

Official translation

Declaration on common goals for EU's labour market to the government, the Danish Parliament, political parties and the new members of the European Parliament

By the Danish Confederation of Trade Unions (LO), The Confederation of Professionals in Denmark (FTF), the Danish Confederation of Professional Associations (Akademikerne) and the Confederation of Danish Employers (DA) about the future for the European Labour Market



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Preface

This declaration presents common goals for EU's labour market which LO, FTF, Akademikerne and DA believe that the member states of the European Union, the new European Commission and the new European Parliament should work to reach in the coming 5-year period.

Denmark is dependent on Europe

Denmark's biggest market

Europe is – without comparison – Denmark's biggest export market.

- 70 percent of Danish exports go directly to other EU member states
- 500,000 Danish jobs are directly dependent on the export to the EU's single market where Danish companies sell their goods and services.

The earnings potential of Danish companies and jobs for Danish workers are therefore dependent on Europe performing well.

The single market has created economic growth in Denmark

A well-functioning European single market is an important foundation for the wealth we have in Denmark today. Moreover, it is a precondition for Denmark being able to protect and expand our wealth in the future.

Europe is in tough competition with the rest of the world

Europe is in competition with the rest of the world...

Europe is in strong competition with the rest of the world. Many countries are now experiencing stronger growth and improvements in employment rates. Europe can and must do better, which, among other things, can be done by creating a better environment for companies, creating jobs, better education systems and a well-managed and efficient public sectors.

At the same time, Europe has specific long-term challenges in terms of an aging population and a decrease in the labour supply.

... It is therefore crucial that the EU invests correctly in the future

Europe was hit hard by the financial crisis, and since the crisis started, Europe has lost jobs and market shares to the rest of the world. Therefore, the European prospects of growth are still vulnerable. The possibility of creating a better future is, to a large extent, dependent on whether or not Europe will carry through the necessary investments that can secure well-functioning labour markets and education systems.

Denmark is dependent on the EU working together to improve competitiveness

It is important to LO, FTF, Akademikerne and DA that Denmark actively contributes to developing a competitive EU which secures that Denmark will continue to have the best possibilities to protect and expand the wealth we have.

Wishes for the future of Europe

EU should invest in the labour market and education

LO, FTF, Akademikerne and DA agree that Europe should become a strong market economy with high productivity and high competitiveness which aims for full employment, social security and good conditions on the labour market. The EU must do this by promoting and supporting the following:

- Inclusive and mobile labour markets where workers can maintain their rights when changing jobs. This would create more job openings, higher productivity and more jobs.
- Knowledge-based education systems that target the labour market and give young people an education that help them secure a job.
- The best possibilities for European workers to seek employment where their skills are most in demand.
- Development of a common European strategy for occupational health and safety.
- To relieve companies of unnecessary administrative burdens.
- Respect for the social partners and the social dialogue in the EU.

Inclusive and mobile labour markets

In Denmark, there has been a development towards identifying and expanding workers' rights in a way that supports job mobility and inclusion on the labour market. This has contributed to support an inclusive labour market with many job openings.

Inclusive and mobile labour markets

By inclusive, we mean that both the ones already employed on the labour market and those outside of the labour market have easier access to get into the labour market - because of the many job openings.

By mobile we mean that employees can see the advantages of moving to another region/country for a job across job functions, sectors, geography and more.

A specific example on this mobility is the Danish labour market pensions. In the course of the 1990's, these pension rights have gradually been tied to the worker rather than the workplace.

These labour market pensions are fully financed by the employer and the employee and have been placed on an individual account. When changing jobs, the employee has the right to move the pensions from one pension fund to another. This right follows the employee throughout his/her lifetime.

Another Danish example of a system that secures the employee a right and contributes to a dynamic labour market is the Danish skills development funds. The funds that were established in the late 2000's have enabled employees to obtain paid adult vocational training through a specific course, independently of where they work. It is even possible to apply for continuing training that go beyond a workers' current job function in a specific sector. This means that the employee is able to further educate him/herself and is well-equipped for new labour market challenges.

So far, these initiatives have ensured that workers do not lose these rights when they are seeking a new job or lose their job.

