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Establishing a European Pillar of Social Rights

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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Establishing a European Pillar of Social Rights

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"We have to step up the work for a fair and truly pan-European labour market. As part of these efforts, I will want to develop a European Pillar of Social Rights, which takes account of the changing realities of Europe's societies and the world of work. And which can serve as a compass for the renewed convergence within the euro area. This European Pillar of Social Rights should complement what we have already jointly achieved when it comes to the protection of workers in the EU. I believe we do well to start with this initiative within the euro area, while allowing other EU Member States to join in if they want to do so."

President Jean-Claude Juncker, State of the Union Address,
European Parliament, 9 September 2015

1. Introduction

Building a more inclusive and fairer Union is a key priority for this European Commission.¹

Since the announcement by President Juncker of the establishment of a European Pillar of Social Rights, the Commission has been engaging actively with all relevant stakeholders at all levels. In March 2016, it presented a preliminary outline of the European Pillar of Social Rights and launched a broad public consultation to gather feedback.² In January 2017, building on stakeholders' events and input from across Europe, a high-level conference was organised to conclude the consultation.³

Today, the Commission is presenting the results of this public consultation, together with its final proposal for the European Pillar of Social Rights. The Pillar sets out a number of key principles and rights to support fair and well-functioning labour markets and welfare systems. As highlighted in the Five Presidents' Report on completing Europe's Economic and Monetary Union,⁴ this is also essential for building more resilient economic structures. This is why the Pillar is designed as a compass for a renewed process of convergence towards better working and living conditions among participating Member States. It is primarily conceived for the euro area but open to all EU Member States.

Delivering on these principles and rights is a joint responsibility. Most of the tools required to deliver on the Pillar are in the hands of local, regional and national authorities, as well as the social partners, and civil society at large. The European Union – and the European Commission in particular – can help by setting the framework, giving the direction and establishing a level-playing field, in full respect of the specificities of national circumstances and institutional set-ups. While this is essential, action at EU level will need to be supported and followed up at all levels of responsibility.

¹ See Political Guidelines for the next European Commission, "A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change", 15 July 2014.

² See COM(2016) 127 final of 8 March 2016.

³ See results from the public consultation in the accompanying document SWD(2017) 206 of 26 April 2017.

⁴ See Five Presidents' Report on Completing Europe's Economic and Monetary Union of 22 June 2015.

The discussion on the social dimension of Europe is part of the broader debate initiated on the future of the EU27. The Commission's White Paper on the Future of Europe⁵ has begun a wide-ranging discussion on what future we want for ourselves, for our children and for Europe. The reflection paper on the social dimension of Europe,⁶ published alongside the package on the European Pillar of Social Rights, focuses on the profound transformations European societies and the world of work will undergo in the coming decade, and it sets out a number of options on how we can collectively respond, by building a Europe that protects, empowers and defends. The Rome Declaration adopted by EU leaders on 25 March 2017 outlined the importance of a social Europe. The Social Summit for Fair Jobs and Growth, to be held in Gothenburg on 17 November 2017, will be a further opportunity to take these ideas forward.

This Communication presents the European Pillar of Social Rights and outlines a way forward for its implementation. The Communication is accompanied by a number of legislative and non-legislative initiatives related to work-life balance, information for workers, access to social protection and working time. In the logic of the Pillar, these proposals, once adopted, will update and complement the EU acquis. The text of the Pillar itself is supported by a staff working document which provides more detailed explanations on each of the principles and rights.⁷ Moreover, a social scoreboard has been established to monitor progress on the ground.⁸ This will serve to track trends and performances across countries and to inform policy guidance in the context of the European Semester of economic policy coordination. For the EU as a whole, the scoreboard will also serve to assess progress towards its 'social triple A'.

2. The rationale behind the European Pillar of Social Rights

The European Pillar of Social Rights is presented with today's and tomorrow's realities in mind. In spite of recent improvements in economic and social conditions across Europe, the legacy of the crisis of the last decade is still far-reaching, from long-term unemployment and youth unemployment to risks of poverty in many parts of Europe. At the same time, every Member State is facing the rapid changes taking place in our societies and the world of work. As recalled in the reflection paper on the social dimension of Europe, there are as many challenges as there are opportunities. The EU is home to the most advanced welfare systems in the world and to a wealth of best practices and social innovations, but it needs to confront and adapt to unprecedented societal challenges.

