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Ministry of Labour and Employment
Ministry of Social Security
Ministry of Health

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Press Release

*Ministers Biltgen and Di Bartolomeo introduce the Luxembourg Presidency's
priorities for labour, employment and social security*

After introducing Luxembourg's priorities for Europe's labour, employment and social security policy to the European Parliament's "Committee on Employment and Social Affairs," the Ministers for Labour, Employment, Social Security and Health, François Biltgen and Mars Di Bartolomeo, gave the necessary explanations to the Luxembourg press.

As an introduction, the Ministers pointed out the importance of the social component in European policy in general and the priority given to this policy in the context of the Luxembourg Presidency.

Many European citizens will only accept the European idea, especially after the accession of the new Member States, and the referenda approach to the European Constitution, if it includes concrete elements of employment and social policy, demonstrating to them that European integration holds real guarantees and benefits for them.

Messrs. Biltgen and Di Bartolomeo made their presentations on the specific issues that fit into this general framework.

As for the quality employment and labour aspects of the **revision of the Lisbon Strategy**, Luxembourg will attempt to summarize all the work that has been done over these past months, the result of which will be reflected primarily in the Summary Report, the Joint Report on Employment and the Joint Report on Social Protection, and in the proposal for a New Social Agenda. The European Commission has just published these documents (Summary Report) or will introduce them soon.

The growing concerns in labour circles, in the European Parliament and of many citizens on the fate of the "social" component of the Lisbon Strategy are obvious and must be taken very seriously. This is so even if they are in part due to the poor presentation of the Strategy, incorrectly described as focusing exclusively on the economy and growth (the Strategy does include growth, quality job creation, social cohesion and sustainable development components). Also, in the context of the revision of the Lisbon Strategy, the Luxembourg Presidency will not allow the balance inherent in the process to be jeopardized.

Social protection contributes to creating a social framework of stability in which the wealth of society is redistributed as necessary for the economic and social development that the Lisbon Strategy proposes.

Social protection is not a frozen domain; it is part of a changing society that interacts with economic development and employment policy. The building of Europe and the Lisbon Strategy strengthen the necessity of "modernising social protection." Social protection policies must contribute as much as possible to the sustainable, integrated and coherent development of European society as much as possible.

The modernisation and adaptation of social protection is not to be confused with the dismantling that some seem to be aiming for, and it does not mean that European citizens are increasingly helpless given the risks inherent in living and human society. On the contrary, we must create conditions so that all the citizens of Europe may enjoy the same welfare opportunities in their lives and so that they may participate to the same degree in Europe's social integration. In this context, we must ensure most particularly to prevent European initiatives in the area of the economy and the internal market from having harmful direct and indirect consequences on the welfare and social protection of the citizens of Europe, especially in terms of their access to health care. Therefore, social protection must be confirmed as the third pillar of the Lisbon Strategy.

This is not about questioning the need to "modernise" some aspects of the European social model, for example, in order to take demographic changes into account. However, by citing two passages of Prime Minister Jean-Claude Juncker's presentation of the Luxembourg Presidency's general programme before the European Parliament, the Ministers stated that we should not lose sight of the fact that this "modernisation" has one main goal: to ensure the maintenance and sustainability of our social model.

The Luxembourg Presidency is aware of the difficulty of the exercise regarding the position of certain actors who are too unilaterally focused on growth and competitiveness.

Indeed, for the Luxembourg Presidency, Lisbon is not merely an economic strategy, but a strategy for the benefit of the citizens. The Luxembourg Presidency will therefore ensure that the objective of "maintaining the social model" will continue to be part of the revision of the Lisbon Strategy.

The adoption of the **Guidelines and Recommendations for the 2005 employment policies** will also be part of the Luxembourg Presidency's programme.

Despite the three-year cycle of this exercise, certain amendments may be considered, based mainly on the Kok I Report (report on employment policies), the "Pact for Youth" initiative, etc.

Everything will depend on the Joint Employment Report, which is the basis for the Strategy and the Employment Guidelines.

The new **European Social Agenda** is very important to the Luxembourg Presidency.

The Agenda should be a labour programme that meets the challenges that social Europe is facing and at the same time propose solutions.

