

Athens Informal EPSCO meeting
29&30 April 2014

Conclusions

The Informal EPSCO meeting was held in Athens on 29 and 30 April 2014. The discussions held were focused on three thematic axes; a) labor market reforms aiming at rich recovery jobs and the role of wage-setting systems and reforms in the legislation for the protection of Employment combat long-term unemployment and to increase participation in labor market, b) the importance and the role of minimum income scheme in times of economic recovery and c) Towards quality jobs; Fighting Undeclared Work.

On the first day, the Hellenic Presidency invited, in two separate sessions, the EU Social Partners and the EU Social Platform respectively, to meet with the trio of Presidency Ministers (Greece, Italy and Latvia), the European Commissioner Lazlo Andor, the chair of the Employment Committee and the chair of the Social Protection Committee in order to exchange views on labor market reforms and the role of minimum income schemes in times of crisis.

On the second day, delegations were invited to attend two separate workshops on “Labour Market Reforms on the Way to Job Rich Recovery. Combating the long-term unemployment and increasing the participation in the labour market. The role of wage setting systems and reforms on Employment Protection Legislation” and “The importance and the role of minimum income scheme in times of economic recovery”. Following the workshops, the plenary session of the Council was held and Ministers and the Commission were invited to exchange views on the topic “Towards quality jobs; Fighting Undeclared Work”.

Meeting with Social Platform

The theme of the meeting was the importance and the role of minimum income scheme in times of economic recovery.

It was agreed that, despite divergences among the social protection models across European Union, the same principles should apply to all the minimum income schemes, in order to ensure their efficiency. Namely, minimum income schemes should be adequate, simplified and supported by activation services.

Furthermore, it was acknowledged that in order to tap their full potential, minimum income schemes should be understood and developed within a wider social investment approach.

In this respect, references were made to extensive reforms aiming at increasing the effectiveness of the minimum income schemes, but also their

social protection system in general. These reforms focused on the one hand, to ensure decent living standards for the beneficiaries and the on the other hand to facilitate and to ensure the active participation of the beneficiaries to society and the labour market.

Meeting with the Social Partners

A meeting was held with the social partners, which focused on Labour Market Reforms on the way to Job Rich Recovery, combating the long-term unemployment and increasing the participation in the labour market, as well as the role of wage setting systems and reforms on Employment Protection Legislation.

Participants exchanged views and experiences on a set of policy areas, focusing on efforts that should be made in order to strengthen the recovery and to have better labor market outcomes, hence better results for the citizens of Europe.

Addressing these challenges has required deep, cross-cutting and very often politically sensitive reforms, under difficult macroeconomic conditions. Although there was a consensus on the need to attain sustainable growth, it was also acknowledged that employment and social inclusion are integral elements of sustainable growth. Therefore, to attain a successful recovery from the crisis, Member States and the EU should focus on specific areas where there are rich sources of employment, whilst particular attention should be given to support and strengthen small businesses, social entrepreneurship and integrated industrial policy.

To this end, a constructive cooperation with the social partners, their more active participation, and responsible social dialogue are required.

Workshop I: "Labour Market Reforms on the Way to Job Rich Recovery. Combating the long-term unemployment and increasing the participation in the labour market. The role of wage setting systems and reforms on Employment Protection Legislation"

The participants have exchanged views and experiences on a set of policy areas, focusing on the efforts that should be made in order to foster recovery and have better results in the labour market as well as for the EU citizens, i.e. a sustainable recovery, since a jobless recovery is not a sustainable recovery.

From the debate it became clear that:

The challenges in the labour market are still significant. High youth unemployment and long term unemployment rates are of high concern. These challenges have three dimensions: economic, social and political. The European institutions face a confidence crisis, Europe's long-term competitiveness is undermined and its social cohesion is disrupted. In this context, the fact that divergence among the member states is growing is of critical importance.

Addressing these challenges requires adoption, implementation and continuation of reforms. We must remain in the path of reforms and react to possible reform fatigue in order to enhance the performance of the labour markets and prepare the markets in anticipation of future challenges. Thus, cooperation with the social partners, their more active participation and a responsible social dialogue is required in order to achieve the above mentioned objectives.

