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Reinforcing Social Europe Consultation

To support the implementation of the European Pillar of Social Rights and prepare the ground for the Pillar's Action Plan (to be presented in early 2021), the Commission launched a broad discussion with EU countries and regions and with social partners. The Commission therefore has invited all partners to present their views until 30 November 2020 on new policy action or legal initiatives needed on different levels (EU, national, regional, local) and/or pledge concrete commitments as a Member State, region, city or organisation towards implementing the Pillar.

Confederation of Finnish Industries (EK) is the leading business organization in Finland. Our main task is to make Finland an internationally attractive and competitive business environment. Successful business activities are the foundation for the Finnish welfare society. EK represents the entire private sector and companies of all sizes: we have 15,300 member companies across all business sectors (96% SMEs). Member companies employ 900,000 employees. EK is a member of BUSINESSEUROPE, the European-level association for employers, commerce and industry and IOE, the International Organisation of Employers. We are also active in the OECD and the ILO.

1 What possible legislative initiatives are needed at EU level to implement the principles of the Social Rights Pillar?

The Commission's objective to improve living and working conditions in the Member States is important in terms of the long-term functioning of the internal market and the cohesion of Europe. To be able to develop its social dimension, Europe needs a thriving economy and high employment rate. Competitive businesses, dynamic labour markets and sound public finances create the basis for new jobs and sustainable social security.

The main responsibility for social matters should remain with the national level.

In the future, we need even more flexibility to take into account the different needs of different industries and companies. In these challenging circumstances we need even more than before robust businesses, which can generate growth and create jobs. To be successful, companies need a globally competitive operating environment where the labour markets are flexible and conditions of employment are agreed close to the companies.

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For these reasons we must make sure that Action Plan To Implement the European Pillar of Social Rights is made on sustainable way and that it supports and secures companies ability to function, provide jobs and hire people. The terms and conditions of employment should be set as close to the workplace as possible. The companies must be able to adapt to local and global business realities so they can seek new opportunities and continue to provide jobs.

The Finnish business community does not see an immediate need for new EU-level legislation on employment and social security. Employment and social protection standards are already comprehensively regulated in the EU.

The social pillar issued as a political declaration has already justified e.g. directives on work life balance and transparent and predictable working conditions. In addition, it seems that the Commission is creating more binding EU-level regulation based on the Social Rights Pillar, e.g. minimum wages, wage transparency and working conditions for platform workers. Furthermore, the European Parliament has demanded EU legislative action to secure employees the right to disconnect etc.

The Pillar of Social rights, intended as a pure political declaration, seems to be taking on more of the features of a legally binding instrument as a basis for legislation, contrary to its original purpose.

2 How can the EU best promote the commitment of Member States to implement the principles of the Pillar?

In the field of employment and social protection, possible tools at EU level include the Social Scoreboard of the European Semester and country-specific recommendations to guide Member States towards structural reforms.

Developing the social dimension requires a vibrant economy and high employment in Europe. Competitive companies, a dynamic labour market and strong public finances create the basis for new jobs and the sustainability of social security. EK Finland believes, that instead of creating new legislation upwards convergence of the working conditions and social protection across Europe is best achieved by leaning on flexible measures.

Increasing the volume of legislation does not promote social convergence in Europe due to socio-economic and cultural differences

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between Member States. The social dimension and the Pillar of Social rights must also not lead to binding legislation that does not meet the needs of EU citizens and businesses. It also should not lead to legislation which is incompatible with our labour market system.

The role of the EU in developing the social dimension should focus on supporting Member States in their structural reforms and promoting best practices. If the social dimension is pushed forward too quickly or in a way that goes deep into national structures, it is unintentional to act in a way that could disrupt the European unity instead of deepening it.

It is essential to ensure the uniform implementation of existing EU regulations, not to increase EU-level legislation

Where rules already exist, EU should focus on enforcement to ensure a level playing field. From the point of view of equal treatment and the business environment, it is more important that effective and uniform implementation of existing rules is guaranteed. Throughout the union there is room for improvement in this sense.

Unfortunately, in the absence of effective and uniform implementation, increasing regulation at too detailed and far-reaching level via the EU action will further increase disparities between Member States.

Any legislative proposals in the field of the social dimension at EU level should be based on a very careful impact assessment and thorough consultation of the social partners.

3 Commissions initiative on minimum wages is way beyond the competence of the EU

According to EK Finland will recover from the coronavirus crisis by increasing the rate of employment. Finland's strength has always been the fact that anyone can secure their future through education. Unfortunately, we can no longer be certain that future generations will have the same opportunity. Only by boosting employment and thereby increasing our prosperity can we ensure the wellbeing of all Finns in the future. Finnish companies play an important role in creating prosperity in society and enabling growth.

Securing our prosperity will require some carefully targeted national legislative amendments and generally a healthy attitude towards work. Our toolbox includes dismantling of unemployment traps, immigration, prevention of social exclusion, and education. For these reasons it is essential that we are able to develop our Labour market system from our own premises.

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The Commission's proposal for a directive on adequate minimum wages, aiming to regulate minimum wages in Member States, published 28th of October by the European Commission clearly goes beyond the legislative competence of the EU. The EU Treaty explicitly stipulates that salaries cannot be regulated at EU level but are a matter for national decision-making.

The Commission's action on the minimum wage is very worrying. It further extends the development already under way in which EU legislation enters areas that are at the core of the national labour market system. It seems that the boundaries of competence blur further and that there will be further initiatives or interventions on the area of sole competence of Member States and the social partners.

4 Concluding remarks

The autonomy of the national and European social partners must be respected while developing the Social Pillar. Measures at EU level must not create elements that are incompatible to our national social system. The autonomy and freedom of contract of the social partners is of the essence. Effective solutions require the involvement of the social partners in decision-making.

The full and proper involvement of the social partners in working life reforms will lead to positive results. The reason is simple. The social partners are aware of the needs and challenges of the labour market and can jointly respond to them. Stakeholders stand behind reforms when they are involved in making them. This premise should be adhered to and respected in practise. For the same reasons, the Commission should involve the social partners more closely in the preparation of projects with or close to labour regulation, even in situations where there is no formal obligation to do so.

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