



# PRIORITIES FOR THE EU'S SOCIAL DIMENSION 2024-2029





## WHO ARE WE?

BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance.

A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

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# EXECUTIVE SUMMARY

## ➤ AN EU SOCIAL POLICY THAT IMPROVES COMPETITIVENESS

Europe continues to be one of the best places to live, work and do business. But the EU's competitiveness and attractiveness as a place to work and to invest is declining compared to other world regions. The European economy is falling behind: In 2023, EU GDP grew by 0.5% only vs 3.1% in the US and 5.2% in China. Having a strong economy is a prerequisite for defending our European way of life and, therefore, the EU needs to put competitiveness at the forefront. A strong economy is the basis for growth, employment, investment in the green and digital transitions, as well as other key priorities such as infrastructure, security, social protection.

For Europe's ageing societies, getting more from our work and our investment is particularly important if we want to maintain our living standards. Unfortunately, overall EU productivity in 2022 is only 75% of that enjoyed in the US. The EU has also failed to close its long-term productivity gap with the US. This is threatening Europe's social market economy.

European employment and social policy can and must contribute to improving Europe's competitiveness and productivity. Europe's policy choices have an impact on companies and workers. They determine enterprises' capacity to remain productive, competitive and resilient in the face of potential crises. They have an impact on how companies do business and create job opportunities. They influence labour market participation. They affect how, when and where people work. They guide how people access education and training.

European companies are committed to playing their role, including a positive role in society. However, they are held back by skills and labour shortages and unnecessary costs generated by public policy choices that are putting them at a competitive disadvantage in global markets and discouraging job-creating investment in Europe. In 2022, proposals under the Green Deal alone represented a total of almost €2 billion of additional administrative burden.

For BusinessEurope, social policy over the next five years should focus on:

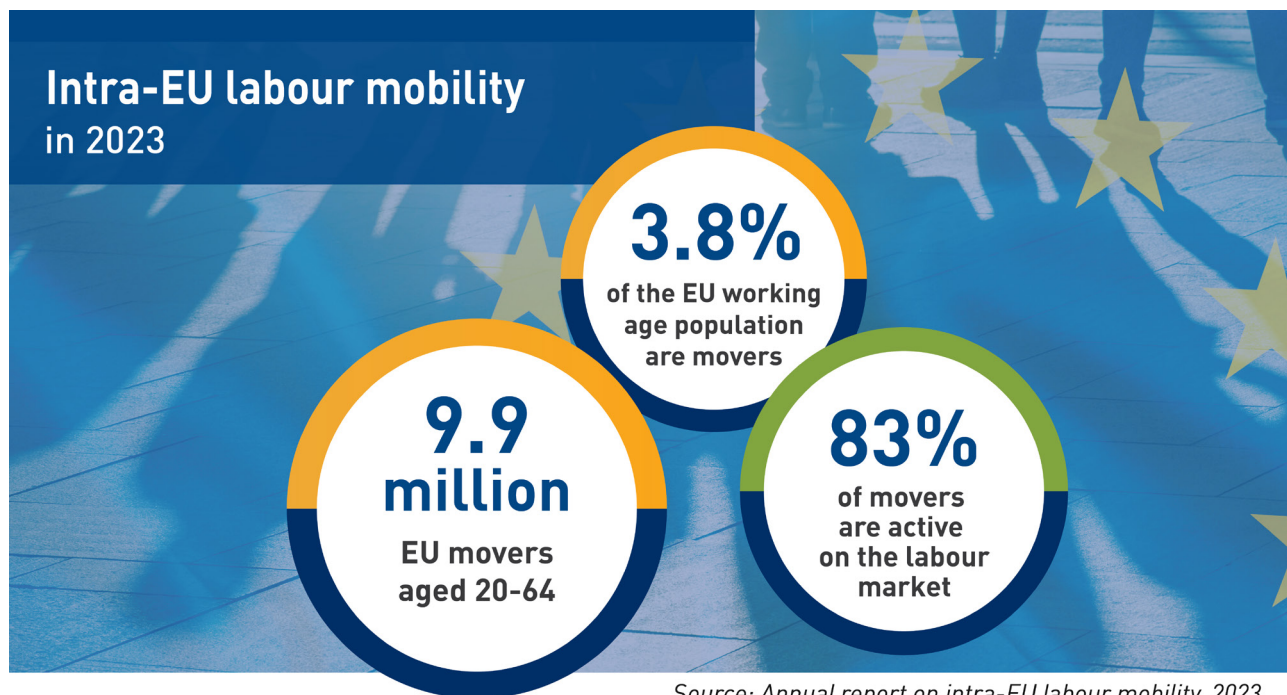
- completing the single market: a functioning labour mobility through the use of digital tools;
- expanding labour market participation, with increased activity resulting from inclusive active labour market policies;
- future proof skills, with a new skills agenda of the EU bringing digital education to the forefront;
- legal migration of skilled workers, with measures to attract talents in the EU more easily;
- competitive sustainability based on a global level playing field on the social dimension of ESG in trade, and accounting.

