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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2008  
SEC(2008) 2156

**COMMISSION STAFF WORKING DOCUMENT**

*accompanying the*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Renewed social agenda:  
Opportunities, access and solidarity in 21st century Europe**

**IMPACT ASSESSMENT**

{COM(2008) 412 final}  
{SEC(2008) 2157}

## TABLE OF CONTENTS

1.	Introduction .....	3
2.	Background .....	4
2.1.	Basis for EU action .....	4
2.2.	The Social Agenda 2005-10 .....	6
2.3.	Consultations .....	6
2.4.	Research feeding into this exercise .....	8
3.	Problem definition.....	10
3.1.	The context: changing social realities in Europe .....	10
3.2.	Problems arising from the new social realities in the European Union .....	12
3.3.	Problems of a horizontal nature .....	18
4.	Objectives.....	21
5.	Main policy options.....	24
5.1.	Option 1: 'no change in approach – no change in policy' .....	24
5.2.	Option 2: 'no change in approach – change in policy' .....	24
5.3.	Option 3: 'change in approach - change in policy' .....	25
6.	Analysis of impacts .....	25
6.1.	Economic impacts .....	26
6.2.	Social impacts .....	29
6.3.	Environmental impacts.....	32
6.4.	Political impacts .....	32
7.	Comparison of options .....	34
8.	Value added and subsidiarity .....	35
9.	Monitoring and evaluation .....	38
10.	Annex 1: Scoreboard on the implementation of the Social Agenda 2005-10.....	39
11.	Annex 2: Summary of the results of the public consultation .....	46
12.	Annex 3: Bibliography .....	49

## 1. INTRODUCTION

Since the beginning of its mandate, this Commission has successfully shifted the European agenda to the key challenges of our times and to the expectations of citizens: growth and employment, energy, climate change, migration, innovation and competitiveness. The Commission's vision was set out in its contribution "*European Values in the Globalised World*"<sup>1</sup> to the October 2005 meeting of Heads of State and Government. The contribution stressed that common European values, such as solidarity and cohesion, equal opportunities and the fight against all forms of discrimination, adequate health and safety at the workplace, universal access to education and health care, quality of life and quality of work, and sustainable development, laid the foundations for our specific approach to economic and social policies.

The Commission also recognised that European citizens had greater expectations of the State, on which they relied more than their Asian or American counterparts, and that the public sector played a big role, be it through regulation or government spending. On average, the EU's 27 Member States devote 26% (2005) of GDP to spending on social policy, compared with 15% in the USA and 17% in Japan. There is also a strong European dimension to Member States' social policies: in contrast to other regions of the world, European national systems are bolstered by EU-level policies and instruments (such as the stability offered by macro-economic policy, the dynamism created by the internal market, and social cohesion through the Structural Funds). On top of this is Europe's longstanding tradition of social dialogue and partnership between governments, industry and trade unions.

In its Communication *A citizens' agenda: Delivering results for Europe*<sup>2</sup>, the Commission pointed out that the European Union needed to analyse the radical changes under way in our societies and to develop sustainable responses at all levels if it wanted to tackle the challenges facing Europe's economies and societies. On that basis, the Commission undertook a comprehensive stocktaking of Europe's social reality<sup>3</sup> to ascertain the changes under way in employment, family structure, lifestyles and traditional support structures and which reflect the growing pressures of demographic changes.

Building on the results of this wide-ranging consultation (see subsection 2.3), the crucial question that now needs answering is whether the existing approaches provide adequate responses to the new challenges. The Communication on *Opportunities, Access and Solidarity: Towards a new social vision for 21<sup>st</sup> century Europe*<sup>4</sup> (thereafter 'Social Vision Communication') sets out the Commission's initial response to the new challenges emerging from the first results of the consultation on Europe's social reality.

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<sup>1</sup> COM (2005) 525 final

<sup>2</sup> COM (2006) 211 final

<sup>3</sup> "Europe's social reality, A consultation document from the Bureau of European Policy Advisers" available at:

[http://ec.europa.eu/citizens\\_agenda/social\\_reality\\_stocktaking/docs/background\\_document\\_en.pdf](http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/docs/background_document_en.pdf)

<sup>4</sup> COM (2007) 726 final

This Communication was prepared in close coordination with the Single Market Review adopted by the Commission last November<sup>5</sup>. The November Communication on the new social vision also indicates that the Commission will prepare a renewed social agenda for mid-2008 – which is the subject of this impact assessment – to help deliver concrete results for European citizens.

Lastly, the March 2008 European Council indicated that it looked forward *'to the Commission's proposal for a 'renewed Social Agenda which should play a key role in strengthening the social dimension of the Lisbon Strategy by taking account of Europe's new social and labour realities and also covering issues such as youth, education, migration and demography as well as intercultural dialogue'*.

Given the essentially political nature of this initiative, this impact assessment is proportionate to the purpose set. As such, it does not claim to quantify the impacts precisely, but confines itself to a general qualitative analysis of the likely impacts (see section 6).

This impact assessment also takes account of the comments of the Commission's Impact Assessment Board. In particular, the impact assessment illustrates the problem definition section (part 2) with relevant data. The text also clarifies that the problem definition builds on the issues identified in November 2007 Social Vision Communication. Furthermore, the objectives in section 4 and the links between the problem definition and the objectives have been clarified. Also in section 4, a new paragraph on the complementarity with other current policy objectives and processes, including the European Strategy on Growth and Jobs, has been added. The three options (in section 5) have been reformulated and the differences between the three options have been clarified, starting from the baseline scenario. The analysis of impacts (in section 6) has been modified to clarify the differences in terms of impact compared to the baseline scenario. Finally, the text clarifies the added value of the preferred option and makes the links between subsidiarity and value added aspects.

## **2. BACKGROUND**

### **2.1. Basis for EU action**

Over the last 50 years, the European Union has built up a considerable body of legislation covering various spheres of citizens' lives and has developed a number of policy instruments in line with the Union's objectives as set out in the Treaty on European Union (TEU). The Union's citizen-related objectives in Article 2 TEU are not confined to the promotion of economic and social progress, a high level of employment, sustainable development, the creation of an area without internal frontiers, and economic and social cohesion. They also extend to the protection of the rights of the nationals of the Member States in an area of freedom, security and justice and the asserting of the Union's identity on the international scene.

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<sup>5</sup> Communication from the Commission: A Single Market for 21st century Europe (COM (2007) 724 final of 20.11.2007)

In addition, Article 2 of the Treaty establishing the European Community (TEC) explicitly refers to the internal market and an economic and monetary union, the promotion of the sustainable development of economic activities, a high level of employment and social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, economic and social cohesion and solidarity among Member States.

These objectives are reflected in the various initiatives and actions of the Community in many different fields, such as the internal market, health education, culture, information society, enterprise, macro-economic policy, research, environmental protection, trade, employment, social affairs and equal opportunities. The EU's employment and social policy objectives are implemented through various instruments, in particular legislation, the open method of coordination, financial instruments, such as the European Social Fund, the European Globalisation Adjustment Fund, the Progress programme, and the social dialogue.

In the fields of employment, social affairs and equal opportunities, as in others, however, Community competence is subject to the principle of subsidiarity set out in Article 5 TEC, which limits the scope of Community intervention to measures that can, by reason of the scale or effects of the proposed action, be better achieved by the Community.

Over the years, the EU has adopted a comprehensive legal framework protecting workers' rights, including health and safety, workers' information and consultation, and gender equality. More recently, three Directives based on Article 13 were adopted to combat discrimination on all grounds at the workplace and on the basis of racial or ethnic origin in the provision of goods and services. The coordination of social security systems also facilitates the free movement of workers within the EU.

Moreover, since 1997 the European Employment Strategy has enabled the Member States to set common objectives and coordinate their employment policies. Member States have also worked within the open method of co-ordination in the fields of social inclusion and social protection. With a budget of approximately €75 billion for 2007-13, the European Social Fund supports some 9 million citizens every year, in particular with a view to improving their employability, labour market participation and social inclusion. Lastly, European social dialogue has over the years resulted in the adoption of over 300 joint texts by the European social partners.

The Treaty of Lisbon, which is in the process of ratification, makes significant advances in the social field. If ratified, the Charter of Fundamental Rights would be enforceable before the European Court of Justice. Second, the existing horizontal clause on gender equality would be bolstered by a horizontal clause on promoting non-discrimination when EU policies and actions are defined and implemented. Third, a horizontal social clause would ensure that the definition and implementation of all EU policies and actions would seek, among other things, to promote a high level of employment, guarantee an adequate level of social protection and combat social exclusion. Lastly, Protocol 14 on services of general interest would recognise the importance and specificity of these services.

## 2.2. The Social Agenda 2005-10

One of the starting points for the renewed social agenda is the social agenda for 2005-10 adopted by the Commission in 2005<sup>6</sup>. The social agenda identified three key conditions for success: an inter-generational approach, a partnership for change and the need to seize the opportunities offered by globalisation. It also presented key measures at EU level related to employment (prosperity), equal opportunities and inclusion (solidarity).

Of the social agenda's 28 initiatives (see table in Annex 1), 24 have already been implemented and three have been abandoned. The last initiative (modernisation of the coordination of social security schemes) is the subject of on-going negotiations between Council and European Parliament. This means that the Commission has now implemented all the actions planned under the social agenda 2005-10.

Although they were not specifically mentioned in the 2005 social agenda Communication, two recent initiatives are also worth mentioning:

- To help workers deal with the impact of changing world trade patterns, the Commission proposed the establishment of a European Globalisation Adjustment Fund (EGF) in 2006. Following its adoption by Parliament and the Council<sup>7</sup>, 10 applications for assistance were received by the EGF in 2007, four of which were approved by the EU budgetary authority before the year ended. In 2007 the EGF was used twice, each time for two separate cases, supporting 5 113 workers in all.
- Following a request from the 2006 Spring European Council, the Commission adopted a Communication on flexicurity<sup>8</sup> in June 2007, highlighting the four components of flexicurity (flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern social security systems). Flexicurity seeks to combine increased flexibility (for workers and companies) and new forms of security for workers during transitions (between education and training, when accessing or re-entering the labour market and between jobs). In December last year, the European Council endorsed the Common Principles for flexicurity, which will enable the Member States and the social partners to design and implement labour market reforms in accordance with their specific national situation through 'pathways'. Furthermore, a 'flexicurity mission' was set up to promote practical implementation of the principles in different national contexts. A report on the flexicurity mission will be presented to the Council in December 2008.

## 2.3. Consultations

### 2.3.1. Social Reality Stocktaking

When adopting *A Citizen's Agenda* in May 2006, the Commission announced its intention of taking stock of the reality of European society.

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<sup>6</sup> COM (2005) 33 final.

<sup>7</sup> Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund

<sup>8</sup> Communication from the Commission "Towards Common Principles of Flexicurity: More and better jobs through flexibility and security" (COM (2007) 359)

The overall aim of this ‘Social Reality Stocktaking’ was to ensure that European social policies reflected the main changes in European economy and society as a result of globalisation, demographic trends and technological change. A public consultation on Europe’s social reality was launched in February 2007. Building on the initial results of the consultation, a Communication '*Opportunities, access and solidarity: Towards a new social vision for 21<sup>st</sup> century Europe*' adopted in November 2007 sets out a range of possible responses to the societal challenges at work in the European Union and extended the consultation period until mid-February 2008. Building on this consultation, the Commission announced that it would prepare of a renewed social agenda for mid-2008.

On the basis of approximately 150 contributions received by mid-March 2008, the Commission published a summary report<sup>9</sup> describing the consultation process, giving general observations on the contributions received, and providing a summary of the positions set out in the individual contributions based on the seven key areas for action presented in the November 2007 consultation document (see short summary of the results in Annex 2). The two consultation documents, together with a number of other background documents, have been made available on a dedicated website<sup>10</sup>. For the information of interested parties, the Commission has also placed the contributions received on the Social Reality Stocktaking website.

