

## **SOCIAL PARTNER INVOLVEMENT IN EUROPEAN ECONOMIC GOVERNANCE**

### **DECLARATION BY THE EUROPEAN SOCIAL PARTNERS**

#### **Introduction**

The 2012-2014 European social partners' work programme highlighted the need to analyse the effects of European economic governance processes on social dialogue at EU and national levels. The aim is to define a shared vision on the consequences that the current debate on European economic governance will have on social dialogue at EU and national levels, and with the view to develop possible recommendations at the relevant levels.

The European social partners see the re-designing and strengthening of economic governance as an opportunity to address the challenges facing Europe. They want to propose concrete solutions to promote growth and jobs. The recovery of European economies requires the input and the ownership of all the social partners.

The European Council is leading the work in relation to the future of Economic and Monetary Union (EMU), and will further explore issues related to the coordination of economic policies with a view to boosting competitiveness, growth and jobs. The European Council conclusions of 28 June 2013 referred to the need to strengthen the social dimension of the EMU, notably through better coordination and monitoring of employment and social policies and social dialogue. The President of the European Council, in close cooperation with the President of the Commission, will propose in the next months possible measures and a time-bound roadmap on a number of issues, including on "the social dimension of the EMU, including social dialogue".

In 1991, European social partners defined the role they should play in the context of EU social policy. Twenty two years later, and in the widening and deepening of the European Union, they believe that time is ripe to assess how they can also support economic development and well-being, within the renewed EU economic governance.

Through this declaration setting out the jointly agreed views of the European social partners, we - BUSINESSEUROPE, UEAPME, CEEP and ETUC (and the liaison committee EUROCADRES/CEC) - shape our future involvement in the EU's evolving economic governance processes and make a series of recommendations.

There might be new developments for which the European social partners may need to consider their involvement and to complement the present declaration.

# Ten Principles

The European social partners highlight the following ten principles which should guide their involvement in EU economic governance.

- 1 *The European social partners support Article 3 of the Treaty on European Union (TEU), which sets the objective of working for a highly competitive social market economy and Article 9 of the Treaty on the functioning of the European Union (TFEU) promoting “a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.”*
- 2 *Social dialogue and well-developed industrial relations at all levels are a crucial element of the European social model and democratic government. Appropriate involvement of social partners in economic and employment policies is thus essential.*
- 3 *Articles 151-152 TFEU state, among others, the principle that the EU should facilitate social dialogue, respecting the autonomy of the social partners.*
- 4 *The decision on how to organise wage bargaining is a national competence. Wage negotiations are organised at different levels in European countries in line with different industrial relations traditions. Article 153.5 of the TFEU concerning social policy establishes that the issue of pay is out of the scope of EU competences. This should be taken into account by EU institutions, the European social partners and national governments.*
- 5 *Social dialogue can be a driving force for successful economic and social reforms. Social partners can raise awareness of the consequences of economic and social change on social systems and labour markets. They can also play a key role in putting in place the conditions that will stimulate job creation, notably by facilitating economic recovery and labour market and social inclusion.*
- 6 *The social dimension of the EMU should contribute to economic and social progress in the EU. This means that policies should be designed to be conducive to economic and social progress.*
- 7 *Involving social partners in the elaboration and implementation of policies affecting directly or indirectly employment and labour markets all along the different steps of the European semester is essential with the view of taking into account their position. Social partner consultations should be timely and meaningful, allowing the necessary analysis and proposals and fitting within decision making processes.*
- 8 *A transparent monitoring of employment performances and progress towards the Europe 2020 targets needs to be organised. The European social partners should here be involved in setting the relevant benchmarking indicators.*
- 9 *There is no need for new structures/mechanisms to involve social partners in European economic governance. Improvements could nevertheless be obtained through a better functioning and coordination as well as in some cases through adapting existing structures/mechanisms as suggested in this statement.*
- 10 *There needs to be a coherent process of consultation of national and/or European social partners by Governments at national level, and with the Commission/Council/Parliament at European level.*

## European Semester

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The European social partners consider that a process of European economic governance is needed. The aim is to improve the coordination of national policies and reforms, striking the right balance between economic, financial and social objectives.

The scope of social partner consultations should reflect the ten principles highlighted in section one.

