



EUROPEAN COMMISSION

*Brussels, 19.9.2013
C(2013) 5759 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion concerning the Social Investment Package {COM(2013) 83 final}.

The Social Investment Package highlights the current challenges in Europe and sets out an agenda for social policies to help the Member States make the structural reforms needed to respond to these common challenges. The Commission appreciates that the Bundesrat shares the view that it is important to modernise social protection systems and improve the efficiency and effectiveness of social spending. In this context, the Commission is pleased that the Bundesrat believes that greater emphasis should be applied to proactive and preventive interventions, including activating and enabling policies. The Commission also agrees with the Bundesrat that benefits and services to develop people's skills and capabilities, as well as measures to ensure the quality and accessibility of health, have a high value in themselves, in addition to the objective of improving people's abilities to participate in the labour market.

The Bundesrat, however, also expressed some reservations in its Opinion, which the Commission would like to comment on.

The Bundesrat raised concern about the Commission's assessment of social policy issues in the Member States and the policy guidance it develops, stating that it is taking over national, regional and local responsibilities. However, the Treaty on European Union states in Article 3 that "the Union's aim is to promote peace, its values and the well-being of its peoples. [...] It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States." Article 9 of the Treaty on the Functioning of the European Union also highlights that "[...] the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fights against social exclusion, and a high level of education, training and protection of human health".

*Mr Winfried KRETSCHMANN
President of the Bundesrat
Leipziger Straße 3 - 4
D – 10117 BERLIN*

This is why the Europe 2020 Strategy for smart, sustainable and inclusive growth set out inter alia targets for 2020 in the areas of social policy, specifically concerning poverty, employment, and education. It is on this basis that the Communication on Social Investment announces initiatives to support the attainment of the 2020 targets in the areas referred to in the Bundesrat's Opinion, such as social policy, social businesses, health and education. This is not to interfere with the Member States' competence in these areas, but to carry out the supportive and coordinating functions required by the Treaties and the European Semester process.

The Social Investment Package takes account of the large differences in the economic, employment and social situations of various Member States, and provides guidance on how to achieve the mutually agreed targets of the Europe 2020 strategy. It addresses the principal short-term and long-term challenges that are common across Europe: namely, demographic changes and the short-term economic challenges posed by the economic and financial crisis. The guidance is especially relevant given that action or inaction in the area of social policy in one Member State can have broad repercussions in other Member States. The guidance will address the specific challenges and priorities in social policy facing individual Member States, as it will inform European Semester Exercises, including the formulation of Country Specific Recommendations.

The Bundesrat raises the concern at several points that the Commission's proposals would interfere with the right of Member States and regional authorities to set priorities for the use of the European Structural and Investment Funds. The Commission's intention here is not to interfere with these rights, but to make more concrete how the Europe 2020 Strategy provides a framework for identification of these priorities, as described in the Commission's March 2012 Communication proposing a Regulation for common provisions for the use of the funds {COM(2011) 615 final}.

The Commission is pleased that the Bundesrat acknowledges the important role of general and vocational education for achieving employability for young people. With respect to the Bundesrat's concern about reducing education to the preparation of 'human capital' for industry, geared towards the short-term requirements of the labour market, the Commission would like to clarify that this is not its intention. Evidence shows that people with lower educational attainment and skill levels are more vulnerable to unemployment and poverty, and are more likely to experience these problems on a prolonged basis. The Social Investment Package stresses the importance of education, training and lifelong learning to develop people's skills and improve their opportunities to enter the labour market and advance in their careers. The primary aim of the package is to help people realise their ambitions and improve their outcomes. Commission analysis shows that between 2010 and 2020, the demand for low-skilled jobs in the EU27 will decrease by 20.1%, while the demand for medium- and high-skilled jobs is projected to increase by 4.8% and 19.7% respectively.

The Bundesrat has also asked the Commission to clarify its call on Member States to eliminate 'the misuse of special needs education'. The Communication of the Social Investment Package is referring to evidence in several Member States that shows systematic segregation of migrant children from native children, and of Roma children from mainstream school services – often done by misdiagnosing these children as having special educational needs. Survey Results from the Fundamental Rights Agency show that in the Czech Republic,

for instance, 27% of Roma households had members who were in segregated schools/classes. Eliminating school segregation, including the misuse of special needs education, is essential to stem the inter-generational transmission of disadvantage and allow children to live up to their full potential. The Social Investment Package therefore stresses the importance of promoting equal access to quality inclusive education.

Finally, the Commission agrees with the Bundesrat that effective social policies are not enough to fight poverty, and that it is essential to have adequate growth and competitiveness strategies at EU level. The Social Investment Package however highlights the importance of well-designed social protection systems in ensuring inclusive growth prospects. Insufficient investments in human capital translate into a lower skilled and less competitive workforce. Furthermore, inadequate social protection systems run the risk of incurring higher social and economic costs in the long term, as poverty and social exclusion are associated with higher public health care costs, lower educational attainment and lower skills, increased social unrest, foregone economic activity, lost wages and productivity, and lost tax revenues.

The Commission hopes that these clarifications address the concerns expressed by the Bundesrat and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*