Furthermore, two horizontal policy changes are urgently needed:

- EU policy makers need to move away from their predominantly regulatory approach to social policy and avoid coming forward with unnecessary new social policy legislative initiatives, which increase compliance costs and burden for European companies and are particularly damaging for SMEs.
- The EU should give the necessary space so that the social dialogue can play its role in helping to find solutions to Europe's labour market challenges. On issues which are within their competence, the European social partners are best placed to find solutions reconciling employers' and workers' needs.

# 1. COMPLETING THE SINGLE MARKET: A FUNCTIONING LABOUR MOBILITY THROUGH THE USE OF DIGITAL TOOLS

One of the core goals of the EU is to enable a well-functioning single market. The free movement of workers is central to this and has a key role to play to improve the functioning of labour markets.



Despite the removal of statutory barriers to intra-EU mobility, in 2023 only 3.8% of the EU working age population were movers<sup>1</sup>. The number of working age EU citizens living in another Member State remains stable, amounting to almost 10 million 20-64 year olds. The number of people moving to another country (859,000) or returning to their country of nationality (656,000), has rebounded to pre-pandemic levels, showing that European mobility is often circular.

There are still practical barriers such as those relating to fragmented posting notification systems, lack of digitalisation in social security coordination, information provision, and recognition of qualifications.

## 1.1 POSTING OF WORKERS

### ➤ Challenges

- Posting a worker to another Member State leads to complicated bureaucratic preparatory steps and posting requirements differ from one Member State to another, with additional and often disproportionate requirements caused by national implementation.
- Bureaucratic barriers discourage and sometimes even hinder employers from posting their employees to another Member State even though they operate in the Single Market.

<sup>1</sup> See the EU [Annual report on intra-EU labour mobility 2023](#).

## ➤ Solutions

- BusinessEurope supports the ongoing work towards developing a common **posting eDeclaration** and urges all Member States to utilise this tool – it could also be implemented by means of a legal proposal. The eDeclaration should include the possibility to submit documents also in other languages, notify several persons in one step, and save data for subsequent postings.
- To reduce complexity and address fragmentation in the single market, the information and documentation requirements for the posting of workers must be significantly streamlined and standardised. For example this can be achieved within the framework of the single market enforcement taskforce (SMET) and potentially through a legislative revision of the enforcement directive 2014/67/EU.
- BusinessEurope supports the setting up of a **remuneration calculator**, which is linked to the national posting websites. This is an initiative that the European Labour Authority (ELA) could lead on.

## 1.2 SOCIAL SECURITY COORDINATION

### ➤ Challenges

- BusinessEurope regrets the ongoing legal uncertainty in the current Regulation on Social Security Coordination 883/04 and recent failure to find a satisfactory approach to the revision of this regulation. This is leading to disproportionate prior notification procedures in the case of business trips and short-term postings, which increases the risk of fines even in the absence of misuse.
- A notable challenge is the limited flexibility for cross-border mobile workers and the possibility that mobile workers have to switch their country of affiliation for social security purposes. The 2023 framework agreement on cross border telework includes the provision that cross-border workers can telework up to 49% of the time without the need to change their country of affiliation for social security purposes. This is welcome. However, there continues to be an uncertain legal framework as Member States may decide not to opt-in or may opt-out at a later stage. The framework agreement could be included in the revision of Regulation 883/04 to create legal certainty.

### ➤ Solutions

- Employers' administrative obligations related to the cross-border mobility of their workers must be reduced. BusinessEurope calls for legal certainty through exemptions from prior notification for business trips and short-term postings.
- Cooperation between Member States in social security matters should be facilitated through better utilising digitalised processes, including the use of the Electronic Exchange of Social Security Information (EESSI) system and the further development of the European Social Security Pass (ESSPASS).
- Additionally, legal certainty should also be created for cross-border teleworkers by transposing the framework agreement on cross-border telework into EU law. The Regulation on Social Security Coordination should be revised to include an independent coordination rule for cross-border mobile working.
- BusinessEurope calls for streamlining similar and connected procedures. For example, the processes of issuing A1 forms and posting notifications should be merged.



## 1.3 INFORMATION PROVISION

### ➤ Challenge

- It remains difficult for employers to find accurate, comprehensive and up-to-date information about the hiring of mobile workers. It is as important to provide information to employers as it is to mobile workers.

### ➤ Solutions

- The ELA should setup a helpdesk providing practical, clear and coherent advice and guidance on applicable EU law and where to find further information on applicable national rules.
- The ELA should support Member States in providing accurate and complete information. The information provided must be useful to mobile workers as well as employers hiring mobile workers.
- The ELA should also finalise the creation of the planned web tool on labour mobility information, acting as an entry point to mobility related information sources at EU and national levels.

## 1.4 RECOGNITION OF QUALIFICATIONS

### ➤ Challenge

- In the case of non-regulated academic qualifications, as well as vocational education and training (VET) qualifications, recognition in one Member State does not automatically ensure recognition in another Member State. The recognition of regulated professions, governed by the Professional Qualifications Directive, is also heavily dependent on varying national approaches to determining which professions are regulated and which ones are not.

