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Press Release

Informal Council of Employment Ministers: Ministers agree that employment policies and the EPSCO Council should occupy a central position in the new economic governance and new concrete proposals to achieve this objective

The Informal Council of European Employment and Social Affairs Ministers, which took place in Brussels today, focused primarily on the place of employment in the new Europe 2020 Strategy for employment and growth. The subject was discussed with the President of the European Council, Herman Van Rompuy during a working lunch. The Belgian Deputy Prime Minister and Employment Minister, Joëlle Milquet led the discussion. Also in attendance were the European Commissioner for Employment, Social Affairs and Inclusion László Andor, and the President of the European Parliament's Employment Commission Pervenche Berès.

A. Economic Governance

1. Introduction of economic governance by the Belgian President

The President introduced the subject of economic governance by noting that if employment lies at the heart of the Europe 2020 Strategy it should also lay at the centre of the future economic governance.

In her analysis the President stated that this would require two main changes:

1°- first it would be necessary to accept that while employment undoubtedly constitutes a factor of social cohesion, it also (and at least as much so) constitutes a fundamental factor of competitiveness and of growth. This key growth and competitiveness policy element has not however been given the importance that it warrants.

- Employment policies represent above all short and medium term macroeconomic stability factors. Indeed, the unemployment/employment rate is a classic short and medium term preoccupation of any macroeconomic policy and it is precisely due to employment that fiscal deficits automatically increase due to the decrease in fiscal and social contributions and by the equally automatic increase of unemployment benefits.

- Employment policies also constitute key long term factors in terms of competitiveness and growth:

 - from the standpoint of job offers (increase in the degree of labour market participation and particular of those categories of the population that are employed

the least and are the least qualified and trained – and the least affected by *flexicurity*, which can lead to quality job transition and activation)

- from the standpoint of labour demand (SME development, the green or the white economy, the fixing of labour costs in terms of salary and taxation that are compatible with growth with employment and the stability of the EMU.)

2°- These different elements and arguments demonstrate the extent to which employment policies should lie at the heart of macroeconomic and growth policies and by extension at the centre of the new economic governance. The President maintained that the EPSCO Council should play an active role within the new **Europe 2020 economic governance strategy**, through optimization of article 148 potentialities. The following points were presented:

- Employment and labour market policies must be integrated into the future macroeconomic and thematic surveillance mechanisms foreseen in the Commission's proposals and EPSCO must be implicated.
- In concrete terms EPSCO Council initiatives should be integrated into the future European Semester in order to contribute to the work of the spring and June European Council.
- The EPSCO Council must modify its working methods, reinforce its instruments and the quality of its coordination with ECOFIN.
- Mutual learning and the exchange of good practices should be developed.
- The Permanent overview of the labour market will require the development of a series of pertinent indicators that should be included in a table specifically designed to include the main employment trends. This table would make it possible to impede the development of labour market macroeconomic imbalances that could lead to the weakening of the EMU.
- In addition to this it will be important to regularly associate the social partners, above all before the adoption of the spring and June recommendations.

2. Recommendations relating to the place of employment policies within the framework of economic governance submitted by the ministers to the President of the European Council, Herman Van Rompuy and his replies

All of the ministers agreed that it was vital to place employment at the heart of the Europe 2020 Strategy and its mechanisms of governance by formally integrating the EPSCO Council and adapting its work to schedule of the future “*European Semester*”. They expressed their hopes that employment recommendations become an integral part of each Member State’s global economic recommendations that will be considered annually within the context of the new “*European*

Semester". They also pointed out that article 148 of the Treaty should serve as the basis for all macroeconomic and thematic surveillance mechanisms,

During the working lunch, EU Council President, Herman Van Rompuy expressed his sympathy for the ministers' points of view. He emphasized that only growth with employment could lead Europe out of the current crisis and to what extent employment was a factor of competitiveness. He agreed that EPSCO should play greater role in the future economic governance, that coordination with ECOFIN was indispensable and that the articulation between macroeconomic and thematic surveillance mechanisms had to be reconsidered.

The Belgian Presidency will summarize what has been achieved in a document that will be sent to the Member States. The document will review all common proposals agreed during the Informal Council. These will also be sent to President Barroso. The Presidency has asked the Commission to prepare, together with EMCO, a concrete plan for the organization of this new EPSCO implication in governance and new means of action for the coming weeks.

B. New employment policies facing demographic and climatic challenges

After the working lunch with the President of the European Council, Herman Van Rompuy, the ministers discussed the outlines of new strategies to be implemented **in order to tackle new challenges linked to employment policies**.

1°. Demographic change: increasing and reorganising participation in the labour market and anticipating white job creation

In light of the need to deal with the coming demographic challenges and in order to anticipate the major challenges of an increase in the working life period, the Ministers discussed future initiatives that could be implemented within the framework of employment policies.

In light of the global decrease in the number of workers and the consequence of this on economic growth and public finances, the Ministers agreed on:

- the need to increase the number of employed people including that of the older portion of the population;
- the need to adapt career planning to conditions of work conditions throughout each person's working life, as well as the balance between professional and private life; continuous upgrading of skills; health and security at the workplace.

In light of the increase of individual needs for assistance, the Ministers agreed on the need to create '*white jobs*' and discussed problems of training, qualifications and financing.

2°. Policies linked to climate change: green jobs - a major and indispensable driving force for a successful transition to a competitive low carbon economy

The challenges linked to climate change and the transition to a low carbon economy will lead to economic and industrial changes of great magnitude that will affect the labour market.

The Employment Ministers debated to a considerable extent the consequences of transition to a greener economy on the labour market. They all agreed that there was a potential for considerable employment in the area of “*green jobs*”.

The following points were underlined:

- The need to anticipate the skills and competencies that the transition to a low carbon economy will require.
- The role of public employment and worker support services particularly as related to the most vulnerable workers.
- The role of European Structural Funds

The European Commission announced that it would publish a working document on employment and climate change. The Employment Ministers expressed great satisfaction with this initiative. The President reminded those present that she would make development of green jobs and employment policy in the context of climate change one of the essential political priorities of the Belgian Presidency in order to make it possible to establish concrete and ambitious political conclusions on these subjects in time for the December 2010 EPSCO Council.