In parallel with the public consultation, the European Parliament, the European Economic and Social Committee and the Committee of the Regions provided their views on the future social agenda and related matters<sup>11</sup>. The Commission actively followed their work and that of other European and national bodies<sup>12</sup>. Lastly, the Commission took account of a Eurobarometer poll published in February 2007 on European social reality.

### **2.3.2. Further consultations**

Apart from the public consultation on the social reality stocktaking, the Commission consulted various stakeholders up to early May 2008:

- Conference of 16 April 2008 on ‘A social Europe fit for globalisation’: Speakers stressed the positive role of European integration in preparing citizens for globalisation. The Single Market and the euro were presented as the basic instruments for coping with the new challenges of the globalised economy. Strengthening solidarity and social cohesion at home and promoting minimum standards of decent work and environmental protection at international level are two sides of the same coin. The EU should tackle the challenges by focusing on education and training for young people, solidarity with those left behind, social inclusion and intercultural dialogue as well as research and innovation. The need for a cross-cutting, holistic approach was stressed.

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<sup>9</sup> See [http://ec.europa.eu/citizens\\_agenda/social\\_reality\\_stocktaking/index\\_en.htm#](http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/index_en.htm#), SEC (2008) 1896, or a short version in Annex 2 of this impact assessment report.

<sup>10</sup> [http://ec.europa.eu/citizens\\_agenda/social\\_reality\\_stocktaking/contributions/contribution\\_en.htm](http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/contributions/contribution_en.htm)

<sup>11</sup> European Parliament, Rapport Lynne (2007/2104(INI)); Committee of the Regions, L'avenir du marché unique et le bilan de la réalité sociale européenne (Rapporteur: M. PARSONS, CdR 339/2006, mars 2007) et Comité Economique et Sociale Européen, Bilan concernant la réalité de la société européenne (Rapporteur: M. OLSSON, Avis Exploratoire CESE 94/2007 du janvier 2007).

<sup>12</sup> Note that the Commission’s representations supported the consultation and debate on the social reality stocktaking in a number of Member States.



- In its Opinion of 30 April 2008, the Social Protection Committee (SPC) stressed that the renewed Social Agenda should pave the way for a holistic approach. The SPC shared the Commission's broad, cross-cutting approach set out in the Social Vision Communication of November 2007. The SPC also called for a better mainstreaming of the EU's social objectives in key EU policy areas, in particular through the extended use of social impact assessments. The SPC also called for the reinforcement of the Open Method of Co-ordination in the social protection and social inclusion fields and stressed that the use of other instruments, such as Community programmes and social dialogue, should be optimised, together with a better implementation of the existing legislation. The SPC stressed the diversity of social needs and institutions across the EU and the principle of subsidiarity.
- The Conference of 5 and 6 May 2008 'Responding to new social realities: Developing an EU agenda for opportunities, access and solidarity' provided a platform for stakeholders — the Member States, representatives from the European institutions, the social partners, civil society representatives, and experts — to discuss the broad policy lines of the renewed Social Agenda. There was widespread agreement on the need for an integrated, comprehensive approach. Speakers underlined the specific role of the EU in this regard. Opportunities, access and solidarity were confirmed as three basic principles for a holistic European social policy agenda. Several speakers stressed that the renewed Social Agenda could not confine itself to stating principles but should come forward with concrete proposals that lead to tangible results for citizens<sup>13</sup>.

Lastly, it is worth noting that the Commission has conducted consultations with stakeholders and the general public for individual initiatives which are expected to be part of the 'renewed Social Agenda' package in accordance with its established policy and standards of consultation. The results of these consultations are reflected in the individual impact assessments accompanying these initiatives.

### **2.3.3. Timing**

The review of the 2005-10 Social Agenda was originally planned as part of the Commission's 2007 Legislative and Work Programme. However, in order to take due account of the results of the Social Reality Stocktaking, the Commission decided to postpone the review until mid-2008.

## **2.4. Research feeding into this exercise**

The Commission regularly conducts assessments of the economic and social conditions in the European Union through studies and reports (in particular, the annual progress reports on the Lisbon Strategy for Growth and Jobs, the 'Employment in Europe' reports, the 'Social Situation' reports, the joint reports on employment, and on social protection and inclusion, the 'Industrial Relations' reports, the annual reports on migration and integration, and the 'European Economy' reports, etc.).

In order to assess future economic and social challenges and buttress decision-making, the Commission has conducted a number of studies over the last two years on such topics as 'Is Social Europe Fit for Globalisation?', 'EMU@10', the long-term trends in Social

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<sup>13</sup> [http://ec.europa.eu/employment\\_social/emplweb/social\\_agenda/ec\\_conference\\_en.html](http://ec.europa.eu/employment_social/emplweb/social_agenda/ec_conference_en.html)

Europe, 'Globalisation and Europe: Prospering in the New Whirled Order', 'Child Poverty and Well-Being in the EU', and 'the links between the environmental and social pillars of sustainable development'.

In addition, a number of European and international organisations or agencies (including the OECD, the ILO, the European Foundation for the Improvement of Living and Working Conditions, the European Training Foundation) have conducted studies that provided input into this impact assessment. Lastly, Eurobarometer opinion polls, namely the poll conducted on the Future of Europe as part of the Social Reality Stocktaking exercise and surveys on specific topics (e.g. discrimination in the EU, European employment and social policy, poverty and exclusion, the Single Market, and racism and xenophobia), and selected national and international opinion polls, provided additional essential information on citizens' perceptions and expectations.

Annex 3 lists the studies, reports, evaluations and articles used for this impact assessment.

### **3. PROBLEM DEFINITION**

#### **3.1. The context: changing social realities in Europe**

In the November 2007 Social Vision Communication, the Commission provided a first overview of the social realities on the basis of the ongoing Social Reality Stocktaking. It noted that European societies were undergoing fast-moving, profound changes in both the economic and social spheres. These changes are driven by powerful external forces such as globalisation and climate change, as well as by internal forces such as demographic and social developments. Based on the initial results of the Social Reality Stocktaking, the Commission presented an initial analysis of the changes in society, in the economy, and in lifestyle and values in the Social Vision Communication. The following section reflects the initial analysis set out in the November 2007 Communication and takes account of the results of the Social Reality Stocktaking.

##### ***3.1.1. Changes in society***

A key source of change in society is demographic shift. Life expectancy at birth, which in 2000 was at 75.5 for men and 81.4 for women, will probably continue to increase to 82 for men and 87.4 years for women by 2050. This means that a growing percentage of Europeans enjoy longer and more active retirement. However, this has economic, financial and social implications for European societies and families. The old-age dependency ratio is expected to double to 51% by 2050, which means that there will be two elderly citizens aged 65 and above for every person of working age (15 to 64 years). The working population will shrink by 48 million over the same period. At the same time, birth rates are at a constant low<sup>14</sup>, despite people's desire to have children, and family patterns are changing, with a trend towards single parenthood and weaker family bonds.

Society meanwhile is becoming less cohesive and less inclusive. Social isolation, particularly among the elderly, is an increasing risk. There are growing inequalities in income and opportunity, with over 100 million people living on an income of less than 23 euros a day. The incidence of child poverty is high and even rising in some Member States. Young people are facing difficulties in securing housing and decent employment. Gender inequality has not yet been achieved, as testified by the enduring 15% gender pay gap.

Finally, society is becoming more diverse, as a result of the enlargement of the EU to 27 Member States and immigration from outside the EU's borders. A vibrant multicultural environment has inspired innovation and creativity, but it has also generated new concerns about intercultural dialogue and tolerance. Lastly, migration is testing the effectiveness of Member States' integration strategies, notably in major European cities and border regions.

##### ***3.1.2. Changes in the economy***

Economic globalisation and rationalisation of production on an international scale are developing apace, spurred in part by technological innovations that bring lower prices for

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<sup>14</sup> The rate for the EU-25 in 2006 was 1.5 children per woman, much lower than the so-called replacement rate of 2.1 children per woman.

goods, services and increase productivity gains. This process is changing the shape of Europe's economy.

Following the completion of the Single European Market and recent enlargements, the EU is now a single market of almost 500 million consumers and the world's largest trading entity. The EMU and the euro have ensured price stability, which is conducive to job creation and high and stable economic growth. Europe's share of world exports has increased over the past decade, rising from 40.8% in 2000 to 41.7% in 2006. Since 1990, the EU has been the main recipient and supplier of foreign direct investment (FDI). The EU's stock of outward FDI has helped boost the competitive position of many European companies while greater cross-border trade and investment have boosted growth and created jobs<sup>15</sup>.

Thirteen million jobs have been created since 2000 – 6.5 million alone in the last two years, and 5 million more are projected to be created by 2009. Unemployment has fallen from 9 % in 2003 to 6.7% in February 2008. The overall employment rate in the EU has risen from 63.3 % in 2000 for the EU-15 to 66% in late 2007 for the EU-27. Over the last two decades, for every job lost to economic change Europe has created a new one in more competitive sections of the economy. In 2006 alone, there were nearly 3 million new jobs in the EU, topping the 2.3 million created in the USA in the same year<sup>16</sup>.

And yet, despite increasing employment rates overall, unemployment remains high in many parts of Europe<sup>17</sup>. Working life is changing at an ever-faster pace, bringing challenges and opportunities and demanding new skills and new adjustments from businesses and workers alike. This requires strengthening actions to better anticipate and manage change and deal with the social consequences of company restructuring.

Work patterns are also changing, with the 'job-for-life' career pattern giving way to increasingly diverse types of contracts and working conditions. In the knowledge society, the labour market is also more reliant on human capital, education and skills. This poses challenges for the quality and effectiveness of education and training systems.

Finally, the transition to a low-carbon economy and the preservation and management of natural resources are of vital importance for safeguarding the well-being of future generations. There is the challenge of maximising the benefits of change by harnessing new opportunities for economic development and the creation of 'green jobs', while ensuring that the consequences of climate change and poor environmental quality impact on the weak and poor as little as possible.

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<sup>15</sup> European Commission (2004), *Employment in Europe*, Chapters 2 and 5.

<sup>16</sup> Daniel S. Hamilton and Joseph P. Quinlan (2008), *Globalisation and Europe: Prospering in the New Whirled Order*.

<sup>17</sup> For instance in Slovakia (9.9% in early 2008) and in Spain (9.0% in early 2008).

### ***3.1.3. Changes in lifestyles and values***

European societies are experiencing a weakening of the traditional bonds that held society together, such as family and religion, and a trend towards individualisation of values and atomisation of culture.

Interest and trust in traditional forms of political participation are decreasing as more flexible forms of civic participation emerge, aided by advances in information and communication technology. Globalisation has increased the exposure of European societies to diversity, enriching social life but also prompting challenges related to integration and intercultural dialogue and raising questions as to Europe's capacity to assert its common values.

Changing lifestyles are also associated with increases in social problems, such as stress, obesity, insecurity and isolation, and substance abuse. Current production and consumption patterns have significant environmental impacts too. Reversing these negative impacts of today's lifestyles will mean adjusting behaviour.

## **3.2. Problems arising from the new social realities in the European Union**

The following section describes a number of problem areas deriving from the key changes set out in the previous section. The problems are related "opportunities", "access" and "solidarity" which are closely interrelated and of equal importance.

Creating opportunities means generating more and better jobs and facilitating mobility. In societies where each individual is regarded as being of equal worth, no barriers of any kind should hold people back. This means ensuring the chances for all to develop their own potential while respecting Europe's diversity and tackling discrimination, racism and xenophobia.

Opportunities cannot be ensured without improving access for the most disadvantaged. All citizens must have access to good quality education, health care and services that can help overcome inequalities and enable them to enjoy longer and healthier lives. All Europeans should have access to education and skills development throughout life so as to adapt to change.

Europeans share a sense of solidarity: between generations, between regions, between the wealthier and less wealthy Member States. Solidarity is part of how European society works and how Europe engages with the rest of the world. Real equality of opportunity depends on both access and solidarity. Solidarity also means helping disadvantaged people who cannot reap the benefits of an open, rapidly changing society. It means fostering social inclusion and integration, participation and dialogue.

