

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards Common Principles of Flexicurity: More and better jobs through flexibility and security’

COM(2007) 359 final

(2008/C 211/15)

On 27 June 2007 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards Common Principles of Flexicurity: More and better jobs through flexibility and security.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 April 2008. The rapporteur was Thomas Janson and the co-rapporteur was Christian Ardhe.

At its 444th plenary session, held on 22 and 23 April 2008 (meeting of 22 April 2008), the European Economic and Social Committee adopted the following opinion by 147 votes to 1 with 8 abstentions.

1. Conclusions and recommendations

1.1 The EESC welcomes the inputs from the European Parliament, the Council and the European social partners into the flexicurity debate. In a changing world it is essential to discuss how the balance between flexibility and security at EU and Member State level can contribute to the creation of more and better jobs.

1.1.1 The EESC has already emphasised that the flexicurity concept does not mean unilateral and illegitimate reduction of workers' rights. The European social partners have called upon Member States to review, and if necessary adjust, the design of labour law, job protection systems and, together with the social partners, collective bargaining practice with a view, for example, to 'ensuring an optimal balance between flexibility and security for all employment relationships [and] providing adequate security for workers under all forms of contracts in order to tackle segmented labour markets'.

1.2 The discussions on flexicurity have also triggered debates in Member States and concerted action in a few. This underlines that it is important for the social partners to be actively involved in the debate and the decision-making process.

1.3 The EESC emphasises that flexicurity cannot be viewed separately from the challenges facing the European Union. Globalisation, the rapid development of new technologies and the demographic challenge as well as environmental challenges are changing the European labour market. Flexicurity should be a part of a response to these external and internal trends and pressures, aiming for a fair balance between workers and employers.

1.4 The EESC considers that Europe should focus on its innovation capacity, the high quality of its products and services,

its well-trained workforce and its social model, and should compete with its global competitors on quality. This should be reflected in the Employment Guidelines. The EESC would like to see changes in the guidelines due to the flexicurity discussions and especially regarding the quality of jobs.

1.5 Finally, the Committee makes some recommendations regarding the implementation of flexicurity. It

- recommends that the Commission take stock of the different contributions and views on the Commission Communication, and that it consult Member States social partners at all levels;
- encourages the Commission to monitor the implementation process and to establish a platform for exchange of good practices that includes the social partners; supports the active involvement of social partners in the design and implementation of flexicurity policies within the Member States in all stages of the process;
- emphasises that mutual trust between the actors involved is very important;
- underlines that sound macroeconomic policies fostering employment growth, as well as a favourable business environment realising and supporting the full growth potential, are important preconditions for flexicurity to work; encourages Member States and the EU to create and maintain a legal framework conducive to adaptability, which is simple, transparent and predictable, as well as to strengthen and uphold employees' rights and their justiciability, and to promote throughout the EU a stable legal framework for collective bargaining and social dialogue when implementing flexicurity;

- points out that general welfare systems can improve mobility by ensuring that workers do not lose out when they are confronted with changes affecting their workplace; to follow national and EU rules on information and consultation is important for anticipating change and mitigating its consequences; underlines the importance of devoting economic resources to flexicurity, including public and private aid for employees in transition to a new job;
- emphasises that all relevant policies should be mutually reinforcing;
- wants to see an integrated, multi-level approach; given the multidimensional nature of flexicurity, it is important to strive for an integration of different policy levels;
- argues that new risks should be taken into account and that transitions should be rewarded in the implementation of flexicurity but also that permanent job contracts should not be systematically abolished;
- thinks that in five years time the Commission should undertake a review of flexicurity practices in the Member States and especially their impact on employment rates in both the Member States and at EU level.

2. Background

2.1 Flexicurity has been an ongoing issue ever since the first employment guidelines were adopted. However, the current debate started in January 2006 with an informal Council meeting on flexicurity. The 2006 Spring European Council asked Member States to direct special attention to the key challenge of 'flexicurity'. At two Tripartite Social Summits, in conjunction with the December 2006 and March 2007 European Summits, the issue of flexicurity was discussed. The Commission published a Communication on flexicurity in June 2007 which has been discussed and processed in the European Parliament and the Council, and the Council Decision was unanimous. Furthermore, in October 2007 the social partners concluded a joint analysis of key challenges facing European labour markets, including recommendations on flexicurity. The EESC welcomes all contributions and especially the European social partners' joint analysis ⁽¹⁾.

