

Panel discussion on the emerging issues:

“Youth: poverty and unemployment”

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**Statement of H.E. Mr. László Andor, European Commissioner for
Employment, Social Affairs and Inclusion, European Commission**

Mr Chairman,

Distinguished guests,

Ladies and gentlemen,

- Thank you for your invitation. I am glad to be able to give you my perspective as European Commissioner for Employment, Social Affairs and Inclusion.
- The European Union is going through a turbulent and difficult time. The outlook is not rosy. Unemployment is expected to remain unchanged at around 10 percent for the next two years. Prospects for employment are bleak for the EU as a whole, as GDP growth slows down. Overall we face a jobless recovery.
- A key challenge for the European Union — and for the countries of many represented here — is how to get young people into jobs. This will be even more critical if unemployment stays high or starts rising again.
- Young people are those worst affected by the crisis in the EU and are experiencing the greatest difficulty. Their unemployment rate is twice that of adults — at over 20 per cent, with peaks of over 40 per cent in some Member States.
- For more than two years now, young unemployed people have numbered over 5 million in the European Union. One out of every eight young people between 15 and 24 years old is neither in employment, nor education and training. This unacceptable situation raises the spectre of a wasted generation.

- Unemployment, coupled with frustration at the lack of prospects for the future, is a potentially explosive mix. The economic and social cost will be immense if we do not take action to change the situation in the near future.
- The recession teaches us a hard lesson: the longer it takes to steer the economy back to growth and job creation, the greater the impact on young people's job chances will be.
- For example:
 - Those without proper qualifications and skills who have not been able to find jobs when the economy was doing well have very little chance now when demand for labour is shrinking.
 - On tight labour markets, even well-qualified young people are being pushed into precarious jobs in the margins.
 - A lack of support during young people's transition from education to work strongly increases the risk of disengaging from education, training and work.
- What the European Union has done to tackle these challenges is to put in place a new economic governance structure through the Europe 2020 strategy. I believe — and I speak here as a member of the European Commission — that the Europe 2020 Strategy sets out a sound, viable path back to growth. It outlines a comprehensive approach to tackling the various aspects of the crisis and addressing youth unemployment.
- Europe 2020 was developed when the financial and economic crisis broke in 2008. It provides the policy umbrella for the EU's long-term development. It advocates an integrated approach to bolster growth, sustainability, macroeconomic stability and employment and social stability. These goals are inter-related, and must be pursued together — not one at the expense of the other.
- The Strategy's main targets for inclusive growth are to:
 - Raise the employment rate of the working-age population to 75 per cent;
 - Reduce the school drop-out rate to below 10 per cent;

- Ensure that at least 40 per cent of those aged 30 to 34 complete tertiary level or equivalent education;
 - And lift at least 20 million people out of poverty and social exclusion by 2020.
- Europe 2020 is backed up by strong monitoring, surveillance and peer-review arrangements — what we call the “European Semester”. The aim is to ensure there is collective discussion on key priorities at EU level before national decisions are taken.
- As we prepare for the second European Semester with weakening growth prospects, the Commission’s message is loud and clear: the social impact of the crisis is far-reaching and we must step up our efforts significantly to combat unemployment and prevent social exclusion, especially among young people.
- The priority should be measures that foster a job-rich recovery through business creation, support for the development of sectors with the highest employment potential, such as the low-carbon economy, encourage labour mobility and consider revising wage-setting mechanisms.
- We also need to prevent more people from the risk of poverty and protect vulnerable groups better. Our social protection systems need improving and active inclusion strategies should be promoted and implemented.
- Last but not least, the focus should be on young people, especially those who are neither in employment nor in education or training, and the Member States should develop dedicated national youth-employment action plans.

Ladies and gentlemen,

- The Commission's Europe 2020 Strategy puts young people at the centre. In 2010 we presented a *Youth on the Move* flagship initiative, which set an agenda for improving education and employment for youth in the EU. It provides policy support for the steps young people need to make from education to work.