The possibilities of workers to move freely and change jobs without losing such rights, as well as the flexibility to adjust the labour force and the provision of adequate social security for the individual worker, contribute to an inclusive and mobile labour market with many job openings. The flexibility to adjust the labour force also means that employers are not hesitant to hire new employees in regular employment when there is a need for more labour. This is the reason why we, in Denmark, have a low level of unemployment compared to many other European countries.

Denmark is one of the countries in Europe with the highest number of job openings on a yearly basis. It is estimated that there are around 800,000 job openings in Denmark every year – even during the years of crisis. Often, the job changes take place at the workers' own initiative.

Open and dynamic labour markets create job opportunities for “outsiders”

For employees, the many job openings secure opportunities to seek new career paths and to find a new job in case of redundancies. Workers are free to move to wherever their skills are in demand and valued. Similarly, young persons and persons temporarily outside of the labour market will have easier access to a job.

For companies, the favourable possibilities for workers to change jobs have the effect that it is easier to recruit employees who have the skills that are needed in the company in question.

This situation looks different in most other European countries. In most European countries, all employment rights are typically connected with the specific job and the workplace. At the same time, companies are facing high costs in case of layoffs. This

means that workers have little incentive to change jobs, and companies have little incentive to hire new employees.

The result is a low number of job openings, which is why young people and others outside of the labour market are experiencing difficulties finding a job and entering the labour market.

Labour markets with a lack of job openings experience a number of downsides.

First of all, they have a tendency to develop a segmented labour market where groups that have difficulties gaining foothold in the labour market are hired on much less favourable terms than they could achieve if the labour market had been functioning well.

Secondly, the lack of job openings results in poor opportunities to seek new career paths where skills are valued. All in all, few job openings therefore result in less jobs and more unemployment.

LO, FTF, Akademikerne and DA agree that the EU should support member states who wish to promote more inclusive and mobile labour markets which can contribute to more job openings, more productivity and more jobs. This will create economic growth and employment in Europe – and it will therefore also support economic growth and employment in Denmark.

Education targeted to the labour market

Youth unemployment is a pressing issue in the EU

In order to secure a stable and prosperous European Union in the future, it is crucial that young people become integrated in the European labour market. Youth unemployment is therefore one of the most pressing issues in Europe.

Dual learning systems, where young people change between being in education and undertaking traineeships, as we know it from Danish vocational education systems as well as academy and professional education, is a way to secure a connection between the young, the education programs and the labour market.

The shift between education and training provides young people with their first work experience and they are therefore given an entry into the labour market at a young age. At the same time, it gives companies the comfort of knowing that graduates will have a solid work experience and understanding for the dynamics on a workplace. This means that these companies are more willing to hire young workers.

In this way, companies know that people who have recently graduated can contribute to the production from day one, and in many instances, companies will hire the

students they have had as trainees. This means that most young people with a vocational education are in employment only a short time after they have graduated.

Dual learning is a means for lowering youth unemployment

There is a low level of youth unemployment in both Denmark and other countries with dual learning systems such as Holland, Switzerland, Germany and Austria. At the same time, many people with a vocational education in these countries choose to become self-employed because their background gives them the experience they need to become entrepreneurs.

LO, FTF, Akademikerne and DA agree that the EU should promote and support member states in developing education systems that are geared towards the labour market as this can help ensure a smoother transition from education to work for young people in Europe. This should, among other things, take place by giving member states the possibility to apply for funding from the social funds to cover initial costs in connection with the development of dual learning systems.

The EU must secure free movement

Demography is a challenge all over Europe...

Because of the demographic development, there will be fewer people in the working age to support an increasing number of elders.

...Denmark should therefore focus on skills development...

This means that Denmark should do more to get an increasing part of the population in employment. Among other things, this should be done by securing inclusive and mobile labour markets and by giving the labour force the qualifications that are in demand on the labour market.

... and on attracting foreign labour

Education is not enough. It will also be necessary to attract foreign labour – and this will happen in competition with other European countries, like Germany, Poland and the Baltic countries, where the lack of labour can become a big challenge. There will be a fight for labour in Europe.

Foreign labour contributes positively to the Danish economy

For companies, the opportunity to attract labour from abroad means that production, which would otherwise have been unsustainable in Denmark, can be sustained and developed. For workers, it means that they will be able to move freely to work or educate themselves in other countries where their skills are in high demand.

