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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**

**Increasing the employment of older workers and delaying the exit from the labour
market**

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Summary and conclusions

The low employment of older workers in Europe represents a waste of individual life opportunities and societal potential. A sustained growth in longevity means that people have greater opportunities to fulfil their potential over a longer life-span. For the economy as a whole the increase in participation and employment rates of older workers are crucial for using the full potential of labour supply to sustain economic growth, tax revenues and social protection systems, including adequate pensions, in the face of expected reductions in the population of working age. Moreover, there are important gains for both workers and employers from establishing work place and labour market practices that enable longer working lives. Government policies can produce a supportive environment but without dedicated contributions from the social partners the necessary changes in age management will not materialize and spread.

The promotion of active ageing is reflected in the two complementary targets that the EU has set itself. The 2001 Stockholm European Council agreed that half of the EU population in the 55-64 age-group should be in employment by 2010. The 2002 Barcelona European Council concluded that "a progressive increase of about 5 years in the effective average age at which people stop working in the European Union should be sought by 2010".

Progress towards the Stockholm and Barcelona targets has been achieved, but it is not sufficient

In 2002 the employment of older workers went up by a significant 5.4%, leading to an increase in the employment rate of 1.3 percentage points (men and women) in just one year. This progress did not occur in declining economic activities but in expanding sectors. Over the period from 1997 to 2002, the employment rate increase for older workers was very similar to that of the overall employment rate. The exit age from the labour force increased by 0.4 year between 2001 and 2002 for the EU as a whole, although progress varied considerably between countries. It is not possible to analyse the exit age development before 2001 because data are available only from 2001 onwards.

In spite of these improvements the EU is still far short of both targets and much stronger efforts are needed to make the necessary progress towards both targets. In particular, despite recent improvements, the employment rate of women aged 55-64 is only around 30%.

Member States must take drastic action

With the ageing and the coming shrinking of the working age population, older workers must be recognised for what they are: a core component of labour supply and a key factor for the sustainable development of the European Union. Early retirement may appear a convenient way for companies, workers and trade unions to soften the negative impact of manpower reductions. But it results in a premature and permanent loss of human capital. Policies are therefore essential that maintain labour supply and secure employability even in periods of overall sluggish employment growth. A preventative approach based on mobilising the full potential of people of all ages in a life-cycle perspective must be the overarching principle of policy measures.

In line with the European Employment Strategy and the Broad Economic Policy Guidelines, Member States need to develop and implement comprehensive active ageing strategies addressing the key factors for sustaining the employment of older workers: financial incentives to discourage early retirement and to make sure that work pays; access to training

and lifelong learning strategies and effective active labour market policies; and good working conditions conducive to job retention, in particular in relation to health and safety, flexible working arrangements (including part-time and career breaks) and care services. Obviously, incentives for older workers to remain in the labour force must be reflected in real prospects for employment. These factors are also underlined in the report of the Employment Taskforce chaired by Wim Kok.

The social partners have a major contribution to make in encouraging enterprises to take a forward-looking approach and in facilitating better and longer working lives

Active ageing is a win-win objective for employers and workers alike. Member States' efforts to enable workers to continue to work as they age can only succeed if the social partners are also strongly engaged.

Recognition of demographic changes and the need to preserve skills and experience is leading to a change in the social partners' approach. However, a much stronger participation and commitment of the social partners are needed in designing and implementing comprehensive active ageing strategies. The social partners have a particularly important role to play through collective agreements on interconnected issues such as: reconsideration of the weight of seniority elements as part of pay with a view to bring pay more in line with productivity and performance; work organisation and improvements in safety and working conditions; lifelong learning (in particular workplace training); removal of incentives for early retirement; higher pension entitlements for people to stay in work longer; flexible retirement schemes combining gradual retirement with part-time work. They can also promote best practices in relation to age management.

There are promising developments in a number of Member States. They should be broadened and intensified. The social partners at European level can support and encourage these changes.

The EU supports active ageing

Policy and action at the EU level supports active ageing through policy coordination, through the exchange of experience and of best practice and through the financial instruments. The European Employment Strategy and the Broad Economic Policy Guidelines set out the policy framework for comprehensive strategies for longer working lives at the EU and Member State level, also highlighted as a core objective by the open method of coordination in the area of pensions. Active ageing is increasingly supported by the ESF and should be fully incorporated in the human resources priorities of the Structural Funds in the next programming period.

1. INTRODUCTION

In its synthesis report to the 2004 European Spring Council¹, the Commission has identified active ageing as one of the three priority areas for which swift action is needed to deliver the Lisbon strategy.

At the EU level, the promotion of active ageing is reflected in the two complementary targets that the EU has set itself. The Stockholm European Council of March 2001 agreed that half of the EU population in the 55-64 age-group should be in employment by 2010. The Barcelona European Council of March 2002 concluded that "a progressive increase of about 5 years in the effective average age at which people stop working in the European Union should be sought by 2010". These targets are an integral part of the European Employment Strategy.

The purpose of this communication is to inform the debate about developments on the Stockholm and Barcelona targets and to highlight the role of Governments and social partners in promoting active ageing. In its Spring 2004 Report the Commission invited social partners to flesh out their commitment to a new European partnership for change in order to promote growth and accelerate employment and productivity. Active ageing should be a key element of such partnership and a central element of the discussion in the next Tripartite EU Social Summit which will take place on the eve of the Spring 2004 European Council. This communication also responds to the request of the Barcelona European Council to analyse progress in this field annually before every Spring Council (Barcelona Conclusions paragraph 32, last sentence).

Prior to this communication, the joint report on "Increasing labour-force participation and promoting active ageing" presented to the Barcelona European Council on economic and social affairs in 2002 represents a first assessment of the European policies on active ageing. The joint report was followed in 2003 by a first analytical study on the Stockholm and Barcelona targets².

The low employment of older workers in Europe represents a waste of individual life opportunities and societal potential. As life expectancy continues to rise and the ageing of the baby-boomers greatly expands the share of 55-64 year olds in the population, this loss becomes increasingly unsustainable. The sustained growth in longevity means that people have greater opportunities to fulfil their potential over a longer life-span. However, if they do not have sufficient possibility to participate in employment, their living standards will not reach their potential level.

For the economy as a whole the increase in participation and employment rates of older workers is crucial for using the full potential of labour supply to sustain economic growth, tax revenues and social protection systems, including adequate pensions, in the face of expected reductions in the population of working age. By 2030 there will be 110 million people over the age of 65 in the EU25, up from 71 million in 2000 and the working age population will stand at 280 million compared to 303 million today. This has a direct impact on the ability to

¹ COM(2004) 29, "Delivering Lisbon – Reforms for the enlarged Union", Report from the Commission to the Spring European Council.

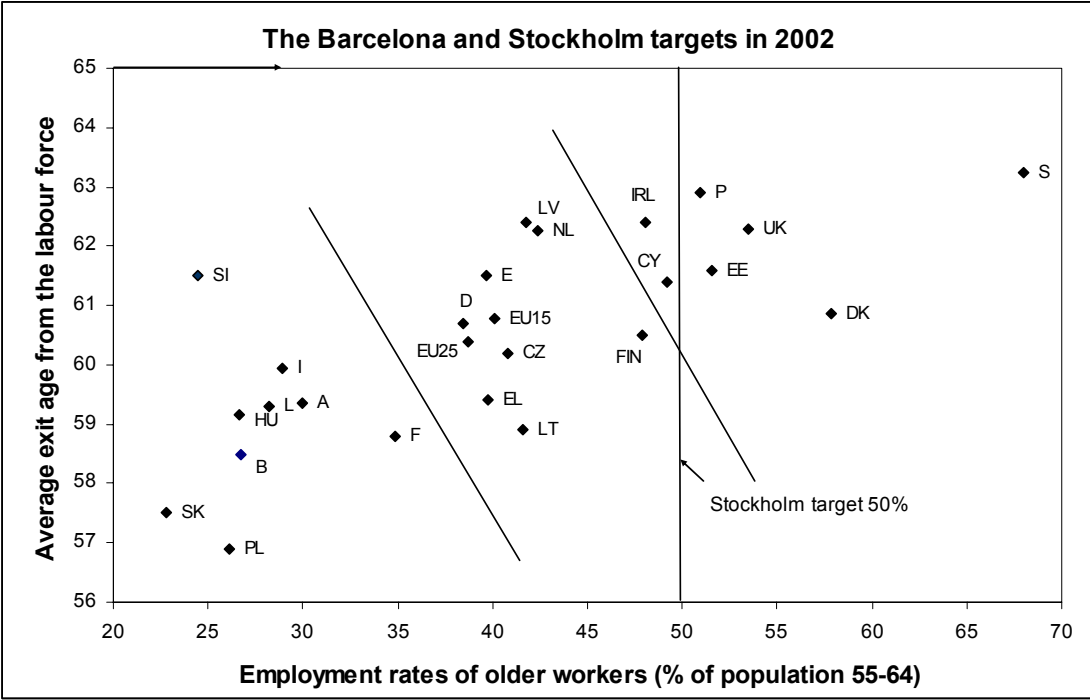
² SEC(2003) 429, "The Stockholm and Barcelona targets: Increasing employment of older workers and delaying the exit from the labour market", Commission staff working paper. Further analysis of labour market issues related to older workers is presented in chapter 5 of the Employment in Europe report 2003.

sustain economic growth in the longer term. Unless employment rates above the overall 70% target can be achieved and productivity can be significantly improved, the average GDP growth per capita in the EU will slow down significantly between 2010 and 2030.

