

Speech (15 minutes- 1373 words)

Opening speech on Youth unemployment - An EU Challenge

[Introduction]

Honourable Members of Parliament,

Europe's most valuable resource and its greatest asset are its people.

Their talents, skills and experience, their capacity to invent, innovate and create, their enthusiasm, passion and imagination are all driving forces for our collective prosperity.

And among its people, those who hold Europe's future well-being and prosperity in their hands are clearly our youth.

[Youth Unemployment]

But today young people are paying a high price as a result of the current economic situation, with youth unemployment rates at unprecedented levels.

Across the EU, 23% of young people up to the age of 25 are jobless.

Young people are twice as likely to be unemployed as the adult population.

In February 2012, action teams were created to help the 8 Member States with the highest rates of youth unemployment. By the end of 2012, the youth unemployment rate had declined by 0.8 percentage points in Ireland and by 4.3 percentage points in Lithuania. But it had continued to climb in other Member States like Italy and Portugal (with rate around 38%), Greece (over 58%) and Spain (nearly 56%).

In general, great disparities exist between Member States and the gap is widening between what we may loosely call the north and the south, or the centre and the periphery.

Our challenge is to jointly address the failures in our labour markets so that those falling behind can catch up with the frontrunners.

We simply cannot sit idly by when 14 million young Europeans are neither in employment nor in education or training. We need to improve people's skills and enable them to use their abilities to the full.

[Youth Guarantee]

Consequently, I warmly welcome the positive reaction of policymakers to our initiative for a Youth Guarantee. Tabled by the Commission in December, Member States agreed on a Council Recommendation by late February, this is record time.

Through the Youth Guarantee, Member States have committed to ensuring that within four months of becoming unemployed or leaving formal education all young people up to the age of 25 receive a quality offer of a job, an apprenticeship or a traineeship, or the opportunity to continue their education or training.

The major objective of this Guarantee is to ensure smoother transitions from education and unemployment into work.

To put this into practice; the Recommendation also includes guidelines for setting up new Guarantee schemes.

In particular, it requires that all concerned engage in strong partnerships, it calls for early intervention and for measures to support integration into the labour market.

The Youth Guarantee is designed to help individuals into the labour market and a personalised approach has

characterised the youth guarantee schemes of some Member States.

Measures targeting the individuals include direct support for high quality internships and apprenticeships, providing first job experience and reducing non-wage labour costs, plus mobility helps to bring skills and jobs together.

However, these specific measures are not mandatory. Member States can decide with the Commission on the measures to be used as the needs of different regions vary significantly. What matters is to implement a "Youth Guarantee *scheme*" and to go ahead with such an important structural reform.

[Country Examples]

Youth Guarantee schemes already exist in some Member States including Finland, Austria and Sweden.

Finland is a good example of a well-functioning scheme.

A recent evaluation shows that 83% of young job seekers received a successful intervention within three months of registering as unemployed in 2011.

The Finnish youth guarantee has accelerated the pace at which personalised plans were drawn up. This has resulted in a reduction in unemployment and has led either to employment or further training.

In Austria, a "Training Guarantee" for young people was put in place in 2008.

This gives young people who cannot find a company-based apprenticeship on their own the opportunity to learn an apprenticeship trade at a supra-company training institution.

The measure is financed by the public employment services. Apprentices with special needs can benefit from

an integrated training scheme involving partial or prolonged apprenticeships.

In Sweden, the approach is to stimulate the young unemployed to be active in job-seeking.

This scheme starts with an initial period of three months of intensified support and follow-up of the individual's job seeking efforts. After this initial period, an active matching process begins, combined with enhanced action, which may be an apprenticeship or further education.

Youth Guarantees can take many shapes, but success is very much dependent on adapting these to national, and local circumstances, whilst also respecting the diversity of young people.

The effective implementation of the European Youth Guarantee is what we must now focus on.

As national actors and legislators, we urge you to support the reforms needed to implement the Youth Guarantee in your country. Building on what exists and works, up-scaling of good practices will in many cases suffice.

Monitoring and continuous improvement of the schemes will also be necessary: A Youth Guarantee is outcome based and will be considered successful in the longer run if young people remain employed.

The Youth Guarantee is not only a Council recommendation, but also **one of the main elements of the 2013 Annual Growth Survey**, and therefore also part of the European Semester.

Thus, monitoring will be done on a regular basis under multilateral surveillance with Country-specific recommendations being issued to Member States, where appropriate.

Therefore, this year's National Reform Programmes and National Job Plans should include some specific steps towards the implementation of the Youth Guarantee. I encourage you to contribute to this process by organising hearings on the plans for national Youth Guarantee schemes.

At European level, the Commission will help with the **exchange of good practice**. It will make use of the new Programme on Social Change and Innovation and promote mutual learning activities at all levels. We will also make full use of the results of projects supported in the course of the preparatory action on Youth Guarantee schemes.

[Youth Employment Initiative and ESF]

You might, rightly, ask about **funding**: Will Member States with serious budgetary constraints be able to implement such a Guarantee?

EU funding will be available through the European structural funds.

The European Council in February decided to support the implementation of the Youth Guarantee by earmarking €6 billion for a new Youth Employment Initiative.

From 2014 this will be available to regions where youth unemployment exceeds 25%.

In addition to this, there will be a targeted investment priority in the future European Social Fund on sustainable labour market integration of young people not in employment, education or training.

We expect all Member States with high youth unemployment rates to allocate some of their ESF funding for 2014-20 to Youth Guarantee schemes.

However, I would also like to call on national parliaments to prioritise youth in their national budgets to avoid higher costs in the future.

Youth Guarantee schemes will need financing, but they will cost much less than doing nothing. The costs of having 14 million young people (15-29) neither in employment, nor in education or in training are estimated to be the equivalent of 1.21 % of EU GDP.

That is a collective annual loss of **€153 billion** to the Member States.

[Conclusion]

Ladies and Gentlemen, the Youth Guarantee is an investment. Investing in young people's employability is vital in order to preserve our potential for growth. The Youth Guarantee will generate a positive return by improving the economic situation, improving the employment rate and the competitiveness of our economy in the long run. In that sense it should be considered as a top priority on agenda for structural reforms.

The Youth Guarantee is also to be seen as complementary to other measures that tackle the different crisis-related and structural problems behind the youth employment situation.

By the end of 2013 we will put forward a proposal related to a **Quality Framework for Traineeships**. This should ensure that traineeships do not simply replace jobs but provide young people with high quality work experience under good conditions.

The Commission will also launch a **European Alliance for Apprenticeships** in July 2013. Evidence shows that in countries with well-established dual learning systems the position of young people in the labour market is far better than the EU average.

Therefore, a European Alliance for Apprenticeships will help to improve the quality and supply of apprenticeships and promote national partnerships for dual vocational training systems.

It is our common responsibility to create better opportunities for young people. The cost of not doing so would be exorbitantly high in human and economic terms.

I thank you for your attention.

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