

ADVISORY LETTER

**TOWARDS A STRONGER SOCIAL DIMENSION
OF THE EUROPEAN UNION**

No. 23, June 2013

Members of the Advisory Council on International Affairs

Chair	F. Korthals Altes
Vice-chair	Professor W.J.M. van Genugten
Members	Professor J. Gupta Dr P.C. Plooij-van Gorsel Professor A. de Ruijter Professor M.E.H. Reisen Professor A. van Staden Lieutenant-General M.L.M. Urlings (ret.) Ms H.M. Verrijn Stuart Professor J.J.C. Voorhoeve
Executive Secretary	T.D.J. Oostenbrink

P.O. Box 20061
2500 EB The Hague
The Netherlands
telephone + 31 70 348 5108/6060
fax + 31 70 348 6256
e-mail aiv@minbuza.nl
www.aiv-advice.nl

Members of the European Integration Committee

Chair Professor A. van Staden

Vice-chair Dr P.C. Plooij-van Gorsel

Members D.J. van den Berg
Professor M.G.W. den Boer
Dr F.A.W.J. van Esch
Professor S.C.W. Eijffinger
Dr L. Noordegraaf-Eelens
Professor K. van Paridon
W.L.E. Quaedvlieg
Dr A. Schout
Professor L.A.J. Senden
C.G. Trojan
Ms M.C.B. Visser
N.P. van Zutphen

External Member M. Bos

Executive Secretary Ms A.M.C. Wester

Introduction

In this letter the Advisory Council on International Affairs (AIV) responds to the Minister of Foreign Affairs' request of 26 April 2013 to promptly issue an advisory letter on further developing the social dimension of the EU and EMU. The request focused mainly on whether this dimension, as laid down in the Treaty on the Functioning of the European Union (TFEU) and the Europe 2020 Strategy, offers 'enough instruments for tackling the social repercussions of the crisis, safeguarding social cohesion in the EU and regaining the trust of the people of the EU'. The Minister also asked for proposals on how to tackle these harmful social consequences creatively, if the current set of instruments prove inadequate. According to the request, any proposals should explicitly remain within the framework of the existing treaties (see the annexe for the full text of the request for advice). This advisory letter also takes account of the letter of 24 May 2013 from the Minister of Social Affairs and Employment to the House of Representatives on the government's stance on the social dimension of the EU and EMU. The present letter, whose main purpose is to contribute to the Netherlands' input at the European Council meeting on 27 and 28 June 2013, was prepared by the AIV's European Integration Committee, chaired by Professor A. van Staden. During its work, the Committee consulted M. Bos (Director of Economic Affairs at the Social and Economic Council (SER)) as an external expert. We thank him for his suggestions. The AIV adopted the advisory letter on 19 June 2013.

In view of the very limited time available to prepare this advisory letter,¹ the AIV had to impose considerable restrictions on itself. Consequently, this brief advisory letter cannot do justice to all the important social facets of the EU and EMU. After all, the issue under consideration is very broad and variegated. It ranges from the harmonisation of social legislation between member states and respect for fundamental social rights (the right to strike and the right to conclude collective agreements on employment conditions on the basis of free negotiations) to establishing employment programmes with EU funds. It also covers the social consequences of certain tax regulations, such as the adverse impact of high taxes (and social insurance contributions) on employment and forms of tax competition between member states (especially as regards company profit). The AIV will set out its thoughts on the following four topics: (1) the administrative instruments of EU social policy; (2) certain financial aspects; (3) social supervision of labour migration in the EU; and (4) the minimum wage in EU countries. We begin, however, with several general considerations.

General considerations

The AIV fully agrees with the view expressed in the request for advice that the EU will jeopardise its own future if it is unable to prevent polarisation between member states and fails to at least create the conditions for offering future generations the prospect of meaningful jobs. High unemployment and the attendant social exclusion of large groups of people in several EU member states are not only socially unacceptable but also pose a threat to stable democratic relations in certain member states, as illustrated by the rise of extremist and anti-European parties.

1 The AIV received the request for advice on 15 May 2013.

Even if we assume that the present level of unemployment is largely the result of the sharp fall in demand (domestic consumption and investments) linked to the current economic crisis, its structural causes are also important and cannot be ignored. These causes include growing foreign competition, the outsourcing of economic activities to low-wage countries, progressive automation and computerisation (especially in the service sector), and the education system's poor alignment with labour market demand. The official figures, especially on youth unemployment in the southern member states, may be slightly less dramatic than they initially appear, because no account is generally taken of the fact that a large percentage of young people are students. But even if the figures are adjusted accordingly, the number of unemployed young people remains worryingly high.

