



*** Check against delivery ***

14 March 2013

TRIPARTITE SOCIAL SUMMIT

MARKUS J. BEYRER, DIRECTOR GENERAL

Dear President Van Rompuy,
Dear President Barroso,
Dear Taoiseach,

- I address today for the first time the Tripartite Social Summit as BUSINESSEUROPE's Director General. I feel honoured to be here with you and committed to give our full support to actions aiming to bring back confidence, competitiveness and prosperity in Europe.
- Europe is entering into a **critical phase of its recovery**. Things seem to improve but we are walking on very thin ice and the pendulum can quickly swing back to the worst moments of the crisis in case of doubts about the ability to pursue necessary reforms. **We must act now!**

Five key messages

1. **The European social model is not dead.** Europe stands out in the world as a "lifestyle superpower". With 7% of the world population, we account for more than 50% of international public spending on social protection and only 20% of global economic outputs.
2. **Many European countries and Europeans have lived beyond their means during the last decades.** This has led to an unsustainable accumulation of public and/or private debt, which needs to be reduced.
3. **Any long lasting recovery can only come from the private sector.** This means that competitiveness, growth and jobs should be put at the heart of all policies, including when choosing how to use available public expenditures.
4. **Member States have the primary responsibility for their long-term competitiveness.** Any European solidarity mechanism must link European financial support and national competitiveness-oriented reforms.
5. **The effects of demographic ageing in Europe need to be managed.** Longer lives should logically lead to longer careers linked to the positive achievements made in terms of life expectancy.



Some positive signs

- **The second half of 2012 saw some reduction in financial market uncertainty.** The strong commitment from the European Central Bank (ECB) to support the single currency, reform efforts in a number of Member States, and action from EU leaders to strengthen the Economic and Monetary Union (EMU) by agreeing the initial stages of a banking union have been critical.
- **Output nevertheless fell.** Whilst the United States and Japan is estimated to have climbed above its pre-crisis peak in 2012, the EU GDP remains below 2008 level. As a result, the **US unemployment rate is now 7.7% when it is about to hit 12% in the Euro area.**
- **The good news is that we see the benefits of the measures** taken, in Ireland where growth prospects are positive, but also in Portugal and Spain. We also acknowledge the great efforts of Greece.
- Moreover, we welcome the **comprehensive reforms** undertaken in several other countries, in particular **in France and in Spain.** In both cases, I note the very important role played by social dialogue.
- But these positive developments must not hide the fact that the **current pace of reforms is not enough** to hasten Europe's recovery and to stimulate employment. **There is no room for complacency.**
- Unless Europe focuses on policy measures which really increase competitiveness, the **post-crisis divergence in growth performance that emerged in 2012 between the EU and other major economies threatens to become a long-term phenomenon.**

Social consequences of the crisis

- **We acknowledge that economic adjustment has been and still is a painful social reality,** in particular where unemployment skyrocketed and the level of wages and/or pensions had to be cut significantly.
- **One of the symptoms of social hardship is youth unemployment.** The EU and the Member States must do everything possible to help young people into work.
- We are about to finalise with ETUC, CEEP and UEAPME a **framework of actions on youth employment.**
- **This framework of actions** addresses the structural reasons behind long established youth unemployment deriving from inadequate education systems and/or dysfunctional labour markets for new entrants. And at the same time, it responds to the short-term challenges linked to the crisis.



Social dimension of the EU

- **'Social Europe'** is a combination of highly developed national social systems complemented at the European level by **more than 70 directives in the employment and social field**.
- There is no need for additional EU social legislation or harmonisation. **What is needed is more coordination at European level to achieve an effective EU employment policy.**
- **This coordination is firstly about providing the right framework for labour market reforms to be undertaken at national level.**
- Secondly, these more effective national employment policies coordinated at EU level should **support other EU policy areas to maximise job creation.**
- For example, the Commission should help identify the **employment measures needed to re-industrialise Europe** and achieve the target of 20% of GDP in industry by 2020.
- And the European digital agenda must address skills mismatches because the number of **digital jobs** increases by 3% each year but it is increasingly difficult to fill these jobs due to shortages of skills.

Social partner involvement in EU economic governance

- We have started a discussion with ETUC, CEEP and UEAPME on our **role as social partners in the renewed economic governance**. Our aim is to make joint concrete proposals on this issue before the June European Council.
- BUSINESSEUROPE welcomes social partner consultations, in the context of the European semester, on the **social aspects of the Annual Growth Survey and of country specific recommendations**.
- In terms of **social dialogue structures**, we believe that there is **no need for new structures**. The first **EU wage forum held on 1st February** in the context of the Employment Committee should not be repeated. Its scope, content and format were not appropriate. EU institutions should refrain from intervening in issues that are best addressed by national social partners.
- For BUSINESSEUROPE, **the solution lies in adapting, where appropriate, existing social dialogue structures to the new governance**.
- For example, **EU social partners could be invited to report on their main messages expressed at the Tripartite Social Summit at the beginning of the plenary meeting of the European Council in the afternoon**, as is already done in informal Employment and Social Affairs Council meetings.



Social dimension of the EMU

- On the proposed “**solidarity mechanisms**”, we believe that it can be a means of strengthening the EU’s role in encouraging structural reforms and fiscal consolidation.
- **On condition that it is linked to structural reforms contractual arrangements** with the Member States drawing on it, and does not lead to an increase in the overall tax burden in the Euro area. **EMU solidarity should not be automatic.**
- We would be very much concerned if the idea envisaged at some point, to establish an **EMU level unemployment insurance** would see the light.
- Solidarity mechanisms such as **unemployment insurance must be shaped in the light of the overall economic and social safety nets** in which they are embedded. Otherwise, they could create unemployment traps and become unsustainable.

Conclusion

- To play our full role as social partner, we need **responsible trade unions** that are willing to address the deep problems Europe is confronted with.
- I believe that **it is time for the European trade union movement to reconsider its role on labour markets.** The countries that are currently most successful are those in which adaptation to change is occurring with the support of trade unions as part of a constructive social dialogue.
- Of course, trade unions’ main interest is to negotiate better working conditions for workers. But this logic becomes self-defeating when it does not take into account economic realities or shy away from painful truths.
- **In order to play their full role, social partners must provide solutions.**
- Rather than simply fighting for the preservation of existing rights or the creation of new ones, they must **take into account in a fair and balanced way what can realistically be expected from an economy** in terms of prosperity and solidarity.
