



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Modernising labour law is the basis for a workable “flexicurity” approach

Brussels, 15 March 2007. UEAPME, the European craft and SME employers’ organisation, published today its reaction to the European Commission’s Green Paper on Modernising Labour Law (1). UEAPME welcomed the timely launch of this discussion as a part of the broader “flexicurity” debate. Nevertheless, it insisted that the main competence on this subject lies with Member States. According to UEAPME, the Green Paper should trigger reforms that promote flexible labour law and active labour market policies, support employment-friendlier social protection systems, help in tackling undeclared work and contribute in creating more and better jobs.

In its position paper, UEAPME stresses that the structure of European economy, which is mostly made by micro and small businesses, should be seriously taken into account when dealing with labour law questions. Moreover, it regrets the negative image given by the Green Paper of atypical work contracts and of self-employment, both of which should be encouraged in a modern and service-driven competitive economy. It also puts forward a number of priorities for labour law reforms.

Increasing flexibility should be the main concern. This goes hand in hand with employment security for workers and companies alike (“flexicurity”). *“Employment security is not provided any longer by more job protection and additional rights”,* explained **Hans-Werner Müller**, UEAPME Secretary General, *“but mainly through the opportunity to easily find a job and to maintain a good employability level during a worker’s career through lifelong learning and well-functioning active labour market policies.”*

One of the key features of flexibility for employers is the revision of “hiring and firing” rules. Hiring of workers is a central concern for SMEs and should be made as simple and as non bureaucratic as possible. Concerning more specifically one-person enterprises with no employees, which is the case for 50% of all companies in Europe, the cost of wages, taxes and social contributions on one side, and the level of administrative burdens and obligations on the other are still a major obstacle. High employment protection and strict rules on firing also act as a barrier to access to labour markets, favour current “insiders” at the detriment of “outsiders” and penalise employment flows.

Another important aspect of flexibility for employers is working time. According to UEAPME, it is now a matter of urgency to find a solution for the calculation of “on call time” in the context of the revision of the Working Time Directive. The topic was heavily discussed during several EU presidencies, without any tangible results so far.

The reduction of non-wage labour costs, especially on the low end of the wage scale, is an additional responsibility of Member States. Acting on non-wage labour costs would benefit workers and companies and reduce the recourse to undeclared work, which is a very worrying issue for SMEs, mainly in labour intensive sectors. Undeclared work, however, is a complex phenomenon with multiple causes. It should be dealt with via a policy mix including not only wage policies but also fiscal incentives, less red tape, more control and dissuasion measures and last but not least a thorough reform of social protection systems to make legal work pay off.

Finally, UEAPME repeated that the role of the EU in the debate should be to define common guidelines and facilitate the exchange of experiences, rather than harmonising labour law at European level through legislation. Moreover, it insisted on the need for each Member State to define its own “flexicurity” model and policy mix.

“Modernising labour law through ‘flexicurity’ should make it fit better in the current labour market reality and contribute to employment generation in all Member States. We trust that our comments will be taken into account when formulating the EU ‘flexicurity’ principles in the coming months”, concluded Mr Müller.

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(1) EN: http://www.ueapme.com/docs/pos_papers/2007/0703_pp_labour_law_green_paper_EN.pdf
FR: http://www.ueapme.com/docs/pos_papers/2007/0703_pp_droit_travail_livre_vert_FR.pdf

EDITORS’ NOTE: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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