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**DELIVERING ON GROWTH AND JOBS: A NEW AND INTEGRATED ECONOMIC AND
EMPLOYMENT CO-ORDINATION CYCLE IN THE EU**

**Companion document to the Communication to the Spring European Council 2005
{COM (2005) 24}
Working together for growth and jobs**

A new start for the Lisbon Strategy

DELIVERING ON GROWTH AND JOBS: A NEW AND INTEGRATED ECONOMIC AND EMPLOYMENT CO-ORDINATION CYCLE IN THE EU

The Kok report underlined that the governance of the Lisbon strategy must be improved and streamlined. **Improved delivery mechanisms** are therefore required. These delivery mechanisms relate, to a large extent, to the question of how the EU economic and employment coordination process is organised.

The **integrated approach** to economic and employment policy coordination proposes a number of changes with the aim of rationalising and simplifying the existing economic and employment coordination process and reporting (see appendix 1 and 2). These proposals rely on the existing economic and employment coordination cycle and in addition allow the integration of a number of existing processes dealing with structural/microeconomic reform issues.

The starting point is for **action programmes at EU and Member State level** to be drawn up reflecting the priorities identified in the Communication. This will allow the Commission to support the reform process in the Member States whilst at the same time driving it forward at EU level. Progress on these EU and national action programmes would be monitored closely by the Commission and evaluated at the Spring European Council.

1. PLANNING ACTIONS AT THE EU AND THE MEMBER STATE LEVEL: TOWARDS AN INTEGRATED APPROACH

1.2 The EU level

A number of important policy measures in the central policy areas outlined in the Communication have to be taken at EU level, under the so-called “Community method”. These measures are grouped into a Union Action Plan which could be known as the **Lisbon Action Programme**. The effective and successful implementation of this programme will be crucial for the credibility of the renewed Lisbon strategy.

1.3 The Member State level

At Member State level, it is proposed that **National actions programmes** be established, to integrate many of the existing initiatives and become the cornerstone of a simplified reporting system.

The Broad Economic Policy Guidelines (BEPGs) are the central Treaty-based instrument for coordinating economic policies in the Union, the Employment Guidelines (EGs) are the central Treaty-based instrument for employment policies. These instruments are therefore the logical vehicles to provide consistent guidance to transform the Partnership for Growth and Jobs, and its individual policy measures, into national policy initiatives. On the basis of the orientations contained in the Mid Term Review Communication, the Commission will provide a new set of guidelines in its Recommendation for the BEPGs in 2005 (see appendix 1). Similarly, the priorities relating to employment policies would be set out in the Employment Guidelines and recommendations.

The integrated guidelines package

The BEPGs and the Employment Guidelines would be integrated in an “Integrated Guidelines Package” containing 5 chapters. Apart from a political introduction (Chapter I) and

conclusion (Chapter V), the package would have two clearly separate parts. Part 1 (Chapters II and III) would contain the BEPGs (based on article 99 of the Treaty) for the coordination of economic policies. Part 2 (Chapter IV) would contain the Employment Guidelines (based on article 128 of the Treaty). Part 1 would be further divided in two chapters dealing respectively with macro- (Chapter II) and microeconomic issues (Chapter III). Chapter IV would exclusively deal with employment issues and should be consistent with the BEPGs as set out in the Amsterdam Treaty protocol¹.

Integrated Guidelines Package

Chapter I: Introduction		
Part 1 Broad Economic Policy Guidelines (Art. 99)		Part 2 Employment Guidelines (Art. 128)
Chapter II: Macro	Chapter III: Micro	Chapter IV: Employment
Chapter V: Conclusion		

It should be noted that budgetary surveillance will be the object of a separate process under the Stability and Growth Pact. Given its specificity, further efforts will be made to exploit the synergies with other processes, in particular with regard to the BEPGs.

After the adoption of the BEPGs and Employment Guidelines, Member States would, on the basis of these guidelines, produce a single **national action programme**. The guidelines will leave Member States enough flexibility to cater for specific policy requirements at national level.

