



Commissioner Schmit
Jobs and Social Rights

**Videoconference call with BusinessEurope's Social Affairs
committee on the employment and social affairs priorities – 10
minute intervention**

Video-conference: 16 June 2020, 09:00 – 10:00

Contact of the organizer: [redacted] Social Affairs Director at BusinessEurope, [redacted]
[redacted]

Member of Cabinet in charge: Ana Carla Pereira Briefing coordination: [redacted] [phone icon] [redacted] EMPL.01	Main contributors: <i>On social dialogue:</i> [redacted], [phone icon] [redacted] EMPL.A2 <i>On minimum wage:</i> [redacted] [phone icon] [redacted] EMPL.A3 [redacted] [phone icon] [redacted] EMPL A3
---	---

Scene setter

You will join the plenary session of BusinessEurope's Social Affairs Committee, one of the seven Policy Committees of BusinessEurope. You were invited to speak for 10 minutes about the priorities of the Commission in the employment and social fields. Around 30 members of BusinessEurope will be attending – the full list is available in the annexes.

The President of the Social Affairs Committee, [REDACTED] will chair the meeting and will give a short introduction before giving the floor to Director-General [REDACTED].

You will speak after [REDACTED] (who will leave after your intervention). You could inform your interlocutors about the EU crisis response and recovery plans, and spell out your vision on job creation and labour markets. Your interlocutors would be interested in knowing how the new Recovery and Resilience Facility can contribute to structural reforms. They would also like to know more about short-time work, and how quickly and efficiently it could be rolled out. Please note that BusinessEurope will also exchange later in the day with a representative from DG EMPL on the technical details of SURE [REDACTED].

A questions and answers session will take place after your address. Participants may inquire about the minimum wage (BusinessEurope has so far not reacted to the opening of the second stage of the consultation). They may also be critical towards the Action Plan on the Pillar, advocating instead for the Semester as main instrument for implementing the Pillar, and insisting on a tripartite approach (Commission, social partners, Member States) to implement the Pillar.

[REDACTED] will close the exchange and you may be invited to give short closing remarks.

Although he will not attend the meeting, please be informed that [REDACTED] has been re-elected president of BusinessEurope for another two years on 5 June 2020.

Please also note that the Social Dialogue Committee will take place a day after your meeting, on 17 June. Topics on the agenda are the recovery package, short-term work schemes as instrument to crisis response, as well as health and safety measures and free movement guidelines. DG Joost Korte will be present at the Social Dialogue Committee, together with several members of the BusinessEurope Social Affairs Committee.

Table of Contents

Speaking points	Error! Bookmark not defined.
Defensives	9
Background	11
Biography	12

Annex: Press release of BusinessEurope following the 27 May recovery package

List of participants

Speaking points

[Opening]

- Three years ago exactly, on **16 June 2016**, EU Ministers for employment and social affairs committed to « **a new start for a strong social dialogue** ».
- I am happy to renew these vows to social partners.
- During this crisis, we intensified exchanges between the Commission and social partners: with Executive Vice-President Dombrovskis, we held four videoconferences with the leaders of European cross-industry social partners. They also participated at the EPSCO on 5 May.
- Today more than ever, we need **effective cooperation between all authorities and social partners**. Countries will not recover, people will not be better off, if companies are not back on track towards employment.
- Unemployment is set to rise to 9% in 2020. This is why **employment** must be right at the heart of our response.

[Recovery]

- The Commission adopted a bold, ambitious **recovery plan** to meet the challenges that are ahead of us. The key word here is resilience – of our citizens, of our companies, of our societies.
- The recovery is **about speed and about scope**.

- On speed : you advocated for a swift reaction. As part of its financial efforts, the Commission has designed the **REACT-EU initiative (€55 billion)** to be mobilised by end of 2022, of which 50% should be spent as soon as possible.
- It will:
 - involve investment to support job maintenance, including through short-time work schemes and support for the self-employed.
 - support job creation and youth employment measures, as well as working capital and investment support for SMEs.
- On scope : unprecedented times call for unprecedented action. The **Recovery and Resilience Facility, amounting to €560 billion**, will help Member States invest and carry out reforms, including in employment. €310 billion in grants and €250 billion in loans will be made available.
- The **European Semester** will have a central role: it will provide the framework to design and implement national plans.
- Another dimension I would highlight in the recent recovery package is the **Just Transition Fund**. Because this recovery plan also accelerates the twin transitions and we must put companies in the best conditions.
- We are aware that the Green Deal requires efforts on the part of the industry. I often have contacts with the automotive industry and I acknowledge the massive efforts in **reskilling and upskilling the workforce**.
- To support Member States and companies in their greening efforts, the Just Transitions Fund increased fivefold to **€40 billion**

- In parallel, we have sought to maintain employment where possible, so companies preserve their human capital and have a robust restart.
- **Short-time work schemes** prevented massive dismissals. The situation is not as dire as it is in the United States, where unemployment peaked at 15% in April, against 6.6% in the EU.
- Our tool to support short-time work scheme, **SURE**, will soon be operational. I understand it could answer existing needs in many Member States. In Spain *[the Chair of the meeting is Spanish]*, spending in short-time work is estimated at €17.9 billion for 2020.

