

OPENING SPEECH

BY | **MARIANNE THYSSEN**

European Commissioner for Employment and Social Affairs

1. INTRODUCTION

Ladies and gentlemen,
Dear colleagues,

It's a great pleasure to be here at Leuven University, my alma mater. As the guest of the HIVA Research Institute for Work and Society – I can assure you, your studies have been highly appreciated and relied upon at the European Commission.

And as the guest of the European Centre for Workers' Questions. I really appreciate your work. Through training and education, you are building the social dialogue of the future.

This is a very important conference. For two reasons.

1.1. IMPORTANCE OF FREEDOM OF MOVEMENT

First of all, because of the great importance of social protection and the coordination rules for the lives of the 17 million citizens that live or work in another Member State. Labour mobility can simply not be organised in an orderly way without coordination of national social security systems.

That was already clear to the Founding Fathers of the European Union when they agreed on the Treaty of Rome in 1957.

Many people are often surprised when I tell them that the very first pieces of substantive legislation adopted by the European Economic Community concerned social security coordination. Two regulations that show that you cannot have free movement of workers without guaranteeing mobile workers that they will not lose social protection.

I believe it is not necessary for this audience that I recall the benefits that freedom of movement brings to society.

It brings jobs for workers and better trained staff for businesses. It boosts growth, and boosts the efficiency of European labour markets, by better matching vacancies with skills.

Labour mobility cannot work without social security coordination. That is also why social security coordination has been a key point of attention in the Brexit negotiations and the Withdrawal agreement.

And why our efforts to prepare for a no deal Brexit include a regulation on social security coordination.

And why the Political Declaration on the Future relationship between the European Union and the United Kingdom contains both Parties' agreement to "consider addressing social security coordination in the light of future movement of persons". Even though the UK wishes no longer to apply free movement of persons, coordination of social security systems will still be necessary to accompany labour mobility that will inevitably continue to exist.

1.2. LABOUR MOBILITY UNDER PRESSURE

There is a second reason why a conference on social security coordination is topical and highly relevant.

That is because labour mobility and social security coordination are under increasing pressure. I am not referring to the attack on free movement and labour migration that comes from the usual suspects. Those who play on the fears of uncontrolled immigration, crime and terrorism.

What I refer to is the pressure stemming from fears of abuse of social security systems. Fears of labour under decent working conditions being replaced by so-called social dumping. Fears of uncontrolled or uncontrollable exploitation of mobile workers. But also from fears of labour mobility leading to brain drain and negative effects for long-term growth in certain sending countries.

We should not deny these fears. We have to understand these fears. Reassure citizens, and build bridges. So that efforts to protect social systems against abuse do not lead to protectionism. So that free movement and the internal market – the instruments on which Europe's welfare is based – are not undermined. So that everyone can enjoy the benefits of labour mobility.

2. IN DEFENCE OF FAIR LABOUR MOBILITY

This is the challenge that we took on ourselves five years ago when we started with the Juncker Commission. Strengthening the fairness of the Internal Market became one of the priorities of the Commission.

2.1. FAIRNESS IN THE INTERNAL MARKET

To secure continued support for free movement the internal market must be governed by rules that are clear, fair and enforceable.

Fairness means that the rules are equitable to all and not designed to benefit one category of stakeholders to the detriment of others. It means taking into account the interests of both sending Member States and receiving Member States.

Fairness means rules that support mobile citizens but also take account of the interests of taxpayers and the interest in maintaining adequate social security systems.

Fairness also means preserving and improving tools to fight abuse and fraud.

Fairness means for me also preserving the business opportunities of the companies and self-employed that make use of free movement in good faith to serve clients across Europe.

For this audience, I do not need to recall all our initiatives to promote fair labour mobility.

To the wider audience, some of these initiatives, like the Regulation on EURES (European network of employment services) and the set-up of a European Platform to tackle undeclared work receive less attention than, for example, the revision of the Posting of Workers Directive and the proposed revision of the Regulations on the Coordination of Social Security Systems.