It is understandable that many people see the EU as chiefly an economic project that offers people little or no protection against the adverse effects of open borders and economic restructuring resulting from shifts in the global division of labour. But this is lamentable, because nowadays European integration largely derives its justification from striking a sound balance between the economic and social consequences of globalisation. The AIV therefore believes that the social dimension needs to be strengthened to complement the EU's economic objectives. The internal market forms the cornerstone of European integration, but it cannot function properly unless embedded in a system of harmonised rules, social as well as economic. Abstract arguments about the positive effects on prosperity of further liberalisation of the internal market and a more stable single currency will fail to convince people of the need to continue along the path of economic and financial integration, if the EU and its member states fail to contribute more visibly to bolstering people's basic economic security. We hardly need add that the Netherlands, as a major export country and an equally important foreign investor, has much to gain from strengthening social cohesion and stability in the Union.

Administrative instruments

The AIV would point out that EU social policy is a shared competence, with the focus on European coordination of and assistance to policies at national level. The principle of non-discrimination, especially the equal treatment of men and women in the labour process, is one of the few social and political issues arising from binding EU legislation. Harmonisation of legislation between member states is confined to a limited domain, i.e. the regulation of working conditions (safety, health and working hours). Member states' reluctance to give up control of elements of social policy is mainly due to the distributive character of this policy. This particularly applies to social security. For example, the introduction of a European unemployment insurance act, as called for by some European federalists, would bring about large-scale income transfers from relatively affluent to relatively poor member states. The governments of the wealthier countries, backed by the vast majority of their voters, are clearly unwilling to do this. Social security is and remains a major factor in the public's identification with their own member state. The expansion of the welfare state after the Second World War has increased many people's dependence on national governments and thereby inhibited the development of social policy at EU level.

According to the letter from the Minister of Social Affairs and Employment, the government has confidence in the 'open method of coordination' (OMC) as an alternative to central EU legislation. The AIV understands the government's evident wish to prevent social policy from developing into a field on which the Brussels legislative machine will leave its mark, in the absence of any direct evidence that this will help create badly

needed jobs, especially for young people. It is indeed necessary to ensure that a possible increase in the volume of EU regulation does not produce the opposite of what is needed. At the same time, the AIV is sceptical about the OMC's steering capacity, mainly due to the meagre results achieved in implementing the Lisbon Strategy 2000, in which this mechanism played a central role. The OMC appears to be too permissive and too bureaucratic to lead to significant structural reforms. This does not mean that this method is of no use at all. But positive effects are generally limited to stimulating mutual learning processes arising from peer reviews, sharing best practices and setting benchmarks.

In the AIV's opinion, other programmes launched by the EU are also nowhere near binding enough: the Growth and Jobs Pact, the Europe 2020 Strategy and Youth Guarantee (the programme for combating youth unemployment). While these programmes have high ambitions for economic growth, job creation and poverty reduction, their main focus is national policy objectives and targets, which are already taken into account in the country-specific recommendations in the framework of the European Semester. Member state governments are free to decide whether or not to follow these recommendations. The AIV concludes that in giving further shape to European social policy, binding agreements between member states should not be ruled out. However, EU legislation arising from such agreements must meet strict requirements for political necessity and of course subsidiarity and proportionality.

Incidentally, it is already possible to compel programme countries (Greece, Portugal, Ireland and Cyprus) to make structural reforms in the framework of the conditioned loans. Under the new macroeconomic imbalances procedure, supported by the two-pack regulations adopted at the initiative of the European Parliament, it is also possible to carry out such reforms in the corrective phase of the procedure. To preclude populist reactions, responsible ministers and state secretaries will have to devote a great deal of energy to convincing the public that reforms are needed to ensure a relatively high level of prosperity in the future. The democratic legitimacy of the policies to be pursued must not be sacrificed to supposed economic effectiveness. The focus should be on reforming the labour market and opening up access to certain professions, which constitutes a major problem in Italy, for example. But in the programme countries in particular (including Spain), spending cuts are accompanied by unprecedented levels of unemployment (especially among young people) and social unrest. *The AIV therefore believes that there are compelling reasons to look for unorthodox solutions in order to eliminate the harshest effects of painful adjustment programmes and for EU countries as a whole to offer fresh prospects of restoring growth and jobs in the countries concerned.*

To combat youth unemployment in the long term, the AIV attaches great value to reform of the training system. The countries with the lowest youth unemployment have a system of dual courses combining learning and working, so that the knowledge acquired is aligned with the practical skills that employers require. Such an approach requires not only a new direction in education policy in certain EU member states (including the Netherlands), but also gaining sufficient support among social partners. The AIV would also note that it is particularly important for young people to acquire labour discipline as soon as they finish school or a course of further study. Where standard job markets still offer too few new jobs for young people, this could be achieved through work experience placements or programmes combining working and learning. *The AIV believes that these alternatives should be the chief focus in the short term and therefore calls for the creation of a fast track in this area, noting that coordinating and facilitating at European level the recognition of diplomas and the issue of the necessary permits would help young people*

acquire work experience in other EU member states (see also the section on labour migration below). In this regard, the AIV would also point to the opportunities offered by the Erasmus for All programme for work experience in EU member states.