### ***3.2.1. Young people are not getting the best start in life***

Despite the fact that young people in the EU currently enjoy a wealth of opportunities, the Social Reality Stocktaking consultation confirms that today's young generation are in a particularly fragile situation.

This is in line with the findings of a Eurobarometer poll in which around two thirds (64%) of respondents said they expected life to be more difficult for the next generation<sup>18</sup>. In particular, the individual life chances for the young are unevenly spread. Evidence shows that life chances are often set by the time a child reaches school, with family background playing a key role. This means that the situation of disadvantaged children, including migrant children, needs to be addressed.

In 2005, 19% of children were at risk of poverty in the EU, against 16% for the total EU population<sup>19</sup>. According to a recent OECD report, the gap between child poverty and the overall poverty rate had increased in a number of EU Member States. Besides, the OECD PISA 2003 survey shows a positive correlation between the parents' educational attainment and occupational status, and the performance of the 15 year-old pupils in mathematics, reading and science. Also, pupils from migrant background perform relatively worse than peers who were born in the country. Furthermore, the overall number of low-achievers in reading literacy has increased since 2000 from 20.2% to 23.4% in 2006<sup>20</sup>.

As a result, too many young people are not able to develop their full potential and to enter the job market successfully. Too many young people leave school without a formal qualification, which puts them at a disadvantage in the knowledge economy. Even if the percentage of 18-24 year-olds leaving school with no more than lower secondary education decreased from 17.7% in 2000 to 15.3% in 2006, the figure is well above the EU benchmark of 10% to reach by 2010. Another priority is to substantially increase the rate of young people aged 20-24 with a upper secondary education qualification (currently 78%), and the number of young people staying on to tertiary education.

Youth unemployment remains a serious problem: Even though the unemployment rate of young people has decreased over the recent years (18.7% in 2004, 14.6% in February 2008), it is more than twice as high as for the average working age population age (6.7% in February 2008)<sup>21</sup>. Innovative approaches are needed to enhance well-being among young people, ease the difficulties they face in accessing the job market, housing and financing, and encourage them to participate more in society.

### **Problem 1: how to give youth the best start in life?**

#### ***3.2.2. Citizens are not yet equipped with the skills needed for fulfilling careers in the knowledge economy***

The EU is well placed to take advantage of globalisation. But the benefits of globalisation are not equally shared and globalisation creates apprehension. The EU needs to support its citizens to help them adapt to changing realities and to show solidarity with those who are affected negatively.

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<sup>18</sup> Eurostat: Special Eurobarometer 273 (2007): 'European Social Reality'.

<sup>19</sup> European Commission: Child Poverty and well-being in the EU. Current status and way forward', 2008.

<sup>20</sup> See Joint Employment Report 2007/2008.

<sup>21</sup> Eurostat (2008), Euro indicators – news release 44/2008

In the age of globalisation and increased competitiveness, restructuring has become a widespread phenomenon affecting companies, workers and their families, and regions and territories. However, Europe continues to be a net creator of jobs. Thirteen million jobs have been created since 2000 – 6.5 million alone in the last two years, and 5 million more are projected to be created by 2009. Unemployment has fallen from 9 % in 2003 to 8.6% in 2005 to 6.7% in February 2008. Annual labour productivity growth measured as value-added per worker accelerated to 1.2% in 2006, compared to an average of 0.4% between 2001 and 2005.

For the first time in about a decade, employment increases and productivity growth go hand in hand<sup>22</sup>. The overall employment rate in the EU has risen from 63.3 % in 2000 for the EU-15 to 66% in late 2007 for the EU-27.

In today's labour markets and tomorrow's too, citizens face a range of transitions, both between jobs, between periods spent in employment, on training and when looking for work. For instance, while 23% of pensioners and 21% of those 55 years and older have never changed their employer, this is only true for 16 % of those below 55 years. More flexibility in working life means more freedom for the individual to combine periods of employment with periods of education and learning and facilitates reconciliation of work and family life. However, not all citizens have the skills and flexibility to cope with these transitions.

A key problem is the widespread lack of skills needed to adapt to the knowledge economy. According to a recent report, the insufficient spread of ICT (information and communication technology) innovations in Europe is mainly responsible for the gap in productivity between the USA and the EU since the mid-1990s. Between 1998 and 2003, the growth in the employment rates of high-skilled workers (+25.1%) in the EU-15 by far outnumbered that rates for workers with intermediate (+14.2%) and low (+2,2%) skills. What is more, the number of low-qualification jobs is forecast to fall by 8.6 million by 2015.

In view of this situation, participation rates in life-long learning and education are not adequate: even if participation in lifelong learning has increased from 7.1% in 2000 to 9.6% in 2006, progress is currently too slow to make the EU reach the agreed 12.5% benchmark by 2010. Furthermore, too many young people leave school with at best lower secondary education.

In addition, labour markets sometimes lack the combination of flexibility, safeguards and incentives needed to allow workers and businesses to cope with change and enjoy more diversified working lives. In labour markets no longer characterised by a 'job for life' with early retirement, there is also a lack of mechanisms to ensure that workers can access quality employment throughout their lives, taking on family commitments and working later in life. Lastly, citizens are not yet properly equipped to be able to manage mobility between jobs throughout their career.

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<sup>22</sup> European Commission (2007): The EU economy: 2007 review. Moving Europe's productivity frontier.

There is a particular need to overcome obstacles to geographic mobility within the Union<sup>23</sup>, so that in developing their careers, more citizens are able to exploit the possibilities of free movement.

**Problem 2: how to equip citizens to lead fulfilling careers in the age of globalisation?**

**3.2.3. The EU has not risen up to the demographic and health challenge**

As a result of better health and working conditions, a growing proportion of Europeans now enjoy longer and healthier lives, and longer and more active retirement.

Immigration remains the main element in EU demographic growth and positive net migration is recorded in most Member States. Eurostat conservative projection is that around 40 million people will emigrate to the European Union between now and 2050. As a result, European societies will become increasingly diverse. The successful integration of third-country nationals and their children depends to a large degree on their opportunities to realise their potential. Issues concerning the integration of third-country nationals are addressed in detail in the Commission Communication adopted on 17 June 2008<sup>24</sup>. This issue is therefore not covered by this impact assessment.

In spite of migration from third countries, the total population of the EU will fall slightly and become much older. In economic terms, the main change will involve the size of the working-age population (15-64 years), which will decrease by 48 million between now and 2050. The dependency ratio is set to double and reach 51% by 2050, which means the EU will change from having four to only two persons of working age for each citizen aged 65 and more<sup>25</sup>. In the EU, welfare expenditure has risen from 2004 to 2005 by 3 to 4 GDP points, representing an increase of 10 % in public spending<sup>26</sup>. Welfare expenditure related to aging alone, is projected to rise to 2 % of GDP by 2030 and to 4.1% by 2050.

As a result, ensuring the sustainability of pensions is a challenge which is crucial for the future of social protection systems. More generally, enhancing the efficiency and effectiveness of welfare systems is essential to ensure progress towards the long-term financial sustainability of the European social model.

Furthermore, as a result of the expected decrease of the working age population over the next 40 years, the EU faces the challenge of keeping up its competitiveness with a shrinking workforce. Projections show that, if current trends and policies remain unchanged, the average annual growth rate in GDP for the EU-25 will fall from 2.4% over the period 2004-2010 to only 1.2% between 2030 and 2050.

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<sup>23</sup> Only around 2% of working-age citizens from one of the 27 EU Member States currently live and work in another Member State – despite recent increases. According to Eurobarometer surveys on geographical and labour mobility of citizens, the two biggest obstacles to moving to another European country are lack of language skills (58% of respondents) and finding a job (29%). But also legal and administrative obstacles (such as the recognition of qualifications) or the portability of pensions play an important role.

<sup>24</sup> Communication from the Commission: A common Immigration Policy for Europe: principles, actions and tools, COM (2008) 359 of 17 June 2008.

<sup>25</sup> Communication from the Commission: The demographic future of Europe – from challenge to opportunity, COM (2006) 571 final.

<sup>26</sup> Commission Report on the sustainability of public finances of 2006.



At the same time, it is fair to say that the EU is not making use of the full potential of its workforce. Many of the elderly or disabled people<sup>27</sup> are willing and able to take up work, provided appropriate conditions are met. In the same vein, Europe is not fully exploiting the potential for jobs and growth opened up by the so-called 'silver economy'.

Lastly, climate change and modern lifestyles have brought new health problems in their wake. While EU legislation on health and safety at work has contributed significantly to improving the situation of workers since the 1990s, there are still persistent problems. More than one third (35%) of European workers on average — with variations within the EU — feel that their jobs put their health at risk. There are new occupational hazards, such as musculoskeletal disorders and work-related stress.

### **Problem 3: how to live up to the demographic and health challenge?**

#### ***3.2.4. Social exclusion persists in many parts of European societies***

Employment is often a key determinant of people's ability to participate fully in society, build a social network and realise their full potential. Yet all part of the population have benefitted from the overall increase in employment rates and social exclusion is a real and growing phenomenon in most EU Member States. According to a recent joint Commission / Council report<sup>28</sup>, joblessness (i.e. unemployment and professional inactivity) plays a major role to explain poverty and social exclusion. Long-term unemployment persists: the figure has remained stable since the beginning of the decade at around 4%. Moreover, 8% of the working population in the EU is estimated to live in poverty<sup>29</sup>.

Effective, equal access to employment, lifelong learning, social and healthcare services varies markedly across the EU, with a significant proportion of the EU population facing severe difficulties in achieving a decent living and finding a job. In 2004, around 100 million Europeans earned less than the EU median income of around € 000 per year<sup>30</sup>. Low incomes result in reduced consumption possibilities and increased financial hardship. In the longer term, the negative consequences of low incomes include reduced life chances for children from deprived families and increased risks of poor health and mortality affecting people of lower socio-economic status.

Moreover, the risk of experiencing poverty is not evenly spread across society. While the overall risk-of-poverty rate for the EU-27 is 16%, four high-risk groups stand out in nearly all Member States<sup>31</sup>:

- people of working age, both employed and unemployed — and in the vast majority of cases, women — living alone with a dependent child;
- those aged 65 and over and living alone who are no longer in paid employment — and again, in most cases, women;

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<sup>27</sup> Some 44.6 million people aged 16-64, making up 16% of the EU working-age population, consider they have a longstanding health problem of disability.

<sup>28</sup> Joint Report on Social Protection and Social Inclusion 2007, SEC (2007) 329.

<sup>29</sup> Estimation by Eurostat, Source: European Commission: 2007 compendium of indicators for monitoring the Employment Guidelines.

<sup>30</sup> Amounts adjusted for purchasing power (PPS) and household size.

<sup>31</sup> See European Commission: The social situation in the European Union 2007. Cohesion through Equal Opportunities.

- those of working age and living alone who are not in employment;
- families with children where only one parent is in employment.

**Problem 4: how to reduce social exclusion and the number of Europeans at risk of poverty?**

**3.2.5. Continued discrimination on gender and non-gender grounds**

Europe has made significant progress over the years in the field of gender equality. For instance, women now attain a higher educational level than men in all Member States and account for up to 59% of university graduates. Nonetheless, marked inequalities still exist on the labour market, in reconciling work and private life, in social protection and social exclusion, in health, entrepreneurship, political and economic decision-making, and in science and technology.

The employment rate for women in the EU 27 in 2007 was at 58.3 % (up from 53% in 2000). This means that achieving the target of female employment rate of 60% in 2010 is within reach. However, the average employment rate for men is currently well above 70%. The gender pay gap is on average 15 % in Europe, a figure which has remained steady since 2003. The share of women in decision-making positions is increasing slowly and unevenly. While in national parliaments, the share of women increased from 16 % to 24 % between 1997 and 2007, the share of women in the boards of the largest publicly-listed companies hardly changed and remains at around 10%. The share of women among the presidents of the boards is currently at 3%.

There are many reasons for women's under-representation in social, economic and political life, including persistent gender stereotypes and discrimination, or segregation in education and on the labour market. Both women and men do not always have sufficient opportunities to strike a work-family life balance (for instance, through access to childcare facilities and flexible working arrangements), but this affects women more: domestic and family responsibilities are still unequally distributed.

