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The future European labour market - new challenges towards 2019

LO, FTF, Akademikerne and DA's joint priorities for the future European labour market - new challenges towards 2019

In brief

Prior to the election to the European Parliament in 2014, LO, FTF, Akademikerne and DA prepared a joint declaration with common goals for *the future of the European labour market*. The declaration was addressed to the government, the Danish Parliament, the political parties and the new members of the European Parliament.

In addition, this paper contains the supplementary priorities of the Danish social partners towards 2019.

New political challenges in Europe since the Spring of 2014

The political landscape has changed markedly since LO, FTF, Akademikerne and DA signed the declaration on common goals for EU's labour market in April of 2014. At the time, the challenge was, in particular, to get the EU back on an even keel in the aftermath of the financial crisis.

New challenges facing the EU

In 2017, however, the financial situation is looking brighter in parts of the EU. Europe is experiencing higher growth- and employment rates. However, there are still countries that are lagging far behind. One thing that the EU-member states have in common is that the demographic development presents major challenges. The EU can, and must, do better when it comes to growth and employment if the EU is to compete successfully with the rest of the world.

Brexit has major implications for the Danish labour market

In addition to the economic challenges, the EU is also experiencing a pressure which challenges cohesion in the EU - a pressure which stems both from the refugee crisis and, internally, among other things, because of the British referendum on EU-membership. Brexit has direct implications on the Danish labour market.

The wave of refugees give rise to debate on borders

The value of Danish direct investments in Great Britain constituted DKK 148bn in end 2015, and it is estimated that 45,000 Danish jobs depend on our exports to Great Britain. The future agreement between the EU and Great Britain will have a significant importance to Denmark and the rest of the EU.

The rising number of refugees has led to a political debate on a more equal distribution of refugees between the EU-member states, just as

Necessary to increase awareness of the Danish model

the Schengen-cooperation with open borders is challenged. This is a problem for Denmark, since we have a major interest in conserving and developing a well-functioning single market in the EU with approximately half a million Danish jobs depending directly on Danish exports to the single market.

In Denmark, the social partners have contributed to finding solutions when it comes to labour market integration of refugees. The tripartite agreement on the integration of refugees on the Danish labour market is a good example of this contribution.

Popular support is receding

The growing scepticism towards the EU has led to an unspoken need for the EU to find new ways of working to strengthen the European cooperation. One of the European Commission's proposed solutions is a European Pillar of Social Rights, which is intended to make more Europeans support the European project.

Priorities for the social partners

New aims for the social partners

The political challenges facing the EU also present new challenges for the social partners in Denmark. LO, FTF, Akademikerne and DA agree that the declaration from 2014 is still relevant and useful. Towards the European Parliamentary election in 2019, meanwhile, it is necessary to bring focus to:

- Raising awareness of the Danish agreement-based model in the EU-institutions and revive the European social dialogue.
- Work for pushing inclusive and mobile labour markets even higher up on the EU-agenda.

The Danish model is under pressure in the EU

The partners will increase awareness of the Danish agreement-based labour market model and give new life to the European social dialogue

The pressure on the Danish model is especially high in connection with proposals that do not take into consideration the special Danish agreement-based labour market model. LO, FTF, Akademikerne and DA have, on a number of occasions, and in connection with specific proposed legislation, benefitted from the efforts of Danish representatives in EU-institutions to promote understanding for the Danish model. But in a long-term perspective, it is necessary to extend knowledge of our labour market model to a broader circle.

The Directive on the posting of workers

With the proposed revision of the Directive on the posting of workers, it is unclear whether the competence of the member states to define remuneration will be limited. It is of crucial importance to the partners to ensure that the proposal does not affect the competence of the member states to define the concept of remuneration. The partners have therefore jointly attempted to inform the European Commission of the challenges

of the proposal in relation to the Danish agreement-based labour market model.

The European Pillar of Social Rights

The European Commission has, furthermore, presented a proposal for a European pillar of social rights. The final wording has not been concluded but the proposal contains themes that are included in the Danish agreement-based model according to which the social partners in collective agreements lay down the conditions, rights and obligations that apply on the Danish labour market.

Need for better linking of training and labour market

It is important that the EU-directives continue to be of a framework nature with a room to manoeuvre for national decisions so as to allow the social partners at the national level to implement them in their agreements. Just as it is important to take into consideration the subsidiarity principle when new initiatives are launched.