Progress towards the Stockholm and Barcelona targets is essential if we are to improve employment performance and achieve the overall employment rate target of 70%. Workplace and labour market practices need to adjust to the fact that people aged 50 and over will constitute a significantly higher proportion of the potential work force while the size of the group of young entrants will shrink. Changing the attitudes and expectations of both workers and employers has become an urgent priority. Unless drastic action is taken in line with the European Employment Strategy and Broad Economic Policy guidelines and recommendations, the EU employment objectives will remain out of reach.

2. PROGRESS TOWARDS THE STOCKHOLM AND BARCELONA TARGETS

The Stockholm and Barcelona targets are complementary in the sense that they both require an increase in labour market participation of older workers. As shown below, countries with the highest employment rate for older workers are generally those with the highest average exit ages.



Source: Eurostat, Labour Force Survey, annual averages.

Notes: Average exit age from the labour force: no data for MT, provisional data for PL; 2001 data for EL, LV, LT and SI.

In 2002 a first group of countries – group I – seems to be close to, or even above, the Stockholm target, among them, Sweden, Denmark, the UK, Estonia, Ireland, Cyprus, and Portugal. A second group of countries – group II – is particularly worrisome, with Slovakia, Slovenia, Poland, Belgium, Hungary, Luxembourg, Italy, Austria and France, where less than 35% of older people were at work. Then an 'in-between' group – group III – consisting of Germany, the Czech Republic, Finland, Lithuania, Spain, the Netherlands, Greece and Latvia,

is close to EU average³. Some countries in the last group have achieved in recent years substantial increases in the employment rate of older workers.

The new Member States are scattered throughout the three groups, even though the bigger countries are found in group II. In 2002 the average for the EU25 was 38.7%, lower than the average for the EU15 at 40.1%.

In the EU15 the difference between the employment rates of older women and men is remarkably high, with employment rates of 30.5% and 50.1% respectively. In three countries (EL, E and IRL) this difference is greater than 30 percentage points (Annex 2, table 1).

In relation to the average exit age from the labour market the figures vary quite substantially between countries, ranging from 56.9 in Poland to 63.2 in Sweden (Annex 2, table 1). The Member States lagging far behind are the same as those with lower employment rates. The difference in the average exit age for men and women is small despite the sizeable difference in employment rates. This is due to the fact that significantly more women than men have never entered the labour force, but the smaller pool of women in the labour force tends to withdraw from it at a similar age as that of men.

However, exit age figures must also be seen in the light of the length of stay in the labour force. While at the EU level the average exit age for the low-skilled is about three years below the high skilled, this is compensated for by the fact that their working life also started three years earlier (Annex 2, chart 2).

Overall in the EU15, while progress was slow in the 1990s, more recently the increase in the employment rate of older workers has accelerated, outpacing that of the whole population of working age. In the new Member States the employment rates of the working age population and of older workers have both worsened significantly in the late 90s. The subsequent improvement in the employment rate of older workers has only partially offset that deterioration, while the overall employment rate has continued to deteriorate (Annex 2, table 3).

Between 2001 and 2002 the employment rate of older workers went up by 1.3 percentage points to 40.1%. As much as 80% of the total employment increase in 2002 is accounted for by employment of older workers. In general, progress has been achieved by countries with higher as well as lower initial rates and only three countries - Denmark, Slovenia and Poland - experienced a decline in the employment rate of older workers. Denmark already comfortably meets the Stockholm target, but this is particularly worrying for the latter two since they already had low rates to start with.

The increase in the average exit age⁴ from the labour force from 60.4 years in 2001 to 60.8 years in 2002 for the EU15 and from 60 to 60.4 respectively for the EU25 is in line with the improvement in the employment rate of older workers (Annex 2, table 2). It would be

³ Data on 'average exit age from the labour force' not available for Malta. The employment rate for older workers was 30.3% in 2002.

⁴ Average exit age figures for 2001 and 2002 have been revised due to submission of new data from Member States and technical adaptations. For a detailed description of the methodology to compute the average exit age from the labour force, see Employment in Europe report 2003, annex 5.1 or the following link http://europa.eu.int/newcronos/suite/info/notmeth/en/theme0/strind/emploi_ea_sm.htm.

premature to interpret the increase in the exit age as a strong indication of a positive trend as there are only two years of data⁵.

It is too early to judge the impact of recent reforms implemented by Member States and to assess whether the recent improvements are sustainable in the long-term. As highlighted by the Spring 2004 Report, despite the recent positive developments the EU still falls far short of both the Stockholm and the Barcelona targets and the long-term trend in the employment rate of workers aged between 55-64 is indeed worrying.

3. EMPLOYMENT OF OLDER WORKERS AND CHANGES IN THE ECONOMY

In the late 1970s and in the 1980s, in the light of rising unemployment (including youth unemployment) and restructuring of traditional industries it became common practice for the enterprises to carry out labour force adjustments through early retirement schemes. Certain social transfer schemes have also been used *de facto* as early retirement schemes. In this connection it is important to clarify a number of issues:

Firstly, early retirement schemes are short-term answers to economic downturns and enterprise restructuring. They are short-sighted because they entail a permanent loss of human capital and growth potential for the economy. For older workers, as well as for the economy as a whole, prolonged labour market participation is a way to fully realise the benefits from increased life expectancy. Labour market attachment, if supported by quality in work, can improve their living standards and reduce social exclusion. Withdrawal from the labour market is difficult to reverse when the conditions for higher growth and employment have been re-established. With this in view, it is important that the policy tide is changed towards encouraging older workers to remain in the labour force, notably by reforming incentives to work as well as eligibility and access rules to early retirement and other benefit systems. At the same time, appropriate incentives to lifelong learning and effective active labour market policies are essential to maintain labour supply and secure long-term employability.

Secondly, there is no evidence that older workers cannot fully participate in the employment growth of expanding sectors. Employment growth for older workers in most service sectors over the period 1998-2002 superseded that of prime age workers. More specifically, growth was relatively stronger in "Real estate, renting, business", "Health and social work" and "Education" (Annex 2, chart 3). Clearly, these cannot be said to be declining economic activities. With the sole exception of "Agriculture", older workers today are not clustered around declining sectors, at least at the EU level⁶.