The economic and employment coordination cycle: a new start in 2005

In 2005, the BEPGs and Employment Guidelines will be adopted as a package after the Spring European Council with the aim of informing the national Lisbon programmes to be submitted by the Member States in the autumn. This will be the beginning of a **three-year coordination cycle (2005-2008, see appendixes 2 to 5)**. The aim is to ensure a sufficiently stable framework for the discussions in the European Council allowing all stakeholders to concentrate on the effective implementation of the revised Lisbon strategy. While a so-called “light” review will be undertaken in the first two years (2006 and 2007), a more “in-depth” review is planned for 2008. The “light” review will be included in an **EU Annual Progress Report** and the “in-depth” review will be grouped together in an **EU Strategic Report (2008)**, which will mark the start of a second three- year cycle.

Given the need to ensure that Member States develop the appropriate policy mixes in their national Lisbon programmes to cater for their own national specificities and given the need to

¹ The Amsterdam Treaty protocol says that the newly created sectoral instrument of employment guidelines “shall be consistent with the broad guidelines adopted pursuant to Article 99(2).

enhance the Member States' ownership of the reform process, the new set of BEPGs and Employment Guidelines in 2005 will remain rather general. They will therefore not include new country specific guidelines or recommendations. However, the existing country specific recommendations would remain valid ("in the background") and would only be revised, if necessary, in 2006 on the basis of the national Lisbon programmes due in the autumn of 2005. Indeed, since the Member States will adopt their national Lisbon programmes in the autumn of 2005, the Commission will be in a position to report in early 2006 on the programmed reforms across the Union in its first EU Annual Progress Report. Reporting on actual implementation in the Member States on their national Lisbon programmes will be included in the 2007 Annual Progress Report. The EU Strategic Report planned in 2008 will then provide an in-depth review of the implementation of the renewed Lisbon strategy and suggest detailed amendments where necessary. At that stage, it may be deemed necessary to review the planning and reporting process in order to assess whether further streamlining is required.

Shaping the national Lisbon programmes

It is proposed that these national Lisbon programmes be **organised in a standardised format in three parts**: the first dealing with macro-economic and budgetary policy measures (with the aim of providing sound macroeconomic conditions), the second with labour market policies and the third with structural/microeconomic reform issues. The programmes should remain sufficiently flexible as instruments, allowing Member States to tailor them to their specific needs. As far as the macroeconomic part is concerned, it should be underlined that – under the current framework – the stability and convergence programmes would be submitted in the autumn in parallel with the national Lisbon programmes but they would continue to be a separate document. The employment chapter would rely on the existing treaty-based national employment action programmes. The integration of these action programmes in the national Lisbon programmes should strengthen the employment focus of the renewed Lisbon Strategy. The chapter on structural/microeconomic policies will need to be developed on the basis of the existing microeconomic part of the BEPGs. This chapter will include the structural funds strategic programmes setting out for each Member State the priorities for EU expenditure in the regional programmes. These priorities will be closely related to the priorities identified in the Communication.

Member States should commit themselves to discussing these national Lisbon programmes with their **social partners** and adopting them by the government after a debate in their **national parliament**. The **European Parliament** should be closely involved in the renewed Lisbon strategy, participating fully in the debate and providing guidance to the Council and the Member States. Given the integrated nature of the guideline package, the European Parliament should be invited to comment on the whole package before the European Council endorses it. This will allow the Parliament to build on the existing practice of issuing an opinion in early spring on the Employment Guidelines as foreseen under Article 128. In keeping with the inter-institutional agreements, the Presidents of the European Parliament, the Council and the Commission should meet to discuss legislative programming regarding the implementation of the Community Lisbon Programme.

2. STREAMLINING REPORTING AT THE EU AND MEMBER STATE LEVEL

2.1 The EU level

At the EU level, there will only be one report on the progress of the EU concerning the implementation of the actions in the Union action programme. This document could be based

on existing reports, such as the Internal Market Strategy Implementation Report and monitoring tools such as the Internal Market Scoreboard. It will be integrated in the overarching EU Annual Progress/Strategic Report (see below).

2.2 The Member State level

National reporting will be streamlined covering macroeconomic and budgetary matters, microeconomic or structural reforms and employment issues. For the reporting on the structural reforms area, Member States could rely to a large extent on the existing national reports on structural reform in the context of the Cardiff process. While national reporting on macroeconomic issues needs to be further developed, reporting in the employment area can build on existing reporting related to the national action programmes on employment. The Commission will summarise and assess the progress achieved by Member States with their national Lisbon programmes in its EU Annual Progress/Strategic report. Furthermore, the Commission will review the Open Method of Coordination processes related to the Lisbon strategy with a view to establishing their value added in the context of this renewed delivery and reporting structure. This implies that satellite OMC- and other sectoral processes can feed into the national Lisbon programmes to the extent that they directly relate to growth and jobs. Those processes that would no longer feed into the renewed Lisbon structure could be maintained for other policy purposes outside the Lisbon strategy.

