

**COMMISSION COMMUNICATION ON STRENGTHENING THE SOCIAL DIMENSION
OF THE LISBON STRATEGY:
STREAMLINING OPEN COORDINATION IN THE FIELD OF SOCIAL PROTECTION**

UNICE POSITION

Executive summary

UNICE broadly welcomes the Commission's approach towards streamlining the current separate actions on *social inclusion*, *pensions*, *health care* and *making work pay* into a single social protection process. The streamlining can help increase synergies between these fields and avoid duplicating efforts.

European employers support synchronisation of the timetables for the employment, social protection and economic coordination processes, which can contribute to better articulated and mutually reinforcing policies.

Nevertheless, UNICE insists that a number of clarifications are needed on how the common objectives and the single national action plan on social protection will be organised around the three pillars: social inclusion, pensions and health care. It fears that, by regrouping the three pillars under the same umbrella, the specificities of each of them can be diluted and the momentum created behind the pensions and the social inclusion processes can be weakened.

In order to keep up the dynamic and to accommodate the specificities of each field, it is essential that:

- a number of specific objectives for each pillar are formulated alongside a limited number of general objectives common to all three pillars,
- the single national reports on social protection ensure proper follow-up to the actions committed to by Member States in the NAPs inclusion and the National Strategies on pensions,
- the annual implementation reports by Member States not only give a general overview but also report on actions taken in respect of each pillar.

Concerning the cross-cutting issues, UNICE insists that their number should be limited, otherwise they can make the process complex and heavy. This would be contrary to the streamlining and the simplification sought by the Commission.

Concerning *making work pay*, UNICE recalls that this is being also dealt within the framework of the Broad Economic Policy Guidelines and the employment guidelines. Coordination of actions in this area so important for increasing employment rates in Europe is essential.

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I. Introduction

1. UNICE has noted the Commission Communication on streamlining open coordination in the field of social protection.
2. The Communication sets out concrete proposals for streamlining the current disparate processes on social inclusion and pensions and, in time, cooperation in relation to health care and making work pay into a single social protection process. It proposes, starting from 2006:
 - definition of a single set of common objectives for social protection structured, in principle, into three pillars – social inclusion, pensions, and health and long-term care; these objectives which should replace the existing separate set of objectives should be adopted by the Council at the same time as the Guidelines package for economic and employment policies; they should remain stable for a period of three years, unless unforeseen circumstances require otherwise; a limited number of cross-cutting issues (such as gender mainstreaming and making work pay) should also be included in the set of common objectives;
 - drawing-up by Member States of single national reports on social protection replacing both the NAPs/inclusion and the National Strategy Reports on pensions; these reports should cover a period of three years and should be forward-looking; in the intervening years, Member States should submit implementation reports focusing on the actions taken;
 - a single follow-up mechanism at EU level by the establishment on the basis of the national reports of an annual joint Commission/Council report on social protection;
 - adoption of a set of commonly agreed indicators to monitor progress towards the common objectives across social protection fields.
3. The Communication also formulates a concrete timetable for involving the new Member States in the single social protection process.

II. General remarks

4. UNICE broadly welcomes the Commission's approach towards streamlining the current separate actions on *social inclusion*, *pensions*, *health care* and *making work pay* into a single social protection process. The streamlining can help increase synergies between these fields and avoid duplicating efforts.

5. European employers support synchronisation of the timetables for the employment, social protection and economic coordination processes, which can contribute to better articulated and mutually reinforcing policies.
6. They also strongly welcome the formulation of a clear sequence of steps to be taken in order to integrate gradually the new Member States in the streamlined social protection process.
7. Nevertheless, from the outset, UNICE insists that a number of clarifications are needed with respect to the definition of common objectives and of a single national action plan on social protection covering the three pillars: social inclusion, pensions and health care. It fears that, by bringing ongoing work in these fields under the same umbrella, the specificities of each field can be diluted and the momentum created behind the pensions and the social inclusion processes can be weakened.

III. Specific remarks

On the common objectives

8. In UNICE's view, it is not clear how the single set of objectives will be organised around the three pillars. Are these objectives common to all the three pillars? If so, what would be the difference between these and the cross-cutting issues that the Commission is proposing?
9. As mentioned above, UNICE fears that by regrouping the three pillars under the same umbrella, the specificities of each of them can be diluted. Indeed, the three pillars raise different challenges and they address different actors. In this respect, UNICE believes that these particularities should be reflected in a number of specific objectives for each pillar which can be added to a limited number of general objectives common to all three pillars.

On the cross-cutting issues

10. European employers agree that there are a certain number of issues which are common to all three pillars. Gender mainstreaming is one of these issues. Nevertheless, UNICE insists that the number of such cross-cutting issues should be limited. The experience from the European employment strategy teaches us that too many horizontal issues can make the process complex and heavy. This would be contrary to the streamlining and the simplification sought by the Commission.
11. Concerning *making work pay* which is proposed by the Commission as a cross-cutting issue, UNICE recalls that this is being also dealt within the framework of the Broad Economic Policy Guidelines and the employment guidelines. Coordination of actions in this area so important for increasing employment rates in Europe is essential.

On the single national reports on social protection and the annual implementation reports

12. UNICE agrees with the submission by Member States of forward-looking reports on social protection. It also acknowledges the need for annual reporting by Member States on the actions taken as a essential input to an annual joint Commission/Council report on social protection.

13. A single forward-looking national report on social protection can help improve synergies between various fields of social protection and avoid overlapping actions. However, UNICE sees the danger that, by having a global approach to the three fields, the momentum and the dynamics created behind the separate existing processes can be lost. It is therefore essential that the single national reports on social protection ensure proper follow-up to the actions committed to by Member States in the NAPs inclusion and the National Strategies on pensions.
14. In order to ensure such a follow-up and to accommodate the specificities of each field, the annual implementation reports should not only give a general overview but should also report on actions taken in respect of each pillar. Nevertheless, the annual reports should be short and concise, focusing on the main actions taken.

On the joint Commission Council report on social protection

15. The annual joint Commission/Council report assessing the three-year national reports or annual implementation reports has to ensure a good monitoring of the evolution of the national policies in these fields and keep up the momentum for reforms in Member States.

On indicators

16. The Communication stresses the need to produce indicators which cover the wide field of social protection, but in the same time they should be summary indicators and limited in number.
17. UNICE supports the choice of a limited number of summary indicators, but insists that these should be targeted enough in order to allow for measuring progress in each field.

IV. Conclusions

18. To sum up, UNICE broadly welcomes the Commission's approach towards streamlining the current separate processes on *social inclusion*, *pensions* and *health care* into a single social protection process to be synchronised with the employment and economic coordination processes.
19. It fears however that, by bringing the ongoing work on these fields, under the same umbrella, the specificities of each of them can be diluted and the momentum created behind the existing processes could be weakened. In order to keep up the dynamic and to accommodate the specificities of each field, it is essential that:
- a number of specific objectives for each pillar are formulated alongside a limited number of general objectives common to all three pillars,
 - the single national reports on social protection ensure proper follow-up to the actions committed to by Member States in the NAPs inclusion and the National Strategies on pensions,
 - the annual implementation reports by Member States not only give a general overview but also report on actions taken in respect of each pillar.
