

10 May 2006

## **UNICE REPLY TO THE COMMISSION CONSULTATION ON THE ACTION AT EU LEVEL TO PROMOTE THE ACTIVE INCLUSION OF THE PEOPLE FURTHEST FROM THE LABOUR MARKET**

### **Introduction**

1. On 8 February 2006, the Commission published a Communication on action at EU level to promote the active inclusion of the people further from the labour market. This communication is a response to the Social Agenda for the period 2005-2010 which foresaw the Commission to launch a Community initiative on minimum income schemes and the integration of people excluded from the labour market. The Communication has two goals:
  - to review the progress achieved in the context of an enlarged EU towards the aim of fostering labour market access for those who are excluded and
  - to launch the first-stage social partners' consultation based on article 138 on possible guidelines for action at EU-level with a view to promoting the active inclusion of people furthest from the labour market. It is also a public consultation addressed to other interested institutions and organisations at EU and national level.

### **General comments**

2. UNICE broadly agrees with the Commission analysis that labour market integration is the best safeguard against social exclusion. UNICE is also in favour of policies ensuring that all working-age people able to work participate actively on the labour market. Increasing employment levels is of utmost importance given the pressure on financing social security systems due to the ageing population and the decline in the working-age population. European employers welcome the accent put in the Communication on avoiding the poverty trap for people living on minimum income schemes and other support schemes by strengthening the incentives and support for these people to move from social benefits to work.
3. Nevertheless, the focus of the communication on minimum income schemes is too narrow to meet the challenges of the inclusion of the people furthest from the labour market. Integration of disadvantaged groups into the labour market requires a holistic approach and a comprehensive policy mix addressing a broad range of issues both on the labour supply side (such as skills development, effective active labour market policies, increased individual responsibility for seeking actively work, reform of tax/benefits systems) and demand side (keeping and creating jobs notably by reducing indirect labour costs, availability of flexible working arrangements, including working time flexibility as well as providing other incentives to employ). Moreover, it has to be

recognised that all social policy measures have to be embedded in a sound economic framework. Only comprehensive and ambitious reform efforts with the right mix of economic and social measures will allow achieving the desired results.

4. With respect to the minimum income schemes, it has to be borne in mind that the design and the role of minimum income schemes vary from country to country and are a national responsibility. The EU level can add value by organising exchanges of experiences on how to strengthen effectiveness of such schemes towards promoting active labour market participation of those furthest from the labour market.
5. With regard to the consultation process, UNICE is concerned with the Commission tendencies to dilute the process of consultation of social partners laid down in the Treaty into general public consultation. The widening of article 138 consultations to public authorities at all levels and civil society does not respect the specificities of Treaty based social partners consultations. Article 137-138 consultations should not be run together with general consultations.

#### **Answer to questions**

##### **Question 1: Is there a need for further action at EU level, and if there is, what are the most useful ways by which the EU could complement and support the action at national level?**

6. The EU integrated guidelines for growth and jobs already provide the right framework for pursuing holistic reform strategies by Member States. Strengthening social cohesion is one of the three overarching objectives of the employment guidelines and the integrated guideline 19 deals particularly with the integration into the labour market of disadvantaged people. Further EU action is not necessary.
7. The results achieved fighting poverty and social exclusion are mitigated because the necessary reforms are not being sufficiently delivered. The EU should concentrate on encouraging all 25 EU countries to pursue the labour market reforms foreseen in the Lisbon strategy on jobs and growth to promote the creation of new jobs and integrate more people in the labour market. The adoption of national reform programmes is a step in the right direction. However, they are not ambitious enough and more needs to be done to close the delivery gap in the national implementation of reforms.
8. Furthermore, the open method of coordination on social inclusion integrated into a streamlined open method of coordination (OMC) on social protection provides for common EU objectives dealing with a wide range of issues, including access to labour market family policy, housing policy, health, etc. It is important to fully integrate the streamlined open method of coordination on social protection into the new governance cycle on jobs and growth.

9. The EU can also stimulate a critical analysis of national policies and promoting exchanges of good practices notably in the framework of the OMC social protection and the implementation of integrated guideline 19.

**Question 2: How should the Union build on the common ground agreed in the 1992 Recommendation to promote the rights and access to services needed for the integration of excluded people, taking into account the relevant policy innovations?**

10. The issue of promoting the rights and access to services needed for the integration of excluded people is dealt with in the social inclusion objectives under the open method of coordination on social protection. Progress in this area should be fostered in this existing framework, notably by promoting the exchanges of good practices.
11. Moreover, the formulation "rights and access to services needed for the integration of excluded people" is too broad and imprecise. Instead, the question should be limited to "income support at a level that is sufficient for people to have dignified life" as the Commission itself is pointing out in the text of the Communication.

**Question 3: Is there any justification for action at EU level, based upon Article 137(1)(h)? In such a context, could the aspects concerning activation and access to the labour market be the subject of negotiation between the social partners?**

12. For the reasons highlighted in the answer to question 1, UNICE believe that there is no need for action at EU level based upon article 137(1)(h). Moreover, the consultation deals mainly with the issue of minimum income schemes which are the responsibility of Member States and not of the social partners at EU level.
13. The European social partners are concerned with the issue of the integration of the disadvantaged groups and therefore will deal with this issue in their work programme 2006-2008 in the following way:
  - by undertaking a joint analysis on the key challenges facing Europe's labour markets,
  - by defining priorities to be included in a framework of actions on employment,
  - by negotiating an autonomous framework agreement on either the integration of disadvantaged groups on the labour market or lifelong learning.
14. Moreover, social partners in Member States jointly and/or separately take initiatives aiming at the integration of the disadvantaged groups into the labour market. Examples of such initiatives are included the European social partners' report on employment published in March 2004 and March 2005.

## **Conclusion**

15. UNICE believes that the existing EU policy frameworks and instruments are adequate to promote the integration of disadvantaged groups on the labour market. Further EU action is not necessary. What is needed is determined implementation of the necessary reforms by Member States.
16. The European social partners will play their role in the framework of their work programme 2006-2008.

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