Who are we?

BUSINESSEUROPE is the leading advocate for growth and competitiveness at European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 33 European countries whose national business federations are our direct members.

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Foreword

The economic crisis has hit Europe badly. In the last six years, over 5 million jobs were lost in the European Union, while the US economy has registered a positive net creation of almost 1 million new jobs. The young generation is particularly affected by the blight of unemployment. Over one in five of our young people are looking for work.

Competitiveness is employment's best friend and our top priority. Europe's social problems are not due to a deficit of social policy but to a lack of competitiveness. Brave decisions are needed to strengthen our competitiveness in order to create more jobs. The efforts made in the last years are starting to pay off but the situation remains extremely fragile. Since the summer 2014, the recovery has been losing momentum, heightening fears over chronic stagnation.

Structural weaknesses that hinder investment and job creation have to be addressed. Job creation depends on a broad policy-mix. All European policies have to be mobilised. But employment and social policies deserve special attention given their influence on the employment intensity of growth.

Unnecessary rigidities in labour law, excessively high non-wage labour costs, skills mismatches, counter-productive tax wedges and unemployment traps have to be addressed.

The main responsibility for doing so lies in the hands of Member States. The European Union must encourage them to do so and support them in these efforts.

The world has changed profoundly over the last decades. Growing economies of the developing world are now major global economic players. But our European Union of 28 Member States, and its single market of 500 million consumers has many assets. We can reverse the trend of our relative decline if we adapt to the rapid developments in communication and information technology to build a well-connected Europe able to face the key economic and social challenges identified in this publication.

The new European Commission will need to create framework conditions which will allow companies to invest more and to generate more employment in Europe. This paper describes what BUSINESSEUROPE expects from the European Union and how European employment and social policy tools must be mobilised to contribute to improving growth, employment and social equity.

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Business strongly believes in the European Union. It is companies that will drive improvements in the prosperity of European citizens by investing in Europe, generating more growth and creating jobs. For this, they rely on a competitive business environment.

Europe stands out in the world as the region with the highest level of social well-being and social equity. But it is faced with important social challenges, not least ensuring an employment-rich recovery.

Social challenges will only be tackled through economic growth, creation of new wealth and expansion of employment. These, in turn cannot be achieved except through the competitiveness of private enterprises.

The new European Commission will therefore need to address the economic challenges and create framework conditions which will allow companies to invest and to generate employment in Europe again.

In terms of the future of the EU social policy, as a matter of priority for the first year of the next Commission, the EU should focus on building consensus on a European framework for national labour market reforms. Stepping up reforms is what Europe needs to create more convergence towards growth and more social cohesion in the future.
Business would like to see a prosperous, dynamic and fair Europe with full employment on a sustainable basis. And this is where there is a clear match in the interests of companies, workers and citizens. This means:

1. A Europe in which the opportunities of a globalised economy are harnessed for economic and social progress;

2. A Europe in which competitiveness, growth and employment are the leitmotiv for improving prosperity and quality of life for citizens through effectively resourced social systems;

3. A Europe in which stronger growth and structural labour market reforms lead to a job-rich recovery and achieve open, dynamic and mobile labour markets;

4. A Europe in which reforms to social protection systems make them fit to face durably changing demographics and social challenges;

5. A Europe in which reforms to education and training systems contribute to innovative companies performing to the maximum of their capacities, thereby providing attractive job opportunities for workers;

6. A Europe in which EU institutions, governments, European and national social partners cooperate to take bold decisions to increase employment and productivity.
II. The challenge

Today’s social problems in Europe are not due to a deficit of social policy, but to a lack of global competitiveness...

Europe stands out in the world as the region with the highest level of social well-being and social equity. It has experienced a rapid increase of life expectancy over the last decades and currently high levels of satisfaction of Europeans with their working conditions. Over the past 50 years, life expectancy at birth has increased by about 10 years for both men and women in the EU 28. And more than three quarters of Europeans perceive their working conditions as good, including their working hours and health and safety at work.¹

An essential component of this European social dimension is the existence of comprehensive social systems and high levels of social spending compared with globally. For around 7% of the world population, our share of global GDP is a little more than 20%, and we account for at least 40% of global public expenditures on social protection. Two thirds of total government expenditure across Europe is devoted to social spending, including education, health and social protection.