The disadvantaged position of women in accessing the labour market has consequences in terms of the higher risk of exposure to poverty among women, particularly older women. Among people over 65 years, the risk was significantly higher for women than for men in the EU-25 in 2005 (21% as against 16%).

**Problem 5: how to overcome the remaining gaps in gender equality?**

In 2006 a major EU-wide survey<sup>32</sup> showed that many Europeans believed that discrimination was widespread, in particular on grounds of disability (53%) and sexual orientation (50%). In terms of discrimination on grounds of age (46%) and religion or belief (44%) the situation is perceived as only slightly better. Furthermore, a large majority of Europeans (79%, 77%, 69% and 62% respectively) believe that being disabled, being Roma, being over 50 or being of a different ethnic origin are a disadvantage in their society.

<sup>32</sup> Special Eurobarometer 263 (2006), Discrimination in the European Union.

In January 2008<sup>33</sup> another survey revealed that discrimination was perceived as most widespread when it comes to access to housing, followed by education. As to access to services, 40% of respondents felt that people buying insurance policies were likely to face discrimination because of their age, and the same percentage felt this applied to disabled persons.

Protection provided against discrimination outside the field of employment on grounds of disability, age, sexual orientation and religion or belief varies across the Member States. In addition, only a very few Member States provide for remedies against multiple discrimination (discrimination on a combination of grounds). In addition, awareness of the existence of European anti-discrimination laws is quite low among Europeans. Only 32% claimed to know their rights if they should fall victim to discrimination or harassment<sup>34</sup>.

Lastly, the EU's disability strategy is based on the Disability Action Plan for 2003-10, and more specifically on its final phase set out in last year's *'Commission Communication on the situation of disabled people in the EU: the European Action Plan 2008-09'*<sup>35</sup>. Implementation by the Community and the Member States of the UN Convention on the Rights of Persons with Disabilities should provide the basis for closer cooperation in this area.

**Problem 6: how to ensure that life chances are not hamstrung by discrimination?**

**3.3. Problems of a horizontal nature**

**3.3.1 The EU needs to better promote the social dimension of globalisation**

Recent ILO reports<sup>36</sup> indicate that despite growth in the economy and jobs, many people in the world, and particularly women, do not have access to appropriate jobs and working conditions. An estimated 487 million workers — or 16.4 percent of all workers — still do not earn enough to lift themselves and their families above the US\$1 per person, per day poverty line.

The EU is taking decisive action to shape the international agenda so that it reflects our interests and values. The Social Agenda 2005-10 emphasises the contribution of the EU to strengthening the social dimension of globalisation. Efforts towards promoting decent work for all in EU external and internal policies are part of this. Decent work is founded on four pillars (productive and freely chosen employment, rights at work including the core labour standards, social protection and social dialogue).

The decent work agenda seeks to promote values and principles of action and governance which combine economic success and social justice. As part of the international efforts to promote decent work, the Commission proposed an integrated strategy with a view to mobilising EU internal and external policies around this purpose<sup>37</sup>. Both the Council and

<sup>33</sup> Flash Eurobarometer 232 (2008).

<sup>34</sup> Special Eurobarometer 263 (2006).

<sup>35</sup> COM (2007) 738 final.

<sup>36</sup> ILO, Global employment trends for women, Geneva, March 2008; ILO, Global employment trends, Geneva, January 2008.

<sup>37</sup> Commission from the Commission on Promoting decent work for all: the EU contribution to the implementation of the decent work agenda in the world (COM (2006) 249) of 24.05.2006).

the Parliament welcomed the Commission efforts in this area. The Commission has to follow up on its commitment to report on the 2006 Communication to review progress in the implementation of the EU decent work agenda.

Furthermore, in the context of the decent work agenda, the Commission stressed the importance for Member States to continue the process of ratification and application of ILO conventions.

Since 2007 all Member States have ratified the eight ILO fundamental or core labour standards conventions. However, the Commission needs to encourage Member States, which have not done so, to ratify the ILO conventions (classified as up-to-date), including the four priority conventions<sup>38</sup>, the social security minimum standard convention (n° 102) and the recent conventions that have reviewed existing Conventions<sup>39</sup>. Failure to ratify and implement them by all Member States could undermine the credibility of the EU on the international stage<sup>40</sup>.

**Problem 7: how to encourage Member States to further contribute to the international decent work agenda ?**

### ***3.3.2 All EU policies and instruments need to be mobilised to respond to the new social realities***

Both the consultation on the social reality and recent studies have confirmed that the common challenges that all EU Member States face are of a multi-dimensional nature. In addition, many policies other than employment and social policies, such as environmental, macro-economic, internal market, educational or research policies, have a major social impact. The Commission has already been pursuing comprehensive approaches that involve different policies and instruments. The Lisbon Strategy is a case in point; the recent Single Market Review and the "Climate Action and Renewable Energy Package"<sup>41</sup> also illustrate this new approach.

In response to the new social realities which are multi-faceted and complex, the question is to know whether there is scope for more joined-up cross-cutting action at EU level bringing together between all relevant policies to ensure better synergies between them and greater overall effectiveness and efficiency.

The EU has a number of tools at its disposal to support and supplementing Member States' actions, namely legislation, social dialogue, policy coordination between the Member States, communication, partnership and financial instruments. The question arises as to whether they should be revisited to take account of the new social realities. For example:

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<sup>38</sup> Convention on labour inspection (n° 81), Convention on labour inspection in agriculture (n° 129), Convention on employment policy (n° 164), and Convention on tripartite consultations (n° 144).

<sup>39</sup> Promotion framework for Occupational Health and Safety Convention (n° 187), the Private Employment Agencies Convention (n° 181) and the Maternity Protection Convention (n° 183).

<sup>40</sup> For instance, the EU has a considerable *acquis communautaire* on occupational safety and health (OSH) and has an internationally recognised leadership role in this area at global level. However, this leadership role is not yet reflected in the Member States' ratification scoreboard on OSH Conventions, such as the *Promotional Framework for OSH Convention, 2006 (No 187)*, see COM(2007) 62 final.

<sup>41</sup> [http://ec.europa.eu/environment/climat/climate\\_action.htm](http://ec.europa.eu/environment/climat/climate_action.htm)

- the open method of co-ordination in various fields (including employment, social protection and social inclusion, education and youth) has successfully contributed to Member States' reforms. However, various studies and evaluations<sup>42</sup> suggest that there is scope for increasing its relevance and impact, for example by focusing on a smaller number of priorities and making them more relevant to the objectives of the renewed Lisbon Strategy, increased monitoring of Member States' policies through new quantified targets at EU level, and more systematic use of Commission recommendations;
- further analysis is needed of the 'well-being' goals that have emerged from the social reality stocktaking exercise, reflecting the emerging consensus that GDP is a measure of economic performance and not a measure that suffices to guide policy responses to the complex challenges facing the EU;
- the introduction of a new horizontal social clause in the Lisbon Treaty, if ratified, means that all major new EU initiatives will undergo an even more rigorous examination of their potential social and employment consequences in the future. These considerations should be taken into account, in particular, in impact assessments;
- the on-going budget review<sup>43</sup> would provide an opportunity for re-evaluating priorities and deciding where to concentrate resources in the future;
- although the European Globalisation Adjustment Fund (EGF) has already intervened effectively in a number of Member States in its first year of operation, the Fund's full potential has not been harnessed. The Commission should indicate how decision-making procedures could be streamlined to improve delivery and make suggestions as to how to broaden the scope of the EGF<sup>44</sup>;
- the Commission needs to ensure that the existing body of Community legislation is effectively implemented and enforced in line with the Communication of September 2007<sup>45</sup>. Where necessary, Community law may need to be updated to take account of emerging issues and to increase its effectiveness. Alternatives to legislation (for example, social partners' agreements, codes of conduct and corporate social responsibility) should be further explored.

**Problem 8: how to ensure a more comprehensive policy mix and a more effective use of EU instruments?**

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<sup>42</sup> See impact assessment accompanying the Communication from the Commission on "reinforcing the open method of co-ordination in social protection and social inclusion" (SEC (2008) 418)

<sup>43</sup> Communication from the Commission "Reforming the budget, changing Europe: a public consultation paper in view of the 2008/2009 budget review" (SEC (2007) 1188) of 12.09.2007)

<sup>44</sup> Communication from the Commission: Solidarity in the face of change: the European Globalisation Adjustment Fund (EGF): 2007 Review and Prospects (COM (2008) 421 final of 02.07.2007)

<sup>45</sup> Communication from the Commission: "A Europe of results: Applying Community law" (COM (2007) 502 final of 5.09.2007).

## **4. OBJECTIVES**

### **4.1. Ultimate objective**

Improving the well-being and quality of life of European citizens, while respecting the principles of subsidiarity and proportionality.

### **4.2. Specific objectives**

On the basis of the problem definition set out in section 3, the following objectives should be pursued.

#### ***4.2.1. Improving the life chances of young people***

Action is required to break the vicious cycle of childhood deprivation, academic underachievement and social exclusion of children. Problems related to high youth unemployment, high levels of school drop-outs, and the relative job insecurity and wage inequality faced by younger people, have to be tackled. All children need to receive an education that gives them a fair chance in today's world. They need to be encouraged to reach higher levels of qualification and skills than their parents achieved. New forms of intergenerational solidarity should be developed and the specific problems facing young people today, including access to education and training, the labour market, housing and finance, should be addressed.

#### ***4.2.2. Promoting new skills for new jobs, fulfilling careers and better employment***

Growth and jobs should be fostered at EU level since a healthy economy is the foundation for prosperity and good quality employment is the best escape route out of poverty. Member States should modernise labour markets and anticipate change and restructuring. Education and investment in human capital formation in general are critical to ensuring labour participation and social inclusion, and to enhancing the competitiveness of the EU economy. This means a commitment to lifelong learning and ongoing renewal of skills attuned to present and future labour market needs. Free movement is a source of opportunities for citizens, helping to boost economic growth and competitiveness. Efforts should be pursued to facilitate mobility and remove obstacles, including for workers, young people and patients.

#### ***4.2.3. Fostering longer and healthier lives***

Europe's ageing society demands a variety of policy responses - from supporting research into how information technology can improve the health and well-being of older people, to assessing what health care and pension reforms are needed to meet the needs of an ageing population while ensuring the sustainability of public financing. Efforts should be pursued to ensure the financial sustainability of social protection systems, adequate pensions in the future, and preserve the quality and accessibility of services.

#### ***4.2.4. Combating poverty and social exclusion***

Efforts to promote active inclusion, including labour market integration, making work pay and life-long learning, particularly for those who are furthest from the labour market,

should be further strengthened. Rules should be in place to facilitate the development of good quality, accessible and sustainable social services.

#### ***4.2.5. Taking gender equality and equal opportunities further***

Too many obstacles still hinder the participation of women in work and society. Addressing pay gaps, reviewing tax systems to improve work incentives, developing affordable and accessible childcare and eldercare services, promoting family-friendly practices in the workplace with more flexible leave arrangements are essential priorities in this respect. Given that discrimination on various grounds (e.g. age, disability, belief, sexual orientation, race or ethnic origin) is still prevalent, action should be taken to further promote equal opportunities, including outside the sphere of employment.

### **4.3. Horizontal objectives**

#### ***4.3.1. Shaping the international agenda to promote European values***

The EU is a key player on the world scene and also a 'shaper' of globalisation. Through multilateral negotiations and cooperation with international partners, the EU should further promote the social and environmental dimension of globalisation as part of the Decent Work Agenda.

#### ***4.3.2. Ensuring the appropriate policy mix and increasing the effectiveness of EU instruments***

The EU should exploit the scope for synergies between EU policies and seek to improve the efficiency and effectiveness of instruments available at EU level (legislation, open method of coordination, EU funding, social dialogue and dialogue with civil society), while respecting the principle of subsidiarity and maximising EU value added.

