



Brussels, 6 March 2006

**Draft  
BACKGROUND <sup>1</sup>**

**EMPLOYMENT, SOCIAL POLICY,  
HEALTH AND CONSUMER AFFAIRS COUNCIL**

**Brussels, 10 March 2006**

*(employment and social policy items only)*

*The Council's meeting will start at 10:00, under the presidency of Ms Ursula HAUBNER, Federal Minister for Social Security, Generations and Consumer Protection and Mr Martin BARTENSTEIN, Federal Minister for Economic Affairs and Labour, of Austria. It should finish around 13:00.*

*The Council will hold a policy debate (**public debate**) and adopt key messages addressed to the **Spring European Council** on the issues concerning employment, social policy and equal opportunities. In this context, it will also adopt the joint report on employment as well as the joint report on social protection and social inclusion and will endorse the joint opinion of the social protection committee and of the economic policy committee on the communication from the Commission "Working together, working better".*

*In the context of the above mentioned debate, the exchange of views on the preparation of the **tripartite social summit** (to be held in the margins of the European Council) will take place.*

*It will be briefed on 2006 **work programmes** of the employment committee and of the social protection committee.*

*It will reach a general approach on a draft regulation modifying the regulation on the coordination of the national **social security** schemes (miscellaneous amendments 2005).*

*The Council will also be briefed by the Commission on its report on the functioning of the **transitional arrangements** set out in the 2003 Accession Treaty.*

*The presidency will hold a press conference at the end of the meeting.*

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<sup>1</sup> This note has been drawn up under the sole responsibility of the Press Office.

## Preparation of the Spring European Council

### – Key messages (*public debate*)

The Council will hold a policy debate with a view to defining its contribution (*key messages*) to the Spring European Council in the fields of employment, social policy and equal opportunities. The discussion will be based on the following documents:

- the Commission's 2006 annual progress report on the national reform programmes: "*Time to move up a gear*" (5745/06);
- a draft joint Commission and Council employment report;
- a draft Joint Commission and Council report on social protection and social inclusion;
- a joint social protection committee and economic policy committee opinion on the communication from the Commission "*Working together, working better: a new framework for the open coordination of social protection and inclusion policies in the European Union*";
- the Commission's 2006 report on equality between women and men (5888/06).

The debate should focus on the following questions suggested by the presidency (*see 6803/1/06*):

*At the present stage of the Lisbon strategy, implementation and delivery are key to its success. Does the Council share the Commission's assessment of implementation lags in certain employment policy areas? If so, how can these lags be addressed?*

*A core feature of effective delivery is governance: in this context, the Key Messages Paper specifically stresses the role of the social partners. How can the social partners participate more effectively in strengthening the Lisbon process? At what levels and for which issues can they make an especially valuable contribution? What is Member States' experience of involving the social partners in the Lisbon process and how can such involvement be increased?*

*How does the Council assess progress since the review of the Lisbon strategy, from the point of view of **social protection** and social inclusion? Are any additional efforts necessary in this context?*

The Council will also adopt *key messages*, on the basis of the document prepared jointly by the committees on employment and on social protection (6756/06).

The draft *key messages* address the following topics:

- *General conclusions*
- *Time to move up a gear in implementing the European employment strategy*
- *Next steps in the European employment strategy*
- *The Lisbon strategy and the open method of co-ordination of social protection and inclusion policies*

Those messages should be reflected in the Spring European Council conclusions. The first cycle of implementation of the Lisbon strategy as re-launched last year will culminate in messages from the Spring 2006 European Council pointing out the strategy for the year ahead.

– **Joint reports on employment and on social policy and social inclusion**

The 2006 draft joint Commission and Council reports on employment and on social policy and social inclusion will be adopted by the Council.

The two reports, which will be submitted to the Spring European Council, take stock of progress made and of that still to be made on the achievement of the objectives of the Lisbon strategy for growth and jobs.

The joint employment report is intended to sustain the European Council's conclusions, on which the employment part of the 2006 guidelines will be based<sup>2</sup>. It assesses the employment policy part of national reform programmes, addressing the following issues:

- *Achieving the objectives*
- *Implementing the priorities for action*
  - *Attracting and retaining more people in employment, increasing labour supply and modernising social protection systems;*
  - *Improving the adaptability of workers and enterprises;*
  - *Increasing investment in human capital through better education and skills.*

The joint report on social protection and social inclusion is based on reports submitted to the Commission by Member States under the "open method of coordination" (OMC) and covers social inclusion, pensions, and health and long-term care. It addresses the following topics:

- *Overarching issues facing social protection and social inclusion policies.*
- *Key challenges in the different strands of work under the OMC*

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Under the heading "Employment", Article 125 of the Treaty provides that the Member States and the Community are to work towards developing a coordinated strategy for employment, the objectives of which it defines. The joint employment report, the recommendations to the Member States and the annual employment guidelines are all components of the European Employment Strategy (EES) launched by the European Council meeting in Luxembourg in November 1997. The annual EES procedure is defined in Article 128 of the Treaty: on the basis of a *joint annual report by the Council and the Commission*, the European Council shall each year consider the employment situation in the Community and adopt conclusions thereon. On the basis of those conclusions, the Council shall each year draw up *guidelines* which the Member States shall take into account in their employment policies. The Member States shall provide the Council and the Commission with *annual national reform programmes* on the principal measures taken in the light of those guidelines. On the basis of those programmes, the Council shall each year carry out an examination of the implementation of the employment policies of the Member States, and it may make *recommendations* to Member States. In addition, on the basis of the results of that examination, the Council and the Commission shall make a *joint annual report* to the European Council on the employment situation in the Community. Since 1997 the EES has been reinforced by initiatives taken at spring European Council meetings. At present, within the framework of a three-year cycle, the EES has three general objectives: full employment, quality and productivity at work, cohesion and an inclusive labour markets.

