

1 December 2008

## **Comments on Commission Communication on Reinforcing the Open Method of Coordination**

### **INTRODUCTION**

On 2 July, as part of its Social Agenda Package, the Commission adopted a Communication on Reinforcing the Open Method of Coordination on Social Inclusion and Social Protection.

The Communication aims to strengthen the OMC by improving its visibility and working methods, strengthening interaction with other policies, reinforcing its analytical tools and evidence base and enhancing ownership in member states through peer review, mutual learning and involvement of all relevant actors.

BUSINESSEUROPE supports the OMC on social protection and social inclusion as a sensible and flexible instrument, allowing for voluntary exchange of information and experience between the member states in a wide variety of fields. Employers also support the streamlined process, which should focus on delivering reforms and stimulate a critical analysis of national policies, as well as reducing bureaucracy. It must feed into the Lisbon strategy on growth and jobs and assist in gathering support for the reform decisions that are necessary to improve Europe's performance in social protection and inclusion.

### **GENERAL COMMENTS**

1. BUSINESSEUROPE fully supports the further development of the OMC through common principles and objectives, in order to enhance the capacity to assess and monitor member states' actions in this area. Objectives can stimulate member states towards reform, by building pressure and providing direction. This is particularly the case for those who have not taken the necessary measures to modernise their social protection systems, for example to deal with an ageing population, or to integrate the flexicurity approach.

2. BUSINESSEUROPE also supports this approach in its application to the area of active inclusion of disadvantaged groups. The Commission's Recommendation on Common Principles is the most appropriate way to ensure that member states deal with the issue of active inclusion according to their own situation.

3. The reinforcement of the OMC through common principles and objectives should lead to sustainable financing of social systems and acknowledge that work is still the best way to guarantee sufficient income. It is necessary to bear in mind the need to keep a balance between the objectives of a decent revenue and long-term sustainability of public finances.

4. Above all, the OMC is an instrument in the hands of the member states and this should not change in the future. The Commission's role in supporting member states' efforts should remain. It is also important to ensure that the process is transparent and involves the relevant actors, including social partners, in order to gain support for the difficult reform decisions that have to be taken in Europe.

5. The OMC has already been 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. For this reason, BUSINESSEUROPE urges caution in further streamlining the OMC process at this point in time. This should be founded on a real necessity to strengthen the method to improve delivery of the common objectives. It is not yet clear that the current OMC process will not deliver in terms of enhancing the capacity to assess and monitor, as it can take some time for measurable results in poverty reduction, pension reforms and eradication of health inequalities to be visible. Therefore it is important to bear in mind that some results of the existing social OMC process may only be available at a later stage.

6. Coordination between the Social Protection Committee and the Employment Committee is important, in terms of developing coherent and integrated social and economic policies. Economic growth and employment are of great importance for the sustainability of our social systems and the eradication of poverty.

#### **SPECIFIC COMMENTS**

7. BUSINESSEUROPE believes that if quantified targets are to be set, they should be elaborated by member states, to critically analyse their own national policies. This is important in allowing for member state diversity, national contexts and the different points of departure to be taken into account, in line with the principle of subsidiarity.

8. As this is an area of voluntary activity by the member states, the EU should simply take a role in encouraging them to set targets at national level based on EU level common indicators illustrating the main trends and broad objectives. This should also avoid a lack of clarity, duplication and unnecessary bureaucracy.

9. The changes in the last years with respect to the social OMC process have aimed at simplifying reporting tasks of member states. It is important that great care is taken to also respect this aim 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.



## **CONCLUSION**

The OMC on social protection and social inclusion provides an impetus for member state action towards reform, by providing a flexible and tailored instrument through which they can learn from each other.

Care should be taken in reinforcing the OMC, to avoid unnecessary bureaucracy and lack of clarity; the focus for the member states should be on undertaking the necessary reforms in line with the jobs and growth strategy and flexicurity.

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