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INFORMAL SOCIAL AFFAIRS COUNCIL 8 JULY 2009, JÖNKÖPING, SWEDEN

INTERVENTION BY JØRGEN RØNNEST, CHAIRMAN OF BUSINESSEUROPE'S SOCIAL AFFAIRS COMMITTEE

Dear President, Ministers, Commissioner, Ladies and Gentlemen,

BUSINESSEUROPE is particularly pleased that the Swedish Presidency has put the issue of labour market inclusion as a priority on its agenda. It is a key issue for companies, individuals and society at large.

We all know that we have to prepare for an ageing and shrinking workforce which will kick in very soon. We live longer and we do not have as many children as before – this means more old people to support and fewer young people to put to work. Clearly, this challenge is exacerbated by the economic crisis and rising job losses.

Confronted with the adverse effects of the crisis, it is therefore crucial that short-term measures are consistent with the long-term priority of increasing employment rates and maximising the full potential of Europe's labour force. We cannot repeat what happened in the 1980s, when early retirement was used on a massive scale to address a rise in unemployment. This was the wrong policy and, as mentioned in the background note prepared for this meeting, "costly and counterproductive".

In order to achieve inclusive labour markets, a lot needs to be done. In 2007, more than 9 % of those aged between 18 and 59 years were living in a jobless household in the EU. This is only one example. Every country has its own particular problems. For example, it is no secret to you that Sweden, Spain and Belgium are respectively struggling in particular with inclusion of ethnic minorities, young people and older workers people.

On policy responses

To make full use of the European labour force potential, we need to break down the barriers to work. We need to have more people in work who are working more productively. What does this mean in terms of policies?



First and foremost, we need to put in place a wider framework that encourages job creation. Having a job is the best form of labour market inclusion. We need sound macro-economic conditions and a favourable business environment with better regulation and a reduction in non-wage labour costs etc. If not, we will not encourage new entrepreneurs. Without entrepreneurs, we will not be able to create jobs.

Equally important is that we proceed with structural reforms by stepping up the implementation of flexicurity. More flexibility on the labour market combined with the necessary security will be conducive to job creation. The Eurobarometer (2006) shows that 72% of European citizens agree that work contracts should become more flexible in order to encourage job creation. More flexibility is of importance in particular to increase the employment prospects of disadvantaged workers.

We also need to put in place social protection systems that are employment-friendly. Policy makers should tackle unemployment/inactivity traps by designing tax and benefit systems in such a way that they provide income support while not discouraging work.

European social partner negotiations

The European Social Partners are negotiating a framework agreement on inclusive labour markets. Building on our joint labour market analysis of 2007, it is an integral part of our Social Dialogue Work programme. Our objective is to identify practical ways to attract more people to the labour market so as to maximise Europe's labour force potential. We hope to conclude these negotiations during the Swedish Presidency.

But clearly, the responsibility for inclusive labour markets extends beyond the social partners. In order to maximise the impact of our joint work, the right framework conditions need to be put in place. In sum, we all have a shared responsibility to address this problem. European companies are committed to playing their part.
