

## Speech

Ladies and gentlemen,

My warm greetings to you all and my thanks to the organisers for their invitation.

I am heartened by this Congress, which seeks to reflect ideas and tools to support youth employment in Europe.

Five and a quarter million jobless young people across Europe has put the future of an entire generation at risk.

Young people have been among those who have suffered most in terms of job losses and unemployment during this long, protracted recession. Moreover, the negative impact of recessions on young people's labour-market situation is longer-lasting, with consequences for their future employment opportunities.

Europe cannot afford to let this huge pool of human resources go untapped and run the risk of a major social crisis exploding. The current trend must be reversed and quickly.

The reality of young people today is quite different from the one of older generations. Indeed, transition from school to work is much longer and more complex than 20 years ago. Lack of experience - or inadequate experience - are often the key difficulties for young people seeking to move from education to work.

18 months ago, the Commission has proposed the **Youth Guarantee**, which represents a new policy instrument, backed up by funding, to address youth unemployment and inactivity. The core

idea behind the Youth Guarantee involves tackling the structural difficulties that make the shift from education to work so difficult.

With the Youth Guarantee, all young people should get an offer of employment, an apprenticeship, a traineeship or the chance to continue their education or training within four months of becoming unemployed or leaving formal education.

Introducing a Youth Guarantee scheme is a **key structural reform**. The Youth Guarantee is about rolling out training, traineeships, apprenticeships, youth entrepreneurship support and entry-level jobs on a much larger scale than to date. It is also about improving the way the public employment services and vocational training systems function.

The Youth Guarantee should also be considered as a **new European standard**. Indeed, *all young people under the age of 25 years* should receive a good-quality offer. The Member States are showing strong commitment to implementing the Youth Guarantee.

Last but not least, the Youth Guarantee should be seen as an **investment**. Of course, it has a fiscal cost in the short run. However, this cost is much lower than inaction. Do you know that the costs of NEETs – in terms of benefits paid out to unemployed young people, foregone earnings and taxes – have been estimated to be the equivalent of 1.21 % of EU GDP, i.e. an annual loss of €153 billion for the Member States?

The set-up of Youth Guarantee schemes is supported by the European Social fund and by a new dedicated financial instrument – the **Youth Employment Initiative** of six billion euro.

This new instrument provides additional financial support to the regions struggling most with youth employment and inactivity - regions experiencing youth unemployment rates above 25%.

The YEI targets young people below 25, or 29 in some Member States, who are not in employment, education or training known as NEETs.

The purpose of the YEI is to support the young individuals by creating quality-offers of jobs, education and training for young people. The YEI is designed to support human capital investment as such.

Of course, the success of the Youth Guarantee also depends on additional investments, such as structural reforms to modernise public employment services, as well as social and education systems.

Therefore, whilst the YEI concentrates on individuals, Member States should mobilise other sources of funding, like the ESF or their national budget, to this type of investments.

Ladies and gentlemen,

The key ingredient for a successful implementation of the Youth Guarantee is that the funding is based on a sound and comprehensive strategy to promote youth employment: the Youth Guarantee Implementation Plan.

Today 28 national Youth Guarantee implementation plans are being rolled out. They reflect very different situations in terms of the challenges facing the Member States, their policies, the institutional arrangements in place, and constraints on resources.

The Commission monitors the implementation of the youth Guarantee in the context of the reinforced economic governance. Country-specific recommendations under the 2014 European Semester recognise the efforts the Member States are making to implement the Youth Guarantee.

But there are still challenges, including stepping up the capacity of the public employment services, reforming education and training systems and strengthening partnerships to reach out to inactive young people not registered with the employment services. In most cases, the need for a "quality offer" calls for further consideration.

The **Member States are now mobilising the funding** in order to provide a significant boost to the implementation of the Youth Guarantee.

The continuous dialogue and close cooperation between the Commission and the Member States has already produced important results.

Three weeks ago, the Commission has adopted the first national operational programme for the Youth Employment Initiative. France will indeed receive 620 million from the YEI and the ESF.

In addition, ten Member States, including the largest recipient of the 6 billion fund – Spain - have submitted their Operational Programmes to the Commission. The Commission has set up procedures to ensure a swift adoption.

Let me also highlight that some Member states (PL, HR, SE, IE, BG) are making use of the possibility to declare expenditure as from 1 September 2013.

All this is good news and we must do our utmost to speed up the process even further. This is why the Commission will organise **a important seminar, on 11 July**, to support Member States who are experiencing difficulties with the preparation of their programmes and use of the financial instruments.

Ladies and gentlemen,

Your Congress today will launch a pilot project around apprenticeship and entrepreneurship. Let me welcome this important initiative.

**Apprenticeship**, in particular, is one of the pillars of the Youth Guarantee.

The European Alliance for Apprenticeships, that has been set up one year ago in Leipzig, aims at changing attitudes to this type of learning. It acts as a platform for coordinating and scaling up successful apprenticeship-type schemes, and for promoting national partnerships for dual vocational training systems.

