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## **TRIPARTITE SOCIAL FORUM**

### **ADDRESS BY JØRGEN RØNNEST, CHAIR OF BUSINESSEUROPE'S SOCIAL AFFAIRS COMMITTEE**

Thank the organisers for the invitation to this debate in the context of the Commission's New Skills and Jobs Agenda.

BUSINESSEUROPE fully agrees with the objective of full employment through an EU agenda for new skills and jobs. For this, a coherent approach to promote growth and employment is required.

Without boosting Europe's competitiveness and economic growth, we will not be able to achieve the 75% employment rate target set in the Europe 2020 strategy.

At the same time, the right employment and social policies are needed in order to maximise the employment-intensity of economic growth. The aim must be to create labour markets which are dynamic and efficient with an optimal matching of skills demand and supply.

We therefore welcome the emphasis put in the New Skills and Jobs Agenda on flexicurity and the need to strengthen its implementation.

However, the agenda pays too little attention to the importance of job creation and the crucial role that flexible contractual arrangements have in this. The more flexible labour markets are, the quicker companies are to hire. In other words, external flexibility is indispensable to avoid jobless growth, achieve inclusion and attain full employment. This is particularly the case in particular in times of economic recovery

In the wake of the crisis, Europe is struggling with difficult situations on its labour markets. These difficulties are in fact symptoms of underlying structural weaknesses that existed before the crisis. As an example, the mismatch between skills supply and demand is hardly a temporary issue. High unemployment rates co-existing with high vacancy rates have been a worrisome feature of European labour markets for a long time.

To come to terms with the situation, structural reforms must urgently be put in place to increase labour productivity and to remove the obstacles that hamper job creation.

Most of these reforms will have to take place at national level. However, we are worried that national governments are not ambitious enough in the national reform programmes. Based on present national employment rate targets for 2020, the EU as a whole would fall short of the 75% target by 2.2-2.6 percentage points.

This is not acceptable. All countries must accept that there is no other choice than to commit to reform.



The role of the Commission in this respect means first and foremost to identify malfunctions of national labour markets and education systems. It should also push for necessary reforms to be undertaken at national level. By and large, the Annual Growth Survey sets out the right track to boost employment.

Let me point to two important reforms highlighted in this survey:

First; a number of reforms in the field of labour mobility and employability are rightly suggested, including implementing the flexicurity approach. We also agree that improved geographical and occupational mobility as well as better matching of skills and jobs are key to enhance adjustment dynamics, employment and productivity levels. Moreover, mutual recognition of diplomas and qualifications will support cross-border mobility and should be further promoted.

Second; the survey rightly emphasises wage and cost competitiveness. It is vital that governments in their area of responsibility take action – while respecting the autonomy of social partners – so that companies can produce to unit labour costs that are globally competitive. Modernising wage-setting mechanisms and reforming social benefit systems are all important priorities in this respect.

Why am I focusing on these reforms?

It's because they are particularly relevant to improve sustainability and increase the growth potential of the EU. Tomorrow the Euro summit will take place. We believe that these measures will help improve the adjustment capacity of our economy.

What will certainly not help in this respect are the suggestions put forward in the New Skills and Jobs agenda on open-ended contracts and a review of current legislation in the employment field.

Contrary to the aim of reducing labour market segmentation, introducing single-open ended contracts which gradually increases the level of protection until the level of permanently employed workers is reached would raise overall labour market rigidity.

Furthermore, a comprehensive legislative review of a series of directives is not only ill-timed; depending on the specific piece of legislation, it is also unnecessary or undesirable.

To conclude, the starting point in any EU level or national strategy aiming to promote employment must be to opt for structural reforms that will stimulate job creation and obviate the obstacles for a dynamic and efficient labour market. A successful employment strategy must also fully recognise that employment creation depends on the EU's ability to boost economic growth.

In the joint statement on the Europe 2020 strategy negotiated by social partners, we point to that an increase in EU growth rate to an average of at least 2% should be the aim in coming years. A higher growth rate is a precondition for achieving the employment rate of 75%. We believe that an exit strategy capping public indebtedness and an entry strategy investing in skills, technology and modern infrastructures goes hand in hand.