Thirdly, there is no empirical evidence that younger workers and older workers are substitutes. The fact that exits of older workers (55-64) and inflows of younger workers (15-24) do not occur in the same sectors suggests that this is not the case. Both changes in their specific sectoral employment structure as well as absolute growth rates over the past few years show that, although to a different degree, the positive or negative sign of employment change is generally the same for young and older workers – except for "Manufacturing" (Annex 2, chart 3). In addition, experience from several Member States demonstrates that

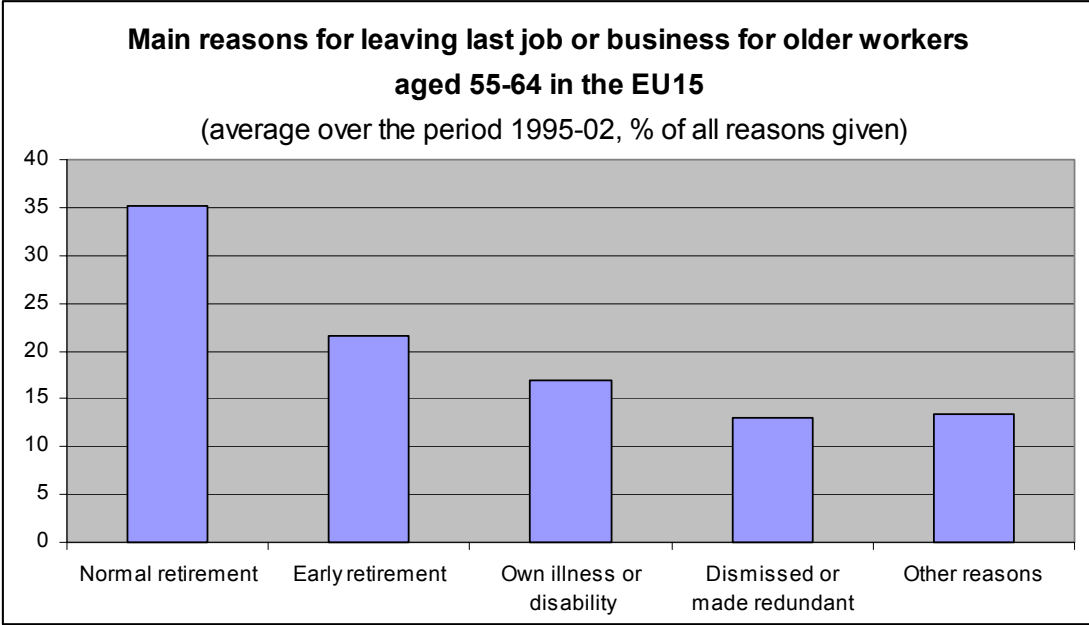
⁵ The calculation of the average exit age from the labour force is based on the ILO employment and unemployment definitions which cover short term employment developments. Therefore, the few results available so far (two years) cannot be considered to be numerous and stable enough to draw any relevant forecast.

⁶ For a more complete analysis, see the 2003 Employment in Europe Report, chapter 5.

growth in the employment rate of older workers goes hand-in-hand with growth in that of younger workers (Annex 2, chart 4). In several of the new Member States the picture is more complex with sizeable reductions in the employment rates of younger workers over the past five years in several of them, due to the depressed state of the labour markets.

4. KEY CONDITIONS FOR FOSTERING THE EMPLOYMENT OF OLDER WORKERS

The evidence shows that increases in the labour force participation and employment rates of older workers can be achieved when the right labour market conditions and policies are in place: the increase in the employment rate of older workers and the delay in the average exit age from the labour market are not just an effect of the overall employment growth in Member States. Sizeable growth in the employment rates of older workers has been achieved even in Member States with sluggish overall employment growth. Sound macroeconomic conditions are necessary to sustain high levels of employment but specific labour market conditions must be present to facilitate longer working lives.



Source: Eurostat, Labour Force Survey, spring results.

Appropriate financial incentives

While about one third of inactive people aged 55-64 report their main reason for leaving the last job or business as normal retirement, more than 20%, which amounts to an average of around 3 million per year, indicate early retirement as the main reason. These results point to the importance of reforming the early retirement provisions and more generally of reviewing the **financial incentives** and of ensuring proper implementation also in other benefit schemes (such as long-term unemployment, long-term sickness and disability that may provide alternative pathways to withdraw from the labour market) in order to ensure that it pays to remain in the labour market⁷.

⁷ For a full assessment of social protection systems reforms, see the forthcoming report by the Social Protection Committee "Promoting Longer Working Lives through Better Social Protection Systems".

Good health and safety conditions at work

The second most important reason why older workers leave their job is long-term illness or disability. Besides, the standardised prevalence rate of work-related health problems increases with age. This clearly points to the central role of **health and safety** concerns for the well-being of older workers and for their ability to remain in the labour force. Health and safety issues are also important in order to avoid unwanted loss in labour productivity as a result of an increase in the number of working days lost.

Flexible forms of work organisation

Flexible forms of work organisation are another component of working conditions that can foster job retention for older workers. National surveys demonstrate that a significant part of older workers would prefer a gradual process of retirement, mainly due to health reasons related to ageing⁸. Between 2001 and 2002, strong increases in the employment rates of older workers were associated in most member states with positive increases in the share of part-time workers. 36% of the employment creation for older workers during 1997-2002 is accounted for by increases in part-time employment, which led to an increase in their share of part-time work. Retirement should become a process rather than an event in which people decide to reduce their working hours progressively over time. Part-time retirement is an option that deserves more attention than it currently receives.

Different occupations and jobs present different levels of physical and mental strain. As workers become older, they should have the opportunity to fill the posts that best suit their intellectual and physical abilities and they should have the option to choose part-time employment – or at least a reduction in working hours.

Self-employment may also be considered by older workers as an alternative to part-time work. This option seems particularly well suited to workers aged 50 and over: in 2002 self-employment for this age group grew by around 3%, as opposed to less than 0.3% for prime age workers.

Continuing access to training

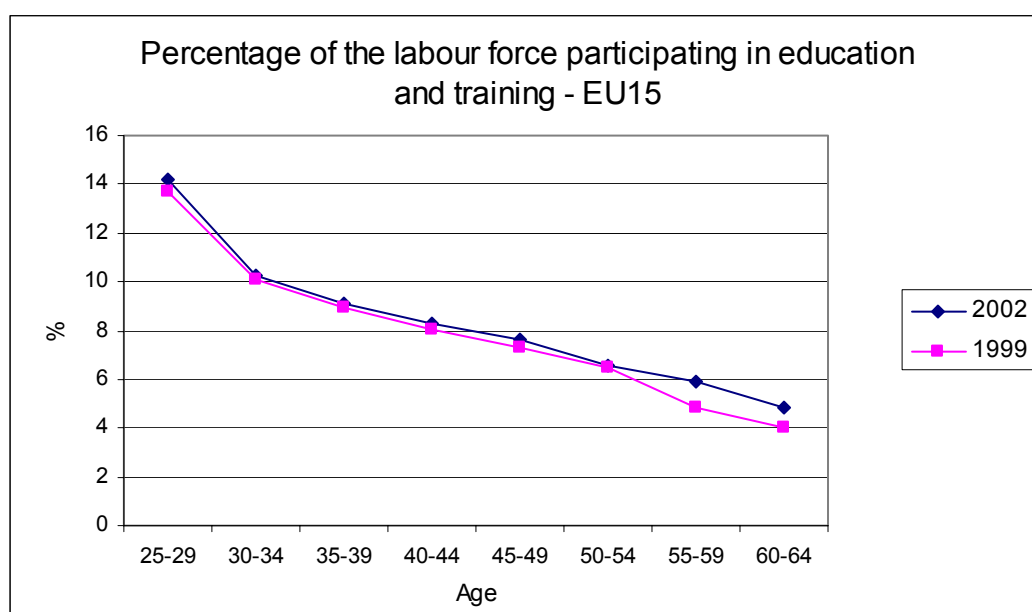
Job retention and employment levels of older workers are strongly correlated with the level of **training** they receive and their initial educational attainment. There is also a strong correlation between educational attainment level and the quality of the job people have in terms of pay and working conditions. There is no empirical evidence that older workers are more or less productive than other age groups. Productivity potential of older workers is not impaired by age but by skills obsolescence – something that can be corrected through training⁹. The know-how of older workers makes them an invaluable resource for employers. Training also represents an opportunity for employees to update their skills and strengthen their position in the labour market, in particular in developing the skills for taking full advantage of Information and Communication Technologies.

⁸ For example, a recent UK study (Humphrey et. al., 2003, "Factors affecting the labour force participation of older workers", *DWP Research Report 200*) shows that almost a third of the workforce aged 50-69 want to retire gradually by reducing their working hours.

⁹ The OECD's International Adult Literacy Survey (IALS) provides an important piece of empirical evidence to show the relationship between age, productivity and training. Its analysis suggests that literacy skills measured by the IALS are a key determinant of worker's productivity and that these skills improved with practice and deteriorated if not used.

In this context, as is the case with other age groups in the population, it is important to recognise that the challenge is not only to increase participation in vocational training, but also to improve the general knowledge and competence levels of older people.

Older workers receive less training than other age groups. The percentage of the labour force participating in education and training declines with age and this trend starts early on in the working life. To increase the level of training that older workers receive, it is therefore essential to reverse this declining trend **from an early stage in the life-cycle**: only life-long learning can guarantee future cohorts of older workers the necessary skills to adapt to changes in the labour market. The graph below shows that the percentage of the labour force in education and training in each age group increased only moderately in the past years and progress is too slow¹⁰.