At the same time, the crisis has brought out the structural weaknesses in EU Member States, including an entrenched problem of unemployment. Some groups in society, such as women, young people or older workers, continue to be under-represented in employment. These employment outcomes are linked to insufficient growth and longstanding structural weaknesses, in particular on some labour markets. In France for example, of 11% unemployment in 2013, 8% was structural unemployment.²

European companies’ ability to generate employment depends on their ability to be globally competitive. This is a challenge due to comparatively high taxes on labour, for example, non-wage labour costs for low-income workers in the EU are 40% higher than for other advanced economies such as the US and Japan.

A lack of global competitiveness is also evident in the EU’s loss of a significant share of global foreign direct investment flows. This has dropped from 40% in the early 2000s to 24% in 2012, which means a relative decrease of 40%. The significant reduction of employment in Europe over the last years reflects the deteriorating investment conditions.

¹ Flash Eurobarometer 398 on Working Conditions, April 2014 - TNS Political & Social
² ‘Changer de modèle’, Elie Cohen, Philippe Aghion et Gilbert Cette, May 2014
To maintain its well-developed social model, further progress on past achievements and address its weaknesses, the EU should engage in more forceful and consistent actions in order to increase job creation, employment participation and labour productivity.

The most urgent social challenge for Europe in the next five years is to boost job creation and employment participation in order to reduce unemployment...

High unemployment rates in Europe are a long-lasting challenge which was exacerbated by the crisis. To a significant extent, this problem stems from the inefficiency and under-performance of labour markets.

In June 2014, there were 25 million unemployed people in the EU. This is 9 million more than in 2008. In the last 5 years, 6 million jobs have been lost in the EU. The EU has distanced itself from its objective to achieve a 75% employment rate by 2020.

In the meantime, the US economy has added 10 million jobs, and total employment in the US now exceeds the pre-2008 recession peak. Although job destruction in the US was stronger in the first phase of the crisis and labour market participation has decreased overall, employment creation has been strong in the last years. In contrast, the EU has not been able to recover from the crisis and to bring down unemployment. In the US, this turnaround in the last years reflects higher growth outcomes – between 2009 and 2013, EU28 GDP decreased by 1.2%, while US GDP increased by 6.2%. It is also linked to a higher job content of growth partly thanks to its more flexible labour market. US companies are in a better position than European ones to adjust employment to the economic cycle.

Structural weaknesses hinder investment and employment in the globalised context...

A key structural weakness in Europe is the difficulty to integrate new entrants into labour markets. Employment, particularly of young people, is hindered where employment regulations are rigid, and non-wage labour costs and minimum wages are unduly high.

Structural weaknesses are also caused by a mismatch between the skills provided by education and training and those needed on the labour markets.

Improving employment prospects for European citizens requires better recognition of the need for a variety of employment contracts and measures to ensure the attractiveness of these different contractual forms. This includes avoiding overly strict employment protection legislation.

The performance of active labour market policies in terms of employment outcomes could also be improved. It is essential that work is an economically attractive option compared to welfare benefits, especially for low-income earners. This means reducing the tax wedge on employment to avoid unemployment traps and more efforts to reduce undeclared work and poverty, including in-work poverty.
II. The challenge

Demographic changes pose huge challenges for our labour markets and social systems...

In Europe, the combination of a growing ageing population and a shrinking workforce means that an increasing number of older persons will be economically dependent on a decreasing number of working people. Projections are often for 2060, whereas the issue is actually already upon us. In many countries, this challenge has become more serious due to a lack of appropriate reforms in order to ensure the sustainability of social systems in the long run.