Certain financial aspects

It goes without saying that the EU Structural Funds should be used as the primary instrument for translating the above prospects into reality. However, payments from these funds should satisfy the cofinancing requirement – meaning that projects may only be financed with EU funds if the beneficiary country also provides funds. The AIV would note that public spending cuts are making it difficult for member states to meet the cofinancing requirement for the Structural Funds. In conjunction with deficient absorption capacity, which is partly responsible for administrative disorganisation and inefficiency, this has led to significantly underutilisation of these funds by certain countries. This has prompted the Commission to reduce the cofinancing percentages. The AIV believes that this approach should be supported. However, we would go a step further. *We recommend that cofinancing of EU support programmes directly connected with tackling youth unemployment should not be included in recipient countries' budget deficit.* Given the rising unemployment among young people in the Netherlands and other EU member states that until recently were not regarded as problem countries in this regard, the AIV wonders whether certain expenditure incurred by member states in tackling the growing threat of youth unemployment should not also be disregarded in calculating the budget deficit. In making these suggestions, the AIV recognises the importance of the 3% norm for restoring budget discipline. However, the benefits of strictly enforcing this norm should be weighed against the risk of permanently alienating large sections of the public from the EU.

The foregoing has already shown that the EU budget is one of the main instruments for the development of European social policy, even though the size of this budget is relatively modest. Like many others, the AIV regrets that the recently concluded negotiations on the multi-annual financial framework (MFF) 2014-2020 missed the opportunity to bring about a significant shift in expenditure in favour of growth and employment. However, even the new MFF should allow a certain reallocation of funds between spending categories. Within the current MFF, 11% of the total available funds had been 'reprogrammed' to intervention priority areas by the end of 2012. *The AIV recommends that in the coming years this percentage should be at least maintained, and if possible increased, with a view to financing special employment programmes.* Possibilities include investments in European transport and communication networks. Such infrastructure projects can have a perceptible impact on spending and employment in the near future, provided planning is energetically pursued and placed in competent hands.

The AIV also believes that the Netherlands should not automatically reject a separate euro budget or a separate fund for supporting structural reforms. Solidarity mechanisms can take various forms and may or may not be confined to the euro countries. Financial incentives can be linked to contractual obligations for member states. Such a link has already been suggested by the President of the European Council, and the idea has now been taken up by the leaders of Germany and France. Leaving the specific modalities aside, everyone understands that it is a matter of self-interest for social cohesion within the EU to be restored and for consumer demand in the southern member states to be revived, which will in turn benefit exporting countries like the Netherlands.

In view of the need to promote employment, the AIV would stress the importance of small and medium-sized enterprises (SMEs) – the real engine of job creation in many EU member states. What is the problem here? First, even profitable SMEs are no longer certain of obtaining sufficient loans on reasonable conditions, with the result that they may find themselves in the danger zone unnecessarily. Second, new companies with good business plans often have great difficulty securing finance, with the result that far too few new companies manage to get off the ground. This undesirable situation is caused by banks' weak capital position, their need to increase capital ratios and the fact that they want to achieve this increase by exercising restraint in granting loans instead of by issuing shares, for example. On top of that, even when loans are granted, SMEs are charged much higher interest rates in the southern countries than in northern countries. For example, it makes a big difference for a hotel in the Dolomites whether it is situated on the Italian or the Austrian side of the border. This shows that the internal market is more segmented than is often thought, with all the attendant negative effects this has on investment and employment.

The AIV has taken note of reports about the intention of the German development bank KfW (*Kreditanstalt für Wiederaufbau*) to provide special loans totalling €1 billion to the Spanish state bank ICO (*Instituto de Crédito Oficial*), which will then lend the money to Spanish SMEs. According to these reports, such an arrangement could also be used for loans to SMEs in Greece and Portugal. This could represent a promising development. In April 2013 the European Investment Bank (EIB) entered into an agreement with the Spanish bank Santander to finance SMEs in Spain to the tune of €1.6 billion. The AIV has also taken careful note of reports about consultations between the European Central Bank (ECB) and the EIB, in order to find ways of increasing SMEs' access to EIB loans. In 2012 the EIB provided €13 billion in loans and guarantees to 200,000 European SMEs. This seems like a big number, but is far less than what is required. Very recently (in early June) the EIB launched the Growth Financing Initiative, which provides broader financing arrangements for mid-cap companies active in research, development and innovation.² *The AIV applauds the EIB's growing importance to economic recovery in Europe and advises the Dutch government to use its influence to increase the access of SMEs in particular to loans via the EIB.*

In view of the importance of local expertise for regional economic development, the EIB could expand cooperation with local banks in the southern member states, provided these banks – due to the need to limit risk – comply with the Basel III Directive. This could be a first step towards anchoring and harmonising the various bilateral bank initiatives on credit for SMEs in EU directives in the long term. Furthermore, the above-mentioned problem of financial market segmentation can be tackled at its root only if a fully fledged banking union is created. That is one of the reasons why creating such a union is a matter of great urgency.