### **4.4. Consistency with other EU policies**

The above-mentioned objectives are fully consistent with, and in support of other EU policies and strategies, and in particular with the renewed Lisbon Strategy for Growth and Jobs, the EU Sustainable Development Strategy and the Single Market.

- In 2005, the European Council placed the focus of the Lisbon Strategy for Growth and Jobs. During the first cycle (2005-2008), the renewed strategy has helped to speed up the pace of reform, helping Member States to implement sometimes difficult but necessary changes to address the challenges of globalisation. However, much remains to be done to prepare to strengthen the foundations for economic success in the medium to longer term. The Commission proposal for the Integrated Guidelines for Growth and Jobs (2008-2010)<sup>46</sup> underlines that Member States need to keep pace with fast changing social realities (longer working lives, increasingly diverse family structures, new patterns of mobility and diversity). Within this framework, even higher priority should be given to the social dimension, flexicurity policies, and to education and skills as elements to modernise European markets and to ensure new opportunities for citizens in a knowledge society.

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<sup>46</sup> Communication from the Commission to the European Spring Council: Integrated Guidelines for Growth and Jobs (2008-2010) (COM (2007) 803 final part V of 11.12.2007).

- Also in 2005, the European Council set out principles to guide Europe on a sustainable path of development. These principles include the ongoing efforts to foster economic prosperity based on an innovative, competitive and eco-efficient economy, protecting and improving the quality of the environment, and promoting equity and social cohesion. In 2006, the European Council adopted a renewed Sustainable Development Strategy consisting of seven key challenges. The 2007 Commission Progress Report on the Sustainable Development Strategy<sup>47</sup> stresses that the challenge is to work towards convergence of the overarching long term objective of sustainable development focusing on quality of life, inter-generational solidarity and the long-term viability of European societies, and the medium goal of growth, competitiveness and jobs under the Lisbon Strategy. The energy and climate change agenda<sup>48</sup> provides a good example of how these medium and longer term objectives have converged.
- The Single Market is a fundamental pillar of the European Union It has created jobs and stimulated growth. It has enabled people to live, work, study and retire in a different country. As noted by the Commission in the November 2007 Communication on the Single Market<sup>49</sup>, the Single Market still has untapped potential and needs to adapt to new evolving social and environmental realities. As a result, the Commission has proposed new actions to take account of the social and environmental implications of market opening and to enable citizens and businesses to take advantage of new opportunities. In doing so, the Single Market can effectively contribute to improving the well-being of citizens.

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<sup>47</sup> Commission from the Commission: Progress Report on the Sustainable Development Strategy 2007 (COM (2007) 642 of 22.10.2007).

<sup>48</sup> See footnote 41.

<sup>49</sup> See footnote 5.



## 5. MAIN POLICY OPTIONS

Under the EC Treaty, EU Member States bear the main responsibility for the policy changes needed to respond to the new social realities and to meet the corresponding objectives in section 4. This being so, as explained in section 2, there is a considerable Community "*acquis*" in a number of areas affecting citizens' lives. The fundamental question is therefore to know whether the EU should continue supporting and supplementing Member States' actions, and if so how. The following subsections assess three possible options.

### 5.1. Option 1: 'no change in approach – no change in policy'

This option would entail no change in approach and no change in policy. In concrete terms, this would mean:

- Implementing the existing Community *acquis*: the Commission would continue with the implementation of existing legislation, the European Structural Funds and the policy coordination processes in place (such as the renewed Lisbon Strategy and the Open Method of Coordination in the fields of social protection and social inclusion, and education).
- Considering that the Community *acquis* already adequately responds to the new social realities and that there would be no need for i) new (or a review of) European legislation, ii) a review of the existing instruments at EU level, iii) more joined-up work between EU policies.
- Completing the implementation of the Social Agenda (2005-10) in its present form.

### 5.2. Option 2: 'no change in approach – change in policy'

Under this option, there would be no change in approach but change in policy. As in option 1, the Commission would keep implementing the existing Community *acquis*. However, by contrast to option 1, option 2 would mean:

- Considering that the existing Community *acquis* does not adequately respond to the emerging social realities.
- Presenting a revised Social Agenda to take account of the new social realities. As was the case for the Social Agenda (2005-10), the revised Social Agenda would be focused on the employment, social affairs and equal opportunities fields. New actions in other policy areas (for example, education, health, information society and single market) would also be taken, although independently from the revised Social Agenda. Co-ordination between various policies would be ensured in the context of overarching processes, such as the Lisbon Strategy or the Sustainable Development Strategy. There would be no change in approach.
- Presenting new actions to build on the Community *acquis* in order to improve the quality of life and well-being of citizens. This would entail both legislative (review of existing legislation or new legislation) and non-legislation initiatives (for example Commission Communications to spur policy debate with the relevant stakeholders and

to set out new policy orientations - "policy agenda setting"). This would also entail reviewing existing instruments, including the Open Method of Coordination in the social protection and social inclusion fields and the European Globalisation Adjustment Fund. The new initiatives would be adopted at the same time as the revised Social Agenda or and announced for later adoption as part of it. There would be a change in policy.

### 5.3. Option 3: 'change in approach - change in policy'

As in options 1 and 2, the Commission would keep implementing the existing Community *acquis*. However, option 3 would differ fundamentally from options 1 and 2 as it would mean:

- By contrast to option 1 and as in option 2, considering that the existing Community *acquis* does not adequately respond to the emerging social realities.
- By contrast to option 2, considering that the cross-cutting nature of the problems emerging from the new social realities requires the mobilisation of all relevant EU policies in a holistic way going beyond employment, social affairs and equal opportunities and extending to health, education, information society, single market, macroeconomic policies, environment and external policies. There would be a change in approach.
- Presenting a renewed Social Agenda bringing together all relevant policies and capitalising on the so untapped potential between them based on three pillars: Opportunities, Access and Solidarity.
- By contrast to option 1, which would not entail any new actions, and over and above option 2, which would entail new actions only in fields of employment, social affairs and equal opportunities, presenting a series of new actions (both legislative and non legislative) in *all* the policy fields covered by the renewed Social Agenda. As in option 2, there would be a review of the existing instruments at EU level but going beyond the sole employment, social affairs and equal opportunities fields. The new initiatives would be adopted at the same time as the renewed Social Agenda or announced for later adoption as part of it. There would be a change of policy.

## 6. ANALYSIS OF IMPACTS

As explained above, the purpose of the initiative is to set out a general policy response to the new social realities ('broad policy-defining document'). As this impact assessment does not cover a specific initiative, the economic, social and environmental impacts cannot be assessed in detail. It is necessarily a preliminary step and does not imply detailed quantitative data. It also does not cover migration aspects as the latter are dealt with in a separate package of proposals adopted on 17 June 2008<sup>50</sup>.

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<sup>50</sup> See footnote24.

## 6.1. Economic impacts

	Option 1: status quo	Option 2: revised Social Agenda	Option 3: renewed Social Agenda for opportunities, access and solidarity
<b>Economic impacts</b>			
Competitiveness and macro-economic environment	<ul style="list-style-type: none"> <li>- Overall impact on competitiveness is likely to remain positive for the time being, however, failure to adapt Community policies to the changing social and economic realities may result in policies being less effective and efficient, thereby impacting negatively on competitiveness.</li> <li>- In the medium and long term, the overall effectiveness of national policies is likely to decrease even further as a result of reduced role of EU as a catalyst for change.</li> </ul>	<ul style="list-style-type: none"> <li>- EU action (e.g. modernisation of Member States' social protection systems and labour markets, measures to anticipate and manage economic change, efforts to match skills with labour market needs, up-dating instruments in the social and employment fields) is likely to have a positive impact on competitiveness.</li> <li>- However, the EU and its Member States would forego possible gains in policy effectiveness and efficiency by not fully exploiting synergies between employment, social and equal opportunities policies with other policies.</li> </ul>	<ul style="list-style-type: none"> <li>- A holistic approach is likely to maximise complementarity and synergies between EU policies and increase overall effectiveness and efficiency of EU action. Review of EU instruments beyond employment, social affairs and equal opportunities would enhance effectiveness and maximise the positive impact of EU action.</li> <li>- Coordinated EU action in the fields of education, enterprise policy, and employment will improve the quality and relevance of national education and training systems to labour market needs and contribute to increasing the competitiveness of the enterprises and the overall EU economy.</li> <li>- Promoting national strategies for enhancing efficiency and effectiveness of social spending in the Member States is likely to improve the overall macro-economic environment.</li> </ul>
Completion of the Single Market	<ul style="list-style-type: none"> <li>- Risk of negative impacts in the medium and long-term. Even if present initiatives continued (operation of EURES, coordination of social security schemes, etc.), obstacles to the free movement of workers and people would not be <i>further</i> reduced, thus hindering the completion of</li> </ul>	<ul style="list-style-type: none"> <li>- Further EU action in the fields of employment, social affairs and equal opportunities would contribute to further removing obstacles to the mobility of workers and create a more effective and efficient level playing field between</li> </ul>	<ul style="list-style-type: none"> <li>- A 'holistic approach' would contribute to removing obstacles to mobility not just of workers, but also larger sections of the population, i.e. young people, volunteers, researchers and patients.</li> <li>- A holistic approach would contribute to</li> </ul>

	<p>the Single Market.</p> <ul style="list-style-type: none"> <li>- Mobility would be hamstrung and would fail to contribute sufficiently to the good functioning of the European labour market.</li> <li>- Risks related to the lack of further harmonisation of the protection of citizens and workers (e.g. in field of health and labour law), including social dumping..</li> </ul>	<p>companies operating in EU.</p>	<p>the harmonious development of the internal market ensuring respect for fundamental rights and common values.</p>
<p>Operating costs and conduct of business</p>	<ul style="list-style-type: none"> <li>- Impact on operation of businesses is likely to be neutral in the short run. However, in the medium and long-term, a moratorium on new legislation or on a review of existing legislation could be negative in terms of the lack of adaptation of the legal framework to the new realities or new risks (for example in the field of health and safety at work) and in terms of increasing differences in legislation between Member States (likely to make the conduct of business at EU level more complicated, in particular for SMEs).</li> <li>- "Freezing" of the Community acquis is not in line with the EU Better Regulation agenda and the reduction of administrative burden.</li> <li>- Failure to further promote equal access for all consumers / citizens (including disadvantaged groups) to goods and services would make businesses forego gains from a level playing field for all consumers / citizens.</li> <li>- Companies would fail to benefit from a wider pool of human resources through the removal of remaining obstacles to mobility</li> </ul>	<ul style="list-style-type: none"> <li>- EU action would i) create a level playing field between companies operating in the EU; ii) open up new business opportunities for certain companies by facilitating the access of all consumers; iii) offer companies a wider pool of human resources; iv) improve capacity to anticipate and manage change through better information and consultation of workers and enhanced social dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>- EU action in the field of education will improve quality and relevance of national education and training systems to labour market needs and contribute to facilitating the conduct of business.</li> <li>- Targeted use of legislative instruments and better enforcement of existing EU legislation across various policy fields will improve the regulatory environment for companies.</li> </ul>

	across the EU.		
Third countries and international relations	National approaches in relation to the decent work agenda would prevail. Difficulty of ensuring coherent approach at EU level. International leadership of the EU in the development of the decent work agenda may be jeopardised. As a consequence, overall impact on the situation in third countries and on the promotion of the social dimension of globalisation likely to be negative.	Overall impact would be positive (for example through implementation of the EU Decent Work Agenda and invitation to Member States to ratify ILO conventions) but limited involvement of trade-related policies.	Overall impact would be positive. EU would be in a better position to promote inclusion of social and environmental concerns in agreements between EU and third countries and reinforce social / environmental dimension of trade-related policies.