[Agenda on youth]

- One central strand of our action now is to **invest in human capital**.
- I especially think of **young people**, because they are **the workforce of tomorrow**.
- We will soon propose :
 - Measures for **Youth Employment Support**, helping young people find short and medium-term opportunities and develop digital skills;
 - a recommendation for **vocational education and training**. It can help redirect young women and young men to sectors in need of workforce ;

[Skills Agenda]

- We will also come forward with an updated **Skills Agenda** to better cater for companies' skills needs and improve life-long learning. 70% of companies are

already reluctant to invest as they cannot find adequately skilled people on the job market – this is an issue we need to address.

- Let me here expand on two points: the **Pact for Skills** and **skills forecasting**.

[Pact for Skills]

- The topic of skills is coming up in all my exchanges with the industry – and in yours I am sure. Companies cannot be competitive and develop successfully if their workforce does not have the right skills.
- You notably helped us identify the following issues:
 - The skills taught do not always correspond to those needed in the market.
 - SMEs often face more difficulties to organise adequate trainings for their workforce, mostly due to a lack of information or financing.
 - Workers do not always have the opportunity and see the benefits of re- or upskilling themselves.
- To work together on these issues, we will put forward Pacts for Skills.
- It will consist in **building strong partnerships** with companies, social partners, regional authorities, higher and vocational education and training institutions, to support apprentices and graduates in entering the job market with the skills in demand and to give workers the opportunity to train and to make full use their newly-acquired skills.
- There is no one-size-fits-all solution, so the Pact for Skills will have a strong sectoral focus: we will encourage all stakeholders of an industry to collaborate and deliver joint commitments.

- The sectoral approach will also contribute to giving greater access to skilling opportunities to SMEs and their employees.

[Skills forecasting]

- Companies do not invest if they do not know what tomorrow will bring.
- Yet, less than 60% of large companies assess their future skills needs. For smaller companies, the figure goes down to less than 30%.
- We have started work with CEDEFOP **using big data to assess skills needs at regional and sectoral level.**
- The skills forecast mechanism of the Skills Agenda will notably :
 - Help companies understand which skills will become relevant and critical in their sector and region, provide cross-country insights ;
 - Provide companies with an overview of the skills requested in job vacancies in their sector;
 - Help prepare upskilling and reskilling strategies based on the skills gaps identified.
- At all levels of our action on skills, we expect **social partners to contribute** and share their expertise.
- The recovery is geared towards employment, but it must also be **fair and inclusive**, and with people and their dignity at mind.
- Last week I met representatives of a French initiative that tackles long-term unemployment by investing social benefits into companies to pay wages. Such companies do not compete with traditional enterprises and help people get a foothold in the labour market.

- Those are also the kind of solutions we need, besides standard employment.

[Action Plan on the European Pillar of Social Rights]

- We need BusinessEurope's ideas to move forward. The Action Plan will cover all three areas of the Pillar, including key priorities such as :
 - **improving active labour market policies** and strengthening public Employment Services.
 - improving **social dialogue** at EU, national and company level.
- We hope the Action Plan can **spark action at all levels**. The governance of the Action Plan should be embedded in the existing monitoring and incentive framework for Member States, consisting of the European Semester, the Social Scoreboard and our Funds.

[Conclusion]

- *[to be confirmed]* In some days we will hold the **Tripartite Social Summit (TSS)** as requested by social partners.
- The Commission is very much welcoming the fact that social partners concluded an **autonomous framework agreement on digitalisation**. We are looking forward to your presentation.
- This is an important signal: by reaching an agreement, you have shown that the **social dialogue is active and productive**.
- This is precisely what the current times are calling for.

Defensives

At a time when companies are struggling due to the crisis, don't you think that increasing minimum wage will result in more lay-offs?

- Minimum wages need to reflect economic conditions. Updating minimum wages regularly, and according to clear and stable criteria, and making sure social partners are involved will help to ensure they remain adequate for the competitiveness of companies and for a decent living for workers.
- When you increase the purchasing power of low-wage earners, both their productivity and domestic demand increases, further increasing the competitiveness of companies.

What if, for instance, national social partners would like to express an individual position in the consultation on minimum wage? Can they send a separate reply?

- The recognised European cross-industry and sectoral social partners should coordinate a reply with their national members.
- National social partners are only able to channel their input through their umbrella organisation at European level.
- The Commission will weigh next steps based on the inputs provided by social partners.

The social partners have requested in a letter of 10 April to the Commission the creation of a new financial instrument to support the social partners during the crisis.

- The Commission took due note of your request and fully understands the difficulties faced by national social partners in a number of Member States.
- I am aware that there have been several contacts between DG EMPL and social partners at technical level to better understand your request and to explain to you the particular challenges stemming from budgetary context and the financial regulation.
- For the Commission it would be important to have a clearer idea on the concrete needs of national social partners.
- This will allow us to fully assess your request and get back to you with a response.

