

Procedure file

Basic information			
INI - Own-initiative procedure	2007/2209(INI)	Procedure completed	
Common principles on flexicurity			
Subject			
3.40.14 Industrial competitiveness			
4.10.10 Social protection, social security			
4.15.04 Workforce, occupational mobility, job conversion, working conditions			
4.15.12 Workers protection and rights, labour law			
Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	EMPL Employment and Social Affairs		17/07/2007
		PSE CHRISTENSEN Ole	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs		04/09/2007
		ALDE SCHMIDT Olle	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
CULT Culture and Education		27/08/2007	
	PSE BERLINGUER Giovanni		
JURI Legal Affairs		03/10/2007	
	PPE-DE ZWIEFKA Tadeusz		
FEMM Women's Rights and Gender Equality			
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2822	09/10/2007
European Commission	Commission DG	Commissioner	
	Employment, Social Affairs and Inclusion	ŠPIDLA Vladimír	

Key events			
27/06/2007	Non-legislative basic document published	COM(2007)0359	Summary
27/09/2007	Committee referral announced in Parliament		
09/10/2007	Resolution/conclusions adopted by Council		Summary
12/11/2007	Vote in committee		Summary
	Committee report tabled for plenary		

15/11/2007		A6-0446/2007	
28/11/2007	Debate in Parliament		
29/11/2007	Results of vote in Parliament		
29/11/2007	Decision by Parliament	T6-0574/2007	Summary
29/11/2007	End of procedure in Parliament		

Technical information

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Procedure subtype	Strategic initiative
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Stage reached in procedure	Procedure completed
Committee dossier	EMPL/6/51778

Documentation gateway

Non-legislative basic document		COM(2007)0359	27/06/2007	EC	Summary
Document attached to the procedure		SEC(2007)0861	27/06/2007	EC	
Document attached to the procedure		SEC(2007)0862	27/06/2007	EC	
Committee draft report		PE392.379	29/08/2007	EP	
Amendments tabled in committee		PE394.075	20/09/2007	EP	
Committee opinion	CULT	PE393.909	09/10/2007	EP	
Committee opinion	FEMM	PE394.000	06/11/2007	EP	
Committee opinion	ECON	PE394.111	06/11/2007	EP	
Committee report tabled for plenary, single reading		A6-0446/2007	15/11/2007	EP	
Committee opinion	JURI	PE396.462	19/11/2007	EP	
Text adopted by Parliament, single reading		T6-0574/2007	29/11/2007	EP	Summary
Commission response to text adopted in plenary		SP(2007)6527	18/12/2007	EC	
Commission response to text adopted in plenary		SP(2008)0413	05/02/2008	EC	

Common principles on flexicurity

PURPOSE: Communication from the Commission on common Flexicurity principles.

CONTENT: the Commission has prepared this Communication within the context of the revised Lisbon Agenda and the National Reform Programmes in which the ability of the EU's workforce and enterprises to adapt to change are key objectives. The purpose of the paper is to launch a comprehensive debate between the EU institutions, the Member States, the social partners and other stakeholders on flexicurity, so that the European Council may adopt, by the end of 2007, a set of common principles.

The Commission attempts to define flexicurity as an integrated strategy to reconcile labour flexibility with job security. It seeks to create a situation in which security, on the one hand, and flexibility, on the other, can mutually reinforce each other.

Globalisation has forced the way in which the EU's citizens live and work to change rapidly. This has brought both advantages and disadvantages. Overall, globalisation has benefited both growth and employment but the change it has brought requires rapid responses from both enterprises and workers alike. Adaptation requires a more flexible labour market than is currently the case, combined with high levels of security.

In a 2006 Eurobarometer survey European citizens seemed to accept the need for change. 76% of Europeans agree that lifetime jobs with the same employer are a thing of the past. Similarly, 76% consider that being able to change easily from one job to another is a useful asset to finding work. 72% of people said work contracts should become more flexible to encourage job creation and finally 88% of citizens said that regular training improves job opportunities.

