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EUROPEAN PARLIAMENT EMPLOYMENT COMMITTEE BUSINESSEUROPE'S VIEWS ON EP PRIORITIES FOR 2009-2014

**ADDRESS BY MR JØRGEN RØNNEST
CHAIRMAN OF BUSINESSEUROPE'S SOCIAL AFFAIRS COMMITTEE**

Ms Chairperson,
MEPs,
Ladies and Gentlemen,

Let me start by welcoming the opportunity to address the European Parliament Employment Committee. BUSINESSEUROPE very much values a regular and open dialogue with the European Parliament.

We hope to establish a close and fruitful work relationship with members of the Employment Committee.

Europe is at a turning point in history. This results both from external and internal developments. The EU has changed as much as the world in which we live has changed.

Businesses see in change an opportunity to do better. I will try to explain how companies believe that Europe can do better for its citizens. The European Parliament will play an important role to achieve this.

The drivers of change are many. Globalisation, technological and climate change, the emergence of new economic powers and the economic crisis contribute to a rapidly changing world.

Europe needs to generate economic growth and jobs. Our shared aim is to ensure prosperity for companies and citizens. We have built systems to ensure solidarity. We want to preserve this common vision, but it is in danger.

The sustainability of Europe's welfare is at stake as a result of slow economic growth. Businesses call for the doubling of Europe's growth potential from 1% to 2%. To that end, the priority must be to develop policies, which support the competitiveness of European companies.



Innovation and productivity are key elements of the competitiveness of companies. Europe's human capital should be optimised. More investments are needed to ensure that companies have access to the skills they need to win markets globally. The "new skills for new jobs" initiative has clear added value in this regard. Ambitious measures are needed to manage the transition to eco-efficient economies, to provide a sufficiently wide skills base, to ensure lifelong learning and to fight against early school leaving. In the European Parliament, a closer cooperation between the Employment Committee and the Committee on Education and Culture is necessary.

In addition, the consequences of an ageing population require immediate action. Forty million Europeans will leave the labour market in the next forty years. Potential annual growth rates could be cut in half if they are not replaced. This calls for political braveness, also from your part! Delicate reforms are needed to prolong working lives, to reform pensions and to reduce inactivity by activating job seekers.

European countries face common challenges. BUSINESSEUROPE believes that an ambitious European strategy is needed. More concretely, businesses believe that your action should focus on:

- **Developing an ambitious EU 2020 strategy**

The EU priority is to promote economic success and convergence. This is exactly what internal market integration does. An example of this positive role is the rapid catching up of Member States from central and eastern European countries following their accession to the EU. It is essential to raise companies' and citizens' awareness of the advantages created by the Single Market

The 2020 strategy will only be successful if Member States are encouraged to undertake the necessary reforms to maximise economic growth and job creation. The role of the EU is to give the right incentives for Member States' reforms, to closely monitor national policies, and to encourage mutual learning.

In the field of employment, this means that Member states must implement the principles of flexicurity by:

- Equipping people with the skills companies need with a view to their integration in the labour market.
- Encouraging active searching for work, while providing adequate income support for those who remain outside the labour market.
- Modernising social protection systems to promote mobility and attract more people into the labour market.



- **Ensuring an intelligent EU social legislation**

The EU social acquis comprises today more than 70 directives. This represents a policy framework to match the goals set in the Treaty. This also prevents unfair competition in the single market.

There is no need for more social regulations at European level. More emphasis should be put on better implementation of existing EU directives.

We need to ensure that the existing EU policy framework reflects the changes that have occurred in the last ten years. The European Parliament has an important role to play to make this happen.

More specifically:

- The upcoming review of the Working Time Directive is a unique occasion to engage in a broad debate on the evolution of working time in Europe. The 1993 directive does not match with Europe's new realities. It does not sufficiently reflect the changes of work organisation and flexibility requirements of companies. The impossibility to agree on a revised directive last year shows the need to move away from this approach.
- The Posting of Workers Directive facilitates the cross-border provision of services in the EU, while ensuring an adequate protection of the rights of workers. However, its implementation at national level must be improved. It does not need to be revised.
- We agree with the European Parliament that there is no need to revise the 2002 directive on national information and consultation (Cottigny report);

- **Giving the space for an autonomous European social dialogue**

Social partners are well placed to find solutions to correct structural weaknesses on European labour markets. We count on the European Parliament to value social dialogue.

Recent examples are the following:

- Revised framework agreement on parental leave in 2009
- Joint advice on European works councils in 2008
- Joint Labour Market Analysis in 2007

In addition:

- European social partners will start discussions with a view to developing a joint recommendation on the EU 2020 strategy at the beginning of February 2010.
- We have made some progress as part of our joint work on the ECJ rulings and would hopefully be able to present a joint report in the next few months;



- European social partners just finalised their negotiations on Inclusive Labour Markets. If all goes well, the draft agreement would be adopted in March 2010. We hope to be able to present you our agreement when it will be approved.

Ladies and gentlemen, I have been asked to present you today our expectations regarding the next five years. However, I would not like to leave you without addressing the immediate concerns raised by the economic crisis.

The good news is that the EU economy is slowly recovering. Nevertheless, the situation on the labour market is not likely to improve in the near future.

Some countries such as Germany have been able to limit the impact of the crisis on employment. Others such as Spain have been more hardly hit. However, the fact that companies fight for survival is a common feature across Europe.

In this challenging context, the last thing companies need are policies which would hamper their operations by limiting access to finance or by increasing their costs. As far as employment is concerned, wage moderation and reasonable non-wage labour costs are therefore essential to ensure a lasting recovery and to promote job creation.