Figure 4: Old-age dependency ratio (ratio of people aged 65 or above relative to the working-age population)

Source: European Commission 2012 Ageing Report

Mobility and migration will be key to meet the effects of demographic change in the future. But compared to other regions in the world, such as the United States, European labour markets are characterised by low levels of mobility, both cross-border and nationally.
Europe’s economic and social challenges are interlinked and require integrated action at all levels – regional, national and European...

To achieve the objectives of Social Europe – full employment, social well-being, prosperity for all citizens – a sound macro-economic policy mix is as essential, as are effective employment and social policies. Social challenges cannot be tackled except through economic growth, creation of new wealth and expansion of employment. These, in turn cannot be achieved except through the competitiveness of private enterprises.

Much stronger growth is needed in the EU to really bring down unemployment. Of course there are divergences within the EU, in terms of labour market policies and outcomes, with more positive trends in terms of employment in some countries compared to others. The EU therefore has a role in facilitating learning between countries, with the aim of improving the functioning of labour markets across the board. Labour market reforms should focus on making employment an attractive option for employers and job seekers, and on ensuring a good match between the jobs available and people looking for work. This paper focuses on the role of EU social policy to contribute to growth, employment and social equity.

Action not only has to be integrated, but also has to take place at the appropriate level, in line with the principle of subsidiarity. Many of Europe’s economic and social challenges will have to be dealt with at national level, where the EU should play a role of coordination, facilitation and provide an impetus to reform. Many elements of social policies, as well as the organisation and financing of social systems, are the competence of Member States. This must not be undermined. The EU should focus on the big issues of the day – not get immersed in dealing with the detail.

To create the conditions for employment-rich growth, we need to...

- Improve the flexibility, openness and dynamism of labour markets

The frameworks provided at EU and national level need to allow companies internal and external flexibility. Europe has performed quite well throughout the crisis in terms of internal flexibility, notably through short-time working schemes. Many companies adapted their workers’ working time and wages to the economic cycle in order to retain the skills of their workers during the downturn and avoid hiring costs in the future. As a result, European companies now need to use the excess capacity generated by reduced working hours before hiring new recruits.

Where Europe needs to make further progress is on external flexibility. Companies need to have at their disposal a wide variety of employment contracts, which reflect their needs. External flexibility also means avoiding rigid employment regulations, which can discourage employment creation and integration of new entrants on labour markets.

In terms of employment participation, despite costly employment policies, both in terms of passive and active support, the EU underperforms in terms of activating the unemployed. Unemployment traps continue to exist due to tax and benefit systems that do not create the right incentives for people to look for work actively, or wide possibilities for people to remain inactive leading to high inactivity rates. The lack of appropriate childcare infrastructures in some countries is also an obstacle to employment participation of second earners, in particular women.
III. The way ahead

- **Ensure that labour costs are and remain in line with productivity**

The currently high taxes on labour in Europe compared to globally need to be reduced, as these hamper companies’ competitiveness. Recreating the conditions for job creation in Europe means reversing the trend of constant increases of taxes and social levies on companies. Non-wage labour costs need to be reduced to promote investments and job creation while ensuring a sufficient tax base to finance necessary social expenditures, such as in education or healthcare. It is up to the Member States to find effective ways of doing so, taking into account their overall tax regime. Shifting taxes away from labour to other taxes can be part of the solution, but such measures have to be carefully designed to ensure that other taxes do not hamper growth and investments or lead to an increase of the overall tax burden on enterprises. More targeted and efficient use of social spending can lead to savings.

Boosting the productivity of less productive jobs will also be essential to mitigate the increasing polarisation of labour markets. Research and development, education and training and employment policies need to be better coordinated to increase labour productivity in parallel to employment, and ensure that the EU is bridging the widening gap with other advanced economies globally.

- **Reduce the risk of poverty through better employment opportunities for all**

Between 2008 and 2012, the number of Europeans at risk of poverty or social exclusion increased by 7.4 million. This is primarily resulting from high and persistent levels of unemployment and rising numbers of jobless households. This graph clearly shows a correlation between a rise in unemployment and a rise in the rate of severe material deprivation (one indicator of poverty). Reducing the number of people living in poverty is an important social policy objective for the EU. It can be met if the EU finds ways to increase employment. When considering the possible role of minimum wages to reduce poverty, Member States will need to fully consider the employment impact of minimum wages where they exist and the EU will need to strictly respect national competences regarding pay.

