

Ceemet position on European Pillar of Social Rights

Bd A. Reyers Ln 80
1030 Brussels – Belgium

 www.ceemet.org

 [@ceemet](https://twitter.com/ceemet)

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On 26 April 2017, the European Commission published its Recommendation and its proposal for an Interinstitutional Proclamation on the European Pillar of Social Rights. This paper contains the updated position of Ceemet¹.

Ceemet's key messages

- Ceemet regrets that the European Commission has presented its Recommendation on the European Pillar of Social Rights, as well as its proposal for an Interinstitutional Proclamation shortly after the start of the debate on the future of Europe, without awaiting the outcome of this debate. Ceemet also regrets the patchwork of publications and initiatives published by the European Commission following the presentation of the White Paper on the Future of Europe. Europe's economic and social challenges are interlinked. Therefore, a more integrated approach to the debate is crucial.
- The focus should be on improving Europe's competitiveness: the EU already merits a social AAA rating in a global context, but lacks behind on competitiveness. To maintain Europe's current social standards, a solid competitive industry is pivotal. Therefore, the EU should continue to focus on increasing competitiveness, ensuring growth and job creation. Ceemet believes that the European Pillar of Social Rights will have an adverse effect on competitiveness and job growth by increasing labour costs and creating disproportionate burdens for employers.
- The European Commission has to respect the EU's competences in the field of social policy. The principle of subsidiarity is essential to ensure that social policy can reflect the diverse needs of national labour markets, businesses and workers. Also, the autonomy of social partners and the role of social dialogue should not be devaluated.

About Ceemet

Ceemet represents the metal, engineering and technology-based industry employers in Europe, covering sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.

Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.

Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.

¹ Ceemet responded to the public consultation on a European Pillar of Social Rights, launched on 8 March 2016. The present position is an update of [Ceemet's response](#), as submitted on 2 December 2016.

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Introduction

The European Pillar of Social Rights is aiming at re-establishing the connection between the EU and its citizens, and is a reaction to the challenges the EU has been facing over the past years. However, Ceemet is unconvinced that this initiative will contribute to what is much needed: an increased international competitiveness to ensure more jobs, growth and prosperity within the EU.

Social policy at EU level should comply with the limited EU competences, align with the principles of subsidiarity and proportionality, and should be competitiveness-proof and strengthen the Single Market, rather than dividing Member States. Social policy should aim to create agile labour markets. The European Pillar of Social Rights doesn't fulfil these requirements.

At the same time, the publication of the European Pillar of Social Rights and its related initiatives hampers a truly open debate on the future of Europe, launched by the Commission on 1 March 2017 with the publication of the White Paper on the Future of Europe. The European Pillar of Social Rights and the related initiatives take a clear step in the direction of a much bigger role of the EU in the field of social policy, beyond the EU's competences in this field.

Ceemet believes that with the European Pillar of Social Rights, the Commission is creating expectations that will not be fulfilled.

'The best way of convincing citizens of the added value of the EU is by increasing wealth.

For that you need competition & jobs.'

A broad, integrated debate on the future of Europe is needed first.

The European Commission launched its debate on the future of Europe on 1 March 2017. Simultaneously with the publication of the Recommendation on the European Pillar of Social Rights, the Commission's reflection paper on the social dimension of Europe was published. Unsurprisingly, this reflection paper supports the direction the social dimension of Europe is heading to with the European Pillar of Social Rights and its related initiatives: doing much more, preferably together.

The European Commission has made its view on the future of the social dimension of Europe clear, excluding a truly open debate with all stakeholders and, most importantly, with the Member States. In this context, the question whether the EU-level is the right level to set such far-reaching measures in the field of social policy, is essential (cf. infra).

We also question the process to create a European Pillar of Social Rights itself. After a long and broad consultation on the pillar with very much response to the Commission, the final proposal published in April 2017 hardly changed in comparison to the consultation document. Currently there is no real open debate or transparent process on the concrete proposal but a rush to be able to launch a proclamation of the pillar ready by November 2017.