### 1. Annual Growth Survey

The European social partners welcome the opportunity they had to comment on the preparation of the labour market aspects of the draft 2013 Annual Growth Survey (AGS) in October 2012. They stress the necessity to pursue the consultations on the AGS and ask the Commission and the Council to annex their views to it.

### 2. National Reform Programmes

The European social partners ask the Commission and Council to ensure that national governments adequately consult national social partners in a balanced way when drawing up their National Reform Programmes, including National Job Plans and that national governments annex the views of the social partners to the NRPs.

### 3. Country Specific Recommendations (CSR)

Consultation of the social partners on Country Specific Recommendations (CSRs) should happen in two stages, first at national and then at EU level.

The CSRs are directed to the governments, but also concern the social partners. Hence, national social partners must be consulted in a timely manner during the Commission's preparations of the CSRs.

Following this national consultation and based on the views of their members, European social partners should then also have the opportunity to comment at EU level on the overall direction given to the CSRs. This should take place through discussions between the European social partners and the relevant Council and Commission committees. Coordination meetings between small delegations of European and national social partners and the steering groups of these committees should be organised when the draft CSRs are discussed and before their approval by the Council.

### 4. Macro-economic imbalance procedure

The national social partners should be involved in the macro-economic imbalance procedure to comment on in-depth country reviews.

### 5. Labour market indicators

It is essential to ensure that any new set of indicators is consistent with existing macro-economic indicators and the Europe 2020 objectives.

European and national social partners have so far not been consulted in the ongoing development of a set of labour market indicators by the EPSCO Council and DG Employment. In keeping with the spirit of Articles 153 and 154 TFEU European social partners should be informed about this work and consulted in this process.

## **Social Partner consultation in economic governance processes through existing structures/mechanisms for bi-and tripartite dialogue**

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The European social partners are convinced that the use of existing structures in the following way, including where relevant some improvements in terms of mission and/or format, will enable them to effectively contribute to the EU economic governance processes:

### **1. Social dialogue committee**

The European social partners ask that Social Dialogue Committee meetings, in particular those dealing with the implementation of the Europe 2020 strategy, are attended by the Director General of DG Employment, Social Affairs and Inclusion and when macro-economic aspects are discussed by the Director General of DG ECFIN. Other relevant DGs should be invited, where appropriate.

In order to better reflect the bipartite nature of the social dialogue committee, a session only attended by employers and trade unions will be considered in the future before tripartite exchanges with the European Commission.

European social partners stress that wage setting is and must remain the competence of national social partners at an appropriate level, in accordance with the diversity of industrial relations systems.

They will organise dedicated bipartite sessions of the Social Dialogue Committee to exchange views on employment and labour market developments across Europe.

### **2. Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) / Employment Committee (EMCO)**

The European social partners welcome the practice of inviting them for a meeting with the troika of the EU during informal EPSCO Councils and the dialogue which has developed with the Employment Committee and the Social Protection Committee.

To deepen these exchanges, it is important to ensure that when social partners are invited to address the Employment Committee and the Social Protection Committee the agenda allows for a real discussion with them. Moreover, inviting the European social partners during formal EPSCO meetings should also be considered.

### **3. Tripartite social summit for growth and employment**

The European social partners value the Tripartite Social Summit for growth and employment (TSS), which allows regular exchanges with EU leaders on economic and social matters.

Its profile should be enhanced and its work should be prepared in conjunction with the preparation of the European Council i.a in the framework of the SDC.

The European social partners welcome the fact that Tripartite Social Summits are organised on the same day as the European Council, as it allows the participation of Heads of States and/or governments of the EU presidency troika.

To enhance the profile of the work done in the Tripartite Social Summit, the European social partners should be invited to report on their main messages expressed at the Tripartite Social Summit at the beginning of the plenary meeting of the European Council in the afternoon.

### **4. Macro-economic dialogue**

Social partners appreciate the existence of the macro-economic dialogue. A continuing commitment of EU institutions including the ECB to participate in the dialogue at a high level, alongside the social partners and relevant ministers of EU troika, is essential to improve the macro-economic dialogue. Moreover, all relevant bodies should participate in macro-economic dialogue meetings.

The macro-economic dialogue also constitutes the right forum to consult European and relevant national social partners in the procedure on macro-economic excessive imbalances.

Where appropriate, further consideration can be given to complementary actions to improve the dialogue.

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