Flexicurity, according to the paper, is about successful transitions during the course of one's education and career: from school to work, from one job to another, between unemployment or work inactivity and from work to retirement. It should not represent companies' freedom to recruit or dismiss and it does not imply that open-ended contracts are obsolete. It is about workers' progress into better jobs and the optimal development of talent. Flexicurity is also about mastering new productive needs and skills, equipping people with the skills they need to progress and to help them find new employment.

In order to realise an equitable system of flexicurity the Commission outlines eight possible common principles, namely:

1. Flexible and reliable contractual arrangements that includes lifelong learning strategies. Its purpose: to create more and better jobs.
2. Finding the correct balance between the rights and responsibility of employers, workers, job seekers and public authorities.
3. The ability to change to specific circumstances ? not a ?one labour model fits all? approach.
4. Reducing the dividing line between ?insiders? and ?outsiders?. Outsiders being typically women, the young and migrants.
5. Securing flexibility in recruiting labour and dismissing labour accompanied by secure transitions from one job to another.
6. Supporting gender equality and promoting equal access to quality employment by reconciling work with family life and by providing equal opportunities to migrants, the young, disabled and older workers.
7. Encouraging a climate of trust and dialogue between public authorities and social partners.
8. Aiming for sound and financially sustainable budgetary policies. Cost should be equitably borne between businesses, individual and public budgets.

In order to implement the common principles in the Member States, a carefully planned and negotiated combination of policies is proposed, referred to as ?flexicurity pathways?. The Commission recognises that each Member State has its own policies and flexicurity is not about one single labour market model or a single policy strategy. Nevertheless, a number of broad ?typical? combinations can be identified. The four pathways set out in the Communication are based on Member States' reports as set out in the ?Flexicurity Expert Group?. The four pathways, in summary, are:

Pathway 1: tackling contractual segmentation: This pathway will be of interest to countries where segmented labour markets (with insiders and outsiders) are common. The purpose of this pathway would be to distribute flexibility and security more evenly amongst the workforce. It would also provide entry ports into employment for newcomers and it would promote their progress into better contractual arrangements.

Pathway 2: developing flexicurity within enterprises and offering transitional security: This pathway would be of interest to countries with relatively low job-flows. For example it could help increase investment by allowing workers within enterprises to continuously update their capabilities and, for example, production methods. It would look beyond the actual job by putting a system in place that provides safe and successful job to job transitions in the case of company restructuring and redundancies.

Pathway 3: tackling skills and opportunity gaps among the workforce: This pathway would be of interest to countries where the key challenges include large skills and opportunity gaps amongst the working population. It would promote opportunities for low-skilled workers allowing them to enter into employment and to develop their skills in order to obtain a sustainable position on the labour market.

Pathway 4: improving opportunities for benefit recipients and informally employed workers: This pathway would be of interest to countries which have experienced substantive economic restructuring in recent years the results of which are a high number of unemployed and on long-term benefits. It would seek to improve opportunities for those on welfare benefits and those who are shifting from informal to formal employment. Lifelong learning systems would be combined with an adequate level of unemployment benefits.

Common principles on flexicurity

The Council adopted the following conclusions on flexicurity. Faced with a rapidly changing global economy, structural change and ageing population, the Council believes that policy makers need to find the right responses to achieve both flexibility and security, which in the right policy environment can be mutually reinforcing and can become a useful tool to increase a country's international competitiveness.

The flexicurity approach provides a good platform to develop comprehensive strategies that enhance overall labour market flexibility and support workers' mobility, while also enhancing workers' security through the promotion of job creation, comprehensive lifelong learning strategies, assistance in transitions, and adequate support by social systems. Moreover, higher employment and better opportunities for all can be delivered together with flexibility and security.

