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EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
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**UEAPME position paper on Commission's Communication COM (257) 2009
on
A shared commitment for employment**

I - Introduction

UEAPME overall welcomes the new European Commission's communication which proposes a set of measures to tackle the effects of the crisis on employment in Europe to fight against high level of unemployment and prepare the future in terms of employment, labour markets, job creation and growth.

UEAPME is very much concerned by the seriousness of the economic and social situation and the deterioration of employment. It requires urgent measures and tools for workers and companies also accessible for small enterprises and their staff since SMEs tend to be more resilient when it is about maintaining jobs.

The European Commission identified the right priorities regrouped under three main chapters, namely,

- maintaining employment, creating jobs and promoting mobility;
- upgrading skills and matching labour market needs;
- increasing access to employment.

and proposed 10 actions as the result of the Employment Summit on 7th May in Prague.

Among the series of measures the European Commission basically struck the right balance between actions on the supply and demand side of the labour market.

Furthermore the European Commission rightly recalls that the flexicurity is the right approach to modernise labour markets and prepare for recovery.

Finally the European Commission also rightly recalls that the main responsibility for developing labour market and social policies continues to rest with the Member States. For its part the EU can step up and coordinate the efforts in order to avoid a spill over effect on other countries. The EU plays a key role through the identification of common challenges, priorities, objectives and targets and supporting mutual learning.

The European Commission put at the first place the impact of the recession on people. However one should not forget the equally strong impact on companies notably on small companies which as the vast majority of European citizens are not at the origin of the financial crisis but strongly suffer from its consequences.

Beside all efforts to minimise the effects of the crisis and the maintenance of employment UEAPME would like to stress the importance of pursuing and deepening the structural reforms as started with the Lisbon Strategy.

II - Specific comments on the three priorities

Priority 1 – MAINTAINING EMPLOYMENT, CREATING JOBS, PROMOTING MOBILITY

Even if we can support the principle that the first and immediate priority should be to cushion the effect of the crisis on employment and contain as much as possible further mass job losses by supporting companies to maintain workers on the job through various types of measures avoiding to make workers redundant, it is equally essential to support as well a sustainable economic growth.

1.1 - Better use of short-time working arrangements

UEAPME generally supports the promotion of temporary short time working arrangements (STWA) for viable employment notably with the financial support of the ESF coupled in certain cases with training measures. However UEAPME considers that the EU could have proposed stronger measures notably concerning the training dimension for all EU Member States because STWA can bring the most immediate and tangible results despite the potential risks to not differentiate between structural problems and those specifically linked to the crisis and to create perverse incentives with windfall effects. UEAPME stresses however the importance to consider STWA only as a temporary tool in order to avoid that structural reforms are relegated to a position of second importance.

UEAPME strongly requests that all the measures proposed are not in practice limited to larger companies. When it comes to the implementation, the accessibility, conditions, methods and requirements should be adapted to the reality of small firms, which is very often still not the case today.

1.2 - Better anticipation and management of restructuring

Anticipation and management of change is a permanent feature of companies but still remains more difficult for small businesses because they have less internal resources to face and adequately manage sudden restructuring.

Moreover certain obligations deriving from the legal framework in place at national, regional or local level in case of restructuring very often create disproportionate and unrealistic burdens on SMEs which should be reconsidered in difficult times.

The anticipation of change through adequate partnerships between several actors and notably social partners but also local and regional authorities is a key element for success.

Once again the EGF and ESF financial support should contribute to establish action plans at sectoral but also at regional or local level.

The example of the automotive sector however demonstrates the absolute necessity to integrate the full chain including subcontractors and outsourced activities directly related to the sector largely composed of small and micro companies which do not qualify for support in the current terms of the EGF. Despite its recent adaptation EGF still focuses on mass redundancies of larger companies employing over 500 workers.

1.3 - Boosting job creation

The necessity to promote a friendly environment for entrepreneurship has been the leitmotif of UEAPME for years and is a full part of the European Small Business Act which contains a catalogue of concrete measures to be taken at all levels to improve the business environment. A key contribution for achieving a SME-friendly environment is a change in perception of the role of entrepreneurs and risk-taking.