![Figure 5: Relation between material deprivation and unemployment](image)

**Source**: DG ECFIN Economic Brief May 2014

- **Reduce undeclared work**

In order to reduce undeclared work, which often goes along with bad working conditions and poverty, the EU and Member States should ensure that the framework conditions on labour markets are conducive to creating declared employment, thereby providing a climate of fair competition and expanding the tax base for social expenditures. The proposed EU platform on undeclared work can be useful to share practices and information, which can help Member States deter and prevent undeclared work.
Europe has to get back on track to realise the growth opportunities of the single market and the globalised economy...

Access to new markets is positive for companies, which can sell their products and services to a much wider pool of customers. This increases possibilities for them to grow and create jobs, bringing benefits for EU and EEA citizens. At the same time, we have to make sure that European companies have a stronger position in the global economy, so that they can harness the possibilities that globalisation offers for the EU and EEA as a whole.

To realise these opportunities, we need to...

■ Conclude trade agreements

One job out of ten in the EU depends on exports. Therefore, concluding ambitious trade agreements with strategic partner countries is essential for the prosperity of European citizens. For example, on a very conservative approach, the ongoing negotiations on a Transatlantic Trade and Investment Partnership – TTIP – could lead to the creation of 1.3 million additional EU jobs over 10 years.

■ Attract investment into the EU

To reverse the trend of a decreasing share of global foreign direct investment flows in Europe, we need to put in place the right framework conditions to attract investment into the EU – better production conditions and more cost competitiveness and non-cost competitiveness.

■ Boost manufacturing sectors

Between 2000 and 2012, the share of the European Union in world industrial value added dropped from almost 26% to some 20%. At the same time, Asian emerging economies have significantly increased their share in world industrial value added from below 10% to 28%. This undermines our long-term growth and employment prospects. Since 2008, European manufacturing production declined by 12.4% and 3.8 million industrial jobs were lost in Europe. To recover and to stimulate investment within the EU, we need to develop a strong industrial base and to better leverage the benefits of the single market through further integration.

■ Develop, retain and attract skills

Europe’s ability to compete globally will depend on it developing innovative ideas and bringing them to market more quickly. This requires the availability of a skilled and productive workforce, in particular people with science, technology, engineering and mathematics (STEM) skills. This means improving both specific and transversal skills within the EU and retaining existing competence and talents in the EU. It also means that Europe needs to be ahead in the global race for talents by attracting skilled workers from outside the EU. This should be based on economic need, taking into account the sectors in which jobs are available, in particular in emerging technologies.
III. The way ahead

■ Develop the digital economy

The digital economy currently represents 7% of the EU economy. It will help boost the EU’s competitiveness and add more than €2000 billion to Europe’s GDP by 2030. Digitalisation of European economies could lead, if correctly implemented, to creation of 4 million jobs. To make the most of these opportunities Europe needs people with the right skills, in particular Science, Technology, Engineering and Mathematics (STEM) skills. Whereas in 2015 the estimated shortage of qualified Information Communication Technology (ICT) staff in the EU will be up to 900,000. There also needs to be a coherent EU strategy for digital learning and open educational resources mainstreamed across all education and training sectors.

■ Optimise mobility throughout the EU and EEA

Mobility is a key component of the single market and is important for prosperity: it helps to optimise the job opportunities available across the EU and EEA and to address mismatches between labour supply and demand. Mobility is vital for companies both at EU level and within national boundaries to access a wider pool of qualified workers. However, the level of intra-EU mobility is low – at the end of 2012 only 2.8% of the total EU population was residing in another Member State. This is lower than the share of non-EU nationals (4.0%). Despite evidence that suggests a genuine economic case for labour market mobility, the political climate in individual Member States can result in attempts to limit mobility when it is really necessary to meet labour market needs. Mobility therefore needs to be promoted by increasing its political acceptance. This requires better coordination of national social security systems. This coordination process needs to be constantly reviewed to adapt to the evolving situation and to eliminate loopholes in regulation. The aim should be to create the conditions for more transparency and mutual trust between national authorities and ensure that their respective activation and social rules and benefits are fully compatible.

