



7 July 2011

### **EUROPEAN SOCIAL PARTNERS MEETING WITH TROIKA SOCIAL AFFAIRS COUNCIL**

#### **INTERVENTION BY MR JØRGEN RØNNEST CHAIRMAN OF BUSINESSEUROPE'S SOCIAL AFFAIRS COMMITTEE**

Dear Ministers, Commissioner, Ladies and Gentlemen,

BUSINESSEUROPE welcomes the theme of this meeting. Increasing the effectiveness of active labour market policies is certainly a must to reduce unemployment after the crisis.

The difficulties with which European labour markets are struggling are not temporary. Long-term unemployment has been chronically high in many countries. Our failure to deal with them reflects underlying structural weaknesses on our labour markets: inadequate activation policies, skills mismatches and too little incentives to create jobs to name just three.

This is the moment of truth for member states to commit to structural reforms. That is the main message of BUSINESSEUROPE.

EU member states have the potential to make the necessary changes to their labour markets and social systems. We have important assets such as a skilled work force and an innovative business community. The task will be to improve framework conditions to create jobs and better match skills supply and demand.

Opening up employment services to private actors can help. It will not only bring a healthy dose of competition to the public sector. It will also enable the different needs of a broad and divergent group of job seekers to be better met. With public finances under pressure, public employment services in many countries lack the capacity to keep up or put in place targeted measures.

By contrast, private employment agencies are often specialised in matching unemployed with a specific skills profile with jobs in a certain field. Or providing training that quickly enables a worker made redundant to pick up a job in another company or sector. Competition and cooperation between private and public employment agencies should therefore be strongly promoted in order to make the most of scarce resources.



The effects of Europe's underperforming labour markets are felt by our citizens. Not least the 22 million men and women who are unemployed. Or the younger generation who are looking at forecasts of exceptionally high youth unemployment rates also for 2012.

Improving their situation requires political commitment, a collective responsibility and the courage to get rid of taboos. On the side of both policy-makers and social partners.

The lack of ambition and vagueness of National Reform Programmes is therefore disappointing and frankly speaking, incomprehensible. If we do not take on the challenge now, when will we? Our workforce is shrinking. Productivity growth over the last ten years averaged a mere 0.8%. Unemployment stands at almost 10%. Every day, newspapers are writing about our dysfunctional labour markets.

Despite all this, European companies will create 1 million jobs this year. But if we want to keep our companies here and to attract new investments, we need reforms.

BUSINESSEUROPE hopes that together with ETUC we can forge a partnership for change, competitiveness, growth and jobs. That should be our common agenda today. We therefore look forward to the start of negotiations on the working time directive.

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