### ➤ Solutions

- For non-regulated professions within the EU, BusinessEurope supports a trust-based approach with formal recognition undertaken only if there is a specific need. When formal recognition is undertaken, it is essential that Member States do not create unnecessary burdens on employers at national level or in ways hindering labour mobility, such as excessive administrative requirements or lengthy procedures. As concerns the general process of recognition, BusinessEurope stresses the need to ensure that traineeships or aptitude tests are regulated in the Member States and coordinated at EU level to make sure they do not create excessive burdens on potentially mobile workers, as well as on trainees, and on employers.
- For regulated professions within the EU, the European Commission should further explore and promote the existing possibility to develop common training principles, on a voluntary basis. Together with Member States and social partners, the Commission should prioritise a number of regulated professions where common training principles could facilitate worker mobility and help to offset labour and skills shortages.



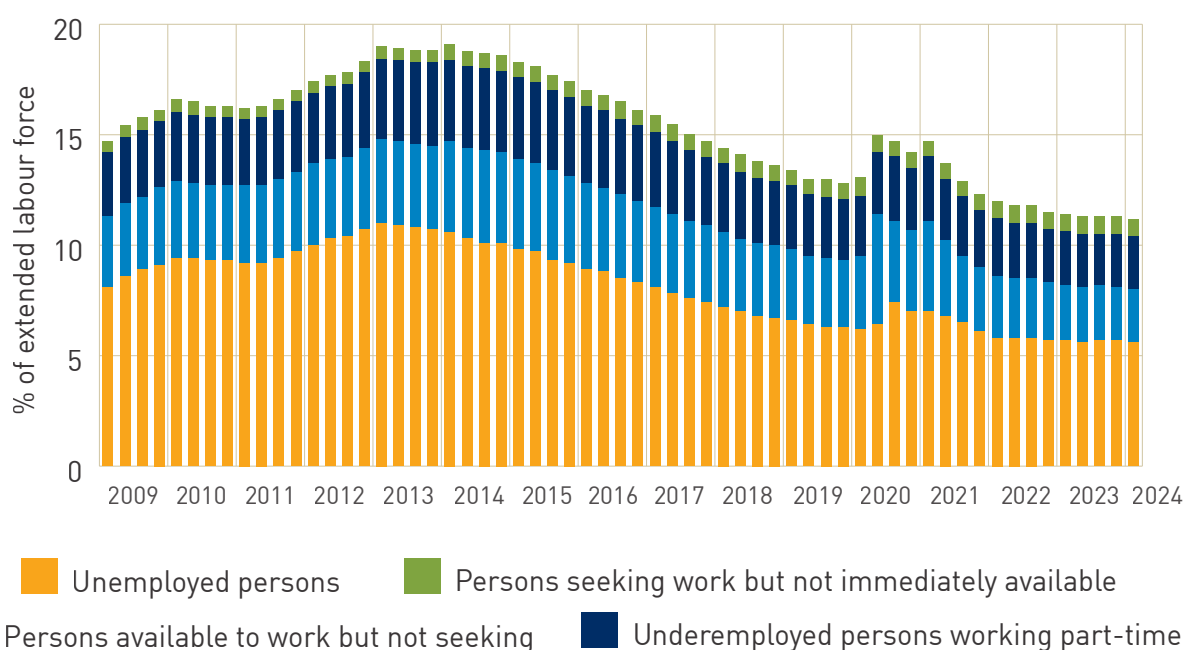
## 2. EXPANDING LABOUR MARKET PARTICIPATION: INCREASING ACTIVITY THROUGH INCLUSIVE ACTIVE LABOUR MARKET POLICIES

A major component of the labour market slack is unemployment. In the second quarter of 2024, unemployed people accounted for almost half of the labour market slack (5.6% of the extended labour force in the EU). The remaining groups making up the labour market slack were: 'persons available to work but not seeking employment' (2.5% of the extended labour force), 'underemployed part-time workers' (2.2%) and 'persons seeking work but not immediately available' (0.9%).

### Labour market slack in the EU

Q1 2009 to Q1 2024

Population aged 20-64, seasonally adjusted data



Source: Eurostat, 2024

### 2.1 INCENTIVISING THE LABOUR MARKET PARTICIPATION OF OLDER WORKERS

#### ➤ Challenge

- According to Eurostat, in 2021, around 1 in 4 people (26.4%) aged 15-64 in the EU were outside the labour force, corresponding to 74,4 million people. In the EU, the unmet demand for employment, the labour market slack, amounted to 11.2% of the extended labour force (aged 15-74 years) in the first quarter of 2024. At the same time, around 1 million EU workers a year are currently leaving the labour market, resulting in high replacement demand and contributing to labour shortages.

## ➤ Solutions

- The European Commission should support the EU Public Employment Services Network in improving its cooperation with private employment services across Europe, as well as between employment services and social services. This is important for reducing inactivity rates and progressing towards EU and national employment rate targets. National specificities and practices should be always taken into account when proposing potential actions.
- Well-designed, in-work benefits also have an important role to play in attracting more workers into the labour force and encouraging employees working part-time to contribute more hours.
- To help reduce the consequences of an ageing population, it is also important to extend working lives by gradually raising the retirement age. Such decisions should be considered and taken at the national level and in close cooperation with national social partners to correspond to the reality of each Member State, societal expectations and the political landscape.
- As part of an approach towards increasing the retirement age, there is room for proposing outside the box solutions. Flexible transitions between employment and retirement, as well as combining income from work and pension allowances, are particularly important. Older workers should not be financially penalised if they decide to work past the official retirement age.

