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9 December 2009

ALDE SEMINAR ON SOCIAL PROVISIONS IN THE LISBON TREATY

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- Eight days after the entry into force of the Lisbon Treaty and with unemployment rates rising across Europe, the least one can say is that this is a timely seminar.
- The Treaty of Lisbon provides real opportunities for the EU to develop further the social achievements in full respect of national competences. Four aspects in particular are noteworthy: First, the Treaty explicitly recognises the development of a highly competitive social market economy as a key objective. Secondly, according to a new horizontal social clause social issues must be taken into account when defining and implementing all policies. Thirdly, the Charter of Fundamental Rights now has legally binding status. And finally, the Treaty explicitly recognises the role and importance of social dialogue. I will come back to this later.
- Now that institutional issues are resolved, there is a real sense of urgency to tackle imminent threats and long-term challenges on our labour markets. Both at EU and national level, the key priority for employment policies in the short run is to stem job losses and prevent rising unemployment from becoming persistent.
- To achieve this, we need structural measures and policies that increase the efficiency of our labour markets in the long run. This is imperative if we are to address the structural challenges Europe faces successfully:
 - Firstly, the transformation of our economies as a result of globalisation, economic integration, technological developments and the transition towards a low-carbon economy.
 - Secondly, the ageing population as a result of which Europe will lose 33 million workers by 2060.
- Without determined action, these developments will have far-reaching consequences for the welfare of European citizens, the sustainability of our social systems and the EU's position in the world. Europe has to face up to the reality that sustained economic growth and long-term employment security can be



achieved only by ensuring that it is an attractive place to do business and to employ people. **A real social Europe requires successful companies** to create jobs, to allow people to make the most of their talents and to generate the wealth that is needed to finance public services and social security.

- The European Union's capacity to combine economic performance successfully with social cohesion should not be taken for granted. If we want to sustain our social and economic model, we must act now. Europe urgently needs more people in work, working more productively.
- For employment and social affairs, this means **three major policy requirements**: 1) increasing our adaptability to change; 2) attracting more people into the labour market; and 3) developing skills through education and training.
- **Improving Europe's adaptability to change** is about putting in place a regulatory framework that not only provides protection but also works for business. Two weeks ago, the Commission published its Employment in Europe report. It showed that strict employment protection fails on both counts: it increases long-term unemployment and discourages hiring. We cannot afford this, especially not now! We therefore need legislation that is both intelligent and proportionate.
- Secondly, we have to **attract more people into the labour market** through activation measures, tackling unemployment traps and reforming our social systems.
- As a result of the economic crisis, times are particularly hard for young people and the low-skilled in particular. We must do our utmost to avoid them from becoming detached from the labour market. That is why BUSINESSEUROPE is currently negotiating with ETUC an agreement to facilitate access to employment and achieve more inclusive labour markets.
- Both to improve our adaptability to change and to attract more people into the labour market, skills are incredibly important. Eurostat just showed that between the second quarter of 2008 and that of 2009, 5.2 million low or medium skilled workers lost their job. Many of these were in sectors such as construction and the automotive industry which have been severely hit by the crisis. By contrast, employment among highly skilled persons increased by 1.8 million people!
- But skills matter not only in times of crisis. The EU's ability to innovate also relies on its capacity to **ensure a sufficiently strong skills base**. However, only one in four Europeans is highly-skilled compared with 40% in the US and Japan. Recent surveys in Germany and the UK show that employers have difficulties recruiting individuals with skills in science, technology, engineering or mathematics.
- Boosting skill levels, increasing employment and improving our adaptability is key to address our economic and social challenges. **That is why the implementation of flexicurity is so important**. The European social partners agreed in 2007 to a balanced flexicurity concept in their Joint Labour Market Analysis. We have a



common understanding that flexicurity facilitates the creation of new jobs, supports people during transitions, and develops skills through training. It is the only way to enhance our ability to compete, help citizens cope with globalisation and ensure the sustainability of our social systems.

- What about the level where action has to be taken?
- The Lisbon Treaty does not give the European Union new competences in the field of employment and social affairs. Rather, it consolidates existing competences.
- Some therefore consider Lisbon a missed chance to reinforce the social dimension of the EU. This is unjustified. The **Lisbon Treaty contains significant “social” changes**: it puts economic and social objectives at equal footing; it introduces a horizontal social clause; it reinforces social dialogue; and it makes the Charter of Fundamental Rights – including many social rights such as the right to collective action and collective bargaining – legally binding. That some countries (the UK, Poland and the Czech Republic) have opted out shows the Charters’ importance.
- The fact that employment and social policies remain a national competence in no way means that the EU has no role to play. On the contrary! The EU can and should promote the exchange of experiences, conduct in-depth analyses, monitor national reforms, and provide a framework in order to facilitate discussions and policy developments at the national level. This is where its greatest added value lies. The establishment of common principles of flexicurity is an excellent example.
- Europe’s citizens very much agree. Last September, the Eurobarometer showed that the **large majority of Europeans considers the overall impact of the EU on employment and social affairs to be positive**. This is the case across all measures, i.e. improving access to education and training (78%), promoting gender equality (76%), but also on fighting discrimination, unemployment or poverty (70% or more).
- For some, Europe can only become more social through more legislation. For example, in their contribution to the EU 2020 vision, the Socialist Group calls on the EU to come forward with a raft of new legislation to strengthen workers’ rights. Working time, posting of workers, information and consultation, atypical work and many more areas are mentioned.
- However, it is important to bring a **sense of reality to the debate on social Europe**. Firstly, adequate protection already exists. Social Europe is a combination of highly developed national systems complemented at the European level by more than 70 social and employment Directives. Secondly, what already exists must be adequately transposed and implemented. This is the case for the posting of workers directive but also for information and consultation. By the way, only last February, the European Parliament said exactly this! And finally, do we really improve a worker’s chances on the labour market through new legislation, for example on individual dismissals? Or do we do it instead through education, training, job search support and other measures that strengthen their employability?



- In any case, at both European and national level, **priority should always be given to actions by the social partners in their fields of competence.** Employers and trade unions do not always agree. But they are best placed to find solutions reconciling economic and social needs of labour market players, and to devise concrete arrangements that benefit both companies and employees.
- Together with ETUC, we have run projects on restructuring and social dialogue over the last five years. They showed that in several countries, the promotion and autonomy of social dialogue leaves much to be desired. We are therefore very **pleased with article 152** in the Lisbon Treaty according to which the Union shall facilitate social dialogue, take into account the diversity of national systems and respect the autonomy of social partners. Article 152 recognises the distinct role played by social partners compared with for example wider civil society.

Conclusion

- For a long time, Europe's social and economic model has been a real strength. We should not let it become a liability. The crisis has only added to the sense of urgency for structural reforms in our labour markets and social systems. Flexicurity should be at the heart of these reforms.
- We have no time to waste. China and India are catching up at a breathtaking pace. The USA will surely remain a major international competitor. With Lisbon, we have a framework in place that provides the necessary stability and certainty. Now, we must act. If not, Europe will effectively find itself dancing on the deck of the Titanic.

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