

18<sup>th</sup> October 2022

**AEIP response to the European Commission's Call for Evidence on Strengthening social dialogue in the European Union**

EU LEVEL

The [European Association of Paritarian Institutions - AEIP](#) welcomes the call for evidence on strengthening social dialogue in the EU and considers it as an important step towards reconciling the European growth agenda with social rights and to support the implementation of [Principle 8 of the European Pillar of Social Rights \(EPSR\)](#).

This reply to the European Commission's call for evidence aims to highlight the pivotal role that the paritarian model can play to strengthen social dialogue and to achieve adequate and sustainable social protection systems. It also provides recommendations to enhance the engagement of social partners in the social dialogue at EU and national level:

- The European Commission should make use of the European Semester to promote social dialogue and enhance occupational schemes at national level.
- To set up a permanent group at EU level on long-term care (LTC) to strengthen social dialogue, to share mutual learning and successful practices to overcome challenges related to LTC.
- The EU should continue to foster a dialogue on how to extend coverage to (non-standard) workers and the self-employed and help countries identify the best ways to cope with this challenge.
- The European Commission should involve paritarian institutions that provide services in the construction sector in the work of the European Labour Authority and that of the European Platform tackling undeclared work.
- The European Commission should make use of the available tools, such as the European Pillar of Social Rights, to promote human and economic resources into vocational rehabilitation services.
- Drawing attention to strengthening social dialogue to achieve a renewed focus on innovation and digitalisation of social protection service.

**I. The importance of the paritarian model to help strengthen social dialogue and to achieve adequate and sustainable social protection systems.**

As a promoter of social protection managed by social partners, AEIP has stressed the importance of the paritarian model and the full integration of its underlying principles such as solidarity, risk sharing, efficiency, good governance and transparency of costs.

AEIP considers that **adequate and sustainable social protection systems can be designed through the paritarian model and the involvement of social partners at national and EU level**. The paritarian model is understood in many countries as both an intrinsic element of social dialogue and a joint management model of social partners in the context of social protection. **Paritarism is a type of self-organization of social relationships which, on the basis of equal negotiations between employers and employees, brings about agreements that are equally binding for both parts**. Paritarian institutions are an integral part of industry-specific models in many branches today. The **principle of solidarity, at the heart of paritarian social protection schemes**, ensures that the interests of all stakeholders are reflected in collective agreements in a transparent and inclusive manner. These schemes, implemented by the AEIP members, guarantee economic efficiency whilst at the same time promoting social justice and general welfare by **guaranteeing the participation of workers and employers in special schemes of social equity and compensation**.

The paritarian model **guarantees a participation of workers and employers** in special schemes of social equity and compensation. Paritarian institutions are an expression of collective bargaining, autonomy and social partnership. They **realize the principles of subsidiary regulation and proportionality**. **Social dialogue and paritarism contribute to the autonomy of the partners and at the same time are able to address specific needs at occupational, professional, local or national level**. In countries where paritarism is already well-rooted, it must be studied how this model can evolve further according to the needs of each society. Likewise, in countries where industrial relations require support for their further development - for example in central and eastern Europe - the creation of new paritarian institutions would introduce novel solutions of collective insurance mechanisms and social protection. Participation rates in trade union membership as well as employer association membership have been steadily decreasing for decades, so a **renewed and a strengthened approach on paritarism could help rethinking and promoting a new systems of industrial relations**.

**In this context, AEIP argues for EU level support of social dialogue, collective bargaining and industrial relations through projects and joint initiatives of the social partners, especially in those EU countries where these processes still lag behind**. The EU should promote synergies between funding instruments in order to enhance the capacity of the social partners at multiple levels. For the last 20 years, AEIP has been contributing to the development of social dialogue through active participation in EU-funded projects, aimed at enhancing industrial relations. From AEIP's perspective, in many Member States such projects and initiatives are crucial for strengthening ownership of the EU objectives and coordination of actions of the social partners at the EU and national level in the areas of employment and social protection.

