

## CEEMET COMMENTS ON THE COMMISSION'S COMMUNICATION ON THE SOCIAL DIMENSION OF THE EMU

A favourable operating environment for European companies is needed to ensure investment, innovation and job creation. More than anything, it is crucial to make sure the companies of the metal, engineering and technology-based industries stay internationally competitive and remain in a position to provide good quality employment.

The European Commission published its Communication on the Social Dimension of the Economic and Monetary Union (EMU) aiming to deepen social integration of the EMU. The Commission pointed out that social and economic differences between the Member States are the biggest challenge for a stable and well-functioning EMU. In addition, employment and social problems across the Member States can have negative impact beyond national borders. The new plan therefore aims to ensure better coordination of employment and social policies.

It makes a link between the economic and labour market reforms and “the social implications of these reforms that are necessary to boost jobs, growth and enhance competitiveness”.

The Commission suggests using appropriate employment and social indicators within the European Semester. These will be combined with the other indicators that already assess fiscal policy, macroeconomic imbalances, financial sector issues and growth-enhancing structural reforms.

The EU's competence is limited in the social policy area, since it is principally Member States' responsibility. Furthermore, the EU's founding Treaty recognizes the so-called social dimension and comprehensive network of EU social regulations already exist in areas such as labour law and health and safety at the workplace.

**Other types of effective measures are needed at Member State level to improve employment, attract investment and ensure competitiveness. These should include ambitious labour market reforms, public sector adjustments since industry cannot fund the current large public sector size in the long run. Moderation of taxation and guaranteed funding for the industry** are additional measures to consider.

### **Member States are responsible for the running and financial sustainability of their chosen social-policy models**

In order to deepen social integration and attach social policies to the European Semester's macro-economic, budgetary and structural policy coordination, the Commission proposes improvements in three areas. First, it proposes to reinforce surveillance of employment and social challenges and strengthen policy coordination under the European Semester by creating a scoreboard to follow key employment and social developments.

Most of the proposed indicators are problematic including comparing the NEET rate (young people

Not in Education, Employment or Training), the real gross disposable income of households and the at-risk-of-poverty of the working age population and inequalities.

**First, the four indicators are difficult to measure and controversial since they are linked with political values of a society touching upon the redistribution of income.** Social security systems, distribution and associated reforms are a Member States' competence and have to stay at that level. All Member States are also responsible for ensuring the financing of the social-policy model they have chosen.

However, the introduction of these social indicators may at no circumstances lead to less ambitious reforms at national level to (re)gain the necessary competitiveness of Member States on the global market.

**Second, the Commission proposes to enhance solidarity and reinforce labour mobility. The worker mobility should indeed be further encouraged, barriers identified and overcome.** This would be in the benefit of the European businesses' and employees' needs. It must however be clarified that solidarity within the EU can only be requested if every single Member State takes its responsibility.

**Third, the Commission proposes to strengthen social dialogue. This is very welcome and should be strengthened both at national and EU level. We appreciate especially the proposals of the Commission to improve social partners' involvement in the whole process of the European Semester.**

Further, The Communication mentions a **euro area unemployment insurance scheme** or another similar type macroeconomic stabilization system. However, it also states that the current EU Treaty lacks the legal basis for setting up such a system. Indeed, this area too is Member State competence and should be left as such.

It is important that Member States improve their own fiscal discipline, public finances and strengthen their own economies so that they are prepared to respond to economic down-turns. This type of income re-distribution within the European Union is bound not to achieve the wanted results since the incentive for Member States to carry out needed labour market and structural reforms may diminish.

### **Ensuring competitiveness allows European companies to create more jobs and wellbeing**

When it comes to the completion of single market, appropriate actions are still needed to facilitate cross-border trade, remove regulatory barriers and enable mobility of workers. Indeed, European companies at the centre of creating wealth and jobs are the guarantee for individual and general wellbeing of the society.

