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### 8<sup>TH</sup> ROUNDTABLE ON POVERTY AND SOCIAL EXCLUSION

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Panel session “New challenges for inclusive labour markets”

#### Speaking notes

Achieving a more inclusive labour market is an important challenge for BUSINESSEUROPE.

We have been advocating for a long time that we have to make use of the full potential of the European labour force. We don't accept that capabilities of people who can work are systematically not used. That would lead to unacceptable exclusion and would also be a waste of working capacity.

The demographic future of most, if not all, EU member states is another important reason to realize an inclusive labour market. By 2040 the labour force will decline in most member states and the share of retired people will increase. As a result, Europe will change from a society with four working-age people for each person over 65 to a ratio of 2 to 1 in 2040. Unless the appropriate measures are taken, this will have implications for:

- 1) the financial sustainability of social security systems, in particular pensions and health care and
- 2) labour markets that are expected to face serious shortages. This could really threaten economic growth.

This was about the supply side of the labour market; I will now make some comments on the demand side. Companies can only provide jobs if the entrepreneurial climate is good and when they are able to compete with other companies. This requires, amongst others, a well educated workforce and flexibility on the labour market. Member states should therefore increase investments in education and training and reform labour and social security legislation in accordance with the flexicurity principle.

The European social partners jointly realized the importance of inclusive labour markets and therefore decided to start negotiations in order to conclude an agreement on inclusive labour markets. We are still in the process of negotiations but sincerely hope and expect that it will soon be successfully concluded. This European Social Partner agreement will be implemented by the social partners at national level. It is evident that achieving an inclusive labour market is not exclusively a responsibility of the social partners. They will also look for cooperation with other actors, in particular public authorities.

How can the Open method of Coordination be further strengthened in order to realize inclusive labour markets?



First of all I want to mention the employment guidelines, in particular number 17 and 19 that aim at achieving full employment and inclusive labour markets. An average employment rate of 70% should be achieved in the EU and member states should contribute to this. This is a very important target because the level of participation is key for our welfare. But the employment rates in the member states vary considerably. The rates of, for example, Denmark and Bulgaria show quite a gap: Denmark with a rate far above 70% and Bulgaria not even reaching 60%. In order to stimulate all member states to increase their participation rate it could be considered to differentiate the goal to be achieved based on the current national rate. This would be more realistic and could therefore be more motivating. In the Netherlands the national target is set at 80% for the next ten years.

The OMC on social inclusion is related to the OMC on growth and jobs through the previously mentioned employment guidelines and the streamlining of the processes. This is important for business because it emphasizes the inclusion and activation part of the policy. Exchange of good practices and benchmarking are the right instruments to make this process successful.