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## **BELGIAN PRESIDENCY CONFERENCE: EU COORDINATION IN THE SOCIAL FIELD IN THE CONTEXT OF EUROPE 2020**

**14 September 2010, La Hulpe**

**Panel: “Ensuring better coordination and integration of different policy areas at EU level”**

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- To put Europe back on track following the crisis, the EU needs to concentrate on improving economic growth and competitiveness, and ensure that these considerations are at the heart of all EU policies.
- The EU should aim to double its growth potential from 1 to an average of 2% over the period 2010-2014. We estimate that this could translate in 6.2 million new jobs in the EU by 2014 and savings of more than 450 billion euro in public debt levels.
- Although the economy is now recovering from the crisis, unemployment is still at around 10%. Progress must be achieved in increasing employment levels, by reforming labour markets and increased activation.
- The financial sustainability of European social systems will only be assured if they are modernised. Otherwise public debt levels will rise in the future.
- Member states are responsible for adapting social systems in line with national circumstances. The fact that employment and social security policies remain a national competence does not, however, mean the EU has no role to play.
- The EU2020 strategy provides for an integrated EU approach towards the objective of growth and jobs. The EU's main role should be to encourage reform in the member states on the basis of this integrated approach, ensuring that social policy is designed in connection with economic and fiscal policy.
- To encourage a commitment to reform in the member states, however requires strong political leadership from the EU – a key element which was missing from the Lisbon Strategy.
- The EU can also provide value by playing a coordinating and supporting role. It should continue to monitor and conduct in-depth analyses of member state actions and promote exchange of experiences. The Open Method of Coordination remains the most appropriate instrument for this.

## **Questions from Chair (more details from conference organisers by 8 Sept)**

### **1. Implications of the integrated policy design of the Europe 2020 strategy for its implementation, on the European level, and the national level**

- The integrated design of the Europe 2020 strategy should ensure that Commission DGs work towards the same priority objective of growth and jobs.
- It should also ensure that social and employment policy are not devised in isolation at EU or national level. They should be considered in conjunction with other policy areas, in particular economic and fiscal policy.
- Coordination of economic and employment policy should be provided through the Broad Economic Policy Guidelines and the Employment Guidelines. Whilst providing a framework at EU level for improving national economic and fiscal sustainability, they also aim at improving the efficiency of pensions and social protection systems.
- Implementation of the Employment Guidelines at national level should be based on flexicurity principles, whereby member states should combine labour market activation measures with modernisation of social protection systems.
- Successful implementation of the strategy at national level is dependent on the involvement of other actors, in particular social partners.

### **2. Mainstreaming the social dimension in other policy strands**

- The EU already has a highly developed set of social policies and the social dimension plays a key role in developing EU policy across the board.
- The Treaty of Lisbon provides for the EU to further develop social aspects, while respecting the competences of the member states. In particular, a new horizontal social clause means that social issues must be taken into account when defining and implementing all policies. In addition, the development of a highly competitive social market economy is set as a key objective and the Charter of Fundamental Rights is given legally binding status. Therefore, it should be clear that the social dimension is already mainstreamed in EU policy and that it is not an accurate reflection to say that the EU has no social dimension.
- Some would argue that the best way to strengthen the social dimension at EU level is to devise more legislation. BUSINESSEUROPE does not agree with this. The EU social acquis comprises today more than 70 directives – this already forms a solid basis for EU social policy. The emphasis should be put on better implementation of existing EU directives.



### 3. Governance of the Europe 2020 strategy and specifically of the social dimension thereof

- The business community is seriously concerned about the state of public finances and the destabilising effects on the economy. To ensure the sustainability of social systems, the economic basis must be improved. This means reducing levels of public debt. In 2011 the EU is expected to have a debt level of 84% of GDP. This is a sharp rise in contrast to 2007 level of 59%. This year the level of debt in Belgium is expected to be 99% of GDP, 118% in Italy and 125% in Greece. (Source: European Commission, AMECO database).
- The EU2020 strategy must lead to the improvement of economic governance across the EU as a priority. The stability and growth pact should be strengthened and national fiscal frameworks should be reinforced. The Commission will also have to step-up its role by providing comprehensive country-specific recommendations and issuing direct warnings to non compliant countries when needed.
- The Europe 2020 Strategy will have no impact unless it results in effective delivery. EU institutions and member states must be collectively responsible for the strategy's success and be held accountable for their individual contributions.
- The EU should provide political leadership to encourage member states to commit to the necessary reforms to maximise economic growth and job creation.
- The success of the strategy will depend on the implementation of the Economic and Employment guidelines and the design of National Reform Programmes. We welcome the reduced number of guidelines, as this should help Member States focus efforts on delivering real reforms.
- European companies count on the European Union institutions and the Member States to adopt ambitious national targets to transform the EU 2020 strategy into a real action plan.
- We support the fact that for the poverty target, 3 indicators were decided on. This allows member states to measure their actions to combat poverty in a way which is in line with their national situation.
- The Open Method of Coordination remains a successful tool for peer-review, exchange of practice and cooperation between member states. This will be important in the implementation of the strategy, as it allows for benchmarking member states' progress, fosters policy learning across member states, and can increase the pressure on under-performers.
- The challenge of ensuring delivery of the strategy's growth and jobs objective requires the EU to foster commitment to reform by the member states.
- It needs to be clear to member states what reform is necessary to implement the strategy and the EU should highlight where there are gaps in implementation at national level.



- EU institutions need to take political leadership in implementing the strategy and communicate on why reform is necessary. This is to enhance the awareness and interest of politicians and the public at national level.
- Involving social partners in these tasks of implementation and communication at national and EU level is very important.

### **Concluding remarks**

- Restoring sound public finances is a precondition to ensuring effective and sustainable social systems. This should be a guiding principle in implementation of the EU2020 strategy, ensuring an integrated approach to designing social policy in connection with economic and fiscal policy.
- Ensuring public finances are sustainable and reforming social systems will help member states move towards the virtuous circle which exists in Nordic countries of well managed public finances and smart social systems able to support people.

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