Europe needs to ensure sustainability of social systems in view of demographic change...

Given the demographic evolution, social systems will have to deliver more with less or stable resources. This means that social expenditures need to maintain social systems in an economically efficient way. Member States should ensure that resources are invested in growth-enhancing measures, and help those with social needs by contributing to employment participation.

Continuing and intensifying reforms to pension systems and healthcare systems in the next years will be essential to ensure sustainability, adequacy and intergenerational solidarity. At European level, more could be done as part of existing governance mechanisms to ensure that pension systems do not contribute to the building-up of macro-economic imbalances. Also, longer working lives are essential in the context of increasing life expectancy.

Alongside reform of pension and healthcare systems, facing demographic change means increasing employment to ensure that the EU, EEA and Member States have a sufficiently sized and skilled workforce to bring sustainable economic growth and prosperity. Part of this will be to develop a longer-term EU approach towards economic migration from third countries. Currently almost half of new entrants come to Europe for family reunification. EU migration policy should become more attuned to the general demand for labour in Europe.
IV. The EU has an important role in supporting Member States to achieve employment and social objectives

The success of Europe will depend on European Union institutions, national governments, European and national social partners ensuring that EU and national employment and social policies converge in achieving an employment-rich recovery. This is the path that Europe needs to take to sustain national social systems and the European social model in the future. The key objective for EU employment and social policies is and should remain to achieve a 75% employment rate target by 2020.

As a matter of priority for the first year of the next Commission, the EU should focus on building consensus on a European framework for national labour market reforms. To achieve this, EU employment and social policies should mobilise relevant actors, available resources and tools in a consistent policy approach aiming to reach the 75% employment rate target by 2020. The Council common principles on flexicurity of 2007 are a good basis for this. Moreover, existing open methods of coordination on employment and on social protection and inclusion need to be reinforced in line with the European semester process, and in consultation with the European social partners. The objective is to increase Member States’ ownership and commitment to deliver better implementation and employment outcomes at national level.

EU social policy tools

The EU has at its disposal a number of policy tools which, if used in a differentiated and appropriate way, can contribute to employment and social policy goals.

- The Commission has the possibility to propose legislation regarding minimum standards on working conditions; coordination rules for national social systems; and non-discrimination rules. There are around 70 EU social directives, protecting workers and giving them rights. The national legal transposition of social directives in most Member States is satisfactory, even though national gold-plating is a concern in some countries.
- EU social policy tools also include the Open Methods of Coordination on employment, and on social protection and social inclusion. This approach allows for important cooperation and learning in those areas which are national competences.
- The EU also has financial resources to support the delivery of EU employment and social policy objectives, most notably the European Social Fund.

The European Social Dialogue is not a social policy tool, but it is also an important vehicle of EU social policy. It allows developing balanced EU social policies and to devise arrangements that better reflect the needs of both companies and employees. It enables to build a shared understanding and mutual trust, which are essential prerequisites to modernise European labour markets.
Structural reforms on labour markets should be stepped up...

including a stronger role for the EU...

The crisis has reminded us that European economies are closely interconnected, particularly as part of the single market. Measures taken by one Member State impact on others. At the same time, EU Member States are diverse. Every Member State has to find its own reform path. There is no European blueprint for structural reforms. Strengthening the Economic and Monetary Union through among other issues closer economic coordination can help EMU members strengthen their competitiveness and increase their capacity to adapt to economic shocks. If implemented successfully, this will lead to more convergence towards growth and more social cohesion across the EU. But this will only work if all EU countries embrace a policy approach to restore competitiveness and boost growth and jobs.

The European semester process, including the Annual Growth Survey and the country-specific recommendations addressed to Member States, has now become the main vehicle to shape and deliver necessary reforms. The challenge is ensuring that this process really has an impact, through effective implementation of country recommendations and respect of budgetary rules. The EU should act as a catalyst for action at national level.

