



EUROPEAN COMMISSION

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Youth guarantee must be top priority

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

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SPEECH/13/400

Ladies and gentlemen,

We all follow with great concern the very high rates of youth unemployment, not only in Spain, but across many EU countries.

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, 23.5% of young people up to the age of 25 are jobless. They are more than twice as likely to be unemployed as the adult population.

One year ago, action teams were created to help the 8 countries 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.

Most importantly, we simply cannot sit idly by when 7.5 million Europeans under 25 years of age are neither in employment nor in education or training. We need their talents, skills and experience, their capacity to invent, innovate and create. These are all driving forces for our collective prosperity.

Process on reaching an agreement on the Youth Guarantee

The Commission has made the fight against youth unemployment a top priority, and a lot has happened in the last few months.

When I last spoke in front of the Youth Council in December, our proposal on a Youth Guarantee was still in the making.

Today, I am very pleased to report on the very fast and positive reaction of policymakers to our proposal. Tabled by the Commission in December, Member States agreed on a Council Recommendation on Establishing a Youth Guarantee by late February. This is record time. The Recommendation was then formally adopted on 22 April.

With 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.

Between December and February, we had many meetings with Member States on the final text of the Youth Guarantee Recommendation. Member States raised many questions, for example:

- Why do you propose the deadline of four months?
- Would CV counselling count as a measure under the "Youth Guarantee"?
- Should only those young people officially registered as "unemployed" have access to an offer?
- And, finally, who is going to finance all this, especially in the context of limited room for fiscal manoeuvre?

I am pleased that, throughout the negotiations, we were able to convince the Member States to be ambitious – as needed in this youth employment crisis.

We kept the four months for an offer under the Youth Guarantee. This is because every month counts: Young unemployed face higher risks of future unemployment, lower earnings, and health problems. This long lasting negative effect is called the 'scaring effect'.

In addition, not acting has huge economic costs for the States. The costs of having 14 million young people (aged 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, or of nearly €16 billion to Spain only.

It was also important not to dilute the list of possible Youth Guarantee measures. We kept it limited to four: A good quality offer of a job, an apprenticeship, a traineeship or further education. A Youth Guarantee scheme is more than a simple counselling or advice on CV writing.

We also insisted that a Youth Guarantee applies to ALL young people, not only those that register at the employment services. The most vulnerable young persons will only be reached by proactive work from social workers and youth organisations. The Recommendations thus calls for strong partnerships with all concerned, in particular employment services, education and training institutions, career guidance services and other specialised youth services (non-governmental organisations, youth centres and associations).

Member States can decide with the Commission on the exact set up of the schemes and partnerships, so that they reflect the needs of different regions and respect the diversity of young people. Measures could include direct support for high quality internships and apprenticeships, providing first job experience and reducing non-wage labour costs, as well as measures to boost mobility in order to better match skills and jobs.

What matters is to implement a "Youth Guarantee scheme", including new partnerships, early intervention and active labour market integration. As a real structural reform, it will ensure that no young person is left behind.

Youth Employment Initiative and ESF

Finally, Member States rightly asked about funding: Will those Member States with serious budgetary constraints be able to implement such a Guarantee?

EU funding can help through the European structural funds. 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.

In addition, 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 with very high youth unemployment rates.

This certainly helped us to convince those Member States that were still in doubt.

However, it would be wrong to think that the EU can finance those schemes entirely. National budgets have to prioritise youth guarantee measures to avoid higher costs in the future.

The Commission considers that a Youth Guarantee would generate positive returns on Member States' economic situation in the long run and therefore constitute an investment, in the same way as education. In its 2013 [Annual Growth Survey](#), the Commission considers that investments in education should be prioritised and strengthened, and that Member States should maintain or reinforce the coverage and effectiveness of employment services and active labour market policies, such as Youth Guarantee schemes.

But finally, not all measures are costly: for example, building up partnerships between schools, businesses and employment services does not require large budgets, but will significantly contribute towards the success of the Youth Guarantee.

Next steps

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

I welcome the adoption of the Spanish Entrepreneurship and Youth Employment Strategy. In our view, this is a key step forward to deliver a Youth Guarantee scheme in Spain. In implementing the Strategy, it is of course crucial to ensure the coordination and clear division of tasks and responsibilities between the central and regional authorities.

At European level we will be able to help with exchange of good practices. The Commission will make use of the new Programme on Social Change and Innovation and promote mutual learning activities at all levels. Youth Guarantee schemes already exist in some Member States including Finland, Austria and Sweden. This can help to better understand what exists and works.

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 part of the so-called 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.

Conclusion

Ladies and Gentlemen, the Youth Guarantee is an investment. Investing in young people's employability is vital in order to preserve our economies and well-being. 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 the EU agenda for structural reforms.

It is very encouraging that more and more Heads of State and Government are considering employment, and especially youth employment, a top priority, and that the European Council in June will probably again return to this topic.

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

One year ago, the Commission put forward an Employment Package which argued for decisive measures to boost job creation and demand for labour, including by shifting taxation away from low-paid labour to pollution, property or consumption taxes. We have also called for much greater public support to filling vacancies in areas that have a big job creation potential, like the green economy, health and care or the digital economy.

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.

I am looking forward to our discussion and thank you for your attention.