



INFORMAL MEETING OF MINISTERS FOR EMPLOYMENT AND SOCIAL AFFAIRS

12 JULY 2012

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Introduction

- The EU is facing what is widely considered to be its worst crisis since the founding of the Union;
- This is a crisis that initially stemmed from the economic and financial sectors, but which has since taken on a distinctly social dimension, as is emphasised by the fact that there are currently over 24 million unemployment people in the EU, including 5.5 million young;
- The continual and rapid pace of events at international and European level mean that it will be a while yet before the dust settles on the initiatives that have been taken, and which continue to be proposed, to return Europe to a path of economic stability, growth and prosperity;
- In this respect, the role of the social partners is also evolving as discussions about labour market reforms and job creation, particularly for young people, dominate the European and national agendas;
- It can be seen that countries which implemented necessary labour reforms before the crisis are the ones that are now faring better than those that delayed taking action;
- Notably, Germany is a good example of a country that has benefited, already during the crisis, from having increased the flexibility of its labour market through reforms undertaken between 2003 and 2005. Current levels of joblessness in Germany - around 3 million – are at their lowest since 1992;
- On the other hand, Spain has only recently undertaken major labour market reforms in February of this year. These reforms aim to make permanent employment contracts more attractive, enhance the employability of workers, and improve the collective bargaining system;
- These reforms were necessary for a long time. A lesson we may draw is that the situation could have been less severe had they been implemented earlier.

New EU economic governance

- In December 2011, the approved 6-pack included a scoreboard of indicators aiming to prevent and correct macro-economic imbalances. As part of this, wage trends will be monitored through an alert mechanism to determine



whether Member States' imbalances in unit labour costs are benign or problematic;

- Matters concerning wages are crucial to employers. Wage negotiations are organised at different levels in European countries. Whatever the level at which they are negotiated, it is important to ensure that wage agreements leave enough flexibility to the company level to take maximum account of productivity. We also believe that greater wage flexibility, based on wage moderation when necessary, is vital to support job creation and competitiveness, better reflecting labour market and productivity conditions and limiting wage and price inertia;
- In response to the Commission's proposal to set up an EU tripartite format for monitoring and exchanging views on wage developments in relation to productivity, inflation and internal demand, unemployment and income inequalities, BUSINESSEUROPE considers that a bipartite format would be better. Such exchanges could take place in the context of the European Social Dialogue Committee, in which representatives of the social partners of the 27 member states take part;
- BUSINESSEUROPE certainly wants to be closely associated to governance mechanisms, including in the context of the European semester, which we believe will require the broader involvement of the social partners;

How to adapt existing European structures of consultation with social partners

- In view of the profound changes the 6-pack will trigger at both European and national levels, the social partners have planned to analyse the consequences that the current debate on European economic governance will have on social dialogue at EU and national levels as part of our 2012-2014 work programme;
- Our aim will be to define a shared vision on the consequences that the current debate on European economic governance will have on social dialogue at EU and national levels, with a view to developing possible recommendations at relevant levels;
- At a conference with the social partners on the employment package on 19-20 June, Commissioner Andor proposed to organise once or twice per year a Tripartite Social Forum to hear the views of social partners before the Commission publishes its Annual Growth Survey, and possibly a second time before the Spring European Council.
- Our starting point is that the proposed changes in governance should not lead to the creation of new structures.
- Therefore, the proposal of establishing another structure like a Tripartite Social Forum should be dropped.
- Existing structures, i.e. the Macro-economic dialogue, Tripartite Social Summit and European Social Dialogue Committee are the right place for informing and consulting EU social partners on economic and labour markets developments;



- Furthermore, there could be greater involvement of the social partners in the discussions in the Employment Committee, notably as part of the existing Joint Assessment Framework and Employment Performance Monitor, to keep track of progress made in the implementation of National Job Plans.
- Likewise, social partners could be more closely associated to the work of the Social Protection Committee.

Social partner involvement at Member State level

- The Employment Package (released on 18 April) shows that the Commission recognises the need for national labour market reforms as well as the coordination and surveillance of employment policies;
- In the current global economic context, Europe needs urgently structural reforms to increase productivity, lower production costs, improve innovation performance and European competitiveness;
- On labour markets, the key is to remove labour market rigidities. In order to create employment, in particular for the young, we need flexible labour markets where non-wage labour costs do not inhibit job creation and where education systems are reformed in order to provide the competences needed by companies;
- The economic and financial crisis has highlighted the role that constructive social dialogue can play at the Member State level in contributing to growth, employment and social cohesion;
- It is important in this regard that the social partners are involved in the planning and implementation of labour market reforms and in the preparation of National Job Plans and National Reform Programmes;
- Nevertheless, governments should go ahead and fulfil their responsibilities in instances when social dialogue does not deliver the reforms needed.
