



2 July 2013

### **INFORMAL EPSCO MEETING, 11 JULY, VILNIUS, LITHUANIA**

**RENATE HORNUNG-DRAUS,**

**CHAIR OF BUSINESSEUROPE'S SOCIAL AFFAIRS COMMITTEE**

- Fighting youth unemployment is a priority for BUSINESSEUROPE. It is crucial that the EPSCO under the Lithuanian presidency continues to focus its efforts on easing young people's transitions to the labour markets. Therefore, we welcome the focus of this informal social affairs council on apprenticeships;

#### **Structural reforms needed to help reduce youth unemployment**

- Recent figures show that youth unemployment remains too high at 5.5 million people, which is equivalent to more than 1 in 5 young people actively looking for a job being out of work.
- There are also 7.5 million under 25s and 14 million under 29s that are neither in employment, education or training;
- It is important to note nonetheless that the vast majority of young people aged between 15 and 24 are in education;
- The **gravity of the situation for young people across Europe was discussed at the June European Council** where youth unemployment was the main item for discussion among EU leaders;
- The European Council took important decisions, decisions that can have a real impact on youth unemployment if they are properly implemented;
- For example, Heads of States and Governments agreed to allocate to fight youth unemployment up to € 8<sup>1</sup> billion in 2014-2015 for regions where youth unemployment is over 25%. We welcome this decision because it will help many young people in the short term;
- Moreover, the German government organised a conference on 3 July to exchange views on best practices to ensure that the financial resources made available at European level are used effectively. This will be followed up in Paris in the second half of 2013;
- In all these events, the European social partners were invited to participate in the discussion. Because the European social dialogue contributes to solutions on youth employment, with the recent adoption of the **framework of actions on youth employment**;

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<sup>1</sup> People now talk about € 8 billion rather than € 6 billion because there is a firm 6 billion + an opening to redirect unspent money from other funds up to 8 billion towards youth employment measures



## SPEAKING NOTES

- This framework of actions will be followed-up at national level in the next four years. But I want to highlight here that it contains many recommendations that can be inspirational for governments in their own actions to create employment opportunities for youth.
- One thing is clear, we should all work together to achieve tangible outcomes on the ground for enterprises and young people.
- BUSINESSEUROPE's view is **that youth unemployment is a symptom of badly functioning labour markets. In those countries where youth unemployment is very high**, longstanding structural labour market challenges have been exacerbated by the crisis;
- We call on governments to look at labour regulations to avoid unemployment traps. **National labour market and education reforms are needed to overcome this structural problem;**
- These reforms should centre around ensuring appropriate levels of flexibility in national labour markets, such as through ensuring a variety of contractual arrangements and linking wages to productivity. These actions can help to create an environment conducive to enhancing productivity, competitiveness and job creation;
- Education reforms should focus on a better alignment of education and training curricular with labour market needs. This particularly concerns vocational education and training and dual-learning apprenticeship systems;
- These points and others have been addressed in the draft **country specific recommendations** proposed by the Commission at the end of May. On 27-28 June, the European Council adopted the 2013 Country Specific Recommendations. Member States must now take them seriously and act upon them;

### The role of apprenticeships in tackling youth unemployment

- BUSINESSEUROPE believes that apprenticeships, particularly dual-learning apprenticeship systems, can play a key role in facilitating young people's transition from education to employment by combining theoretical learning in the classroom with practical experience in a workplace;
- **The involvement of companies in apprenticeship schemes is vital** if they are to be a success and to help meet the needs of labour market.
- However, there is no single actor that is more important than another in ensuring that apprenticeship systems are successfully designed and implemented. This is a shared responsibility and requires stronger partnerships among governments, companies, social partners, education and training providers;
- It is important that EU level actions are steered towards improving the framework conditions for apprenticeships across the Member States;
- This can be achieved through exchanging knowledge and ideas among relevant stakeholders – governments, companies, social partners, education and training providers, chambers of commerce in particular;



## SPEAKING NOTES

- Indeed, these central points are the overarching goals of **the European Alliance for Apprenticeships (EAfA) that was launched** last week (2 July) in Leipzig;
- On this occasion the Lithuanian Presidency, BUSINESSEUROPE, together with the other European social partners, and the Commission signed a joint declaration setting out our commitments in the framework of the Alliance over the coming months;
- In this respect, **BUSINESSEUROPE will channel its contribution through actions to be undertaken by national social partners in the context of their follow-up to the recently adopted Framework of Actions on Youth Employment;**
- On the issue of apprenticeships the learning pillar of the framework of actions contains recommendations covering promoting the value of apprenticeships and enhancing their perception among young people, their parents, and businesses; and the need for social partners to be engaged in the governance of apprenticeship systems;
- There are a number of requirements for establishing and developing successful apprenticeship systems - strong partnerships between relevant actors; human and financial resources; and political will.
- This cannot be achieved overnight and requires long-term commitment at EU and national level to realise the role that apprenticeships can play. At the same time, we need to act now to raise young people's employment opportunities;
- BUSINESSEUROPE, its member federations, the other EU cross-industry employers organisations CEEP, UEAPME; EUROCHAMBRES; the European Roundtable of industrialists and vocational education providers are willing to join forces to **highlight across Europe the business case for higher company involvement in the supply of apprenticeships**, taking into account European best practices. We plan to submit a project proposal this autumn and hope that the European Commission will support us;
- We also want to work with trade unions and governments to **ensure the right conditions for well-functioning national apprenticeship systems and improve the image of apprenticeships in society.**
- Thanks for your attention.

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