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

**Progress on the implementation of the Joint Assessment Papers on
employment policies in candidate countries**

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Background

The EU co-ordination on employment is laid down in the Employment Title of the Amsterdam Treaty and it is an important part of the Community *acquis*. The objective of the Commission is to ensure that candidate countries define employment policies that prepare them for membership of the Union and progressively adjust institutions and policies to the European Employment Strategy, to allow the full implementation of the Employment Title of the Treaty as from accession. To this end, in 1999 the Commission initiated a co-operation process on employment with these countries. Furthermore, co-operation also aimed at ensuring that both the present EU financial support for accession and the preparations for ESF implementation would focus on supporting the identified employment policy priorities.

It was agreed that in a first step candidate countries and the Commission would analyse the key challenges for employment policies in "Joint Assessments Papers" ("JAPs"). The work was started with background studies funded by the Commission in co-operation with the European Training Foundation. Most candidate countries consulted extensively on the draft Joint Assessment Papers, including the Finance and Education Ministries and the social partners, which helped to establish policy coherence. The draft JAPs benefited from excellent co-operation between the Commission services, ensuring overall coherence.

These documents were signed by the Commissioner for Employment and Social Affairs and by the Ministers of Labour. The first JAPs were signed with the Czech Republic, Slovenia, Poland and Estonia in 2000 and early 2001, followed by Malta, Hungary, Slovakia, Cyprus and Lithuania in late 2001/early 2002 and by Romania, Bulgaria in Autumn 2002. The JAP with Latvia will be signed early 2003. Co-operation with Turkey is at an early stage; the background study is under preparation.

The candidate countries and the Commission agreed to monitor the implementation of the JAP commitments. Shortly after the signature of the JAPs the main commitments were discussed in technical seminars between Commission and representatives of different Ministries, regional authorities, the PES and the social partners to encourage policy action. In late Spring 2002, candidate countries sent progress reports on the implementation of the JAP commitments. The Commission and representatives of candidate countries reviewed these Communications in a second set of technical seminars.

The Göteborg European Council of June 2001 asked candidate countries to translate the EU economic, social and environmental objectives underpinning the "Lisbon Strategy" into their national policies and announced that the Synthesis Communication 2003 would include information on candidate countries in this respect. This Communication summarises the challenges identified in the JAPs and reviews the progress in follow up. Thereby it points to the employment policy challenges resulting from applying the Lisbon objectives and from preparing the implementation of the Employment Title.

1. Labour market strategic challenges 1

To date economic restructuring has had a heavy impact on the labour markets in the candidate countries (CCs) in particular those in Central and Eastern Europe. With participation and employment still adjusting, unemployment has risen. A significant increase in employment in services has been achieved, but it has not yet been sufficient to compensate for the job losses in agriculture and industry, which remain the main employers in most CCs. Against the background of rapid restructuring the JAPs identify a number of crucial strategic challenges for the labour market.

- ***Increase employment rates***

Employment rates are generally below that of the EU (Table 1) with high unemployment in Bulgaria, Slovakia, Poland, Estonia, Latvia and Lithuania. The low employment rates in the candidate countries are mainly accounted for by low male employment rates. At the moment none of the CCs meets the two Lisbon employment targets, with Cyprus at 67.9% being the closest and Poland at 53.8% the most distant from the overall 70% target. Like most Member States, the majority of countries are still far behind the target set by the Stockholm Council for the employment rate of the older age group. While at the moment economic growth often results only from strong increases in productivity, in future it will depend on both productivity growth and increases in employment, both key conditions for the process of real convergence of incomes in the enlarged EU.

- ***Increase labour supply***

In most candidate countries, a feature of the transition process was substantial withdrawals from the labour market. More recently, participation has been stagnating in most countries – although at a high level in the Czech Republic and Slovakia – and has continued to decline in Romania, Estonia and Lithuania. It has started to increase in Hungary, but from a very low level. In 2001, half of the candidate countries had activity rates below the EU average (Table 1)². Most candidate countries need to reverse the trend of labour force participation and bring back major parts of the working-age population into the labour market as a precondition for economic and social development.

- ***Labour market functioning should support the restructuring of the economy***

Rapid restructuring is driving economic growth, at least in the Central and Eastern European candidate countries and structural adjustment is likely to continue after membership.

The importance of agriculture for the economies of some candidate countries remains significantly greater than in the EU (Chart 1) but the high share of agricultural workers is not reflected in a proportionately high share of gross valued-added, and productivity levels are much below the EU average. This is of particular concern in Romania which has an increasing share of agricultural employment of more than 40%, in Bulgaria with a share of 28%³ and in Poland with a share of almost 20%. Latvia and Lithuania seem to be half way through the adjustment in agricultural employment with shares still around 15% down from around 20% in the late 1990s.

¹ This section is based on "Employment in Europe 2002" and on the Joint Assessment Papers.

² Eurostat LFS data are not available for Malta. According to the national LFS, the activity rate (age group 15-64) was 58.0% in 2001.

³ According to ILO data based on National Accounts and used in the JAP.

While Cyprus has a sectoral structure similar to the more service-oriented EU economies, in most other candidate countries the industrial sector is more important than in the EU (Chart 2) and the process of industrial restructuring is not yet complete. Hungary achieved the greatest change in its industrial structure with industrial employment comparable to several EU countries and employment in services continuously rising. In the Czech Republic, Slovenia, Slovakia and Estonia and to a certain extent in the other Baltic countries labour reserves in industry seem to be still substantial. Employment in services is increasing in these countries but not enough to absorb surplus labour.

