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Speech

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Dear President Van Rompuy,
Dear Heads of State and Government
Dear President Barroso,
Dear Commissioner(s)

Firstly, I would like to thank you for this invitation to address the European Council today.

Fighting youth unemployment is a priority for BUSINESSEUROPE.

There are around 5.5 million of young unemployed today, compared with 4 million in 2008. Youth unemployment is the painful symptom of badly functioning labour markets and a structural problem, exacerbated by the crisis.

And it is the underlying causes of this unacceptable waste of talents that BUSINESSEUROPE wants to see tackled through structural reforms.

The European social partners have recently negotiated a framework of actions on youth employment, which sets out recommendations for actions at the EU and national levels.

This framework of actions has 2 objectives:

1. Creating more and better jobs,
2. Easing transitions between education and work.

We have agreed to work on 4 priorities:

1. Learning, because there are also today 2 million of unfilled vacancies which young people could take up if equipped with the right skills,
2. Transition, because transitions from school to work have become longer and more complex. Young people need guidance and special (temporary) support during these delicate periods,
3. Employment, because the only way to provide real labour market security is to facilitate employment creation in general.
4. Entrepreneurship, because having entrepreneurial competences helps to find a job and 43% of young people would like, one day, to have their own business (and create jobs for other people).

The European social partners are united in refusing to lose a generation. BUSINESSEUROPE is fully committed to work on all 4 priorities.

But time does not allow me to talk in detail of each aspect.

Speaking on behalf of some 20 million small, medium and large companies employing more than 120 million people across Europe, I will focus on growth, employment and entrepreneurship.

BUSINESSEUROPE's statement to this European Council urges you (European Heads of State and Government) to give growth and chance by combining national and European reforms.

Only growth can create jobs. But flexible labour markets increase the employment intensity of growth. And labour market rigidities create bottlenecks to growth and employment.

Surveys of SMEs show that companies sometimes renounce to client orders because accepting them would require to hire new workers and the administrative burden and financial risk of doing so is simply too high (especially in these days of huge uncertainty).

Who can blame them? When an employer hires someone, he or she takes a commitment and a risk.

The entrepreneurship issue has to be at the heart of the fight against unemployment. The Franco-German initiative on youth employment underlines this. And rightly so!

Ladies and Gentlemen,

Growth must be our common priority!

Sustainable growth is not possible without sustainable public finances and without a competitive framework. There is no alternative to fiscal consolidation and ambitious structural reforms. But it is not enough.

And no EU country can do well in the medium term if the others are struggling.

One year ago, the European Council sent a strong signal that Europe is united and committed to safeguarding the Euro and recreating growth.

And the European Central Bank did what was necessary to buy time. This has paved the way to the present stabilisation. But the progress made remains fragile and implementation of crucial decisions announced one year ago (in June 2012) is far too slow.

Concrete steps must be taken if we are to make progress: some at national level. Others require European decisions.

Let me highlight 3 issues in particular:

- National structural reforms,
- Access to finances for companies,
- Industrial competitiveness.

1. National structural reforms

The European Council must adopt in full the Commission's Country Specific Recommendations. And Member States must take these recommendations seriously.

We have heard that there are alarming ECB estimates about the rate of implementation of past Country Specific Recommendations ! This is unacceptable. And the Commission should not be blamed for pressing Member States to live up to their commitment.

Some countries obtained extra time to put their house in order. We will not improve confidence in the European economy if they do not respect their promises.

BUSINESSEUROPE supports the introduction of Convergence and Competitiveness Instruments, provided they increase incentives for structural reforms, and do not increase the overall tax burden.

But how can we make progress in European discussions on such instruments if EU countries send contradictory signals on their

commitment towards each other to improve the functioning of the Economic and Monetary Union?

2. Access to finance for companies

We welcome the progress made on direct recapitalisation of banks and on a bank resolution mechanism. But we must urgently walk the next steps to establish a full banking union.

SMEs operating on both sides of the border in neighbouring European countries are sometimes offered significantly different interest rates for similar profitability situations.

Such fragmentation of the European financial market is unacceptable. And the Banking Union is an important basis to solve this.

You will also discuss a joint EIB-Commission report proposing different ways of shaping new instruments to alleviate the credit crunch affecting SMEs, notably in peripheral European countries. Redirecting some EU structural funds towards the EIB would allow to reach two objectives at the same time: improving access to finance for companies and ensuring that SMEs get a better share of EU (structural) funds.

We call on the European Council to give a mandate to the EIB and the Commission for working out more detailed technical proposals over the summer.

This brings me to the EU budget. We regret that competitiveness chapters have suffered cuts as part of the Council compromise on the EU budget.

However, we appreciate the efforts made to come to a final agreement with the European Parliament regarding the Multiannual Financial Framework for 2014-2020. We urge the Parliament to accept it to avoid any delays in European Union support for research and innovation, European infrastructure and SMEs.

3. Industrial competitiveness

And we must make sure that all European policies focus on improving competitiveness. Doing so is not a gift to companies. It is working for present and future generations.

We are not asking for rocket science here. We simply urge you to set the right priorities in access to energy and raw materials, in opening up global markets, in leveraging the Single Market, in providing for flexible labour markets, etc.

BUSINESSEUROPE has just adopted 7 concrete policy recommendations on how to rebalance climate and energy policies 2030. They must be taken into account by the Commission and during European Council discussions on industrial policy in February 2014.

To conclude, let me recall that we support the Youth Employment initiative. It should be implemented as soon as possible. And EU funding should be targeted on regions mostly in need. But at the end of the day, success will be judged on the capacity of young people to find real jobs.

The social dimension of the Economic and Monetary Union must therefore focus on improving education and training as well as the functioning of labour markets. And the social partners have a key role to play there.

We have developed joint proposals with ETUC, CEEP and UEAPME on how to involve social partners in the new European economic governance. The employers have now approved these joint proposals and count on the trade unions to do the same as soon as possible.

But the best procedures in the world cannot replace policy content. We have to accompany the reform process if we want social dialogue to be taken seriously.

Our framework of actions on youth employment does precisely that.

Let us work together to make balanced and efficient labour market reforms!

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