## 6.2. Social impacts

	Option 1: status quo	Option 2: reviewed Social Agenda	Option 3: renewed Social Agenda for opportunities, access and solidarity
<b>Social impacts</b>			
Employment and labour markets	<ul style="list-style-type: none"> <li>- Proper functioning of national markets will be hampered in the medium run if existing or new obstacles to mobility of workers are not tackled; skills bottlenecks and shortages are likely to worsen.</li> <li>- Success of the overall Lisbon Strategy would be put at risk if Employment Strategy were not further developed together with macroeconomic and microeconomic pillars.</li> <li>- Pace of reform of national labour markets would slow down in the long as a result of decreasing 'peer pressure' between Member States and diminishing role of EU as catalyst for change.</li> </ul>	<ul style="list-style-type: none"> <li>- Action at EU level is likely to: i) push reform agenda at national level; ii) promote peer pressure and mutual learning between Member States; iii) contribute to the overall growth and jobs agenda at EU level; iv) improve functioning of national labour markets.</li> </ul>	<ul style="list-style-type: none"> <li>- In addition to option 2, the mobilisation of all relevant policies (including education, training, enterprise, single market, and information society policies) would further contribute to improving the employment situation and the the functioning of the labour markets..</li> <li>- Impact of climate change on employment structure and new skills would also be looked at in more detail.</li> <li>- Review of existing tools beyond employment, social affairs and equal opportunities at EU level would increase effectiveness and efficiency of EU action in support of Member States.</li> </ul>
Standards and rights relating to job quality	<ul style="list-style-type: none"> <li>- Failure to review policies and instruments would in the medium to long term lead to differences in the level of protection between Member States. As a result, the overall level of protection of workers at EU level is likely to decrease in the face of future challenges.</li> </ul>	<ul style="list-style-type: none"> <li>Where appropriate, Commission would propose legislation to update Community law to take account of case law of European Court of Justice and emerging issues. As a result, the EU would contribute to increasing the level of protection of workers and maintain or improve minimum standards applicable across the EU. EU action would also contribute to anticipating and managing change better (eg. restructuring) through enhanced information and consultation of workers, social dialogue and partnerships between relevant</li> </ul>	<ul style="list-style-type: none"> <li>- In addition to option 2, closer coordination of EU action, for instance of employment and social policies with the field of education will improve more effectively the quality of national education and training systems and their relevance to labour market needs and contribute to improving job quality.</li> </ul>

		stakeholders.	
Gender equality and non-discrimination	<ul style="list-style-type: none"> <li>- Differences in the level of protection in the medium and long term as a result of failure to review existing policies and legislation.</li> <li>- Commitment of the EU to fundamental rights and equal opportunities put at risk.</li> </ul>	<ul style="list-style-type: none"> <li>- EU-level action is likely to improve the level of protection of workers/citizens through a combination of non-legislative and legislative initiatives, including in the areas of reconciling work, family and private life, gender pay gap and non-discrimination outside the employment sphere.</li> </ul>	<ul style="list-style-type: none"> <li>- Mobilisation of all relevant policies will facilitate gender mainstreaming in accordance with Article 2 of EC Treaty and the Lisbon Treaty whereby equality between men and women and non-discrimination should be promoted in all EU policies.</li> </ul>
Social inclusion and protection of specific groups	<ul style="list-style-type: none"> <li>- Overall effectiveness of national activities is likely to decrease over time, if no adaptation of policies.</li> <li>- Reduced role of EU as a catalyst for change in Member States.</li> <li>- Decreasing social cohesion and public support for EU as possible long-term results</li> </ul>	<ul style="list-style-type: none"> <li>- EU-level action level would encourage Member States to promote active inclusion (through provision of adequate income, active labour market policies and access to quality services) and eradicate poverty, in particular of children.</li> <li>- Member States' actions are likely to be more effective through clearer focus on priorities, stronger links to Lisbon Strategy and new quantified EU targets.</li> <li>- However, action in employment and social fields alone is likely to have a limited impact as the issues at stake are multi-dimensional and require the mobilisation of all relevant policies.</li> </ul>	<ul style="list-style-type: none"> <li>- EU-level action is likely to be most effective if all relevant EU policies are mobilised, including education (to ensure that young people acquire necessary key competencies), health (to tackle health inequalities), information society (to ensure that all people have access to ICT – e.inclusion), energy (access of energy for disadvantaged groups) and single market (financial inclusion).</li> <li>- Review of existing EU-level tools would increase effectiveness and efficiency of EU action in support of Member States.</li> </ul>
Public health and safety	<ul style="list-style-type: none"> <li>- Overall effectiveness of national activities is likely to decrease over time, if no adaptation of policies.</li> <li>- Reduced role of EU as a catalyst for change in Member States.</li> <li>- failure to tackle health inequalities across the EU; risks in terms social cohesion and</li> </ul>	<ul style="list-style-type: none"> <li>- Action in the framework of the three existing strands of the OMC for social inclusion and social protection (inclusion, pensions, health and long-term care) is likely to have a positive impact on overall public health and safety.</li> <li>- However, impact is likely to be limited if other relevant policies are not mobilised.</li> </ul>	<p>In addition to option 2, EU-level action would complement and support Member States' activities. Impact is likely to be positive in terms of:</p> <ul style="list-style-type: none"> <li>i) increased opportunities for patients to receive the necessary health services;</li> <li>ii) increased quality of national health-care services;</li> <li>iii) reducing health inequalities;</li> <li>iv) longer and healthier lives (including through</li> </ul>

	public support for EU		use of modern ICT).  - Under the holistic approach, other EU policies would contribute to increasing public health and safety, for example education, demography policy and fight against social exclusion.
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### 6.3. Environmental impacts

	<b>Option 1: status quo</b>	<b>Option 2: reviewed Social Agenda</b>	<b>Option 3: renewed Social Agenda for opportunities, access and solidarity</b>
<b>Environmental impacts</b>			
	Difficult to assess impacts, but failure to update social and employment policies to new environmental concerns may have a negative impact on the social impact of environmental policies.	Definition and implementation of employment and social policies would have to integrate environmental protection requirements (cf. Article 6 of EC Treaty).	In addition to option 2: Better integration of sustainable development considerations, in particular through development of EU-level indicators that go beyond GDP, and the promotion of green jobs.

### 6.4. Political impacts

	<b>Option 1: status quo</b>	<b>Option 2: reviewed Social Agenda</b>	<b>Option 3: renewed Social Agenda for opportunities, access and solidarity</b>
<b>Political impacts</b>			
Responsiveness and comprehensiveness	Low: failure to respond to calls for further action at EU level and to respond to new social realities through a holistic approach.	Average: visible response to calls for action at EU level and new social realities; however failure to respond the call for more cross-cutting work at EU level.	High: visible response to calls for further action and EU level and to respond to the call for more cross-cutting work at EU level.
Consistency	Low to average: Risk of decreasing consistency between policies (over time).	Average: Consistency within the social, employment and equal opportunities areas is likely to be high, but consistency with other policies is likely to be sub-optimal.	High: holistic approach is likely to guarantee high degree of consistency and positive interplay between social, economic and environmental dimensions.
Effectiveness	Low to average: Effectiveness may decrease over time because of lack of modernisation of policies.	Average: effectiveness of EU action would depend in part on quality and intensity of interaction / synergies with other policies.	High: holistic approach is likely to guarantee high level of effectiveness of EU responses through better complementarity and synergies between the relevant EU policy fields and a review of EU instruments.

<p>Visibility</p>	<p>Low: failure of the EU to provide visible responses to citizens expectations and to calls for further action at EU level could undermine confidence of EU citizens in the European project.</p>	<p>Average to high: visible response of the EU to citizens' expectations and to calls for further action at EU level; visibility high for stakeholders in the employment, social affairs and equal opportunities fields but limited in others.</p>	<p>High: visible response of the EU to citizens' expectations and to calls for further action at EU level, reaching out beyond the "traditional" employment, social affairs and equal opportunities stakeholders.</p>
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## 7. COMPARISON OF OPTIONS

Under Option 1, the current Community *acquis* and policies would be maintained in their present form, while taking account of the *new* social realities would be left mainly to the Member States. Failure to adapt EU policies to new social realities is likely to have a negative impact across the four dimensions (economic, social, environmental, and political) in the medium and long term. The EU would no longer play its role as a catalyst for change and would fail to take account of evolving issues. The degree of involvement would vary between the Member States. As a result, the degree of protection of European workers/citizens would be uneven and there would be no level playing field between companies across the EU. The functioning of the Single Market would be jeopardised in the medium to long term. Furthermore, there would be no guarantee that national responses to the new social realities would have the degree of comprehensiveness and consistency required to provide holistic policy responses to the challenges facing the EU. From an EU-governance point of view, the Commission would fail to demonstrate its commitment to improving the well-being of European citizens, in spite of their expectations as illustrated by the social reality consultation and in various recent Eurobarometer polls. This could seriously undermine the legitimacy of the EU.

Under Option 2, the Commission would present a revised Social Agenda limited to the employment, social and equal opportunities fields. The analysis of the economic, social and environmental dimensions has shown that the overall impact would be positive. The EU would review the instruments at its disposal in the fields of employment, social affairs and equal opportunities. The EU would push forward reforms of national employment and social systems, increase the level of protection of workers and ensure a level playing field for companies operating in the Single Market. Although the EU would be seen to address the concerns of EU citizens, the overall impact of EU action is likely to be limited, because of its lack of comprehensiveness (failure to mobilise other policies in response to the new social realities) and responsiveness (failure to take account of all citizens' expectations). Lastly, the consistency of EU action is likely to be sub-optimal.

Under Option 3, the EU would mobilise *all* its relevant policies to respond to the new social realities. As a result, EU responses to the challenges emerging from the consultation on Europe's social reality are likely to be more effective. This will enable synergies between EU policies. For example, the development of school education will have an impact not only on the acquisition of key competencies but also on the future career prospects of young people, the availability of highly skilled workers for companies, the reconciliation of work and family life (as more parents will be able to take up employment), and the social inclusion of disadvantaged groups. Equally, action to improve the health of the EU population will have a positive impact not only on public health but also on the social inclusion of disadvantaged groups and on employment and productivity. This option would also be in line with the Lisbon Treaty, which calls for the mainstreaming of employment and social objectives in all EU policies<sup>51</sup>.

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<sup>51</sup> See new Article 5a of the Treaty on the Functioning of the European Union: 'In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.'

Furthermore, EU action would be highly comprehensive (it would go beyond the employment, social affairs and equal opportunities fields), responsive and consistent. It would not create a new process at EU level. Rather, it would support the existing processes, including the renewed Lisbon Strategy for "Growth and Jobs". It would support Member States' activities and respect the principle of subsidiarity and proportionality. Lastly, the analysis of impacts clearly shows that a review of existing tools would maximise the effectiveness and efficiency of EU action.

In conclusion, Option 3 ('A renewed Social Agenda for opportunities, access and solidarity') is the preferred option.

## **8. VALUE ADDED AND SUBSIDIARITY**

Member States have the main responsibility for the policy changes needed to respond to the new social realities. However, the consultation on Europe's social reality has confirmed that the confidence of citizens in the European project depends on credible social policies at European level. As explained in section 2.1, the role of the EU is anchored upon a solid foundation.

EU action should remain conditional upon proven added value, in line with the subsidiarity and proportionality requirements. But this does not preclude a more pro-active role at EU level to catalyse change and to steer, support and accompany necessary reforms. As part of the renewed Social Agenda, the Commission intends to present concrete new initiatives either at the same time as the Communication or to be adopted at a later date. Where appropriate, the Commission will carry out impact assessments of the specific initiatives in accordance with the Commission's impact assessment guidelines<sup>52</sup>. The individual impact assessments will deal with the aspects related to subsidiarity and value added in more detail.

Some of the planned initiatives are listed below to illustrate the contribution and value added of the EU in five main areas.

- Setting policy frameworks for action: there is a shared willingness to work towards common goals at EU level. This is why in a number of policy domains such as employment, social inclusion, social protection, education, youth, culture and health (and more recently in the field of immigration and integration), the EU has established or is about to establish common objectives, reporting mechanisms and indicators as a means of monitoring progress and comparing best practice. The experience of the European Employment Strategy launched ten years ago - and now an essential pillar of the Lisbon Strategy - shows that such mechanisms can make a difference, by shedding new light on priorities that were not prominent at EU level earlier on - such as "flexicurity", quality and productivity of work, childcare, immigration, undeclared work and minority issues - as well as on innovative ways to address them.

