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**Speech by President of the European Council
Herman Van Rompuy to the 102nd session
of the International Labour Conference (ILO)**

It's a pleasure and an honour to speak at this venerable institution here in Geneva, and at such an important time. A time when countries and citizens around the globe, not least in Europe, are still struggling to overcome the effects of the 2008 financial crisis; a time when, under the influence of great economic and technological changes, the place of labour in the production process is under pressure and people both with and without jobs feel insecure; but also a time, when new initiatives are taken, when change is not just passively suffered but also actively shaped, and when millions of voices, some for the first time ever, dare to claim a say in shaping the workplace of tomorrow.

I hope that this year's Conference will be able to channel some of that very energy into agreements and resolutions that will benefit workers and citizens worldwide.

This Conference, established as you know in 1919, was a product of the First World War, or rather of the Peace after that War, just as the European Union on whose behalf I speak today, born in 1950, was a product of the Second World War. It is therefore no surprise that, 'genetically speaking', the Union and the Organisation understand each other very well. (And when I say the Union, I mean not just the institutions but also the European Union's 27 member countries.) We carry within us the deep conviction that, underlying the economic and social organisation of our societies, lie eminently political goals.

P R E S S

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We both know, to quote your 1919 Preamble, that *"injustice, hardship and privation (..) can produce unrest so great that the peace and harmony of the world are imperilled"*. Or translated into some of the EU's daily work today, we know that, when we work with our 27 countries on rescue mechanisms, on surveillance of budgets, bubbles and banks, or on youth employment policies, we do not only do this for the sake of balance-sheets and healthy economies. We are doing this also for eminently political reasons. To preserve, beyond monetary stability, the security of our countries, our societies, our citizens. It's even a matter of civilisation. And both our organisations may be proud for having been honoured with the award of the Nobel Peace Prize – a happy occasion, which for the ILO occurred in 1969 (the year of your fiftieth anniversary) and for the European Union just last year. We are still young!

But..., eminent political goals must not distract us from solid economic fundamentals. On the contrary. We can only achieve them if we get our core business right. So why have I taken up the kind invitation, as President of the EU's European Council (which brings together the 27 Presidents and Prime-Ministers of our member countries) to speak at your conference about the challenges of finding and creating jobs in Europe ?

Three main reasons.

First and foremost because employment is the ultimate goal of our endeavours in the last three years. Stability is only an instrument. Employment – and especially youth employment – is today at the heart of the political debate in most EU countries. Within the Union we're working hard to address the challenge; I will tell you more about that in a minute.

Second, because we are very much aware that youth unemployment, a recent concern for us in Europe, has been a topic for many countries gathered here. It's a key global challenge, which I discuss when I meet with the leaders of our partners across the world.

And thirdly, because we believe in the added value of the International Labour Organisation itself in addressing these issues. International cooperation and international labour standards and norms are key. In view of the global economic interdependences, that have never been as important as today, the voice of the Labour organisation must be heard. And for instance that's why I'm each time glad to notice, at the G20 Summits, that the interventions of the ILO Director-General carry a lot of weight.

One of the strengths of the ILO is its broad mandate, bringing together many experiences and perspectives. To contribute to this constant exchange of ideas, in my remarks I should like to focus on ideas and policies related to the situation in Europe:

- where we stand today,
- what are the specificities of our labour markets
- and which actions are being taken by governments across the continent.

As you know, our countries for some years now, have been grappling with the aftermath of the global financial crisis of 2008. The monetary stability of the countries sharing the euro – a currency for more than 300 million people in 17 EU countries – came under pressure. We have now managed to overcome that problem. The euro is there to stay, financial stability has been recovered. But this period of uncertainty brought to light a number of problems, and triggered other challenges – economic, social, also political – that are still with us today.

When the crisis erupted, we had no choice but to focus first on restoring stability – it is virtually a pre-condition for all else. Immediate measures to bring deficits and debt back under control were part of that story too. It's a necessary condition – though not a sufficient condition – for growth and for jobs.

Now that financial stability is restored and fiscal deficits have been halved, we can afford to concentrate more on structural fiscal efforts instead of nominal targets, and on structural reforms in the labour and product markets, to improve the competitiveness and resilience of our economies – as a basis for sustainable, quality growth and jobs. This means strengthening not just each individual economy but also the eurozone as a whole. We know we must avoid past mistakes and correct initial design flaws in our Economic and Monetary Union if we want to prevent crises in the future.

Five years of low growth or no-growth, not to say a recession, have resulted in higher unemployment levels, unseen in most member states for at least a decade. This is affecting the lives of millions and could eventually threaten the social fabric of countries and our Union, and fighting it is our number one political priority today.

I add immediately that growth in quite a number of our member states was artificially high during the decade before the financial crisis, and that employment levels were higher for that very reason. Structural problems also in the labour market were there for many years. Growth and jobs are the ultimate goal of all the reforms I mentioned, but reforms take time to bear fruit. So we also need measures with an immediate impact, to help create jobs, to spur economic activity, to preserve social stability and human dignity. It is the overriding daily concern for all the European national leaders. Individually, and collectively. And I have come today to tell you of these efforts.