The structure of reporting will reflect the structure of the integrated guidelines package and cover macro-, micro- and employment issues. It will allow a more productive involvement of the Competitiveness Council in discussions on micro-economic/structural reform while Council for Economic and Finance Affairs and the Council for Employment and Social Affairs Council would respectively focus more on macroeconomic and employment issues.

3. DEVELOPING AN INTEGRATED, STRATEGIC REPORT FOR THE EUROPEAN COUNCIL

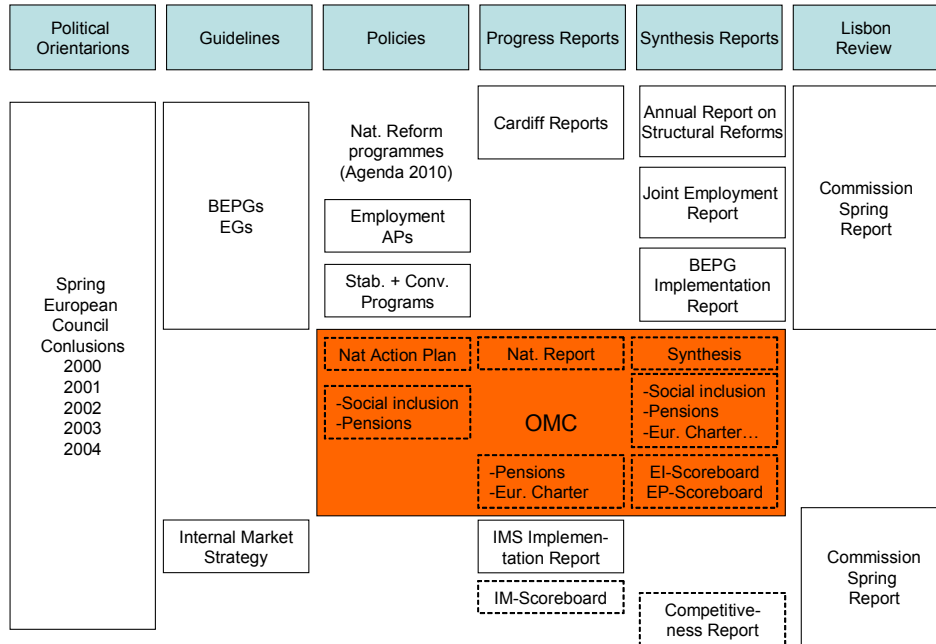
On the basis of this streamlined reporting cycle the Commission would draw up in January an **Integrated Report** to the Spring European Council setting out the progress being made on the Lisbon strategy. This report will follow the structure of the integrated guidelines package and include an assessment of the Union Lisbon Programme. While in the first two years of the three-year economic and employment coordination cycle the Integrated Report would be called EU Annual Progress Report (“light” review), in the third year it would be labelled EU Strategic Report (“in-depth” review). In this report, the Commission would also make proposals for amending the BEPGs, the Employment Guidelines and the Union Lisbon Programme, if necessary. It will be an important element of simplification to ensure that the Integrated Report is adopted at the same time as the Commission’s proposals for the BEPGs and Employment Guidelines, i.e. ahead of the Spring European Council.

The Integrated Report would encompass the current Commission Spring report, as well as a number of reports on the implementation of guidelines established at the European level such as BEPG implementation report and Joint Employment Report. In addition, the report would also cover the progress made with regard to the implementation of the EU Lisbon Programme. A **unified and integrated report at the European Council level** would allow political ownership to be taken at the highest level. Orientations on these matters provided by the European Council would subsequently be reflected in changes of the BEPGs, the Employment Guidelines and the national and Union Lisbon programmes.

