

MEETING OF THE CHAIRPERSONS OF THE COMMITTEES ON SOCIAL AFFAIRS AND LABOUR

Employment Incentives to Implement the Europe 2020 Strategy

CONCLUSIONS

10-11 November 2013, Vilnius

The Meeting of the Chairpersons of the Committees on Social Affairs and Labour,

Having regard to the employment targets foreseen in the Europe 2020 Strategy,

Having regard to the Council guidelines for the employment policies of the Member States adopted in 2010,

Having regard to the Employment Package and the Youth Employment Package proposed by the European Commission in 2012,

Having regard to the Youth Employment Initiative adopted by the European Council in February 2013,

Having regard to the April 2013 Council proposal to establish the Youth Guarantee scheme,

Increasing Youth Employment

1. Notes with alarm that more than 26 million people, including 5.5 million young people aged 15-24, across the EU are not able to find a job; notes that youth unemployment is a particularly acute problem and that the unemployment rate for young people at 23.5% is more than twice larger as the one for adults, close to 11%; points out that a growing number of young people are not in employment, education, or training (NEET) and that this represents an alarming risk that too many young people in Europe will stay out of work for too long to be able to successfully reintegrate into the job market and that this could result in a lost generation in Europe;
2. On the other hand notes that youth unemployment rates diverge significantly across the EU, the share of young people without work in September 2013 representing 7.7 % in Germany and 8.7 % in Austria and almost 60% in the Member States most affected by the economic and financial crisis, such as Greece and Spain; recalls that unemployment rates vary across the regions within the Member States as well;

3. Supports the measures that have been taken or proposed at both the national and the European level to tackle unemployment, particularly youth unemployment; welcomes the frontloading of €6 billion by the European Council for the Youth Employment Initiative for the 2014-2020 period to fight youth unemployment in the Union's regions with a youth unemployment rate above 25%; yet notes that according to the International Labour Organisation an estimated €21 billion is needed in the euro area alone to decisively tackle the youth unemployment problem; hopes that the Youth Employment Initiative will take effect as of 1 January 2014 so that the first beneficiaries can take advantage of the allocated funds without any delay;
4. Welcomes the decision to set up the Youth Guarantee scheme which would create opportunities for young people to get a good-quality, concrete offer for a job, apprenticeship, traineeship, or continued education within 4 months of them leaving formal education or becoming unemployed; encourages the Member States to set up their Youth Guarantee Implementation Plans as soon as possible; stresses that in order for the Youth Guarantee to work a close and dedicated cooperation is needed between public authorities, employment services, education and training institutions, businesses and social partners; underlines that a special attention within the Youth Guarantee should be given to young people out of work, without a diploma and not in education or training; considers that opportunities for traineeships and internships in the public sector should be explored as an element of the Youth Guarantee and notes the important role for state bodies in providing opportunities for young people to gain entrepreneurial and innovative skills; supports the launch of the European Alliance for Apprenticeships as a highly desirable and necessary initiative to address the problem of youth unemployment in the EU;
5. Is of the opinion that long-term sustainable measures to combat youth unemployment must rely on a comprehensive strategy, including measures to support small and medium enterprises (SMEs), promote entrepreneurship, business start-ups and self-employment among young people by providing them with training, counselling and easier access to credit and microcredit offering favourable terms, in particularly for SMEs; at the same time calls for targeted measures to provide adequate support for education and training, infrastructure and capacity of employment services, availability of student and graduate places, and quality apprenticeships and traineeships; takes the view that the implementation of the Youth Guarantee scheme should be monitored and evaluated in the National Reform Programmes in the context of the European Semester and that it should be integrated into the broader framework of active labour market policy;
6. Acknowledges that austerity measures as applied in the context of financial adjustment programmes overseen by the Troika of international lenders, run contrary to the creation of a “smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion”, as provided for in the Europe 2020 Strategy and calls for the appropriate adaptation of these programmes; in the same context recalls the Conclusions of the European Council of January 2012, which provide that “growth and employment will only resume if we pursue a consistent and broad-based approach, combining a smart fiscal consolidation preserving investment in future growth, sound macroeconomic policies and an active employment strategy preserving social cohesion”;