But first let me take a step back and share at this international forum a few remarks on European labour markets in general. The fact is that we face some structural challenges, some of which are related to what makes Europe so special.

Take the idea of social justice, as embodied in our welfare systems. Over centuries, European countries have developed a distinctive way of organising their societies and economies, which has become known as the "European social model". This historically unique achievement has helped to cushion the worst consequences of the crisis. Welfare systems are a true asset for our societies, but they are facing pressures that for any government it would be irresponsible to ignore. So we must protect them, by reforming them.

Another specificity we cherish: in the European Union, we are 27 countries with together 23 official languages! So although within the Union most legal barriers to freely move to find a job or start a business in another country have been lifted, many other practical obstacles of having to work in another language or culture hamper mobility.

Even if outsiders perceive us all clearly as ‘Europeans’, for most of our citizens, this ‘continental’ identity is trumped by local or national particularity! Partly as a result, the traditional employment policies in our countries have always focused more on “bringing jobs to the people” than on helping people to “go to the jobs”, even if in today’s world, encouraging labour mobility could well be a more promising avenue.

This fragmentation of the labour market is clearly reflected in the European statistics. For example, Germany enjoys the enviable level of unemployment close to 5% – the second best result in the EU after Austria. A few years ago, when Europe was entering into the crisis it was higher, close to 8%. Over the same period, unemployment in Spain more than doubled, to a level now five times higher than in Germany. As a result, while thousands of employers in Germany are looking for new hires, thousands of workers in Spain are looking for employers. In effect, despite record unemployment in Europe, an estimated 4.5 to 5 million job vacancies presently exist in the EU.

Even though young Europeans are generally well-educated, in some countries many leave school early. While, for example, in the Czech Republic just 5% of the young drop out early from education or training, in Portugal it's every 5th person. It is unfortunately not rare that those who stay in education learn skills that do not match the requirements of the economy. And finally, in today's versatile economy, skills learned early in life do not suffice forever. But life-long learning still needs to be more common.

We are very much aware that employment levels of women are quite lower than men's: 62% for women versus 75% for men. Even though the education level of women in universities surpasses that of men! Better educated yet less employed...

Among the structural problems we face, the high unemployment rate of non-EU citizens or citizens with a non-EU background is a very worrying phenomenon in many of our member states, even in the most prosperous ones. This is another trend we need to reverse. So, the situation in our member states is differentiated, and therefore so must be the policy approach. But with the same objective: to ensure equal access for all to decent jobs. Of course, the European Union is precisely that, a Union – a collection of countries working intensely together. Also on these issues.

Just last year, the European Council redirected considerable amounts of EU funds, helping 800,000 young people in the eight most affected countries. Last February we set aside €6 billion specifically for that cause in the Union's next seven-year budget. It will again be the highest priority on the mind of leaders in our next meeting of the European Council at the end of the month.

Every day, talented, motivated, energetic young people keep knocking on doors. In most of our countries, the situation of youth unemployment is severe. In certain countries, it's simply dramatic. Just as long-term unemployment, early unemployment can leave very deep scars.

A closer look at some figures first. In the European Union as a whole, more than 5 million young people between 15 and 24 are unemployed. That category can, however, reveal very different situations.

That's why we must go beyond the mere figures that the press loves to quote. Especially when those figures are astronomical, they risk creating a defeatist mood, a mission-impossible mindset. It's only when you break down the figures and look at realities that we can get a grip again on the situation and work out targeted actions, action with real impact.

I am convinced there are no abstract, ideological one-size-fits-all solutions, but that we need tailor-made, evidence-based approaches. And I am pleased this is fully in line with the ILO's practices. (In the 'Oslo Declaration' of April 2013, European and Central Asian ILO members stressed the importance of "evidence-based, high-quality research, analysis and technical advice": rightly so – in the EU we follow the same approach.). In breaking down the figures, the starting point is to bring into focus the most vulnerable young people, those who are Not in Education, Employment or Training, the so-called NEETs.

Let me take three examples of middle-sized EU member states. Take Greece first, a country that has received global attention in the past 3 years... Currently Greek youth unemployment is at a staggering 59 % [of the working population for that age category]. However the percentage of NEETs is much lower: around 20 % [of the total population for that age category]. This gap reveals that many who would want a decent job are taking refuge in studies or perhaps the precarious jobs of the informal economy. So the overall picture is clearly bleak, but it is not the case that 3 out of 5 young Greeks have given up all activities. A nuance that often gets lost!

Sweden offers another situation. It's a country with less than 8 % of its young people neither in education, employment or training: the same low percentage of NEETs as Germany. On the other hand, Sweden has a youth unemployment of almost 24 %, which rightly preoccupies its public opinion. However, only a part of this group are really unemployed, many are universities students who register as job seekers in view of finding a summer holiday job... So here the social safety nets that we value so much give another twist to the figures!

At the other extreme, take Bulgaria. There the youth unemployment rate of about 21 % puts it as one of the best performers within the EU (just in the top-five), but Bulgaria at the same time tops the list of NEETS figures (with 28%). This sign points to a situation where many young people feel so excluded from labour market and education that they do not even register as job-seeker.