Source: Eurostat, Labour Force Survey, spring results.

Effective active labour market policies

To ensure that people can remain longer in employment, it is essential to anticipate change and manage economic restructuring successfully. In particular, older workers are at high risk of quitting the labour market in the event of company restructuring or downsizing. This calls for strengthened **active labour market policies** to prevent unemployment and help those older workers losing their job to remain in the labour market and find another job. Personalised approaches to meet individual needs, including through guidance services, specific training and outplacement systems are particularly crucial in this respect. Moreover, the use of unemployed benefits schemes as an alternative route to early retirement for older workers should be avoided. Such substitution between benefit schemes needs to be tackled through activation of the benefit systems, supporting hiring unemployed older while maintaining entitlement to unemployment benefits, providing guidance encouraging transition to another work or self-employment.

¹⁰ For a chart with 2002 data split by gender see chart 7 in annex 2.

Improved quality in work

Health and safety at work, work organisation and training are all key dimensions of **quality in work**¹¹. As shown in *Employment in Europe 2002*, job quality is, in general, crucial to re-attract in the labour market older people and people with care responsibilities. At the same time, the withdrawal from the labour market of older workers in low quality jobs is up to four times higher than that of older workers in jobs of higher quality, but also more than twice as high as that of younger people in low quality jobs. In particular, flexible contractual arrangements need to be accompanied by further training or to provide career advancement opportunities if they are to help older workers stay in or reintegrate into the labour market.

5. MEMBER STATES MUST TAKE DRASTIC ACTION

The key factors identified in the previous section¹² are also reflected in the policy framework defined by the new European Employment Guidelines (2003), in particular the specific guideline 5 and in the Broad Economic Policy Guidelines (guidelines 4-8). The recent report of the Employment Taskforce¹³ set clear priorities for further action and called Member states and social partners for defining a comprehensive active ageing policy centred on:

- Providing incentives for workers to retire later and in a more gradual way and for employers to hire and keep older workers by reforming the pension systems and ensuring that it pays to remain in the labour market.
- Promoting access to training and other active labour market policy measures for all regardless of age and developing lifelong learning strategies, in particular workplace training for older workers.
- Fostering working conditions conducive to job retention — such as recognising the special importance of health and safety at work, and of innovative and flexible forms of work organisation throughout the working life, including the provision of part-time and career breaks.

In designing and implementing such a comprehensive active ageing strategy, particular attention should be paid to the need to increase the employment rate of women aged 55-64 and to keep them longer in the labour force. Such efforts should take into account the specific incentives that could play a particularly important role for women, including reducing the gender pay gap and providing adequate care facilities for people of all ages.

The report of the Employment Taskforce underlines the importance of "*a radical shift in policy measures, away from a culture of early retirement, towards comprehensive active ageing policies*" along the lines mentioned in the Employment Guidelines. The report further suggests that "*the challenge is not only to ensure that a higher share of those currently aged 55-64 stay in work, but also to enhance the employability of those currently in their 40s and 50s*". To increase the participation of older workers it is necessary to change the attitude and expectations of both employers and workers from early on in their active life.

¹¹ COM(2003) 728, "Improving quality in work: a review of recent progress".

¹² See also the Joint Council-Commission report "Increasing labour-force participation and promoting active ageing", March 2002.

¹³ *Jobs, Jobs, Jobs, Creating more employment in Europe*, report of the Employment Taskforce chaired by Wim Kok, November 2003.

An assessment of the implementation of the specific employment guideline on ageing is presented in the Joint Employment Report 2004. *Ageing affects not just older people today but all generations*. Mobilising the full potential of people of all ages over the lifecycle represents the overarching principle of the EU strategy to the ageing of the workforce. Older workers must not be perceived as just another vulnerable group meriting special attention, but as a core component of the labour supply and a key factor for the sustainable development of the European Union.

This approach is increasingly reflected by Member States in the development and implementation of their strategies on ageing (e.g. S, UK, DK and FIN). Several Member States are applying comprehensive ageing strategies and some have set national targets to raise the average exit age (F, FIN and P). Member States are implementing a wide range of measures focused on the reform of the pension and tax-benefit systems. At the same time, they are paying more attention to better access to training and adaptation of working conditions and organisation, in order to address more effectively the needs of older workers. Recent pension reforms include increases in the normal retirement age and discouraging early retirement, while encouraging flexible retirement.

6. SOCIAL PARTNERSHIP IS INDISPENSABLE FOR SUCCESS

A society and economy where older workers play a more active role in the labour market would be beneficial to all – to workers and employers alike. Good design, public acceptance and successful implementation of policies to promote active ageing depend crucially on the awareness and involvement of the social partners. For a long time social partners, supported by the existing policy framework, have addressed labour market adjustment by facilitating early withdrawal of the older workers from the labour force. As underlined in the report of the High Level Group on "Industrial relations and change in the EU", "the promotion of active ageing with the aim of enhancing the capacity of and the incentives for older workers to remain in the labour force" must become an essential dimension of industrial relations. A much stronger commitment on the side of social partners is needed to facilitate the transition to longer working lives, to equip individuals with the necessary skills to face the challenges ahead, and to promote best practices amongst employers in relation to age management.

A better understanding of demographic changes, of emerging skill bottlenecks in major industries and services, of the need to ensure an adequate supply of skilled and adaptable labour, of the importance to develop and preserve skills and experience as a condition for economic growth, has begun to influence the thinking and attitudes of the social partners in recent years, leading to a more proactive approach to age management in some Member States and at the EU level. The social partners in Member States that are lagging behind have the opportunity to learn from these positive examples.

However, despite the recent developments, social partners should broaden and intensify their efforts both at national and EU level to establish a new culture on ageing and management of change. Far too often, employers continue to give priority to early retirement schemes.

In the context of the European Employment Strategy and in line with the priorities set in the 2004 Spring Report and the report of the Employment Taskforce (chaired by Wim Kok), further action should include the following measures.

a) Providing incentives for workers to retire later and for employers to hire and keep older workers

- Removal of incentives for and forms of early retirement schemes and development of gradual exit strategies which value as much as possible the human capital of the experienced workers and which set incentives in negotiated occupational pension schemes to remain longer in work.
- Greater awareness on ageing among employers to tackle age discrimination by promoting the benefits of an age diverse workforce to both individuals and firms.
- Reconsideration of the weight of seniority elements as part of pay with a view to bring pay more in line with productivity and performance.
- Incentives in collective agreements to recruit older unemployed persons.
- Further development of package deals in collective negotiations which give greater choice for the individual workers to a lifelong development of their employability and adaptability.

b) Promoting access to training and investment in work ability

- Fostering age-related adaptability action in SMEs, notably by pooling training support structures and developing exchange mechanisms with a view to optimally accommodating job opportunities and vacancies.
- Increasing continuing training of older workers, notably low skilled ones, to develop their work potential to the highest level.
- Developing in cooperation with public authorities active labour market policies, e.g. personalised approaches to meet individual needs.

c) Fostering working conditions conducive to job retention

- Increased efforts to offer adapted part-time or fixed-term work contracts.
- Adaptation of the work load, improvement of working conditions and upgrading health and safety measures to the needs of older workers. This should include easier transitions to other occupations inside and outside the enterprise in line with older age.

7. EU SUPPORT OF ACTIVE AGEING

The European Employment Strategy sets out the policy framework for future action at EU and national level. In line with the European Employment Guidelines, Member States need to develop and implement comprehensive ageing strategies addressing the key factors for sustaining the employment of older workers. To support implementation at national level, the Employment Taskforce Report under the chairmanship of Wim Kok recommends that Member States set national targets reflecting those agreed at European level, in particular as regards the employment rate of older workers and the effective age of exit from the labour market.

The open method of coordination in the area of pensions recognises the importance of prolonging working lives as an important element in the long-term strategies for making pensions sustainable, while stating that the higher employment rate alone will not solve the problem of the financial sustainability of pension systems.

The peer review programme organised within the context of the EES provides a useful tool for exchanging experience and best practice for promoting active ageing strategies in the Member States and for comparing the effectiveness of national measures. The strong interest shown by the Member States for the development and implementation of a comprehensive ageing programme in Finland shows the high relevance of such issues for the EU Member States.

The EU also supports the promotion of active ageing policies through the identification and transfer of successful practices in age management under the EQUAL initiative.

