



*** Check against delivery ***

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INFORMAL SOCIAL AFFAIRS COUNCIL

28 JANUARY 2010, BARCELONA, SPAIN

ADDRESS BY MR GERARDO DÍAZ FERRÁN, VICE-PRESIDENT OF BUSINESSEUROPE AND PRESIDENT OF THE SPANISH CONFEDERATION OF EMPLOYERS' ORGANISATIONS (CEOE)

Dear President, Ministers, Commissioner, Ladies and Gentlemen,

BUSINESSEUROPE welcomes the focus of today's discussions on the Post-2010 Lisbon Strategy. Alongside the Informal Council on 11 February, this meeting is an important step in preparing the new strategy. We take our role in this process very seriously. To contribute, we have put together a number of key recommendations in our publication, "Putting Europe back on track".

BUSINESSEUROPE recommends that the strategy focuses on five pillars:

- deepening economic integration and restoring financial stability;
- enhancing innovation, entrepreneurship, education and skills;
- putting modern employment and social policies in place;
- integrating energy, environmental and competitiveness policies;
- shaping globalisation and fighting protectionism.

I will concentrate on the two pillars which are most relevant for today's meeting – employment and social policies, and education and skills.

The EU is emerging from a painful recession. Many countries have taken measures to address the employment impact of the crisis through short-time working, retraining workers or the strengthening of public employment services.

However, we are still in a critical phase in terms of employment. Despite the tentative recovery, unemployment is expected to reach 10% for the EU-27 towards the end of the year. This would mean that a total of 28 million Europeans would be out of work. Some countries have been hit harder than others. Spain is a good example of a country which was able to create millions of jobs during the expansion, but now, unemployment has reached alarming levels. We believe that if we do the right things, European economies can resume job creation in a very short time.



As a result of the crisis, public indebtedness is expected to rise to 80% by the end of the year. Average public deficits are expected to be around 7%. We therefore count on European governments to commit to credible strategies to restore the health of public finances. In this sense, the Spanish debt – GDP ratio is still below the European average, but we think it is extremely important to curb its growth through the control of current public expenditure.

The key word for the recovery will be “adaptability”. Some of the current measures to preserve jobs are useful. But they are temporary. The urgency now is to prevent long-term unemployment and increase labour participation through the necessary structural reforms.

Europe has the world’s highest standards of labour protection. Member States have welfare systems that protect workers in difficult times. We should safeguard the core of those systems. But we also need to modernise them. Only then will we be able to maintain them. Political determination is more needed than ever as delayed reforms have already amplified the pressure on Europe’s competitiveness.

Our competitiveness is also directly influenced by labour costs. Non-wage labour costs must therefore be contained and reduced in some cases. Experience shows how crucial it will be in order to reinforce our capacity to create new jobs.

At the same time, the crisis has demonstrated that priority should be given to promoting mobility and training, and increasing labour market inclusion. To do this, we need to build further on the “new skills for new jobs” agenda which we consider to be an excellent basis for future developments on this field.

There is a way to modernise European social and employment policies: It is the principle of flexicurity: combining the right degree of security with internal and external flexibility as well as efficient public policies. Despite what some people tell us, flexicurity is not a “fair weather policy”. Quite the contrary: it shows its full potential especially in times of crisis.

The European social partners carried out a joint analysis of the labour market in 2007. We have also presented common recommendations on flexicurity. This is a milestone in social dialogue at EU level. EU leaders reiterated in June 2009 that flexicurity is key to modernising European labour markets. These words must be followed up by action at national level.

Europe needs to act swiftly. The urgent need for reforms is reinforced by increased global competition and the impact of ageing. Our working-age population will be reduced by over 3 million by 2020 and over 50 million by 2060. This will have far-reaching consequences for economic growth, labour markets and the sustainability of our social systems.

The EU2020 strategy needs to promote higher labour participation, a sound immigration policy and above all higher productivity growth in order to place Europe on the track for an immediate and sustainable recovery.



To conclude, a few words on delivery.

An ambitious Post-Lisbon Strategy will have no impact unless it is combined with effective delivery. The current Lisbon Strategy suffers from a delivery gap. Strong political leadership and a commitment to reforms are necessary. Realistic and measurable targets are also vital.

BUSINESSEUROPE will continue to actively contribute to discussions. European companies will continue to make efforts to provide the growth and jobs necessary for Europe to emerge from the economic crisis. We hope that member states, for their part, will respond to this urgent need for action with a strong commitment to implement far-reaching reforms.