## 2.2 IMPROVING CARE PROVISION

### ➤ Challenge

- Approximately 80% of all long-term care is provided by informal carers - often family members. Without a strong care sector to support the needs of the growing number of individuals needing care, as well as those that need support in providing care, there will likely be considerable repercussions for the labour market. The availability of professional, long-term care services, is essential to allowing family members to continue to work and avoiding an increase in the current labour and skills shortages.

### ➤ Solutions

- Relevant EU funding streams, such as the ESF+, should be used to support the development of national care infrastructures to achieve further progress in fostering employment participation.
- Efforts should be made to further encourage the mobility of the potential workforce of professional careers, especially in cross-border regions, whose skills could be put to good use in different caring-related roles, including childcare and care for the elderly. Talent partnerships and bilateral agreements with third countries for the care sector can also play an important role to attract more care professionals.

## 2.3 LABOUR MARKET INTEGRATION OF FAMILY REUNIFICATION MIGRANTS

### ➤ Challenge

- Less than half of Member States provide unrestricted access to the labour market for family members arriving under the EU's Family Reunification Directive. Some Member States also require family members to obtain a work permit or pass a labour market test in order to work. This



creates uncertainty for family members. These feelings of uncertainty are further exacerbated by restrictive pre-entry conditions and civic integration courses imposed in some Member States.

### ➤ Solution

- A **targeted revision of the Family Reunification Directive** to strengthen and facilitate the labour market participation of family reunification migrants. This would support the labour market activation of a key group of currently inactive workers as well as widen the pool of people that are making social security contributions, reducing dependency on other financial support measures.

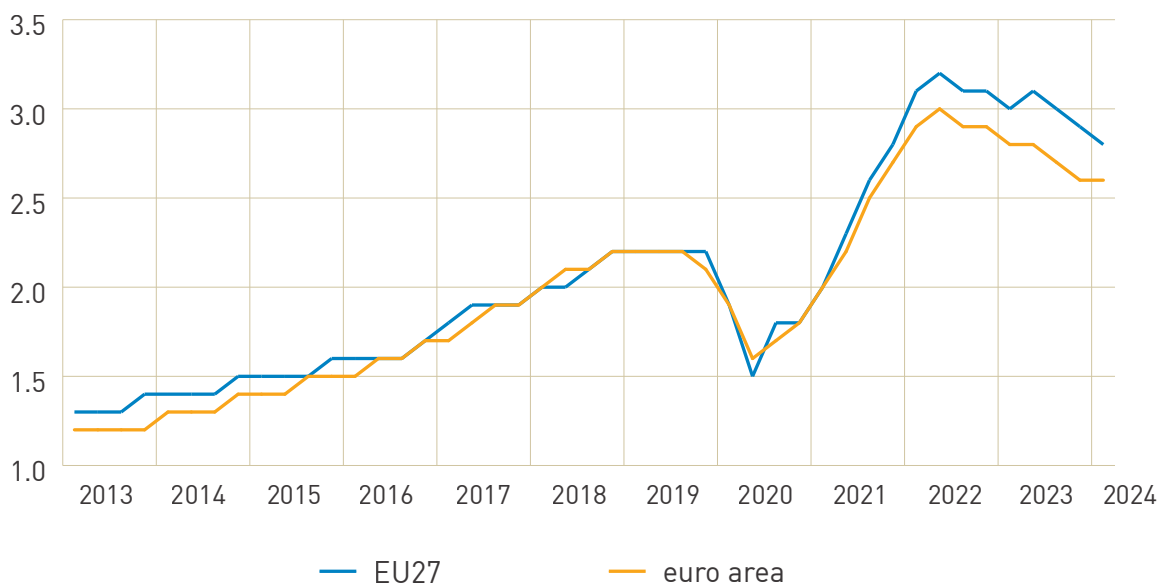
## 3. FUTURE PROOF SKILLS: A NEW EU SKILLS AGENDA WHICH BRINGS DIGITAL EDUCATION TO THE FOREFRONT

Skills are a key factor of competitiveness for European companies. Employers across the EU and in all sectors are experiencing skills and labour shortages. The EU vacancy rate has been growing since 2013, and after a brief reduction during COVID, it has increased significantly as the economy was recovering from the pandemic and is now stagnating at a high rate: 2.6% of jobs in the EU and 2.9% of jobs in the euro area were vacant in the first quarter of 2024. This is holding back economic growth and the ability to finance Europe's social model.

### Quarterly job vacancy rates

Q1 2013 to Q1 2024

NACE Rev. 2 Sections B-S



Source: Eurostat, 2024

## 3.1 SKILLS SHORTAGES AND MISMATCHES

### ➤ Challenge

- Labour and skills shortages remain persistently high. This is mainly due to the combined effects of growing cohorts of older workers reaching retirement age, far fewer new entrants on labour markets and structural skills mismatches.