Attention should also be drawn to the important contribution which education can make to the process of active ageing. This is reflected in growing EU support for projects addressing educational challenges and opportunities for older people in the framework of the Adult education (“Grundtvig”) action of the Union’s education action programme “Socrates”.

Finally, the ESF provides support to Member States policies on active ageing through two of its policy fields for action: developing and promoting active labour market policies, and promoting and improving lifelong learning policies. The mid-term review of the ESF has demonstrated an increasing trend towards support for active ageing measures, particularly in the Nordic countries. Support for active ageing should be fully incorporated in the human resource priorities of the Structural Funds in the next programming period beginning in 2007.

Annex 1: Social partners' action on active ageing

Recently, social partners have begun to address specific aspects of active ageing both in Member States and at the EU level. In particular, the following developments should be noted.

In Finland, a comprehensive programme for ageing workers has been carried out between 1998 and 2002 on a tripartite basis. The programme focussed on older workers as a resource by developing their employability and working environment. Various aspects of this programme will be continued in a new generation of tripartite programmes on employee well-being, the improvement of productivity and the quality in working life.

In the Netherlands, about 35% of the collective agreements contain provisions on increasing employability for older workers. In addition, possibilities to work shorter hours, to reduce the workload and to grant longer holidays are often included.

In France, a nation-wide agreement on vocational training contains provisions relating to a skills audit for older workers, including prioritised access to the recognition of work-derived experience. Territorial agreements on corporate restructuring widening the scope for effective reconversion plans are intended to take account more specifically of the needs of experienced workers.

In Greece, social partners envisage action to raise funds to subsidise employment of persons close to retirement

In Germany, in the tripartite Job Alliance process the move towards early retirement was resolutely reversed to keep persons longer in work, which is progressively taken up in collective agreements.

In Austria, the Severance Act, negotiated by the social partners and taken over by Parliament has the potential to increase mobility and flexibility on the labour market, and may increase re-employment possibilities for older workers. In 1999, a joint pact between the government, the social partners and the PES was presented, addressing the issue of financial incentives to employ older workers. Measures to this effect have been gradually introduced.

In Belgium, collective agreements foresee the possibility to support the smooth transition of older workers in case of redundancy by corporate restructuring into other job opportunities (re-placement inside companies, personal coaching, outplacement, career paths for a new job, etc.).

In Denmark, framework agreements concerning the employment of older workers in the county and municipal administrations help to retain older workers in the labour market by initiatives such as adapted training and gradual working time reductions.

In Sweden, collective bargaining contains provisions to introduce individual training saving accounts to empower older workers to invest in education and the restoration of their skills.

At the European level the following initiatives are expected to have a positive impact on higher labour force participation and employment of older workers.

The European social partners recently presented the orientations in managing change and its social consequences. The adaptability of enterprises and workers depends on their capacity to anticipate, trigger and absorb change. This is a good starting point for further action as they insist on the importance of maintaining and developing workers' competencies and qualifications to foster internal and external mobility and to ensure the success of business.

The European social partners have agreed a framework of actions on the lifelong development of qualifications and competencies. This framework, adopted in March 2002, emphasises the need to design new ways of approaching learning systems and to ensure that there are opportunities for all age groups, both women and men, skilled and unskilled. A first implementation report of this framework was submitted to the tripartite social summit for growth and employment in March 2003.

In line with their Joint Work Programme 2003-2005, the European social partners will soon engage in discussions to explore possible joint actions with regard to the ageing workforce.

Voluntary guidelines agreed by the respective European partners in March 2002 to support age diversity in the commerce sector underline that an age-neutral approach should be adopted with regards to employment, recruitment, vocational training and the distribution of positions within companies. The social partners have a special role to play in shifting age stereotypes in work organisation.

Annex 2: Graphs and tables

Table 1: The Barcelona and Stockholm targets (2002)

	Stockholm target						Barcelona target		
	Employment rate of older workers in 2002			Change in employment rate of older workers 1998-2002			Average exit age from the labour force in 2002		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
B	26.6	36.1	17.5	3.7	3.9	3.5	58.5	58.6	58.4
DK	57.9	64.5	50.4	5.9	3.2	8.4	60.9	61.9	59.8
D	38.6	47.1	30.1	0.9	-0.1	1.8	60.7	61.1	60.3
EL	39.7	56.0	24.4	0.7	0.2	1	.	.	.
E	39.7	58.6	22.0	4.6	6	3.2	61.5	61.5	61.5
F	34.8	39.3	30.6	6.5	6.8	6.2	58.8	58.9	58.7
IRL	48.1	65.1	30.8	6.4	5	7.7	62.4	62.0	62.8
I	28.9	41.3	17.3	1.2	-0.1	2.3	59.9	60.2	59.7
L	28.3	37.9	18.6	3.2	2.7	3.1	59.3	.	.
NL	42.3	54.6	29.9	8.4	7.1	9.6	62.2	62.9	61.6
A	30.0	39.8	20.9	1.6	-0.7	3.8	59.3	59.4	59.3
P	50.9	61.3	41.9	0.9	-2.2	3.6	62.9	62.8	63.0
FIN	47.8	48.5	47.2	11.6	10.1	13.1	60.5	60.6	60.4
S	68.0	70.4	65.6	5	4.3	5.6	63.2	63.4	63.1
UK	53.5	62.6	44.7	4.5	3.5	5.5	62.3	62.7	61.9
EU15	40.1	50.1	30.5	3.5	2.8	4.2	60.8	61.0	60.5
EU25	38.7	48.9	29.1	2.9	2.2	3.6	60.4	60.8	60.0
CZ	40.8	57.2	25.9	3.7	4.0	3.0	60.2	62.2	58.4
EE	51.6	58.4	46.5	1.4	-3.6	4.9	61.6	.	.
CY	49.4	67.3	32.1	.	.	.	61.4	.	.
LV	41.7	50.5	35.2	5.4	2.4	7.7	.	.	.
LT	41.6	51.5	34.1	1.1	-5.5	6.2	.	.	.
HU	26.6	36.7	18.5	9.3	9.7	8.9	59.2	59.6	58.8
MT	30.3	50.4	11.8	.	.	.	.	.	.
PL	26.1	34.5	18.9	-6.0	-7.0	-5.2	56.9	58.1	55.8
SI	24.5	35.4	14.2	0.6	3.6	-1.9	.	.	.
SK	22.8	39.1	9.5	0.0	0.0	0.1	57.5	59.6	55.7

Source: Eurostat, Labour Force Survey, annual averages.

Notes: "." not available;

Average exit age from the labour force: estimation for 2002 for EU15 and EU25, provisional data for PL; Spring data for D, F, L, and CY, Average of quarter 2 and 4 in LV and LT. Data based on overall activity rates (no adjustment by gender since data by sex lack reliability due to the low sample size) for L, EE, CY, LV, LT and SI.

Table 2: Average exit age from the labour force

	2001			2002			Change 2002-2001		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
B	56.8	57.8	55.9	58.5	58.6	58.4	1.7	0.8	2.5
DK	61.6	62.1	61.0	60.9	61.9	59.8	-0.7	-0.2	-1.2
D	60.6	60.9	60.4	60.7	61.1	60.3	0.0	0.2	-0.1
EL	59.4	61.2	57.7	.	.	.	.	.	.
E	60.4	60.7	60.2	61.5	61.5	61.5	1.1	0.8	1.3
F	58.1	58.2	58.0	58.8	58.9	58.7	0.7	0.7	0.7
IRL	62.8	63.2	62.5	62.4	62.0	62.8	-0.4	-1.2	0.3
I	59.8	59.9	59.8	59.9	60.2	59.7	0.1	0.3	-0.1
L	56.8	.	.	59.3	.	.	2.5	.	.
NL	60.9	61.1	60.8	62.2	62.9	61.6	1.3	1.8	0.8
A	59.2	59.9	58.5	59.3	59.4	59.3	0.2	-0.5	0.8
P	61.8	62.1	61.6	62.9	62.8	63.0	1.1	0.7	1.4
FIN	61.4	61.5	61.3	60.5	60.6	60.4	-0.9	-0.9	-0.9
S	61.7	61.9	61.6	63.2	63.4	63.1	1.5	1.5	1.5
UK	62.0	63.0	61.0	62.3	62.7	61.9	0.3	-0.3	0.9
EU15	60.4	60.8	60.0	60.8	61.0	60.5	0.4	0.2	0.5
EU25	60.0	60.6	59.4	60.4	60.8	60.0	0.4	0.2	0.6
CZ	58.9	60.7	57.3	60.2	62.2	58.4	1.3	1.5	1.1
EE	61.1	.	.	61.6	.	.	0.5	.	.
CY	62.3	.	.	61.4	.	.	-0.9	.	.
LV	62.4	.	.	.	.	.	.	.	.
LT	58.9	.	.	.	.	.	.	.	.
HU	57.8	58.5	57.3	59.2	59.6	58.8	1.3	1.1	1.5
MT	.	.	.	.	.	.	.	.	.
PL	56.6	57.8	55.5	56.9	58.1	55.8	0.3	0.3	0.3
SI	61.5	.	.	.	.	.	.	.	.
SK	57.5	59.3	56.0	57.5	59.6	55.7	0.0	0.3	-0.3

Source: Eurostat, Labour Force Survey, annual averages.