2.2. POSTING OF WORKERS

The relatively quick adoption of the revised Posting of Workers Directive is a significant achievement for the Commission – and for the European Union as a whole.

In the end, only two Member States voted against my proposal to lay down the principle of the same pay for the same work at the same place. Showing that it is possible to bridge the divides.

In future, a Belgian worker and his posted Polish, or French or Portuguese colleague working on the same building site will receive the same remuneration.

2.3. ELA

I will come in a minute to the proposed revision of the social security coordination rules. But let me first emphasise the issue of enforcement.

It is not enough to have fair rules. Fairness only exists if the rules are effectively enforced across the Union. Concerns about uneven compliance with the rules jeopardise trust and fairness in the Internal Market. That is why I believe our European Labour Authority will be so important. The Authority will be the Union's operational arm on the European Labour Market. It will bring the Member States' enforcement authorities together to step up their cooperation.

I can tell you that when President Juncker announced the idea of a European Labour Authority, many believed we did not have sufficient time to realise it. But we managed to have the Founding Regulation finalised, agreed by a wide majority of Member States and widely supported from left to right in the European Parliament. We only need its formal adoption in the upcoming EPSCO Council in June for the Regulation to enter into force in July.

Meanwhile, the Member States are set to decide on the location of the Authority. In any event, we will not wait for the future premises to be ready. The Authority will work from Brussels until it is ready to move to one of the four candidate cities (Bratislava, Nicosia, Riga, Sofia).

I intend to invite President Juncker to open the first meeting of the Management Board in October.

The fact that we succeeded in setting up the European Labour Authority was again based on our aim to build bridges. To take into account all stakeholders' legitimate interests, and to design the type of agency most urgently needed on the European labour market.

The Authority will have clear operational tasks. In the first instance to support the Member States' enforcement authorities in information exchange, inspections and mediation. Bringing national liaison officers together will foster a common enforcement culture.

I emphasise this today because social security coordination will be a major area of activity for the Authority. It will also deal with other labour mobility rules, including posting of workers. But we have fought hard to make the Authority active across labour mobility areas.

Setting up the Authority was not only an exercise in linking labour law experts with social security experts. I have insisted that the Authority should satisfy the most pressing needs of all actors on the European labour market, including the Member States at the origin of labour mobility. Therefore, the Authority will also support the Member States in providing the information that mobile workers and their employers need on rights and obligations abroad. And support the European network of employment services in matching skills and vacancies.

3. SOCIAL SECURITY COORDINATION

Let me now say a few words on the proposed revision of the rules on social security coordination, which could not be finalised under this legislature but will be one of the key files for the new Parliament together with the future Council Presidency. In March 2019 we concluded the inter-institutional negotiations with a balanced agreement.

As you are aware, the Council did not reach a qualified majority as only a few votes were missing. This was certainly not due to a split between sending and receiving countries. Our agreement was supported by many in Western and Eastern Europe, the North and the South.

I remain hopeful that a final agreement will be reached soon with the new Parliament. Because the problems that our proposal aimed to fix, are still there. And will only be resolved by a solution based on clear, fair and enforceable rules.

Fairness means that we need to reassure Member States and citizens that we can tackle abuse and fraud. That is why our proposal, and also the compromise agreement, improved procedures. By ensuring that Portable A1 Documents are beyond dispute. By requiring institutions that issue A1 documents to fact check them and guarantee that they are correct.

We want any document based on an intentional fraudulent claim to be withdrawn immediately and with retroactive effect.

And we proposed explicit deadlines for exchange of information between national authorities. Deadlines that can be monitored by the European Labour Authority. For the same reason we also proposed to codify the case-law of the Court on non-active mobile citizens. The Court clarified that Member States may regulate access to social benefits for economically inactive citizens. I believe that citizens should be able to read in legislation rather than in case-law what their rights and obligations are.

Fairness means also solidarity and a fair distribution of financial burden amongst the Member States. That is why we want workers and jobseekers to build up a relationship with the country where they claim benefits. It is fair to ask an individual to work a certain period in a State before that State becomes competent to pay unemployment benefits on the basis of previous work experience abroad.

