



EUROPEAN COMMISSION

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Dear Chair,

The Commission would like to thank the Bundesrat for its Opinion on the Commission's Recommendation for a Council Recommendation on the establishment of National Competitiveness Boards within the Euro area {COM(2015) 601 final}.

This proposal is part of a broader package of initiatives communicated by the Commission on 21 October 2015 {COM(2015) 600 final} on taking steps towards completing Economic and Monetary Union. It builds on the Five Presidents Report of 22 June 2015. In proposing the set up of National Competitiveness Boards (NCB), the Commission aims to improve the coordination and the surveillance of competitiveness developments within the Union. NCBs would contribute by providing expertise in the identification of challenges and policy solutions to address them. They would also contribute to enhance national ownership of euro-area wide goals and to an enriched dialogue at euro-area level. Ultimately, the purpose is to foster growth, convergence and resilience.

The Commission welcomes that, as pointed out by the Bundesrat, Austria has already set up the necessary institutions to underpin a well-functioning social dialogue and that a number of institutions monitor competitiveness. In this respect, the Commission agrees that NCBs, should be structurally independent, can be based on existing institutions in order to avoid duplication (Article 4 of the Recommendation).

The Commission also shares the opinion of the Bundesrat that the prerogatives of social partners and their autonomy should be fully respected. The proposed Recommendation does not imply any wage-setting powers be conferred to NCBs. The only role envisaged for the NCBs is that of informing the wage setting process. Moreover, the proposal states that NCBs are expected to consult relevant stakeholders, including social partners.

Finally, the proposal makes it clear in the recitals that NCBs should respect the national practice and institutions for wage formation and should not interfere with the right of workers and employers, or their respective organisations, to negotiate and conclude collective agreements at the appropriate levels (Recital 7).

Mr Edgar Mayer
Chair of the EU affairs committee of the Bundesrat
Dr. Karl Renner-Ring 3
A – 1017 WIEN

cc. Mr Josef Saller
President of the Bundesrat
Dr. Karl Renner-Ring 3
A – 1017 WIEN

The Commission acknowledges the concern of the Bundesrat that the creation of the NCBs should not add to the complexity of the European economic governance and has taken steps in this direction on several fronts, including streamlining the European Semester process. Further steps will be taken as outlined in the Commission Communication of 21 October 2015. The Commission is convinced that, while institutional arrangements will need to be further discussed, the setup of the NCBs will effectively contribute to strengthen the policy dialogue and coordination between Member States and thus improve the overall economic policy at the European level.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Bundesrat and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Pierre Moscovici
Member of the Commission*