

## ***Youth Unemployment - An EU Challenge – Ireland's Response***

**Address by Minister Joan Burton to  
Meeting of Chairpersons of Employment, Enterprise, Innovation and Social Affairs  
Committees  
Dublin Castle, 28-29 April 2013**

When I chaired the EPSCO Council on February 28<sup>th</sup> last, youth unemployment was uppermost in fellow EU ministers' minds.

As a result, political agreement was achieved at that meeting on the Council Recommendation on a Youth Guarantee.

I am now pleased to say that, following review by the Council's legal and linguistic experts, the Recommendation establishing a Youth Guarantee was formally adopted by the Council just last week, on April 22nd.

Youth unemployment is at crisis levels in Europe and the European Foundation based in Dublin puts the estimated economic cost of this at 1.2% of GDP, or more than €150 billion.

Adoption of the Recommendation on an EU-wide Youth Guarantee is a crucial first step in tackling the crisis.

Implementation of the Guarantee will take time and poses a range of challenges for individual Member States.

While Member States are encouraged to implement the Recommendation as soon as possible, it is recognised that implementation will need to be more gradual in countries with higher levels of youth unemployment and particularly severe budgetary problems.

However, once implemented, the Guarantee will assure young people under the age of 25 a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed.

It will contribute to three out of the five Europe 2020 targets: increasing the employment rate, reducing the extent of early school leaving and lifting people out of poverty and social exclusion.

I would like to give you some indication of the scale of the youth unemployment problem we face here in Ireland.

In 2012 on average, the under-25 age group here had an unemployment rate of 30% as compared to an unemployment rate of 13.5% for prime age workers (ages 25–54).

Of particular concern is the continued increase in the number of young unemployed who are out of work for more than one year.

They now account for two out of five all jobless youth.

At the same time, it is a welcome development that youth unemployment here was falling towards the end of 2012 - at the end of the year, the number of young unemployed, at 59,000, showed a reduction of almost 9,000 on the same time a year earlier.

It is to be hoped that this is the beginning of a sustained downward movement in youth unemployment as the economy recovers.

The Government's primary strategy to tackle youth unemployment is to create the environment for a strong economic recovery by promoting competitiveness and productivity.

Economic recovery will underpin jobs growth, most notably for young people.

In addition to promoting economic recovery, the Government recognises the need for structural measures to support the young unemployed and keep young jobseekers close to the labour market.

There are five main approaches being taken to tackle youth unemployment: these involve programmes in the areas of

- job search assistance/guidance,
- education,
- training,
- work experience, and
- encouraging job creation

To give some examples,

- Some 25,500 young people registered for job-search assistance with our Employment Services in 2012, representing 36% of all registrants. Registering with Employment Services gives job-seekers access to guidance interviews, job search assistance, and training courses, as well as self-service job-seeking options.
- The Back to Education Allowance scheme run by my Department provides income maintenance for unemployed people returning to further or higher education. Over 6,500 young people participated in the BTEA in the last academic year
- Some 12,000 unemployed young people took up training opportunities with FÁS, our state training agency, in 2012

- JobBridge (the National Internship Scheme), provides work experience placements of up to nine months. Over 1,500 young people are currently participating on JobBridge, and the total annual number of placements of young people on the scheme is now running at 2,700.
- Long-term unemployed youth will benefit from the JobsPlus initiative which is designed to encourage employers to recruit long-term unemployed people. Under this scheme, to be introduced from July next, the State will pay about €1 of every €4 it costs the employer to recruit a person off the Live Register. This new single incentive will replace a number of existing schemes.

It can be seen that these efforts, overall, provide support to a significant number of young people – when seen in the context of a youth unemployment total of 59,000 at the end of 2012.

Moreover, in the 2013 Budget, funding was secured for an additional 10,000 places this year across a range of employment programmes – and about a quarter of these places are expected to be taken up by unemployed people.

Clearly, however, much more remains to be done.

Like other Member States, we are now reviewing our current range of youth policies to assess what measures will need to be taken to commence the gradual implementation of the guarantee.

This will include the identification of what will be the appropriate timescale for implementation in Ireland's current employment and budgetary circumstances.

Funding will be critical here.

Funding for measures needed to implement the guarantee – as is the case with existing programmes – will come largely from each Member State's own budgetary resources, supplemented by EU funding from the European Social Fund (ESF) and the Youth Employment Initiative.

The Initiative - which has been included in the Multiannual Financial Framework for the EU agreed recently by the Council - will provide €6 billion for youth employment measures across the 27 Member States over the seven-year period 2014-2020.

The amounts that will be available to individual countries are not yet clear.

Like other member states, we will hope to maximise funding from this source to support our measures for young people.

In summary, we recognise youth unemployment as a critical issue for our country, and have implemented a wide range of measures to address young people's problems in the labour market.

The future development of these measures will take place firmly in the context of the European political commitment to a Youth Guarantee.

It is also important to point out again that our primary strategy in dealing with youth unemployment, as with overall unemployment, must be to promote economic recovery and jobs growth.

Obviously, our efforts on this broader economic front depend critically on the emergence of a stronger macro-economic performance at the level of the Eurozone overall.

We remain acutely aware, therefore, of the need to ensure that every possible step is taken to ensure that the overall macro-policy stance of the EU is supportive of aggregate demand and output growth.

**ENDS**