In this context, the European Pillar of Social Rights is about delivering new and more effective rights for citizens. The 20 principles and rights enshrined in the Pillar are structured around three categories: equal opportunities and access to the labour market, fair working

⁵ See COM(2017) 2025 of 1 March 2017.

⁶ See COM(2017) 206 of 26 April 2017.

⁷ See SWD(2017) 201 of 26 April 2017.

⁸ See SWD(2017) 200 of 26 April 2017.

conditions and social protection and inclusion. They place the focus on how to deliver on the promise in the Treaties of a highly competitive social market economy, aiming at full employment and social progress. While the principles and rights are shared, their delivery is not assumed to take place through a "one-size-fits-all" approach: the Pillar acknowledges the diversity of situations and the varying means available to achieve these common goals.

The final proposal of the European Pillar of Social Rights presented today has benefited from the numerous contributions gathered during the public consultation (see Box 1). Following the consultation, a number of parameters were refined as compared to the preliminary outline of March 2016.

Box 1. The consultation on the European Pillar of Social Rights

From March until December 2016, the Commission carried out a public consultation to gather feedback on a preliminary outline of the Pillar. This was also the opportunity to reflect on the future of work and welfare systems, on whether the EU legal "acquis" was still fit for purpose, and on the possible role of the Pillar in the governance of the Economic and Monetary Union.

The consultation allowed for a wide-ranging discussion with the other EU Institutions, with national governments and parliaments, experts and civil society at large. The social partners played a specific role through dedicated hearings involving the EU, national cross-industry organisations and EU sectoral federations. Over 60 dedicated events took place across Europe, involving beyond 2,500 participants. At national level, dedicated consultation events were held in 27 Member States. More than 16,500 replies were received to the online dedicated questionnaire. A high-level conference took place on 23 January 2017 to wrap up the consultation process.

The European Parliament adopted a Resolution on the Pillar on 19 January 2017.⁹ The Committee of the Regions adopted an Opinion on 11 October 2016¹⁰ and the European Economic and Social Committee on 25 January 2017.¹¹ The Commission also received contributions from 21 national governments,¹² and ministers discussed the Pillar in various sessions of the Council.

The consultation has identified four broad trends that the Pillar should address: (i) the social consequences of the crisis, including increasing poverty and exclusion, inequalities and unemployment, low growth and competitiveness; (ii) the future of work and the emerging digital labour market; (iii) demographic developments, namely the ageing of Europe's population; and (iv) economic divergence across Member States. These concerns have guided the design of the European Pillar of Social Rights presented today.

Overall, the consultation showed support for the European Pillar of Social Rights, as an opportunity to deliver on a more social Europe. At the same time, it confirmed that Europe's economic and social challenges are interlinked and require consistent action at all levels. In particular, many respondents

⁹ 2016/2095(INI).

¹⁰ CDR 2868/2016.

¹¹ SOC/542-01902-00-01-ac.

¹² Austria, Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovakia, Sweden and the UK.

pointed to the fact that the purpose of the Pillar should not be to harmonise social policy across the EU.

A more detailed summary of the consultation is presented in the staff working document published alongside this Communication.¹³

These challenges take a specific meaning for the completion of Europe's Economic and Monetary Union, as stressed in the Five Presidents' Report of June 2015.¹⁴ This is not just a social necessity, it is also an economic imperative. Employment and social conditions vary widely across the euro area, partly as a result of the crisis but also partly resulting from the imbalances built up in the years before the crisis. As the Report points out, efficient and resilient labour markets that promote a high level of employment and are able to absorb shocks without generating unemployment are essential for the smooth functioning of the Economic and Monetary Union. Over time, they contribute to the convergence of performances between Member States and to more inclusive societies. Beyond labour markets, it is also important to ensure that every citizen has access to adequate education and that an effective social protection system is in place to protect the most vulnerable in society, including a "social protection floor". Finally, the Report highlights the need to go a step further and push for a deeper integration of national labour markets by facilitating geographic and professional mobility. This calls for a fair and enforceable level-playing field for public authorities, workers and business alike.

