



21 May 2007

### **9th Congress HRMagazine – Tallinn „Werk zonder grenzen“ 24 May 2007**

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

Ladies and Gentlemen,

- Let me start by thanking you for inviting me to this conference. In my intervention, I will first say a few words about BUSINESSEUROPE and how we are active in the social field. I will then explain how the European social dialogue can help to address the challenges faced by European companies and societies. I will do so by giving you some concrete examples of how the European social dialogue constitutes a useful tool to achieve better and less regulation and to help implementing the Growth and Jobs strategy. To conclude, I will highlight the importance of companies' knowledge and experience for an effective social dialogue and hope to engage in a discussion on this issue with you.

#### **On BUSINESSEUROPE**

- But, first, let me say a word about BUSINESSEUROPE. Our organisation is composed of 39 member federations spanning the whole continent. These groups are the principal business representations in their respective countries with millions of members between them. This gives BUSINESSEUROPE its status as the voice of European business on European Union issues and we have recently changed our name to reflect better this fact. Our new name clearly shows that business, at the heart of Europe, creates growth and jobs, for the prosperity of the European citizens.
- An important part of BUSINESSEUROPE's work concerns employment and social policy issues. Our involvement in the social field covers different forms of activities but the most frequent forms are:
  1. Bipartite social dialogue (or consultation, co-operation and negotiation between the social partners at EU-level);
  2. Tripartite concertation (or consultation between the Council, Commission and social partners on economic, employment and social matters).
  3. Lobbying activities vis-à-vis the European Commission, European Parliament and Council;



Arguably, the most important of these activities is the European social dialogue. Developing the social dialogue at EU-level means focusing on key pan-European issues on which we can make a useful contribution. It is not about adding a layer of collective bargaining over and above the existing national, regional, sectoral or company levels. It does not mean wage bargaining at European level. It is much broader. The European level should deal with transnational questions which cannot be solved satisfactorily in the Member States or support national players in their efforts to improve the functioning of labour markets.

### **On the European social dialogue**

- Let me now say a few words on how the European social dialogue can help in addressing the challenges faced by European companies and societies.
- The origin of the present social dialogue process, known as the Val Duchesse Social Dialogue, can be traced back to 1985 and the launch of the Single Market programme. Having taken up the challenge issued by President Delors for the opening of social dialogue on the social implications of the single market, BUSINESSEUROPE, CEEP and ETUC had their first experience of bipartite social dialogue at the European level. From 1986 to 1991, we adopted resolutions, declarations and joint opinions albeit without any binding power.
- Since 1992, the role of social partners has been officially recognised by the EU Treaty. The Treaty introduced a legal obligation for the Commission to systematically consult social partners before proposing legislation in the social field. Social partners can then, if they wish so, decide to try and negotiate an alternative to Commission legislative action. This was a gear change in social dialogue, with plenty of negotiations. Three framework agreements were concluded (Parental leave 1995; Part-time work 1997; Fixed term work 1999) which were subsequently given legal force through the implementation by a European directive.
- The third period was inaugurated in December 2001 and is characterised by a diversification of tools and increased maturity. In addition to a framework of action for lifelong learning, “autonomous” agreements were concluded on telework (2002) and work-related stress (2004). In both cases, the social partners committed to direct implementation by themselves, through their member organisations at national level.
- A further important step has been taken, when social partners adopted, for the first time, a multi-annual work programme of the social dialogue for 2003-2005. Last year, we adopted our second autonomous work programme 2006-2008. In addition to further reinforcing the social partners’ autonomy, we want to promote growth, jobs and the modernisation of the EU social model through this programme. We want to focus on Europe’s major economic and social challenges and will use a variety of tools.
- One of these tools is a joint analysis of the key challenges facing European labour markets. Bridging the gap between the social partners’ respective analyses of the main challenges facing Europe’s labour markets is important to pave the way for the emergence of a consensus on solutions. Our work programme therefore foresees this joint analysis as a stepping stone for further work on issues such as



macroeconomic and labour market policies, demographic change, lifelong learning, flexibility and security, undeclared work, restructuring, etc.

The negotiations on the joint analysis are ongoing and we want them to succeed. Indeed, those discussions make sense only if we will be able to present conclusions that are relevant not only for social partners but also for policy-makers, both at the national and European level. The challenge will be to come to a joint description of the key components of a genuine flexicurity approach aimed at better reconciling Europe's need for more flexible labour markets with new ways of providing security for workers. BUSINESSEUROPE is convinced that the European social partners would make a real difference if we would be able to agree on such a joint description.