These processes have now been operating for several years. They have been successful in allowing the Member States and the Commission to define common goals; but less so in stimulating the necessary degree of ambition and policy efforts to reach these common goals.

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<sup>52</sup> SEC (2005) 791.

As is being done for the review of the Lisbon Strategy, the EU should consider how to make these voluntary processes more dynamic and more focused on implementation while at the same time taking into account the diversity of institutions and traditions.

**Examples of initiatives:**

- *Communication from the Commission "A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion" (July 2008).*
- *Commission Recommendation on active inclusion (October 2008).*
- *Communication from the Commission on "Developing the Open Method of Coordination on Youth (2008).*
- *Communication from the Commission on "Updating the strategic framework for European co-operation in education and training (December 2008).*

- Upholding Europe's values and ensuring a level-playing field: There is a solid EU legal framework in areas such as gender equality, anti-discrimination, free movement of workers and working and employment conditions. European social partners have been active in negotiating agreements or defining joint strategies in a number of key areas. In the light of changing social realities, the increased diversity of the EU and the new Treaty of Lisbon, the legal framework should to be reviewed and adapted, where appropriate, to ensure that it reaches agreed goals effectively. EU legislation will remain essential to uphold the rights of citizens as set out in the Treaties, including by ensuring compatibility between national rules. Lastly, the EU has set out its views on how Europe can succeed in an era of globalisation by shaping global regulation and examining best ways to promote a convergence of standards globally.

**Examples of initiatives:**

- *Proposal for a Directive on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (recast) (July 2008).*
- *Proposal for a Council Directive implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation (July 2008).*
- *Proposal for a Directive on the application of patients' rights in cross-border healthcare (July 2008).*
- *Legislative proposals with a view to improving the reconciliation of private and professional life by improving parental leave arrangements, introducing new forms of leave (paternity, adoption and filial leave), and strengthening protection for pregnant women (September 2008).*
- *Commission Staff Working Document "Report on the EU contribution to promoting decent work for all in the world" (July 2008).*

- Sharing experience and good practice: For all the EU's diversity, Member States are often faced with common societal trends and practical difficulties, offering scope for mutual learning. Progress towards common EU goals should be monitored, evaluated and compared. Best practice needs to be rolled out: EU mechanisms for the exchange of experiences, joint evaluations and peer reviews should be reinvigorated, making sure that they are part of the mainstream national and European policy debate. Ensuring the greater involvement of national and regional parliaments, local and regional authorities, social partners and NGOs is essential in this respect.

**Examples of initiatives:**

- *Commission Communication "Improving competences for the 21<sup>st</sup> Century: An Agenda for European Cooperation on Schools" (July 2008).*
- *Commission Staff working paper "Efficiency and effectiveness of social spending" (July 2008).*
- *Commission Report on the Barcelona targets concerning the availability of child-care facilities in the Member States (September 2008).*

- Supporting action at local, regional and national level: Through its cohesion policy, the EU has played a major role in reducing differences in prosperity and living standards across the EU. The funds have provided and continue to provide a financial lever for less advanced regions and Member States to catch up. In recent years, these instruments have become more closely associated with the 'growth and jobs' policy priorities of the EU. For instance, over the period 2007-2013, €75 billion are being invested by the European Social Fund (ESF) to equip the workforce with new skills and companies with innovative work organisations. Moreover, the European Globalisation Fund has helped reintegrate into the labour market workers made redundant due to changing global trade patterns. This Fund is an important symbol of solidarity for those affected by the consequences of globalisation. Lastly, the Commission has launched a debate on the future of the European budget after 2013. It will be important to feed the findings of the social reality consultation into that debate.

**Example of initiatives:**

- *Commission Communication "Solidarity in the face of change: The European Globalisation Adjustment Fund (EGF) in 2007 - Review and Prospects" (July 2008).*

- Raising awareness and building a strong knowledge base: the EU has an important role to play in flagging key issues, stimulating discussion and creating political momentum for tackling common challenges in Europe. Initiatives such as the European Years for Equal Opportunities for All (2007), for Intercultural Dialogue (2008) and for Combating Poverty and Social Exclusion (2010) facilitate this type of discussion. Awareness and analysis of social issues has often been hampered by the lack of complete and up-to-date EU-wide statistics and indicators. Yet, decision makers need these facts in order to better inform public debate and assess the social impact of initiatives.

**Examples of initiatives:**

- *Commission Staff Working Document "First biennial report on the situation of social services of general interest in the EU" (July 2008).*
- *Commission Communication "Non-discrimination and equal opportunities: A renewed commitment" (July 2008).*
- *Commission Staff Working Document "Restructuring and Employment: the contribution of the European Union" (July 2008).*
- *Green Paper on "Migration and Mobility: challenges for EU education systems (July 2008).*
- *Commission Communication on "Meeting the needs of an ageing population (October 2008).*
- *Commission Communication on health inequalities (2009).*

## **9. MONITORING AND EVALUATION**

First, as explained above, the renewed Social Agenda for opportunities, access and solidarity does not create a separate process. It supports and is closely linked with on-going processes such as the Lisbon Strategy for Growth and Jobs, the renewed Sustainable Development Strategy, the Single Market, and the processes of open method of coordination in the fields of social protection and social inclusion, of education and of youth. Separate monitoring, reporting and evaluation mechanisms exist for all these processes. This will continue to be the case without adding an extra reporting mechanism for the implementation of the renewed Social Agenda.

Second, the renewed Social Agenda is backed up by a number of legislative and non-legislative initiatives, often with their own impact assessments and monitoring and evaluation mechanisms. As a result, there will be no additional process to monitor and evaluate the individual initiatives, although coherence between them will be ensured.

Third, the Commission will present a report on the implementation of the renewed Social Agenda in 2010. This report should include an evaluation of the implementation of the new horizontal social clause in the Lisbon Treaty (if ratified). On that basis, the Commission will present a Communication on the review of the renewed Social Agenda for opportunities, access and solidarity in 2010.

## 10. ANNEX 1: SCOREBOARD ON THE IMPLEMENTATION OF THE SOCIAL AGENDA (2005-10)

### INITIATIVES TRANSVERSALES

	INITIATIVE	OBJET	ETAT (achevé, reporté, en cours)	INTITULE	REFERENCE
1	Un livre vert sur les relations intergénérationnelles	Analyse des mutations démographiques des populations européennes et des relations entre les générations	Achevé	Livre vert "Face aux changements démographiques: une nouvelle solidarité entre générations"	COM (2005) 94 final
2	Forum sur l'Agenda social	Evaluation de la mise en œuvre de l'Agenda social	Achevé		Forum a eu lieu les 5 et 6 mai 2008.
3	Promotion du travail décent	1. Promotion du travail décent comme objectif mondial à tous les niveaux	1. Achevé	Communication de la Commission "Promouvoir un travail décent pour tous. La contribution de la Commission à la mise en œuvre de la l'agenda du travail décent dans le monde"	COM (2006) 249 final
		2. Création d'un groupe interservices pour la promotion de la dimension externe de l'emploi, de la politique sociale et du travail décent	2. Achevé	Groupe interservices (DGs: SG, RELEX, AIDCO, DEV, ELARG, TRADE, ECFIN, EAC, JLC, ENU, SANCO, RTD, ESTAT, BEPA) « Dimension externe de l'emploi, de la politique sociale et du travail décent».	
4	Un partenariat intergénérationnel: une contribution à l'initiative européenne en faveur de la jeunesse.	S'inscrit dans le cadre du partenariat intergénérationnel. Intégrer la dimension "jeunesse" dans les stratégies de l'emploi et de l'inclusion sociale	Achevé	Communication de la Commission sur les politiques européenne de la jeunesse "Répondre aux préoccupations des jeunes Européens – mise en œuvre du Pacte européen pour la jeunesse et promotion de la citoyenneté active"	COM (2005) 206 final



## INITIATIVES RELATIVES A L'AXE EMPLOI

	INITIATIVE	OBJET	ETAT (achevé, annulé, en cours)	INTITULE	REFERENCE
1	Un cycle rénové de la Stratégie Européenne pour l'Emploi	Réexamen à mi-parcours de la stratégie de Lisbonne	Achevé	Communication de la Commission au Conseil européen de printemps " Travaillons ensemble pour la croissance et emploi. Un nouvel élan pour la Stratégie de Lisbonne"	COM(2005) 24
2	Une action de sensibilisation des acteurs du Fond Social Européen en 2006 et une campagne de communication auprès des parlements et d'autres acteurs concernés en 2006/2007	Améliorer la gouvernance de la SEE	Achevé		
3	Nouvelle stratégie dans le domaine de la gestion des restructurations	1. Proposer une approche active face aux restructurations afin de mieux anticiper, susciter et gérer les mutations économiques.	1. Achevé	Communication de la Commission "Restructuration et emploi. Anticiper et accompagner les restructurations pour développer l'emploi: le rôle de l'Union européenne"	COM (2005) 120 final
		2. Forum européen sur les restructurations	Achevé	Mise en place du Forum sur les "Restructurations" et organisation régulière de réunions rassemblant l'ensemble des parties prenantes.	Annoncé dans: COM (2005) 120 final
		3. 2 <sup>ème</sup> phase de consultation des partenaires sociaux : questions des restructurations et de la révision de la directive relative aux comités d'entreprise européens (94/45/CE)	Achevé	Communication de la Commission "Restructuration et emploi. Anticiper et accompagner les restructurations pour développer l'emploi: le rôle de l'Union européenne"	COM (2005) 120 final
4	Livre vert sur l'évolution du droit de travail	Rôle du droit du travail face à l'évolution de nouveaux modèles d'organisation du travail	Achevé	Livre Vert: Moderniser le droit du travail pour relever les défis du XXI <sup>e</sup> siècle	COM (2006) 708 final du 22.11.2006
				Communication de la Commission : Issue de la	COM (2007) 627

				consultation publique sur le Livre vert de la Commission "Moderniser le droit du travail pour relever les défis du XXIe siècle"	final du 24.10.2007
5	Une initiative communautaire en matière de protection des données à caractère personnel	Protection des données à caractère personnel des travailleurs	Annulé		
6	Mise à jour de la directive 2001/23/CE sur les transferts d'entreprises		Annulé		
7	Codification des diverses dispositions relatifs à l'information et consultation des travailleurs	Mise à jour de la directive 98/59/CE (licenciements collectifs) en matière d'information et consultation des travailleurs	Annulé		
8	Nouvelle stratégie dans le domaine de la santé et sécurité au travail pour la période 2007-2012	Prévention face aux nouveaux risques et sauvegarde de niveaux minimum de protection sur le lieu de travail	Achévé	Communication de la Commission « Améliorer la qualité et la productivité au travail: stratégie communautaire 2007-2012 pour la santé et la sécurité au travail »	COM (2007) 062 final du 21.02.2007
9	Initiative visant le développement et la transparence de la responsabilité sociale des entreprises	Concourir à l'efficacité et à la crédibilité des pratiques relevant de la responsabilité sociale des entreprises	Achévé	Communication "Mise en œuvre du partenariat pour la croissance et l'emploi: faire de l'Europe un pôle d'excellence en matière de responsabilité sociale des entreprises"	COM (2006) 136 final
10	Propositions visant à lever les obstacles à la mobilité de la main-d'œuvre et relatives aux régimes de retraite professionnelle	Réalisation d'un véritable marché européen du travail	Achévé	Proposition de directive relative à l'amélioration de la portabilité des droits à pension complémentaire	COM(2005) 507 final
11	Une nouvelle proposition relative à la négociation collective transnationale	Mettre en place un outil permettant de formaliser la conduite et les résultats de la négociation collective transnationale		Commission Staff Working Document "The role of transnational company agreements in the context of increasing international integration"	SEC (2008) 2155 du 02.07.2008

