

## **Commission communication on the Social Policy Agenda**

### **UNICE comments**

#### **Introduction**

1. UNICE has noted the Commission communication on a new social policy agenda which aims at providing a comprehensive and coherent approach for the European Union to confront the new challenges resulting from the radical transformation of Europe's economy and society.
2. The publication of this communication was preceded by wide and genuine consultations, and constitutes a good basis for further discussions. Even if they do not agree with all the proposals in the communication, European employers appreciate the fact that their request for a more qualitative approach to EU social policy is partly reflected in the Commission document.
3. In the context of this promotion of quality, UNICE agrees that the new social policy agenda
  - ?? must work towards reaching the new strategic goals defined in Lisbon,
  - ?? must not seek to harmonise social policies but rather work towards common objectives to be reached by applying the open co-ordination method defined in Lisbon,
  - ?? should not require additional funding but rather imply a re-direction of public expenditure.
4. Unfortunately, the Commission is not consistent in applying this approach. Some of the proposals listed in the annexes to the Commission communication will undermine Europe's competitiveness and therefore work contrary to the guiding principle proposed by the Commission: to strengthen the role of social policy as a productive factor (see detailed comments below).
5. European employers wish to contribute constructively to shaping this new agenda and very much hope that the Council will take their comments into account when deciding on the new social policy agenda.

#### **On the analysis**

6. UNICE is convinced that competitiveness requires efficient social systems. However, Europe's economic and social challenges are linked. The social challenges cannot be tackled except through economic growth, creation of new wealth and expansion of employment. These, in turn, cannot be achieved except through the competitiveness of European enterprises. Competitiveness requires efficient social systems but any effort to extend social measures without serious regard for the requirement to live within our means is ultimately counterproductive, damages the prospect for growth, and undermines the capacity of society to support social measures.

7. The Commission states that a guiding principle of the new EU social agenda should be to strengthen the role of social policy as a productive factor. However, this will only be the case if the measures proposed increase the reaction speed of Europe's labour markets and take account of the need to live within our means. Hence the importance for Member States to keep control of social expenditures and eliminate poverty traps.
8. While it is true that the levels of social expenditure are similar in most developed economies and that the main differences between the US and the EU are related to methods of funding, UNICE would like to recall that, contrary to what seems to be implied in the communication, funding methods and mechanisms of protection matter. They affect the overall economic performance, the capacity to generate employment and, consequently, to provide adequate standards of living to all citizens over-time.
9. UNICE fully agrees that sustained economic growth with low inflation and sound public finances is crucial for increasing employment and social cohesion. It also believes that some degree of fiscal co-ordination is necessary in order to remove impediments to proper functioning of the single market. However, it does not believe that eliminating tax competition is the way forward. On the contrary, Europe needs to reduce the fiscal and social security charges on labour in the context of a reduction of the overall tax burden and allow sound tax competition in order to promote economic growth and employment. Eliminating harmful taxation does not require tax harmonisation but a gradual market driven convergence towards the best performing national tax/benefit systems using the open co-ordination method agreed in Lisbon.

#### **On the areas of action proposed**

10. UNICE can support the 6 objectives and 11 areas for action proposed by the Commission. However, it believes that two elements should have been mentioned explicitly as objectives and would have deserved a section of their own:
  - ?? protection of health and safety of workers,
  - ?? education and training

#### **On the methods for action**

11. European employers agree that the Amsterdam treaty gave a fresh impetus to European social policy and believe that
  - ?? employment promotion should remain the main objective of European social policy, and
  - ?? the new social policy agenda should rely primarily on the method of co-ordination of national employment policies of the Employment title of the Treaty rather than on legislation.

They therefore insists that extending qualified majority voting in the social policy area is neither necessary nor desirable to underpin a more qualitative approach to European social policy.

12. The Commission also makes a link between the new social policy agenda and the proposed charter of fundamental rights. According to UNICE the Charter and the new social policy agenda pursue different objectives which should not be confused. The charter should make those rights and freedoms which are generally considered to be fundamental and inalienable more visible to the Union's citizens. The new social policy

agenda should define policy actions to be taken at EU level. UNICE is therefore opposed to making a link between the charter and the new social policy agenda.