### ➤ Solutions

- The EU Action Plan to tackle labour and skills shortages is a welcome step to orient national policy action to help reduce these shortages. BusinessEurope urges the Commission and Member States to recognise the importance of tackling the different root causes of shortages when defining further action at EU and national level. It is essential to reinforce the link between the political priorities established in the European semester process and the EU funding instruments – particularly the ESF+.
- It is important to improve social partner involvement in labour market reforms at EU and national level. Building on the employment guidelines and the Council recommendation on strengthening social dialogue, the Commission's relevant directorates general (in particular DG EMPL and DG REFORM) should work together to ensure the timely and meaningful involvement of the social partners in the design and implementation of employment, social and, where relevant, economic reforms. The upcoming review of the technical support instrument (TSI) is a good opportunity to make a step in this direction.
- Well-targeted incentives geared towards employers will be the main factor to make progress towards the target of 60% of all adults participating in training every year by 2030. The European Commission should encourage Member states to use ESF+ resources and other relevant EU funds to stimulate employers' investments in the skills of their workforce. During the next programming period, 2028-2034, 50% of ESF+ resources should be earmarked for actions to support skills development to help address labour and skills shortages. Within this earmarking, 15% should be allocated to financial incentives to encourage employers to provide training. There should also be a thematic concentration on reducing skills mismatches as part of the Erasmus + 2028-2034.

## 3.2 DIGITAL AND STEM SKILLS

### ➤ Challenge

- Digital and STEM<sup>2</sup> skills continue to be the most in-demand skills, reflecting the ongoing adaptation to digitalisation and the greening of our labour markets. STEM skills also play a key role in supporting the development of critical and systemic thinking. This makes the increasing underachievement of EU pupils in attaining basic skills in mathematics, reading and science, when compared with global competitors, such as the US and Japan, a worrying trend. The attainment of basic, transversal and advanced digital skills across different learning pathways (general and vocational education and training), is essential and is insufficiently reflected in EU skills strategies.

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<sup>2</sup> Science, Technology, Engineering and Mathematics.



## ➤ Solutions

Targeted recommendations within the framework of European Semester:

- Promote basic digital skills, make the teaching and acquisition of advanced digital skills a priority of education and training systems, and regularly review the progress made.
- Improve access to learning content, through a mix of traditional, online and blended learning approaches. This requires the development of infrastructure that enables digital and remote learning possibilities.
- Improve teachers and trainers' competence to design, deliver and assess digital education and training courses and curricula.
- Develop industry exposure for teachers and trainers, so that they have a better understanding of the skills and qualifications required by employers.
- Encourage more women to study STEM subjects and to enter STEM-related professions; awareness raising initiatives and combating gender-stereotypes are key in this regard. More broadly, efforts to foster STEM skills are linked to the need to improve basic skills attainment in mathematics and science.

### 3.3 ENTREPRENEURIAL SKILLS

#### ➤ Challenge

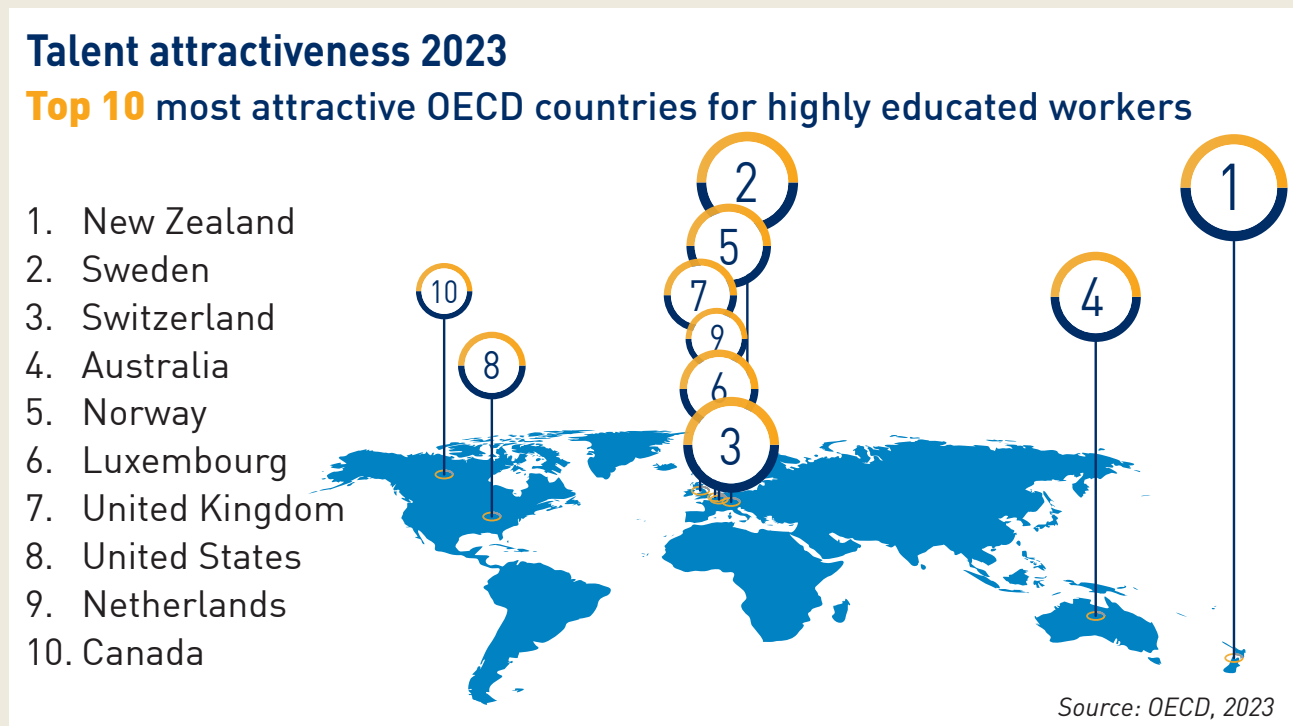
- In addition to supporting skills attainment of new and future workers, it is also important to encourage the learning of entrepreneurial skills which are often overlooked in national skills strategies and curricula.