12	Organisation de l'Année européenne (2006) de la mobilité des travailleurs	Vers un marché européen de l'emploi	Achevé		
13	Constitution d'un groupe de haut niveau (représentants des États Membres)	Évaluation de l'impact de l'élargissement sur la mobilité et du fonctionnement des périodes transitoires	Achevé	Communication de la Commission "Rapport sur le fonctionnement des dispositions transitoires visées au traité d'adhésion de 2003 (période du 1 <sup>er</sup> mai 2004 au 30 avril 2006)"	COM (2006) 48 final
14	Modernisation et simplification de la coordination des régimes de sécurité sociale	Modifications des règlements: 1. CEE n°1408/71, 2. CE n° 883/2004, 3. CEE n°574/72	En cours	Proposition de règlement d'application du <u>règlement 883/2004</u> . D'autres initiatives prévues dans le Programme législatif et de travail de la Commission pour 2007 concernant l'extension du Règlement 883/04 aux ressortissants des pays tiers et les annexes manquantes.	COM(2006)16

## INITIATIVES RELATIVES A L'AXE SOLIDARITE

	INITIATIVE	OBJET	ETAT (achevé, reporté, en cours)	INTITULE	REFERENCE
1	<p>Appliquer le processus de la MOC aux domaines de la santé et des soins de longue durée à partir de 2006.</p> <p>Rationaliser et simplifier la mise en œuvre de la MOC</p>	<p>Ouverture de la MOC à de nouveaux domaines. Rationalisation et simplification consistera en l'établissement d'une liste unique d'objectifs communs aux 3 volets - inclusion, retraites, santé - incluant</p> <p>2 objectifs horizontaux: l'égalité des chances et l'accès au marché du travail</p>	Achevé	<p>Communication de la Commission "Travailler ensemble, travailler mieux : Un nouveau cadre pour la coordination ouverte des politiques de protection sociale et d'inclusion sociale dans l'Union européenne"</p>	COM (2005) 706 final
2	<p>Une initiative communautaire sur les dispositifs des ressources minimales et l'intégration des exclus du marché du travail</p>	<p>Continuation du débat sur les dispositifs nationaux de revenu minimum. Consultation sur les raisons d'une efficacité insuffisante des dispositifs existants</p>	Achevé	<p>Communication de la Commission "Consultation sur une action à mener au niveau communautaire pour promouvoir l'inclusion active des personnes les plus éloignées du marché du travail".</p> <p>Communication de la Commission « Moderniser la protection sociale pour renforcer la justice sociale et la cohésion économique: promouvoir l'inclusion active des personnes les plus éloignées du marché du travail »</p>	<p>COM (2006) 44 final</p> <p>COM (2007) 620 final du 17.10. 2007</p>
3	<p>Organiser l'Année européenne (2010) de la lutte contre la pauvreté et l'exclusion sociale</p>	<p>Mesurer le progrès obtenu au cours de la décennie pour souligner la vulnérabilité particulière des populations les plus sensibles</p>	Achevé	<p>Proposition de DÉCISION DU PARLEMENT EUROPÉEN ET DU CONSEIL relative à l'Année européenne de lutte contre la pauvreté et l'exclusion sociale (2010)</p>	COM (2007) 797 final du 12.12.2007

4	Une communication suite au Livre Vert "Egalité et non-discrimination dans l'UE élargie de 2004"	Cadre politique pour les nouvelles mesures en matière d'égalité et non discrimination. Question des minorités (notamment les Roms)	Achevé	Communication de la Commission européenne sur une stratégie-cadre visant à promouvoir la non-discrimination et l'égalité des chances pour tous, en réponse aux commentaires et aux réactions au Livre vert de mai 2004	COM (2005) 224 final
5	Organiser l'Année européenne (2007) de l'égalité des chances	Souligner l'importance de la question de l'égalité des chances. Rendre plus visibles les résultats déjà atteint et illustrer les avantages de la diversité pour l'économie et la société européenne	Achevé	Décision relative à l'Année européenne de l'égalité des chances pour tous (2007) - Vers une société juste	JO n° L 146 du 31/05/2006
6	Une communication sur la question de l'égalité entre les femmes et les hommes	L'expiration de la stratégie-cadre 2001-2005. Propositions de nouvelles actions	Achevé	Communication de la Commission "Croissance, prospérité et solidarité dans une société égalitaire et démocratique: une feuille de route pour l'égalité entre les femmes et les hommes 2006-2010	COM (2006) 92 final
7	Création d'un Institut européen pour l'égalité entre hommes et femmes	Collecte d'informations et échange des bonnes pratiques. Rôle d'assistantat auprès de la Commission et des Etats Membres dans la mise en œuvre des objectifs communautaires pour la promotion de l'égalité hommes femmes	Achevé	Règlement (CE) N° 1922/2006 du Parlement européen et du Conseil du 20 décembre 2006 portant création d'un Institut européen pour l'égalité entre les hommes et les femmes	JO L 403 du 30.12.2006
8	Nouvelles éditions du plan d'action en faveur de l'égalité des chances pour les personnes handicapées	1. L'action en matière de l'égalité des chances pour les personnes handicapées	Achevé	Communication de la Commission "La situation des personnes handicapées dans l'Union européenne élargie : plan d'action européen 2006-2007"	COM (2005) 604 final
	Rapport sur la situation des personnes handicapées	2. A présenter tous les deux ans, lors la Journée européenne des personnes handicapées	Achevé	Communication de la Commission : La situation des personnes handicapées dans l'Union européenne: plan d'action européen 2008-2009	COM (2007) 738 final du 26.11.2007

9	Une communication sur les services sociaux d'intérêt général (SSIG) en 2005	Clarifier le cadre du fonctionnement et de la modernisation des SSIG	Achevé	<p>Communication de la Commission "Mettre en œuvre le programme communautaire de Lisbonne: Les services sociaux d'intérêt général dans l'Union européenne"</p> <p>Communication de la Commission "Les services d'intérêt général, y compris les services sociaux d'intérêt général: un nouvel engagement européen"</p>	<p>COM (2006) 177 final</p> <p>COM (2007) 725 final du 20.11.2007</p>
10	Décision (fondé sur art. 86, par. 3 TCE) et un cadre communautaire relatifs au financement des services d'intérêt économique général (SIEG)	Clarifier dans quelles conditions les aides d'Etat octroyées au SIEG sont compatibles avec les règles communautaires	Achevé	Décision de la Commission du 28 novembre 2005 concernant l'application des dispositions de l'article 86, paragraphe 2, du traité CE aux aides d'État sous forme de compensations de service public octroyées à certaines entreprises chargées de la gestion de services d'intérêt économique général	C(2005) 2673

## 11. ANNEX 2: SUMMARY OF THE RESULTS OF THE PUBLIC CONSULTATION

### **Social reality stocktaking**

#### *Summary of results of the public consultation*

#### **General Observations**

##### *A satisfactory outcome of the public consultation*

The fairly long consultation period (from February 2007 until February 2008) produced a satisfactory result in terms of volume, scope and depth of contributions. Some 150 mostly comprehensive contributions were received from all across the EU and from a wide range of sources such as public authorities, a national parliament committee, social partners, NGOs, various interest groups, universities and research institutions, religious groups and churches as well as individual citizens. This result is comparable to the outcome of other European-level consultation exercises.

The responses received from public authorities indicate that the consultation received significant political attention. As intended by the European Commission, the consultation was seen as a first step in the process of formulating a new social policy based on a new social vision. Contributions were received from Bulgaria, Czech Republic, Germany, Estonia, Spain, France, Italy, Malta, Austria, Poland, Finland, Sweden and the United Kingdom. A number of contributions were also received from regional and local governments.

Apart from individual responses received from social partner organisations at national level, most of the major social partner groupings at European level, such as ETUC, BUSINESSEUROPE and the Confédération Européenne des Cadres, sent comprehensive contributions reflecting their interest in having a say in defining the new social agenda. Further contributions came from NGOs with a more general scope of activity in the social field such as CARITAS Europe, Care for Europe and the Social Platform, as well as from NGOs with a more specific area of activity dealing with poverty, children, youth, health, disability, family issues, etc. As for religious groups, contributions were received from both the Catholic and the Protestant Church at European level as well as from various other bodies at national level. 26 contributions were received directly from individual citizens in ten different Member States.

##### *Observations concerning approach and coverage of the consultation documents*

###### *Comments regarding the approach*

Most of the contributions endorse the description of the social trends that have shaped European societies in recent times as set out in the consultation documents: globalisation and the shift towards a knowledge society as well as demographic trends are recurring topics that keep reappearing throughout the whole set of responses. Against this background, most of the contributions across all categories of contributors appear to be based on the firm belief that the confidence of citizens in the European project one way or another depends greatly on credible social policies at European level.

In this context, a number of contributors firmly believe that Europe still has the strongest welfare states and public services in the world, with universal democracy and with the social well-being and the fundamental rights of its people at the centre of its political, social and economic life. Nevertheless, there also appears to be widespread concern that globalisation might be used as a pretext to pursue economic growth at all costs, causing large-scale de-localisations as well as a race to the bottom in terms of employment standards.

Against this multifaceted background, most of the contributors directly or indirectly point to the need for a new impulse in terms of social policy at European level. Especially in view of the challenges emanating from globalisation, European ageing populations and changing work patterns, these contributors consider a fundamental re-assessment of social policies indispensable. In this context, most contributions appear to indicate that the key lies in striking the right balance between social policies on the one hand and the drive for economic growth and competitiveness on the other.

Having regard to the wider political process in the field of economic and social policies, some contributors point out that the Lisbon Strategy remains the appropriate platform for the formulation and implementation of social policies. In this context, other contributors argue that the current focus of the Lisbon Strategy on growth and jobs is much too narrow and recommend adding social guidelines to the existing set of integrated guidelines. Other contributors, particularly from Member States as well as from employers' federations, argue instead that the current set of procedures in the field of social policies has generally worked well and that no new processes or procedures are required. In this context, both sides of the social partners on European level underline the importance of the social dialogue which, at times, could even replace legislation by the European Commission.

#### *Some remarks on the coverage*

A large majority of contributors of all categories directly or indirectly express strong appreciation of the coverage of the consultation documents. Quite a lot of contributions, for instance, confirm the strong link between Europe's future social reality and further development of the Union's Single Market. Other contributors underline the importance of a stable macroeconomic framework promoting growth, investment and fiscal sustainability. In this context, some contributions even call for supportive macroeconomic policies as a necessary pre-condition for ensuring the well-being of European citizens. Only a very few contributors specifically refer to areas such as, for instance, pensions as well as disabled, housing and the situation of the homeless which they would have liked to be addressed in more detail in the consultation documents.

In terms of process, one contribution underlines the appropriateness of the open method of coordination (OMC) as a suitable means to advance reform in the area of social policies. A number of other contributions (including from Member States), however, emphasise the need to further improve the OMC. A number of contributions suggest that the forthcoming social agenda should also launch a process of reassessment of the current social policy instruments in the light of globalisation and other major challenges. Finally, a number of contributions, largely from the NGO sector, stress the need for appropriate funding of social policies.

#### **Some specific results on the seven key areas for action proposed**

In an effort to present a pragmatic basis for the further discussion, the positions put forward in the individual contributions have been grouped according to the seven categories sketched out



in the second consultation document (youth, fulfilling careers, longer and healthier lives, gender equality, etc.). Among the particularly noteworthy points were the following:

- Investing in youth: early intervention is seen as key in addressing youth issues of whatever kind so as to avoid the possible emergence of problems of long duration already at an early stage.
- Investing in fulfilling careers: concept of flexicurity is seen by many contributions as central for a new social vision.
- Investing in longer and healthier lives: health is seen as a factor influencing virtually all domains of the social reality of individuals. On the other hand, strong suggestions to take into consideration the role of the elderly as an economic factor recognising more strongly resources and potential of ageing societies.
- Investing in active inclusion and non-discrimination: the role of social services as an instrument of a policy of cohesion and participation is seen as crucial. Such services are seen as possible bridges into society facilitating integration and participation. Further, quite a strong call for a change of perspective in the field of social policies in Europe putting families as the constitutive units of society into the centre of the political discussion (thereby extending the current somewhat narrow focus on childcare).

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