The Council makes the following observations:

- it considers that other factors outside the labour market, notably educational systems, macroeconomic stability and growth, reforms in goods, services and capital markets, and an appropriate business environment are also key for creating appropriate conditions for successful social policy reforms;
- it considers that the implementation of flexicurity strategies must remain fully compatible with sound and financially sustainable budgetary policies and complementary spending priorities. Great attention should be paid to the cost-effectiveness of measures;
- it takes note that integrated reform efforts have better overall effects. When implementing flexicurity strategies policy makers should avoid creating disincentive effects and long-term welfare dependence, by creating appropriate overall work incentives and making

work pay;

- the national evaluation of flexicurity strategies has to be developed, based upon comprehensive and more comparable data on costs and benefits. More systematic and independent evaluation of policies at national level could help to strengthen the cost-effectiveness and efficiency of flexicurity strategies as well as identify which policies should be phased out.

The Council invites the Economic Policy Committee and the Commission to closely follow the implementation of flexicurity strategies within the framework of the Growth and Jobs strategy, in particular by monitoring its budgetary impact and deepening the analysis of the cost-effectiveness and efficiency of measures in the context of the flexicurity strategy of each country as a whole.

Common principles on flexicurity

The Committee on Employment and Social Affairs adopted the initiative report drafted by Ole CHRISTENSEN (PES, DK) which proposes a set of common principles of flexicurity.

The report strongly endorses the conclusion that flexibility can be in the interests of the employee as well as the employer, and that this can be achieved through promoting adaptable and reliable contractual arrangements, including permanent contracts. It also emphasises that flexicurity can be an effective policy strategy for the reform of the labour market and as such must be comprehensive by including all the existing facets of employment and social policy at both national and EU levels.

The committee believes that the biggest problems in the EU concern the supply of a skilled and adaptable workforce in competitive and innovative companies. It stresses that the priority should be given to the creation of a flexible labour market by raising educational levels and expanding apprenticeship opportunities, training and retraining programmes; by implementing effective policies against discrimination and by breaking down barriers to the integration into the labour force of women, migrants, older or younger workers and other discriminated disadvantaged groups; by removing obstacles to occupational and geographic mobility; and by active labour market policies that support the transition from an old job to a new job emphasises the decisive role of skilled and adaptable employees and new technologies in education and training and recalls the new forms of flexibility offered by the social partners' agreement on teleworking, part-time and fixed-term work.

The report notes that flexicurity should support and implement gender equality by promoting equal access to quality employment for women and men and by providing possibilities for reconciling work and family lives, particularly in view of the fact that three-quarters of new jobs created in the EU since 2000 are occupied by women, often already under flexible and less secure employment contracts.

It proposes, therefore, that the European Council in December 2007 adopt a more balanced set of common principles of flexicurity, based on the creation of quality employment and the strengthening of the values of the European Social Model and considers that those principles should include:

- action for adaptable and reliable contractual arrangements and action against abusive labour practices especially in certain non-standard contracts;
- breaking down labour market segmentation by promoting employment security and improving job security; all workers shall have a core of rights regardless of their employment status;
- reconciliation of employment and family or private life, and the promotion of the concept of "decent work";
- partnership between government (at local, regional and national level), social partners and civil society in managing change;
- gender equality and promoting equal opportunities for all;
- design and implementation of national pathways in close consultation with social partners, in accordance with national customs and practices;
- enhancement of companies' and workers' adaptability by strengthening transition security;
- the need for a skilled and adaptable labour force, therefore combining active labour market policies with investment in lifelong learning to enhance employability;
- a macro-economic framework for balanced and sustainable growth and more and better jobs.

After the adoption by the European Council the common principles should become part of the "Integrated Guidelines for Growth and Jobs" and shall thus become part of the Member States' national reform programmes.

The Commission and the Member States should pay particular attention to the legal situation of the self-employed, small businesses and SMEs, which is characterised by a high level of economic dependence on their customers, and to consider together the most appropriate legislative means to raise their level of social protection. The report calls a renewed fight against undeclared work and the black economy.

MEPs regret that the Council has failed to progress key employment dossiers which could help promote flexicurity as a positive concept.

