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EMPLOYMENT COMMITTEE MEETING MONDAY, 16 FEBRUARY 2009 BRUSSELS

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Speaking Notes

- We welcome the Commission's decision to establish a monthly labour market monitor. We agree that it is very important to follow the economic crisis with up-to-date information on recent developments.
- We also agree with the Commission's proposal to maintain the guidelines for the employment policies for the Member States for 2009. They represent a good tool for meeting the immediate challenges of increasing unemployment and social exclusion.
- This severe financial and economic crisis requires comprehensive actions in a broad range of policy domains and of various levels of policy making to address the immediate consequences of the crisis on employment.
- They should carefully consider the interplay between monetary, budgetary, employment and social protection policies.

Labour market policies to mitigate the effect on employment

Under current circumstances, an effective dialogue between social partners is important. In October, 2007, the European Social Partners presented their Social dialogue Work Programme. One of their main conclusions was that flexicurity is key to facilitate job transitions. The current economic difficulties should not lead to



question what we have agreed – together – regarding flexicurity. In fact, the real impact of flexicurity is not measured in good times. Its effectiveness is demonstrated precisely under more difficult conditions – as today.

Therefore we must speed up the implementation of the flexicurity approach and focus in particular on three aspects:

- Working time flexibility is a good way to allow companies to keep their skilled workforce and to avoid layoffs. The introduction of temporary unemployment schemes should be considered, which already exist in several member states.
- Lower non-wage costs in can help companies to maintain their headcounts and to survive the economic downturn. It must also be ensured that labour costs do not restrict labour demands in order to improve companies' incentives to hire workers once the crisis has abated.
- It is critically important that at a time of rising unemployment that investment in training is maintained, new skills are developed so that people are prepared to take advantage when opportunities return.

In addition, to measures that will help retaining workers, measures are needed to bring people back into employment.

- As part of the flexicurity approach, active labour market policies need to be reinforced and the public employment services strengthened to monitor and assist in job search, to ensure a better match between labour supply and demand and to provide employment incentives that help retain people in employment
- Modern social protection systems should react to the crisis with specific measures to reduce social security contributions, especially for low incomes. Social benefit systems need to be designed in a way that they provide adequate income support while not discouraging work.



Conclusion

Therefore it is vital that social partners continue to foster the important role of autonomous social dialogue and its positive impact on European labour markets. Joint actions by public authorities and social partners need to address the crisis and can help to restore confidence among companies and workers.

We need to avoid all forms of protectionism. We understand workers' worries in the face of the economic crisis but protectionist reactions are unacceptable. They are counter-productive as a well-functioning single market is key for the creation of more growth and jobs in the European Union. The Commission must intervene whenever potentially protectionist measures are identified both outside and inside the EU.