These sectoral shifts are likely to affect some regions more sharply than others. Since job creation in services mainly takes place in the capital cities, this could widen the gap in employment and unemployment with agricultural regions and increase regional disparities in the medium-term. While these shifts are part of the necessary adjustment process, regional development policies need to address the negative effects on employment.

Clearly there is in all countries a large potential for increasing employment in services (Chart 3). To fully exploit this potential, policies and institutions need to ensure that labour market structures enable people to adapt and manage economic change and move from declining to modern industries.

- ***Increase labour force skill levels in the context of restructuring and future pressures linked to the Single Market***

The ongoing process of restructuring has heightened the disparities in the employment outcomes of different skills groups. The employment rate of the high-skilled is markedly higher than that for the low-skilled - even if compared to the already high EU differentials (Chart 4). This is also reflected in much higher unemployment rates for the lower-skilled. The expected shifts in the sectoral employment structures in these countries suggest that the demand for a more qualified labour supply will increase further (Chart 6).

Declining participation combines with demographic evolution, which, as in the EU15 leads to an ageing population and a contraction of the working age population. In most candidate countries the labour force is ageing and therefore the supply of skills needed to match the new demand will rely heavily on the up-grading and up-dating of the skills of the present labour force.

A serious effort to upgrade skills is necessary if candidate countries are to increase their productivity to the levels required to be competitive in an enlarged EU.

2. Common policy issues identified in the Joint Assessment Papers

Against the background presented in the previous section, the review carried-out in the JAPs has identified the following policy issues.

2.1 Ensuring that wage developments and wage formation system are employment-friendly ...

In most candidate countries, overall wage developments seem to be broadly in line with economy-wide productivity trends. Given the low and in many countries stagnating or declining levels of employment the question arises whether social partners could not do more to ensure that wage developments ease job creation.

It is important that wages reflect better the skill and educational levels of workers. Progress is reported, notably for Estonia, Hungary, the Czech Republic, and also for Slovenia, Lithuania, Latvia and Poland. But in many candidate countries labour mis-matches and shortages, together with persistent high unemployment indicate that social partners should review whether relative wages give appropriate signals to people to invest in human capital and to facilitate mobility between sectors and regions.

Given the extremely low employment rates of unskilled workers, labour costs for lower-skilled workers should not discourage recruitment into moderately-paid employment, while the net wages offered to such workers should be sufficiently attractive for unemployed or inactive people to seek and take up work. Important reforms are underway in all candidate countries including reviewing minimum wages and tax-benefit systems and these should be continued with renewed effort.

... and that tax and benefit systems are supportive to employment

The level of the tax and social security burden in the candidate countries is at least comparable to the one observed in Member States, which seems to be very high given the level of economic development of these countries, contributing to a high tax wedge in Lithuania, Latvia and Hungary in particular, comparable to Germany, Sweden or France, which are among the highest in the EU (Table 2).

Progress in reducing labour taxation is slow. There are no simple solutions, as this would require a reform of the whole tax system and as revenue from taxes and social security contributions finances social benefits and measures for people affected by rapid restructuring. Reforms are further complicated by the present tight budgetary situation. Addressing tax evasion and non-payment of taxes and transforming undeclared work into regular employment may increase the tax base and create scope for action at the lower end of the wage scale.

In many candidate countries net replacement ratios of benefits and of social assistance in particular, compared with work income, represent disincentives to take-up work, in particular for the low skilled. Most countries face a conflicting situation in reducing both poverty and unemployment traps as benefits are used to ensure a subsistence minimum. In Central and Eastern European countries activating and stimulating people to take-up work was often not considered as a key objective of benefit systems when the current social protection systems were designed after the collapse of the previous schemes. In addition to better targeting the benefits and means-tested social cash assistance, policies therefore need to focus on improving the coherence between income protection and activation policies in order to support a more pro-active attitude and encourage economic activity and work in the formal sector.

2.2 Investing in human resources and addressing skills gaps

Most countries have undertaken in-depth reforms of their initial education and vocational training systems, which sometimes include the de-concentration or devolution of responsibilities to the regional level. These reforms already show positive results in terms of shifting participation towards the general stream of education, thus providing young people with the broader skills required by the modern and knowledge-based society.

Several countries and Slovakia, Estonia, Lithuania, Romania and Bulgaria in particular, have significant shares of drop-outs, early school leavers and school failure. From the four CCs

covered by the PISA Survey⁴, only the Czech republic scores around the OECD average. A stronger focus needs to be made on improving the quality of initial education and training.

Enrolment in higher education is increasing in most CCs but remains lower than in the EU. Except in Estonia and Lithuania, participation in education of students at the age of leaving the educational system (15-20) tends to be lower than in the EU, in Bulgaria and Romania in particular but also in the Czech Republic and Hungary.

Investment in education is already important in most candidate countries. Except for Bulgaria, Slovakia and Romania, public spending on education measured as a share of GDP is at or above the EU average and above it in the three Baltic countries (Table 3).

Upgrading and adapting the skills of the labour force is an urgent task in most CCs. Enterprises need appropriate frameworks and incentives to invest in their employees training. Participation in continuing training is low except in the Czech Republic and Estonia where it is at the level of several present Member States and higher than in Spain and Greece (Chart 5). The concept of lifelong learning is generally recognised but operational strategies, frameworks, incentives and resources are lacking.