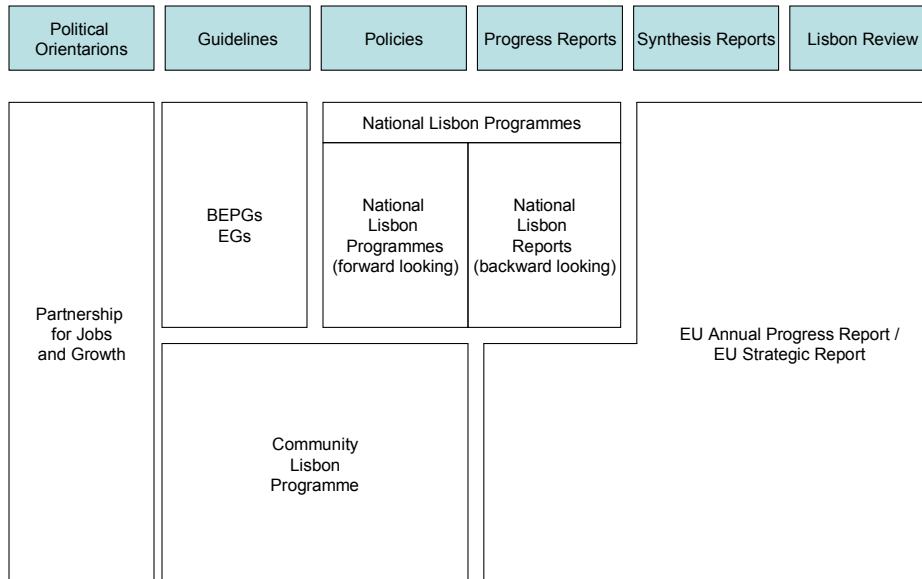
APPENDIX 1

CO-ORDINATION PROCESS: PROPOSAL FOR SIMPLIFICATION

LISBON COORDINATION PROCESS - TODAY

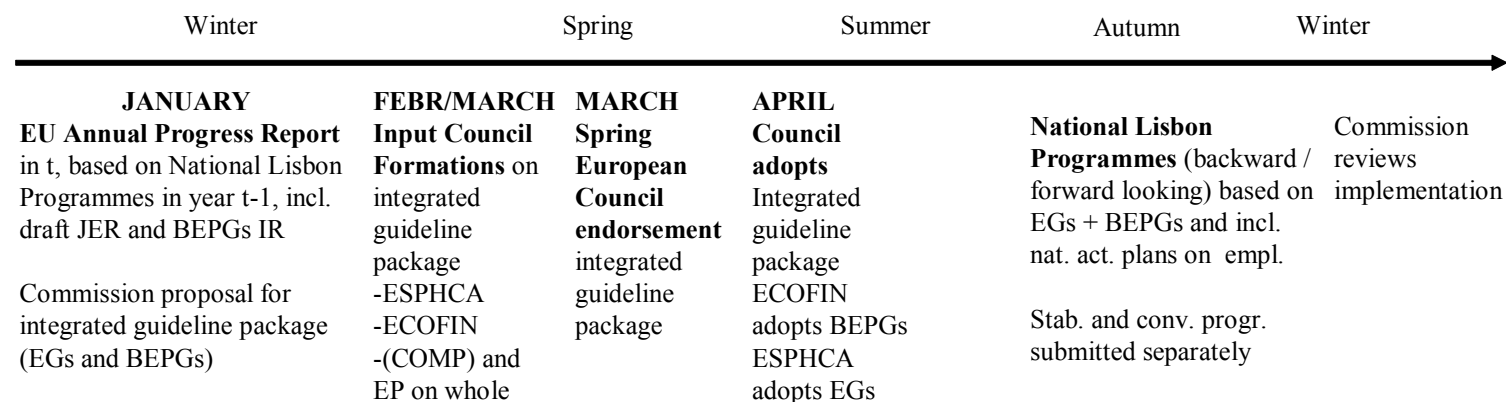


LISBON COORDINATION PROCESS – SIMPLIFIED