Implementation of the EU Employment Guidelines

7. Points out that despite the ongoing unemployment crisis the Member States should aim at achieving the target set out in the Europe 2020 Strategy to raise the employment rate of the population aged 20–64 from the 69% to at least 75% by 2020; stresses that in order to achieve this goal the employment rate should increase across all age and social groups; notes that the employment rate of women is still significantly lower than that of men and that increasing women employment deserves a special policy attention;
8. In efforts to combat long-term unemployment stresses the crucial importance of combining flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern, adequate and sustainable social protection systems, in line with the principle of *flexicurity*; recognises that such policies should be tailored to the specific circumstances of each Member State; recalls that one of the reasons why the Member States are having difficulties in raising the employment rate is the high income replacement rate from unemployment and other social benefits which create disincentives for the unemployed to enter the labour market;
9. Stresses that despite the high rate of unemployment there are around 4 million unfilled vacancies in the EU due to the mismatch of skills in the labour market¹; notes that in certain sectors, such as the ICT, scientific research and technological innovation there is a constantly growing demand for qualified labour which is not being met; notes that if adequate measures are not taken, this gap is only set to widen and in the ICT sector alone by 2015 there can be as many as 900 000 unfilled vacancies; is therefore convinced that the Member States should take active steps to promote the development of new skills in line with the market needs and in close cooperation with social partners and businesses and by encouraging life-long learning programmes;
10. Points out that one of the reasons behind the severe imbalance in unemployment is low intra-EU labour mobility; is of the view that greater labour mobility would create the conditions for the asymmetrical economic shocks in the EU to be tackled more effectively; to this end supports an EU-wide system to recognise the professional skills acquired in another Member State;
11. Points out that early leavers from school or education are at particular risk of being unemployed – 55.5% of such individuals are currently not employed and within this group about 70% would like to work; encourages the Member States to work towards achieving the target set out in the Europe 2020 Strategy to reduce the number of early school leavers from 15% to less than 10% by 2020;
12. Is of the view that an integral part of the employment and social policy should be to combat social exclusion and poverty; notes that the problem of unemployment and social exclusion differs across regions within the Member States and that in some regions it is particularly acute; is of the view that Member States should pay special attention to create employment opportunities for those individuals most detached from the labour market;

¹ http://europa.eu/rapid/press-release_IP-12-380_en.htm?locale=fr

stresses that there are also cases of in-work poverty and that such cases should not be tolerated in Europe of the 21st century; welcomes the communication of the European Commission on strengthening the social dimension of the Economic and Monetary Union (EMU), adopted on 2 October 2013, and is of the opinion that there should be a closer permanent link between the economic and financial policies and the social and employment policies in the EU;

13. Notes that due to the ageing and shrinking of population, maintaining the current level of working-age population might require, according to the Commission's estimate², 60 million additional immigrants into the EU by 2060; calls on the Commission to prepare a comprehensive study into what effect such flows of immigration will have on European societies;
14. Draws attention to the brain drain problem that is affecting most of the new Member States; stresses that this represents a serious economic and social challenge that should be addressed urgently not only at the national but also at the European level;
15. Points out that these Conclusions do not bind national Parliaments and do not prejudge their positions; asks the Seimas of the Republic of Lithuania, as the Presidency Parliament, to forward these conclusions to all delegations, to the Presidents of national Parliaments and of the European Parliament, to the Presidents of the European Council and the European Commission.

² http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-2_en.pdf

ANNEX 1 – PROCEEDINGS OF THE MEETING OF THE CHAIRPERSONS OF THE COMMITTEES ON SOCIAL AFFAIRS AND LABOUR

Introductory remarks

The Meeting of the Chairpersons of the Committees on Social Affairs and Labour took place on 10-11 November 2013 in the Seimas of the Republic of Lithuania in Vilnius.

The Meeting was opened by the host Ms Kristina MIŠKINIENĖ, Chair of the Committee on Social Affairs and Labour of the Seimas of the Republic of Lithuania. Participants were welcomed by H. E. Loreta GRAUŽINIENĖ, Speaker of the Seimas of the Republic of Lithuania.

In session I, entitled *Implementation and Development of the EU Employment Policy Guidelines*, the following keynote speakers took the floor: Ms Algimanta PABEDINSKIENĖ, Minister of Social Security and Labour of the Republic of Lithuania (presentation on *Employment and social policy priorities of the Lithuanian Presidency of the Council of the EU*), and Ms Virginija LANGBAKK, Director of the European Institute for Gender Equality (presentation on *Work-life balance as a condition of equal participation of women and men in the labour market*).

In session II, entitled *Youth Employment and Employment Initiatives*, the following keynote speakers took the floor: Mr László ANDOR, Member of the European Commission for Employment, Social Affairs and Inclusion (presentation on *Ways to increase employment and youth employment by 2020*), Ms Brigitte VAN DER BURG, Chair of the Committee on Social Affairs and Employment of the House of Representatives of the Kingdom of the Netherlands (presentation on *Good practice in implementing youth employment measures and prospects of implementing the Youth Guarantees initiative in Member States*), and Ms Tarja FILATOV, Chair of the Employment and Equality Committee of the Eduskunta of the Republic of Finland.

