EU file

ISSUE 140
31 MAY 2018

The European Commission's budgetary proposal lacks political ambition

An EESC conference on the future long-term budget of the European Union calls for a swift agreement on an adequate and properly reformed financial framework that strengthens the European Union

The proposal for the EU's Multiannual Financial Framework (MFF) post 2020, put forward on May 2 by the European Commission, does not go far enough and lacks political ambition. As a consequence, it can only be considered a starting point for further debates on a financial framework capable of providing the means to deliver on citizens' expectations and new needs and challenges. The proposed ceiling for EU expenditure and its distribution should be reviewed so as to strengthen the EU's position as a global player. These were the main conclusions of a conference on the MFF for 2021-2027 hosted by the European Economic and Social Committee (EESC) on 15 May 2018.

The EESC conference brought together the views of policymakers, think tanks, researchers and civil society stakeholders. The participants acknowledged the constraints for the next MFF and welcomed numerous positive aspects of the Commission's proposal, but they also voiced their dismay at the growing gap between citizens' concerns and expectations and the limited institutional power and financial resources currently allocated to the EU. The gap could not be properly addressed by the Commission's proposal, hence the need to revise it.

Not only the volume but also the structure, distribution and toolkit of the proposed budget were up for debate. Positions were divergent.

Although speakers generally welcomed the addition of new political priorities, they asked for an in-depth assessment of new policy instruments in terms of suitability and effectiveness.

The MEA Secretariat:

Director General
Mr Joseph Farrugia

Executive in EU & Legal Affairs
Dr Charlotte Camilleri

Research Executive – Economic & Social Affairs
Ms Sharon Farrugia

SME Helpdesk Executive
Mr Anton Vella

Administrative Secretary
Ms Dorianne Azzopardi Cilia

35/1, South Street,
Valletta VLT 1100, Malta
t: (+356) 21237585, 21222992
maltaemployers.com

MEA 2015 WINNER
MEA 2016 1ST RUNNER UP
MEA 2017 WINNER
NATIONAL ENTERPRISE SUPPORT AWARDS

"We do not want to accept cuts to European cohesion, to the European Social model and to our Common Agricultural Policy," said EESC President Luca Jahier in his address. "These policies and tools have worked well and have proved their resilience and added value when Europe was hit by the crisis in 2007. Would these tools not have been there, Europe and mainly the most vulnerable social groups would have suffered even more". The protection of the most disadvantaged regions and most vulnerable social groups must – in his view – be continued.

Isabelle Thomas, MEP and rapporteur for the European Parliament resolution on the next MFF, said in this regard that "the documents presented have a way of doctoring the figures in a dishonest way, by not taking account of inflation and rounding up calculations, for example. We need real figures that we can truly discuss".

The move to put European added value at the centre of budgetary decision-making and the increased investment in the fields of research, innovation and digital transformation, as well as youth, security and defence, were generally welcomed. Measures to make the budget simpler and more flexible were also appreciated.

Greater conditionality for the access to EU funding was endorsed and new instruments for a stable Economic and Monetary Union were welcomed. Nevertheless, participants questioned the ambition and effectiveness of the proposed tools and asked for more details.

Finally, speakers agreed that it was of the utmost importance for the EU Member States to make all possible efforts to reach an agreement on the Multiannual Financial Framework (MFF) post 2020 and for the European Parliament to give its consent before the Informal European Council in Sibiu and the parliamentary elections in May 2019. The ability to reach a swift compromise would be crucial for the future of Europe. A delayed agreement would harm Europe's position in the world, fuel EU scepticism and jeopardise funding for ongoing and new EU programmes as from 2021, thus negatively affecting European competitiveness.

In the course of the conference, participants mentioned their interest in the detailed proposals on the future of the European Fund for Strategic Investment and the funding of migration policy. The European Commission has announced that it will present all detailed financial proposals for the sectorial programmes until 12 June.

The conclusions of the conference will feed into an EESC opinion on the Commission's proposal. It is due to be discussed and adopted at the EESC Plenary in September 2018.

If we wish to meet our growing demands for live-in care, we must recognise the rights of care workers

The EESC conference in Rome pointed to many shortcomings in Italy's live-in care sector, which is on the rise in the country shown to be the second "oldest" in the world according to recent figures.

Despite the high demand for live-in care services, Italy's live-in care sector is still plagued by many irregularities, such as inadequate recognition of social and labour rights of carers, undeclared work and insufficient public spending on care. This was revealed by a meeting held on 16 May by the European Economic and Social Committee (EESC) at the CNEL in Rome.

Speakers at the meeting in Rome – the third of five EESC country visits that are part of its ongoing consultation procedure on the future of this rapidly growing sector in Europe – said that more than half of the care workers in Italy were not legally employed. Some 75 percent of live-in care work in the country is done by migrant women, many of them coming to Italy from Eastern Europe.

The EESC's "going-local" meetings are a follow-up to its own-initiative opinion on the rights of live-in care workers, adopted in September 2016 as the first policy document at European Union level dealing with the sector of live-in care work in Europe, which has long remained almost invisible to EU and Member State policy-makers.