The Pillar is therefore primarily conceived for the Member States of the euro area but applicable to all Member States that wish to be part of it.

¹³ See SWD(2017) 206 of 26 April 2017.

¹⁴ See "Completing Europe's Economic and Monetary Union", Report by Jean-Claude Juncker, in cooperation with Donald Tusk, Jeroen Dijsselbloem, Mario Draghi and Martin Schulz, June 2015.

3. The political and legal nature of the Pillar

The Pillar takes direct inspiration from the existing wealth of good practices across Europe, and builds on the strong body of law which exists at EU and international level. Many of these values were already enshrined in the Rome Treaties in 1957 and have gained further global recognition due to the work of international bodies such as the United Nations, the International Labour Organisation and the Council of Europe. In particular, the Pillar draws on both the European Social Charter signed at Turin on 18 October 1961 and the 1989 Community Charter of the Fundamental Social Rights of Workers, which set out essential social rights. At the same time, the EU "social acquis" has also developed over the last 30 years as a result of new provisions in the Treaties, the adoption of the European Charter of Fundamental Rights, new legislation and the case law of the Court of Justice of the European Union. More recently, the adoption of the UN Sustainable Development Goals for 2030 has provided a new agenda to address poverty eradication and the economic, social and environmental dimensions of sustainable development in a balanced and integrated manner.

The final text also takes full account of broader political considerations and legal limitations. Member States, and for many domains the social partners, have primary or even exclusive competences in areas such as labour law, minimum wage, education, healthcare and the organisation of social protection systems. They also bear the bulk of the financing in the areas covered by the European Pillar of Social Rights. The principles and rights set by the Pillar will need to be implemented at Union and Member State level in full respect of their respective competences. This is also in line with the principles of subsidiarity and proportionality, which foresee that action at EU level will take place only when objectives can be better achieved at Union level and that such action will not exceed what is necessary to achieve the objectives of the Treaties. These principles ensure that decisions are taken as closely as possible to the citizens of the Union and that measures proposed at EU level will be based on proven added value. This is what citizens expect and this is what is most effective and efficient.

The Pillar reaffirms the rights already present in the EU and in the international legal acquis and complements them to take account of new realities. As such, the Pillar does not affect principles and rights already contained in binding provisions of Union law: by putting together rights and principles which were set at different times, in different ways and in different forms, it seeks to render them more visible, more understandable and more explicit for citizens and for actors at all levels.

In so doing, the Pillar establishes a framework for guiding future action by the participating Member States. This is why the Pillar is presented in the form of a Recommendation from the Commission, together with a proposal for an interinstitutional proclamation. The Recommendation is adopted today by the Commission on the basis of Article 292 of the Treaty on the Functioning of the European Union. As it was done for the Charter of Fundamental Rights, the proposal for an interinstitutional proclamation will be discussed with the European Parliament and the Council.

The implementation of the Pillar will take place in a diversity of situations and changing socio-economic environments. While establishing a reference framework, the Pillar is conceived

as a dynamic instrument that gives room for manoeuvre for actors at all levels to act according to their competences and to update their instruments in the light of specific situations. In particular, policy experimentation and social innovations should be encouraged to match new challenges, which can be of benefit to all. As indicated below, a number of actions will be initiated and strengthened at EU level to follow up progress.

