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EMPLOYMENT COMMITTEE MEETING WITH SOCIAL PARTNERS 17 FEBRUARY 2010

**SPEAKING NOTES FOR STEVEN D'HAESELEER
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- While a tentative recovery is under way, the challenges remain daunting. The situation on our labour markets remains very critical. Stabilising financial markets, returning to sound public finances, speeding up structural reforms and keeping markets open is indispensable if we want to have a sustained economic recovery.
- Doubling the EU's growth potential from 1 to an average of 2% over the period 2010-2014 should be the objective. We estimate that this could, through higher labour demand and fiscal revenue, translate in 6.2 million new jobs in the EU by 2014 and savings of more than 450 billion euro in public debt levels.
- As part of the fiscal stimulus packages, measures have been taken to address the social and employment impact of the crisis through a strengthening of social safety nets, short-time working arrangements, retraining of workers or a reinforcement of public employment services.
- We now expect structural reforms to be speeded up. **Implementing the agreed EU principles on flexicurity** is more important than ever, i.e. having flexible and reliable contractual arrangements; effective active labour market policies, comprehensive lifelong learning strategies and modern social security systems.
- Flexicurity is key to attract more people to the labour market, especially in the face of population ageing. Due to ageing, Europe will face a loss of over 3 million potential workers by 2020 and over 50 million by 2060. If the EU continues to ignore this trend, it will not only undermine its social protection systems, but also lose business opportunities and the related jobs and growth.
- In order to increase labour demand, Member States must be encouraged to **contain labour costs**. According to the latest OECD Employment Outlook, a 1% reduction in employers' contributions would result in a 0.6% increase in employment. The long-run effects for low-wage workers in particular are important.
- It is important to bear in mind that even in a recession many companies still hire new workers. For example, in the third quarter of 2009, there were 450,000 vacancies in UK and more than 800,000 in Germany. **Active labour market programmes** should facilitate the movement of job losers into the available jobs. Private-sector employment service providers should be used more, notably in view



of the pressure on public finances. In addition, the mix of services could be adjusted to put more emphasis on training while retaining key elements of activation programmes to avoid people becoming detached from the labour market.

- The economic upswing will not last if companies lack a **sufficiently qualified workforce**. We must improve skills levels and make sure that people have the right skills for which there is demand on the labour market. STEM skills, for example, are vital for employers across a broad range of sectors. The demand for them is expected to grow in the future, also as a result from the transition towards a low-carbon economy.

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- A common and ambitious EU growth strategy must focus on concrete actions that can be taken during the term of office of the new European Commission and European Parliament. EU institutions and member states must be collectively responsible for its success and be held accountable for their individual contributions.
- Enhancing education and skills as well as putting modern employment and social policies in place should be two central pillars. Emphasis on deepening economic integration and restoring financial stability; integrating energy, environmental and competitiveness policies; as well as shaping globalisation and fighting protectionism will also be crucial.
- With a new European Commission and Parliament, the European Union has a unique opportunity to inspire a fresh vision and set the course for a coherent growth strategy for the next five years.