Furthermore, the committee underlines the need to include educational and training measures in a wider flexicurity agenda and stresses that lifelong learning should address opportunity gaps among workers and must start at the initial education system. It stresses the need to introduce policies that prevent worker exploitation through the accumulation of non-standard contracts that do not contain the same rights as full-time employment contracts and calls for every Community employment policy to continue to keep the traditional model of the open-ended employment contract, which forms the basis of the social security systems in Member States.

Member States are called upon to introduce measures, in order to promote equal access to quality employment for women and men that comply with the European Pact for Gender Equality and to close the existing gender pay. They are also asked to reduce their policies of putting workers into early retirement and to introduce arrangements supporting the flexible retirement of older workers through part-time part-time employment, job-sharing and similar schemes that promote active ageing and may increase the integration of older workers into the labour market.

Lastly, the report calls for a revision of the Employment Guidelines to allow aspects of flexicurity to be taken into account and also for the inclusion of a specific chapter regarding the quality and strength of social dialogue in the annual Joint Employment Report. It notes that the measures that fall within the Employment Guidelines, including flexicurity, are eligible for the European Social Fund (ESF) support, in particular training and active labour market measures, and calls on Member States to ensure that ESF programmes contribute to the implementation of the European Employment Strategy and to flexicurity strategies.

Common principles on flexicurity

The European Parliament adopted a resolution based on the own-initiative report drafted by Ole CHRISTENSEN (PES, DK) in response to the Commission communication entitled, 'Towards Common Principles of Flexicurity: More and better jobs through flexibility and security'. The report was adopted by 496 votes in favour to 92 against with 49 abstentions. It pointed out that the term "flexicurity" arouses strong concerns among some European workers, who fear increased job insecurity, and therefore that term and the firm principles it covers, should be defined as precisely as possible.

The rationale for an integrated approach to flexicurity is the need to achieve the objectives of the renewed Lisbon Strategy, in particular more and better jobs, and at the same time to modernise the European social models, which requires policies that address the flexibility of labour markets, work organisation and labour relations, and employment and social security.

Parliament recognised that, in order to succeed in the 21st century, Europe needs a well- educated workforce as well as companies that are quick to seize opportunities that arise in a fast-moving world to increase productivity and enhance innovation. It strongly endorsed the conclusion that flexibility can be in the interests of the employee as well as the employer, and that this can be achieved through promoting adaptable and reliable contractual arrangements. It emphasises, however, that flexicurity can be a policy strategy for the reform of the labour market and, as such, must be comprehensive by including all the existing facets of employment and social policy at both national and EU level.

Members felt that, in view of the changes in national social security systems and labour law, the interpretation of the Commission's flexicurity options is too one-sided, since it takes no account of the costs the measures involve. The Commission was asked to carry out a cost-benefit analysis on those options. They also noted with deep concern that the Commission communication completely disregards the obligations and responsibilities set out in the Commission communication entitled, 'A Roadmap for equality between women and men'. The implementation of a set of common principles for flexicurity needs to be gender-mainstreamed and take into account a variety of factors, such as : the over-representation of women in non-standard employment (non-standard, fixed-term, part-time contracts) and the need to implement gender-mainstreamed labour policies; frequent switching between work and care activities among women and the need for proper protection and social benefits during transitional periods (care, family responsibilities, education, training and re-training); and the specific situation of single parents, the vast majority of whom are women.

Parliament believed that one of the problems in the EU concerns the supply of a skilled and adaptable workforce in competitive and innovative companies. Priority should be given to the creation of a flexible labour market by raising educational levels and expanding apprenticeship opportunities, training and retraining programmes; implementing effective policies against discrimination and breaking down barriers to the integration into the labour force of women, migrants, older or younger workers and other discriminated disadvantaged groups; removing obstacles to occupational and geographic mobility; and active labour market policies that support the transition from an old job to a new job. Parliament proposed that the Council examine, by the end of 2007, the possibility of bringing forward the date for lifting the transitional measures obstructing the freedom of movement for workers from eight of the new Member States to 1 January 2009. Removing obstacles to mobility by the end of 2008 would send an important political message confirming the EU's commitment to doing its utmost to improving workers' geographic and occupational mobility;