The Social Agenda may be a decisive element for the citizens to regain their confidence in the building of Europe. To this end, the Social Agenda should therefore also contain a catalogue of means.

Beyond the strict European framework, the international dimension of the employment policy, and in particular the **social dimension of globalisation**, will play a special role during the six months of the Luxembourg Presidency.

The Luxembourg Presidency will emphasise the monitoring of the World Commission's Report on the Social Dimension of Globalisation of the International Labour Office (ILO), known as the Halonen – M'Kapa Report. In a way, this Report picks up on the Lisbon Strategy's philosophy on the global level, by combining different pillars that mutually strengthen each other. The Luxembourg Presidency will work to have a message adopted in the Council Conclusions noting that globalisation must be for the benefit of all.

It is in this framework as well that the **"Europe" Regional Conference of the International Labour Organisation (ILO/OIT)** will be held in Budapest from 14 to 18 February 2005. The conference will be co-organised by the Luxembourg Presidency and co-chaired by the Prime Minister of Luxembourg.

There will be four items on the agenda other than the monitoring of the "Halonen" Report per se: youth employment; the link between the flexibility requirements of businesses and the need for worker safety; the presence of older workers in the job market and pension issues; and migration of workers.

In the context of discussions on the proposal for a directive on the freedom to provide services (known as the Bolkestein Directive and discussion of services of general interest), the Luxembourg Presidency will first try to obtain definitive legal answers from the European Commission on certain fundamental elements that are not clearly written in the text. These legal clarifications will subsequently make policy discussion easier. In the area of labour and employment, special attention will be paid to the provisions on the applicability of the "Posting" Directive, which in theory is excluded from the scope, and the outcome reserved for interim work, which currently cannot be an integral part of this Directive at the risk of undermining the protective laws of the majority of Member States. The Ministers underscored the Prime Minister's clear position: yes to the free provision of services, no to social dumping.

From this perspective, the Presidency will pay special attention to the provisions on the coverage of health care and social services of general interest in the Directive proposal. Emphasis must be placed on the characteristics of these services compared to commercial services, mainly because of the involvement of the authorities, and the principle of free access to the quality of service and the different authorisation systems (agreements, approvals, etc.). We should not forget that the social security sector has considerable influence on employment, and this sector has become one of our society's largest

employers. The Directive must either respect these characteristics in the area of health services and services of general interest or exclude them from its scope.

In labour policy, one of the most important yet most difficult issues will be the proposal to revise the "**Organisation of Working Time**" Directive. The approach that the Luxembourg Presidency proposes to follow in the context of this work seeks to be pragmatic, based on the real needs of the Member States and focusing on results. Therefore, the Presidency will attempt to move this debate, currently too focused on quasi ideological oppositions, onto a more concrete and technical ground.

Specifically, the "technical" discussions at the Council level have moved forward significantly (and particularly on aspects of the problems caused by the "Simap/Jaeger" decisions of the Court of Justice of the European Communities).

Elsewhere, progress has been observed in the Council for the means to avoid these abuses made possible by opt-out (current possibility for an employer and an employee to decide by individual agreement on more than 48 hours work time as provided for in the directive).

Politically speaking, the main problem arises from the approach in matters of opt-out.

The Luxembourg Presidency shares the analysis that the work must continue, especially on the basis of a more detailed technical analysis of the actual situation and the real needs that prevail in the different Member States regarding opt-out, particularly to determine exactly how opt-out is used, under what conditions, for which sectors or activities, or even to determine if generalised opt-out is really necessary, and especially if the other flexibilities in the Directive are not sufficient.

These "trains of thought" should be the basis for the work under the Luxembourg Presidency.

Based on the answers, the Presidency will propose amendments to the text, fully knowing that health and worker safety must be strictly observed. Imposing longer weekly and daily work hours is out of the question, or, if applicable, over a longer working period in a lifespan, without sufficient compensated rest periods, at the risk of creating a vicious circle by increasing the number of disability pensions. Moreover, the Presidency has difficulty accepting the absolute principle of exceptions based on individual agreements between parties and therefore favours the collective approach.

The Luxembourg Presidency will also begin work on the "**Agreement of Social Partners on Working Time in the Railways**" Directive that results from an agreement of the social partners.