Lastly, the AIV is in favour of amending the EU public procurement rules by making the public authorities launching customers, as this will benefit innovative young businesses. At present, these rules prevent young businesses from winning contracts for public projects, for example by setting requirements for a company's financial standing, which works to the advantage of established companies.

2 The AIV believes it is instructive to mention the Good Growth Fund, one of whose aims is to promote support for SMEs in developing countries. Here, too, the EIB helps to provide loans to SMEs.

Social supervision of labour migration

The AIV would recall that during discussions of the issue of optimal currency zones, before the EMU was established, certain parties defended the position that labour mobility from weak to strong economic regions was a precondition for the long-term sustainability of the euro. This position is still valid. Now that the EU is facing massive unemployment, especially in southern member states, there are also social reasons for seeing cross-border labour migration in a positive light and for encouraging it. It is an effective means for offering the long-term unemployed, with no prospect of a job, a new economic future in countries contending with labour shortages, at least in certain sectors. Although a visible movement of migrant workers has already begun, the potential in this area is still far from being exhausted. For instance, less than 0.5% of the unemployed in Spain (30,000 people) migrated to Germany in 2012. Although this figure is higher than in previous years, it is still very low. Labour migration to Germany from other countries with high youth unemployment is also only proceeding sporadically: 42,000 from Italy, 34,000 from Greece and 12,000 from Portugal. An estimated 30 to 40% of the migrants are under the age of 25.

In practice, there are numerous obstacles preventing skilled unemployed workers who are interested in beginning a life in another country from taking such a major step. In addition to cultural and language differences, the main obstacles are the difficulty in obtaining recognition for diplomas, lack of alignment between social insurance legislation, loss of pension rights, scarcity of suitable accommodation and lack of suitable education for young children of migrant workers (if entire families migrate). In principle, some of these problems can be tackled through bilateral agreements between countries with labour shortages and countries with large surpluses. It is no coincidence that Germany has now concluded Memorandums of Understanding with Italy, Portugal and, most recently, Spain, with a view to attracting migrant workers. Providing good information on where the best opportunities on the German labour market lie and what requirements foreign workers must meet is of course one of the main aims of the action programme. *The AIV is certainly not opposed to this type of bilateral agreement, but would prefer an EU-wide labour mobility programme.* This offers the best guarantee of coordinating national social insurance legislation, mutually recognising diplomas and making all relevant information on member states' labour markets centrally available.

On this last point, the European Employment Services (EURES) deserve a mention. This network has developed, among other things, a digital portal providing information on jobs and learning opportunities in Europe. Its database now contains 1.3 million vacancies and the CVs of 1.1 million job-seekers (both young and old). For the time being, however, ambitions remain modest. For instance, the European Commission's target for 2012-2013 was to provide assistance in filling 5,000 vacancies across the EU. A more ambitious and broad based labour mobility programme in the EU is also desirable to prevent an increasing number of well-qualified people from moving to countries outside the EU, resulting in the loss of valuable skills. Implementing such a programme costs relatively little money, which could come from the European Social Fund (ESF). *The AIV calls on the Dutch government to support proposals for a broader and stronger European labour mobility programme.*

The AIV is well aware that labour migration in the EU also has its downside. Unfortunately, in the Netherlands, too, efforts are made to evade binding employment conditions and rules on decent working conditions. Dutch workers understandably take a dim view of

workers from EU countries with a low standard of living who are lured to the Netherlands to work for a wage far below the Dutch minimum wage and for much longer hours than the law permits, as this reduces their own chances of finding a job. This tarnishes the EU's reputation. Such abuses are not an argument against cross-border labour mobility as such, but should spur on national authorities to vigorously tackle rogue practices involving the exploitation of foreign workers. There is an urgent need for preventive checks to tackle bogus schemes, such as private limited companies or general partnerships in which Romanians or Bulgarians are appointed directors or partners on paper but are actually treated as second-class employees. The AIV recognises that the Dutch government is increasingly aware of the gravity and extent of this problem. Sufficient capacity needs to be made available to carry out the necessary checks, and the penalties should be made more stringent. It is not the EU's responsibility but that of the member states to vigorously uphold the principle of equal pay for equal work at the same location. It almost goes without saying that exchanging information between police services in different EU member states through EUROPOL can help to achieve this goal.

