

Florence European Council (21 and 22 June 1996)

Presidency conclusions

[...]

#### I. Employment and growth – an integrated strategy

The European Council considers that the level of unemployment is unacceptable and that the fight for employment must remain the top priority for the Union and its Member States.

Drawing on the strategy agreed in Essen and on the White Paper, the European Council held a detailed discussion on the subject of growth and employment on the basis of the Commission communication entitled "Action for employment in Europe: A confidence pact", the joint interim report on employment as well as the other documents before it, including the conclusions drawn from the Tripartite Conference on Growth and Employment held in Rome on 14 and 15 June 1996 and the French Memorandum on a European social model.

New impetus is to be given to the job-creation strategy and to its implementation by making use of the convergent approaches outlined in the contributions submitted. The institutions of the European Union, governments and regional and local authorities, and the social partners must all take practical action in favour of growth and employment in the context of an integrated approach. In line with the Commission's approach, an open and flexible process needs to be got under way which will enable all those concerned to enter into specific commitments at their own level of responsibility in order to create a macroeconomic framework favourable to employment, to exploit to the full the potential of the internal market, to speed up the labour market reforms and to make better use of the Union's policies in the interest of growth and employment.

The European Council subscribes to the broad guidelines for the economic policies of the Community and the Member States submitted by the Council and requests the latter to finalize them. It emphasizes that high and sustained non-inflationary economic growth over the medium term is essential to reduce significantly and durably the Community's unacceptably high level of unemployment and to combat the threat of social exclusion. It points out that credible, pre-announced and socially balanced efforts to reduce high budgetary imbalances will allow for a revival in confidence, for the transformation of the expected recovery into a durable, job-creating, medium-term, growth process and for a sound transition to EMU on 1 January 1999.

To this end, it calls on the Member States to step up their efforts at budgetary consolidation, taking account of the general principles already identified, and in particular the desirability of reducing expenditure rather than increasing revenue, making a selective restructuring of expenditure that encourages intangible investment in human capital and in research and development, innovation and the infrastructure essential to competitiveness, and giving priority to active policies for employment. In this context, the European Council also calls on the social partners to continue to promote a wages policy favourable to employment and competitiveness.

The European Council emphasizes once again the essential contribution made by the internal market to promoting growth and employment. It:

- calls on Member States to speed up the full implementation of the Directives concerning the internal market, in particular in the public procurement, investment services and insurance fields;
  
- asks the Council to expedite proceedings for the adoption of the Statute for a European company and the legal framework for biotechnological inventions and stresses the importance of the recent agreements within the Council on the internal electricity market and telecommunications and calls upon the Council to go further in the direction of the greater liberalisation in those sectors;
  
- calls on the Commission to submit the Council before the end of the year the initial results of its initiative on practical simplification measures (SLIM);
  
- requests the Council to adopt the new action plan for small and medium-sized enterprises (SME) before the end of 1996 to reinforce the potential for their further development so that they can benefit fully from the internal market and thus make a more effective contribution to the creation of jobs;
  
- calls on the Commission to draw up an action plan concerning the measures to be taken with regard to innovation;
  
- requests the Council to submit to it, before the European Council in Dublin, a report on the development of tax systems within the Union, taking account of the need to create a tax environment that stimulates enterprise and the creation of jobs and promote a more efficient environmental policy.

It stresses the importance of the recent agreement between the European Parliament and the Council concerning Community guidelines for the development of the trans-European transport network which complements the agreement reached in February 1996 in the energy sector. It takes note of the proposal by the Portuguese and Spanish governments to amend priority project No. 8 in list 1 from Essen for it to become the multimodal link between Portugal/Spain and the rest of Europe.

The European Council is convinced that the trans-European networks, the development of SMEs and scientific and technical research can make a vital contribution to job creation and competitiveness. In this context it takes note of the following proposals submitted by the President of the Commission :

- the coverage of the agricultural guideline will remain unchanged; the structural funds heading will also remain untouched;

- the expenditure commitment ceiling in heading 3 (internal policies) will be raised by ECU 1 billion over the period 1997-1999 and will be mainly intended for priority transport infrastructure networks. However, the related budgetary payments will be settled within the current limits of the overall ceiling previously agreed for actual expenditure (payment appropriations);

- this raising of the ceiling will be accompanied by a further effort to redeploy the available appropriations within heading 3 to help the sectors concerned, allowing an increase in the total available funds of ECU 1.2 billion.

The Council will consider these proposals, in conformity with the imperatives of budgetary rigour and in accordance with the relevant procedures.

The European Council notes the possibility to focus structural policies more on job creation as the Commission recommends, without jeopardizing the basic principles, the existing legal framework and the amounts of the structural funds. It subscribes notably to the priorities for the use of available margins for the support of small and medium-sized enterprises in partnership with the EIB and for the support of local employment initiatives. It notes that the Commission will report on the application of these principles before the European Council in Dublin.

In order to promote a common effort in local job creation and development, the European Council invites each Member State, where possible, to select regions or cities which could act as candidates for pilot projects on territorial and local employment pacts, with a view to implementing such pacts in the course of 1997 with the partial support of the available margins under the structural policies. In this context, the Council looks forward to the conclusions of the Conference on Local Employment Initiatives being held by the Irish Presidency in November next. Labour market reforms should be accelerated as regards public employment services and training policies.

The social partners should be encouraged to take initiatives in order to enhance the integration of young people, of the long-term unemployed and of unemployed women into the labour market, to promote life-long training and to develop flexible work organization and working time. As far as the latter is concerned, the European Council notes with satisfaction that the social partners have now formally declared that they are ready to negotiate on this issue. Member States and, where appropriate, the social partners should examine social security systems in relation to job creation.

The European Council stresses the importance of equal opportunities for men and women and improvements in living conditions.

The European Council underlines the potential of the Information Society for education and training, for the organization of work and for employment creation.

The European Council underlines that the educational and training systems in the European Union will need to adapt profoundly. It takes note of the Commission's intention to present a proposal on the access to, and the recognition of, skills acquired from life-long learning. Similarly, it would welcome a study from the Commission on the role of apprenticeship in enhancing job creation. Moreover, it invites the Commission to rapidly work out an Action plan on the initiative "Learning in the Information Society".

The European Council stresses the importance of easing the integration of young people into working life and took note with interest in this context of the idea of European voluntary service.

The European Council takes note of the proceedings to introduce a system of common indicators which should make it possible to verify economic performance in terms of job creation and the operation of the labour market. It also takes note of the Commission proposal setting up an Employment and Labour Market Policy Committee, which the Council will consider without delay.

It anticipates that the annual joint report to the Dublin European Council will assess the implementation of national multiannual programmes and will set out the benefits derived from a coordinated approach regarding structural and economic measures. In addition, the Council will take stock of the initiative taken by the President of the Commission as regards a Confidence Pact.

The European Council asks the high-level group set up for the purpose to continue coordinating work undertaken in the field of employment and to examine in this context the other proposals contained in the French memorandum on a European social model.

[...]