Dear All,

Please see below the report of the meeting between Executive Vice-President Dombrovskis and Commissioner Schmit and the European social partners on the Recovery plan. The report was approved by the Dombrovskis and Schmit Cabinets.

Best regard,

Éva

On 13 May 2020, Commissioner Schmit met European social partners to discuss the Recovery Plan (list of participants below).

The EVP Dombrovskis informed social partners about the different forms of financing the recovery package, he recalled the importance of a green, digital and inclusive recovery and that the Green Deal would be part of the recovery strategy. He touched upon the revision of the multi-annual financial framework and the how the European Semester will reflect the need to respond to the crisis. Regarding the Commission Work Programme, he confirmed that the European Pillar of Social Rights, Green deal and digitalisation will remain key priorities but will be adjusted to the new realities. He confirmed the dedicated hearing with social partners on the Pillar on 8 June and that the second stage consultation with social partners would be launched on 3 June (and last 12 weeks). He expressed hopes that SURE could start at least on 1 July due to the delays in Council.

Commissioner Schmit referred to the economic forecast presented last week, indicating the rising unemployment, which is expected to become higher even if today many are in short time work schemes. He emphasized that youth unemployment is a particular concern, fearing a relatively sharp surge especially for those young people who are in precarious contracts, and that the generation graduating this year will have difficulties to enter the labour market. That is why the strengthened Youth Guarantee will be an important initiative. He recalled that the impact of the crisis on the economic sectors is expected to be different. He recalled that there are 23 million workers in tourism and underlined the adoption of the tourism package on 13 May. He mentioned that the automotive sector will also face great difficulties due to the reduced production and transition to towards carbon free industry. Cooperation with social partners will be key to address the...
He underlined the importance of proceeding with the initiative on pay transparency, especially to underline the political objective of gender equality in the current context in which women are the majority of the front-line workers.

I. Visentini (ETUC) expressed concerns that the adoption of SURE is delayed while 42 million workers requested unemployment or short-term work schemes following the crisis and many other workers are excluded from any schemes. He pleaded that the Commission finds a solution, e.g. by recommending Member States to use unspent ESF funding. He recalled the importance of investing in public services. He mentioned the need to invest in specific sectors and mentioned that sectoral social partners are preparing sectoral contributions on investment needs. Regarding the CWP, he emphasised the importance of keeping the social initiatives (minimum wage, pay transparency; skills agenda, Green Deal with a just transition) to balance the support given to the industry. He called for a proposal for a permanent version of SURE. ETUC requested to reschedule the Macroeconomic Dialogue and the Tripartite Social Summit (online) for June. By June social partners will finalise their agreement on digitalisation and could then present it at the TSS.

M. Beyer (BusinessEurope) warned against ETUC’s push to propose a permanent SURE instrument when the discussions have not even been concluded on the current SURE proposal. He called for more clarity on the link between the Green Deal and the recovery plan. While BusinessEurope can support this link, they called for a balanced policy debate as the recovery plan has to go beyond green and digital. Skills remains very important for BusinessEurope. He supported a strong and sizable MFF, including a recovery fund with fresh money; however, this additional funding needs also to be well-spent. He supported spending on supporting reforms that can bring convergence (e.g. BICC). He cautioned on expecting a too high leverage from InvestEU and that it would be better to invest in more high risk projects where the EU intervention has a clear value added. He called for a strong industrial policy. While he recognised the importance of the role of the state in the recovery, he warned that this role should be restricted at some point because it weakens the companies.

V. Williams (SMEUnited) raised questions regarding the length of the minimum wage consultation and if the COSME programme would be topped up. Regarding the latter, the EVP promised to check it. She warned against helping only some sectors (e.g. tourism) as many more sectors are in a difficult situation.

G. Affelat (CEEP), welcomed the revision of the MFF and called for spending the money well. He warned that attracting private investment could be difficult in the current situation. The crisis impacted the Member States and the sectors differently. While more is invested in health care, unmet medical needs are increasing. Social services need more support. There is a need for more clarity how state aid can support entities with public element. CEEP supports SURE.
In the concluding remarks, the Commission confirmed its willingness and support to organise the Tripartite Social Summit in June. It recalled that both the use of the Structural Funds and ESM can be used to bridge the financing of short time work arrangements until SURE is fully operational. On the former, it was also recalled that the Commission cannot tell Member States how fast they should spend the ESF money but it can encourage them to do it faster.

The Commission explained that it will work in parallel with gathering demands and assessing them while Member States take decisions on their guarantees.

**Participants:**

**Commission:**
- V. Dombrovskis, Executive Vice-President
- N. Schmit, Commissioner
- R. Paserman, Dombrovskis Cabinet
- AC Pereira, Schmit Cabinet
- J. Korte, Director General, EMPL
- J. Tagger, Head of Unit, EMPL
- É Török, policy officer SG

**Social partners:**
- L. Visentini, General Secretary, ETUC
- M. Beyrer, Director General, BusinessEurope
- V. Willems, General Secretary, SMEUnited
- G. Affelat, CEEP