The report proposed that the European Council in December 2007 adopt a more balanced set of common principles of flexicurity, which should include:

- promoting stable employment relationships and sustainable labour market practices;
- action for adaptable and reliable contractual arrangements and action against abusive labour practices especially in certain non-standard contracts;
- breaking down labour market segmentation by promoting employment security and improving job security; all workers should have a core of rights regardless of their employment status;
- reconciling employment and private life, and promoting the concept of 'decent work';
- partnership between government (at local, regional and national level), social partners and civil society in managing change;
- gender equality and promoting equal opportunities for all;
- designing and implementing national pathways in close consultation with social partners, in accordance with national customs and practices;
- enhancing companies' and workers' adaptability by strengthening transition security by better mobilising active labour market policies;
- a skilled and adaptable labour force, combining active labour market policies with investment in lifelong learning to enhance employability;
- a macro-economic framework for balanced and sustainable growth and more and better jobs;

Parliament called for a renewed fight against undeclared work and the black economy, which damages the economy, leaves workers unprotected, is detrimental to consumers, reduces tax revenues and leads to unfair competition between firms. The Commission was asked to combat undeclared work through more efficient administrative cooperation between national labour inspectorates and/or social partners.

Parliament stressed that all models of flexicurity should be based on common values that underpin the European Social Model. It believed that flexibility and security requirements reinforce one another and that flexicurity allows firms and workers to adapt appropriately to the new international situation, with strong competition from the emerging economies, while maintaining a high level of social protection. It highlighted, moreover, the success of effective collective bargaining that strong and representative social partners can provide and also emphasised the need for broad welfare provisions and universal access to good quality services, such as childcare and care for other dependants. Guaranteeing those levels of social protection could support labour mobility and structural change by increasing the willingness to take risks. Well-designed job protection systems provide business with the incentives to invest in workers' skills and look for innovative ways to restructure, thereby enhancing internal flexibility and adaptability of business.

The report emphasised that the fight against labour market segmentation should include the provision of a core of rights for all employees regardless of their specific employment status, which should include: equal treatment, protection of workers' health and safety and provisions on working and rest time, freedom of association and representation, protection against unfair dismissal, collective bargaining and collective

action. It emphasised the importance of access to training as well as the continued protection of acquired rights by covering periods of education and training, improved care opportunities, maintaining essential social rights such as pension rights, training rights and right to unemployment benefits during changes in occupational situation between employment contracts and from dependent to autonomous employment. It also called for every Community employment policy to continue to keep the traditional model of the open-ended employment contract, which forms the basis of the social security systems in Member States.

Parliament also called for the following :

- the creation of comprehensive lifelong learning systems, also applicable to workers with non-standard contracts;
- strengthening systems of industrial relations at EU and national level as a key to reaching and implementing flexicurity policies that are balanced ;
- measures to promote equal access to quality employment for women and men that comply with the European Pact for Gender Equality and the Communication on the Demographic Future of Europe. Member States must also close the existing gender pay gap;
- Member States and social partners to reduce their policies of putting workers into early retirement and to introduce arrangements that support the flexible retirement of older workers through part-time employment, job-sharing and similar schemes that promote active ageing and may increase the integration of older workers into the labour market;
- revision of the Employment Guidelines to allow flexicurity to be taken into account;
- the inclusion of a specific chapter regarding the quality and strength of social dialogue in the annual Joint Employment Report.

Lastly, Parliament called on the European Council and the Commission to set an ambitious reform agenda both at EU and national level. Together with Parliament, the institutions must draw up a vision for the future of social Europe. In order to strengthen growth and increase levels of employment, social rights and protection, which are firmly anchored in European tradition, must be ensured. The European Social Model, together with ambitious national reforms to promote more employment, will offer real added value for working people using all the tools at its disposal. Parliament believed that only an internal market which balances economic freedom with social rights can obtain the support of its citizens.