Both in terms of expenditures and participants, training measures still occupy a small place within the range of active support offered to the unemployed. The situation is particularly critical in those countries which are still and will be undergoing major restructuring of their economy.

Overall, on-going reforms of the education and training systems, the development of lifelong learning capacities and the strengthening of quality will continue to require a considerable shift of resources which is often difficult to achieve in the general context of budgetary constraints.

2.3 *Enabling the Public Employment Services to play an effective role*

An effective employment service is an important instrument of employment policy in a period of economic transition and restructuring. The Public Employment Services (PES) have a critical role in people's adjustment to changed circumstances – by encouraging mobility and flexibility and by helping people acquire the skills required in growing economic sectors. In most countries, the PES set up at the beginning of the 1990s are undergoing a continuous reform and modernisation process. Recent reforms aim at giving the PES a stronger role in implementing active labour market policies. As shown by the ratio of unemployed people to PES staff (Table 4), the PES capacity appears particularly low in Latvia, Lithuania and Bulgaria given the present level of unemployment and might need strengthening in Romania to face the likely increase of unemployment resulting from the on-going restructuring.

The framework is in place, but implementation needs to follow. While the development of a customer-oriented approach is progressing, the PES needs to play a more active role towards the employers. PES capacity needs to be strengthened essentially in local offices which are in direct contact with the unemployed and the employers. The capacity of the PES to develop a more active and preventive approach will require a consistent allocation of resources in terms of financing and staff as well as important training efforts for the staff in place.

⁴ The PISA Survey concentrates on the 15-year olds and assess reading, mathematic and scientific skills. Candidate countries covered are the Czech Republic, Hungary, Latvia and Poland.

2.4 *Promoting a more pro-active and preventive policy approach*

The development of active measures was prompted by the surge of massive unemployment in the 1990s. Given the high level of unemployment and of long-term unemployment in particular, the levels and shares of expenditure for active programmes appear rather low compared to the EU. Most countries spend less on active policies than Greece and Portugal which have the lowest level of active spending in the EU (Table 5). The shift towards a preventive approach is progressing in Slovenia and first initiatives in this direction have been taken in the Czech Republic and Malta.

As in other domains, budgetary constraints limit the expansion of active programmes. While most candidate countries probably need to increase the share of resources allocated to active policies, in the very short-term a shift of resources between the various measures, towards training measures in particular as well as an improved targeting and impact monitoring could already enhance the efficiency of ALMPs. A careful design and targeting is particularly important in the case of training measures in order to minimise the deadweight effect. Equally important is an early and more individualised intervention towards the unemployed as well as the promotion of active job search through a better linkage between benefit systems and active support.

2.5 *Ensuring social cohesion and integrating ethnic minorities*

Most candidate countries have significant ethnic minority groups and most of them are in a disadvantaged position in the labour market. Some of these groups – Roma in particular – face broader difficulties in terms of integration into society and are at high risk of social exclusion and poverty. In their case, lower outcomes on the labour market are the result of cumulative handicaps in terms of access to education, social services, housing and health care.

Efforts are being made to better tailor the educational provision to minorities' needs (possibility to study in minority languages, tutors and teaching staff from minority groups etc.) in countries with important ethnic minorities, Romania in particular, but need to be intensified. Many individual integration projects exist, generally run by NGOs. There is an awareness of the problem reflected in the development by the governments of comprehensive integration strategies that generally include measures related to education and to the labour market, but the development is slow in Slovakia in particular and practical implementation also remains piecemeal in Bulgaria. Integrating the minorities – and the Roma minority in particular – is an important issue with respect to social inclusion. Progress in setting appropriate conditions and allocation of resources for implementation of the integration strategies on a significant scale need to be speeded up.

2.6 *Modernising the labour market - a key role for social partnership*

The transformation process included a radical change in the functioning and the "social" role of enterprises and in particular in how security was provided for workers. Strong progress has been made in terms of public policies and enterprise reform putting the need to innovate work organisation and working conditions firmly on the agenda. It is also clear that the development of a new framework for flexibility and security and of a culture of modernising work organisation and working conditions takes time and depends heavily on the actions of the two sides of industry, workers and employers and their representatives. Therefore there are key challenges not only for governments but also for the social partners.

In this context, social partners and public authorities should work together to ensure that improved flexibility and adaptability of the regular labour market help shifting employment from the informal towards the formal sector.

In all candidate countries social partners are involved in policy-making through tripartite advisory structures. They are also generally involved in the main implementing bodies and in the PES in particular, again via tripartite management or advisory boards. In several countries, the autonomous bi-partite social dialogue appears still under-developed or in a few cases barely existing.

The basic conditions do not yet exist for a meaningful involvement of social partners in issues where they have a crucial part to play, such as labour relations in general and wage formation in particular, the adaptability of the enterprises and the workforce and to ensure a proper balance between flexibility and security. Considerable progress in that respect should be made urgently, given the challenges that most candidate countries face in terms of modernising their work organisation, including training and working time arrangements for the employees.

2.7 *Promoting equal opportunities*

In all Central Eastern European countries, women's participation used to be high but dropped dramatically during the early years of the transition. More recently, while stagnating or further declining in several countries, female participation increased in Latvia, Slovakia, Bulgaria and in Cyprus; in some of these countries this accounted for almost the entire increase of the labour supply. Women's activity rates are currently at or above the EU average except in Malta⁵, Hungary and to a lesser extent Bulgaria (Table 1). The female employment rate is higher than or at the EU level except in Hungary, Malta, Poland, Bulgaria and to a lesser extent, Slovakia. The gender employment gap tends to be lower than in the EU as a whole but this reflects also the particularly low male employment rates. In contrast to EU patterns, in several candidate countries, in particular Central and Eastern European countries, unemployment is not significantly higher for women than for men but female unemployment is characterised by more high-skilled women out of work and unemployed women also tend to stay longer unemployed. CCs' labour markets are strongly gender segregated and substantial gender pay gaps exist.

