

**Presentation to the Social Protection Committee
on the Renewed Social Agenda**

Rebekah Smith
Adviser, Social Affairs

- 1. General comments**
- 2. Active Inclusion and the forthcoming Commission Recommendation**
- 3. Commission Communication on the OMC**

General comments

- BUSINESSEUROPE has always stressed the urgent need to modernise European social systems and labour markets
- We share the Commission analysis that the EU social agenda should keep pace with changing realities in the economy and labour market
- The new social agenda should focus on issues essential for competitiveness and job creation, e.g. flexicurity
- The decline in the working age population puts a strain on public finances, therefore social systems must be made sustainable
- More investment in education and training is needed, to increase skills and raise individual adaptability to labour market needs
- Employers need the facility to hire people, flexibility in working arrangements and an available workforce with relevant skills
- Europe needs to move away from the idea of one job for life, rather focus on the skills needed to remain employable.

Active Inclusion

- In view of the forthcoming Commission Recommendation
 - General aim of active inclusion: to mobilise the full potential of the labour market, by providing pathways to employment for those who can work and a life in dignity for those who cannot.
 - BUSINESSEUROPE is supportive of EC holistic approach and the development of common principles on active inclusion through a recommendation. This will provide a good base for deepening the OMC.
 - This approach allows for setting of common EU objectives, giving due consideration for member state prerogatives, which is the case for many of the issues dealt with in this field.

- The process should positively support member states in their reform efforts.
- The principles must be broad, not prescriptive.
- More specifically: The rights of those capable of working should be subject to active availability for work or training and there should be incentives for people to move from social benefits to work.
- To reflect the principle of subsidiarity and take into account the large differences in member states'social protection systems, minimum income schemes should not be set by the EU. Member states should retain their national prerogative in deciding whether to make use of minimum income schemes, as well as the details of such schemes.
- Similarly, the decision over whether to apply a minimum wage and the level at which it is set should remain the prerogative of member states. This takes account of the different economic and labour market situations in the member states. Setting minimum wages at EU level means that due to differences between member states and indeed sectors or companies, in some cases this may be at a level which is not in line with productivity. This therefore reduces the employment chances of less skilled workers and of the unemployed.

- European Social Partner Framework Agreement on inclusive labour markets

The European Social Partners are currently discussing the follow-up to the Joint Labour Market Analysis, including a framework agreement on inclusive labour markets. This will allow social partners to discuss how best to encourage the integration and retention of disadvantaged people/workers on the labour market. It will be a practical, action-oriented instrument of use to employers and workers when devising policies to integrate and/or retain disadvantaged individuals/workers. Since this is a very complex phenomenon, varying from country to country, social partners are best placed to take this joint action.

- Social Services of General Interest

We agree with the Commission's position that legislation at EU level in this field is neither required nor desirable. The focus should be on modernisation of social services, which will ensure access to services, as well as cost-effectiveness, efficiency and quality. Services can act as direct support for integration into the workforce or indirectly, complementing this process, e.g. social security schemes and health services.

EC Communication on Reinforcement of Open Method of Coordination – preliminary remarks

- Principles: We support the OMC as a sensible, flexible instrument, allowing for voluntary information/experience exchange between member states in a wide variety of fields.
- The streamlined process should focus on delivering reforms, stimulate a critical analysis of national policies and exchange of good practices, as well as reducing bureaucracy.
- Above all this is an instrument of the member states and it should stay this way; the Commission's competences should not be extended in this field.
- Support further development of the OMC through common principles, as this will build pressure and give direction for reform of social systems. Common principles should lead to sustainable financing of social systems and ensure that work is the best way to a sufficient income.
- Is it too early to look at a further streamlining of the OMC process?
Firstly the OMC was streamlined by merging three processes into one and by feeding in the social OMC in the Lisbon strategy for growth and jobs. Secondly a three-year cycle with simplified reporting was introduced and in 2006 the first national reports were made. Now in 2008 the Commission concludes that there is again a necessity to strengthen the method to improve delivery of the common objectives. Do we need to wait longer to see the results of the existing social OMC process before deciding whether it needs to be further strengthened? Measurable results in poverty reduction, pension reforms and eradication of health inequalities take some time before they are visible. Will the current OMC process not deliver in terms of enhancing the capacity to assess and monitor?
- Definition of quantified targets:
- Targets should be for member states to elaborate, to use to critically analyse their own national policies, in order to take account of their diversity, national contexts and the different points of departure. They should not be multiplied unnecessarily at EU level. The EU's role is to provide common indicators illustrating the main trends and broad objectives.
- Objectives can stimulate member states towards reforms, particularly those who have not taken the necessary measures, e.g. to deal with an ageing population, or to modernise their social protection system
- Conclusion: The changes in the last years with respect to the social OMC process aimed at simplifying reporting tasks of member states. It is important that this aim is also respected in the future. The energy of the member states should not be targeted at bureaucratic processes and reporting.
- Rather, bridging the implementation gap should be the core objective. Therefore the process should allow for concentration on implementation of agreed policies and for the possibility for groups of member states with similar challenges and problems to work together and develop common principles.