Also, social policy should not be dealt with in isolation: social policy very much impacts industrial competitiveness. Any discussion on social policy should be held in an integrated debate on economic policy, notably together with discussions on increasing EU's competitiveness in a global context and on industrial policy. A separation of social policy from economic policy and reform would be counterproductive. It should be borne in mind that economic growth is the main catalyst and financier of a social Europe and the main security of social rights. A too strong one-sided focus on social rights only may be detrimental to the EU's competitiveness and to the economic growth within the EU, whereas this competitiveness and the economic growth is essential to a social Europe.

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'The current situation is where the architect suggests building the house before laying the fundament.

The debate on the future of Europe should come before anything else.'

'It is obvious that social & economic policy go hand in hand.

Therefore, any discussion should be held in an integrated debate.'

Focus on aiming for a competitiveness AAA rating.

That Europe is the most social region in the world is the conclusion of the data provided by the European Commission in its working paper *“Social Europe. Social protection budgets in the crisis in the EU”*, not a statement of Ceemet. The expenditure on social protection in the EU accounted for around 40 % of the world’s public social security expenditure².

The social acquis of the EU offers already extensive social protection to EU citizens and workers. Article 3 of the EU Treaty determines the basic principle of a competitive social market economy, aiming at full employment and social progress. Also, the Charter of Fundamental Rights of the European Union lays down the main social rights for workers in the EU and for EU citizens in general.

Hence, one could question for the added value a European Pillar of Social Rights, whilst the principle of a social market economy and social rights are already strongly embedded in primary EU law, such as the principle of equal treatment, the right to education, the worker’s right to information and consultation, the protection in the event of unjustified dismissal, the right to fair and just working conditions, the protection of young people at work, the right to reconciliation of family and professional life, the entitlement to social security benefits and social advantages, the right to access to health care and the right to effective remedy. Also, the national social acquis of each Member State, including the social acquis established through social dialogue, should not be ignored either as an important part of what makes Europe social.

The European Commission quoted in its Communication the Five Presidents’ report on completing Europe’s EMU stating that the EU’s ambition should be “to earn a social triple A”³, while taking into account both EU social acquis and the national social acquis within each Member State, it goes without saying that the EU already earns a social triple A. The EU and its institutions should be confident about the value of this social acquis that has been established as a social protection that has no equivalent in the world and should actively promote these achievements.

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‘The EU and its institutions should be confident about the value of the social acquis that has been established as a social protection that has no equivalent in the world & should actively promote these achievements.’

² The EU accounts for approximately 7 % of the world population, but for around 40 % of the global public social protection expenditure. (cf. European Commission Working Paper 1/2013 “Social Europe. Social protection budgets in the crisis in the EU.”, May 2013)

³ In its Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 26 April 2017, the Commission continues to refer to the progress towards the EU’s social triple A.

Bearing in mind the European Commission's "Better Regulation" initiative, with as its main goal to lessen over-regulation by the European Commission, we wonder where this initiative fits in.

It is of great importance that no obstacles are put to the competitiveness of the EU, which is a precondition – notably for the financing – of a social Europe and social protection of the EU citizens. The EU institutions should focus on strengthening this competitiveness and on demonstrating and explaining to EU citizens the importance of the competitiveness of the Single Market. Rather than creating new regulations and rights to win over EU citizens, which may harm this competitiveness, EU citizens should be informed of the many advantages of the EU Single Market and the freedoms that have been established within the EU.

The main challenge is how to preserve this social Europe in a global context. Social policy must anticipate and facilitate the uptake of digitalisation in the EU and the Member States and its impact on the world of work. Ceemet wonders how a static European Pillar of Social Rights can fit in this context. At a time Europe should focus on fostering innovation and being innovative, the approach to social policy appears to be looking backward rather than looking forward. It is important to take up this challenge, and not try to protect the present from the future, but embrace this future, rather than embracing the past.

Increasing convergence within the EMU or establishing a social pillar applicable for the entire EU: clarity is needed.

According to the European Commission's Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions establishing a European Pillar of Social Rights, the latter is *"primarily conceived for the Member States of the euro area but applicable to all Member States that wish to be part of it"*.

With the publication of both the Commission's Proposal for an Interinstitutional Proclamation on the European Pillar of Social Rights, as well as the initiatives built on the European Pillar of Social Rights, the European Commission is seeking a more extended scope of application of the European Pillar of Social Rights than the EMU. There should not be any ambiguity with regards to the scope of both the Recommendation and the Proposal.