Their aim is to shine a spotlight on the precarious situation of these workers in Europe's labour markets, but also on many uncertainties faced by care recipients who often recruit carers through informal networks or the internet.

The Rome meeting follows the one held in Berlin this March and the one held in London last November. Two more are planned for Poland and Sweden, representing some of the countries of origin and destination of live-in care workers.

The situation in Italy is often described as a telling example, with a growing number of domestic workers in the rapidly ageing Italian society and a welfare system which is unable to meet the increased demand for care, forcing families to almost exclusively bear the burden of care costs.

At the same time, Italy's care workers – both foreign and Italian – share the fate of their European counterparts who work in difficult conditions, often with an unregulated employment status.

"Live-in care work entails a series of difficulties for carers. Most of them are migrant women and it is very difficult for them to reconcile work and private life. They live in solitude, far away from their loved ones, facing language barriers and having difficulties integrating into society", Dr Luciana Mastrocola from CGIL, Italy's largest trade union federation, told the conference.

She also pointed to the fact that neither foreign nor Italian carers in Italy enjoyed full protection of social rights, unlike most workers in other sectors, and that social recognition of their work was missing, despite the fact that it has today become indispensable, compensating for the shortcomings of the Italian care and welfare systems.

"The Italian government did not start implementing sustainable policies early enough. If we wish to keep meeting our demands for care, we must recognise the rights of these workers", Dr Mastrocola said.

Many live-in carers in Italy have no documents, and, while families want to "legalise" these workers, the authorities are not willing to do so, said Sara Gomez, a live-in care worker and a member of CGIL. She stressed that people working in the sector were very isolated but, thanks to the efforts made by CGIL, a considerable number of them had now become unionised.

In her keynote speech at the meeting, Professor Sabrina Marchetti from the Ca' Foscari University of Venice highlighted the strong need for inclusive measures for non-EU migrants and called for the "Italian collective agreement to be adapted to the requirements of the ILO Convention 189, particularly in regard to the maternity rights and sick leave of all care workers."

She maintained that the Italian situation was different to other countries and affirmed that neither employment through agencies nor self-employment status were a suitable strategy for delivering live-in care.

Andrea Zini, vice president of the home care employers' association Assindatcolf and of the European Federation of Domestic Workers (EFFE) put the number of legally employed care workers in Italy at 900 000, whereas as many as 1 250 000 million were in irregular employment.

Mr Zini called for the professionalisation of domestic care work and for the creation of a European database for the sector, for the implementation of training and certification systems, and for the coordination of supply and demand at the European level.

The EESC Member Pietro Vittorio Barbieri stressed that it was impossible to achieve the transition from undeclared to declared work without addressing the issue of insufficient public spending in the sector. "Families are under strain. It is about time the government did more regarding demographic change which

Concluding the meeting, Mr Rogalewski urged all stakeholders to implement Principle 18 of the European Pillar of Social Rights on long-term care before it is too late. According to Principle 18, "everyone has the right to affordable long-term care services of good quality".

EIOPA calls upon national supervisory authorities to ensure that insurers properly address all risks to their solvency position in light of the withdrawal of the United Kingdom from the European Union

The European Insurance and Occupational Pensions Authority (EIOPA) has issued an Opinion on the solvency position of insurers in light of the withdrawal of the United Kingdom (UK) from the European Union (EU). EIOPA will be closely monitoring the risks taking into account their nature, scale and complexity.

The objective of this Opinion is to call upon national supervisory authorities to ensure that all risks to the solvency position of insurers arising from the UK becoming a third country are properly addressed.

National supervisory authorities should ensure that the insurance and reinsurance undertakings under their supervision identify, measure, monitor, manage and report the risks arising from the UK becoming a third country and include them in their own risk and solvency assessment. Furthermore, national supervisory authorities should assess the risks affecting their national markets and, where necessary, take preventive supervisory actions.

The withdrawal of the UK from the EU might have an impact on the solvency position of insurers. Technical provisions, own funds and capital requirements of insurance and reinsurance undertakings in Member States other than the UK can change when the UK becomes a third country due to changed regulatory requirements. In particular, Solvency II and other financial regulation distinguish between activities in and outside of the EU.

The Opinion sets out 14 areas where the determination of the solvency position of insurers will change. The areas include the risk-mitigating impact of derivatives, the recognition of ratings from UK rating agencies and the regulatory treatment of credit risk exposures situated in the UK. Not all of the changes may affect each insurance company.

Together with national supervisory authorities, EIOPA will monitor the risks to the solvency position of insurance and reinsurance undertakings. The monitoring will be proportionate to the nature, scale and complexity of the risks. National supervisory authorities should provide to EIOPA the necessary information for this monitoring within the current European framework for supervisory cooperation.

Gabriel Bernardino, Chairman of EIOPA, said: “In their risk management, insurers should in particular prepare for the scenario that the UK becomes a third country and leaves the internal market. It is important that national supervisory authorities monitor and assess the risks to their national markets and take timely and effective supervisory actions.”