



A common commitment for structural reforms

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Marianne Thyssen- Commissioner for Employment, Social Affairs, Skills and Mobility

Brussels, Presentation of the 2015 Annual Growth Survey

Thank you very much Valdis and Pierre.

Dear all,

Allow me to go deeper into the employment and social challenges we are facing with a strong plea for structural reforms.

It is our conviction that - in order to get the maximum out of the investment package and fiscal credibility - we also need a common commitment to structural reforms.

This year's Joint Employment report clearly shows why we need reforms. Despite some signs of improvement, the problems we are facing are huge:

- Unemployment remains at high levels, with 24.6 million people unemployed.
- Especially the high Youth unemployment is a huge concern. We are facing the risk of a lost generation and this is simply something that Europe can neither accept nor afford.
- Long-term unemployment is still rising and accounts for half of total unemployment.
- The EU employment rate needs a strong reversal to reach the Europe 2020 headline target of 75%.
- Against the background of the limited intra-EU labour mobility, labour market matching has worsened in several Member States.
- Income inequality and poverty have increased in many Member States. This has led to growing divergence within the EU. Children have been particularly affected.
- On the plus side, the number of early school leavers is gradually going down, in the direction of the EU target for less than 10% school drop-outs by 2020.
- Europe is moving to a higher skilled society, making good progress towards the target of achieving a tertiary or equivalent attainment rate of at least 40% by 2020

Because of these challenges a renewed and strong commitment to structural reforms is needed. I believe that reforms really pay off.

And yes, Member States have already pursued significant labour market and social welfare reforms, in line with the Country Specific Recommendations. These reforms are starting to bear fruit, but we cannot allow ourselves to be complacent.

When delivering the Report to the Employment and Social Affairs Ministers, I will share this clear message with them: we need to modernise our labour markets and social protection systems. We can and must do more.

This Commission, in presenting the first Annual Growth Survey under our mandate, focusses on 5 priorities to create jobs and offer people better chances for employment. We urge Member States to :

- Support job creation and entrepreneurship: The 300 billion euro investment plan proposed by the Commission addresses that very goal: to stimulate the real economy where jobs are created.
- Fight against a segmentation of the labour market and undeclared work.
- Shift the tax wedge away from labour. The Commission's assessment on the draft budgetary plans that Pierre presented shortly shows that many Member States have identified this problem, but

that progress is slow.

- Invest in skills to improve the employability of young people and the long-term unemployed
- Modernise social protection systems, including pension systems, to make them adequate and efficient.

The cornerstone of all these reform efforts should be social dialogue, in order to ensure ownership and ultimately, guarantee success.

However, I should stress that labour market and social protection are not the only fields where action is needed. More has to be done in services and products markets in order to fully tap the growth and job creation potential of reforms. And we also encourage Member States to eliminate barriers to investment by improving the business environment, and making their public administrations more efficient. Given the limited investment in Europe, it is ever more important that it is efficient, and there is certainly potential to improve the quality of public investment in research and innovation.

This Commission will support the Member States in these efforts. Economic coordination, in particular the EU semester, has proven an effective instrument to help Member States take forward economic reforms.

But we have to strike the right balance. Today the most serious problem in our economies is unemployment. We have realised that Long Term Unemployment and youth unemployment have also to be looked at from the perspective of imbalances. They are not only unacceptably high now, but they jeopardise our long term growth prospects.

This year's economic package puts employment and social challenges more firmly in a macro-economic perspective – a commitment which should be deepened next year.

That is why we will launch the process today – together with Pierre – to upgrade the use of unemployment and social indicators in next year's macroeconomic imbalances procedure, in order to strengthen our capacity to respond to identified imbalances next year.

In the coming year, I shall invest all of my energies to work with colleagues and stakeholders to implement this new growth strategy and ensure that we support progress on the ground.

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