#### ➤ Solution

- Include targeted proposals in the framework of the European Semester to promote entrepreneurship education and at an early stage in school education, and via vocational education and training. This includes promoting an entrepreneurial mindset and the willingness to take calculated risks.

## 4. LEGAL MIGRATION OF SKILLED WORKERS: ATTRACTING TALENT IN THE EU MORE EASILY

The EU continues to be a less attractive destination for skilled third country nationals.



### 4.1 ATTRACTING TALENT FROM THIRD COUNTRIES

#### ➤ Challenge

- Only 3 Member States feature in the top 10 of the OECD's most attractive destinations for highly educated workers. While Member States must retain their competence over volumes of admission, a more coordinated approach across the EU's legal migration initiatives needs to be further developed.

#### ➤ Solutions

- BusinessEurope welcomes the proposed EU Talent Pool, with an automated matching element that is initially centred around an EU shortage occupation list and that may be broadened at a later stage if successful. This initiative should be set up as soon as possible, enabling employers to post vacancies and search for suitable candidates from third countries in a timely and effective way.
- In parallel to the EU Talent Pool, it is important that Member States fully implement and make use of the revised EU Blue Card Directive for the recruitment of highly skilled third country nationals. The European Commission should also consider possible ways of facilitating access to the EU for entrepreneurs and start-up founders, including through a pilot initiative.

## 4.2 RECOGNITION OF THIRD COUNTRY QUALIFICATIONS

### ➤ Challenge

- Complex and bureaucratic procedures, as well as the lack of a common approach, limit the understanding of third country qualifications between key countries of origin and the EU.

### ➤ Solution

- Efforts to develop trust between the key countries of origin and the EU are a necessary step forward. This should build on existing work on the transparency of qualifications in the context of the European Qualifications Framework. It is important to build on the Commission Recommendation on the recognition of third country qualifications by creating a comprehensive European strategy for the improved recognition of third country qualifications and by using the provisions included in our trade agreements.

## 4.3 ADMINISTRATIVE PROCEDURES

### ➤ Challenge

- The nature and extent of the challenges that employers face vary from country to country, depending on the national provisions that are already in place. These challenges include: slow and complex recognition procedures; uncertainty about the comparability of skills and qualifications; bureaucratic administrative procedures that can be slow and which are often not digitalised; long waiting times for visa appointments and, language issues. These factors can make it difficult for employers to plan the recruitment of third country nationals and to organise their wider recruitment strategy.

### ➤ Solutions

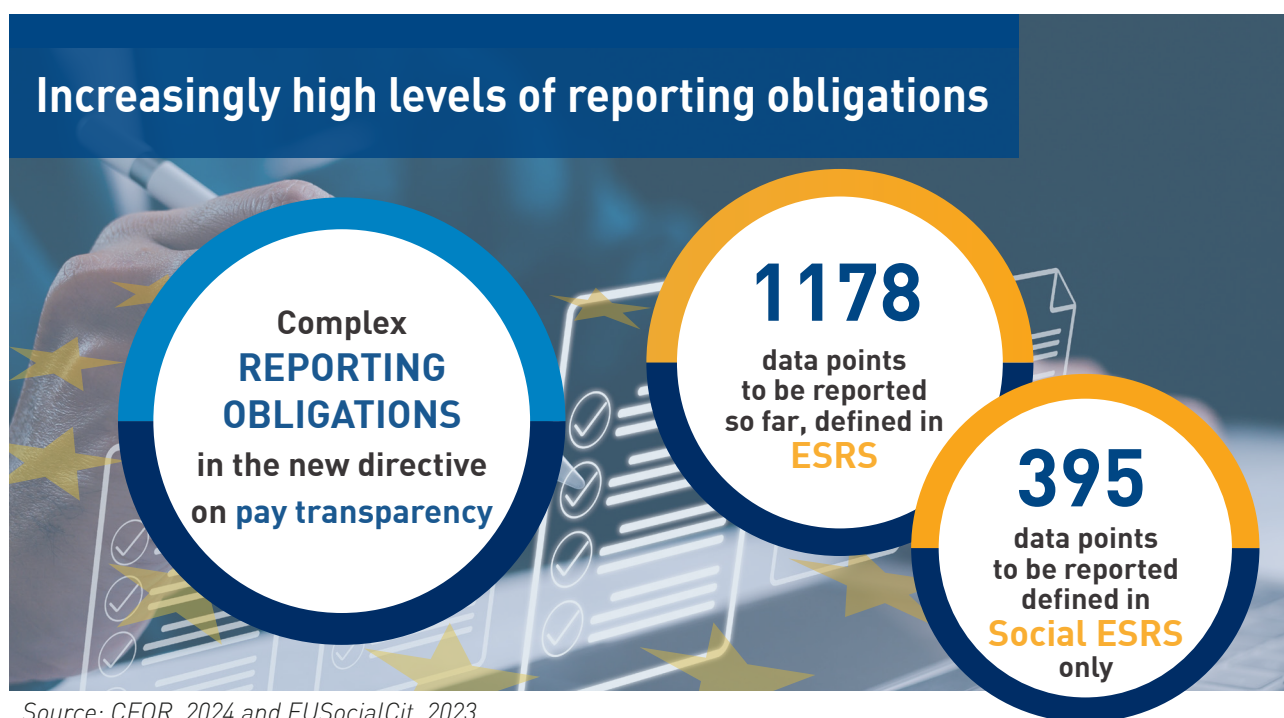
- It is important to make administrative procedures and communication channels more transparent and customer-oriented; and to simplify and digitalise these procedures, which would help to reduce waiting times for visas. Uniform visa application processes and the possibility to submit documents in English would also greatly facilitate the process.
- National contact points and support services for employers should also be established, where this is not already the case.