2.2 The discussions on flexicurity have also triggered debates in Member States and, recently, concerted action in some. The EESC welcomes these discussions and activities but underlines that it is crucial that the social partners should be actively involved in the debate and the decision-making process.

⁽¹⁾ 'Key challenges facing European labour markets: A joint analysis of European social partners', October 2007.
URL: http://www.ceep.eu/media/right/publications/key_market_challenges_facing_european_labour_markets.

2.3 Taking the EESC opinion on flexicurity that was adopted in July 2007 ⁽²⁾ as a still valid basis the present opinion intends to:

- present the EESC's views on important focus points in order to facilitate the implementation of flexicurity in Member States and to look at the consequences for EU policies;
- maintain the EESC's views regarding the crucial role of social partners' and further highlight the role of civil society in this process.

3. Implementing flexicurity

3.1 The EESC welcomes the various inputs into the flexicurity debate. In a changing world it is essential to discuss how the balance between flexibility and security at EU and Member State level can contribute to the creation of more and better jobs.

3.2 Challenges for the labour market

3.2.1 Flexicurity cannot be viewed separately from the challenges facing the European Union. Globalisation, the rapid development of new technologies and the demographic challenge are changing the European labour market. The EESC would however like to add that the environmental challenges are also likely to have an impact on labour markets. Flexicurity should be a part of a response to these external and internal trends and pressures, aiming for a fair balance between social, environmental and economic progress.

3.2.2 The EESC is of the opinion that environmental challenges will affect Europe's labour markets. They will increase pressure to save energy and introduce systems for a more sustainable environment. But they can also spur technological innovation contributing to economic growth and employment growth.

3.2.3 The Committee has observed that climate change may accentuate current social distortions and gaps ⁽³⁾, in both the EU and in other parts of the world. It has also noted that the objective must be to manage adaptation and achieve mitigation without causing unemployment and social distortion ⁽⁴⁾.

⁽²⁾ EESC opinion of 11 July 2007 on *Flexicurity (collective bargaining and the role of social dialogue)*, rapporteur: Mr Janson (OJ C 256, 27.10.2007).

⁽³⁾ See <http://www.etuc.org/a/3356> *Climate change and employment*.

⁽⁴⁾ EESC opinion of 24 October 2007 on *Climate Change and the Lisbon Strategy*, rapporteur: Mr Ehnmark (NAT/362, OJ C 44, 16.2.2008), point 1.11.

3.2.4 Globalisation and the resulting integration of markets are affecting Europe's labour markets. Consumption, production and investment patterns are changing. These developments are not inevitable nor are they impossible to affect or shape. Legislation on health and safety and workers' rights improve working life and shape global norms. Product standards can improve competitiveness with due regard to adaptability of enterprises. Nevertheless, European labour markets will have to adjust to meet the challenges of a globalised world. In many respects, Europe has benefited from globalisation. The single market has helped to create globally competitive companies in the EU. The EU has consequently been able to sell products and services at the top of the value chain.

3.2.5 Globalisation and technological change have not undermined employment growth in Europe. Over the period 1995-2005, the EU saw a net expansion of employment with 18,5 million jobs created. The number of job losses due to trade-related adjustment is small compared with the overall rate of job creation in the economy. Indeed, openness to trade can increase employment possibilities, as recent developments in the European Union have shown.

3.2.6 But globalisation can also cause increased vulnerability. Companies are exposed to increased competition. Jobs that were previously considered as protected are now exposed to international competition. Services that for many years were considered as local can now be provided across borders. Restructuring takes place more often and at a quicker pace. When workers who are trade-displaced become re-employed they typically receive lower pay. Thus for many globalisation is about losing income when they move to new jobs. In fact, the wage share of the economy has decreased. The social partners have also remarked that in comparison with the US, the EU has created more jobs in sectors at the lower end of the productivity growth scale while employment in sectors experiencing high productivity gains has declined ⁽⁵⁾.

3.2.7 Labour market changes have led to an increasing share of part-time and fixed-term work. These types of employment may have helped to ease entry into employment and increase employment rates in Europe. But workers in temporary employment tend to be less productive, receive less employer-supported training ⁽⁶⁾ and are more prone to work-related accidents ⁽⁷⁾. They also risk getting stuck in temporary employment. Just over half of those with temporary contracts have a permanent

contract after six years compared to more than three-quarters of those who started with a permanent contract ⁽⁸⁾.

3.2.8 To meet the demographic challenges new services and employment opportunities need to be created within, for example, child care and elderly care. Within this framework Europe also needs to improve work organisation, gender equality and work-life balance.