Notes: "." not available; Provisional data for PL; Spring data for D, F, L, and CY, Average of quarter 2 and 4 in LV and LT. Data based on overall activity rates (no adjustment by gender since data by sex lack reliability due to the low sample size) for L, EE, CY, LV, LT and SI; estimation for 2002 for EU15 and EU25.

The calculation of the average exit age from the labour force is based on the ILO employment and unemployment definitions which cover short term employment developments. Therefore, the few results available so far (two years) cannot be considered to be numerous and stable enough to draw any relevant forecast.

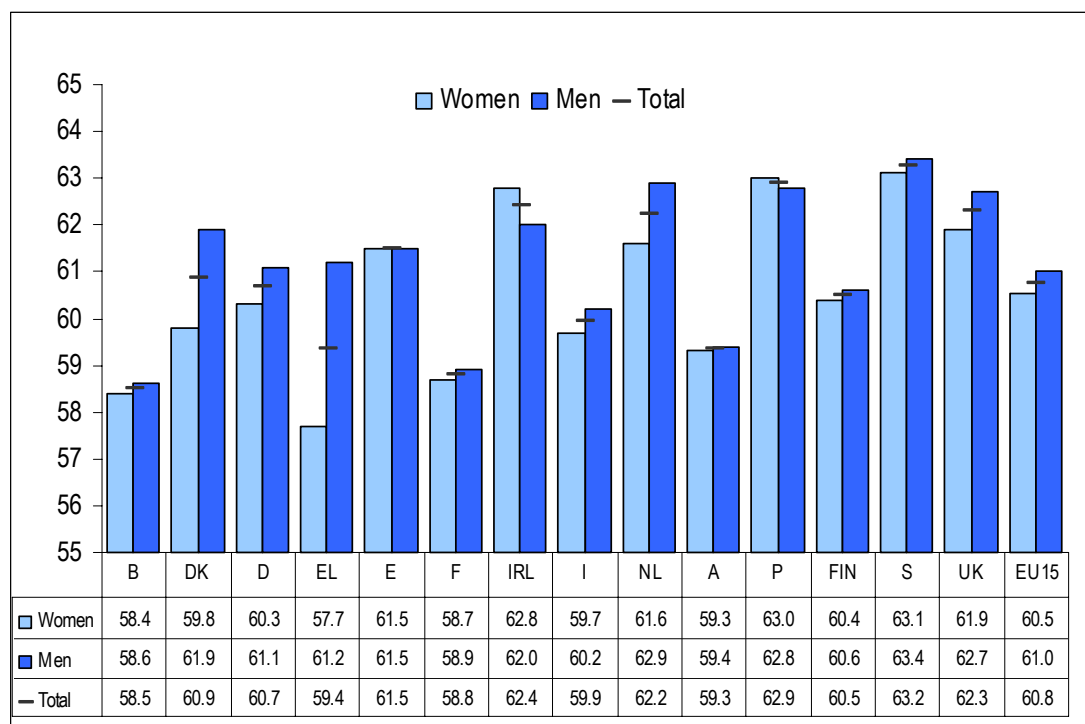
Table 3: Recent trends in employment rates

Recent trends in employment rates								
	1997		2000		2001		2002	
	15-64	55-64	15-64	55-64	15-64	55-64	15-64	55-64
EU 15	60.7	36.4	63.4	37.8	64.1	38.8	64.3	40.1
EU 25	60.6	35.7	62.4	36.6	62.8	37.5	62.9	38.7
ACC	60.1	31.6	57.4	29.6	56.6	29.7	55.9	30.5
USA ¹	73.5	57.2	74.1	57.8	73.1	58.6	71.9	59.5
Japan	70.0	64.2	68.9	62.8	68.8	62.0	68.2	61.6
B	56.8	22.1	60.5	26.3	59.9	25.1	59.9	26.6
DK	74.9	51.7	76.3	55.7	76.2	58.0	75.9	57.9
D	63.7	38.1	65.6	37.6	65.8	37.9	65.3	38.6
EL	55.1	41.0	55.7	38.6	55.4	38.0	56.7	39.7
E	49.4	34.1	56.2	37.0	57.7	39.2	58.4	39.7
F	59.6	29.0	62.1	29.9	62.8	31.9	63.0	34.8
IRL	57.5	40.4	65.1	45.3	65.7	46.8	65.3	48.1
I	51.3	27.9	53.7	27.7	54.8	28.0	55.5	28.9
L	59.9	23.9	62.7	26.7	63.1	25.6	63.7	28.3
NL	68.5	32.0	72.9	38.2	74.1	39.6	74.4	42.3
A	67.8	28.3	68.5	28.8	68.5	28.9	69.3	30.0
P	65.7	48.2	68.4	50.7	68.7	50.1	68.2	50.9
FIN	63.3	35.6	67.2	41.6	68.1	45.7	68.1	47.8
S	69.5	62.6	73.0	64.9	74.0	66.7	73.6	68.0
UK	69.9	48.3	71.5	50.8	71.7	52.3	71.7	53.5
CZ	-	-	65.0	36.3	65.0	37.1	65.4	40.8
EE	-	-	60.4	46.3	61.0	48.5	62.0	51.6
CY	-	-	65.6	49.4	67.8	49.1	68.6	49.4
LV	-	-	57.5	36.0	58.6	36.9	60.4	41.7
LT	-	-	59.3	40.6	57.5	38.9	59.9	41.6
HU	52.4	17.7	56.3	22.2	56.5	24.1	56.6	26.6
MT	-	-	54.2	28.5	54.3	29.4	54.5	30.3
PL	58.9	33.9	55.0	28.4	53.4	27.9	51.5	26.1
SI	62.6	21.8	62.8	22.7	63.8	25.5	63.4	24.5
SK	-	-	56.8	21.3	56.8	22.4	56.8	22.8

Source: Eurostat, Labour Force Survey, annual averages. OECD Outlook reports for the USA and Japan.

