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18 October 2012

## TRIPARTITE SOCIAL SUMMIT

**18 OCTOBER 2012**

## **SPEECH BY PHILIPPE DE BUCK, DIRECTOR GENERAL**

Dear President Van Rompuy,  
Dear President Christofias,  
Dear President Barroso,

### **PRELIMINARY REMARKS ON NOBEL PEACE PRIZE**

- Let me start by sharing our pride and enthusiasm about the recent decision to grant the 2012 Nobel Peace Prize to the European Union.
- We are for several years in the midst of hard economic circumstances. With this distinction, we were reminded that the European project has brought peace and prosperity to European citizens for almost sixty years.
- Building upon what our leaders did yesterday, perhaps in even harder times, our future depends on today's decisions to bring Europe a step further. A step towards stronger economic and political integration.

**The title of our meeting today is “Promoting growth, jobs and social cohesion: the involvement of social partners”.**

- I will start with growth and jobs. And then address the role of social partners.

### **1. KEY CHALLENGE 1: GROWTH**

- We are missing at the top of priorities an ambitious **European target for growth**. A minimum target should be to double Europe's long-term annual growth rate from 1.25% to 2.5%. This would allow the creation of 1.4 million new jobs every year and over 5000 euros extra income for an average household by 2020.
- The role of the EU is to ensure sustainable economic growth in Europe and a **higher degree of convergence between countries**.



- This can be done by:
  - Making investments easier and more attractive: The proposed Single Supervisory Mechanism (SSM) and single bank resolution framework go in the right direction;
  - Spending our resources, including the EU budget, in priority in areas with strong return on investment in terms of economic growth: research and education, infrastructure and other areas that create sustainable growth;
  - Spending in a more efficient and effective way. Part of the equation is to move away as much as possible from passive financial support, to invest in priority in Europe's productive capacities;

## 2. KEY CHALLENGE 2: JOBS

- We all agree on the objective to achieve job-rich growth.
- To achieve that, a prerequisite is to outline a coherent framework for national labour market reforms. The Council common principles on flexicurity of 2007 remain valid and must be fully implemented in all Member States in order to obtain job creation and more convergence on European labour markets.
- We call on you to put in place policies that better take into account companies' needs. Obstacles to employment growth should be lifted. Employers ask for:
  - labour costs that are competitive globally
  - employment contracts that allow matching their workforce to the variations of the production cycle; and
  - sufficient investments in education and training that provide to companies the skills they need to be market leaders up the value chain.
- Moreover, we need to identify the key areas with job-creation potential: The EU needs to prioritise more the **manufacturing sector**. It is essential to revitalise Europe's industrial base, bring competitiveness and job creation. In this respect, tapping the full potential of the single market and of international trade agreements is crucial.

## 3. KEY CHALLENGE 3: BUDGETARY CONSOLIDATION. STRUCTURAL REFORMS FEED THROUGH TO ECONOMIC PERFORMANCE

- In current critical circumstances, **we should altogether as social partners recognise the efforts made by the European Council, European Commission, and European Central Bank** to safeguard the euro and put in place better European framework conditions for growth and jobs. And we hope that the EU budget will reflect growth and jobs priorities.



- EU trends
  - **EU governments are making progress on essential fiscal consolidation.** Total government budgets deficits in the EU fell from 6.9% of EU GDP in 2009 to an expected 3.8% in 2012;
  - **Structural reforms could boost annual EU GDP by a total of 7% by 2020 and create 11 million jobs.** This is the only way towards achieving the Europe 2020 targets;
    - Ireland: Through measures to reduce both public and private sector wage costs and increase workplace productivity, Ireland has reduced its unit labour costs by over 20% against the euro average since 2008. As a consequence, exports increased by over 4% in 2011 alone, and the current account deficit is expected to decrease by 2/3rds from its peak by the end of the year
    - Greece: Primary deficit decreased from 24.7 billion euros in 2009 to 5.2 billion in 2011 with 2/3 of the adjustment coming from cuts in primary expenditures. The structural measures that are being implemented in Greece could produce benefits as large as 17% of GDP in the long run (10% in the next five years).
  - **The way forward is for Member States to adopt reforms, including on labour markets, before getting in trouble,** to boost competitiveness and employment, and limit social hardship;
  - **For these reasons, BUSINESSEUROPE supports a strong role of the European Commission and Council to:**
    - Take positive action to promote growth and employment and avoid harmful initiatives;
    - Adopt and monitor the implementation of Country Specific Recommendations;
    - Prevent, detect and correct macro-economic imbalances.

#### 4. EU SOCIAL DIALOGUE DEVELOPMENTS

- What about the role of the European social dialogue to achieve growth and jobs? **The European social dialogue is active this autumn.** For the first time, we have three negotiations running in parallel on:
  - Working time: the negotiation is difficult. But the tone is constructive and some progress has been achieved. We have until the end of the year to come to an agreement.



- Youth employment:
  - We want to make a difference in young people's access to the labour market. Starting from existing social partner actions at national level, our objective is to promote the most effective ones in a "framework of actions".
  - BUSINESSEUROPE, CEEP and UEAPME welcome the Commission's preference for a social partner initiative, in place of its proposed European quality framework on traineeships. We are ready to discuss this issue with the ETUC at the next Social Dialogue Committee meeting on 23 October.
  
- Social partner involvement in economic governance:
  - On 3 October, we participated for the first time in a consultation meeting organised by DG Employment in view of the Annual Growth Survey for 2012-2013.
  - We will start soon a discussion with ETUC, CEEP and UEAPME on our role in the European semester, and on the proposed European monitoring of labour costs.
  - Our starting point is that no new structures are needed but existing ones adapted to the new governance. Moreover, we find it essential that the Commission and Council speak with one voice on economic governance related issues.
  
- **What's coming next? 2013**
  - An important test for us as social partners will come next year when we will start the negotiations on an in-depth study on employment.
  - All too often, we hear our negotiating partner minimising the importance of labour market reforms to achieve growth and jobs. This is not an appropriate answer. By contrast, we count on the ETUC to engage with us constructively and responsibly in this negotiation.
  - Our aim will be to design the right EU framework for balanced labour market reforms that can be supported by employers and trade unions. It is our common interest to restore the competitiveness of European companies and workers, to achieve employment and productivity growth.
  
- **Some words of caution**
  - Review EU legislation in the area of disclosure of non-financial information: Commission's actions should not legislate voluntary CSR company activities and limit administrative burdens on companies to the minimum, taking into account existing international frameworks and investors' legitimate information needs.



- Social partner consultation on restructuring: We are looking forward to a discussion on the outcome of the green paper consultation on restructuring before the Commission takes any further steps;
- 'Re-thinking education': Availability of skills is at the top of companies' concerns. 60% of employers provide training to their employees. The European Union should reinforce its actions to help Member States improve the effectiveness of their education systems. The objective is to boost the quality and relevance of education.

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To conclude, building the next stage of the economic and monetary union requires making hard choices and **political leadership**:

- to safeguard the euro,
- to invest tight public resources in growth rather than passive benefits;
- to reform labour markets to achieve job creation.

Our future economic success mainly depends on Governments, EU institutions, employers and trade unions ability to adopt and implement policies that **support private sector-led growth**, in the context of constrained public finances.

It would not be fair and short-sighted to pretend that such choices can be made at no cost. In fact, their short-term cost can be accepted for their expected benefits for European societies already tomorrow and in the long-term.

Finally, despite the short-term challenges of the crisis, we should not lose sight of our aim to offer a stronger basis for prosperity to the next generations of Europeans.

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