



Le Secrétaire Général • The Secretary General

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DG EMPL / E.1 "ARRIVEE"
13-10-2005 A/9640
Attrib.: Job

Brussels, 11.10.2005

**Subject:** EUROCHAMBRES position on the Green Paper on Demographic Change

Dear Mr Jacob,

In response to the Commission's consultation on the Green Paper on Demographic Change, please find attached the position of EUROCHAMBRES on this important issue. The European Chamber network welcomes this debate on facing the demographic challenge in Europe, however, we do not believe that a common European legislative framework or common policy is the answer at this time.

The EU should focus on analysis, promoting debate and the exchange of ideas and on providing the right framework through its broader policies such as the European Employment Strategy. Action should be left to the responsibility of the individual Member States and should focus on key issues such as promoting flexibility in the workplace, upgrading the skills of young people, promoting market-orientated life long learning for every age-group and providing assistance and incentives to companies to adapt to employees needs.

I hope that you will find this paper useful and that you will take our views into account when developing policy in this area. Please do not hesitate to contact EUROCHAMBRES for more information or to discuss the issues further.

Yours sincerely,

Arnaldo Abruzzini



**EUROCHAMBRES**  
**Position Paper**  
**2005**



**EUROCHAMBRES'**  
**COMMENTS ON THE GREEN**  
**PAPER ON CONFRONTING**  
**DEMOGRAPHIC CHANGE**

October 2005

## **EXECUTIVE SUMMARY**

EUROCHAMBRES welcomes this debate on facing the demographic challenge in Europe, however, we do not believe that a common European legislative framework or common policy is the answer at this time. The EU should focus on analysis, promoting debate and the exchange of ideas and on providing the right framework through its broader policies such as the European Employment Strategy. Action should be left to the responsibility of the individual Member States and should focus on key issues such as:-

- Promoting flexibility in the workplace- modern work practices, ICT solutions and encouraging the participation of all
- Upgrading skills of young people; high quality education, practical experience and better links between education establishments and business
- Promoting market- orientated life long learning for every age-group
- Providing assistance and incentives to companies to adapt to employees needs

## **INTRODUCTION**

If demographic trends continue as predicted, Europe is likely to face a considerable challenge in the coming years which will have a major impact across society and the economy. Low birth rates, longer life expectancy and improvements in health care mean that people are living longer and in better health while on the other hand there are proportionally less and less young people and children in our societies

Demographic change will impact on European companies in a variety of ways- creating labour shortages, increasing the pension burden and altering the nature of the markets they face. With this in mind the European Commission has published a Green Paper on the subject looking at ways of meeting these challenges and raising questions about how to halt the decline in our population and how to cope with the impact of an ageing population

## **QUESTIONNAIRE RESPONSES**

### **1. Do you take the view that the discussion of demographic trends and managing their impact should take place at European level?**

Managing and dealing with demographic change requires a cross-sectoral response, involving a wide range of policy areas and affecting many spheres of life. The majority of these policies, such as education, taxation, welfare provision and health policy, remain largely the responsibility of the Member States.

In addition, while most Member States face broadly the same underlying demographic trends, there are considerable national specificities and the most appropriate policy response will also be dependent on the attitudes, culture and the existing policy mix of each individual Member State.

As such, EUROCHAMBRES feels that a common European legislative framework would be inappropriate and that subsidiarity should be respected in this area. At the European level, encouraging a dialogue between Member States concerning the challenges posed by demographic change as well as an exchange of experience and mutual learning would be the most useful course of action. The EU should also focus on



creating and encouraging vibrant and strong economies as stagnant economic growth affects public confidence, which in turn can directly affect demographic trends.

### **If so, what should be the objectives, and which policy areas are concerned?**

Setting objectives in this area is problematic given the long-term nature of the issue, however, the main focus points of a policy to deal with demographic change must include, amongst others, increasing the participation of older workers in economic activity, awareness raising and support services to companies, managing immigration, addressing the work/ life balance, preventative health campaigns and modernising welfare provision

As a decreasing working population has a direct impact on economic output, awareness raising campaigns could contribute to the sensitisation of companies. On the basis of this knowledge companies would be better able to react to an ageing working population and to consider possible measures when taking their long term, strategic decisions.

#### **1.1 The challenge of a low birth-rate**

The decision to have a child is a very complex, intensely private and personal decision and while policy can create favourable conditions to enable those who wish to have children to do so, its direct effect on birth rates is limited. The work/life balance is an important factor in creating such favourable conditions, and can thus contribute to encouraging a higher birth rate, but it is by no means the only factor.

More flexibility in working arrangements and employment contracts (part time, job share) and support for increased use of new technologies such as tele-working, would help people to achieve the desired balance between work and family life. Considerable support should be given to initiatives which raise awareness of such alternatives and help companies to adapt to the needs of their employees and their families. As mentioned above confidence in the economic future is also an important factor in determining the birth rate.

Tax and benefit systems are complex and vary greatly in each Member State and the choice of instruments for supporting parents must therefore be left to the national level according to the principle of subsidiarity. The Chamber Network supports tax reductions/credits for childcare expenses to encourage parents and particularly women to return to the workplace, however, the precise form of these benefits must be left to the national/local authorities to decide.

