underlines the importance of the last report on the tax package by the ECOFIN Council as an encouraging, albeit insufficient, step towards necessary tax co-ordination for growth and employment in Europe which should be more employment-friendly, pursue tax reforms to reduce the fiscal burden on labour, create a more SME-friendly tax system and use tax incentives to stimulate private investment while at the same time ensuring sustainable financing for social protection;
9. Points to the contribution that a reorganisation of financial markets can make to expanding employment by making more risk capital available to SMEs which, in addition, must be relieved of bureaucratic, legal, and fiscal obstacles;
10. Urgently requests the Council to adopt concrete measures to counter damaging tax competition on the basis of the Primarolo report and with a view to the OECD plan on tax evasion;
11. emphasises that a shift of the tax burden from labour to environment degradation would contribute to create more jobs and improve the quality of life of the citizens;
12. urges the Commission to fully explore the employment potential of the Third Sector, which provides for useful jobs in education, health-care and general social services, and to include in the Guidelines appropriate proposals how Member States could exploit this potential to a maximum;
13. Urges the Social Partners to seek ways of combining increased flexibility in the economy with enhanced security for working people;
14. Underlines the importance of a "common language" within the European strategy for employment which should lead to more common European and national qualitative and quantitative targets and performance thresholds for growth, investment, employment, social cohesion, training, education, and research;

15. Supports the new dynamic concerning streamlining of existing procedures and processes in the economic, and employment and social policy field, including the proper implementation of the single and concise annual report on the "Economic and social state of the European Union"; proposes in this respect:
- (a) a major annual debate at the level of the European Council on "Growth, Stability and Employment",
 - (b) a single and concise annual recommendation on combined "European policy guidelines for growth, stability and employment",
 - (c) a fully-fledged "multilateral policy surveillance" built upon national "stability and growth programmes" for more relevant, effective and policy-focused co-ordination, analysis and comparison of Member States' budgetary policies;
16. Affirms that monetary relaxation is inappropriate where this is likely to lead to inflation rather than growth, and calls on some member states in particular to address the need for structural reform of their labour, products and service markets so that the non-accelerating inflation rate of unemployment (NAIRU) can be reduced, so contributing to a long-term expansion in the growth potential of the European Union;
17. Welcomes the plans to consolidate the implementation of and follow-up to the Special Lisbon Summit through improved economic and social policy co-ordination between the various Council formations as well as the new generation of the Employment guidelines 2001, and emphasises the crucial co-ordinating role of the broad economic policy guidelines in implementing an effective macro-economic policy mix with a view to sustainable growth, economic and structural reforms, investment, employment and social cohesion;
18. Draws particular attention to the convenience of including the ECOFIN Council, as well as the Employment and Social Affairs Council in the preparation of the first European Council "spring session" on economic and employment strategies and policies;
19. Is deeply concerned at the suggested way of implementation of the Lisbon 'open method of co-ordination' aimed at ensuring close co-operation between the various Council formations and between the Council Presidency and the Commission; insists that the position of the European Parliament be respected in this framework through an inter-institutional agreement between the Council, Commission and Parliament, to ensure that the follow-up to the Lisbon strategy is not carried out on a purely intergovernmental basis.