## 5. COMPETITIVE SUSTAINABILITY BASED ON A LEVEL GLOBAL PLAYING FIELD: THE SOCIAL DIMENSION OF ESG IN TRADE AND ACCOUNTING

The nature of the social dimension of ESG should be carefully considered and be based on a company's main relationships and core responsibilities towards its employees, customers, suppliers, and society at large. Companies are at the forefront of addressing society's needs. This includes creating inclusive workplace cultures and making products that are safe and sustainable – in order to achieve a strong social performance to attract top talent, enhance customer loyalty and stakeholder trust, and open new markets. Burdensome reporting obligations, usually accompanied by unclear and vague reporting standards, should not hinder companies to fulfil their role in society.

The combined effect of the legal obligations from several pieces of legislation impose increasingly high levels of reporting requirements on European companies: the complex reporting obligations of the directive on pay transparency, the 1178 data points to be reported as part of the European Sustainability Reporting Standards (ESRS) and the 395 data points to be reported in Social ESRS (199 data points under ESRS S1 on own workforce, 67 data points on ESRS S2 on workers in value chains, 65 data points under ESRS S3 on affected communities and 64 under ESRS S4 on consumers and end users).



## 5.1 REPORTING OBLIGATIONS

### ➤ Challenge

- There are many uncoordinated, complicated and unpredictable reporting obligations in the area of social sustainability, with duplications and overlaps. The burden of complex and incoherent reporting obligations is weighing heavily on European companies and putting them at a disadvantage compared with their global competitors. There is an urgent need to reduce such requirements, so that businesses can comply and implement them. This is in line with the 25% commitment outlined in the European Commission's Communication on the EU's long-term competitiveness.

### ➤ Solutions

- When assessing whether EU social legislation is fit for purpose from a regulatory burdens perspective, the following criteria must be fully taken into consideration: the objective of the legislation; the result of impact assessment and evaluations; the result of an improved SME and competitiveness test, opinions of the Regulatory Scrutiny Board; the extent of leeway for implementation at national level; respect for the role of social partners; the use of derogations or lighter regimes; active and passive gold-plating; risk-based approaches; the end-user focus; digital solutions; and reuse of data.
- In line with the political guidelines for the next European Commission, each Commissioner must focus on reducing administrative burdens and simplifying implementation in their respective areas of responsibility.
- Before being introduced, the added value of reporting obligations should be assessed i.e. whether they solve a particular problem or benefit companies etc. Thereafter, the nature of the requirements should reflect business realities and, therefore, be simple, understandable, and easy to implement. Companies must be able to fulfil these requirements without the need for external help.
- In this respect, the Pay Transparency Directive needs to be improved to remove the unjustified regulatory burdens.
- The reporting requirements on pay foreseen in the Pay Transparency Directive are more demanding than those laid down in European Sustainability Reporting Standards. There needs to be consistency between the texts, without overlapping and confusing obligations. The pay report should be deemed adequate when complying with the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD).
- For future revisions of the Accounting Directive, we support an assessment of a possible adjustment of the staff headcount threshold to 500 that would remove thousands European companies from the CSRD/Taxonomy scope.

## 5.2 SUSTAINABLE FINANCE

### ➤ Challenges

- Social sustainable finance debates do not acknowledge the broad contribution of companies to society: the production of goods and services needed; creation of jobs, investment in skills and training for employees; contributions to social security systems and occupational benefits; and, various actions taken to mitigate negative impacts of necessary activities when they exist.

- The approach taken in the field of sustainable finance needs to acknowledge that the EU Treaty only allows for minimum standards in the area of social affairs rather than harmonisation. A significant part of the issues relating to social investments (pay, skills, training, social provisions and benefits) are clearly defined as being of national competence in the Treaty. These areas therefore cannot be included in an EU harmonising regulation with common EU social performance criteria. The existing EU taxonomy on sustainable finance cannot be the basis for a new social taxonomy.