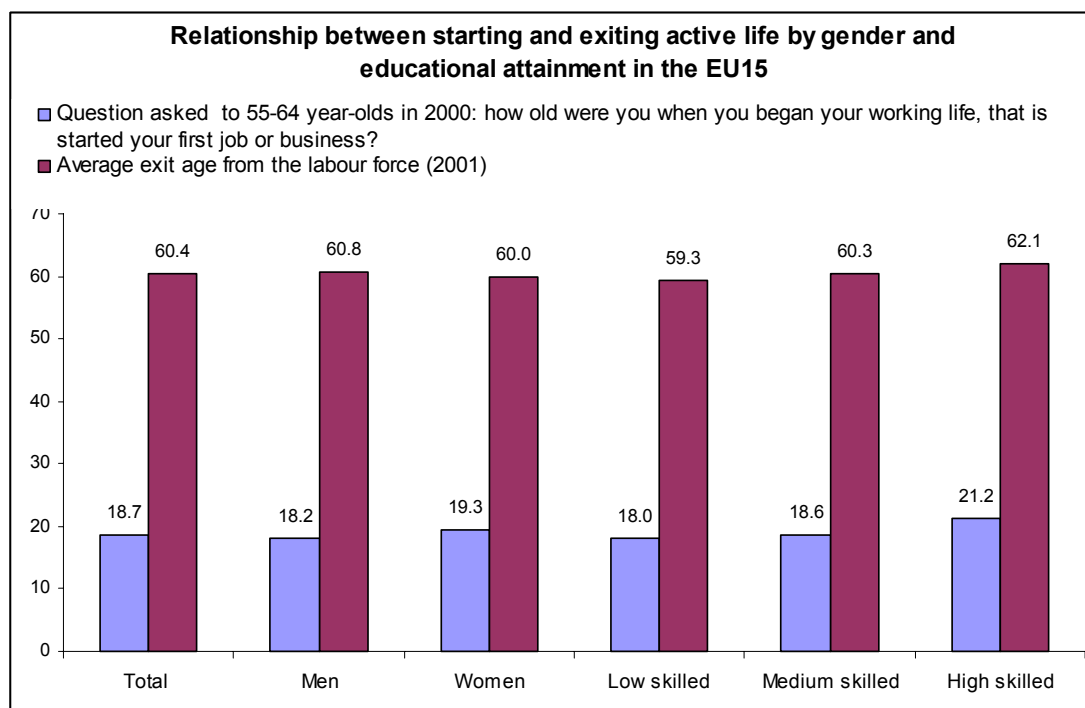
Notes: 1) in the USA, data is for 16-64

Chart 1: Average exit age from the labour force in 2002 by gender – EU15



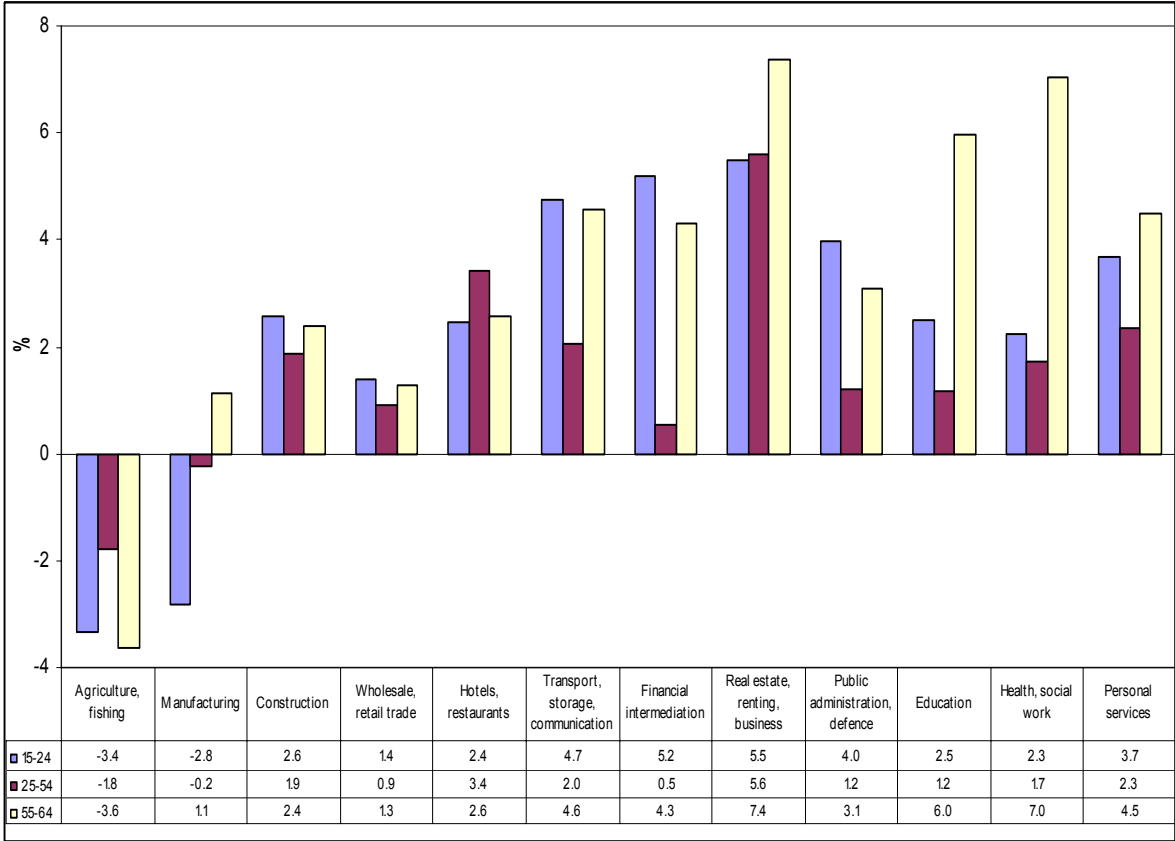
Source: Eurostat, LFS; 2001 data for EL; L not available by gender.

Chart 2: Starting/ exiting active life by gender and education – EU15



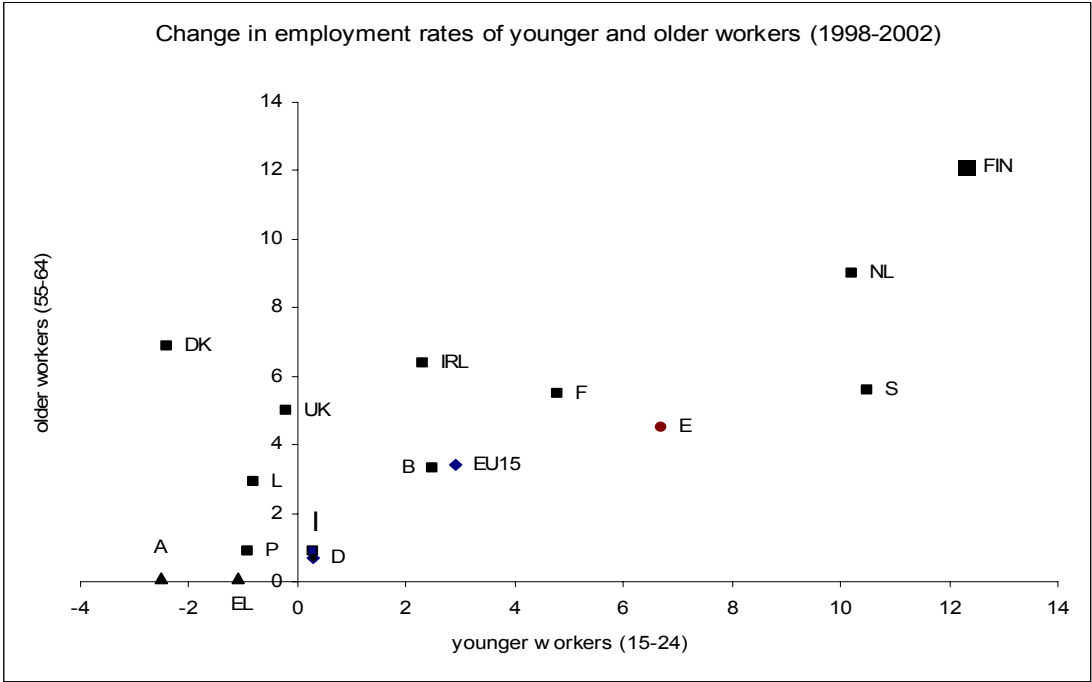
Source: Eurostat, ECHP (variable: PE039), UDB, version June 2003, wave 7 (2000).

Chart 3: Annual employment growth by sector and age in the EU15, 1998-2002



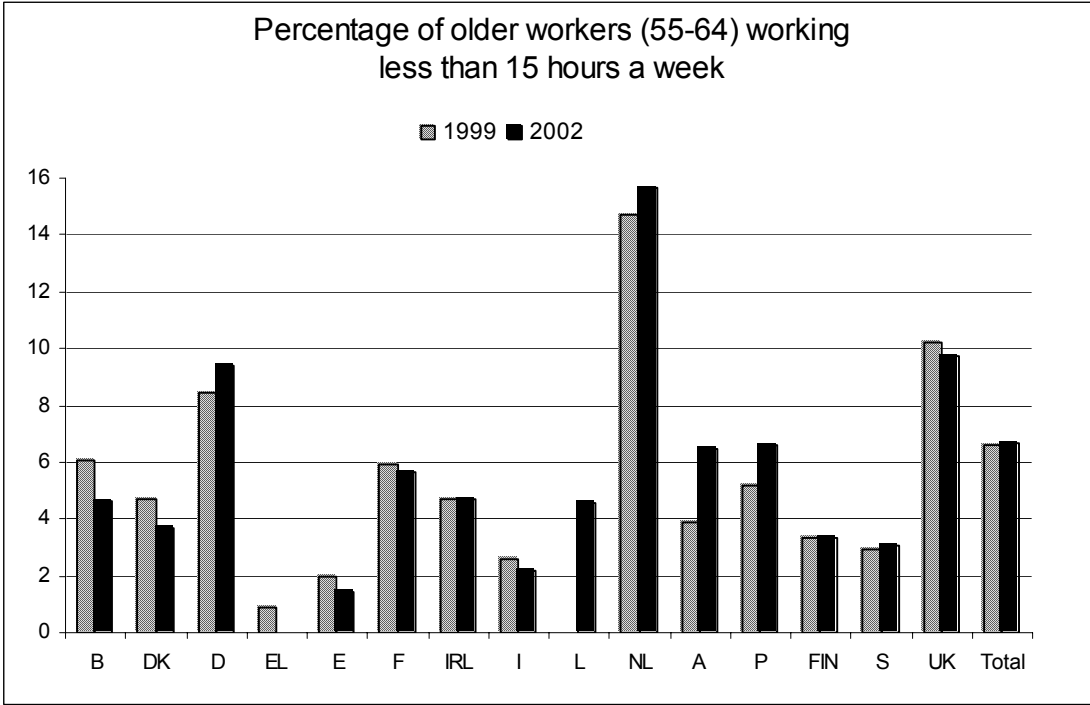
Source: Eurostat, Labour Force Survey, spring results.

