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Profiling as an Instrument for Avoiding Long-Term Unemployment (Opening Speech)

Ladies and Gentlemen,

It is a pleasure for me to participate in the opening of this seminar. The issues we will be discussing over the next days are of central importance, not just for our host country, but for the EU as a whole. They relate directly to the broader economic, employment and social challenges the European Union is confronted with.

The performances of the labour market and the revision of the Lisbon Strategy

As we are meeting today, discussion is going on at the highest level on the capacity of Europe to anticipate, trigger and absorb innovation and increase its competitiveness, create more and better jobs and improve social cohesion. This strategic objective is at the core of the so-called Lisbon Strategy launched by the European Union back in 2000, with a number of concrete objectives and targets set for 2010.

Achieving full employment, raising quality and productivity at work and reinforcing social cohesion and inclusion are our overarching objectives. The European Employment Strategy delivers the employment dimension of the Lisbon Strategy. To this effect the EU sets guidelines for the EU as a whole and addresses recommendations to each of the individual Member States.

The Lisbon Strategy is reaching its mid-term and time has come to evaluate progress at EU and national level. The Commission will present its assessment in a few weeks and the European Council is expected to give the main directions for the next five years during its meeting in March.

As far as employment is concerned, the assessment is mixed, but it is more positive than often thought. Since the launch of the European Employment Strategy back in 1997, the EU was able to create more than 12 million jobs. Most of the job creation occurred between 1997 and 2001, a period of favourable economic growth. The good news was that, for a comparable level of economic growth, more jobs were created during this economic upturn than in the past.

Since then, the performances of the labour market have been affected by the economic slowdown and progress towards the European objectives has slowed down. However, the employment levels have not collapsed. In net terms, no jobs were lost in the recent downturn within EU15, while more than 3 million jobs disappeared in the 1992-1993 recession. This is a further sign that past reforms in many Member States have strengthened the resilience of employment and improved the performances of the labour market. In many others, however, reforms have lagged behind and we are still to see improvements in employment performance. And in many of the new Member States, employment rates are far too low and unemployment far too high.

Challenges for the future and the role for profiling

There is indeed no room for complacency. The enlarged Union has 19 million unemployed people and more than 22 million additional jobs will be needed to reach the 70% employment rate target in the EU as a whole. Confronted with the acceleration of economic restructuring and the impact of demographic ageing, Europe must raise its economic potential to ensure its economic and social development. Boosting employment and productivity growth simultaneously is crucial.

Action is needed on all fronts of the Lisbon Strategy, including reforms in the product, services and financial markets. As far as the European Employment Strategy is concerned, the European Council stated that action must now focus on four priorities:

- increasing adaptability of workers and enterprises;
- attracting more people to enter and remain in the labour market;
- investing more and more effectively in human capital and lifelong learning;
- and ensuring effective implementation of reforms through better governance.

The development of profiling instruments is central to each of these policy priorities.

Profiling requires a clear assessment of current needs and an anticipation of future needs of the labour market. It is an instrument to improve adaptability and job matching and increase geographic and occupational mobility.

Profiling is an essential tool to facilitate integration into the labour market and develop a preventative approach to long-term unemployment. What we aim for is not just to attract more people in jobs, but also to ensure that more people are able to remain and progress in employment. Active labour market policies with personalised approaches are crucial for this, particularly at a time of rising unemployment.

Profiling is part of a greater commitment to making lifelong learning a reality. It should help identify individual needs and aspirations and finding the right solutions. Early identification of skills needs is essential to help people engage into a fulfilling and

effective path towards employment and avoid their drifting into long-term unemployment.

Profiling is a case in point for a better governance of employment policies. Providing an effective and rapid response for all job-seekers requires effective coordination on the ground, with Public Employment Services playing a central role, backed up by appropriate resources.

The German context and other national experiences

This seminar is therefore of great interest for European employment service. It is particularly relevant for our host too, at a time when the Bundesagentur is in the process of major reforms and is gaining new, challenging competences.

This is an excellent opportunity to receive first-hand information about change and innovation within the Bundesagentur, and we hope to learn a lot from the German experience.

We will also learn from other national experiences, including from our non-EU partners, as very important initiatives are being undertaken in a number of countries in order to modernise Public Employment Services and deliver a more customer-oriented approach.

Key findings on the issue of profiling

In this process of modernisation, the issue of profiling has gained importance. In a study carried out in 2001, the Commission identified three distinct approaches to early identification of needs.

The first approach relates to the ***assessment by the counsellor***, whereby the assessment of the risk of long-term unemployment is carried out solely by staff of the public employment services on the basis of interviews.

The second approach relates to ***group screening***, whereby the risk is determined on the basis of an individual's belonging to one or more target groups.

The third approach is to use an ***econometric model*** whereby a risk measure is calculated as a result of individual characteristics.

Each approach has its pros and cons in terms of transparency, efficiency and effectiveness. Obviously the three approaches can be combined, in order to maximise advantages and minimise disadvantages.

Potential for improvement

In this respect, the study stressed that further progress was needed both as regards a more systematic provision of personal counselling and as regards the development of more efficient econometric models and information systems.

In addition, the study pointed out that there is a general lack of evaluation of current practices. This is an important barrier to the further development of efficient early identification techniques.

We trust that this conference will contribute to improve our knowledge about the strengths and weaknesses of the different approaches and help us to draw some important lessons for our work as well as strengthen our cooperation.

I would, therefore, like to thank Mr Weise, Günter Schauenberg and their colleagues for bringing us together here in Nürnberg and wish you success in all your efforts.

May I also wish you a fruitful seminar, and thank you for your attention.