### **On the trend towards more Europe and the added-value of the European social dialogue**

- European social policy has developed progressively, parallel to the process of European integration. As European integration progresses, decisions affecting companies are increasingly also in the social field taken at the EU level, or influenced by EU decisions. Indeed, the likelihood of the EU legislator to legislate on issues which are normally negotiated between social partners (such as working conditions, worker information and consultation etc.) has increased considerably. Moreover, while enlargement makes a common approach much more difficult, it also means that more countries are covered by EU decisions. In short, there is a clear trend towards more Europe which, obviously, has clear and far-reaching implications for companies.

At the same time, however, a similar and strong movement is underway at corporate level. In this context, integration arises out of a network of inter- and intra-firm networks across Europe. These find expression in cross-border joint ventures, mergers, alliances, subsidiaries etc. In short, companies Europeanise and even more they globalise!

Clearly, the operating environment for both countries and companies has become more European. The pressure emanating from EU initiatives (such as the Open Method of Co-ordination), legal requirements and ongoing market integration clearly influences Member States' room for manoeuvre regarding employment and social affairs issues. Likewise, industrial relations and human resources policies in companies have to take into account key EU legislative texts on employment and social affairs issues (such as working time, gender equality, information and consultation etc.). For companies, this trend towards more Europe makes it even more important to organise the defence of their interests collectively at pan-European level, to have a formal channel to express their views on social policy issues and to have a means to influence the EU agenda or avoid damaging EU legislation.

This is precisely the added-value of the European social dialogue. It allows European employers not only to be consulted and maintain permanent contacts



with all EU institutions, but also enables them to speak with one voice on a wide range of EU initiatives and influence legislation.

- In essence, BUSINESSEUROPE's strategy vis-à-vis the European social dialogue consists in pursuing two parallel objectives:
  - Contribute to the implementation of the Growth and Jobs strategy (the Lisbon Strategy); and
  - Avoid damaging legislation in the social field.

To illustrate this, I would like to now draw your attention to four relevant initiatives which demonstrate the benefits for the "business community" of the Social dialogue at European level.

Firstly, in 2002, the European social partners concluded a framework of actions on the lifelong development of competences and qualifications. This framework of action identifies ways of encouraging both companies and workers to invest time and efforts to develop skills, which are actually needed on labour markets. Every year since 2000, we report on progress. The reports are available to the public. They show that initiatives undertaken as part of the framework of actions have helped companies to tailor their human resources policies to changing needs (e.g. by developing different tools to better identify these needs) and to implement competence development policies through better recognition and validation of competences and qualifications (in Belgium, for example, sectors have been encouraged to validate training courses using "vocational training passports").

- A second example concerns the issue of European Works Council. As you may know, far reaching EU legislation on workers information and consultation is in place. It comprises the directive on EWC, national information and consultation, collective redundancies and transfers of undertakings as well as information and consultation provisions in various health and safety texts. To that, one can add, even more demanding provisions on workers involvement in the European Company Statute and directive on cross-border mergers. And yet, despite the existence of these comprehensive legal requirements, there is a never-ending debate on the revision of the EWC directive.

However, European employers firmly believe that the EWC directive has proven its worth. Together with the other European social partners, we have adopted and presented to the EU institutions in April 2005 a text called "lessons learned on European works councils". Based on a joint analysis of nine case studies, these "lessons learned" show that European works councils (EWCs) are a useful instrument. They contribute to adapting to change, when changes concern a group's strategy and sites in several countries are affected. Experience shows that, at company-level, cooperation and communication between management and labour can make a real difference when it aims at enhancing business competitiveness and ensuring acceptance of necessary change.

Experience also shows however that the development of a good-functioning EWC is a gradual learning process for all involved and cannot be achieved over night. Putting further obligations on employers in an area where adequate information and consultation rights exist would undermine the Lisbon growth and employment



goals. Ensuring fruitful cooperation between management and labour does not require changes in EU legislation. The legislative basis for information and consultation of workers is in place and no modifications to the *acquis* are needed or justified. And so far, through our joint work, we have been successful in avoiding a revision of the EU legislative framework.