The minimum wage in EU countries

Given the special nature of the issue of the minimum wage, the AIV is dealing with it separately. As Minister of Social Affairs and Employment Lodewijk Asscher says in his letter, the Netherlands has traditionally been a firm supporter of a statutory minimum wage, but has misgivings about the introduction of a central European minimum wage. The AIV fully understands these misgivings: despite the far-reaching economic cooperation between European states, there are still major economic and political differences between them. Whereas the northern countries (including the Netherlands) have traditionally pursued an economic policy focusing on the supply side of the economy, the economic policy of many southern states focuses on the demand side. These differences are not merely a question of economic choices and different levels of development; they also stem from deeply rooted traditions and unique political institutions, e.g. the relationship between government authorities and the social partners, and acceptance of centralised wage policy. Moreover, these traditions and institutions are closely connected with perceptions of one's own national political and economic culture and identity, and are therefore not easy to change.

At the same time, with a view to protecting employees' social security, further legislation is probably desirable, especially since there are calls to cut wages, as recently proposed by the Spanish government, in order to overcome the ongoing crisis. This may be defensible as a way of restoring national competitiveness, but it also conjures up the spectre of a race to the bottom, in which people's security is further undermined. It is questionable whether traditional adjustment policy offers a permanent solution to the structural economic problems with which the southern countries are wrestling. The AIV therefore agrees with those who believe that there is an urgent need to modernise the economic structure in the countries concerned and to significantly increase the efficiency of public administration, even though such reforms will only yield economic growth – and therefore more scope for social policy – in the long run.

In any event, there is currently a favourable opportunity for persuading all member states to establish a socially acceptable floor to the wage structure in their own countries, now that the German government has abandoned its opposition to a minimum wage. On 30 May 2013, Germany and France issued a joint statement proposing that the introduction of lower limits for the minimum wage should be investigated. These lower limits should be defined for each country and should ensure a high level of employment and fair pay.

The choice between national legislation and incorporating provisions in each collective labour agreement will be left open.

The AIV realises that, given the above-mentioned economic, political and cultural differences between European countries, efforts to introduce a central European minimum wage are not realistic, at least in the near future. The major differences in labour productivity in particular cannot be brushed aside. Nevertheless, the government could seriously consider developing an EU framework policy in this area. An attempt could be made to determine the parameters for such a policy on the basis of different minimum wages in different countries. It would make sense to link them to each country's level of prosperity and purchasing power. Member states should be free to implement measures as they see fit, in accordance with their own institutions and customs. If, with a view to promoting the labour market participation of vulnerable groups (low-skilled and disabled persons), a lower minimum wage should be set than may be socially responsible, national income support measures could be considered. *The AIV urges the government to consider putting forward proposals or suggestions in the appropriate European forums to move in this direction.*

Conclusion

The AIV is willing to examine the subjects discussed in this letter in more detail in a follow-up advisory report, along with other subjects concerning the social dimension of the EU and EMU, if necessary with the assistance of external experts.

Request for advice

Mr F. Korthals Altes
Chairman of the Advisory Council on International Affairs
Postbus 20061
2500 EB The Hague

Date: 26 April 2013

Re: Social dimension of the EU and EMU

Dear Mr Korthals Altes,

The European Council of 13 and 14 December 2012 gave the President of the Council, Herman Van Rompuy, a mandate to put forward proposals to flesh out the social dimension of the EMU, including the social dialogue. To this end, Mr Van Rompuy will present a roadmap at the European Council of June 2013.

The relevant treaties describe the social dimension of the EU as follows.

- According to article 3, paragraph 3 of the Treaty on European Union (TEU), the EU works for 'the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress'.
- Paragraph 3 goes on to say that the EU 'shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child'.
- Finally, the paragraph states that the EU 'shall promote economic, social and territorial cohesion, and solidarity among Member States'. Article 9 of the Treaty on the Functioning of the European Union (TFEU) stipulates that '[i]n defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health'. These provisions are elaborated on in article 153, on the basis of the fundamental social rights enshrined in the European Social Charter (1961). Article 153 also provides that the Union will support and complement the activities of the member states in many fields. These include including improving the working environment, worker health and safety, terms and conditions of employment, and social security.

Thus, the EU and EMU already have a social dimension, at least in part, in the form of fundamental social rights and EU legislation on, for example, the coordination of social security and the European health insurance card.

The European Council of 17 June 2010 adopted the Europe 2020 Strategy and its five targets, including higher employment, a higher level of education and greater social inclusion. The Council has attached quantifiable objectives to these targets, specifically that by 2020, 75% of the population between the ages of 20 and 64 should be employed and 20 million fewer people will live in or be at risk of poverty and exclusion (of the 120 million in that position as of 2010).

Since 2010, little attention has been paid to the EU's social dimension, as articulated in the treaties and the Europe 2020 Strategy, until the Council Conclusions of December 2012 suddenly identified the 'social dimension of the EMU, including social dialogue', as a new focus for the European Council of June 2013. Yet the social dimension remains an issue for all member states, including the members of the EMU.

