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ASSOCIATION EUROPEENNE DE LIBRE-ECHANGE

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An Opinion from  
the EFTA Consultative Committee

**EMPLOYMENT**

Rapporteur: Mr. Wei Chen

In March 1999, the EFTA Consultative Committee (CSC) was invited by the Standing Committee of the EFTA States to deliver an opinion on Employment, or more precisely the **implementation of the EU's employment guidelines** and the actual involvement of the social partners. Mr. Wei Chen from the Norwegian Confederation of Trade Unions was appointed rapporteur. The Consultative Committee adopted the following opinion by written procedure in March 2000.

## **I INTRODUCTION**

1. Pursuit of a sustainable growth in economy and employment has, and to an increasing degree, become top political objectives for almost every government. High levels of employment will not only create added value to society, but will also be conducive to maintaining and increasing social cohesion and welfare stability.
2. The ongoing employment process of the European Union has strengthened efforts to combat unemployment and to boost job creation.

## **II GENERAL COMMENTS**

### *Recent developments*

3. The impact of the Amsterdam Treaty on employment and the role of the social partners was assessed in an opinion<sup>1</sup> by the CSC in 1998. The CSC concluded that the Treaty does establish some favourable conditions to promote employment and that the role of the social partners has been enhanced.
4. The main structure of the EU's Employment Guidelines has remained unchanged since the outset at the Luxembourg Summit on Employment in 1997, with Employability, Entrepreneurship, Adaptability and Equal Opportunities as the four key pillars. The CSC is of the view that these four pillars are the key areas in which efforts should be made to promote job creation and reintegration of the unemployed into the labour market. However, the degree of implementation of the four pillars causes some concern. The evaluation of the National Action Plans (NAPs) and the Member States' overall implementation of the Guidelines depict that the efforts undertaken differ by Member States, as well as the extent of implementation of each pillar.
5. The unemployment rate has been persistently high in many EU States. Even though it has plunged in some states, the EU average still remains high. The employment growth has been too slow, in spite of efforts to strengthen the employment process during the past few years. The possible reasons for this fact may stem from one, or a combination, of the following aspects:

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<sup>1</sup> Opinion on the Treaty of Amsterdam, CSC 7/98 of 15 October 1998.

- The Guidelines may not have been effectively implemented, or may not have covered the whole spectre. The European Commission has recently set out recommendations for the Implementation of Member States' Employment Policies, which should be considered as new efforts for a more effective implementation of the Guidelines.
- The turbulence in the international economy from 1997 to 1998 deteriorated the macroeconomic environment of the EU, leading to a suppression of the employment growth. The recent improvement of the general economic situation of the EU may bring some new impetus to the employment growth.
- The positive effects of the employment process may emerge slowly and have not yet become fully visible. The Commission believes that structural unemployment has already been reduced in the Community. However, the lack of quantitative and qualitative indicators and benchmarks makes it difficult to assess the achievements so far and to compare employment rates between the Member States.

#### *The role of the social partners*

6.- The EFTA Consultative Committee monitors the employment process with great interest and regards it as a dynamic process. The CSC believes that the process will be further developed and deepened.

7. The CSC is of the view that the Employment Strategy should have a broad policy perspective and consist of policies covering different areas linked to the promotion of employment. Thus, the CSC shares the view of the Vienna European Council, which stated that it requires "appropriate and co-ordinated responses in Member States and at the Union level, encompassing budgetary and monetary policies as well as structural policies and taking into account wage developments". The Committee is of the view that the possibilities and the synergy effects on employment, born in the internal market and the establishment of EMU, are far from being fully exploited. It is necessary "to strengthen existing instruments and forge them into a coherent strategy for employment, growth, stability and economic reform."

8. The Committee notes that the Employment Strategy in the EU is taken forward in the direction of an Employment Pact, aiming at a balanced macroeconomic policy mix to achieve the employment objectives. The Committee believes that the set-up of the Macroeconomic Committee - a framework of structured dialogue between governments, the Commission, the European Central Bank and the social partners-endorsed by the Pact, will contribute to a greater co-ordination of economic, financial and monetary policies at European level.

9. The social partners are key players in the Employment Process. The role of the social partners can clearly be seen in the Employment Guidelines, linking the social partners firmly to employment creation, to the debate on economic policies, to processes towards a new work organisation and to adequate education and training. Not only at

European level, but also at national level, have social partners made contributions to the Guidelines and the National Actions Plans, even though involvement differs between Member States.

10. The participation of the social partners in the Macroeconomic Committee is another clear example that the social partners will be more involved and responsible for the economic policy shaping and policy co-ordination at European level.

