

Joint Declaration by the Federation of Enterprises in Belgium and the Confederation of Danish Employers

26 October 2021

On the occasion of the visit to Denmark by His Majesty King Philippe of Belgium, the Belgian Ministers for Economy and Employment and the Belgian social partners:

We, the Federation of Enterprises in Belgium and the Confederation of Danish Employers, welcome the exchange of information, best practices and challenges between the Belgian and Danish ministries and social partners on our labour markets and on the role of the social dialogue in tackling societal challenges.

Our exchange today has made it clear that our social dialogue and labour markets have many similarities, while we also share many of the same challenges.

In the wake of the pandemic we have witnessed a swift economic recovery followed by a similarly swift increase in employment rates. While we applaud this positive development, our companies are experiencing a growing lack of much-needed labour and bottlenecks in supply chains. The lack of suitable workers is a serious threat to the current upturn and a situation which we need to tackle at both national and European level.

In our view, the lack of suitable workers should be handled through social dialogue and national initiatives on active labour market policy, re-skilling, up-skilling and ensuring that the structural framework creates incentives to enter the labour market earlier and stay longer. We also believe that the EU has an important role to play to ensure the frictionless movement of workers within the EU and access to qualified labour from third countries.

In addition, there are certain skills that are in particularly high demand, such as workers with vocational education and training in general but who also possess green and digital skills. However, the supply is scarce. In the coming years, we expect an even greater demand for green and digital skills necessary to achieve sustainable growth. We therefore need to focus on more young Europeans completing vocational education and training and acquiring digital and green skills. This is crucial for a successful dual transition that does not leave either employers or employees behind.

Improved EU support for social dialogue is needed

Belgium and Denmark have strong traditions of autonomous collective agreements regulating wages and working conditions. Respect for an autonomous social dialogue is fundamental. At European level, we believe there is room for improvement when it comes to recognising the relevance of the European social dialogue and respecting the social partners' autonomy. A recent example is the Framework Agreement on Digitalisation¹ concluded by the European social partners in June 2020. The national social partners must have time to implement the agreement where necessary and at the appropriate level before overlapping EU legislation is proposed.

¹ https://www.besnesseurope.eu/sites/buseur/files/media/reports_and_studies/2020-06-22_agreement_on_digitalisation_-_with_signatures.pdf

The Commission has announced a social dialogue communication for 2022. The communication is an opportunity to take a step in this direction. In particular, it is important for the Commission to clarify its priorities to improve the role of social dialogue in the coming years of EU policymaking on social issues.

EU initiatives should give more leeway to social partners

EU directives on social issues are becoming more and more detailed. National social partners' room for manoeuvre is increasingly restricted and does not leave room for social partners to secure the right balance between economic and social considerations.

The after-effects of the COVID 19 crises are still apparent in Europe. We believe the EU should focus on job creation just as we believe employment is the most efficient way to raise the social standards for European citizens. Highly detailed EU directives, which entail a heavy administrative burden for companies, risk leading to the opposite.

The proposed directives on minimum wages and pay transparency are examples of this.

- We agree that everyone should earn a decent salary and that adequate wages benefit the economy as a whole. However, there is no indication that a statutory **minimum wage** will solve the problem of the working poor in the EU. In fact, we see that countries with wages set through collective bargaining have some of the highest wages, while countries with statutory minimum wages face problems with the working poor. In addition, the draft minimum wage directive may distort well-functioning collective bargaining systems in some countries like Belgium and Denmark. Thanks to a long tradition of collective bargaining, workers in our countries have wages that secure a good standard of living. This calls into question the need for a directive and whether such an EU action will respect the principles of proportionality and subsidiarity. The EU member states have very different systems and traditions. Therefore, a one-size-fits-all approach is not the right way to go to ensure decent wages in the EU.
- **Pay transparency** can, to a certain extent, help to close the gender pay gap. However, the current draft fails to address the root causes of the gender pay gap and neglects the autonomy of the social partners by proposing criteria for wage-setting. In our view the initiative goes far beyond addressing equal pay. It needs to acknowledge the fact that wage-setting mechanisms are part of complex and finely balanced national labour market systems and that companies need to be allowed to reward extra efforts and to attract the specific skills they need. Inventing a new thermometer is not going to cure the 'disease'. Men and women make different choices in relation to jobs, education and family life that influence gender equality and equal pay. We will only see real change in the gender pay gap if we address these causes.

The Federation of Enterprises in Belgium and the Confederation of Danish Employers support social progress, but call on European and national authorities to take balanced measures that take into account the needs of workers and the competitiveness of enterprises. Only a competitive economy is able to create added value and jobs, which in turn guarantee a prosperous society.

Jacob Holbraad



CEO DA

Pieter Timmermans



CEO VBO FEB