Will you agree with requests by employers to extend the application deadline of the revised Posting of Workers Directive 2018/957?

- As you know, the Member States have until 30 July to transpose the Directive into national law.
- The Commission does not intend to propose an amendment of the Directive to change the transposition deadline.
- The Commission acknowledges that COVID-19 creates a particularly difficult situation for many Member States. This does not make the application of the Directive easier.
- However, we must keep in mind that this Directive - including the delay for its transposition - is the result of lengthy, often difficult negotiations, and its application is highly anticipated by many workers.
- The principle of "equal pay for equal work at the same place" is a milestone for preserving fairness in the internal market. Indeed, it is essential for the protection of workers particularly in these difficult times.

- The Commission will continue to support Member States in the preparation and timely application of their national measures, in particular through dedicated working groups and also through the European Labour Authority.

Will you postpone non-essential EU public consultations and proposals given the need to concentrate all efforts on combating the COVID-19 crisis?

- While all the Commission's immediate political focus is on the task of combating the coronavirus, we are continuing our preparatory work on long-term policy priorities, including a strong social Europe for just transitions.
- Emergency measures related to COVID-19 do not require publication for feedback on the Better Regulation Portal (Have your Say) at any stage.

What is the legal basis for the pay transparency directive? Will the Commission organise a two-stage social partners' consultation?

- It is article 157(3) of the Treaty on the Functioning of the EU (TFEU) and therefore it does not require a two-stage consultation with social partners, though we want to include social partners as much as possible in the process.
- The Consultation strategy includes a targeted consultation and a dedicated hearing with social partners which will take place on 25 June.

Background

A) Social affairs committee of BusinessEurope

Setting the strategic direction for BusinessEurope's work in the fields of employment and social affairs, the Social Affairs committee of BusinessEurope is the body responsible for adopting the positions prepared by the working groups under its competence. It follows the progress made in the EU member states in terms of implementation of labour market reforms. It also devises actions and oversees the negotiations in the context of the European social dialogue. The **Chair** is [REDACTED] its **Vice-Chairs** [REDACTED] and [REDACTED]. Several members of the Committee contributed to the Pillar Action Plan Hearing on 8 June. Representatives of DG EMPL are invited on a regular basis to some of the meetings of the Social Affairs Committee.

B) Reaction to the Commission's recovery plan

BusinessEurope had reacted positively to the recovery plans presented by the European Commission on 27 May, hoping the resources can be used to support long-term economic growth and employment-enhancing reforms. They underlined that the recovery instrument 'Next Generation EU' could help boost investment, protect jobs and reduce business closures. They also welcome the strengthening of the key industrial value chains and ecosystems, while calling for further digitalisation and further opening of the services markets. They however voiced their concerns at the proposals for new own resources, which could increase costs for businesses (full press release in Annexes).

At the social partner hearing on the European Pillar of Social Rights' Action Plan (8 June), [REDACTED] welcome the recovery plan. He added that apart from the money, balanced policies must pave the way to economic recovery. A renewed attention should be given to the Single Market and trade policy, and all new initiatives in the social field should minimise administrative burden on companies. They should also be targeted at the right level (the Commission should respect national competence as regards wage-setting).

C) Social partner proposal for new financial instrument – latest developments

Further to their call to benefit from a new financial instrument (€20 million) to support national social partners' capacities in the context of the current crisis, social partners have received a non-paper outlining possible options on which they commented. A second technical meeting took place on 29 May, following which the Commission will again send a written input (under approval as of 9 June).

Social partners so far did not deliver an assessment of their needs/work program related to this request as had been asked for by COM.

BusinessEurope inter alia is arguing that they cannot deliver this eg due to autonomy of their national affiliates and as the main purpose of the support would not be to establish new projects but merely to maintain existing structures to keep social dialogue working.

D) Upcoming signature of the agreement on digitalisation

BusinessEurope is one of the negotiating parties of the autonomous framework agreement on digitalisation concluded in March and to be officially signed at the virtual Tripartite Social Summit (TSS) on 23 June. It has been agreed between Presidents von der Leyen and Michel with EU social partners to focus the TSS on the "Contribution of the Social Partners to relaunching Growth and Employment in the Aftermath of COVID-19". It is also foreseen that social partners would present their autonomous agreement at this meeting.

Biography

CV – [redacted]

[redacted]

[redacted]

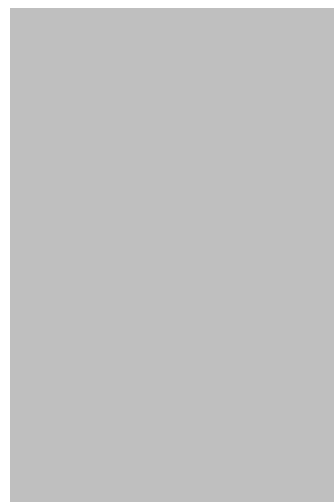
[redacted]

[redacted]

[redacted]

[redacted]

[redacted]



[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]