It is important to stress that 21 Member States have made commitments to increase the number and improve the quality of apprenticeships offered. I am convinced that your initiative will contribute to these efforts.

Besides apprenticeships, traineeships also play a key role in ensuring a smooth move from education to work.

**Traineeships** are only useful if they offer quality learning content and satisfactory working conditions.

They must not be used as a free or cheap source of labour in place of standard work contracts.

Now that the Council has adopted the Commission proposal for a Recommendation on a Quality Framework for Traineeships to improve the working conditions and their learning content, we can look to its implementation.

**Cross-border mobility** is crucial for young people. Most of them are keen to study and work abroad.

The EU has established a system for the recognition of professional qualifications and rules on the coordination of social security benefits to ensure that mobile workers do not lose their rights when they decide to move to another Member State to work.

The Commission is also reforming EURES, the network of public employment services. The objective is to assist employers wishing to recruit workers from other countries; and to provide advice and guidance to workers about job opportunities in other member States.

We also have launched *Your first EURES Job*, a small-scale job mobility scheme, combined with financial support to help young people aged 18 to 30 find a job, a traineeship or an apprenticeship in another Member State.

It aims to achieve around 5 000 work placements by the end of this year.

Last week the Commission unveiled the **European Hospitality Skills Passport**, to be hosted on EURES.

It is the first in a series of passports for high-mobility sectors of the European economy and will be extended to other sectors in the future.

Ladies and gentlemen,

I have listed the tools that we are currently implementing in order to support the Youth Guarantee and it certainly illustrate a paradigm shift in the way we address youth unemployment and inactivity. It shows that a **new dynamic** is running and that the Youth Guarantee acts as a catalyst for new ways of thinking youth employment policies, everywhere in the EU.

**Nevertheless**, one should not overlook the **current and persisting divergence** in unemployment rates— and youth unemployment — among the Member States and especially in the euro area.

Why did Europe become so divided in terms of economic and social outcomes?

In 2013, the Commission has contributed to the growing and very important debate on the social dimension of the Economic and Monetary Union.

We have made it clear that in a monetary union where Member States no longer dispose of tools such as the exchange rate or independent monetary policy, and where their fiscal policies are heavily constrained by the jointly agreed rules, it is important to coordinate more closely employment and social policies in order to promote socio-economic convergence.

In particular, it is in the interest of the whole monetary union that major employment and social challenges in any part of the EMU are detected and addressed in a timely and effective manner.

To this end, we have introduced a **scoreboard of five key employment and social indicators** relevant for the well-functioning of the monetary union:

Two out of the six key indicators of major employment and social imbalances relate to the labour-market situation of young people. These cover youth unemployment and the percentage of young people neither in employment, nor in education or training.

The scoreboard represents a first important step that has been used for the first time in 2014, as I already mentioned.

But there is a growing consensus today that Europe's Economic and Monetary Union needs to be strengthened with a **well-designed mechanism of fiscal transfers between Member States using the euro**.

Unemployment and youth unemployment divergences within the euro area show how important and urgent it is to explore options for an EMU level unemployment insurance.

The scheme would of course need to be well-designed, to avoid long-lasting transfers between countries always in the same direction, but there is a growing body of literature showing that this would be possible.



The earlier such a mechanism is agreed and launched, the better for everybody, including those countries which today enjoy higher levels of employment and may consider themselves to be safe from the impact of financial crises. Such a European automatic stabiliser would represent a mechanism of solidarity between countries and workers that delivers economic benefits for everyone, and also makes Europe politically stronger.

Ladies and gentlemen,

In 2010 the EU set a headline employment target of 75% in the Europe 2020 Strategy for smart, sustainable and inclusive growth.

Europe 2020 was based on the assumption that the EU would emerge from the crisis or the situation would at least stabilise.

Progress in meeting the Europe 2020 targets has been uneven.

Meanwhile, the long-term challenges of social and demographic change, the need for resource efficiency, the problems of globalisation and technological change are still there.

Meeting the 75% employment target would mean getting around 16 million more people into employment.

That looks very difficult as things stand and the euro-area crisis has clearly widened the split within the Union's centre and periphery.

To readjust Europe 2020 for the future, the Commission has opened a public consultation lasting until the end of September to gather opinions and ideas for the post-crisis period.

The incoming Commission will present a proposal for a revised Strategy in early 2015. Fight against unemployment and fight against poverty have to remain key priorities.

Ladies and gentlemen,

This seemingly unending recession has dominated this Commission's term of office.

The signs of a recovery are encouraging and we can begin to think positively of the future.

But the fight against youth unemployment is still to be won.

It has to be a collective effort that involves the young women and men concerned, the business community, the social partners, the regions and the Member States.

This Congress can play a very positive role by gathering the most successful practical solutions and approaches from all over Europe.

My best wishes for a very useful Congress and for every success in your personal quests for the future.

Thank you.