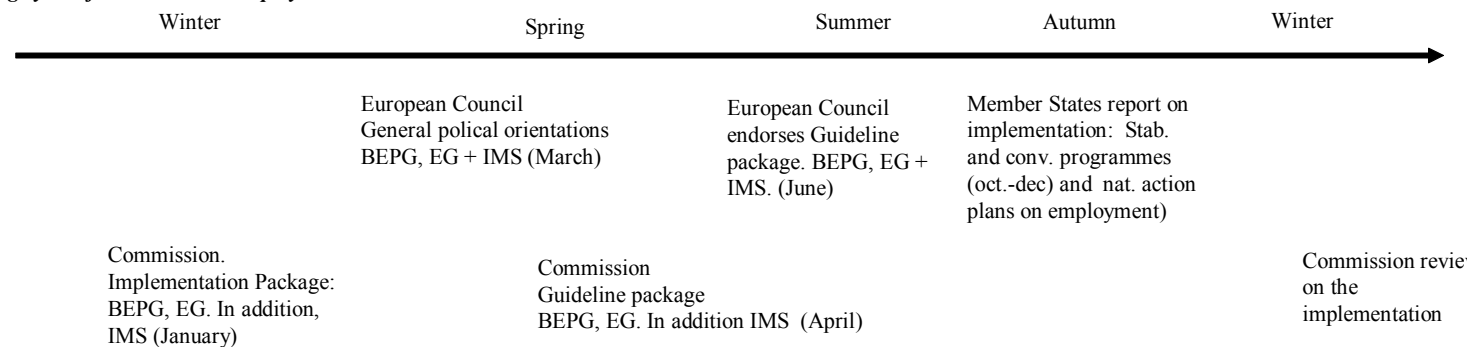


APPENDIX 2: NEW COORDINATION CYCLE

Proposal for year t

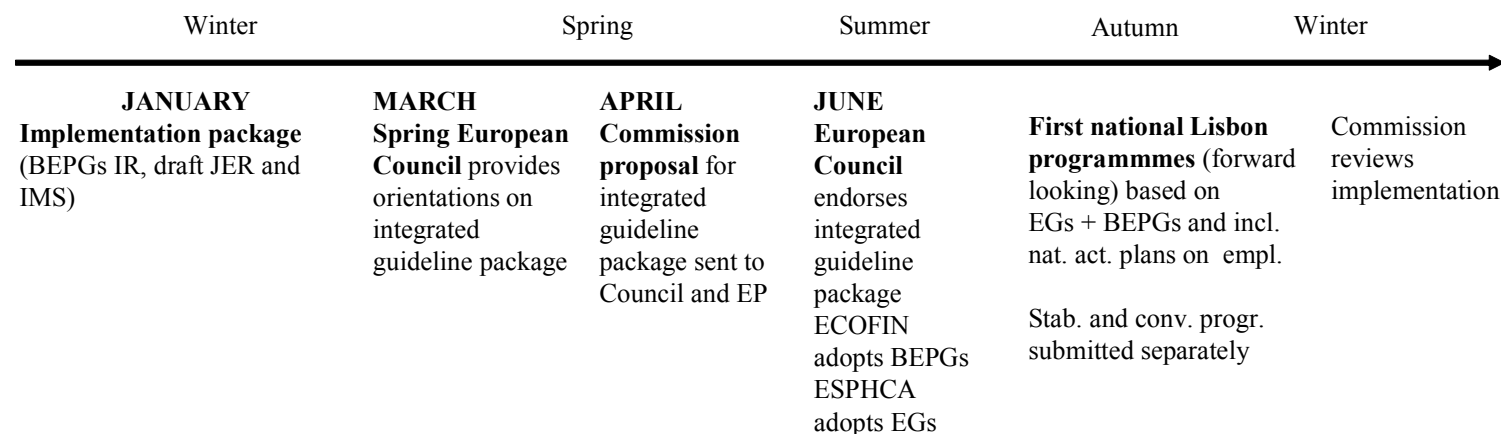


Existing cycle of economic and employment coordination 2003-2005

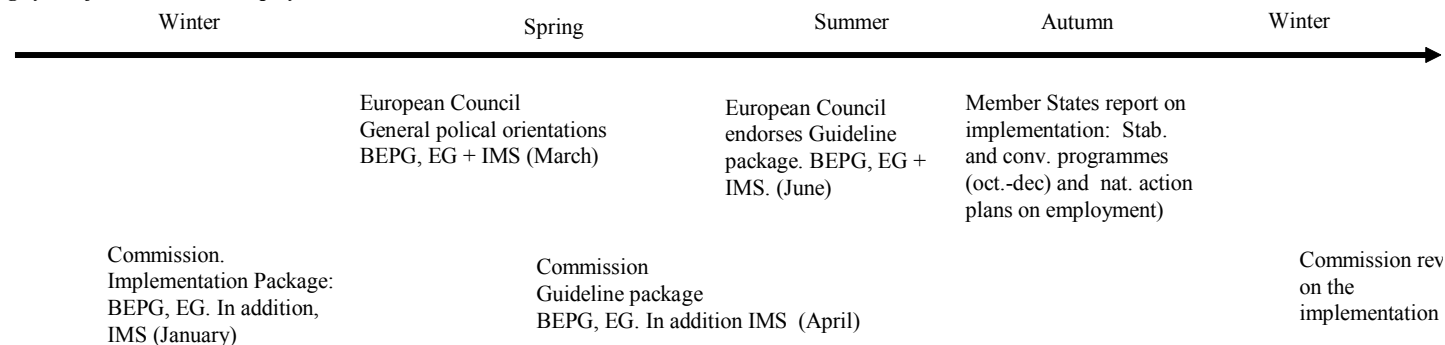