In parallel, European countries should demonstrate more political will to deliver the labour market reforms needed in order to boost employment. They should avoid constantly accumulating deficits as has happened in the past and use periods of economic growth to reduce their public debt.

To steer the reform process, the EU should set up a fresh approach on benchmarking. The Council could invite the Commission, Member State representatives and the social partners to discuss effective ways of making progress at national level, including the definition of objectives, actions based on best practices, and/or benchmarks for assessment of progress.

This should focus on a select number of topics, which are relevant across Member States, on which there is room for the EU to facilitate policy learning and where progress is needed. For example:

- How to remove barriers to integration of new entrants on labour markets, such as rigid employment regulations;
- How to ensure attractiveness of different forms of employment contracts and provide a framework to facilitate transitions between them;
- How to reinforce effectiveness of tax and benefit systems to make work pay, including reducing the tax wedge on employment and avoiding unemployment traps;
- How to increase the performance of active labour market policies, including assessing the cost effectiveness of Member States’ spending in achieving employment outcomes;
- How to improve learning outcomes in line with labour market needs, by reforming education and training systems, anticipating skills needs and improving data on job vacancies;
- How to achieve mobile labour markets and address abuses where they exist;
- How to promote efficient and effective social expenditure to limit negative impacts on growth and social hardship;
- How to encourage active ageing to ensure sustainability of pension systems.

and a stronger role for EU and national social partners...

Social dialogue can be a vital tool to transform the situation in the EU if social partners play a positive role and focus on how to solve concrete labour market and social challenges.
The EU should promote the social dialogue at EU level by consulting and involving the European and national social partners...

A key objective for the European social partners in the next years is to achieve better coordination between EU and national social agendas, notably by setting up a framework for national discussions on the content of policies and reforms needed, in the context of the EU cross-industry Social Dialogue Committee.

The joint recommendations made by the European social partners in the declaration of October 2013 on social partner involvement in European economic governance should be acted upon by EU institutions and the Member States.

by facilitating autonomous European social dialogue...

The EU has an important role to play to ensure the conditions for positive social partner exchanges and negotiations, without favouring certain types of outcomes of European social dialogue. There should not be an implicit preference for binding agreements as opposed to non-binding or other types of initiatives, nor for certain topics. To perform this role, the Commission should secure the resources needed for adequate practical support to social dialogue meetings and negotiations.

The Commission is free of its own initiatives at all times, but it should not interfere with the social partners' responsibility to implement autonomous EU social dialogue instruments, in particular autonomous agreements. This applies to agreements that follow a Commission consultation and those that are the autonomous initiative of the EU social partners. For both types of agreements, the European social partners are committed to make progress towards better implementation outcomes in as many countries as possible.

and by promoting social dialogue at national level...

The European Commission should promote social dialogue in its relations with the Member States to ensure that national social partners play their full role in contributing to the reform agenda, according to the different social dialogue practices and industrial relations systems.

It should also recognise that national social dialogue systems are not static – they must adapt to evolving economic and social realities. For example, in the last years, a number of countries have broadened the possibilities for bargaining at company level and modernised collective bargaining processes.

Implementation of existing EU social legislation needs to be improved and existing rules on mobility and third-country migration need to be adapted...

■ Enforcement and implementation of EU social legislation

BUSINESSEUROPE welcomes the will of European Commission President Juncker to give priority to the better regulation agenda. The focus should be on ensuring proper enforcement and application of existing EU social legislation and cutting unnecessary red tape. This does not mean lowering social standards, on the contrary, it means making sure that social legislation can be applied by companies and therefore achieve its objective of protecting workers without creating unnecessary bureaucracy. In line with this, BUSINESSEUROPE welcomes the focus of the new EU Strategic Framework on Health and Safety at Work on better implementation, compliance and simplification of existing EU legislation in this field. It is also important to fully apply the posting of workers directive, which does not need to be revised since a new enforcement directive has just been adopted. The
focus should now be on appropriate transposition of the enforcement directive in all EU Member States. This new instrument has the potential to bring concrete results in the coming years, promoting the positive role of posting in the context of the single market while fighting abuse and fraud effectively.

