

**Meeting between the social partners and the Troika
before the Informal Social Affairs Council meeting**

Galway, 15 January 2004

Speaking notes of Mr W. Beirnaert, Chairman of the UNICE Social Affairs Committee

Theme: Adaptability

1. Chapter 2 of the report of the Employment Task Force chaired by Mr Kok contains very valuable considerations on adaptability. Before dwelling on certain general ideas set out in that chapter, I would like to repeat that UNICE is of the opinion that the Kok report should not just remain a remarkable synthesis. This very challenging report is meant to create a momentum encouraging member states to step up their efforts.
2. A crucial challenge in the context of adaptability is how to “foster new business and maximise job creation”. The comparison of the following two statistics is very telling in that respect: the employment rate and the average number of days needed to start a business. The first statistic gave the following ranking of best-performing countries: Denmark, the Netherlands, Sweden, the UK, all exceeding the Lisbon objective of 70% set for 2010. The second statistic showed as best-performing countries Denmark, the Netherlands, Ireland, Sweden, the UK. The second statistic is almost the exact image of the first one. This parallelism is particularly striking. It proves that a “maternity” policy for business is of paramount importance for job creation. Such policy calls of course for a mix of measures, but it is difficult to understate the discouraging effect of the administrative burden for a self-employed worker when starting a business. Neither should we underrate the negative effect of red tape on the willingness of an SME to recruit above certain thresholds. We made an enquiry in Belgium to measure the costs of administrative formalities on companies. The conclusion was very alarming for SMEs, which are the first source of new employment. I am aware that this problem is a challenge in the first place for national governments, but collective agreements are not always as attentive as they might be to these aspects.
3. The Kok report rightly highlights the need to develop and disseminate innovation and research. Puzzled by the Dutch employment success, I read at the time a very striking study of the Dutch government recounting that one third of net job creation in the Netherlands took place in 15% of existing companies, in the so-named “gazelles” with a high rate of investment in R&D.
4. As for flexibility, the Kok report points out two different approaches: on the one hand the Danish one leaving a maximum of responsibility to the labour market parties; on the other hand the Netherlands putting a very wide range of available forms of flexibility at the disposal of the parties. Of course it is not sufficient to make a wide range of mechanisms available if there is no willingness on the part of both partners to use them, but the Netherlands showed a joint openness. These two countries are also the two heading the employment rate ranking. Once again, this aspect alone does not explain the Danish and Dutch performances, but it is nevertheless a major aspect alongside a maternity policy for business, active labour market measures, flexible labour market rules, number of persons participating in lifelong learning.

The example of Denmark and the Netherlands teaches us that the responsibility lies with the member states and their social partners. Europe must not take the place of the member states when it comes to concrete ways of organising flexibility. It is up to each country to strike the right balance with a close eye on the effects on employment. I do not want to open up old wounds, but it is because the European Commission and European Parliament thought that they could dictate one overriding formula of comparable worker in the draft temporary agency worker directive that the dossier got stuck. It is noteworthy that the Kok report highlights the valuable contribution of temporary agency work to employment.

The Danish and Dutch examples also teach us that flexibility relies heavily on the degree of mutual understanding between labour market partners. My personal experience has taught me that unilateral flexibility will not do, but over-regulation is damaging. This should be borne in mind when conclusions are drawn from the communication on the working time directive.

The European social partners, conscious of the fact that the primary responsibility lies with their national members, have however not shirked their responsibility as shown by their joint working programme that deals particularly with labour market actions. We are committed to lifelong learning. Our framework of actions on this issue provides the right impetus from the EU level. What we need to do now is remain vigilant on the dynamism of our members in following it up (second annual report in March 2004).
