

# ***German employers' proposals for the Spanish presidency of the Council of the EU***

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## **Focus on cutting red tape**

The Council of the EU should commit to making the EU a more attractive place to do business by reducing bureaucratic obstacles. A [regulatory breathing space](#) and a competitiveness check must be introduced. The “one-in, one-out” principle must be enforced consistently and apply equally to all policy areas; exceptions should be interpreted narrowly. It is important to pay more attention in EU legislation to the cumulative effects of several legislative acts. As a rule, the potential effects on companies in the internal market are to be calculated and estimated in advance to the greatest possible extent.

## **Regulate value chains in a practical and workable way**

In the upcoming trilogue negotiations on the proposed *Corporate Sustainability Due Diligence Directive (CSDDD)*, a practical and workable agreement must be reached. The threshold values in the scope should be increased, and small and medium-sized companies must be completely excluded from the scope. It is important to avoid due diligence obligations beyond direct suppliers as well as incalculable liability. Moreover, the extent of the due diligence obligations is too complex; the Annex must be shortened even more extensively to ensure that the list of due diligence requirements is manageable for companies. Diverging national transposition laws must be avoided to be able to guarantee a high degree of harmonisation in the Single Market.

## **Making sustainability reporting legally sound**

Following the final adoption of the [Corporate Sustainability Reporting Directive](#), the European Financial Reporting Advisory Group (EFRAG) submitted the drafts of the reporting standard to the European Commission. When adopting the delegated acts containing the final standards, the Council of the EU should ensure that the requirements of the reporting standard do not go beyond the provisions of the directive. The standards must be legally sound, appropriate and workable – including for small and medium-sized companies (SMEs).



## **Government stakeholders need to step up when it comes to the ban on the products of forced labour**

When preparing the negotiating mandate for the *proposed Regulation to [ban products made using forced labour](#) in the internal market of the European Union*, the Council should make a distinction between large and small companies. Threshold values have to be introduced to protect companies from being overwhelmed by government measures. It is also important that the burden of proof is not shifted to companies. Moreover, it must be possible to have official decisions reviewed in full by the courts at any time without the need to submit new facts. Generally, the maximum degree of harmonisation must be provided for, including within the existing EU legal framework.

## **Conclude the revision of coordination of social security systems**

A practical solution must finally be found in the still unfinished revision of *Regulation [883/2004](#) on the Coordination of Social Security Systems*. It is important to exempt business trips and short-term postings in almost all sectors from the obligation to apply for an A1 portable document. In the negotiations, the Council of the EU should bring about a solution that guarantees freedom of movement in the Single Market and is operationally feasible. Digitalisation alone does not directly reduce bureaucracy and can only be a medium- to long-term solution. Against the background of the significantly increasing prevalence of mobile work, it is crucial to include a stand-alone coordination rule for cross-border mobile work that provides legal certainty for both parties.

## **Platform work directive must not jeopardise self-employment**

When drawing up the trilogue negotiation mandate for the proposed *Directive to Improve Working Conditions in [Platform Work](#)*, the Council should ensure that national labour law systems are not affected. The legal presumption of an employment relationship must therefore be according to the criteria of the Member States. A European list of criteria would introduce an EU-wide definition of an employee for the platform economy that is not compatible with national employment systems and would have far-reaching consequences. In practice, this could easily lead to an unwanted employment relationship for self-employed individuals who enjoy their flexibility and entrepreneurial freedom and do not aspire to have employee status at all. A balanced compromise must be developed that combines respect for self-employment with a clear and legally sound demarcation from other forms of employment.

## **Preserving social dialogue in the Member States**

In the course of its negotiations on the *Council Recommendation on Strengthening [Social Dialogue](#) in the European Union*, the Council must ensure that the freedom of contract of the national social partners or collective bargaining systems of the Member States are respected – including the negative freedom of association. It is also necessary to remove references to “atypical employment relationships” or “new forms of work”.



## **Make legal migration simpler**

The Council should specifically push ahead with the deliberations on the proposed EU directives for the immigration of skilled workers. The growing shortage of skilled workers must not be ignored. The revised versions of the *Directive on the Single Permit for Third-Country Nationals to Reside and Work in the EU*, and the *Directive on Third-Country Nationals with Long-Term Resident Status* have the potential to simplify and accelerate the immigration process for all participants. The revision of the directives is therefore a crucial part of an overall strategy to make the immigration of skilled workers to Europe more attractive.

## **Radically change the education policy aspects of the “Net-Zero Industry Act”**

When developing the negotiation mandate for the proposed regulation “[Net-Zero Industry Act](#)”, the Council must respect the education policy competences of the EU. The (vocational) education policy proposals are not covered by the stated legal basis and may only be exercised by the Member States. With the politically-driven preferential treatment of specific skill sets and occupations, the lack of involvement of the social partners, and the creation of parallel structures to the education systems in the Member States, there is a risk that the proposed regulation will result in training and qualifications that do not meet the needs of the labour market. A simplified and accelerated recognition of qualifications must not apply just to occupations in the net-zero industry but for the entire economy. In the course of the negotiations, the Council should ensure technological neutrality in the education policy: In principle, every occupation and every job can make a contribution to more sustainability.

## **Regulate artificial intelligence with moderation**

When conducting the trilogue negotiations with the European Parliament on the *AI Act*, the Council should work towards a compromise that puts the competitiveness of the European AI sector centre-stage. The compromise must foster trust in both AI and innovation. In this context, the principle that applies is: “as much as necessary, as little as possible”. To this end, especially the criteria for high-risk classifications and the definition of AI need to be more narrowly defined. For providers and users of AI, legal conformity without high costs and complex bureaucratic, technical and organisational requirements must be possible.

## **Schengen rules must ensure mobility**

In the upcoming trilogue negotiations on the Reform of the [Schengen Borders Code](#), the Council should ensure clear-cut common rules for the introduction of border controls that respect the proportionality of border checks and the freedoms of the Single Market. The necessary mobility of workers must be guaranteed, even in crisis situations. The outcome of the negotiations should also take full account of the recently handed down CJEU ruling about the unlawful re-introduction of border controls.



## **Take a balanced approach to implementing the outcomes of the Conference on the Future of Europe**

In the forthcoming final proposals of the European Parliament to amend the Treaties, it is crucial to continue to focus on balanced results that can be realised within the framework of the existing Treaties. The [focus](#) must be on strengthening the social partnership, competitiveness, a functioning Single Market, simpler labour mobility and education.

## **Continue to observe the basic principles of the Stability and Growth Pact**

In the negotiations on the proposed new rules for economic governance, the Council must concentrate on the implementation of structural reforms and a forward-looking orientation of budgetary and economic policies. The Stability and Growth Pact already offers enough flexibility and derogations to mitigate crisis situations, as has been proven by the handling of the pandemic and the war in Ukraine. Joint decisions to improve the transparency of the EU fiscal rules must respect the unchanged basic principles of the Stability and Growth Pact. Budget consolidation must not be a matter of negotiation and requires binding rules.

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