Social legislation at EU level is about minimum not maximum standards. The EU should therefore move away from past trends, where it has sometimes overused its regulatory power in the social field, with overly prescriptive provisions in some directives. This is particularly important in the context of an enlarged EU, where differences between Member States are more pronounced.

### Rules on coordination of social systems

On social security coordination, the objective would be to promote higher levels of mobility in the EU and improve its political acceptance by addressing situations of abuse that have occurred. Existing regulatory loopholes should be addressed in EU and national regulations on free movement of workers and the people moving should no longer be given preferential treatment in terms of social security compared to workers of the country that they move to.

### Third-country migration

BUSINESSEUROPE looks forward to contributing to the upcoming discussion on shaping the future of EU migration policy. To be effective and supported, EU migration policy should underpin economic and employment goals. A European reflection on improving the sharing of information between Member States on their labour markets and skills needs would be useful to assess the role that the EU can play to help them meet these needs.

### EU financial resources need to be mobilised to support employment and social goals...

The European Social Fund – ESF – needs to play an important role to support EU employment and social policy objectives, in particular to improve access to employment and skills development. More than 80 billion euros have been made available as part of the ESF programming period for 2014-2020. The European Commission and Member States should draw lessons from past experience. It will be essential to focus more on outcomes and develop the tools needed to allow for a fact-based ex-post evaluation of the use of ESF resources. The new ESF regulation is a good starting point in this direction. In a period of tight public budgets, effectiveness of EU social spending must be unquestionable.

The Youth Employment Initiative is an important EU initiative to achieve better employment outcomes and transitions for young people. Six billion euros is a significant amount of money, and targeting of resources on regions with more than 25% of youth unemployment is also the right approach to make tangible progress. However, this initiative can only lead to improvements if the EU and Member States take the right steps to complete administrative planning and procedures, and really reach out to the young. Moreover, the youth guarantee can play an important role in increasing youth employment if it is in complement to, and not used to avoid, necessary structural adaptations of labour markets and education and training systems.

Another example where EU funding can play a useful role is EURES – the European Jobs Network. BUSINESSEUROPE supports the broad aim of the proposed EURES regulation, which is to make EURES a more effective tool for better matching labour supply and demand at European level. This can play an important role in overcoming skills mismatches through intra-EU mobility. The provision for opening
up EURES to private employment agencies is also to be seen as a positive step. At the same time, it should be optional for employers to put vacancies onto the EURES portal.

EU CSR policy should help companies by allowing them to develop their own tailor-made CSR approaches...

Companies increasingly face social and environmental challenges in operating in global value and supply chains. Corporate Social Responsibility approaches help companies in dealing with these challenges through voluntary, tailor-made solutions. The key challenge for EU Corporate Social Responsibility (CSR) policy is ensuring that it promotes further voluntary uptake and development of CSR by companies, whilst allowing them the flexibility to continue to shape their own CSR approach according to their specific circumstances and the needs of their stakeholders. The focus should be on motivating companies to further develop CSR by promoting business innovation on CSR, awareness-raising, exchange of good practices and constructive collaboration between companies and stakeholders. This is the way to help companies in taking on their social responsibility whilst remaining globally competitive.
BUSINESSEUROPE IS THE LEADING ADVOCATE FOR GROWTH AND COMPETITIVENESS AT EUROPEAN LEVEL, STANDING UP FOR COMPANIES ACROSS THE CONTINENT AND CAMPAIGNING ON THE ISSUES THAT MOST INFLUENCE THEIR PERFORMANCE. A RECOGNISED SOCIAL PARTNER, WE SPEAK FOR ALL-SIZED ENTERPRISES IN 33 EUROPEAN COUNTRIES WHOSE NATIONAL BUSINESS FEDERATIONS ARE OUR DIRECT MEMBERS.