But without abandoning the principle of aggregation, which let us not forget has existed since 1958. It would be wholly unfair to mobile workers to refuse recognising previous work experience. Protection of social security systems does not mean adopting protectionist measures that discriminate against mobile workers.

Fairness therefore also means: saying no to the indexation of child benefits. In particular when these benefits go to children living in a region where living expenses may be lower. If workers pay the same contributions or taxes into a system, they should receive the same benefits from that system.

We cannot say that workers have the right to the same pay for the same job at the same place, and meanwhile allow workers to receive different benefits for the same contributions to the same system.

4. CONVERGENCE

Ladies and gentlemen, many of the sensitivities regarding labour mobility stem from large inequalities between our Member States. That means we also need to look at the broader social and economic context.

4.1. CONVERGENCE GOING BACK 60 YEARS

Growth has returned to all our Member States. 240 million Europeans are now at work. More than ever before. Unemployment is at 6.4 per cent. The lowest number ever.

At the same time, there are still large differences in Europe. In 2016 real wages in Bulgaria, the country with the lowest wage level, were about 3 times lower than real wages in Luxembourg, although 10 years earlier they were 6 times lower.

Last week I was in Sibiu, Romania. You know that Romania has lost a significant part of its population, partly because of labour mobility. If you ask anyone in the street there about Europe, one of the first things they ask is: “when will we start earning as much as in the West?”

And it's not just about wages, but convergence of living standards in the widest sense. People want a good quality of life and opportunities for their children.

The differences between Member States may be larger now than in 1957. But the Founding Fathers realised that labour mobility should be paralleled with social convergence.

In the Treaty of Rome they also established the European Social Fund, which still is one of our main tools for promoting social cohesion across the European Union.

Historically, the EU is a convergence machine. You can take Ireland as an example, which is no longer the poor country that it was at the time of its accession.

And central and Eastern European countries are catching up. Ever since accession, we've seen real wage convergence between East and West. In Bulgaria, Romania and the Baltics, real wages are growing between 70 and 110 per cent faster than in the rest of the EU.

With economic growth, the pace of labour mobility is slowing down already in some countries. With increasing wages and better opportunities for people, more and more people are returning to their home countries. Bringing capital, experience and skills with them.

We now need to get the European convergence machine – that slowed down during the crisis – up to full speed.

4.2. **FOSTERING CONVERGENCE: EU FUNDS AND THE EUROPEAN PILLAR OF SOCIAL RIGHTS**

As tools for convergence we have at our disposal, as you know, our European structural and investment funds.

The aim of our regional funds is explicitly to foster social cohesion by convergence. And with our European Social Fund we invest in people, promoting employment and social inclusion and fighting poverty.

But we also developed a more comprehensive tool for fostering convergence. The European Pillar of Social Rights. The rights and principles set out in our Pillar will be the compass guiding the Union and the Member States in the years to come. To steer Europe towards upwards convergence. And to help us navigate economic and social change in the new world of work.

The Union institutions and the Member States must now all turn rights into realities and principles into practice. Each on our own level. Supported by social partners and civil society.

The Pillar was accompanied from the beginning by a social scoreboard, which was integrated into the European Semester – our annual cycle of economic policy coordination.

Those who follow our country reports and country specific recommendations know that the Semester is far more social than ever before.

The message from the Social Summit in Gothenburg has passed across Europe. Recently I was in Lithuania. There the minister of Social Affairs told me he was setting up a working group to help implement the Pillar in their own country.

5. **CONCLUSION**

Ladies and gentlemen, the freedom of movement is one of our greatest achievements.

But nothing is set in stone. Everything can change. There are politicians who want to build new walls and new barriers. We can take nothing for granted.

We must defend free movement. That means telling our politicians: “don’t beat the same drum as the populists. Because the drumming will only sound louder.”

In order to defend and preserve free movement, we must act. We must do everything to make sure labour mobility is fair for everyone.

I believe I have done my bit. I am proud of what we have achieved. I hope that all of you continue to support and develop the European project with your expertise on labour mobility and social protection.

I wish you a very successful conference.

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