There is awareness of the need for gender equal opportunities among policy-makers and legal as well as strategy frameworks have been put in place in relation to the fulfilment of the *acquis*, which now needs to be fully implemented. Progress is in general slower in other initiatives necessary to support an increased participation of women. Family-friendly working-time arrangements remain poorly developed beyond basic provisions for maternity and family-related leaves. Most CCs also need to develop affordable child-care facilities, in particular those Central and Eastern European countries where such facilities disappeared with the collapse of the previous system.

⁵ According to the national LFS, the female activity rate (age group 15-64) was 34.2% and the female employment rate (age group 15-64) was 31.6% in 2001.

2.8 *Strengthening capacity building to design appropriate policies and policy mix (co-ordination between policy areas) and ensuring implementation*

The 2002 Commission Strategy Paper "Towards the enlarged Union"⁶ stresses the need to develop the administrative capacities for policy development and implementation in all policy areas including employment and social policies. The JAPs also underline that candidate countries need to improve planning and implementation capacities to respond to the complex employment policy challenges which they face in a period of rapid restructuring. The mix of different dimensions of employment policies has to be right and they must fit into the overall economic policy strategy.

Co-operation between different government departments and the education system is decisive in this respect. There is a need in most candidate countries to develop the PES as the key implementation agency for active policies. Employment policies require a strong contribution from the social partners in particular in terms of their responsibility to promote the modernisation of the labour market.

In many candidate countries administrative preparations for the management of the ESF raise concerns, especially in the area of financial management and control. Preparations for the ESF need to be accelerated, with a particular emphasis on a sufficient allocation of staff and on the provision of training that gives the staff the relevant qualifications. It is vital that these preparations do not only target central administrations but also all intermediate bodies and final beneficiaries and the regional ESF-implementation structures in particular.

2.9 *Ensure availability of resources for employment policies including human capital investment and social infrastructure*

Employment policies as outlined in the JAPs require the mobilisation of resources for investment in active labour market policies, human capital and the appropriate social infrastructure. This is a threefold task. First, a review of the structure of public finances is needed to translate the government's policy commitments into appropriate levels of public expenditure. Second, government and social partners ought to ensure that individuals and enterprises have the right incentives to invest in improving employability and upgrading skills. Thirdly, governments need to guarantee that EU funds are fully utilised in line with the priorities set and that no time is lost when Structural Funds become available.

3. *Next steps*

The present Communication confirms that candidate countries have made progress in transforming the functioning of their labour markets and in policy design with a view to advancing towards the objectives of the European Employment Strategy. However, progress remains variable.

Co-operation between the future Member States and the Commission will need to be pursued in advance of membership focusing on four areas:

- The joint work on JAPs and the follow-up are already helping to shape the National Development Plans (NDPs) to be submitted by Future Member States by early 2003. These will set the framework for employment and human resources development including the

⁶ "Towards the Enlarged Union", Strategy paper and Report of the European Commission on the progress towards accession by each of the candidate countries, COM(2002) 700 final.

options and policy priorities for future ESF funding and should be coherent with employment policies. They should address in particular the need for capacity building, for policy design and implementation.

- The review of the European Employment Strategy will conclude in June 2003 with the adoption of new Employment Guidelines. This will allow the future Member States to start with the work on their National Action Plans to be presented in October 2004. In this context the Commission proposes that each future Member State organises an in-depth review of policies, of the institutional setting and administrative capacities for employment policy and related ESF activities. Such reviews would take place in Spring and Summer 2003.
- The future Member States will have joined the "Employment Incentives Measures" (EIM) participation in 2003. The EIM activities may help them to make faster progress. The Commission proposes to concentrate EIM activities in 2004 on supporting preparatory work for participation in the European Employment Strategy.
- The Commission proposes in its 2002 Strategy paper for enlargement⁷ that, after signature of the Accession Treaty, representatives of the future Member States will participate as observers in the Employment Committee and in the ESF Committee.