3.2.9 Fiscal policy in many EU countries has tended to be loosened in good times and tightened in the lower part of the business cycle. This is notably the case with the larger euro area countries. In addition, public debt remains high in a number of EU countries in the light of demographic ageing ⁽⁹⁾.

3.3 The Employment Strategy and flexicurity

3.3.1 When implementing flexicurity policies in Member States, the Employment Guidelines will give Member States indications on what sort of labour markets and economy Europe should aim at. The EESC's view on this is clear: Europe should focus on its innovation capacity, the high quality of its products and services, its well-trained workforce and its social model, and should compete with its global competitors on quality and not enter a race for the lowest wages and social standards in which Europe is bound to be the loser ⁽¹⁰⁾.

3.3.2 Several of the Employment Guidelines could form the basis for a discussion on flexicurity. The EESC would like to see changes in the guidelines reflecting its recommendations, especially regarding quality of jobs, as stated in its opinion on the Employment Guidelines ⁽¹¹⁾.

3.3.3 On several occasions, the EESC has commented on the revised Lisbon process and the new Employment Guidelines ⁽¹²⁾. The Committee has welcomed the new integrated approach and the multiannual cycle but has also pointed out that:

— in some areas, there are inconsistencies between the Broad Economic Policy Guidelines and the Employment Guidelines;

⁽⁵⁾ See footnote 1.

⁽⁶⁾ 'Assessing the impact of labour market policies on productivity: a difference-in-differences approach'. OECD Social, Employment and Migration Working Papers No 54, 2007.
URL: <http://www.oecd.org/dataoecd/27/20/38797288.pdf>.

⁽⁷⁾ European Working Conditions Survey (European Foundation for the Improvement of Living and Working Conditions).

⁽⁸⁾ Joint analysis (see footnote 1).

⁽⁹⁾ Idem.

⁽¹⁰⁾ EESC opinion of 13 September 2006 on *Quality of working life, productivity and employment in the context of globalisation and demographic challenges*, rapporteur: Ms Engelen-Kafer (OJ C 318, 23.12.2006), point 1.1.

⁽¹¹⁾ 'Employment Guidelines' (SOC/303), rapporteur: Mr Greif (scheduled for adoption in March 2008). The new set of Employment Guidelines for 2008-2010 that was proposed by the Commission in December 2007 is identical to the previous package (2005-2008).

⁽¹²⁾ EESC opinion of 31 May 2005 on *The Employment Guidelines: 2005-2008*, rapporteur: Mr Malosse (OJ C 286, 17.11.2005), EESC opinion of 17 May 2006 on *Employment Guidelines*, rapporteur: Mr Greif (OJ C 195, 18.8.2006) and EESC opinion of 24 April 2007 on *Guidelines for employment policies*, rapporteur: Ms O'Neill (OJ C 168, 20.7.2007).

— success depends above all on the Member States taking their responsibilities seriously and actually putting the agreed priorities into practice at national level;

— national parliaments, social partners and civil society must be genuinely involved in all stages of employment policy coordination.

3.3.4 The EESC has also pointed out that one key to the success of the National Reform Programmes is the widest possible involvement of all relevant social players — in particular the social partners — in every phase of the process, and that the role of the social partners has to be strengthened ⁽¹³⁾. The Committee would also like to emphasise the importance of consulting national economic and social councils within this framework.

3.4 *The concept of flexicurity*

3.4.1 Flexicurity can play a major part in achieving the objectives of the renewed Lisbon Strategy, framing national reforms and policy options. However, neither the concept nor the components of flexicurity are new. The first Employment Guidelines, adopted in the context of the European Employment Strategy in 1998, already called on the social partners to negotiate a balance between flexibility and security.

3.4.2 The EESC wishes to underline that there is no single solution for all and that the right mix will vary in different Member States. The EESC has already stressed that the debate has been mostly limited to increasing external flexibility and ways of compensating for such an increase by strengthening labour market policies or social security provisions. Instead, the aim should be to focus on other dimensions to more effectively create win-win situations ⁽¹⁴⁾. Flexicurity also entails deciding the balance of rights and obligations between employers and workers where balanced and fair packages need to be negotiated ⁽¹⁵⁾.

3.4.3 Flexicurity is used, among others, by the Commission when assessing National Reform Plans and by the Presidency when discussing labour market challenges. It has become a framework for evaluating Member States' labour markets. The Commission must take note of all recent developments and contributions. To assess the different, often very complex preconditions in the different Member States a close cooperation with the relevant actors is essential. The social partners must be consulted before governments present their National Reform Plans.

