



## Special sitting

Friday, 14 June 2013, 3.05 p.m.

*President: Mr Paulauskas*

### ADDRESS BY MR HERMAN VAN ROMPUY, PRESIDENT OF THE EUROPEAN COUNCIL

The PRESIDENT

We are honoured to receive the visit of Mr Herman Van Rompuy, President of the European Council. I now give the floor to the Secretary-General of the Conference to say some words of welcome to our distinguished guest.

The SECRETARY-GENERAL OF THE CONFERENCE

Mr Van Rompuy, it is a real honour to welcome the first ever permanent President of the European Council to address, for the first time, our International Labour Conference.

Mr President, your presence here at the 102nd Session of the Conference is most greatly appreciated, and our Conference looks forward to hearing your views and your vision in the name of our partner, the European Union.

Your Member States are our member States, and, over the years, the ILO has developed multiple forms of cooperation with the institutions of the European Union. The EU has given strong support to ILO efforts to strengthen the social dimension of globalization, and has supported our Decent Work Agenda. The ILO and the European Union cooperate within the EU itself, in the framework of the G20, in regional initiatives, in the United Nations system, and also through technical cooperation in developing countries.

Mr President, I recall well your words when we first met at the “Jobs for Europe” Conference in Brussels last September. In your opening speech to the Conference – and I have quoted it often – you said: “I cannot think of a higher priority today. Europeans want jobs. As a source of income, obviously. But also as a place in society. A job is not just about money. It can be a means to use our talent and capacities, to create value for others, to fulfil the projects and dreams we all have for our lives.” It sounds, perhaps, like a slogan, a philosophy, a guiding principle of your activity that we highly value.

In your person we welcome, not only the President of the European Council, but a profound thinker, a successful politician, a dedicated and convinced European, a philosopher, a poet and an economist. In all of these domains, you have conveyed constructive messages as a writer and as a lecturer as well. But you are equally and, perhaps most importantly, a results-oriented leader.

During your long political career in Belgium, a founder country and still the home country of the European Union, as Belgium Prime Minister you cooperated actively with the social partners in designing and implementing concrete responses to the financial, economic and social crisis.

Chosen as the first permanent President of the European Council, you have had the opportunity and the responsibility to shape your new function, and the fact that you became President at a time when Europe was, and is, facing serious and enduring challenges highlights even more the political vision, consistency and negotiating abilities with which you approach your responsibilities.

We know that you put jobs and growth already on the agenda of the very first European Council that you chaired, back in February 2010. And now your proposals, endorsed by last December’s European Council, to develop a social dimension, including social dialogue, to a genuine economic and monetary union for Europe are very greatly valued. This issue touches upon the centrality of policy coherence between economic, financial, employment and social objectives. It goes to the heart of social and economic governance.

Recently, Mr President, we heard you say: “Especially in times of crisis, it is essential that the burden is fairly shared and that all citizens, all companies contribute to the common effort.” It is a matter, you said, of social justice.

From the ILO side, let me assure you, Mr President, that we are very ready partners in addressing the crisis, with an emphasis on decent work, promoting enterprises, good governance, investment and social justice. The ILO itself has recently made a very clear commitment, in our Oslo Declaration, adopted at the ILO’s Ninth European Regional Meeting in April, to “restoring confidence in jobs and growth” in a European context.

We share, Mr President, your concerns on the gravity of youth unemployment in Europe and the world, and you have pushed with conviction to get endorsement by the European Council for a substantive Youth Employment Initiative. The future European Union budget will support EU Member States worst affected in implementing the new Youth Guarantee Scheme, so that every young person is in training, further education or employment within four months of leaving school. I want to tell you, sir, that the ILO stands ready to support all of these efforts.

In a more global context, let me end by highlighting the fact that you have eloquently stated on sev-

eral occasions that the G20 should deliver a strong, credible message on growth and job creation, and on a fair globalization.

Mr President, it really is a privilege to welcome you here. Once again, we look forward to hearing your vision on all of these issues, which are of burning concern to the ILO's member States around the world.

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Mr VAN ROMPUY (*President of the European Council*)

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It is 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 (EU), 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 Organization 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 States. We carry within us the deep conviction that, underlying the economic and social organization of our societies, lie eminently political goals.

We both know, to quote the 1919 Preamble to the ILO Constitution, 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 for eminently political reasons. To preserve, beyond monetary stability, the security of our countries, our societies, our citizens. It is even a matter of civilization. And both our organizations 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 50th anniversary, and for the European Union, just last year. We are still young. We are colleagues.

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?

There are three main reasons. First and foremost, because employment has been 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 are 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 is a key global challenge, which I discuss when I meet with the leaders of our partners across the world.

And, third, because we believe in the added value of the International Labour Organization itself in addressing these issues. International cooperation and international labour standards and norms are key. In view of the global economic interdependencies that have never been as important as today, the voice of the Organization must be heard. And, for instance, that is why I am 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 and 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 precondition for all else. Immediate measures to bring deficits and debt back under control were part of that story too. It is a necessary condition, though not a sufficient condition, for growth and for jobs.

But, 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 crisis in the future.

