

# UEAPME Reflection on European Pillar of Social Rights and Social Dimension

On 26 April 2017, the European Commission published its final proposal for the European Pillar of Social Rights as the outcome of a year of multiple and comprehensive consultations, where UEAPME fully played its role as one of the European cross-industry social partners.

As part of the consultation process, UEAPME put forward a number of key recommendations for the Pillar to be a true reference framework to screen employment and social performance of participating Member States, to drive reforms at national level and to serve “as a compass for a renewed process of convergence towards better working and living conditions among participating Member States primarily conceived for the euro area”.

**UEAPME supports the overall objective of the Pillar to sustainable convergence in employment and social outcomes.**

## UEAPME sees the need to repeat its major recommendations:

- The necessity to **better integrate economic and social dimensions** for a fair and inclusive labour market since the two dimensions are interdependent. Sound macro-economic policies and effective employment and social policies are the two sides of the same coin to overcome the current economic and social challenges.  
According to UEAPME, the link between the economic and social dimensions is not sufficiently present in the Pillar.
- The need to **design the Pillar as a key component of a wider EU economic and social strategy** aiming at **growth, competitiveness and job creation** for higher social cohesion and inclusion.  
Some new legal initiatives proposed as part of the Pillar risk undermining growth, competitiveness and job creation by SMEs
- In the aftermath of the crisis and taking into account rapid changes, there is a need for a **good common basis** combining competitiveness and social cohesion, flexibility and security as well as rights and obligations notably on the labour market.  
The 20 principles outlined in the Interinstitutional Proclamation for fair and well-functioning labour markets and welfare systems should apply to all Member States and not be limited to the euro area.
- The best way to tackle **diverging developments** in Europe leading to unemployment, increased poverty and inequalities is to support necessary reforms and recreate a friendly business environment.
- Furthermore the Pillar should contribute to foster a good balance of renewed flexibility and security on the labour market, create a true level playing field for SMEs, ensure sustainable social protection systems, support the acquisition of skills needed by the economy, adapt to the rapid changes on the labour market such as digitalisation process and new forms of work.
- The Pillar should finally aim at fostering entrepreneurship and self-employment as an equally valid form of work, which is an essential feature for job creation and social cohesion.

## The Pillar still triggers a number of important questions:

- On the aim: the Pillar should primarily help Member States to better implement necessary reforms to improve competitiveness, productivity, growth and jobs as well as social inclusion and to ensure a better implementation and enforcement of EU acquis.  
Modernising the EU acquis where necessary is essential, however it should be well-founded, fully respect the subsidiarity and proportionality principles and strongly involve the European social partners.
- On the legal value of the “Interinstitutional Proclamation” and its consequences:  
The Interinstitutional Proclamation raises questions concerning its legal nature and consequences. The proclamation is first of all a political proclamation but the fact that it is based on “rights” defined along 20 principles which, in some cases, are going further than the current existing rights creates obvious ambiguity. The principle 8 on “social dialogue and involvement of workers” is a good example of such ambiguity of the scope and legal value of the 20 rights as further explained in the EC staff working document. According to the EU Commission, *“the Pillar reaffirms the rights already present in the EU and in the international legal acquis and complements them to take account of new realities. It seeks to render them more visible, more understandable, and more explicit”*. Even if the ESPR is regarded as a political document and a direct enforcement of the 20 rights is excluded by the EU Commission<sup>1</sup>, the 20 rights will have indirect consequences at national level since they might also serve as a new reference for the European Court of Justice to interpret the EU legal acquis and assess its correct implementation.
- The articulation EMU/EU still remains unclear  
The Pillar is primarily directed to the 19 Member States of the Euro area, however the social acquis covers all EU Members States. This legal ambiguity needs to be clarified. In this context, there is a clear contradiction between the set of legislative initiatives presented as part of the Pillar related to work-life balance, access to social protection and information for workers which should and will apply to all Member States, and the fact that the Pillar and the 20 principles are primarily conceived for the Euro area. In order to ensure a level playing field it is crucial that legislative initiatives always cover all Member States.
- The division of competences between EU and national level concerning employment and social policies needs to be respected. Several of the 20 principles and rights are of strict national competences. The Pillar acknowledges the principle of subsidiarity and also different national circumstances which justifies to avoid a “one-size-fits-all” approach, however it should be also put in practice and should not impose unnecessary additional burdens on companies and in particular SMEs
- On the financial and economic impact: Some of the 20 principles and rights, in particular on chapter III, social protection and inclusion, will generate substantial additional costs at national level if implemented. Such costs and their economic impact should be carefully assessed and in-depth reflections should take place about possible ways to cope with them in the context of the second phase of deepening of EMU.

## On social dialogue

- The Pillar recognises the crucial role of social dialogue and social partners for pursuing and implementing the Pillar, but is not sufficiently explicit on the role of social dialogue when implementing reforms with respect to national industrial systems and competences e.g. in the field of wage setting mechanisms. It will be extremely important to involve national social partners in the future debates and reflections adequately.

