



Informal Meeting of Ministers for Employment and Social Affairs

12 – 13 July 2012, Nicosia, Cyprus

Discussion Note – Plenary Session 13 July 2012

Promoting the new growth and jobs agenda and capitalising on job-rich recovery

The crisis surrounding sovereign debt and the weakness of the financial sector, together with persistent low growth and macroeconomic imbalances, are slowing down economic recovery and creating risks for the stability of EMU. This is having a negative impact in terms of unemployment and may reflect on Europe's potential to benefit from a gradual improvement of the global economic outlook towards growth and job creation. Job creation is one of the EU's most pressing concerns as it struggles to emerge from the economic crisis. Unemployment has risen to record highs, while youth unemployment rate is twice as high as the rate for the total population.

The Commission in its recently published communication papers such as the Employment Package¹ suggests that prospects for employment growth depends to a large extent on the EU's capacity to generate economic growth through appropriate microeconomic, industrial and innovation policies. At the same time, strengthening job rich growth undeniably calls for employment policies that generate favourable conditions for job creation.

¹ Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Towards a job-rich recovery", COM(2012) 173 final

In its Communication Action for Growth, Stability and Jobs², the Commission suggests a new growth initiative, while in implementing some of its components, argues that this will require vision, courage and leadership.

Lasting and sustainable growth can only be build on sound public finances, deep structural reforms and targeted investment. But the challenges that these present can only be met if there is sufficient growth to support this process.

The European Council at its last meeting acknowledged that although the last two and a half years the EU has taken important and far reaching steps to overcome the crisis, the current economic situation remains unsatisfactory.

The Council adopting the “Compact for Growth and Jobs” on the 28th June 2012, acknowledged the urgency of the situation and the need to take measures at EU level to boost growth and jobs in Europe and enhance the financing of the economy in the short to medium term, expressing their determination to do everything necessary to put Europe back on the track of growth recognizing in parallel the importance of fiscal consolidation.

In adopting the Country Specific Recommendations (CSR) the Council recommended to Member States, among others, to pursue differentiated growth-friendly fiscal consolidation.

Referring to the Employment Package the Council will further examine and decide on the proposals contained in the specific Commission’s communication, putting emphasis on job creation, structural reforms of labour markets and investment in human capital, setting as a priority boosting employment of young people.

² Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. “Action for Stability, Growth and Jobs, ”COM(2012) 299 final

The Commission in the Employment Package identifies three sectors (green economy, health and ICTs sectors) with high potentials for growth and job creation, urging Member States to take measures for the full exploitation of these opportunities.

It is generally accepted though, that employment policies do not at least directly create by themselves growth and jobs. At the same time employment policies are directly related and there is interdependency with a number of other policies such as policies for development and growth, education and training, economic and social policies. Along the same lines, the adopted Country Specific Recommendations cut across more or less the same policies mentioned above.

These ascertainments call for strong coordination between policies in order to exploit synergies and be more effective. They call equally for coordination between Member States and the Commission for the deliverables and policy measures.

The Commission in the Employment Package also invites Member States and the Council through the Employment Committee, to prepare the mechanisms for reinforced multilateral surveillance in the area of employment.

Summarising the above:

- Despite the efforts taken so far the economic situation remains unsatisfactory
- It is unanimously accepted that the new agenda is for growth and jobs
- It is recognized that there is a need for urgent measures
- The Heads of States and Governments are committed to take any necessary action
- It is argued that growth and financial consolidation are the two faces of the same coin
- Member States and the Commission have invested so far mainly on measures targeting the supply side. The investment has yielded successful measures, methods and practices.
- The Employment Package gives particular emphasis on the demand side

In order to focus the debate, Ministers are invited to reflect on the Presidency questions, drawing inspiration from, amongst others, the measures «Towards a job – rich recovery» set in the Employment Package, the 2012 Annual Growth Survey and the CSRs package and the conclusions of the European Council of 28-29 June 2012.

Questions:

1. How can the agenda on growth be accomplished to achieve a job-rich recovery considering the fiscal constraints and consolidation measures?
2. Focusing on the ascertainment that certain sectors, namely Green Economy, Health and ICTs have high potentials for job creation, how these potentials can be fully exploited? Which of the measures proposed can facilitate the effective exploitation of these potentials, and how?

[Possible questions for making discussion more focused: How can employment policies contribute to the exploitation of the potentials/opportunities of the aforementioned sectors? Is there a need for better/closer coordination between EPSCO and the other sectoral Councils? What could be the content of such coordination? How can we build on the experience of the last two Semesters for maximising national delivery and EU level coordination in producing better results?]