All in all, **paritarism as a concept but also as a practice has the potential to safeguard the social standards embedded in the European identity and history**. At the same time, it **possesses the means to rethink the evolution of social security systems and collective insurance mechanisms, tailored to**

**society's needs.** Paritarian institutions are a key component of a smooth and democratically driven transition from the past to the future

## **II. Specific recommendations to enhance the engagement of social partners in the social dialogue at EU and national level with the aim to strengthen social dialogue.**

### ***II.A. The European Commission should make use of the European Semester to promote social dialogue and enhance occupational schemes at national level.***

Drawing attention on the benefits of collective schemes can promote social dialogue and collective bargaining, both at national and European level. For instance, occupational schemes play a key role in ensuring a **high level of protection of workers' health and safety at work**. Precisely, they guarantee financial support in case of temporary sickness and intervene in more complex situations like in the case of accident or disability of the worker. These measures constitute an important source of income protection, which may or may not complement those provided by the statutory social security system of the worker. In a context like the one we experience today, where individuals live and work much longer than in the past, these additional health and care benefits are paramount for guaranteeing an adequate level of social protection and hence a dignified life to people.

Moreover, an increasing number of occupational schemes support workers in aspects of their life that go beyond their individual health and safety at work: for example, some of them include coverage linked to long-term care, while others provide support to workers who need to stay home from work for taking care of relatives or friends in vulnerable situations (hence provide the so called "informal care"). Besides guaranteeing workers a high level of protection, all this also provides them with a working environment that is adapted to their professional needs, which ultimately enables them to prolong their participation in the labour market.

Because of their role in the provision of social protection, **AEIP calls for the European Commission to promote collective occupational schemes that ensure income protection related to health and workers' safety, within and among the EU Member States.** For example, **the European Commission can make use of the European Semester to promote and enhance their role at national level, by highlighting their contribution in the workplace, which improves the efficiency of the services and contributes to the sustainability of social protection systems.** Likewise, occupational schemes can play a key role in ensuring effective coverage to categories of workers who at the moment do not enjoy the same level of protection than others, such as the self-employed and nonstandard workers. AEIP welcomes EU initiatives in this area and calls on the European Commission to consider the contribution that occupational schemes can provide to improve their conditions.

The promotion of social dialogue and collective bargaining, both at national and Europe is therefore key for promoting these collective schemes and reinforcing the industrial relations across EU countries.

### ***II.B. Set up a permanent group at EU level on long-term care (LTC) to strengthen social dialogue, to share mutual learning and successful practices to overcome challenges related to LTC.***

Despite the differences in the organization and delivery of LTC, European countries face similar challenges, related mainly to the adequacy and financial sustainability of these services. Therefore, while this is a national competence, a reflection at EU level on this subject would certainly be beneficial for all member states. AEIP calls on the Commission **to set up a permanent group at EU level on LTC, where interested stakeholders could share views and practices on the matter. This could take the form of an institutionalized platform or a steering group, with regular meetings throughout the year.**

***II.C. The EU should continue to foster a dialogue on how to extend coverage to (non-standard) workers and the self-employed and help countries identify the best ways to cope with this challenge.***

Further focus and support are needed towards the creation of a regulatory framework for platform workers. **New forms of employment will need to be accompanied by new forms of social protection.** In fact, the current model has been designed around the profile of a worker who has a stable, open-ended relationship between a dependent, full-time employee and his/her unitary employer. Today, this profile made way to an increasing number of self-employed and non-standard workers, such as casual workers, ICT-based mobile workers, voucher-based workers, platform workers, etc. These new profiles challenge the traditional model as they might involve zero or multiple employers, have contracts with indefinite working hours and their income is often irregular, unsteady and/or low.