### **On the means of action**

13. UNICE can - in principle and subject to agreeing with the content - support most of the new proposals listed in the Commission communication. A large number of initiatives listed in the communication truly reflect the announced shift towards a more qualitative approach to social policy relying on open co-ordination rather than on legislation as a way to achieve social policy objectives.
14. European employers welcome in particular the following actions:
  - ?? annual presentation of employment package,
  - ?? communication on future of social protection with a particular attention to pensions,
  - ?? communication and action plan on financial participation of workers,
  - ?? simplification and codification of health and safety legislation,
  - ?? measures to promote mobility.
15. However, the Commission is not always consistent in applying the proposed qualitative approach to social policy. European employers have concerns with regard to the following new measures listed in annex 1:
  - ?? the proposal to complete legislation on working time, for which UNICE sees no need since a directive already exists and excluded sectors are being covered,
  - ?? the future consultation on voluntary mechanism for mediation, arbitration and conflict resolution. The efficiency of those mechanisms depend on their acceptance by the social partners concerned by each particular conflict. It is therefore essential to avoid adverse interference in national mechanisms since this would harm national industrial relations systems.
16. Concerning annex 2, UNICE believes that discussions on the new social policy agenda should lead to a critical assessment of the need for and content of these pending legislative proposals on a case-by-case basis. The credibility of the new agenda will be strongly enhanced if unnecessary proposals are withdrawn and replaced by measures more in line with the open co-ordination method agreed in Lisbon.
17. For this, UNICE would ask the EU institutions to take the following remarks into account:
  - ?? Proposed legislation relating to the free movement of workers are supported in principle by European employers. However, as indicated in UNICE's comments on pending proposals to modify Regulations 1408/71 or 1612/68 and Directive 68/360, the elements of the Commission proposals in this field which go beyond what is necessary for cross-border mobility or simplify existing texts should be removed.
  - ?? Proposed legislation on health and safety at work: similarly, employers agree in principle with the need of an adequate EU legislative framework to protect the health and safety of workers. However, they would like the EU institutions to make a critical assessment of pending proposals and withdraw those which do not respond to a scientifically demonstrated risk or amend the directives which do not propose the most cost-effective remedies.
  - ?? Information and consultation: employers support, in principle, information and consultation of workers; however, they are opposed to a EU directive on this issue, since they consider that transnational aspects are already adequately covered by

existing EU directives and, subsequently, in accordance with the principle of subsidiarity, action in this area should only be taken at national level; in addition, they believe that the proposed text would have negative consequences on well functioning national systems and should therefore be withdrawn.

- ?? Equal opportunities: Employers are in principle in favour of legislation to combat discrimination. However, as far as labour market aspects are concerned, the necessary legislative framework to combat discrimination between women and men is in place, UNICE believes that the main tool to ensure equal opportunities for all European citizens is the European employment guidelines and fails to see the added value of the two proposals to amend directive 76/207 mentioned in annex 2. Employers also ask that their comments on the content of the pending directive based on article 13 of the Treaty be taken into account.

### **On the role of social partners**

18. A feature of European economies and societies is that there are highly developed and varied industrial relations systems in each country. Both the Treaty, by recognising the role of social partners, and the conclusions of the Lisbon Council, by making explicit references to the need to involve social partners as part of its new subsidiarity-based approach, have taken this into account.
19. European employers have every intention of living to their social responsibilities, including by entering into negotiations at European level when they see added value in doing so. However, in order to find balanced solutions responding both to employers' and employees' needs, social partners must also respect the principle of subsidiarity. This means that
- ?? European social partners should focus on those areas where action at the European level can add value and should not try to substitute or pre-empt social actions at other levels. Pressures to take action at inappropriate levels would lead to the EU social partners adversely interfering in actions at national, regional, sectoral or company levels. Given the fact that it is in Member States that concrete actions to achieve the new strategic goal of the EU must be taken, the social partners contribution will primarily be made in Member States.
- ?? Social partners' role at EU level should not be understood as being limited to negotiations of binding agreements only. Indeed, their dialogue at EU level should be primarily based on structured exchanges of experience and benchmarking aiming at creating transparency in order to promote best performing practices. Furthermore, the value of structured discussions leading to a better understanding of each others' positions as part of the process of gradual creation of consensus around effective EU policies should not be underestimated.
20. Finally, if the social dialogue process is to be successful, it is essential to avoid public interference in the areas of competence of the social partners. This means that, when proposing policy measures, public authorities should adopt a neutral position and avoid pre-empting discussions between the social partners.
21. The new social policy agenda should contain a section translating this into operational terms for the EU level and an explicit commitment to:
- ?? organise the official two-stage consultation of social partners required by the Treaty for all legislative initiatives based on any article of the social chapter in the Treaty, prepare

sufficiently broad consultation documents to leave room for possible negotiations, and provide independent detailed analysis in good time where necessary,

- ?? leave sufficient time for reply to allow consultation of social partners' members at grass-roots level,
- ?? organise efficient consultation of social partners on non-legislative policy measures and initiatives dealing with subjects of social partners' competence.

22. Examples of the type of actions that can be taken by social partners on specific subjects, were given in the joint statement to the high-level forum on 15 June. It consisted in actions as diverse as :

- ?? expressing clear support to the strategy agreed in Lisbon,
- ?? negotiating on temporary agency work to try and improve the functioning labour markets,
- ?? reporting on national social partners initiatives which are relevant for the implementation of the employment guidelines in order to help spreading good practices across Europe,
- ?? re-launching a debate on life long learning in the European social, etc.

23. Finally, it should be recalled that individual actions by social partners can also help in implementation of the new economic and social agenda set in the Lisbon conclusions. For example, UNICE's latest benchmarking report on innovation helped to raise the awareness of policy-makers, companies, workers and their representatives and public opinion at large of the importance of innovation as a key for Europe's success. We intend to follow on this positive experience by focusing the next UNICE benchmarking report on the new economy.

## **Conclusion**

24. In UNICE's view, the new agenda for social policy, should

- ?? start from an accurate analysis of the underlying causes of Europe's economic and social challenges,
- ?? clearly place itself in the pursuit of the new strategic goal agreed in Lisbon and primarily rely on the methods agreed by the European Council during that meeting,
- ?? make a critical assessment of pending proposals, leading to withdrawal or amendment of inadequate legislation,
- ?? contain a clear commitment to give priority to social partners' actions in their field of responsibility and to consult social partners properly on social policy issues .

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