LO, FTF, Akademikerne and DA are finding that the influence of the social partners at the European level has been weakened. The social partners continue to want to work for the greatest possible extent of negotiations at the European level and for the European Commission to support, respect and follow-up on the obtained agreements.

The European social dialogue needs to be revived

In the beginning of 2015, President of the Commission, Jean-Claude Juncker, launched a new start for the social dialogue. Approximately a year later, the social partners at the European level together with the European Commission and the Council adopted a joint declaration describing the framework and purpose of the cooperation on the social dialogue. The time has now come for the social partners to demand that the European Commission is earnestly backing the role of the social partners.

Aims

Towards 2019, LO, FTF, Akademikerne and DA will work towards the following aims to increase knowledge of the Danish model and breathe new life into the European social dialogue.

- Maintain the pressure to ensure that the Directive on the posting of workers maintains the competence of the member states to define the contents of the concept of remuneration.
- Work to increase knowledge of the Danish model in the EU's institutions.
- Work to increase the respect of the European Commission for the European social dialogue.
- Provide joint proposals for negotiation themes for the upcoming work programme for the European social dialogue for 2018-2019.

The social partners will work to push inclusive and mobile labour markets even higher up on the EU-agenda

Challenges facing the European labour markets

Unemployment continues to be high in a number of EU member states. Unemployment among those between 15 to 24 years, in particular, continues to be too high even though there has been a decrease in the preliminary peak in 2014 (24.4 pct.) compared to 18.9 pct. in 2016. Although the development is going in the right direction, there continues to be too many unemployed young workers.

The demographic development means that we will have fewer citizens fit for work and more elderly to provide for. More and better training and education relevant to the labour market and skills' upgrading are important contributions to avoid a combination of high unemployment and many vacant jobs that cannot be filled because of lacking or a mismatch of skills.

More women on the labour market

The European Commission has focused on the young and on skills' upgrading in general, and further initiatives are upcoming in the next few years, including focus on making vocational training in all of Europe a more appealing choice for young Europeans.

Good and fair framework for free movement

In this connection, LO, FTF, Akademikerne and DA will contribute to creating increased awareness vis-à-vis the EU-institutions when it comes to the advantages of work-linked training during which traineeships at a workplace constitutes an important element of the training.

At the national level, the social partners also take on a responsibility which is, among other things, reflected in the tripartite agreement which has been concluded on adequate and qualified labour and traineeships in Denmark.

Flexible labour markets

The demographic challenge is not just a challenge for Denmark but for Europe too. It will therefore also, to an increasing extent, be crucial to succeed in bringing attention to the need for more women to enter the labour market.

Public support for the free movement of labour preconditions that it takes place in a manner which is conceived as fair and just, in the EU and among the Danish population. Denmark must therefore continue to strengthen the dialogue with our EU-partners on how to create the best and fairest framework conditions for the free movement of labour.

The European Commission has just presented its proposal on a revision of the regulation on the coordination of social security systems (883/2004). LO, FTF, Akademikerne and DA agree that the proposal from the European Commission is not adequate when it comes to ensuring a sensible balance between rights and obligations so that a welfare system such as the Danish one is not threatened.

It's not enough to focus on a bigger labour supply and more and better job-relevant skills. It is also important that there is flexibility in the labour markets. There are signs that the European Commission wishes to

re-emphasize the flexicurity principles as part of the solution to the challenges that a number of countries are facing.

Aims

Towards 2019, LO, FTF, Akademikerne and DA will work for the following aims to ensure that inclusive and mobile labour markets are pushed even higher up on the agenda.

- As a considerable contribution to the European Parliaments' discussions on the European Commission's agenda for new skills, the partners will cooperate to bring focus to the importance of work-linked training during a number of events.
- Contribute to the upcoming negotiations on the European social dialogue to promote womens' participation in the labour market.
- Contribute to promoting an understanding of flexicurity as a model according to which flexibility in the labour market goes hand in hand with a well-functioning social safety net which motivates workers to labour market mobility.
- Safeguard the Danish employment benefit system against fraud and abuse.
- Work to relaunch indexation of the child-raising allowance in the negotiations in the European Parliament and the Council.
- Work to ensure that the requirement for three-month's supplementary employment to receive unemployment benefit becomes part of the final revision of the regulation on the coordination of social security systems.