These conditions can hardly turn into effective social protection coverage for workers: neither during their employment relationship - in terms, for example, of paid holidays schemes, accidents at work, etc. - nor in their future, after they will retire from work. While social protection systems are a national competence, AEIP believes that the **EU should continue to foster a dialogue on this matter and help countries identify the best way to extend formal coverage to workers and the self-employed.**

Paritarian institutions are also able to **provide solutions against the rising challenges of the labour market, such as vocational training and qualification of workers** while they can be seen as an instrument for understanding the changing needs of workers, such as a balanced reconciliation of family and work life. Due to their involvement in cross-border situations, for example **for posted workers, paritarian institutions foster the free movement of workers, prevent wage dumping and support the development of the internal market.** Furthermore, pension benefits provided by paritarian institutions are tailored to the industry-specific characteristics and can play an important role in preventing old-age poverty. **Social partners adhering to the principles of paritarism must be actively involved in the transformation of social security systems,** in order to maintain the importance of sectoral consultation and widen the scope of topics that need to be addressed, such as mobility and diversity

***II.D. The European Commission should involve paritarian institutions that provide services in the construction sector in the work of the European Labour Authority and that of the European Platform tackling undeclared work.***

In order to tackle labour law violations, it is crucial to fight irregularities, tax and social security non-compliance, which can be secured through the promotion of stronger collaborations among national social institutions. In this regard, the agreements among four AEIP members that operate in the

construction sector (respectively in Italy, Germany, Austria and France) can offer a unique example of effective collaborations between countries<sup>1</sup>.

In particular, on the one hand they guarantee that workers get their social security benefits according to the rules, and on the other hand they allow companies to get a certified proof of their compliance and therefore of their reliability. In light of these examples, **we believe that AEIP experience can be of great support for the activities of ELA and that of the Platform and we hope to establish a stronger collaboration in the future.** Further involvement of AEIP at the activities of ELA and the Platform can strengthen social dialogue at EU and national level due to the paritarian model of the association and the members that it represents.

***II.E. The European Commission should make use of the available tools, such as the European Pillar of Social Rights, to promote human and economic resources into vocational rehabilitation services.***

AEIP supports the principle expressed in the Pillar that everyone should have the right to timely and tailor-made assistance to improve employment prospects, including the right to receive support for job search, training and re-qualification. **Despite this promising proposition, in practice very little is done to support individuals who experience health issues and, as a consequence, lose their job and/or experience long absences at work that eventually compromise their return into the labour market.** Yet, when the work ability to work diminishes and makes it harder for a person to cope with that, it is important to address the issue as early as possible. Vocational rehabilitation services can play a crucial role in this regard as they can help in keeping people in employment despite health-related limitations.

Besides having a positive effect on individuals' lives, these services have also a beneficial economic impact on social security systems, as they pre-empt illnesses and long sick leaves from transforming into disability pensions. Early retirement permanently reduces the amount of future pension's income and when it comes to income and old-age pension even partial employment is a better alternative than the provision of disability pensions. In other terms, this can substantially help to close the gap between legislative pensionable age and effective retirement age, a challenge experienced across the EU.

So far, the EU social policies (including the European Pillar of Social Rights) **did not adequately promote rehabilitation services, neither in the forms of legislative initiatives nor through dialogues among stakeholders and policy makers.** By contrast, the Commission should make use of the available tools, such as the European Semester and the Pillar itself, to promote human and economic resources into vocational rehabilitation services. These coordination tools should also support collective income protection schemes in case of accident or disability at work. In doing so, the European Commission **should involve the social partners that operate at EU and social level, as they play a key role in fostering such kind of social protection schemes.**

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<sup>1</sup> In 2008, paritarian welfare funds of these countries (respectively CNCE, SOKA BAU, BUAK and UCF) signed bilateral agreements which allow simplifications for the posting company to work in another country. These conventions represent today a highly effective tool as they safeguard the worker who does not see himself denying or fragmenting an important part of his contribution and avoid companies from exacerbating bureaucracy or from a request for payment of "Double contribution".