These examples testify that within our Union, national situations vary greatly and national policies matter most. But there is a common rule of thumb. The earlier you catch those who drop out of the system, the more damage you can prevent. So we must act as early as possible to bring back NEETs into a situation with perspectives.

This is precisely the idea behind the principle of a Youth Guarantee which all EU countries have signed up to. It's a commitment that every young man or woman should receive a good offer employment, education or training, within four months of leaving school (or becoming unemployed). This will no doubt require efforts both at the supply and the demand side of labour market policies – better target training options and also making it easier for companies to hire young people. Two countries already have it, but it's a unique achievement to have 27 (soon 28) countries commit to this high standard – which I believe is fully in line with the ILO's philosophy! The time is now for full mobilisation to turn that commitment into reality, as quickly as possible.

Every one is working together: national governments, local authorities, companies big and small, social partners, and the European institutions too, where they can support.

We're focusing all the relevant instruments to the full, and I want EU leaders to focus on it at our next summit at the end of the month.

With our financial instruments, like redirecting existing European funds and bringing in fresh money in our common EU budget, or using the leveraging power of the European Investment Bank. And also with tools like our common European jobs portal EURES, which currently has more than 1,3 million job vacancies, or cross-border vocational training programmes, like the ones we're setting up via the "Erasmus for All" initiative. Two days ago I was in Slovakia and Prime-Minister Fico told me that thanks to such actions just last year 10.000 jobs for young people had been created in his country.

We will also help companies to create jobs and for that, especially in weak economies, we are working on improving credit access for SMEs – not least since they create three quarters of all European jobs. Financial fragmentation is becoming a major impediment for growth and jobs. Financing the economy is together with youth unemployment the major topic for our next European Council summit at the end of June.

We are also involving the European social partners – the employers' and employees' organisations – more in finding practical solutions and exchanging best practise, also in job training. Like in the ILO, social dialogue is at the heart of our social model, even if it is under pressure these days.

Of course, higher structural economic growth and competitiveness are the best long term guarantees for jobs. It is a key element of our economic strategy and a fixed point on the agenda for each meeting of national and EU leaders in the European Council.

We Europeans do these efforts fully aware that we act in an international environment where many countries struggle with these issues. According to the ILO's own reporting, worldwide 73 million young persons are unemployed; counting all the NEETs would probably triple or even quadruple this number.

Global economic growth is too fragile, with a "three-speed recovery" (as the IMF termed it this Spring) unable to provide new jobs for so many people – let alone decent jobs. To a large extent, these are challenges with all countries and all regions face for themselves. But clearly there are things we can do together. For instance further deepening trade relations.

The impact of international trade on job creation is by no means unequivocal, but the overall net effect is indisputably positive. That's why the European Union is pleased that we are very close to start negotiations with the United States on a Transatlantic trade and investment agreement. Together the EU and the US represent nearly half of world GDP and a third of world trade. Opening up this space can potentially create millions of jobs on both sides of the Atlantic. It will also have a positive impact for our trading partners across the globe. Together we also hope to contribute to strong global standards – not only for the products and services that are traded, but indirectly also for the quality of the workplaces and societies that produce them.

Development aid and the Millennium Goals remain a key objective for the European Union. Notwithstanding our fiscal problems, we remain the highest donor of development assistance in the world, just as we are the biggest donor in climate financing for least developed countries, or – to take another pressing example – the major humanitarian donor in the Syrian crisis, with more than € 1 bn. donated.

Just like the ILO, the European Union believes in the power of universal norms and standards. They can steer behaviour in the direction of social justice. And we believe that the ILO has a fundamental role to play in helping countries to repair the economic and social fabric.

Indeed by setting and upholding standards – for which your universal membership of 185 countries is an incredible asset. But also by adapting to new global challenges while keeping its sense of purpose: from the age of blue collar and white collar jobs to the age of green jobs, white jobs and, thinking of ICT, "copper" jobs, every time, ladies and gentlemen, it's about decent work. And I welcome of course, the chosen theme of this session of your Conference: "Sustainable development, decent work and green jobs". There is no more timely subject.

The ILO also plays its role by offering fact-based analyses and facilitating the exchange of good practices, for instance as regards labour reform.

But also and finally, and perhaps most importantly, by consistently emphasising and embodying the unique power of tripartite social dialogue.

This is a principle to which Europeans attach much importance. Its benefits have long been widely recognised – if to varying degrees in all our countries. The social partners are uniquely well placed to address the social and economic challenges that we face, and for that very reason, especially ahead of decisive meetings, I personally engage regularly in tripartite contacts with social partners. And I am also looking forward to listen to the European social partners at our next EU summit – a first time ever! It's only by working together that we can truly achieve our goals.

And let us not forget, the ultimate goal that unites us, all 185 member-nations of the ILO, and the European Union too. This goal of peace, "universal and lasting" and "based upon social justice", is enshrined at the very opening of your constitution's preamble. As an organisation also founded on the ashes of a War, this is a principle that has always been driving our Union. May your organisation always keep its attentive, vigilant role, in reminding the world of this truth: that social justice is at the foundation of peaceful societies.