In session III, entitled *Boosting Youth Employment*, the following keynote speakers took the floor: Mr Pierre MAIRESSE, Director of the Directorate A – Europe 2020: Policy Development and Country Analysis, DG Education and Culture of the European Commission (presentation on *Developing better matching between labour market needs and youth skills*), and Mr Juan MENÉNDEZ-VALDÉS, Director of the European Foundation for the Improvement of Living and Working Conditions (presentation on *Effective policy measures to boost youth employment*).

The Meeting ended with the consideration and adoption of the **Conclusions**. The Conclusions were adopted by consensus with abstentions of the UK House of Lords, the Italian Chamber of Deputies and the Dutch delegation.

Overview of the presentations and debates

SESSION I. IMPLEMENTATION AND DEVELOPMENT OF THE EU EMPLOYMENT POLICY GUIDELINES

In her presentation Ms Algimanta PABEDINSKIENĖ, Minister of Social Security and Labour of the Republic of Lithuania, spoke about the priorities of the Lithuanian Presidency in the area of employment and social affairs. She identified four priority areas. The first one was ensuring job opportunities for the young, especially those not in employment, education, or training (NEET). Initiatives such as the Youth Guarantee and the European Alliance for Apprenticeships were briefly presented. The second priority was to ensure better protection of workers, such as through progress on the European Globalisation Adjustment Fund, as well as the directive on posting and the pensions portability directive. The third priority was to strengthen the social dimension of EU policies, first and foremost in the EMU, focusing on the European Semester and the Macroeconomic Imbalance Procedure. The fourth priority was to ensure equal rights between men and women. In this regard the issue of improving the gender balance among non-executive directors of companies was raised, as well as the importance of achieving progress on the directive on anti-discrimination.

Ms Virginija LANGBAKK, Director of the European Institute for Gender Equality (EIGE), stressed that statistically in the EU women were less likely to participate in the labour market. At the same time they were disproportionately responsible for care activities. The speaker presented the gender equality index³, prepared by the EIGE. One of the criteria in the index was work. In terms of work, participation rate for women was 69%, while it was 76.6% for men. The difference was even greater with regard to full time employment – 56% for men and 41% for women. Women also tended to work fewer years, which resulted in smaller pensions. Ms LANGBAKK also presented another criterion – care. According to her, women spent more hours on domestic care, child care, as well as social activities. She also emphasised the correlation that existed between formal child care provision and equal opportunities for women. She noted that men with children had a higher probability to work whereas women with children were 10% less likely to work compared to women without children.

During the debate participants from several countries shared their experience on how to reduce gender inequality, especially at work. In Finland, for example, women were able to work full time because of the extensive formal child care system. In the Netherlands many women worked part time and this allowed them to combine work with family care. Participants spoke about the potential role of the public sector to provide training and internship opportunities for young people. A delegate from the UK expressed his opposition to the EU regulating the quotas of women on company boards. During the debate Ms LANGBAKK noted that the only area where women on average were performing better than men was education, although there were large discrepancies with regard to specific fields of education (women preferred social sciences more often, whereas technological sciences were dominated by men).

³ <http://eige.europa.eu/content/gender-equality-index>

SESSION II. YOUTH EMPLOYMENT AND EMPLOYMENT INITIATIVES

In his presentation Mr László ANDOR, Member of the European Commission for Employment, Social Affairs and Inclusion, stressed that the current economic recovery was very fragile, uneven and jobless, while the risk of poverty and social exclusions was rising. The Commission had therefore been proposing to upgrade the EMU by including a more thorough monitoring of social imbalances in the EU. Within the European Semester, in the country-specific recommendations, the Commission had been proposing a number of measures to the Member States, specifically to modernise employment legislation, tackle segmented labour markets, promote employment-friendly tax reforms, ensure more effective public employment services, and adapt education and training to reflect the skills demanded in the labour market. Mr ANDOR presented the main initiatives in the area of youth employment, such as the Employment Package proposed by the Commission in 2012. In this package the Commission urged the Member States to pursue balanced labour market reforms, invest in skills and enhance labour mobility. The Youth Guarantee and the Youth Employment Initiative were other new policies, which should, once in place, allow the young people to get first-hand labour market experience.

