

15 October 2015

Speech

Tripartite Social Summit

*“Boosting convergence, jobs and growth:
Towards a strengthened role of social partners”*

5 minutes speech

Check against delivery

Dear President Tusk,
Dear President Juncker,
Dear Prime Minister Bettel,

I am glad to participate in this meeting of the Tripartite Social Summit.

This meeting is the first meeting since the election of the new ETUC leadership at their Congress in Paris early October. So I would like to start by joining you Presidents in your words of welcoming to the new ETUC team led by General Secretary Mr Luca Visentini. Benvenuto Luca!

I will start by sketching the way we read the present situation.

In recent years we said regularly that Europe is at a crossroads. We said that there is no time to waste, that we should not do business as usual. This is more true than ever. I am absolutely convinced that if we don't face the challenges ahead of us now and forcefully, together and united, Europe's position in the world will be undermined durably.

A timid recovery is under way. We are publishing today our autumn Economic Outlook which broadly confirms this as our forecast for the next months - we forecast GDP to grow by 2.0% in the EU in 2015, and of 1.7% in the Euro Area. For 2016 we expect growth to continue at roughly the same pace as this year, with GDP growth of 2.0% in the EU and of 1.8% in the Euro Area. But there are downside risks stemming from the slowing down in global growth prospects.

Financial markets have experienced a turbulent summer. We can no longer expect China to grow at quite the levels it has experienced during the last 20 years. Less growth in emerging economies means that an export-led recovery will be harder to get. This makes it more important than ever to progress on reforms that can raise our potential growth rate and help us compete in this more challenging environment.

The choices we make in Europe determine our capacity to face these external risks.

The EU institutions have started crucial debates for the future of Europe with the publication of the 5

Presidents report.

A number of Member States have implemented structural reforms. And where this has been the case, such as in Ireland, Spain, and more recently Italy economic growth and job creation have resumed.

- Ireland experienced the strongest Eurozone growth rate in 2014 of 4.8%, with an increase in employment of 2%.
- Spain started growing again in 2014 with a rate of 1.4%, and a 3.3% growth target in 2015, which has led to a return to job creation.
- Also in my home country Italy, with the 'Jobs Act', there are some encouraging first results [235000 new jobs in the second quarter of 2015].

And we also face an unprecedented refugee crisis which questions "solidarity" in Europe.

What does this all mean for EU policy?

We must absolutely continue with the confidence boosting economic and fiscal reforms that can help 'lock-in' the recovery and raise our potential growth rate. This is the best route to have more **convergence** and more solidarity among Member States across the EU.

Putting our economic house in order will also help Europe to face the asylum and migration crisis, as scepticism towards migrants often has its roots in economic uncertainty.

We have to live up to our common European values and work towards a European solution to face **the refugee crisis**. Asylum seekers from war-torn countries have to be given shelter.

Companies are contributing to finding practical solutions to help dealing with this huge challenge.

Of course, Europe cannot accommodate unlimited numbers of people coming to our continent.

However, we should not lose sight of the key challenge for legal migration policies, which is to attract talented people from around the world to study, work and live in Europe. This will be increasingly important given the ageing of our population.

Many leaders of our member federations have raised their voice in the public debate to recall this.

Improving the **governance of the Economic and Monetary Union** is essential to further strengthen the European economy.

BUSINESSEUROPE supports the aim of the '5 Presidents' report. But we consider that a greater

sense of urgency is needed.

We count on the Heads of state and government to inject all the necessary ambition in the work to be done on the basis of this report.

We also count on the Heads of state and government to send a strong signal on the need to rapidly:

- complete the banking union,
- focus the European Semester on real implementation of the country-specific recommendations,
- improve coordination of major economic policies,
- complete the internal market from a better regulation perspective.

Concerning the development of a limited Euro area fiscal capacity and macroeconomic stabilisation fund, we believe it is necessary for the long term stability of the Economic and Monetary Union. However, it must be conditional upon completion of structural reforms and fiscal consolidation. We also insist that this must not lead to an increase of the overall tax burden in the Euro area.

Let me now turn to the **EU social policy agenda**. The Commission is currently considering how best to shape European social policy. Important decisions are pending on a number of key dossiers such as posting of workers and working time.

My first message is that **job creation** is the most important social issue to focus on. We encourage the Commission and Council to make rapid progress towards a **renewed flexicurity strategy** at European level. We believe this should be the **first social priority** for the European Union.

Furthermore, the starting point to define a renewed EU social policy approach, is to **draw lessons from past experience**. Several legislative processes failed during the previous legislative term. And some of these proposals have been rightly withdrawn by this Commission. It is important to draw lessons from this and focus on initiatives that will bring the various decision-making institutions or the social partners together, rather than divide them.

That is why we are opposed to reopening the **posting of workers directive**. The effective implementation of the 2014 Enforcement Directive is the priority if we want to tackle abuse.

Moreover, a compromise between co-legislators is unlikely. Reopening the original 1996 directive would therefore lead to a prolonged period of debate, bringing uncertainty for companies on what rules will be applied, harming growth and job creation.

Introducing the principle of “the same pay for the same job in the same place” would ignore the fact that employers are responsible for determining

wages, including through collective bargaining with trade unions, and taking into account the performance of a worker, productivity or the economic situation of the company. Such a principle would ignore the fact that, both in national and cross-border contexts, wages can differ between workers doing similar jobs and working at the same workplace.

Similarly, we don't think that a revision of the **working time directive** is necessary. What is needed are more flexible working time arrangements at national level, in sectors and in companies. In many cases solutions have been found within the limits of the current directive.

Before concluding, a word on TTIP. We should remember that one out of ten jobs in Europe depend on exports. TTIP is an opportunity for Europe, an opportunity to remain competitive and strive in the world trade scene. We should shape globalisation according to transatlantic values especially now that TPP has been concluded and this can only be done if we conclude an ambitious TTIP soon.

Thank you for your attention.