The principles and rights enshrined in the Pillar are of interest to citizens, public authorities and social partners at all levels. Given the legal nature of the Pillar, these principles and rights are not directly enforceable: they require a translation into dedicated action and/or separate legislation, at the appropriate level. This is explained in greater detail in the staff working document accompanying the Pillar.¹⁵

In many cases, the major issue is not so much the recognition of rights but rather their actual take-up. There are cases where citizens cannot fully enjoy their rights due to a lack of awareness, implementation or enforcement of already existing legislation. This is why an important focus of the follow-up strategy will be the strengthening of the enforcement of existing rights. An example of such action is the recent evaluation of the acquis in the field of occupational health and safety: a broad consultation was used to assess the effectiveness, efficiency, relevance and coherence of existing pieces of legislation and to design a strategy to ensure a more effective protection of the health and safety of workers, which takes account of administrative burdens and of the specific needs of SMEs.¹⁶

4. Follow-up at EU level

Taking into account the political and legal considerations explained above, the implementation of the Pillar will be primarily the responsibility of national governments, of public authorities and of social partners at all levels. Whether the Union has a legal competence to act is further explained in the accompanying staff working document.¹⁷ The rest of this section focuses on the follow-up at EU level.

At European level, all the various instruments available will be mobilised: EU law, with an emphasis on the enforcement of the rich acquis already existing, to be updated and complemented where necessary; social dialogue, to engage with and support the work of EU social partners; policy guidance and recommendation, through the European Semester of economic policy coordination; and financial support, through a diversity of EU funds. Moreover, the implementation of the Pillar will be supported by a new social scoreboard allowing for a monitoring of progress in terms of performances.

Endorsing the European Pillar of Social Rights

¹⁵ See SWD (2017) 201, of 26 April 2017. The principles enshrined in the European Pillar of Social Rights concern Union citizens and third country nationals with legal residence.

¹⁶ See COM (2017) 12 of 10 January 2017.

¹⁷ See SWD (2017) 201 of 26 April 2017.

The Commission proposes the European Pillar of Social Rights to be solemnly proclaimed jointly by the EU Institutions. Together with the European Parliament and the Presidency of the Council, the Commission will facilitate the discussion on the basis of the draft proclamation presented today. The Social Summit, which will take place in Sweden on 17 November of this year, will be a key moment to steer the work forward, in line with the broader discussion on the social dimension of Europe. In the meantime, the Recommendation adopted today will serve as a reference, and this Communication delivers the framework for future actions by the Commission. The Recommendation adopted today will be amended in light of the final joint Proclamation by the EU Institutions.

Updating and complementing EU law where necessary

EU legislation remains essential to guaranteeing the rights of citizens as set out in the Treaties. For a number of principles and rights included in the Pillar some further legislative initiatives will be necessary for them in order to be effective. Making sure that the EU legislation is updated and fit-for-purpose is a key and constant concern for the Commission. This is reflected in a number of recent initiatives, such as on the coordination of social security systems, the posting of workers, the revision of the EU Framework on occupational health and safety at work, and the European Accessibility Act to improve the functioning of the internal market for accessible products and services, for the benefit of persons with disabilities and older people. The Pillar offers a new way to assess whether existing EU legislation is designed and governed in a way that it is fit-for-purpose and responds to new challenges. The launch of the Pillar is accompanied by a first set of legislative initiatives related to work-life balance, access to social protection and the information for workers. Further initiatives, in areas covered by the principles and rights included in the Pillar, will follow in the future as part of the process of preparation and discussion of the annual Commission Work Programme.

Better enforcing EU law

In addition to new legislative initiatives, the European Pillar of Social Rights focuses on the effective implementation of existing legislation. The launch of the Pillar provides the opportunity to reinforce the implementation and enforcement of the existing *acquis*, including through non-legislative measures. Such reinforced implementation will include support for a higher awareness of rights, enforcement mechanisms or enhanced interpretative guidance where needed. The recent European Agenda for the collaborative economy¹⁸ and the interpretative Communication on the Working Time Directive published today are two topical examples of how such guidance can take shape.¹⁹ The Commission will also review, building notably on social partners' input, where there are implementation gaps and decide on action needed.

Supporting social dialogue in the EU

¹⁸ COM(2016) 356 of 2 June 2016.

¹⁹ C(2017) 2601 of 26 April 2017.