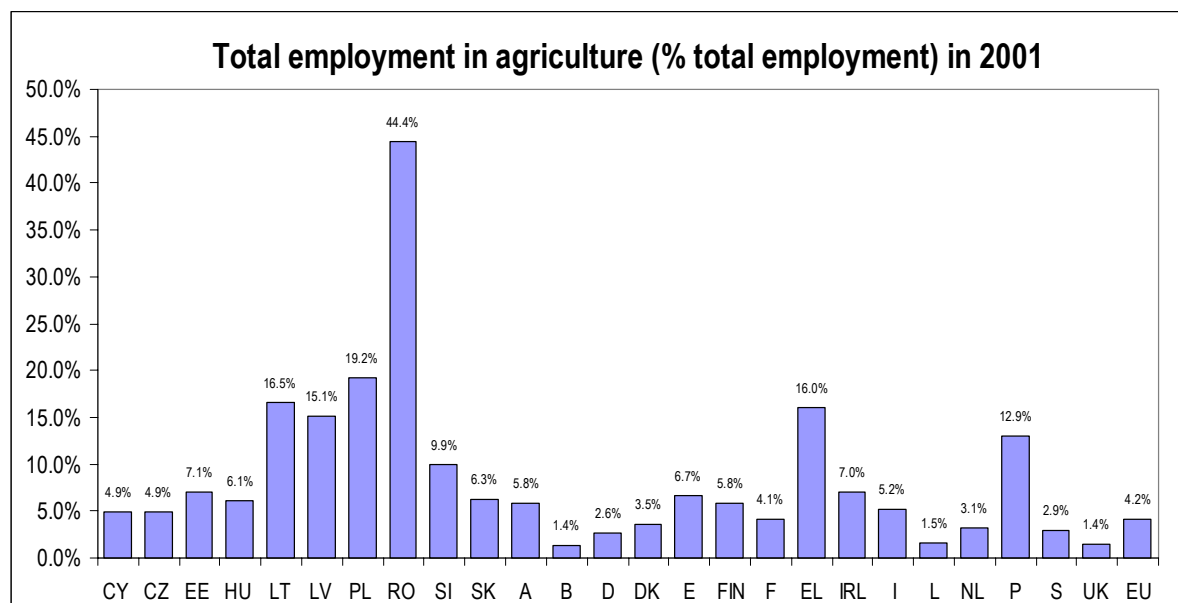
Co-operation with Romania and Bulgaria will continue within the framework of the JAP follow-up process. In view of major economic and social restructuring ahead in these two countries, within the intended increased EU financial assistance from 2004 onwards, pre-accession funding related to ESF type of support could make a significant contribution to help the reallocation of labour and support human resource development in line with the priorities identified in the JAPs. The preparation of the JAP with Turkey will start once Turkey has completed the background study.

The Commission will present a final progress report on the follow-up of the Joint Assessment Papers in Autumn 2003.

⁷ See footnote 6.

ANNEX

Chart 1

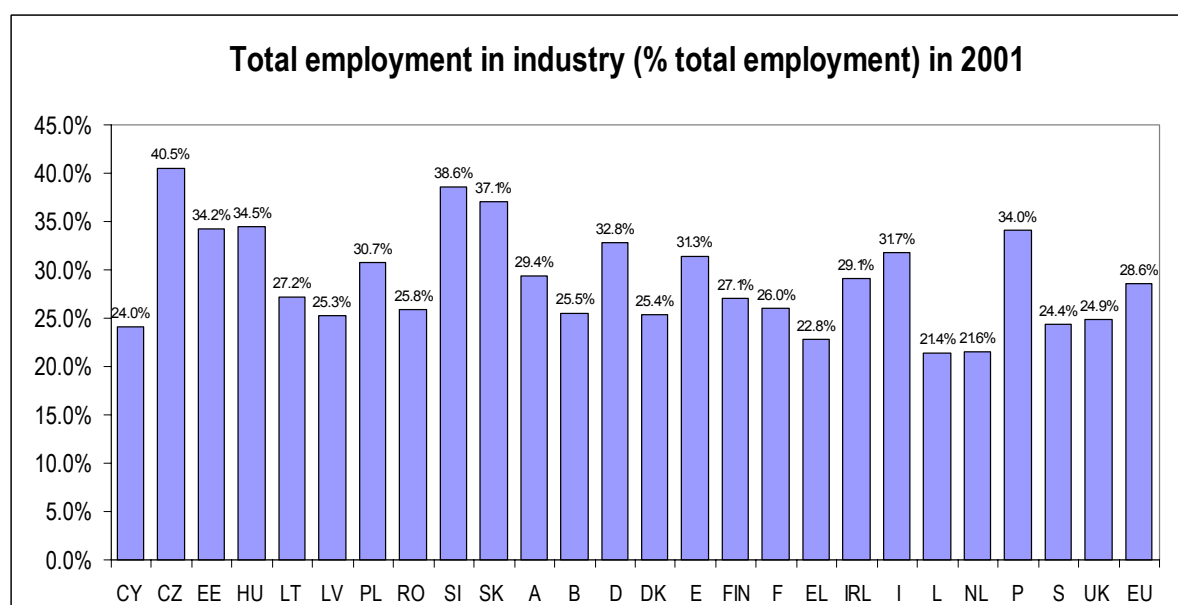


Note:

- Due to the very high proportion of persons having agricultural activity in addition to another main occupation in Bulgaria, the LFS does not provide an accurate estimate of total employment by sector.
- No Eurostat LFS data available for Malta.