– **Joint social protection committee and economic policy committee opinion**

The Council will endorse the joint social protection committee and economic policy committee opinion on the Communication from the Commission "*Working together, working better: a new framework for the open coordination of social protection and inclusion policies in the European Union*".

The opinion sets out new objectives and working methods (a new streamlined framework) for open coordination in the areas of social inclusion, pensions, and health and long-term care as a contribution to underpinning the social dimension of the Lisbon strategy.

In addition, the Council will take note of:

– ***the Commission's 2006 annual progress report on the national reform programmes***

Part I of the report, "*The new partnership for growth and jobs*", evaluates the process of drawing up national reform programmes and highlights a number of key initiatives for agreement at the European Council, including the identification of four policy areas for special attention during 2006 and 2007: investing in knowledge and innovation; market access and competition, especially for small and medium size enterprises; more and better jobs in the context of globalisation and demographic change; energy).

Part II, "*Country chapters*", is a detailed assessment of the national reform programmes, pointing out their strengths as well as areas where they need review and updating by Member States.

The Commission's progress report on the national reform programmes is intended to be a contribution for the conclusions of the Spring European Council.

– ***the Commission's 2006 report on equality between women and men***<sup>3</sup>

The report surveys gender equality report developments in the EU during 2005. It also outlines four major challenges and policy priorities for the future:

- *Exploiting the potential contribution of gender equality policy to the Lisbon strategy for growth and employment;*
- *Promoting efficient reconciliation of work and family life;*
- *Supporting equality between women and men with effective institutional mechanisms;*
- *Reflecting gender equality in the EU's external relations.*

The report calls on the European Council to urge Member States to take stock of progress in their equality policies and to reaffirm their commitment to mainstreaming the gender dimension in all policy areas, in conjunction with the social partners and civil society.

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<sup>3</sup> Submitted by the Commission as requested by the European Council in March 2003 (*see 8410/03, section 47*).

## **Preparation of the tripartite social summit**

As part of the preparation of the Spring European Council, the Council will also hold an exchange of views concerning the preparation of the tripartite social summit for growth and employment to be held in Brussels on 23 March, prior to the Spring European Council.

The main topic on the agenda at this year's meeting is the implementation of the relaunched Lisbon Strategy for growth and jobs. A series of priorities for action proposed in the Commission's annual progress report: "*Time to move up a gear*" will require an active contribution from the social partners.

The task of the tripartite social summit for growth and employment, which was established by Decision 2003/174/EC<sup>4</sup>, is to ensure that there is a continuous social dialogue between the Council, the Commission and the social partners at the highest level.

The troika (the current and two subsequent presidencies) of the Heads of State or Government and of Ministers for Employment, the President of the Commission, the Commissioner responsible for social affairs and delegations of the social partners meet before each Spring European Council to examine the components of the re-launched Lisbon strategy for growth and jobs.

## **Work programmes of the employment and social protection committees for 2006**

The Council will be informed by the presidents of the employment and of the social protection committees on the work programmes of the committees for 2006.

## **Coordination of social security systems**

Pending the European Parliament's opinion, the Council will reach a general approach on a draft regulation amending Regulation (EEC) No 1408/71<sup>5</sup> on the application of social security schemes to employed persons and their families moving within the Community (miscellaneous amendments 2005) (6310/06).

The draft regulation is intended to update Regulation (EEC) No. 1408/71 and its annexes to reflect changes in the legal situation at national level, thus ensuring proper Community coordination of national social security schemes.

Proposed legal basis: Articles 42 and 308 of the Treaty – the Council is required to act unanimously, the co-decision procedure with the European Parliament is applicable.

The European Parliament has not yet delivered its first reading opinion.

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<sup>4</sup> OJ L 70, 14.3.2003, p. 31.

<sup>5</sup> Council Regulation (EEC) No. 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community (OJ L 149, 05/07/1971, p. 2) as last amended by Regulation (CE) No. 647/2005 (OJ L 117, 04/05/2005, p. 1).

## **Transitional arrangements set out in the 2003 accession Treaty**

The Council will be briefed by the Commission on its report on the functioning of the transitional arrangements set out in the 2003 accession Treaty (period 1 May 2004 – 30 April 2006) (6377/06).

In accordance with the transitional arrangements on freedom of movement for persons annexed to the Treaty of accession of 2003, application of part of Community law on the free movement of workers within the enlarged EU may be deferred for a maximum period of 7 years. These transitional arrangements apply to all the new Member States, with the exception of Malta and Cyprus.

The transitional period is divided into three phases. The first phase started on 1 May 2004 and will end on 30 April 2006. Before the end of this phase, the Council must review the functioning of the transitional arrangements on the basis of a Commission report.

No later than at the end of the two-year period following the date of accession, the EU-15 Member States must notify the Commission of their intentions with regard to the second phase of the transitional arrangements. In the absence of notification, Community law on the free movement of workers will apply from 1 May 2006.

In its report, the Commission calls on Member States to carefully consider whether the continuation of the restrictions is needed.

## **Other business**

The Commission will present to the Council

- a Commission communication on its "*Roadmap*" for gender equality
- a proposal for a Regulation establishing a European globalisation fund

The Council will be informed by the presidency on the outcome of the following conferences:

- "*Joint action of Member States against harmful traditional practices*" – Brussels, 25 January 2006 (5675/06)
- "*Demographic Challenges – Family needs partnership*" – Vienna, 2-4 February 2006 (5676/06)
- "*Innovations in labour market policies – challenges in times of globalisation*" – Vienna, 16-17 February 2006