***II.F. Drawing attention to strengthening social dialogue to achieve a renewed focus on innovation and digitalisation of social protection service.***

The rapid developments in IT systems and digital data technologies have created numerous opportunities for updating the services provided by social protection institutions. The development of innovative tools and user-friendly interfaces, adjusted to the needs and realities of citizens, carries great potential in coming up with efficient solutions towards well-known challenges. In addition, the capacity of IT systems to adapt to future legislation and upcoming challenges (whether demographic or economy-related) **would promote a more inclusive and flexible way of coping with an ever-transforming world.**

In particular, the redesign of smarter healthcare systems, through the use of big data, algorithms and a holistic system of digital monitoring, could lower costs substantially and increase the accuracy in predicting, identifying or responding to diseases. Accordingly, digitalization can be the vehicle for provident institutions in order to improve their services to individuals, while better understanding where to allocate their risks, as collective insurance institutions with a clear social goal. All in all, eHealth and similar digital healthcare tools are key not only for increasing the efficiency in the sector, but also for enhance access to high quality care.

From a broader perspective, **social partners and paritarian institutions play an important role in enriching and technologically transforming the current landscape of social protection systems, including pensions, healthcare, long-term care or employee benefits and skills or paid vacation schemes.**

Importantly, **social partners can be the useful link between public institutions and a wide range of societal stakeholders, thus taking up the challenge of underlining the necessity to adapt our systems to technological change.**

## MEMBER STATE LEVEL

Please, see below two inputs from national paritarian institutions, highlighting how the European Commission can support social dialogue at Member State's level.

### **Germany**

The German social security funds for the construction industry - SOKA-BAU highlighted that the measures requested at European level in order to further promote social dialogue in Germany should be directed at fostering contact between social partners of all members states. The Commission and subordinated authorities (e.g. ELA) should organise congregations, facilitate acquaintance, and help cultivate political and technical exchange. Workshops and project-based events appear very attractive in this context. This should be accompanied by a clear and strong promotion of the advantages of social dialogue and paritarian solutions, in particular in Member States where coverage rates are low but also in Member States where the coverage in certain sectors is low. Such cooperation is also a

useful vehicle for cross-border coordination of social partners (and authorities) with a view to combat undeclared work and social fraud. A main reason for flourishing undeclared work and social fraud is the poor level of cross-border coordination. Paritarian institutions, such as SOKA-BAU would be happy to facilitate this process in the mid-term perspective, because it would need juridical research, and profound consultation with our social partners.

As current challenge for social dialogue in Germany, SOKA-BAU flagged that collective agreements do not cover self-employed persons. To be eligible for one of the two social partners, self-employed workers must be a company with employed commercial workers or, as a worker, have a regular and declared employment contract. The reason for this situation is, among other things, the legislation and jurisdiction: unlike other Member States, a legal solution is not available in Germany; furthermore, according to the ruling of the Federal Labor Court, self-employed workers are not to be considered as employers. Another challenge is the growing number of self-employed both in Germany (100,000 in the construction sector alone) and in Europe. As long as national decision makers do not intervene, the EU could actually help through a (soft) legal act, eg. a framework with the aim of equalizing the rights of atypical workers (within their competences). The current initiative targeting platform workers is an encouraging first step. Another solution can be identified in the universal applicability. This is a best practice which encourages both employers and workers to adhere to a social partner organisation, in order to actively partake in negotiations and bargaining.

### **France**

The French supplementary pension for employees in agriculture, commerce, industry and services, known as AGIRC-ARRCO, highlighted that to strengthen social dialogue in France implies the ability of social partners to communicate clearly on its contribution to the functioning of the democratic state as well as on its benefits for companies and public communities. A further step for social partners would be to enhance their credibility and representativeness.

Furthermore, in order to strengthen social dialogue both at EU and national level, it has to be bipartite. National and EU institutions should work as a supervisory body but can not take actively part in the dialogue that should subsist only between social partners. This is the only way to guarantee a genuine and effective social dialogue. Therefore, EU and national institutions should mainly focus on supporting it “from outside”, facilitating and creating opportunities for exchange.