This Commission has supported the re-launch of EU-level social dialogue since the start of its mandate, by giving a new impetus to the involvement of the social partners in EU policy and law-making and to the promotion of social dialogue at all levels. The joint statement on “A New start for social dialogue” signed in June 2016 by the EU social partners, the Presidency of the Council and the Commission confirmed the shared commitment to improving the framework conditions, the effectiveness and the quality of social dialogue at all levels. Bilateral cooperation between employers and trade unions is key for a well-functioning social dialogue. The Framework Agreement on active ageing and an intergenerational approach signed by EU level social partners in March 2017 is exemplary of how social partners can contribute to better governance and more effective social and economic reforms.

Monitoring progress within the European Semester for economic policy coordination

Social considerations have been mainstreamed and reinforced in the European Semester for economic policy coordination since the start of the mandate of this Commission. The analysis and recommendations will reflect and promote the principles enshrined in the Pillar by assessing, monitoring and comparing the progress made towards their implementation. Benchmarking and exchange of best practices will be conducted for a number of areas, such as employment protection legislation, unemployment benefits, minimum wages, minimum income and skills.²⁰ Monitoring of progress will be supported by the new social scoreboard, which consists of a limited number of existing indicators of importance to assess employment and social trends.²¹ The scoreboard will be discussed with the relevant Council committees, with a view to its incorporation in the annual Joint Employment Report published each autumn in the framework of the European Semester. It could also become a reference point for the efforts made on the social dimension of the euro area and of Europe more generally.

Drawing conclusions for the completion of Europe's Economic and Monetary Union

The European Pillar of Social Rights is part of the efforts to launch a new process of convergence within the EMU. It lies in the conviction that convergence towards better socio-economic outcomes, social resilience and fairness is the necessary foundation for a more integrated and stable Europe and that this is an urgency for the sustainability of the Economic and Monetary Union. Looking ahead, the future success of the euro area depends, in no small measure, on the effectiveness of national labour markets and welfare systems and on the capacity of the economy to swiftly absorb and adjust to shocks and to effectively tackle their social implications. It also depends on the capacity of national economies to improve living standards and growth potential. This requires high quality education and training and well-functioning labour markets, allowing for a smooth allocation of resources, but also well-designed social protection systems to be in place in order to provide effective automatic stabilisation, prevent and reduce poverty, and support labour market reintegration. In line with the Five Presidents' Report, some of the principles and rights established by the Pillar could serve the purpose of more binding standards in line with the process of EMU deepening.

²⁰ Work is already ongoing with the Council committees on these particular areas.

²¹ See SWD(2017) 200, of 26 April 2017.

EU financial support

EU funds, in particular the European Social Fund, will continue to support the implementation of the European Pillar of Social Rights. In particular, the 2014-2020 operational programmes in the framework of the European Structural and Investment Funds, as well as other key financial programmes such as the Youth Employment Initiative, Erasmus+, the European Globalisation Adjustment Fund and the Fund for European Aid to the Most Deprived will play a key role to support many principles of the Pillar. The Pillar will also be a reference for the design of the post-2020 EU financial programming period. The Commission will work closely with the Member States, local and regional authorities to make sure that future EU funding is targeted to the identified priorities and that Member States set up the necessary structures to ensure that these funds can be fully tapped on where they are needed the most.

5. Conclusion

The consultation on the European Pillar of Social Rights has highlighted the breadth of the social and economic issues facing Europe and the euro area in particular, but it has also confirmed the commonalities of challenges and the shared need to act, together and urgently, to get Europe back on track towards a more inclusive economic growth and greater social cohesion. These efforts are part and parcel of the broader political and economic agenda initiated at European level to respond and overcome the crisis of the last decade.

The European Pillar of Social Rights puts forward concrete principles and rights, to be concretised at EU and national level. It puts the citizens first, and sets out a shared way forward for equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. These principles and rights are also essential for the broader debate on the future of the EU27.

The Member States, their public authorities, social partners at all levels and the EU Institutions share a common responsibility to work for a more prosperous and fair Europe, where economic and social developments go hand in hand. The Pillar sets markers for future actions, with a series of EU initiatives presented today as part of this package. The Commission will continue to work very closely with the European Parliament and the Council to facilitate the proclamation of the Pillar, and with stakeholders to follow it up at all levels.