



18 May 2015

Statement on worker mobility

Introduction

The freedom of movement – of capital, goods, services and people – are the corner stones on which European integration is built. Born out of these fundamental principles, the Single Market has helped to bring economic growth, employment opportunities and prosperity to Europe's citizens - creating almost 3 million new jobs in Europe. 8.1 million EU citizens out of over half a billion live and work in a member country other than their own. That is 3.3% of the total European workforce.

Worker mobility brings important economic advantages for businesses and workers. Central to achieving this is ensuring that the appropriate conditions and policies are in place at European and national level. Therefore, in the coming years BUSINESSEUROPE believes that there is a need to promote free movement by overcoming barriers to worker mobility, fostering mobile workers' employment participation and encouraging circular mobility to maximise the benefits of mobility for countries of origin and destination.

The challenge for the EU mobility policy in the coming years will be twofold: First, it will need to facilitate mobility through concrete EU actions. Second it will need to sustain and improve political acceptance of worker mobility by addressing the loopholes in the relevant EU and national regulations on free movement of workers in order to prevent abuses and avoid adverse effects on countries of origin as well as on countries of destination.

This statement is BUSINESSEUROPE's contribution ahead of presentation of the European Commission's labour mobility package and in view of ongoing debates about worker mobility.

I. The advantages of mobility for companies and workers

Worker mobility can simultaneously benefit companies and workers. Some key examples of this are as follows:

- Mobility can improve the way in which European labour markets function by ensuring the right conditions for people to move around for jobs within companies as well as across occupations, companies, sectors and geographically without borders. By doing so, mobility contributes significantly to economic competitiveness, growth and employment in Member States and the EU as a whole.
- Mobility is positive when it means that companies can recruit workers with the skills needed from other Member States. This is particularly important given the established trend at EU level of skill mismatches and against the background of demographic change.

- Mobility ensures that workers are free to move to wherever their skills are valued the most and gives them the opportunity to upgrade their skills through new jobs. This means that working in another country can be a good alternative, in particular in labour markets where there are not enough jobs for people looking for work.
- Worker mobility also helps cover the shortage of skilled employees in certain regions. Therefore, mobility also helps to reduce regional disparities within the EU.

II. Promoting worker mobility and overcoming challenges

The current level of intra-EU mobility is low with latest figures suggesting that just 0.2% of the total EU population is mobile per year within the EU compared to 2.4% in the US. At the same time there are approximately 2 million unfilled vacancies in the EU. Therefore, there is the potential for cross-border EU mobility to play a greater role in meeting companies' skills needs and to create a win-win scenario for employers and workers, for nationals and mobile workers, and for the countries of origin and destination. For this to happen, the legal framework governing intra-EU mobility¹ must be fully respected and implemented, while allowing flexibility to adapt to different national situations. In this respect, Member States are in the leading role to design and ensure respect of labour law, contractual arrangements and applicable working conditions for mobile workers.

Being mobile should not hinder the competitiveness of countries of origin or constitute an economic burden for countries of destination.

Countries of origin

In those Member States that workers move from, the effects of significant levels of outward mobility, which can be as high as 10% of the working age population, can reduce a country's competitiveness and economic prosperity. This stems from the loss of well-educated young people, depriving the country of key talents and skills.

These potential negative effects of mobility need to be taken into account. The solution mainly lies with countries of origin to create the conditions for effective employment opportunities.

At EU level further efforts are also required to promote convergence towards growth and more social cohesion. At the same time, it is important that the EU promotes mobility between and within Member States through reforms of education and labour market systems to increase job opportunities.

Conversely, mobile workers that spend a temporary period of time in another Member State before returning to their country of origin can act as a key source of new skills and innovation for companies.

Countries of destination

The evidence suggests that mobile workers are more likely to be in work than nationals with European Commission statistics (2012) showing that on average the employment rate of mobile EU citizens (67.7%) was actually higher than among

¹ EU Regulation 492/2011 on the freedom of movement of workers within the Union; Directive 2004/38 on the right of citizens of the Union and their family members to move and reside freely with the territory of the Member States; Regulation 883/04 on the coordination of social security

nationals (64.6%). Statistics provided by the OECD also show that mobile EU citizens are generally net contributors to the host country's welfare system.