In February 2013 the Social Protection Committee sounded the alarm: North-South divergence threatened to polarise the Council along the fault line of poverty and social exclusion. If the present course is continued, the social objectives of the Europe 2020 strategy will not be met. Solidarity and social cohesion are under pressure:

- The financial room for manoeuvre of the governments of net-contributor states is under strain.

- Public opinion in net-contributor states is turning against the idea of providing more aid to member states hardest hit by the crisis, due in part to mounting domestic unemployment and increasing financial burdens.
- The governments of member states that have to make stringent cutbacks are approaching the bounds of what is socially tolerable.
- Not only inequality between countries, but also increasing inequality within individual member states are causing polarisation and a public loss of confidence in government. Internal inequality also erodes solidarity between member states.
- The social circumstances of large swaths of the population in Southern and Eastern Europe, especially children, are taking on serious forms.

It is in the interest of an economically and socially strong EU to prevent polarisation between the member states. We also need to ensure that future generations do not grow up in poverty and exclusion in the EU; this jeopardises not only their future but that of the Union as a whole.

On 15 February the government presented its initial position paper on the social dimension of the EMU. A more detailed account of the government's position will be sent to parliament in mid-May. The position paper presents a clear picture of the technical possibilities afforded by the TEU for giving further shape to the social dimension of the EU and EMU.

The government appreciates the need to strengthen the social dimension of the EU and EMU. High unemployment and increasing poverty in a number of EU member states are socially unacceptable and, over the long term, unsustainable. It is unjustifiable that large numbers of people find themselves in a socioeconomic situation that still shows little sign of improvement. This state of affairs also undermines people's confidence in the governments of the member states and in the EU, and fuels disintegrationist tendencies. For young people, in particular, it is important to create fresh prospects of work and a decent income, so the younger generation can get back to building a future for itself.

In the run-up to the European Council in June, the government would therefore appreciate having a deeper insight into the options open to us under the social dimension of the EU and EMU.

In the light of the above and upcoming discussions on this matter in the government, parliament and Brussels, I urgently request an advisory letter from the AIV, which:

- analyses whether the social dimension of the EU and EMU, as laid down in the TFEU and the Europe 2020 Strategy, offers enough instruments for tackling the social repercussions of the crisis, safeguarding social cohesion in the EU and regaining the trust of the people of the EU;
- puts forward proposals if the current set of instruments prove inadequate, for further creative ways of dealing with these repercussions in the framework of the EU, without the need for treaty amendments.

I look forward to receiving the AIV's advisory letter.

Yours sincerely,

Frans Timmermans
Minister of Foreign Affairs

Previous reports published by the Advisory Council on International Affairs

- 1 AN INCLUSIVE EUROPE, *October 1997*
- 2 CONVENTIONAL ARMS CONTROL: urgent need, limited opportunities, *April 1998*
- 3 CAPITAL PUNISHMENT AND HUMAN RIGHTS: recent developments, *April 1998*
- 4 UNIVERSALITY OF HUMAN RIGHTS AND CULTURAL DIVERSITY, *June 1998*
- 5 AN INCLUSIVE EUROPE II, *November 1998*
- 6 HUMANITARIAN AID: redefining the limits, *November 1998*
- 7 COMMENTS ON THE CRITERIA FOR STRUCTURAL BILATERAL AID, *November 1998*
- 8 ASYLUM INFORMATION AND THE EUROPEAN UNION, *July 1999*
- 9 TOWARDS CALMER WATERS: a report on relations between Turkey and the European Union, *July 1999*
- 10 DEVELOPMENTS IN THE INTERNATIONAL SECURITY SITUATION IN THE 1990s: from unsafe security to unsecured safety, *September 1999*
- 11 THE FUNCTIONING OF THE UNITED NATIONS COMMISSION ON HUMAN RIGHTS, *September 1999*
- 12 THE IGC AND BEYOND: TOWARDS A EUROPEAN UNION OF THIRTY MEMBER STATES, *January 2000*
- 13 HUMANITARIAN INTERVENTION, *April 2000**
- 14 KEY LESSONS FROM THE FINANCIAL CRISES OF 1997 AND 1998, *April 2000*
- 15 A EUROPEAN CHARTER OF FUNDAMENTAL RIGHTS?, *May 2000*
- 16 DEFENCE RESEARCH AND PARLIAMENTARY SCRUTINY, *December 2000*
- 17 AFRICA'S STRUGGLE: security, stability and development, *January 2001*
- 18 VIOLENCE AGAINST WOMEN: LEGAL DEVELOPMENTS, *February 2001*
- 19 A MULTI-TIERED EUROPE: the relationship between the European Union and subnational authorities, *May 2001*
- 20 EUROPEAN MILITARY-INDUSTRIAL COOPERATION, *May 2001*
- 21 REGISTRATION OF COMMUNITIES BASED ON RELIGION OR BELIEF, *June 2001*
- 22 THE WORLD CONFERENCE AGAINST RACISM AND THE RIGHT TO REPARATION, *June 2001*
- 23 COMMENTARY ON THE 2001 MEMORANDUM ON HUMAN RIGHTS POLICY, *September 2001*
- 24 A CONVENTION, OR CONVENTIONAL PREPARATIONS? The European Union and the ICG 2004, *November 2001*
- 25 INTEGRATION OF GENDER EQUALITY: a matter of responsibility, commitment and quality, *January 2002*
- 26 THE NETHERLANDS AND THE ORGANISATION FOR SECURITY AND COOPERATION IN EUROPE IN 2003: role and direction, *May 2002*
- 27 BRIDGING THE GAP BETWEEN CITIZENS AND BRUSSELS: towards greater legitimacy and effectiveness for the European Union, *May 2002*
- 28 AN ANALYSIS OF THE US MISSILE DEFENCE PLANS: pros and cons of striving for invulnerability, *August 2002*
- 29 PRO-POOR GROWTH IN THE BILATERAL PARTNER COUNTRIES IN SUB-SAHARAN AFRICA: an analysis of poverty reduction strategies, *January 2003*
- 30 A HUMAN RIGHTS BASED APPROACH TO DEVELOPMENT COOPERATION, *April 2003*
- 31 MILITARY COOPERATION IN EUROPE: possibilities and limitations, *April 2003*
- 32 BRIDGING THE GAP BETWEEN CITIZENS AND BRUSSELS: towards greater legitimacy and effectiveness for the European Union, *April 2003*
- 33 THE COUNCIL OF EUROPE: less can be more, *October 2003*
- 34 THE NETHERLANDS AND CRISIS MANAGEMENT: three issues of current interest, *March 2004*