APPENDIX 3: PHASING IN (2005)

Proposal for year 2005

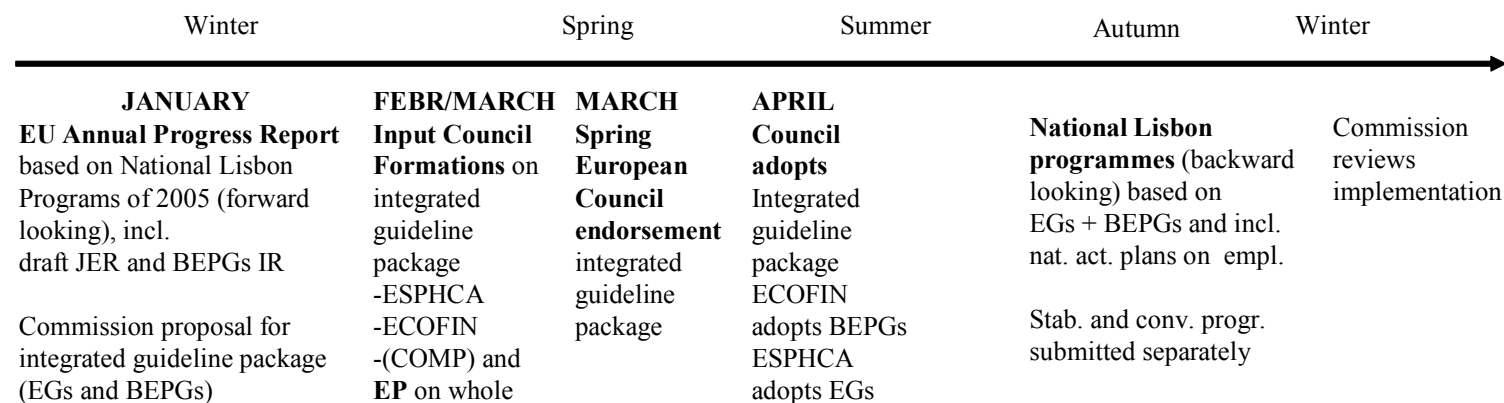


Existing cycle of economic and employment coordination 2003-2005

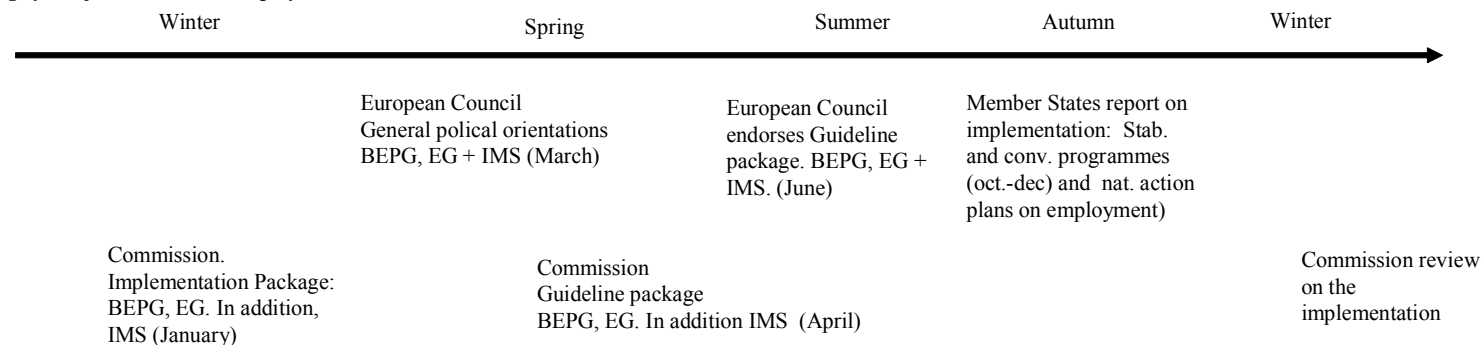


APPENDIX 4: PHASING IN (2006)