Five years of low growth or no growth, not to say recession, have resulted in higher unemployment levels; unprecedented, perhaps, since the 1980s. This is affecting the lives of millions and could eventually threaten the social fabric of our 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 unemployment 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, spur economic activity and 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 states, in our welfare systems. Over centuries, European countries have developed a distinctive way of organizing 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 altogether 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 European statistics. For example, Germany enjoys the enviable level of unemployment close to 5 per cent, 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 per cent. Over the same period, unemployment in Spain more than doubled to a level now five times higher than in Germany. As a result, while many 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 4.5–5 million job vacancies presently exist in the European Union.

Even though young Europeans are generally well-educated, in some countries many leave school early. While, for example, in the Czech Republic, just 5 per cent of the young drop out early from education or training, in Portugal it is every fifth 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. Lifelong learning still needs to be more common.

We are very much aware also that women’s employment levels are lower than men’s, at 62 per cent for women versus 75 per cent for men, even though the education level of women in universities sur-

passes that of men. Women are better educated but 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 and, as I said, it will again be the highest priority on the minds of leaders at our next meeting of the European Council at the end of this 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 is simply dramatic. Just like 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 aged between 15 and 24 are unemployed. That category can, however, reveal very different situations.

That is why we must go beyond the mere figures that the press likes to quote. Especially when those figures are astronomical, they risk creating a defeatist mood, a “mission impossible” mindset. It is 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 action with real impact.

I am convinced that there are no abstract, ideological “one-size-fits-all” solutions, but that we need tailor-made, evidence-based approaches. 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 three years. Currently, Greek youth unemployment is at a staggering 59 per cent of the working population for that age category. However, the percentage of NEETs is much lower: around 20 per cent 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 three out of five young Greeks have given up all activities, a nuance that often gets lost.

Sweden offers another situation. It is a country where less than 8 per cent of young people are neither in education, employment or training: the same

low percentage of NEETs as Germany. On the other hand, Sweden has a youth unemployment rate of almost 24 per cent, which rightly preoccupies its public opinion. However, only a part of this group is really unemployed; many are university students who register as jobseekers 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 per cent 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 per cent. This sign points to a situation where many young people feel so excluded from the labour market and education that they do not even register as jobseekers.

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 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 is a commitment that every young man and every young woman should receive a good offer of employment, education or training within four months of leaving school or becoming unemployed. This will no doubt require efforts, both at the supply and at the demand side of labour market policies, to better target training options and also to make it easier for companies to hire young people. Two countries already have it, but it is 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 mobilization, to turn that commitment into reality as quickly as possible.

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

We are 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, we are directing European funds and bringing in fresh money in our common EU budget, or using the leveraging power of the European Investment Bank. Also, we are using tools like our common European job mobility portal EURES, which currently has more than 1.3 million job vacancies, or cross-border vocational training programmes like the ones we are setting up via "Erasmus for All" initiatives. Two days ago, I was in Slovakia, and the Prime Minister 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 small and medium-sized enterprises, not least since they create three-quarters of all European jobs. Financial fragmentation is becoming a major impediment for growth and jobs in Europe. 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' organizations – more and engaging more in finding practical solutions and exchanging best practices, 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 starting point on the agenda for each meeting of the national and EU leaders in the European Council.

We Europeans are making these efforts fully aware that we are acting 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 International Monetary Fund (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 which all countries and 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 is why the European Union is pleased that we are very close to starting negotiations, for instance, with the United States in a transatlantic trade and investment agreement. Together, the Union and the United States represent nearly half of world gross domestic product (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 Development Goals remain key objectives 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. Another pressing example: we are the major humanitarian donor in the Syrian crisis with more than €1 billion 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, it can do this by setting and upholding standards for which its 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 information and communication technology, "copper" jobs. Every time, it is about decent work. I welcome, of course, the chosen theme of this session of your Conference: "Sustain-

able 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, finally, and perhaps most importantly, by consistently emphasizing 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 recognized, 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 the social partners. I am also looking forward to listening at the European Council to the European social partners. It is the first time that this happens. It is only by working together that we can truly achieve our goals.

Let us not forget the ultimate goal that unites us, all 185 member nations of the ILO, and the European Union too: the goal of universal and lasting peace "based upon social justice" that is enshrined at the very opening of the ILO Constitution's Preamble. As an Organization also founded on the ashes of a war, this is a principle that has always

been driving our Union. May your Organization always keep its attentive, vigilant role in reminding the world of this truth: this very truth that social justice is at the foundation of peaceful societies.

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The PRESIDENT

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Many thanks, President Van Rompuy, for those words, which resonate so strongly with ILO principles and values, and even more so with our Conference this year, with its agenda covering social protection in a new demographic context, sustainable development, decent work and green jobs and, of course, social dialogue.

You have been a constant and strong advocate for economic stability as a means of obtaining growth with jobs. You have spoken of the urgent need to combat unemployment levels that are unprecedentedly high in Europe, as they are across the world. You have highlighted the very serious problem of youth unemployment. These are issues that are at the heart of our Organization's concerns.

Many thanks, President Van Rompuy, for visiting our tripartite assembly today. The ILO is privileged to have so close and effective a partnership with the European Council. We, as Lithuanians, will be working very closely with you during our new presidency which starts on 1 July.

*(The Conference adjourned at 3.50 p.m.)*

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