As for the "**European Foundation for the Improvement of Living and Working Conditions**" Regulation (Dublin), the Presidency will resume the work, and this text is to

clarify the Foundation's objectives and make it more operational by upgrading its structures and operation.

In **health and safety at work**, the "**Health/Safety Agency**" (**Bilbao**) aims to clarify the Agency's objectives and tasks and should make the Agency more operational by improving its structures and operation.

The "**Protection of Workers Exposed to Optical Radiation**" **Directive**, an important part of the provision on worker protection, may become an agreement at the June 2005 Council meeting if the European Parliament's schedule permits this.

The Luxembourg Presidency regrets that the file on the proposed "**Interim Labour**" **Directive** is at a standstill, as this contentious issue is also the most fundamental since it is about the equality of treatment of interim workers compared with regular workers in a business (in the working conditions).

The Luxembourg Presidency will continue to deal with this matter by pursuing discussions – first at the bilateral level – before making a more definitive statement on the procedures to be followed.

Regarding the "**PROGRESS**" **Programme**, the Luxembourg Presidency's intention is to finalise the first reading (general policy at the March Council meeting and partial political agreement in June), despite the difficulty arising from the fact that financing depends on the outcome of the discussions on the Union's financial perspectives.

The Luxembourg Presidency will deal with the **coordination of social security schemes and miscellaneous amendments to the European Regulation 1408/71** on social security schemes for migrant workers.

The issues that are on the Council's table and that amend this regulation will be pursued under the Luxembourg Presidency.

These include proposals for a **regulation for the 2003 miscellaneous amendments** that are now in the throes of a second reading before the European Parliament in the context of the co-decision procedure.

The main purpose of this regulation is to set objective criteria to describe a service as non-exportable and to register the national services that meet these criteria in the regulation's annexes. The Presidency of the Council hopes that the Parliament will vote in favour of the proposal, even if it can understand why certain members of your committee are hesitating due to the refusal of some Member States to withdraw some of their registrations.

The **regulation for the 2004 miscellaneous amendments** is also on the table. Negotiations will begin in the Council's social affairs group in early February. The amendments are mainly technical.

Furthermore, **the new implementing regulation for regulation 883/2004, which supersedes current regulation 1408/71**, must be adopted. The new regulation cannot come into effect until its implementing regulation has been adopted. The new implementing regulation is therefore a crucial element in the procedure to modernise and streamline international social security law.

The Commission's proposal is expected this spring.

Finally, it is possible that the Commission will again propose implementing regulations on social security so that the **association agreements** can be made applicable with the countries of Central and Eastern Europe and Tunisia. If this happens, the negotiations in the Council on this issue will still be able to begin.

Concerning **pensions**, it is expected that Member States introduce in mid-July 2005 their national strategic reports on the modernisation of pension schemes in which they will have to indicate how they expect to achieve the eleven common goals on suitability, financial durability and modernisation given society's evolution. This is the second cycle of national reports. These reports should be summarized in the form of a working document from the Commission staff, scheduled for December 2005. This exercise **is part of the process known as the "open co-ordination method,"** which is in fact the same methodology as that used for the Employment Guidelines and the Broad Economic Policy Guidelines.

Regarding health care, which will not be covered by this first single report, the plan is to have the Social Protection Committee review the questions that the Member States raised in the preliminary reports they are required to submit to the Committee by mid-April 2005. In light of these reports, the Committee would also have to think about possible common future objectives in the context of rationalisation.

The Luxembourg Presidency will organise two conferences:

- The first will be on the subject of "Access to Health Care in a Single Market: Impact for Statutory and Complementary Systems;"
- The second will deal more particularly with long-term health care for senior citizens.

The concern is to guarantee access for all the citizens of Europe to quality care. This is not about restricting access to care, even to care provided outside national borders. Quite the opposite: If the patient is able to find care that is more appropriate for his health situation in another Member State, the patient should have the right to obtain the needed care there. But the patient's interest must prevail.

Still, each Member State has the responsibility and duty to allow all its residents access to the quality care required according to their state of health, notwithstanding their financial resources.

The Ministers concluded the overview with general information on the Presidency's schedule. The most important information follows:

Formal Council meetings: 3 and 4 March – 2 and 3 June

Informal Council meeting (7 - 9 April).

A complete list of events is in the annex.