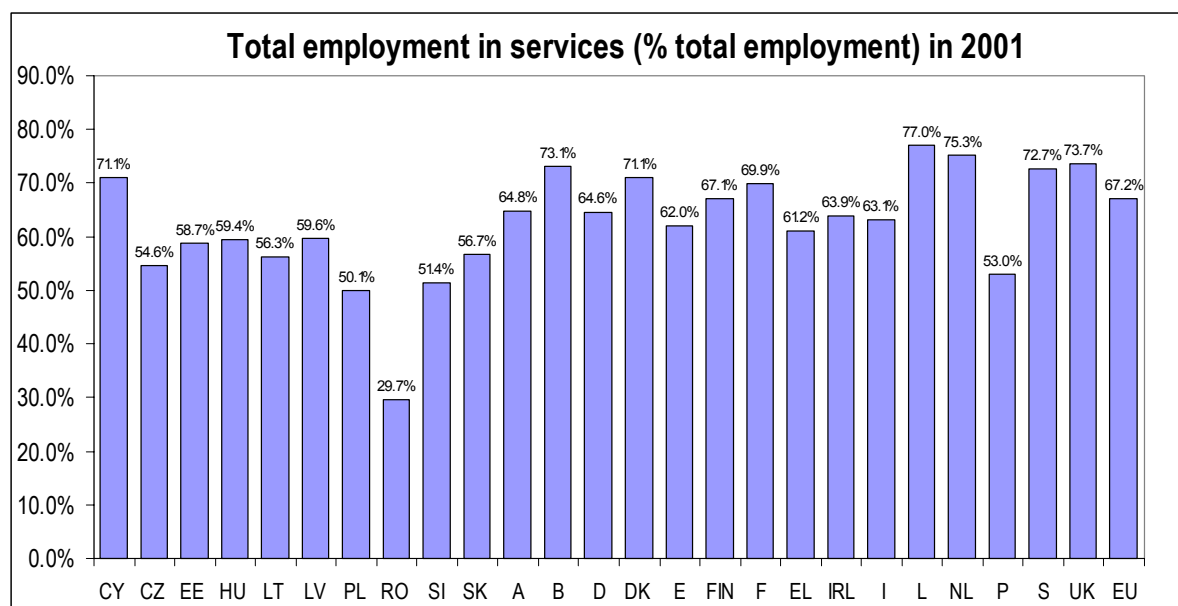
Source: LFS, Eurostat. 2000 for Sweden.

Chart 2



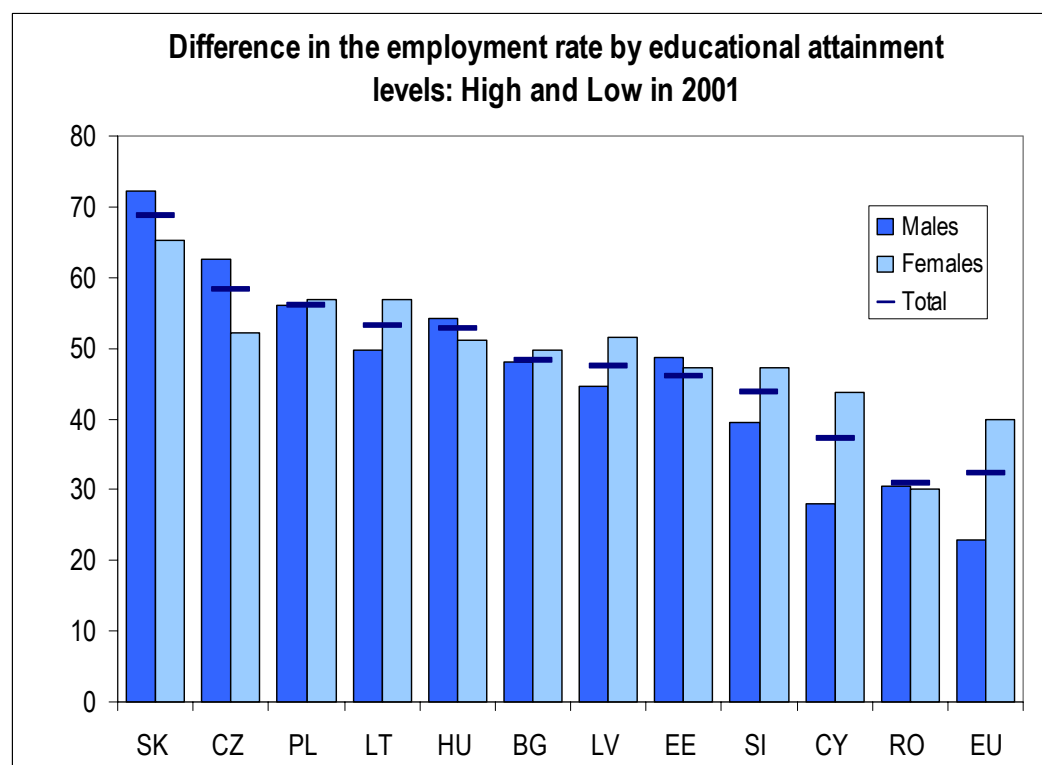
Source: LFS, Eurostat. 2000 for Sweden.

Chart 3



Source: LFS, Eurostat. 2000 for Sweden.