⁽¹³⁾ EESC opinion of 17 May 2006 on *Employment Guidelines*, rapporteur: Mr Greif (OJ C 195, 18.8.2006).

⁽¹⁴⁾ EESC opinion of 11 July 2007 on *Flexicurity (collective bargaining and the role of social dialogue)*, rapporteur: Mr Janson (OJ C 256, 27.10.2007), point 1.1.

⁽¹⁵⁾ *Ibid.*, point 4.1.

3.5 *Components in the implementation of flexicurity*

3.5.1 The EESC has already emphasised that the flexicurity concept does not mean unilateral and illegitimate reduction of workers' rights, an idea the EESC rejects ⁽¹⁶⁾. The European social partners ⁽¹⁷⁾ have called upon Member States to review, and if necessary adjust, the design of labour law, job protection systems and, together with the social partners, collective bargaining practice with a view to:

— 'ensuring an optimal balance between flexibility and security for all employment relationships;

— providing adequate security for workers under all forms of contracts in order to tackle segmented labour markets;

— developing complementary employment security measures promoting transitions to productive and rewarding jobs;

— enhancing legal certainty and transparency for both employers and workers with regard to the scope, coverage and the enforcement of labour law;

— implementing and respecting at national level the principles and rules of European social directives, including those deriving from a framework agreement among European social partners, as well as the basic principles of equal treatment and non-discrimination;

— promote stable employment relationships and sustainable labour market practices;

— put in place the framework to develop workplace practices improving the work/life balance and in this way promoting full use of the productive potential of the European labour force.'

3.5.2 The Committee agrees with the importance of comprehensive lifelong learning strategies and better investment in human resources as crucial for achieving the Lisbon strategy. Nevertheless, Eurostat figures show that little or no progress has been made when it comes to increasing workers' participation in lifelong learning. The importance of lifelong learning for improving workers' skills, career opportunities and productivity has been stressed in a number of recent EESC opinions. Whilst many commitments have been made in the past to lifelong learning, in practice much remains to be achieved by Member States and other actors. In 2002, the European social partners agreed on a Framework of actions for the lifelong development of competencies and qualifications.

⁽¹⁶⁾ *Ibid.*, point 1.4.

⁽¹⁷⁾ See footnote 1.

3.5.3 The EESC would argue that inclusive welfare systems combined with active labour market policies improve job-matching and encourage innovation and higher productivity in vulnerable industries which are crucial for Europe's future competitiveness. An important part of flexicurity is unemployment benefits with high replacement rates which are efficient and employment-oriented, providing additional possibilities for adequate job matching into quality employment, while enhancing employment security. It is therefore not only a matter of offering 'adequate' replacement levels but also ensuring that they maintain a proper living standard while remaining sustainable, and linking them to activation strategies and high-quality employment services.

3.5.4 The EESC has earlier stressed the importance of gender equality ⁽¹⁸⁾. Policies should be implemented to reconcile professional, private and family life as well as measures which enable both women and men to realise their professional potential and to become economically independent. The EESC encourages the European Institute for Gender Equality to monitor flexicurity from a gender perspective.

3.5.5 Geographical and professional mobility of workers are necessary tools for ensuring efficient labour markets and alleviating the mismatch between labour demand and supply, by reducing bottlenecks in specific sectors and professions. Geographical mobility can contribute to upward convergence of working and living conditions. Furthermore, geographical and occupational mobility also have a significant impact on growth and employment levels. In recent years, Member States with the highest overall levels of mobility have also registered strong economic growth and low — or significantly reduced — unemployment rates. This points to a relationship between mobility levels and strong economic and labour market performance.

3.6 Flexicurity and the different stakeholders

3.6.1 The EESC underlines the importance of social dialogue and of the social partners being actively involved at all relevant levels in the design and implementation of flexicurity policies ⁽¹⁹⁾. As the EESC pointed out in its previous opinion, strengthening industrial relations systems at European and national levels is essential for any discussion on flexicurity.

3.6.2 Flexicurity requires a climate of trust and broadly-based dialogue among all stakeholders, where all are prepared to take the responsibility for change with a view to socially balanced policies. This includes also the possibilities of monitoring and evaluating the implementation as well as the results of policies.

⁽¹⁸⁾ EESC opinion of 11 July 2007 on *Flexicurity (collective bargaining and the role of social dialogue)*, rapporteur: Mr Janson (OJ C 256, 27.10.2007).