Chart 4: Changes in the employment rates of younger and older workers 1998 -2002



Source: Eurostat, Labour Force Survey, spring results.

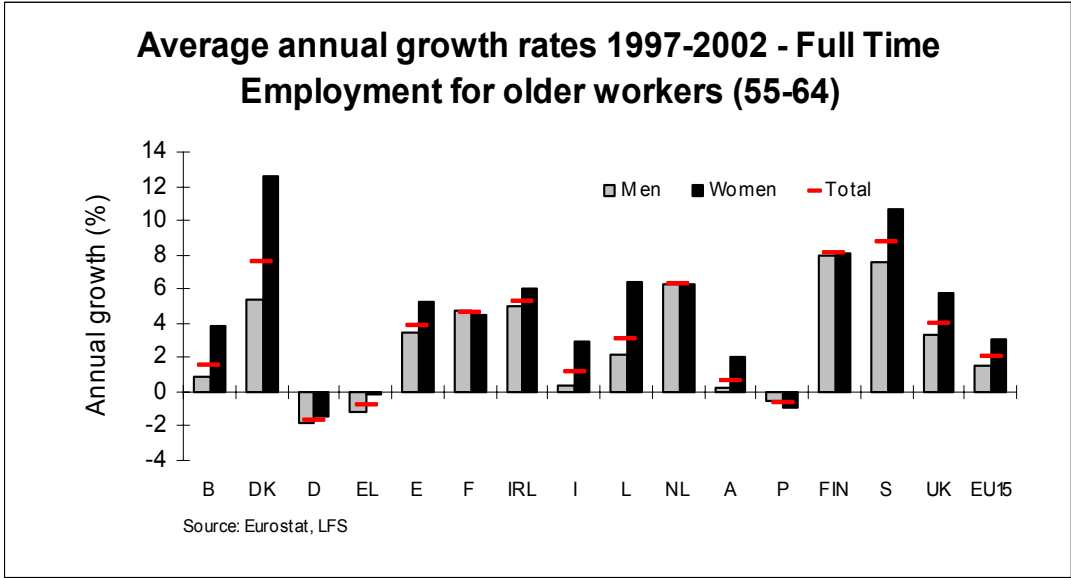
Chart 5: Percentage of older workers working less than 15 hours a week



Source: Eurostat, Labour Force Survey, spring results.

Note: due to small sample size, EL 1999 and L 2002 data are uncertain and EL 2002 and L 1999 are not available.

Chart 6: annual growth rates in full-time and part-time employment for older workers (55-64) – 1997-2002 – EU15



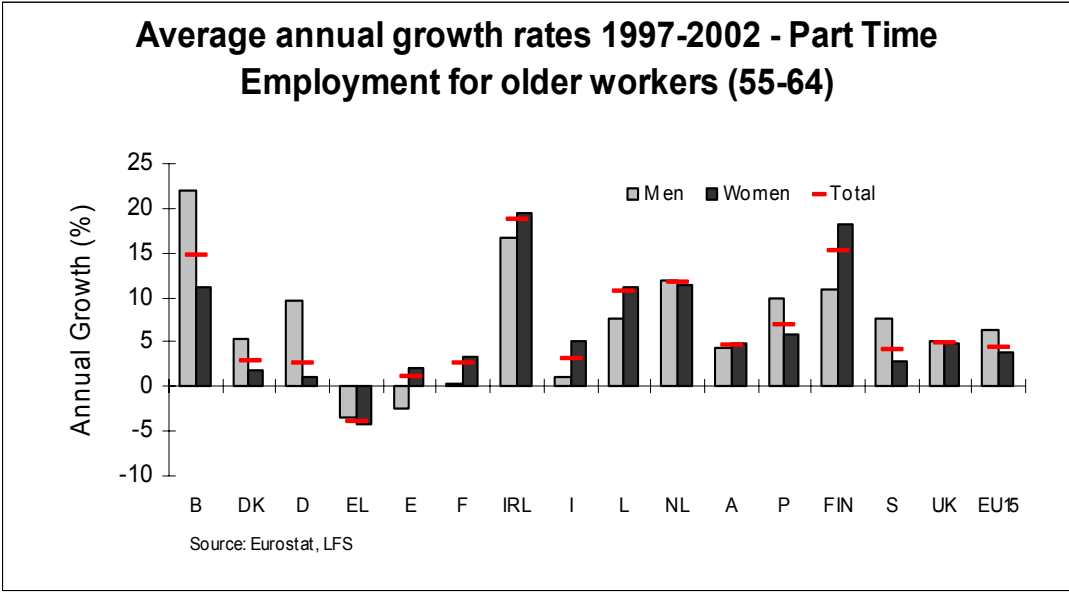
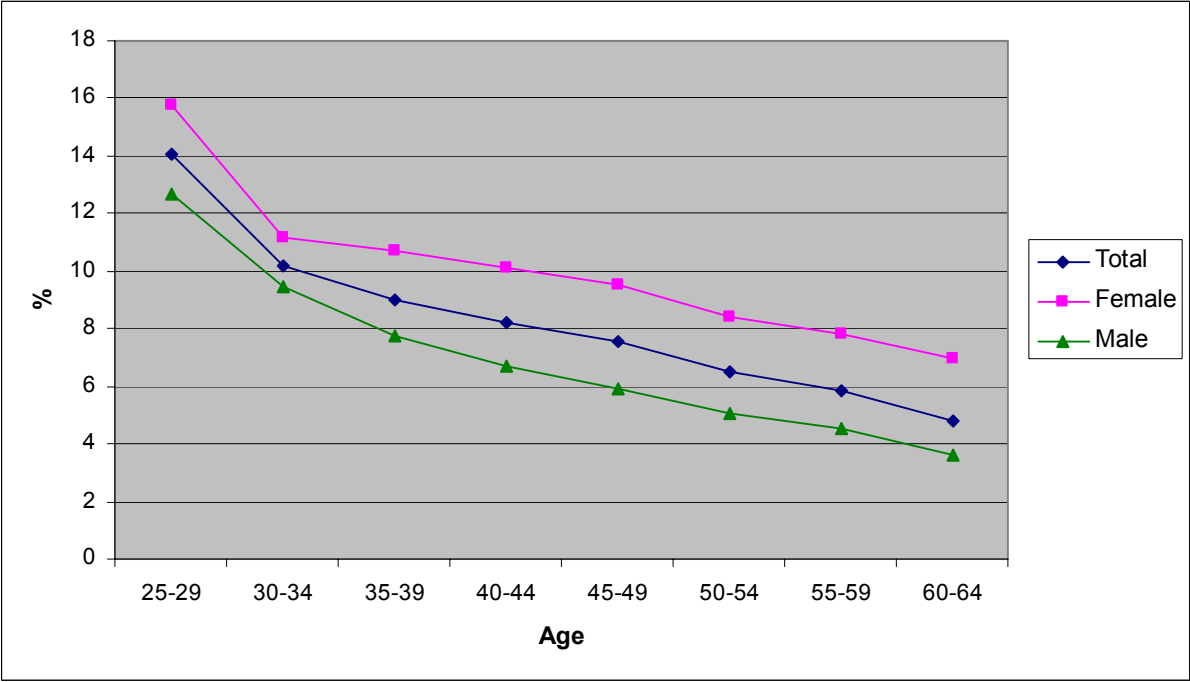


Chart 7: Percentage of the labour force participating in education and training by gender – EU15 - 2002



Source: Eurostat, Labour Force Survey, spring results.