35 FAILING STATES: a global responsibility, *May 2004**
36 PRE-EMPTIVE ACTION, *July 2004**
37 TURKEY: towards membership of the European Union, *July 2004*
38 THE UNITED NATIONS AND HUMAN RIGHTS, *September 2004*
39 SERVICES LIBERALISATION AND DEVELOPING COUNTRIES: does liberalisation produce deprivation?,
September 2004
40 THE PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE, *February 2005*
41 REFORMING THE UNITED NATIONS: A closer look at the Annan report, *May 2005*
42 THE INFLUENCE OF CULTURE AND RELIGION ON DEVELOPMENT: Stimulus or stagnation?, *June 2005*
43 MIGRATION AND DEVELOPMENT COOPERATION: coherence between two policy areas, *June 2005*
44 THE EUROPEAN UNION'S NEW EASTERN NEIGHBOURS: *July 2005*
45 THE NETHERLANDS IN A CHANGING EU, NATO AND UN, *July 2005*
46 ENERGISED FOREIGN POLICY: security of energy supply as a new key objective, *December 2005***
47 THE NUCLEAR NON-PROLIFERATION REGIME: The importance of an integrated and multilateral
approach, *January 2006*
48 SOCIETY AND THE ARMED FORCES, *April 2006*
49 COUNTERTERRORISM FROM AN INTERNATIONAL AND EUROPEAN PERSPECTIVE, *September 2006*
50 PRIVATE SECTOR DEVELOPMENT AND POVERTY REDUCTION, *October 2006*
51 THE ROLE OF NGOS AND THE PRIVATE SECTOR IN INTERNATIONAL RELATIONS, *October 2006*
52 EUROPE A PRIORITY!, *November 2006*
53 THE BENELUX: the benefits and necessity of enhanced cooperation, *February 2007*
54 THE OECD OF THE FUTURE, *March 2007*
55 CHINA IN THE BALANCE: towards a mature relationship, *April 2007*
56 DEPLOYMENT OF THE ARMED FORCES: interaction between national and international decision-making,
May 2007
57 THE UN HUMAN RIGHTS TREATY SYSTEM: strengthening the system step by step in a politically
charged context, *July 2007*
58 THE FINANCES OF THE EUROPEAN UNION, *December 2007*
59 EMPLOYING PRIVATE MILITARY COMPANIES: a question of responsibility, *December 2007*
60 THE NETHERLANDS AND EUROPEAN DEVELOPMENT POLICY, *May 2008*
61 COOPERATION BETWEEN THE EUROPEAN UNION AND RUSSIA: a matter of mutual interest, *July 2008*
62 CLIMATE, ENERGY AND POVERTY REDUCTION, *November 2008*
63 UNIVERSALITY OF HUMAN RIGHTS: principles, practice and prospects, *November 2008*
64 CRISIS MANAGEMENT OPERATIONS IN FRAGILE STATES: the need for a coherent approach,
March 2009
65 TRANSITIONAL JUSTICE: justice and peace in situations of transition, *April 2009**
66 DEMOGRAPHIC CHANGES AND DEVELOPMENT COOPERATION, *July 2009*
67 NATO'S NEW STRATEGIC CONCEPT, *January 2010*
68 THE EU AND THE CRISIS: lessons learned, *January 2010*
69 COHESION IN INTERNATIONAL COOPERATION: Response to the WRR (Advisory Council on
Government Policy) Report '*Less Pretension, More Ambition*', *July 2010*
70 THE NETHERLANDS AND THE RESPONSIBILITY TO PROTECT: the responsibility to protect people
from mass atrocities, *June 2010*
71 THE EU'S CAPACITY FOR FURTHER ENLARGEMENT, *July 2010*
72 COMBATING PIRACY AT SEA: a reassessment of public and private responsibilities, *December 2010*
73 THE HUMAN RIGHTS OF THE DUTCH GOVERNMENT: identifying constants in a changing world,
February 2011