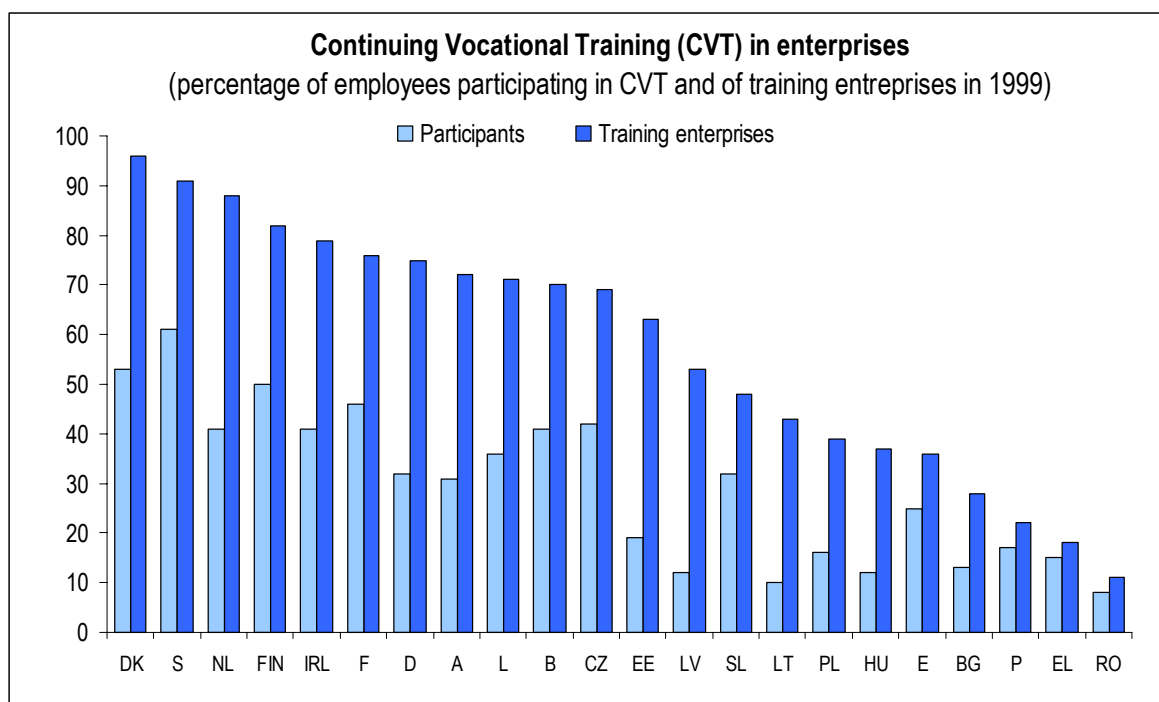
Chart 4



Note: The bars (and line) represent the difference - in percentage points - between the employment rates of high skilled (tertiary education completed) and low skilled (less than upper secondary education completed) by gender (for the total).

Source: LFS, Eurostat. 2000 for the EU.

Chart 5

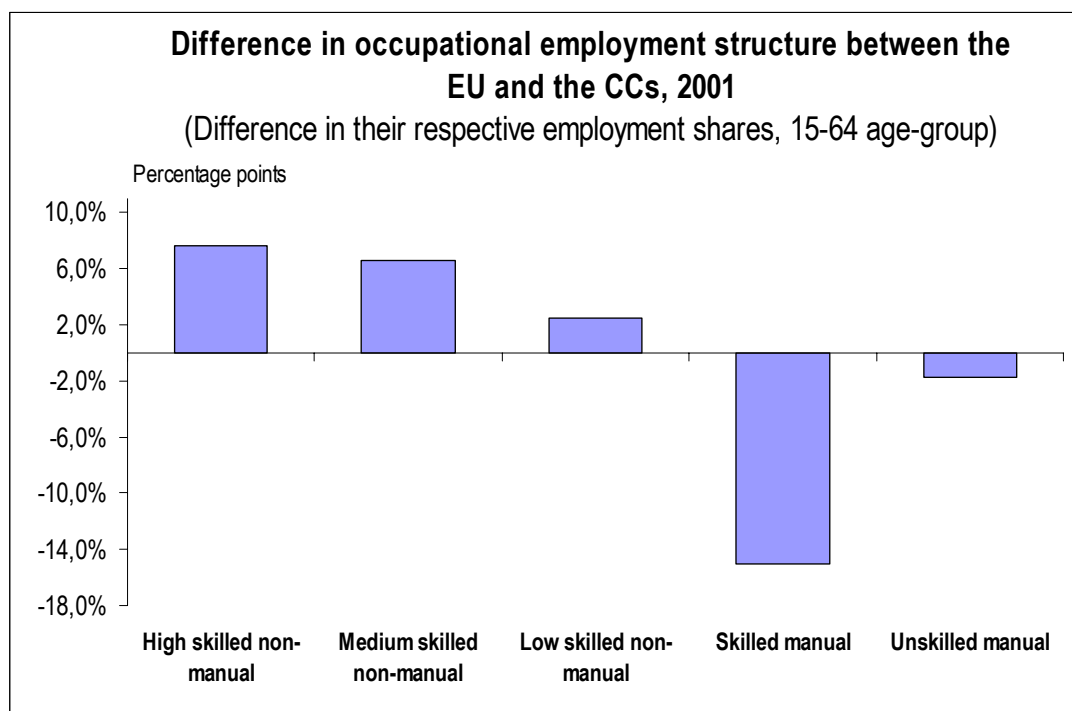


Note:

- Continuing vocational training (CVT): training measures or activities financed wholly or partly by enterprises for their employees with employment contracts. For the purposes of this survey, "employees" means the persons employed, excluding apprentices and trainees.
- Training enterprises: Number of enterprises providing CVT to their employees as a percentage of the total number of enterprises.
- Participants: Number of employees who took part in one or more CVT courses at some time during 1999 as a percentage of the total number of employees.

Source: Second Survey on Continuous Vocational Training in Enterprises (CVTS 2), Eurostat.

Chart 6



Note: The five categories presented in the chart are based on the International Standard Classification of Occupations ISCO-88. The aggregation has been done at the 1 digit level (the highest level of aggregation). The five categories are (coding in brackets):

- High skilled non-manual (100 + 200 + 300). Legislators, senior officials, and managers (100); professionals (200); technicians and associate professionals (300).
- Medium skilled non-manual (400). Clerks (400).
- Low skilled non-manual (500). Service workers and shop and market sales workers (500).
- Skilled manual (600 + 700). Craft and related trade workers (700). These include building trade workers, metal and machinery workers, glass makers, wood, textile and precision metal workers, among others. Skilled agricultural workers and fishery workers (600).
- Unskilled manual (800 + 900). Plant and machinery operators and assemblers (800); elementary occupations (900).

