



# EMPLOYMENT POLICIES ARE ESSENTIAL TO SUPPORTING GROWTH

## — CEEMET COMMENT ON THE EMPLOYMENT PACKAGE

CEEMET welcomes the employment package as it acknowledges the necessity to promote enabling conditions for job creation. The European Commission rightly highlights the need for labour market reforms to adapt to longer-term structural transformations affecting Europe's relative competitiveness in the global economy.

CEEMET fully supports the political signal that is given by the European Commission. Indeed, dynamic and inclusive labour markets, where people possess the right skills, are essential if the international competitiveness of the European economy is to rise. Whereas CEEMET shares certain proposals of the Employment package we have some reservations on others.

Much of the communication is forward looking and positive, but it lacks proposals which respond to the needs that are particular troublesome for industry, e.g. initiatives that allow for adaptability and swift restructuring. Such initiatives will be necessary to keep and further develop a productive base in Europe, which can in turn bolster the service economy and thus create jobs both in industry and other sectors.

When it comes to the common principles of *"flexicurity as important policy milestone in making labour markets more resilient to the process of economic adjustment"*, CEEMET would like to add that indeed **flexible employment contracts such as fixed-term contracts, temporary agency work and part-time work** are tools in our companies' toolbox that they need to deal with fluctuations in demand, providing the possibility of speedy and efficient deployment of rightly skilled workers for periods when orders diverge from normal.

In the MET sector there is no indication of an excessive use of fixed term contracts (or other flexible arrangements). On the contrary, a recent study by CEEMET on usage of such contracts in member companies shows that the numbers are low (in countries where sector specific information was available) - the level of fixed-term contracts in Europe in the MET sector is around 4.3%, the level of temporary agency work is similarly around 5.4% and part-time work around 5% - and have until now remained relatively stable for the last decade.

As far as the MET sector is concerned it would thus go against empirical evidence to talk about excessive use of fixed term contracts or other flexible arrangements. As regards abuse of such contracts it should be noted that there is already EU-level legislation prohibiting abuse of fixed term, part time and temp agency employees. Consequently there cannot be a question of a need for more legislation in order to prohibit such abuse.

CEEMET welcomes the Commission's focus **on the crippling youth unemployment in Europe**, and supports the Commission's commitment to tackle it. Many initiatives exist in a number of



Member States where the Social Partners are highly active in improving the situation, which the Commission could take on board.

We further welcome the focus **on skills and lifelong learning** and find the tools to anticipate skills demands useful and believe that they should be supported even though they can only provide an indication of future demands. The best way of anticipating skills demands, and improving the quality of education and training, is by increasing cooperation between education and training (E&T) systems and the labour market at the local level. This, in turn, requires flexibility in E&T systems and consequently framework conditions that are conducive to this.

Regarding European tools (such as EQF, ECVET, ESCO), CEEMET suggests that the impact and effectiveness of these initiatives should be assessed before any other initiatives are introduced.

Overall, CEEMET welcomes the emphasis on lifelong learning, but recognizes that lifelong learning requires a change in mindset - beginning from a very early age. European level initiatives should support this approach.

**In regard to the topic of restructuring** CEEMET wishes to underline that it has welcomed the overall positive approach of the Commission to the necessity of restructuring for companies to be able to adapt to continuous change in economy and society as presented in the Green Paper on Restructuring. Restructuring is a key factor in ensuring international competitiveness for European companies and therefore a necessary tool for companies which are active on a global market, which is particularly the case for companies in the metal, engineering and technology sector. Transformation and restructuring of companies are a normal

evolution in the pattern of successful companies. These insights into the necessity of restructuring are present in the Commission Green Paper on Restructuring but CEEMET is concerned that they are not mentioned in the Communication "Towards a job-rich recovery".

CEEMET does not believe that there should be EU-level initiatives focused on an anticipative approach to restructuring as outlined by the Commission, as restructuring needs are difficult to foresee. In particular, there is no need for additional legislation on restructuring, considering the extensive range of legislative and other instruments dealing with restructuring which already exists at both EU and Member State level. In the view of CEEMET efforts should instead be focused on creating framework conditions for retaining and further developing a productive base in Europe.

CEEMET is convinced that **increased economic cooperation and coordination** can be useful for ensuring a well-functioning and globally competitive European economy. The challenges that Member States are facing differ though from each other.

We need to ensure a competitive and sustainable economy in Europe with a skilled and efficient workforce. On the condition that different responsibilities, in particular the collective bargaining autonomy of the social partners, at national, regional and company level are fully respected, CEEMET would agree that ensuring that **real wage growth reflects productivity developments** and local labour market conditions would lead to that growth adequately translates into growing labour demand and ultimately job creation.



With regard to the various references to the notion of **segmentation of national labour markets and inclusion**, we would complement the Commission's conclusion that a reduction of the tax wedge by reducing often too high levels of social security contributions would reduce this segmentation, by including more people into the first labour market, in particular young people. Further, this would also contribute to transforming undeclared work into regular employment, as mentioned in the Commission paper.

In the very sensitive area mentioned by the Commission of **setting "differentiated minimum wages"** it must be kept in mind that this is national responsibility. National laws and practices would therefore have to be respected and the social partners be involved.

European companies that can operate in a favourable business environment are in a strong position to grow, invest further and above all continue employing people and creating jobs.

CEEMET welcomes the Commission's wish to **strengthen the involvement of EU social partners**, including in the European Semester, and would like to see an appropriate involvement of **sectoral** social partner organisations.

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#### About CEEMET:

CEEMET is the European employers' organisation representing the interests of the metal, engineering and technology-based industries. Its members are national employers' organisations and federations, representing 200 000 member companies across Europe. The vast majority of them are SMEs, providing over 13 million jobs of direct employment.

