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## **Launch Conference of the European Year of Mobility**

**Brussels, 20 February**

### **Panel “Free movement of workers and the functioning of transitional measures”**

#### **Address by Philippe de Buck, UNICE Secretary General**

Let me start by welcoming the Commission initiative to proclaim 2006 the year of mobility.

UNICE strongly supports moves to facilitate and improve labour mobility and to better match labour demand and supply in the European Union. This is essential not only to improve labour market functioning but also to tackle bottlenecks and labour shortages and can contribute to achieve the Lisbon strategy on jobs and growth.

As in my intervention I have to touch on the issue of free movement of workers, I will also underline two other initiatives which are key in the area of mobility: the draft services directive and the draft directive on portability of supplementary pensions.

#### **1. Free movement of workers from new Member States**

Free movement of workers is a fundamental freedom guaranteed by the Treaty. UNICE is in favour of its full application. The Commission report provides useful information and illustrates that migration flows from new Member States were limited, that the large inflows of people from these countries into the EU, which were feared, never materialised and that migration from new Member States was beneficial for the economies of old Member States. In particular, the experience of the last two years in Ireland and UK is valuable: workers from the new Member States helped significantly with labour shortages and contributed to the continued expansion of certain sectors and thereby creating new jobs.

Now we hope that on the basis of the evidence of last two years, Member States will decide to open their labour markets. We also urge the Member States to deliver a positive message to their citizens on the prospects of free movement across the European Union. When on the basis of a thorough analysis, restrictions are considered necessary, they should be as limited as possible.

In the next months, it is of the utmost importance that communication is stepped up by all relevant actors (governments, business and trade unions, etc). Informed debates at national level on the basis of information regarding migration flows from the new Member States since 1 May 2004 provided by the Commission's report are essential to address unfounded fears.

Misconceptions also must be cleared up. One of the most often heard fear in the debate is that labour migration from new Member States will lead to unfair competition on wages and working conditions and thus lower standards for EU15 workers. The worry about wage competition does not take into account the highly regulated nature of EU15 labour markets. Moreover, as Commission points out in its report, once a worker from a new Member State has obtained access to the labour market of another Member State, Community law on equal treatment as regards remuneration and other employment conditions applies.

## **2. The services directive**

The Commission proposal for the services directive coincided with the EU enlargement. The issue of workers from new member states came therefore often in the debates on the services directive. In the run up to the decision by Member States on whether to lift or not restrictions on free movement of workers, better communication and advocacy remains essential concerning this draft directive and again misconceptions such as the myth of the Polish plumber must be cleared up.

It is essential that a distinction is made between free movement of workers and free provision of services. Free movement of services could involve posting workers from one member state to another for a limited period of time. The posting of workers directive specifies which working conditions applies to the posted workers and provides adequate protection against so-called "social dumping". This directive is as valid in the EU 25 as it was for the EU15.

Nevertheless, a lot of work needs to be done to improve quality and accessibility of information on the rights and obligations stemming from the transposition of the positing of directive in the 25 Member States. Improving information is a pre-condition to ensure good compliance with the directive.

## **3. Portability of supplementary pensions**

UNICE supports the objective of the draft directive on improving portability of supplementary pensions, namely improving labour mobility in Europe, but has serious concerns about its content. On the one hand, the positive impact on cross-border mobility is uncertain since tax obstacles, which are the biggest problem for cross-border portability of supplementary pensions, remain. On the other hand, the Commission proposal contains provisions which could significantly increase the costs of operating supplementary pension systems and thereby will harm the development of supplementary pensions in Europe. These costs stem from the imposition at EU level of strict conditions on acquisition, preservation and transferability of supplementary pensions. The Commission text must be radically modified.

## **Conclusion**

Efforts have been made in recent years to identify and address obstacles to labour mobility in the EU. I see nevertheless two areas where more needs to be done:

- communicating and raising awareness by all actors concerned (the EU institutions, governments, trade unions, companies, etc) that structural reforms and more flexible labour markets in the EU as a whole are the best way to foster mobility and help increase employment in the European Union for the benefit of all
- informing and raising awareness on the possibilities and facilities to mobility across Europe such as EURES, EUROPASS (a tool for citizens to better communicate their qualifications and competences), portability of social security rights, etc.

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