- 74 THE POST-2015 DEVELOPMENT AGENDA: the millennium development goals in perspective,
April 2011
- 75 REFORMS IN THE ARAB REGION: prospects for democracy and the rule of law?, *May 2011*
- 76 THE HUMAN RIGHTS POLICY OF THE EUROPEAN UNION: between ambition and ambivalence,
July 2011
- 77 CYBER WARFARE, *December 2011**
- 78 EUROPEAN DEFENCE COOPERATION: sovereignty and the capacity to act, *January 2012*
- 79 THE ARAB REGION, AN UNCERTAIN FUTURE, *May 2012*
- 80 UNEQUAL WORLDS: poverty, growth, inequality and the role of international cooperation,
September 2012
- 81 THE NETHERLANDS AND THE EUROPEAN PARLIAMENT: investing in a new relationship,
November 2012
- 82 INTERACTION BETWEEN ACTORS IN INTERNATIONAL COOPERATION: towards flexibility and trust,
February 2013
- 83 BETWEEN WORDS AND DEEDS: prospects for a sustainable peace in the Middle East, *March 2013*

Advisory letters issued by the Advisory Council on International Affairs

- 1 Advisory letter THE ENLARGEMENT OF THE EUROPEAN UNION, *December 1997*
- 2 Advisory letter THE UN COMMITTEE AGAINST TORTURE, *July 1999*
- 3 Advisory letter THE CHARTER OF FUNDAMENTAL RIGHTS, *November 2000*
- 4 Advisory letter ON THE FUTURE OF THE EUROPEAN UNION, *November 2001*
- 5 Advisory letter THE DUTCH PRESIDENCY OF THE EU IN 2004, *May 2003****
- 6 Advisory letter THE RESULTS OF THE CONVENTION ON THE FUTURE OF EUROPE, *August 2003*
- 7 Advisory letter FROM INTERNAL TO EXTERNAL BORDERS. Recommendations for developing a common European asylum and immigration policy by 2009, *March 2004*
- 8 Advisory letter THE DRAFT DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES: from Deadlock to Breakthrough?, *September 2004*
- 9 Advisory letter OBSERVATIONS ON THE SACHS REPORT: How do we attain the Millennium Development Goals?, *April 2005*
- 10 Advisory letter THE EUROPEAN UNION AND ITS RELATIONS WITH THE DUTCH CITIZENS, *December 2005*
- 11 Advisory letter COUNTERTERRORISM IN A EUROPEAN AND INTERNATIONAL PERSPECTIVE: interim report on the prohibition of torture, *December 2005*
- 12 Advisory letter RESPONSE TO THE 2007 HUMAN RIGHTS STRATEGY, *November 2007*
- 13 Advisory letter AN OMBUDSMAN FOR DEVELOPMENT COOPERATION, *December 2007*
- 14 Advisory letter CLIMATE CHANGE AND SECURITY, *January 2009*
- 15 Advisory letter THE EASTERN PARTNERSHIP, *February 2009*
- 16 Advisory letter DEVELOPMENT COOPERATION, The benefit of and need for public support, *May 2009*
- 17 Advisory letter OPEN LETTER TO A NEW DUTCH GOVERNMENT, *June 2010*
- 18 Advisory letter THE EUROPEAN COURT OF HUMAN RIGHTS: Protector of civil rights and liberties, *November 2011*
- 19 Advisory letter TOWARDS ENHANCED ECONOMIC AND FINANCIAL GOVERNANCE IN THE EU, *February 2012*
- 20 Advisory letter IRAN'S NUCLEAR PROGRAMME: Towards de-escalation of a nuclear crisis, *April 2012*
- 21 Advisory letter THE RECEPTOR APPROACH: A question of weight and measure, *April 2012*
- 22 Advisory letter OPEN LETTER TO A NEW DUTCH GOVERNMENT: The armed forces at risk, *September 2012*

* Issued jointly by the Advisory Council on International Affairs (AIV) and the Advisory Committee on Issues of Public International Law (CAVV).

** Joint report by the Advisory Council on International Affairs (AIV) and the General Energy Council.

*** Joint report by the Advisory Council on International Affairs (AIV) and the Advisory Committee on Aliens Affairs (ACVZ).