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### TRIPARTITE SOCIAL SUMMIT 1 MARCH 2012

### SPEECH BY PHILIPPE DE BUCK DIRECTOR GENERAL OF BUSINESSEUROPE

- **Europe has reached a crossroads. Both concerning the future of the EU economy and for the European Union project.**
- The economic policy decisions made in 2012 will determine both the course of the immediate recovery, and the long-term underlying growth prospects of our continent. **We must not allow an acute crisis to become a chronic story of low growth.**
- We have pulled away a little from the acute uncertainty that undermined confidence and economic uncertainty in the final weeks of 2011. There are some **tentative signs of stabilisation**:
  - World growth remains robust. US growth in particular has strengthened, and reached 3% in the last quarter. At the current pace, the American economy could create 2 million new jobs in 2012;
  - External sector is acting as an engine for industrial activity in Germany and elsewhere in Europe. German industry could do better than planned in 2012;
  - Bond yields for Italy and Spain have fallen significantly since the start of the year;
- **Many companies in Europe are seeking to invest and create new jobs.** But domestic demand continues to be depressed. And expansion plans are being undermined by continuing **political uncertainty**. As a result, BUSINESSEUROPE only expects limited employment growth in 2012, at around a quarter of a million new jobs.
- A **new EU economic governance** has been set in motion in December with the adoption of the 6-pack. BUSINESSEUROPE welcomed this major achievement. **The Commission must now ensure full compliance with the new rules.** Most recently, an important step has been taken with the setting-up of an alert mechanism, the preventive arm of governance.

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- Now turning to the main topic of our meeting today, **what role social dialogue can play to restore growth and jobs?**
- **During the first phase of the crisis**, building upon an effective social dialogue, Europe has been better at maintaining employment than other regions in the world. This has been possible thanks to an effective use of **short-time work**. But these temporary measures aiming to maintain productive employment are not effective to create new jobs.
- **What we need now is to allow the EU economy to restructure itself. The double objective is to increase the competitiveness of Europe's industry globally and to attract foreign investments in Europe. Both are key to stimulate private investments and create growth and jobs in Europe.** Our Irish member, IBEC, coming from a Member State that has signed a Memorandum of Understanding with the EU, ECB and IMF, is particularly aware of the need to remain focused on growth and competitiveness and will further underline this.
- A constructive social dialogue can play a useful role **to facilitate the adoption and implementation of structural labour market reforms. Its role is not to protect existing jobs at all costs but to support job creation.** If social partners do not reach a compromise on the way forward, Member States should take their responsibility. The cost of inaction is too high to postpone necessary reforms any longer.
- A lot is happening at European level. Together with ETUC, and also on behalf of CEEP and UEAPME, we are **pleased to present today our work programme for 2012-2014.** As part of our activities we have agreed to negotiate a framework of actions on youth employment and an in-depth employment analysis. Our objective is to contribute to employment growth. For that, **we jointly recognise that Europe can only succeed if sound macro-economic policies are put in place.** And that resources must be invested as a priority in sustainable growth-enhancing strategies.
- **Consider this work programme as a signal that social partners wish to play their role as part of the new EU economic governance.** Later this year, we will discuss the consequences of the new economic governance on social dialogue at both European and national levels.
- We will start our joint activities with **the issue of youth employment.** BUSINESSEUROPE has started work on this issue in the last months. **We are pleased to present today our declaration entitled "creating opportunities for youth".** This report has been prepared by a BUSINESSEUROPE taskforce made of high level company representatives. With this paper, our proposal is to put in place **a comprehensive European strategy on dual learning apprenticeships.** Our Danish member DA will present its positive experience in this domain.



- Last but not least, European social partners have started and pursue their **negotiations on working time** in a constructive climate.
- Before concluding let me highlight the importance of implementing structural reforms at national level. **For too long we have averted our eyes from the growing structural weaknesses of our economies.** Some countries are now paying the price of their inaction at the time when it was necessary.
- Take **Greece**. Unemployment is higher than 20%, youth unemployment close to 50%. The minimum salary has been reduced by 22%. **We are living a Greek drama. But it was not caused by Europe.** Wages in the Greek public sector have increased excessively before the crisis. And however painful it may be, the sudden reduction of the Greek minimum wage hides the fact that it was until now higher than the Spanish and Portuguese minimum wages.
- BUSINESSEUROPE has published yesterday **its 2012 Reform Barometer**. This year's report makes note of the excellent reform efforts made in the closing months of 2011 by the new Governments in Spain and Italy in particular. But the report also concludes that implementation of structural reforms during much of the year was disappointing.
- **Likewise, labour market reforms over the past year have been overall insufficient.** Nevertheless, we welcome important employment reforms in Spain and in Portugal in the last few months. In both cases, national social partners have been involved. In Spain, wage negotiations will move closer to companies and the administrative procedure for approval of redundancies has been eliminated. In Portugal, the sensitive issues of severance pay for permanent contracts and unemployment benefits have been addressed. Another key area for reforms that may be supported by social partners is the issue of **wage indexation**. Making progress in this area is a priority for our Cypriot member federation OEB.
- **Member States must do better in 2012.** We expect a lot from the National Reform Programmes that will be submitted later this spring. In the field of employment, we call on the European Council to make its own the Commission's recommendation made in the **2012 Annual Growth Survey** for Member States to reform employment protection legislation in consultation with social partners with a view to **reducing the excessive rigidities of permanent contracts**. This is the best way of fighting segmented labour markets.
- To conclude, **the European Union is living through the worst crisis of its existence.** Decisive changes are being put in place with the new economic governance.
- At national level, **those who have adopted reforms in time are today in a much stronger position.** By contrast, the crisis is leaving no choice to some



countries. And the majority of European countries where reform implementation has been so far insufficient should not wait any longer.

- At European level, the EU institutions should refrain from proposing new initiatives at odds with the growth and jobs agenda. BUSINESSEUROPE has deep concerns with the Commission's plans regarding a regulation **on the right to strike, so-called Monti II, and an enforcement directive on posting of workers**. These two proposals go far beyond what is necessary to achieve their objectives. They would prevent the free provision of services in the single market and create red tape and costs for companies, in particular the envisaged joint and several liability scheme.
- Thanks for your attention.

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