Such reforms are related to employment protection legislation and wage setting systems. They are aimed at addressing institutional rigidities, offering more opportunities of quality employment, combating the phenomenon of segmentation while improving the functioning of labour markets in order to regain international competitiveness. Reforms should balance the need for labour market dynamism and functionality as well as the need for quality employment. Moreover, the virtuous cycle of enhancing competitiveness and increasing domestic demand should be pursued. In this respect, the efforts aiming at modernizing PES, better matching demand and supply and improving education and training systems are highly important.

Moreover, it should be taken into account that, in any case, institutional reforms take time to deliver their maximum effect. Special attention should be paid to the establishment of economic incentives for the creation and retention of jobs by reducing tax and contribution burden and the focal role of collective bargaining, whilst respecting social partners' autonomy in wage setting.

For a successful recovery from the crisis, emphasis should be placed on specific job-rich sectors such as green jobs, health and social care sector, information and communication technologies. Furthermore, particular focus should be put on strengthening entrepreneurship, and in particular, supporting and enhancing SMEs, as well as social entrepreneurship.

Launching the Youth Guarantee program is another step towards combating youth unemployment. However, the way this program will be implemented is of great importance since emphasis should be placed on the fact that real

labour market needs should be taken into account in designing vocational education and training.

Workshop II: «The importance and the role of minimum income scheme in times of economic recovery»

The main conclusion from the comments of the Member States, the European Commission and the Social Protection Committee as well as the Social Platform is the following: The Member States with the most powerful social protection systems are the ones that have and will have the most competitive economies. The minimum income schemes are components of the basic principles of equality, dignity and solidarity.

The growing divergences between the EU Member States have been pointed out by everybody as an issue on which we should focus our attention since convergence is a key structural component of this union. The member states are planning, implementing and assessing the minimum income schemes. Past experience has shown that the following three points should be ensured so that these schemes might be effective and efficient:

- Acceptable level of decent living
- Simplicity in procedures
- Activating people in the labour market in order to avoid dependence on bonuses.

Minimum income schemes in times of economic recovery constitute a social investment element that enhances social cohesion. Such schemes can become a powerful tool for achieving the European goal of combating poverty and social exclusion.

The issue of minimum income schemes will also be discussed during the subsequent Presidencies.

The contribution of EMCO and SPC Council Committees is important. In this context, the proposal of the SPC Council Chairman for further and in depth study of minimum income schemes is welcome. The Presidency has requested the SPC to prepare a report on minimum income schemes in Eurozone for the EPSCO Council in June.

“Towards quality jobs; Fighting Undeclared Work”

The plenary session of the Council was chaired by Minister Vrotsis and

consisted of a discussion on ways to prevent and fight undeclared work.

A common agreement accrued from the discussion. The transformation of undeclared work into formal work represents a priority both on the way to a smart, sustainable and inclusive economy as well as in achieving a job rich recovery. Therefore, the fight against undeclared work comprises a common challenge, which, in order to tackle it in an effective way, we need to coordinate our efforts.

Member States underlined the negative implications of undeclared work regarding tax and social security revenues and stressed that it undermines productivity, as it hinders the development of the workforce's skills as well as investments in lifelong learning and vocational training. Furthermore Member States also referred to the impact of undeclared work on competition rules, as it heavily distorts competition, especially among SMEs where the incidence of undeclared work is higher. In the long term, the use of undeclared work undermines the efficiency of the economy's productive capacity since it leads to misallocation of resources as product and factor prices are distorted, leading to loss of innovation, and ultimately, growth potential.

The experience of the member states has indicated that action is needed in two fronts: preventive and repressive. In this context, the coordination of the inspectorate bodies, i.e. labour inspectorates, health and working conditions inspectorates and tax and anti-fraud agencies is essential in order to optimize the outcomes.

Further to the impact of undeclared work at national level, many delegations also stressed the cross-border implications of the phenomenon, and also the need to enhance European cooperation in this field. In this context, the Presidency and a big number of Member States referred to the Commission's Proposal to establish a European Platform to enhance cooperation in the prevention and deterrence of undeclared work as a necessary initiative that comes at an appropriate time. The Presidency also expressed its belief that the strong political will that has been expressed during the EPSCO works, will facilitate the attainment of a political agreement at the June's EPSCO session on this file.

Finally, a number of Member States explicitly referred to the significant role of social economy entrepreneurship in bringing into the "normal" labour market, activities that tend to use undeclared work.