Parental allowances should be designed to give parents the option either to care for their child themselves or to finance third party childcare while continuing in their profession - without a limit for additional income. Benefits and advantages must, as far as possible be non discriminatory allowing either parent to benefit from them, however the distribution of household and family tasks is a matter for each individual household based on culture, circumstances and personal choice and public policy should not interfere with such choices.

To encourage more parents to return to work, child care structures need to be affordable, widely available and compatible with modern work patterns. For small and medium-sized businesses framework conditions should be established, allowing them to create collective child care structures (several companies create a common child care structure). As the work/life balance continues to be important also after the infant years are over, 'all-day schools' should also be established.



Finally, support should also be given to companies for corporate social responsibility initiatives including assistance for company child care schemes, facilitating labour flexibility, awareness raising schemes and prizes for examples of good practice.

## **1.2 The possible contribution of immigration**

EUROCHAMBRES agrees that economic migrants from outside the EU can help to alleviate some of the problems associated with demographic change but immigration alone is not the answer to the challenge of an ageing population. As stated in the EUROCHAMBRES Position Paper on the 'Green Paper on an EU approach to managing economic migration' it should be left to the Member States' to implement efficient admission mechanisms for managing economic migration in order to ensure that the inflows of economic migrants fit with the needs and capacity of the national economy and society.

In addition, it is important that Europe attracts the right kinds of economic migrants, in particular highly qualified and specially-skilled workers. In order to compete with other economies in attracting the most talented people and thus reach our goal of a knowledge-driven highly productive economy, Europe needs to have simple, non bureaucratic procedures in place, especially to allow companies to bring in specialised staff and we must offer clear and transparent paths to residency and citizenship for economic migrants and their dependents.

With regard to integration, again measures should be put in place at the national level however in general these measures should focus on language skills, accommodating different customs and traditions, simple and transparent procedures for obtaining work/ residences permits and instilling an understanding and tolerance of other cultures from an early age.

### **2.1 Better integration of young people**

The better integration of young people into the labour force requires an urgent upgrading of their skills in order to get the best out of our human resources. Europe is still a long way from reaching the benchmarks set in 2003 on reducing the number of early school leavers and efforts must be strengthened in this field. There needs to be a fundamental improvement in the quality of education in schools to ensure the skills of school leavers correspond better to the needs of the labour market.

The integration of young people is also linked to real life experience at school or during vocational training. Therefore, practical experience has to be included in the curricula. Cooperation between schools and enterprises should also be fostered in order to provide young people with information and experience about professional requirements. An understanding of the information society and of new technologies should also be emphasised throughout school, university and vocational training.

Finally, Europe must work to strengthen work-related skills acquired in vocational education and training and by non-formal learning. Vocational training policies must in particular be directed towards employability. The needs of business and the working world at large must shape and determine their content. Practical experience should be integrated into all training systems. In addition, mentoring schemes should be explored and promoted whereby more experienced older workers give advice and guidance to young people joining the workforce.

### **2.2. A global approach to the "working life cycle"**

Some of these points have already been partially covered in the responses above. From our point of view, organisation of work can best be modernised at enterprise level, since there is no one-fits-all solution. Campaigns



should be undertaken to raise awareness among businesses of the potential future challenges, the needs of different age-groups and potential solutions which they could then adapt to their individual circumstances

Assistance and advice should be provided to companies for example on promoting good health, encouraging life-long learning and over-coming age-related prejudice. Increased use of ICT solutions which allow more flexible working patterns such as tele-working should be promoted and labour law should also be made more flexible. Businesses could be motivated through fiscal incentives or by other means to create jobs while taking into account the needs of each age group including the provision of child-care, more flexible hours etc. Attention must also be given to establishing strategies for lifelong learning including education schemes which are also suited for older people.

Finally a change of attitudes is also important and society needs to learn to value the experience and skills which an older worker can bring to the work place. Efforts should be made to promote the exchange of skills and experience between young and older workers.

### **2.3. A new place for "elderly people"**

In view of the ageing population it will be necessary to raise or even abolish statutory retirement and a more inclusive workplace will also contribute to greater social cohesion between the generations. More flexible models of retirement should be looked at such as part-time work or gradual retirement and older workers should be encouraged to remain in the workforce by offering greater flexibility in working hours. Incentives such as reductions in the taxes paid on marginal income earned in addition to agreed pensions upon reaching retirement age could also be discussed. Early retirement which is not caused by illness on the other hand should lead to pension deductions.

Finally, incentives should be offered to companies who provide, and individuals who follow, continual training and development programmes and companies should also be offered support to provide 'retirement counselling' and healthy lifestyle advice to their employees.

### **2.4. Solidarity with the very elderly**

Although the exchange of experience and best practice should be encouraged at European level, the design of national social security systems must be left to the Member States themselves.

## **3. Conclusion: What should the European Union's role be?**

EUROCHAMBRES supports the opening up of a dialogue on this important issue, however, we cannot currently identify any substantial added value in adopting a common judicial European framework or common policy in these areas. The role of the European Commission should be to provide the platform for open discussion and the exchange of best practice as well providing analysis of the phenomenon of demographic change and its impact on society and policy in general.

Concerning the role of the EU financial instruments- these should be as flexible as possible in design to allow Member States to find the right national policy mix and provide support where it is needed the most.

Finally, the role of the social dialogue at European level in this area should be the identification of examples of good practices in the field of work organisation and managing demographic change.



This position paper has been produced by EUROCHAMBRES, the Brussels based Association of European Chambers of Commerce and Industry.

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