## Solutions

- Do not limit the social sustainability debate to covering impacts related to human rights and corporate social responsibility (CSR) aspects.
- Start from the real business-case for private companies from all economic sectors to make use of sustainable finance opportunities, on top of their own resources, to improve the productive capacity of their workforce.
- Recognise the instrumental role of the State in facilitating social sustainability by creating an enabling environment through supportive policies and incentives, paving the way for businesses to prioritise social sustainability measures, avoiding regulatory micro-management.



## 6. HOW TO GET THERE: TWO HORIZONTAL POLICY CHANGES NEEDED

It is not possible to ensure social well-being, based on a declining economy. An essential part of the answer to Europe's competitiveness challenge is reducing the ever-increasing regulatory burden and reporting duties on companies which derives from EU social policy. Moreover, the EU must give the necessary space for social dialogue to play its role in devising balanced solutions to labour market challenges. BusinessEurope is committed to continue working with the other European social partners for the Pact for European Social Dialogue sketched out in the Val Duchesse declaration, as part of an economic and social partnership reconciling employers' and workers' needs.



Source: EUSocialCit, 2023

### 6.1 MOVING AWAY FROM A PURELY REGULATORY APPROACH

#### ➤ Challenge

When it was proclaimed in Gothenburg in 2017, the European pillar of social rights made clear that it was a shared political commitment and responsibility of the signatories, to be implemented at both Union level and Member State level, within their respective competences. It also stated that it does not entail an extension of the Union's powers and tasks as conferred by the Treaties and that it should be implemented within the limits of those powers. The past 5 years departed from this approach. They have been characterised by the growing outreach of the EU's social dimension and EU legislation. This can be seen in the 91 initiatives that have originated from the pillar, including 16 Directives. Within this, there have been 23 measures in education and training, which is a national competence. The EU has dealt with issues that have encroached on both national and social partners' competences, including, for example, in the area of education and training. It often failed to take into account the impact on companies' competitiveness and on the attractiveness of the EU as a place to invest and do business.

## ➤ Solutions

- Create the conditions for the development of productive, competitive and resilient companies by giving greater consideration to the economic dimension of EU social policy and moving away from a predominantly regulatory approach to this area. Take different socio-economic environments and the diversity of national systems and of the role of social partners properly into account when implementing the pillar of social rights.
- Carry out competitiveness checks on all EU social policy and legislative proposals and, if legislation is needed, ensure that it is competitiveness-friendly and does not create unnecessary administrative burdens or compliance costs for employers.
- Respect the principles of subsidiarity and proportionality, fully complying with:
  - ▶ article 153.4 of the Treaty by respecting the right of Member States to define the fundamental principles of their social security systems, ruling out EU social policy initiatives significantly affecting the financial equilibrium.
  - ▶ article 153.5 of the Treaty which clearly states that the EU's legislative competence does not include pay, the right of association, the right to strike or the right to impose lockouts.
  - ▶ article 166 of the Treaty, which underlines that Member States are responsible for the content and organisation of vocational training.

## 6.2 EU SOCIAL DIALOGUE: AUTONOMY AND RESPONSIBILITY FOR EU SOCIAL PARTNERS

### ➤ Challenge

- In today's fast evolving world of work, employer-worker relations are rapidly changing. Companies needs are constantly evolving and are diverse. So are workers needs and wishes. Flexibility is an important feature and social partners play a key role in reconciling the diverse needs and expectations of companies and workers. However, they can only play this role if public authorities enable a sound social partnership that helps to address the economic and social challenges facing European employers and workers at the appropriate level.

### ➤ Solutions

- Legislators should give the necessary space to allow social partners to devise flexible and balanced solutions, which are acceptable to both sides of industry, taking into account national industrial relations systems and practices. They should avoid legislating on issues which are of the competence of the social partners.
- At EU level, the Commission should fully respect the prerogatives of the social partners and leave the necessary space for the development of a new European social partners' programme 2025-2028.
- The European Commission should swiftly put in place the European Social Dialogue Envoy. It should support the provision of ESF+ resources for the continued capacity building of national social partners, establishing the principle of a differentiated approach between social partners and NGOs as concerns the allocation of ESF+ funds for capacity-building.



- Now that the role of social dialogue coordinators has been established across the Commission DGs, it is important that these people take their role seriously and that they effectively engage with social partners on matters within the competence of social partners.
- At national level, Member States should better involve national social partners when implementing the 2023 Council Recommendation on strengthening social dialogue in the European Union. This will ensure that the measures taken at national level also create the necessary space for autonomous social dialogue and collective bargaining to develop, and build the capacity of national social partners, taking into account national circumstances.

## CONCLUSION

Social progress can only be based on economic success. To ensure the smooth functioning of our social market economy, the EU needs to be an attractive place for investment.

EU policymakers need to ensure that EU social policy contributes to the new European Competitiveness Deal by helping to address labour and skills shortages and promoting mobility. They should move away from a predominantly legislative approach to social policy and leave the necessary space for social dialogue solutions.

European social partners should also play their role by engaging in an economic and social partnership which is aimed at ensuring that economic progress leads to social progress.

BusinessEurope is strongly committed to helping shape an economically viable social policy and to engage in such an economic and social partnership.



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