- Building on this initiative, our Member States adopted policy priorities for youth employment in June last year. These priorities were backed up by specific recommendations to individual Member States under the Europe 2020 Strategy and covered:
 - improving education and training systems;
 - speeding up labour market transitions;
 - stepping up active labour market policy for young people, emphasising tailor-made career guidance, especially for the least qualified and other vulnerable young people;
 - stepping up vocational training and schemes to acquire one's first work experience;
 - stimulating job creation and entrepreneurship;
 - tackling labour market segmentation and developing adequate contractual arrangements;
 - encouraging more partnerships and cooperation between services supporting young people, and in particular the public employment services.

- To put more pressure on the Member States to tackle the youth employment situation, in December last year European Commission President Barroso called on business, the social partners and national authorities to work together on a "Youth Opportunities Initiative" that focuses on young people who are neither in employment nor in education or training.

- The Commission will support the Member States by providing **policy guidance** and **financing**. It will also:
 - help to increase the number of apprenticeships and young entrepreneurs in the Member States by mobilising European Social Fund resources;
 - present a framework for high quality traineeships in 2012, including an EU panorama on traineeships to improve transparency on the conditions for trainees throughout the EU;
 - start work to develop programmes providing a "Youth Guarantee" to ensure that young people are in employment, education or training within four months of leaving school.

- channel funds from existing youth programmes with a view to supporting at least 130 000 placements in enterprises in 2012;
 - lastly, promote mobility among young workers through a targeted job mobility scheme to help young people find a job in another EU Member State. This scheme, which is called "Your first EURES Job", will help 5 000 young people to find a job placement in another Member State in 2012 and 2013.
- The aim is that such Commission actions will pave the way for further measures that the Member States can develop during the next financial planning period 2014 to 2020.
- So we have set an ambitious policy agenda for the EU to improve the situation of our young people. The real challenge now lies in delivering on it. Severe budget constraints in many of our Member States limit their room for manoeuvre in terms of public spending. This means that while we recognise that structural reforms are vital, it will necessarily take longer for them to become effective than we would have liked.
- Such measures will only be sustainable if they enjoy wide support. The Commission therefore encourages the Governments of all our Member States to consult the social partners and, where possible, reach consensus on the measures to be implemented.
- To wind up, let me say something about the international dimension of the EU agenda.
- The EU is a unique model for far-reaching integration of countries, founded in the pursuit of peace, human rights, and economic and social development. But it is not a closed system. Shortly after it was established, the EU forged close links to the multilateral system and with countries across the world. Globalisation and internationalisation have spurred this, and it is difficult to imagine any area of EU action without an external dimension.
- The partnership between the Commission and the ILO, which has been a major catalyst for the development of the external dimension of social and employment policy. The Decent Work Agenda in particular has played a big role by providing a

universally shared understanding of the ingredients for shaping socially sustainable globalisation. It follows from the conviction on which the European social model is based that social and economic development cannot be divorced and that genuine social dialogue is needed to sustain it.

- In addition, I would like to refer to the activities carried out in connection with the G20. The G20 meeting of labour ministers sent a clear message on the urgent need to put action on employment at the centre of the G20's work for the integration of economic, employment and social policy at national level, and in international organisations. The G20 should strongly encourage further cooperation on youth employment at international level to help all parties in their efforts to develop and promote successful policies to support young people.
- We welcome the fact that the G20 Cannes Summit endorsed the Labour and Employment Ministers recommendations and reaffirmed that employment and poverty reduction should be at the centre of global economic policy coordination.
- All G20 countries have accepted the concept of “social protection floors” adapted to national situations. The G20 Task Force just set up is absolutely right to focus on youth employment. Exchanges between experts have already started with the aim of identifying mechanisms to promote youth employment and effective school-to-work transitions. This work will contribute to the next G20 ministerial discussions under the Mexican Presidency. We look forward to working closely with Mexico and other G20 partners to achieve the most ambitious results possible for the Task Force.
- There are huge challenges facing the EU and the whole world too. The Commission is keen to continue working with its global partners, using its outstanding research capacities and unique experience in the field.
- Today's meeting is an excellent opportunity to see the crisis from a global perspective and find solutions to it, so I look forward to hearing your views. Thank you.