LO, FTF, Akademikerne and DA believe that the EU - with the help of liquidity from the social funds - should contribute to increased prosperity in the new member states. In the long term, this can reduce imbalances in the labour market and the challenges in relation to the free movement of labour that stem from the inequalities between EU member states.

Several analyses show that the free movement of labour contributes to correcting imbalances on the European labour market and that this movement is not motivated by a desire to exploit social benefits. There are examples of fraud and examples of foreign workers working on unequal terms with Danish employees. This must, of course, be combated.

The principles behind the EU rules are correct

Denmark must strengthen the dialogue with our EU-partners to discuss how best to solve the challenges with fraud without weakening the free movement. The upcoming negotiations on social security and mobile workers must therefore be used proactively from the Danish side to secure a reasonable balance between obligations and rights, so that a welfare system as the Danish one is not put under unnecessary pressure.

LO, FTF, Akademikerne and DA agree that;

- It should be easy and quick to recruit workers from other EU-countries to available jobs on the Danish labour market.
- Access to European employees must not be constrained provided that they are hired on equal terms with Danish employees. This means that foreign employees are hired on the same collective agreements as Danish employees. Foreign employees who are not covered by a collective agreement are hired on equal terms as Danes.
- Illegal work and circumvention of the current code of practice must effectively be fought. This requires a strong control effort in cooperation with other EU member states and clarity on which rules are to apply.

EU has adopted a new enforcement directive

EU has just recently adopted a new enforcement directive which increases cooperation between public authorities in connection with the posting of workers.

There is a need for a strategy on occupational health and safety at work

The EU's health and safety strategy expired in 2012. There have been several run-ups to complete its successor.

There is a need for an EU strategy on health and safety at work

The Danish Working Environment Authority, LO, FTF and DA have developed a common proposal with ten points which should be part of a new health and safety strategy. On a European level, the parties also agree that a new strategy should be launched. However, a proposal which supports the correlation between health and safety and growth has not yet been presented.

LO, FTF, Akademikerne and DA are looking forward to the Commission's proposal for a new strategic framework for occupational health and safety at work at the EU level. This should take place in close cooperation with the social partners.

... and a need for simplification of rules on health and safety at work...

During the past few years, there has been an increasing focus on debureaucratization and cutting red tape in the EU. It is important that European companies are not suffering under unnecessary paperwork, and it is important to ensure that all rules are carried through as simply and as un-bureaucratically as possible. Some of the specific proposals that have been introduced have been regarding health and safety at work and working conditions.

... but small and large companies should be treated equally

LO, FTF, Akademikerne and DA believe that better regulation is positive and that bureaucratic burdens should not be imposed on companies. But there should not be discrimination between small and large companies. Furthermore, the work to secure better regulation must not infringe the protection of workers.

Respect for the role of the social partners

The EU recognizes the role of the social partners...

In many countries, social partners have contributed to creating rich and dynamic societies.

It is important that EU-directives are still developed with a scope for national decisions so that social partners at the national level can implement them in their

agreements. At the same time, it is important that the principle of subsidiarity is taken into account when new initiatives are launched.

... and the EU should not regulate wages and pensions in Denmark

LO, FTF, Akademikerne and DA agree that the EU should not regulate within areas that are determined between social partners, such as wages and pensions.

Moreover, LO, FTF, Akademikerne and DA agree that the coming EU data protection legislation should respect the Danish model on the labour market, which also means respecting collective agreements and the autonomy of agreements.

The rules must not include demands to enter new agreements.

When the Commission takes a new initiative for EU regulation, the social partners have obtained the right to take over and agree on the content of the EU rules between them. Social partners may implement their agreements on a national level or ask that their agreements be converted into EU legislation.

Social partners also have the right to initiate an agreement between social partners on the European level. The parties have constantly strengthened their European dialogue by entering into a number of binding agreements which they carry through and follow up on.

It is therefore up to the social partners at the European level to decide what they want and what they do not want. LO, FTF, Akademikerne and DA will work together to ensure that these opportunities will be put to the best possible use and to ensure that the European Commission supports, respects and follows up on the agreements that have been obtained.