11. The Enlargement and the Employment processes are of tremendous significance to the development of the EU. The EFTA Consultative Committee believes that, in view of enlargement, the development of the economic and employment situation in the European Union will inevitably affect the situation in the EFTA States.

### **III SPECIAL COMMENTS**

#### *Employment and the EFTA social partners*

12. In spite of different conditions, rates of unemployment and different structures of organisation, the EFTA Consultative Committee believes that the EFTA States and the EU States are facing similar challenges in the labour market. Some of these challenges deal with how to achieve sustainable economic and employment growth, how to combine competitiveness with social cohesion, in light of globalisation, and how to obtain flexibility combined with social protection.

13. With regard to development of skills, training, improved competitiveness, new forms of work organisation, impact of the information society and the promotion of equal opportunities, the CSC notes some interesting similarities between the Employment Process in the EU and the employment efforts undertaken by the EFTA States. The CSC believes that the EFTA social partners have much to contribute with, both at the European arena and at the national level, i.e. through their respective European organisations, through cooperation with the Economic and Social Committee (ESC), through the EFTA CSC and within their respective countries.

14. The possibility for the EFTA social partners' direct involvement in EU's employment process is rather limited. However, the EFTA social partners seek their own way when gathering information, co-operation and contribution.

15. As members of their respective European organisations - ETUC and UNICE, - the EFTA social partners participate in various committees and working groups where they exchange information and views with their European colleagues. When it comes to employment, some of these committees or working groups work directly with employment issues and formulate the social partners' view on the employment process to the European Commission and Council. As such, the EFTA social partners have access to EU arenas from which EFTA government representatives are excluded.

16. Through the formal set up of the Consultative Committee of the European Economic Area (EEA CC), the EFTA Consultative Committee co-operates closely with the ESC. The two Committees have adopted a Joint Resolution on Employment and Social Policy, creating mutual understanding on employment issues in the interests of both sides.

17. At national level, the EFTA social partners have traditionally worked actively with employment and labour market policy issues through tripartite dialogue and co-operation. It is interesting to observe that the EU is now setting up a Macroeconomic Committee to promote policy dialogue between the governments, the Commission, the European Central Bank and the social partners.

18. The CSC has for some time called on the EFTA States to take a stand on the European Employment Process. The CSC realises that the EFTA States cannot be directly involved in this process. However, the CSC considers it important for the EFTA States to follow up the process. The outcome of the process will ultimately affect the EFTA States, being part of the internal market through the EEA Agreement. Furthermore, much experience can be gathered, exchanged and learned from both sides when facing the same challenges. To this aim, the EFTA Consultative Committee would like to call for the following actions from the EFTA States at three levels:

#### *Recommendations*

##### - At national level

19. The EFTA Consultative Committee calls for a continuation and strengthening of the existing co-operation and dialogue between social partners and governments on the issues concerning working life, employment and labour market. The Committee would like to call for a concrete initiative from the EFTA countries to make, on a voluntary basis, their own national Cardiff-reports and National Action Plans on Employment (NAPs) in line with those from the EU Member States, under a close co-operation between the social partners and governments.

##### - Under the EFTA structure

20. Due to the nature and structure of the organisation, it is difficult for EFTA to mirror EU's employment process. However, it would be possible to use EFTA as a platform for the EFTA Member States to exchange views and best practice on employment issues, e.g. by increasing the scope of the EFTA Ad Hoc group on Employment. Nevertheless, an annual EFTA Economic and Joint Employment Report, based on the national Cardiff-reports and "NAPs" delivered by the EFTA States, should be worked out in order to identify best practices on employment policy.

##### - At EFTA state – EU level

21. The EFTA Consultative Committee calls for closer information and consultation procedures on European issues between the social partners and the governments, both

within the individual EFTA States and at EFTA level. The social partners and governments have different points of view, different information channels and possibilities and arenas of making their voice heard. Many European issues of concern to all parties should thus be better co-ordinated.

22. With regard to the above-mentioned initiatives in paragraph 19 and 20, the EFTA Committee believes that voluntary Cardiff reports from the EEA EFTA States will ensure a continuation of the close link between the EEA Agreement and the development of the Internal Market. On the same ground, voluntary EFTA “NAPs” will demonstrate the EFTA consciousness of belonging to a joint EEA labour market.

23. The CSC believes that all initiatives and actions taken by the EFTA States regarding the Employment Process, such as the above-mentioned ones concerning Cardiff reports and “NAPs”, should involve the social partners.

24. The CSC would like to call for the necessary preparation and readiness from the EFTA States in the event of being invited by the EU to take part in future employment studies/research and development programmes. It would be regrettable if the EFTA states would miss an opportunity to exchange information and to increase co-operation on employment issues, due to lack of time, necessary constitutional requirements or budgetary preparations.

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