The main interest for the EU is to ensure that the conditions for workers to be mobile are facilitated, for those who want to get jobs and have the appropriate skills and qualifications. This is clearly also in the interest of companies. Simultaneously, it is important to tackle abuse linked to mobile citizens that are not in work or not looking for work, where they have the primary intention to receive benefits in another Member State or to exploit existing loopholes in EU or national regulatory frameworks. In this respect the recent European Court of Justice ruling is positive in bringing some clarification and legal certainty². In particular, improving the coordination of social security can help to promote mobility within the EU and improve its political acceptance by addressing situations of abuse, if regulations are reviewed to adapt to the evolving situation, loopholes eliminated and regulations are implemented and interpreted correctly.

Furthermore, specific situations can arise when there is a concentration of mobile workers in particular regions. This can result in increased demand for certain services, notably health care and school places and put pressure on local authorities' budgets. On the other hand there are regions where it is difficult for companies and public services to attract sufficient workers with the right skills and where workers from other EU Member States are essential for meeting the demand.

III. BUSINESSEUROPE's proposals for EU actions

BUSINESSEUROPE looks forward to being consulted by the Commission on its labour mobility package and at that stage will present a dedicated position paper. In the meantime, the following points should be taken into account in order to promote mobility and to foster the competitiveness of European companies and to increase economic growth in Europe:

- For those without language skills, mobility is likely to be limited to between countries with the same or similar languages. If worker mobility is to take place on a broader scale across the EU it is important to improve language skills as well as cultural awareness by promoting these at all age and educational levels. In particular, schools should provide the opportunity for pupils to learn at least one other EU language before they reach the school leaving age.
- Better provision of information and appropriate support and advice services for EU mobile citizens, and for employers, is needed in line with the recent directive on the enforcement of existing rights for mobile workers. Greater transparency and availability of information is also required in relation to national applicable tax laws to avoid the risk of double taxation. Equally, the Posting of Workers Directive does not need to be revised. The effective implementation of the 2014 enforcement directive is the priority.
- For better information on intra-EU mobility the EU should develop, in coordination with Members States and Eurostat, the tools to collect data on job vacancies and skills needs as part of an innovative "EU labour market" intelligence approach.

² On 11 November 2014, the European Court of Justice (ECJ) ruled in the Dano v. Leipzig Jobcentre case that 'economically inactive EU citizens who go to another Member State solely in order to obtain social assistance may be excluded from certain social benefits' There is currently another case going through the ECJ which is still to be ruled on - the case Jobcenter Berlin Neukolln v Alimanovic.

- There are currently around 800 different activities in the EU that are considered to be regulated professions and are reserved for providers with specific qualifications. Member States should regularly review the extent to which a profession needs to remain regulated.
- EU programmes and tools that promote worker and student mobility should be used efficiently and promote exchanges. The EURES portal has an important role to play, both for a more targeted matching of labour supply and demand and, together with Erasmus+, in fostering the mobility of students in vocational education and training, notably apprentices.
- Improving the coordination of social security at EU level can help to address situations of abuse and promote mobility within the EU and improve its political acceptance. Better cooperation between national authorities on social security rules (e.g. by using the Internal Market Information system/IMI and the upcoming Electronic Exchange of Social Security Information/EESSI) would improve control of access to social security. When granting social security benefits to mobile workers and citizens, national authorities should have the possibility to take into account employment and remuneration earned in other Member States, whilst limiting any excessive administrative burden.
- Furthermore, financial support for people seeking work in another Member State should not be extended from 3 to 6 months. The possibility for Member States to extend this up to 6 months is sufficient. Also the 4 week waiting period before being able to export benefits to another Member State may be sufficient, if its purpose is to give enough time for public authorities to check whether a person is unemployed. However, a waiting period of 4 weeks is very short for a successful job search in the country where the person became unemployed – for foreign as well as for national workers – but can lead to high costs for transfer of unemployment benefits for the unemployment insurance fund in that country. Therefore, whereas the current rules allow for this waiting period to be reduced by national authorities, there should also be the possibility to extend it.