⁽¹⁹⁾ Ibid., point 4.1.

3.6.3 Civil society also has a role in implementing flexicurity. Social NGOs provide essential services for those at risk or experiencing marginalisation and contribute to reconciliation of family and professional life. Educational associations encourage and provide lifelong learning for adults. Organised civil society can help to increase the quality of employment and mitigates challenges faced by the most vulnerable groups facing discrimination within the European labour market such as young and older people, women, migrants and disabled people.

4. Recommendations

4.1 The EESC urges the Commission to take stock of the different contributions and views on the Commission Communication, and other recent developments. Member States and social partners at all levels also have a role in shaping the concept of flexicurity when it is implemented. This is essential as flexicurity is used in the evaluation process of Member States' National Reform Programmes.

4.2 When Member States incorporate the common principles in their National Reform Programmes, providing a mix of the national policies according to their conditions and practices, the EESC encourages the Commission to monitor the whole process and to establish a platform for good practices exchange and benchmarking including especially the social partners but also organised civil society. The EESC therefore welcomes the fact-finding 'Mission for Flexicurity' set up by the Commission.

4.3 The EESC supports the active involvement of social partners in the design and implementation of flexicurity policies in all stages of the process. The EESC has previously underlined the need for 'a strong and vital social dialogue where the social partners actively participate and are able to negotiate, influence and take responsibility for the definition and components of flexicurity and evaluation of its outcomes ...' ⁽²⁰⁾.

4.4 Mutual trust is very important between the actors involved. Organised civil society can play an important role in increasing trust but also in providing stepping stones for those furthest away from the labour market.

4.5 Important preconditions for flexicurity to work are sound macroeconomic policies fostering employment growth and a favourable business environment realising and supporting the full growth potential.

⁽²⁰⁾ EESC opinion of 11 July 2007 on *Flexicurity (collective bargaining and the role of social dialogue)*, rapporteur: Mr Janson (OJ C 256, 27.10.2007), point 1.3.

4.6 The EESC encourages Member States and the EU to create and maintain a legal framework conducive to adaptability, which is simple, transparent and predictable, as well as to strengthen and uphold employees' rights and their justiciability, and to promote throughout the EU a stable legal framework for collective bargaining and social dialogue when implementing flexicurity. The basis of all flexicurity models is a policy able to guarantee high levels of social protection, the assumption of responsibility by adequately funded public services, and a stable legal framework for collective bargaining and social dialogue. In this framework the ILO labour standards and EU legislation, being transparent and predictable, are important bases.

4.7 General welfare systems can improve mobility by ensuring that workers do not lose out when they are confronted with changes affecting their workplace. To follow national and EU rules on information and consultation is important for anticipating change and mitigating its consequences. The EESC has in a previous opinion proposed that the Directive on European Workers' Councils should be reviewed⁽²¹⁾ and the Commission has recently launched a second phase consultation that gives social partners the opportunity to start negotiations with a view to revising the existing legislation. The Committee also encourages the Council and the Commission to try to resolve pending legislation in the social field.

4.8 The EESC underlines the importance of devoting economic resources to flexicurity. Implementing flexicurity without investing in strengthening institutions, active labour market policies and lifelong learning will not bring about a high

quality labour market. This would include the extension of security to precarious jobs. Policies should focus on integrating women, youth and older people into the labour market. Flexicurity should be applied with a holistic and consistent approach. In this respect, devoting appropriate resources to European funds such as the European Social Fund (ESF) and the European Regional Development Fund (ERDF) is essential.

4.9 The EESC emphasises that all relevant policies should be mutually reinforcing. Growth, jobs, social cohesion and the environment are equally important and mutually enabling. Sustainable growth is a function of higher welfare aspirations and an improved environment.

4.10 The EESC wants to see an integrated, multi-level approach. Given the multidimensional nature of flexicurity, it is important to strive for an integration of different policy levels. A more coherent policy to tackle the issue, increased interaction between the different actors and levels is needed to improve economic and social cohesion.

4.11 The EESC argues that new risks should be taken into account and that transitions should be rewarded in the implementation of flexicurity. Globalisation will increase risks for workers and companies. Taking these new risks into account would be essential for meeting the challenge of globalisation. Promoting job mobility in a positive, high-quality way through investing in people and improving portability of rights is crucial.

Brussels, 22 April 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽²¹⁾ EESC opinion of 13 September 2006 on the *European Works Councils: a new role in promoting European integration*, rapporteur: Mr Iozia (OJ C 318, 23.12.2006).