Ms Brigitte VAN DER BURG, Chair of the Committee on Social Affairs and Employment of the House of Representatives of the Kingdom of the Netherlands, presented the Dutch approach in tackling youth unemployment, which constituted only 12% in the Netherlands but was on the rise. In the Netherlands the system of traineeships and apprenticeships was highly developed and social partners played a key role in the apprenticeship system. The Dutch institutions also succeeded in reducing the level of early school leavers to just 3% and put significant efforts to integrate the disabled people into the labour market. Ms VAN DER BURG also noted that in her country young people were encouraged to train after school if their skills were not good enough for the labour market, while public employment authorities played an important role in directing young people to acquire the skills demanded in the market. The speaker also highlighted the important role that flexible system of contracts played in ensuring low unemployment in the Netherlands.

Ms Tarja FILATOV, Chair of the Employment and Equality Committee of the Eduskunta of the Republic of Finland, noted that usually in a recession the GDP shrank first, followed by rising unemployment and ended with a social crisis. The latter one persisted for a much longer time. She also spoke about the Youth Guarantee that already existed in Finland and which rested on three pillars. The first was the social guarantee, which consisted of support measures to improve the job prospects of the unemployed by helping them to prepare a job plan and finally provide a concrete offer for a job or apprenticeship. The state helped the employers by compensating the costs of hiring young people. The second pillar was the education guarantee, which meant specific education support, like training. If training was provided by employers, the state would compensate for it. The third pillar was helping young inactive people (NEETs) through special programmes, workshops, etc. According to the speaker, the society could not afford to have socially excluded people because it was estimated that in Finland a socially excluded person cost over €1 million over his/her lifetime.

In the debate it was stressed that despite the economic recovery there were huge differences in terms of economic and social situation in different Member States. Some stressed that this was at least partly due to the structural, fiscal adjustment. Therefore countries like Greece

were expecting more from the EU, such as from the EIB or from the EU structural funds. The problem of ageing of the European population was also highlighted and that population ageing would only accelerate immigration flows in the future. In his reply Commissioner ANDOR stressed that putting the blame on fiscal consolidation alone would constitute a severe oversimplification of the situation in the southern euro area countries. But he recognised that new measures were needed, such as the reshaping of the EMU or the creation of the banking union. He also noted that immigration flows would be necessary in order to avoid the significant decline of European population and considered that in the future there would be more circular migration among the EU Member States, old and new. Another priority, according to the Commissioner, was increasing intra-EU labour mobility.

SESSION III. BOOSTING YOUTH EMPLOYMENT

In his presentation Mr Pierre MAIRESSE, Director of the Directorate A – Europe 2020: Policy Development and Country Analysis, DG Education and Culture of the European Commission, stressed that in the time of crisis education and training were key for the young people to acquire the necessary skills relevant for the labour market. He spoke about the mismatch of skills that existed in Europe, especially in the ICT sector, in which by 2015 there would be up to 900.000 unfilled vacancies. This represented a failure of the public institutions to anticipate such demand and act accordingly on the supply-side. The speaker quoted OECD figures, namely that too many Europeans had low skills – 25% of all Europeans were ascribed to the lowest skill level. To address this problem close partnerships between the government, training institutions, universities and the industry were crucial. He also noted that the majority of new jobs in the future would require new technological skills – this had to be taken into account by the training and education institutions.

Mr Juan MENÉNDEZ-VALDÉS, Director of the European Foundation for the Improvement of Living and Working Conditions, stressed that 18 Member States were experiencing record high unemployment. 7.7 million Europeans under the age of 25 were NEETs, the number being 14.6 million for those under 30, and these figures had only increased in the last year. It was estimated that the cost of these NEETs was 1.2% of EU GDP every year. That is why investing in the NEETs promised a high return in the future. Mr MENÉNDEZ-VALDÉS noted that many problems in the labour market started with early school leavers. That was why this problem had to be addressed first. Otherwise, there were many things public institutions could do to help the young: provide career guidance, targeted training, help with job matching, mobility, housing and facilitate access to credit.

During the debate the situation in the southern euro area countries, such as Cyprus, was raised. It was noted that unemployment rose dramatically due to the economic contraction. Because of the threat of having a lost generation in Europe, social issues should be prioritised within European policies, such as the EMU. It was also noted that gender inequality during the crisis decreased somewhat as men with low skills were hit hardest by the crisis. To help the young people one of the priorities should be strengthen their entrepreneurial skills in order to make use of their knowledge and potential. On the other hand, to address the mismatch of skills, life-long learning was one of the key measures that the public institutions should focus on.