Source: LFS, Eurostat. Data refer to 2001 for candidate countries and 2000 for the EU.

Table 1

	Employment, participation and unemployment in 2001										
	Employment rate 15-64			Activity rate 15-64			Unemployment rate 15+			Youth unemployment rate	Long-term unemployment rate
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Total
BG	50.7%	53.6%	47.9%	63.3%	67.8%	59.1%	19.9%	20.8%	18.9%	39.3%	12.5%
CY	67.9%	79.7%	56.5%	70.8%	81.9%	60.0%	4.0%	2.7%	5.8%	8.4%	0.9%
CZ	65.0%	73.2%	57.0%	70.7%	78.5%	63.0%	8.0%	6.7%	9.6%	16.3%	4.1%
EE	61.1%	65.6%	56.9%	69.9%	74.5%	65.6%	12.4%	11.8%	13.1%	24.5%	5.8%
HU	56.3%	63.3%	49.6%	59.7%	67.6%	52.2%	5.7%	6.3%	4.9%	10.5%	2.5%
LT	58.6%	59.8%	57.4%	70.4%	74.5%	66.5%	16.5%	19.4%	13.5%	30.9%	9.3%
LV	58.9%	61.9%	56.1%	68.0%	72.7%	63.6%	13.1%	14.6%	11.5%	22.9%	7.7%
PL	53.8%	59.2%	48.4%	66.1%	71.6%	60.8%	18.4%	17.0%	20.0%	41.5%	9.2%
RO	63.3%	68.6%	58.2%	68.3%	74.3%	62.4%	6.6%	7.0%	6.0%	17.6%	3.2%
SI	63.6%	68.5%	58.6%	67.5%	72.5%	62.5%	5.7%	5.4%	6.0%	15.7%	3.6%
SK	56.7%	61.8%	51.8%	70.4%	77.4%	63.6%	19.4%	20.1%	18.6%	38.9%	11.3%
EU15	64.0%	73.0%	54.9%	69.2%	78.1%	60.2%	7.6%	6.6%	9.0%	15.3%	3.2%

Note: At present, all CCs (except Turkey) provide LFS data in accordance with Eurostat definitions. In 2001 most of these countries (except Cyprus, Latvia and Lithuania) had a quarterly LFS. Time-series labour market data are regularly published in Employment in Europe. The availability varies across countries: 1996-2001 (SL, HU), 1997-2001 (PL, CZ, EE, RO), 1998-2001 (LT, LV), 1999-2001 (CY, SK). Data for Malta starting in 2000 have not yet been released by Eurostat. For legal reasons, Eurostat has not yet received LFS data for Turkey, although the LFS does exist in this country and the definitions applied follow the guidelines laid down in the above-mentioned Council Regulation.

Source: Eurostat.

Table 2 - Tax-wedge (%) for an average production worker

Bulgaria	43
Cyprus	n.a.
Czech Republic	43
Estonia	42
Hungary	52
Latvia	50
Lithuania	48
Malta	n.a.
Poland	43
Romania	48.2
Slovak Republic	42
Slovenia	n.a.
Germany	47
France	48
Sweden	50
EU maximum	56 (Belgium)
EU minimum	29 (Ireland)

Note: The tax wedge represents personal income tax plus employer's and employee's social contributions as a percentage of total labour cost (including employer's contribution).

Source: "Labour market and social policies in the Baltic States", OECD (forthcoming 2003), data 2000. Bulgaria, Romania: JAP.

Table 3 - Public expenditures on education (as % of GDP)

Bulgaria	3.6
Cyprus	5.6
Czech Republic	4.6
Estonia	7.6
Hungary	5.1
Latvia	7.2
Lithuania	6.0
Malta	5.5
Poland	5.4
Romania	4.0
Slovak Republic	4.0
Slovenia	5.6
EU average	5.0
EU maximum	8.3 (Sweden)
EU minimum	3.5 (Greece)

Note: Data 1998 for Malta and Poland; 1999 for Bulgaria, Estonia, Latvia, Slovenia; 2000 for Cyprus, Czech republic, Slovakia; 2001 for Hungary, Romania and the EU.

Source: Country monographs on vocational education and training and employment services, European Training Foundation (EE, MT, PL, SK, SI), Progress Reports (CY, CZ, HU, LT), JAP (BG, LV, RO).

Table 4 - Ratio unemployed per PES staff

Bulgaria	214
Cyprus	203
Czech Republic	236
Estonia	228
Hungary	286
Latvia	300
Lithuania	360
Malta	n.a.
Poland	n.a.
Romania	182
Slovak Republic	100
Slovenia	118
EU 15	212

Source: JAPs and Progress Reports, European Training Foundation Country Monographs.

**Table 5 - Expenditures on active labour market policies
(as % of GDP)**

Bulgaria	0.35
Cyprus	n.a.
Czech Republic	0.10
Estonia	0.09
Hungary	0.48
Latvia	0.15
Lithuania	0.12
Malta	0.18
Poland	n.a.
Romania	0.15
Slovak Republic	0.23
Slovenia	0.36
EU average	0.92
EU maximum	1.64 (Denmark)
EU minimum	0.25 (Greece, Portugal)

Source: JAPs and Progress Reports. Data 2001 except Latvia (2000) and Czech Republic.
EU: JER 2002, data 2000.