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<sup>1</sup> as the EC further explains “for a number of principles and rights included in the Pillar some further legislative initiatives will be necessary for them to be effective

## The EU Semester and the need for a strong EU coordinated approach between EU processes for screening employment and social performance

**Using the Pillar as a new driver for reforms at national level is largely supported by UEAPME. This should be well coordinated with pre-existing monitoring processes.**

- The European Semester is the process that defines for each Member State the type of necessary reforms notably in the labour market and social protection systems for achieving better convergence in the EU and in the Euro area. The adoption of annual Country Specific Recommendations and the existing monitoring mechanism of labour market outcomes is already well embedded in EU and national practices.
- The new “**social scoreboard**“ aiming at tracking trends and performances across EU countries should be fully integrated in the existing European Semester process and the pre-existing scoreboard of key employment and social indicators.
- It should also as much as possible be integrated in the current work done by the Employment and Social Council structures, the Employment Committee (EMCO) with its Employment Performance Monitor (EPM) and the Social Protection Committee (SPC) with its Social Protection Monitor (SPM).  
The social scoreboard outcomes should also feed in the Joint Employment Report as one of the key documents supporting the European Semester process.
- Benchmarks and performance assessment in the employment and social field is a good way to enhance convergence as foreseen in a strengthened European Monetary Union.  
The Pillar should clearly contribute to necessary reforms of labour markets and social protection systems. In this domain national context, traditions and approaches play an important role which requires respect of subsidiarity and autonomy of social partners.  
Defining the right benchmarks is essential but even more important is the way political decisions will be taken and implemented on the basis of the common benchmarks.

Useful Benchmarks could cover priority areas such as:

- a. Entrepreneurship in order to create more jobs
- b. Employment/unemployment
- c. Active Labour Market policies in order to facilitate access to and transitions on the labour market
- d. Education and vocational training including apprenticeship delivering skills relevant to labour market
- e. Social expenditure to ensure social inclusion, underpin growth and jobs and fiscal stability
- f. Tax wedge on labour to ensure a job rich recovery

### **UEAPME proposes a benchmark on entrepreneurs including self-employed which would include:**

- A mapping of the different types of self-employed in the Member States and of their social protection
- A survey on the extent to which access to and inclusion in social protection systems is facilitated and/or encouraged in the Member States for entrepreneurs including self-employed
- An analysis of the extent to which these schemes are taken up by entrepreneurs including self-employed and of the factors having an influence on the take-up.

The European Pillar of Social Rights will have a tangible impact only if **a good ownership** is ensured at the right level and in particular at national level. This will very much depend on the way stakeholders are involved at all relevant levels.

Essential is that the European Pillar of Social Rights with the new principles fully respects the division of tasks and level of competences between European, national, regional and local level, as well as the full autonomy of social partners.

### **Future of social dimension of Europe:**

In the logic of the White Paper on the Future of Europe, the European Commission puts forward three options for the social future of Europe:

1. Limit the “social dimension” to free movement
2. Those who want to do more could do more in the social field
3. The EU 27 could deepen the social dimension together

The first remark is that two options proposed for the Future of Europe are missing when discussing about the future of social dimension of Europe, Scenario 1 “Carrying on” and Scenario 4 “Doing less more efficiently”.

### **Craft and SME scenario:**

Crafts and SMEs generally see a well-functioning European Union as the precondition for a positive development of the European countries, its economy, welfare and the well-being of its people. SMEs expect that the debate on the Future of Europe is aiming at progress as regards three dimensions: **improving the conditions for growth and job creation; improving fairness** for doing business within the single market, in a global context and for companies of all sizes and **ensuring a stable political and societal environment**.

Based on the expectations and needs of Crafts and SMEs for the Future of Europe, it becomes clear that none of the three scenarios proposed will be able to deliver what our companies want and need from a Future Social Europe.

To achieve the “**Craft and SME scenario**”, which is the **scenario for growth, jobs and welfare in a stable economic, social and political environment, a future social Europe has to be able to deliver better** on the following:

1. Ensure a fair distribution of positive effects of globalisation and technological developments, by investing in skills to ensure adaptability and employability, modernising social protection systems to make them sustainable in the future and to provide support in periods of change, activate workforce, make work pay and allow access to social protection for self-employed and business owners.
2. Guarantee openness and fairness within the single market, by finding a new balance between access to market, which allows companies to benefit from competitive advantages, and fair competition with a level playing field. The current imbalances as regards posting of workers, and platform economies, create social and political tensions, which may generate unilateral measures endangering the Single Market and the European project as such.

### **Instead of choosing one scenario UEAPME considers it more appropriate to apply a mix of different scenario:**

- **Carry on**, in areas where the European Union works already successfully without excluding incremental improvements where necessary, in particular in the full implementation and enforcement of directives. The first priority is to ensure that all Member States implement and enforce the current legal framework, especially as regards posting of workers including the implementation directive. This also means full cooperation between all Member States in cross-border enforcement of judgements and fines.
- **Those who want to do more in the social field could do more**, which is already a reality in the EMU. However when it is about social rights, legal measures should apply to all Member States.
- **Doing more together and in particular in a more effective way** in social areas where it creates real European added value and where Member States cannot act alone, due to interdependences between countries or globally or because unilateral measures would have a negative impact on the Single Market – e.g. migration.  
The four freedoms forming the basis of the Internal Market should remain untouched to avoid growing divergences among Member States.

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