Proposal for year 2006



Existing cycle of economic and employment coordination 2003-2005



APPENDIX 5: PHASING IN (2007)

Proposal for year 2007

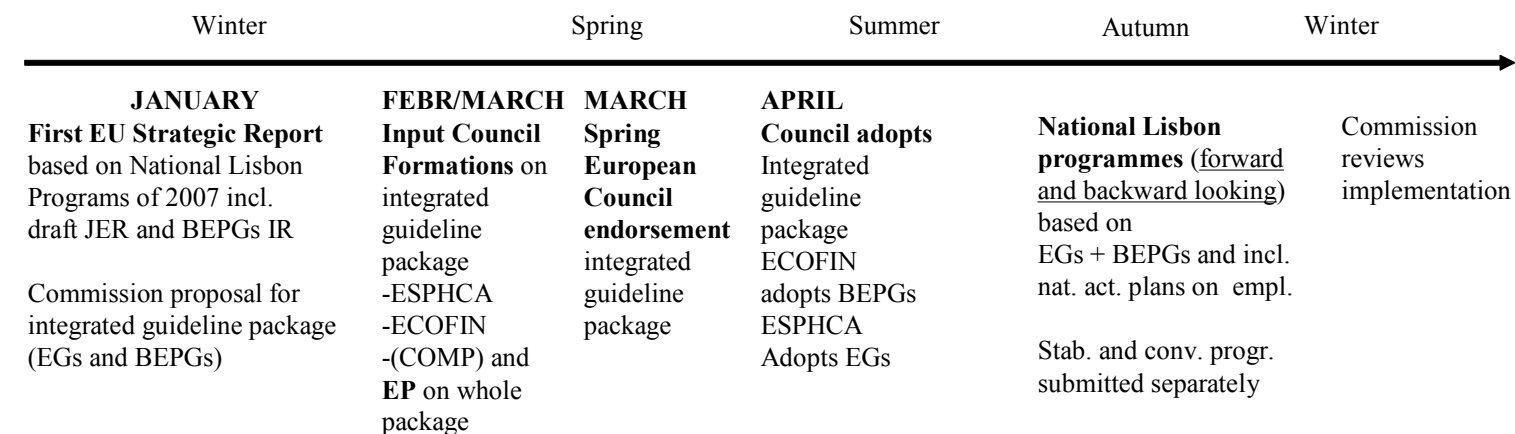
Winter	Spring	Summer	Autumn	Winter	
JANUARY EU Annual Progress Report based on National Lisbon Programs of 2006 incl. draft JER and BEPGs IR Commission proposal for integrated guideline package (EGs and BEPGs)	FEBR/MARCH Input Council Formations on integrated guideline package -ESPHCA -ECOFIN -(COMP) and EP on whole package	MARCH Spring European Council endorsement integrated guideline package	APRIL Council adopts Integrated guideline package ECOFIN adopts BEPGs ESPHCA adopts EGs	National Lisbon programmes (<u>forward</u> <u>and backward looking</u>) based on EGs + BEPGs and incl. nat. act. plans on empl. Stab. and conv. progr. submitted separately	Commission reviews implementati

Existing cycle of economic and employment coordination 2003-2005

Winter	Spring	Summer	Autumn	Winter
Commission. Implementation Package: BEPG, EG. In addition, IMS (January)	European Council General polical orientations BEPG, EG + IMS (March)	European Council endorses Guideline package. BEPG, EG + IMS. (June)	Member States report on implementation: Stab. and conv. programmes (oct.-dec) and nat. action plans on employment)	Commission on the implementa

APPENDIX 6: PHASING IN (2008)

Proposal for year 2008



Existing cycle of economic and employment coordination 2003-2005

