



## **Teknikföretagen's Response to the Public Consultation on the European Pillar of Social Rights**

### ***Executive summary***

- The Pillar is not fit for its purpose. The social problems in Europe are not due to a deficit of social policy, but to a lack of global competitiveness. Only proposals that lead to increased productivity, competitiveness, growth and employment can achieve the goals set out in the Pillar.
- Only non-binding recommendations can truly respect the national competence and the autonomy of the social partners. This would also allow for better respect of industrial relations systems and strengthen the social partners role in regulating the labour market. The right to derogate from the rules of employment law related directives by means of collective bargaining agreements must be considered in EU initiatives.
- Social policy initiatives should be taken where they work – by social partners and at national level.

### ***Background***

The Association of Swedish Engineering Industries (“Teknikföretagen”) represents over 4,200 member companies that constitute one third of Sweden’s exports, making Teknikföretagen the primary industry representative in Sweden. Our member companies comprise both major, renowned, global corporations, as well as many micro-, small- and medium sized enterprises. A common denominator for our member companies is that they develop technologically advanced products and services exported in fierce global competition. The mission of Teknikföretagen is to strengthen the competitiveness of our member companies.

On 17 November 2017, the European Pillar of Social Rights (“Pillar”) was proclaimed at the Social Summit for Fair Jobs and Growth in Gothenburg. The Pillar, that sets out 20 key principles and rights to support fair and well-functioning labour markets, was proclaimed as a non-binding instrument. Therefore, the competences and tools to deliver on the Pillar principles belong to the national level: Member States, regional authorities and social partners.

Teknikföretagen would like to put forward the following comments on the public consultation that will serve as the basis to develop an action plan on the implementation of the Pillar, to be presented in mid-2021.

## ***Legal actions to make the pillar a reality is not needed***

Teknikföretagen does not see a need for new binding legal actions at EU level to make the Pillar a reality. Our rationale for this conclusion is as follows.

### **The Pillar is not fit for its purpose**

Teknikföretagen share the assessment of a common interest of upward convergence of working and living conditions for citizens in various EU Member States as set out in the Pillar. Further, the Pillar highlights that the difference in Member States share of GDP allocated to social protection is an important explanation for the lack of convergence of working and living conditions between Member States. However, the Pillar neither describes the disparity in economic development between Member States nor considers its fundamental importance as an explanation for the variation in working and living conditions of citizens in EU Member States.

Our assessment is that the Pillar does not enable upward convergence of EU citizens working and living conditions since it's mainly focusing on expanding social rights. Therefore, the action plan on the implementation of the Pillar should focus on effective steps in this direction, such as proposals that lead to increased productivity, competitiveness, growth and employment. The social problems in Europe are not due to a deficit of social policy, but to a lack of global competitiveness.

### **Only non-binding recommendations can truly respect the national competence and the autonomy of the social partners**

Any necessary social policy related initiatives based on the principles set out in the Pillar should take the form of non-binding recommendations. Only such initiatives could truly respect the role and autonomy of the social partners. This would also allow for better respect of national competences and industrial relations systems, as well as strengthen the social partners role in regulating the labour market.

The Swedish social partners are in full agreement on using all means possible, political and legal, to ensure the division of power and competences laid down in the EU treaties. This includes any form of legal binding measures from the EU.

In view of the above, Teknikföretagen wishes to highlight that point 18 of the Pillar's preamble emphasizes that it does not entail an extension of the Union's powers and tasks as conferred by the Treaties. Thus, the Pillar and its action plan should be implemented within the limits of those powers.

We are concerned that collective bargaining agreements ("CBA") as well-balanced negotiated solutions and trade-offs between opposing interests may be examined in the courts, ultimately through preliminary rulings by the European Court of Justice. The basic conditions for the collective agreement model are at risk of being disrupted with complicated consequences for the social partners' self-regulation.

Further, the right to derogate from the rules of employment law related directives by means of CBAs must be considered in EU initiatives. Such a right to derogate would benefit the social partners' autonomy and result in more well-functioning

industrial relation systems in all EU member states. Conditions of employment must therefore first and foremost be regulated autonomously by CBA. Freedom of contract is a precondition for the Swedish collective agreement model.

**Social policy initiatives should be taken where they work – by social partners and at national level**

The Commission has launched plentiful legally binding initiatives that intend to make the Pillar principles a reality. Compulsory initiatives, like the directive on Transparent and Predictable Working Conditions in the EU, the establishment of a European Labour Authority and the more recent proposal on a directive on adequate minimum wages in the EU undermine both the employees and employers will to regulate the labour market. Also, it implements a “one-size-fits-all” to all labour market models in Europe.

The number of initiatives at EU level should not hide the fact that the most appropriate and most efficient level for the implementation of the Pillar is – and should remain – by the social partners and at national level, in line with the subsidiarity principle.

We are pleased to note that the industrial relation system in Sweden, in a European and international comparison, can be described as very successful. For over 100 years the social partners have successfully adapted the working and salary conditions to different industries and to the circumstances at business level. This has given employees substantial and real wage increases, an acceptable level of competitiveness for Swedish companies and a stable GDP growth. Accordingly, the principles set out in the Pillar are already properly addressed by the social partners within the Swedish industrial relations system.



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