- Thirdly, and closely related to the issue of EWCs is that of restructuring. However painful restructuring operations sometimes may be (as witnessed by recent developments in Volkswagen Vorst and GM's plant in Antwerp), the fact of the matter is that they are both inevitable and necessary for job growth and job creation. Trying to prevent or limit restructuring by tightening the regulatory straitjacket around business would therefore be counterproductive, a message which we have consistently spelled out *vis-à-vis* European public authorities.

In 2002, the Commission consulted the European social partners on corporate restructuring. Having made clear that it did not want to negotiate new EU principles on restructuring over and above existing EU and national rules, BUSINESSEUROPE managed to convince ETUC to send a joint letter to the Commission asking it to wait for the results of social dialogue discussions (as opposed to suggesting further EU actions in this area). We managed to draw joint conclusions from the discussions with ETUC in June 2003, the so-called "orientations for reference on managing change and its social implications". The orientations of reference underline the importance of explaining the reasons for change and of developing employability to facilitate the management of social consequences at local level.

In our new work programme for 2006-2008, we want to promote and assess the "orientations for reference on managing change and its social implications". We have committed ourselves to conduct a joint study on restructuring in the EU-15. Our aim is to better understand the economic and social challenges faced by social partners in Europe in terms of restructuring.

- Fourthly, about one month ago the European social partners signed a framework agreement on harassment and violence at work. The agreement is limited to a broad framework leaving all the flexibility necessary for its implementation. It leaves the necessary latitude to decide on the details of the procedure to deal with complaints at the company level and explicitly allows using pre-existing procedures, if any. Moreover, no new obligations are created in terms of workers information and consultation.

The conclusion of this non-legally binding agreement is part of BUSINESSEUROPE's overall strategy of promotion of alternative tools to legislation in order to achieve social policy goals. Indeed, if social partners would not have come to an agreement, the European Commission would have presented EU legislation on harassment and violence.

- In short, the development of social dialogue at EU level in parallel with the extension of EU competences in the social policy area reflects a consistent policy by BUSINESSEUROPE to use the social dialogue as a tool to have less and better regulation at EU level. By doing so, our ultimate aim is to create a more business-



friendly environment, which is of fundamental importance if Europe is to successfully tackle the challenges of globalisation and population ageing.

- However, as mentioned earlier, we do not deal with all issues through the EU social dialogue. Lobbying, for example, remains also an essential part of our activities. In this respect, a current topic on which we have been and still are very active is that of the portability of supplementary pension rights.

While fully supporting the aim of the proposal, i.e. facilitating labour mobility, BUSINESSEUROPE believes that the planned rules would greatly damage occupational pension schemes by considerably increasing the costs of operating such schemes. Given the fact that in most cases occupational pension schemes are set up voluntarily by employers, companies could be discouraged from offering a supplementary pension scheme to their employees. We have therefore repeatedly called on the EU-institutions to modify the proposal. It is now being discussed in the European Parliament and the Council which have already usefully modified key part of the proposal but in our view, more needs to be done. We will therefore continue to voice our concerns so that a better balance can be struck between benefits in terms of mobility and costs for pension scheme providers.

- Likewise, we have also been very active recently on the European Commission's Green paper on labour law (launched in November 2006). The key issue being how labour law in Europe should be shaped in the future, BUSINESSEUROPE made it clear that the focus should be on a modernisation and simplification of labour law.

## Conclusion

- To conclude, I hope that by now you have a clear idea of the way in which BUSINESSEUROPE is actively promoting and representing business in Europe. I also hope that I have been able to illustrate the importance of the European social dialogue as a tool to address the challenges faced by Europe.
- Obviously, for BUSINESSEUROPE to play effectively its role in the European social dialogue, we must be able to rely on member federations' knowledge of actual company practices to present clear and fact-based analyses on specific issues. After all, companies have the knowledge and experience on the ground. They have the ability to give us concrete feedback on how a specific EU (legislative) action would impact on the workforce. Companies can tell us about how EU action has changed their behaviour and strategy. They can provide us with concrete examples of innovative ways to deal with labour market challenges such as an ageing and shrinking workforce. Your feedback on all these issues is needed in order to strengthen BUSINESSEUROPE's capacity to act decisively and well-informed. I hope that in the remainder of this session, I can discuss some of these questions with you.

Thank you for your attention.