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'The main challenge is how to preserve this social Europe in a global context.'

Compliance with the limits of EU competences and the principles of subsidiarity and proportionality.

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In the citations to its Recommendation on the European Pillar of Social Rights, the European Commission states that the principles and rights set by the European Pillar of Social Rights should be implemented at both Union level and Member State level within their competences and in accordance with the principle of subsidiarity.

Taking into account that with the European Pillar of Social Rights, the European Commission aims to set at the very least an EU-level framework for further implementation at both EU and national level, delivering new and more effective rights for citizens, which may wrongly be used as a compass for interpretation of existing EU legislation by the European Court of Justice and which may be seen as a basis for new EU legislation in the field of social policy, it goes without saying that the text itself of the European Pillar of Social Rights should comply with both the EU competences in the field of social policy and the principle of subsidiarity.

Hence, merely stating that the European Pillar of Social Rights should be implemented within the competences of the EU, respectively the Member States and in accordance with the principle of subsidiarity, does not suffice: the European Commission's recommendation itself should respect the limits of the EU's competences and should comply with the principle of subsidiarity.

The European Pillar of Social Rights, as published on 26 April 2017, fails to meet these requirements: neither the EU's limited competences in the field of social policy nor the principles of subsidiarity and proportionality are complied with. The European Pillar of Social Rights as it stands interferes with competences of both Member States and social partners.

Particularly worrisome in this respect is the use of unmeasurable, subjective terminology, leaving unacceptable room for interpretation and discussion. A few examples of subjective terms are: *quality* education, equal pay for *work of equal value*, *quality* working conditions, *precarious* working conditions, *atypical* contracts, *adequate* minimum wages, *suitable* leave, *affordable* early childhood education and care of *good quality*, *adequate* social protection, *adequate* unemployment benefits, *adequate* minimum income, *affordable* preventive and curative health care of *good quality*.

'The European Pillar of Social Rights should fully respect the division of competences between the EU and its Member States, the principles of subsidiarity and proportionality and the autonomy of social partners.'

Subjective language creates ambiguity on the extent of the rights – or principles – set in the European Pillar of Social Rights, leaving room for interpretation further beyond the EU competences, and can therefore not be accepted.

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The European Pillar of Social Rights as a reference framework for policy guidance: a cautious approach.

Ceemet has from the start opposed to a European Pillar of Social Rights that would introduce new benchmarks on social policy in parallel to existing instruments and mechanisms. Implementing a reference framework or benchmarks parallel to existing instruments, would create confusion and eventually weaken competitiveness and much needed investment.

Within the European Semester, a scoreboard of key employment and social indicators already exists as a reference framework, screening employment and social performance on the basis of the unemployment rate, youth unemployment, gross household disposable income, the at-risk-of-poverty rate and inequalities.

While well-designed benchmarks could act as a compass for necessary national reforms aiming to increase the performance of labour markets and of social systems, there should be a clear prioritisation in the issues covered focusing on those that will have a positive impact on competitiveness, employment, and sustainability and adequacy of social systems. Moreover, a benchmarking exercise should be a joint endeavour of the Council, the European Commission, the Member States and social partners⁴.

It goes without saying that any benchmarking should also fully respect the limits of EU competences, the principles of subsidiarity and proportionality, as well as social partner autonomy. Benchmarking must in particular not interfere in wage setting, which is traditionally a core responsibility of mandated social partners. Ceemet has continuously expressed its concern about interference in the wage setting process at EU level, notably through European Economic Governance.

‘Well-designed benchmarks could act as a compass for necessary national reforms, but it should fully respect limits of competences, principles of subsidiarity and social partner autonomy.’

⁴ Cf. European private sector employers’ joint statement on a European Pillar of Social Rights, “*More competitiveness to sustain the social dimension of Europe*” – Employer key messages, 18 January 2017

Convergence through a well-functioning Single Market.

According to the European Commission's communication establishing a European Pillar of Social Rights, the latter is designed as a compass for a renewed process of convergence.

Convergence should be reached through a well-functioning Single Market, not by regulation which would essentially harm competitiveness. The European Commission should therefore focus on completing the Single Market and on encouraging competitiveness through national reforms.

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