**Tripartite Social Summit, 18 October 2017, Brussels**

Mrs Kai REALO, Vice-President of the Estonian Employers´ Confederation

***“The Social Dimension of Europe”***

Dear President Tusk,

Dear President Juncker,

Dear Prime Minister Ratas,

The motto of the Estonian presidency is “**Unity Through Balance**” and, indeed, finding the right balance for the EU, especially between its need to promote both **economic development** and the **social agenda**, is of great importance. While setting these goals, the EU must avoid initiatives that curb economic competitiveness.

Our global economic competitiveness has decreased since the crisis and the EU´s economic power in the world is forecasted to wane further due to its ageing and declining population. Productivity growth continues to be modest and income inequality has increased. Even though the EU is a world leader in promoting the quality of life, the social wellbeing and living standards within the EU differ greatly.

Europe´s social dimension can be improved mostly through more inclusive economic growth and employment. But in the long run, it is a challenge for several reasons, such as population decline, modest economic growth, automatization, less funds available, globalisation, migration and so on.

As we do operate in a global context, improving the **competitiveness** and **productivity** of the EU must be our most important goal, as only competitive European companies will generate economic growth, additional jobs and investments, and help to improve the social and economic wellbeing of EU nationals.

The reform of economic and social policies must go hand in hand. It is therefore a matter of great concern to us that discussions about the economic and social development in the EU are held separately. The **European Pillar of Social Rights** and the reflection paper on **social dimension** were launched separately and make no references to the reflection papers on the future of the European Economic and Monetary Union (EMU) and on globalisation.

Furthermore, the reflection paper on social dimension is not in line with the White Paper on the Future of Europe as it only presents **three** scenarios and one of the scenarios − **'doing less more efficiently'** – is left out altogether.

For BusinessEurope, and also for us, the scenario “doing less more efficiently” means focusing primarily on **better coordination** and **partnership** within the EU on economic and social policy reforms, starting with the **enforcement** of **existing social directives** and aiming to reach a **common understanding of the EU added value on social issues.**

We must invest more in **innovation** and in **modernization** of **education** and **training** systems. Lifelong learning, along with upskilling and reskilling, must become a norm.

There is **no need for further social regulation**, but instead we should focus on better **enforcement of existing social directives**, and supporting the **reduction of the tax burden on labour** to help **maintain jobs** and **create new jobs**, as, surely, having a job is the best **social guarantee**.

To sum up, the social dimension of the EU can only be developed successfully if the EU institutions, national authorities and social partners work together for economic and social cohesion while respecting at the same time the subsidiarity principle as well as the role and the autonomy of social partners. Only then can we shape the EU’s economy, labour markets and social protection systems in the way that they are able to successfully respond to the fast-changing world and its challenges.