UEAPME strongly calls on the EU and Member States to fully and swiftly implement the SBA along the “Think Small First” principle.

1.4 - Facilitating mobility

Mobility of workers is a key pillar for the success of the single market. Occupational and geographical mobility should be strongly supported and the various barriers reduced.

UEAPME welcomes the “Match and Map” user friendly on-line service and the key role to be played by the on the job vacancies portal EURES. This new tool has the very ambitious objective of mapping the EU job offers and providing a feedback on why jobs and skills do not match. UEAPME would like to send a clear signal on the operational limits of such a tool. In creating such high expectations the Commission may also create a lot of frustrations if the system does not work properly.

SMEs are particularly hit by the shrinking of the workforce and the scarcity of a qualified workforce. This initiative should help SMEs to fill in their job vacancies and solve their structural recruitment difficulties. However to be really accessible and useful to employers from small businesses it should give information in all European languages and not only in English.

UEAPME is rather sceptical regarding the recommendation to Member States to extend to 6 months the entitlement to unemployment benefits of unemployed citizens looking for a job abroad because rules in Member States are very different and this new measure could be financially difficult to apply.

Priority 2 – UPGRADING SKILLS, MATCHING LABOUR MARKET NEEDS

The topic of skills, skills levels and labour market needs is one of the fundamental issues for Europe and its competitiveness in a short but also medium and long term perspective.

The New Skills for New Jobs agenda adopted in December 2008 is one of the most important initiatives taken at European level in the last years in the area of labour market and competences.

UEAPME strongly supports the clear shift from education and diplomas towards learning outcomes, competences and labour market needs as stipulated in the Copenhagen process on Vocational Training launched in 2002.

2.1 – Upgrading skills, strengthening lifelong learning

UEAPME welcomes the efforts put on improving quality and accessibility of education and training as well as better matching skills demand and supply and not only the ones most affected by the crisis.

The second aspect is the necessity to better and more effectively invest in continuous training and lifelong learning in order to enhance the competitiveness of the European economy. It will only take place through a better recognition and integration of companies needs in the education and training curricula and a fully recognised shared financial responsibility between employers, workers, individuals and public authorities.

The focus on sectors concerning skills forecasting and anticipation is largely justified to better capture the evolution of skills needs. Supporting Member States' training systems to quickly react and adapt to new challenges in general should be a priority.

UEAPME fully agrees with the exploration of the possibility to create EU-level sector skills councils as long as they also take into account the specificity of SMEs' needs in each of the sector concerned. Moreover one should clearly differentiate between the identification of sectoral future skills needs which should be the main task of the EU sector skills councils and the qualification strategy which strictly lies in the Member States competences and should be fully respected according to the subsidiarity principle.

Furthermore the possible creation of EU-level sector skills councils should not as a direct consequence overlook the specificities in skills demand at national, regional and local levels.

UEAPME also strongly advocates for the setting up of national qualifications frameworks in line with the European Qualifications Framework principles which should aim at defining qualifications in terms of learning outcomes and competences, one of the most innovative tools launched by the Copenhagen process. This new tool fully acknowledges the role and importance of vocational training to better match labour market needs and contribute to social inclusion.

Helping young people now

UEAPME is very pleased with the proposal to boost vocational training and alternating training through the creation of at least 5 million apprenticeship places up to the end of 2010 because it is one of the best ways to get a job after the training period.

However this ambitious target will never be reached without a strong support to companies and notably the crafts and small businesses, as the main providers of apprenticeship in Europe and which could become reluctant to host apprentices in time of crisis.

The topic of early-school leaving is an important one, however education pathways should be more flexible and vocational training should not be considered as a second choice option but on the contrary should be revalorised and put on an equal footing with general education. Member States should step up their efforts to improve the quality and image of vocational training as jointly agreed in the Copenhagen process and Council conclusions of November 2008 requesting for the parity of esteem between the two pathways.

Strengthening the "New Start" EU target for the young unemployed is important, as the worst situation is the inactivity and long term unemployment for young people without any previous work experience.

UEAPME supports the principle that each young person should receive a traineeship offer as soon as possible after leaving school. However, UEAPME is concerned with the very ambitious targets for the young unemployed to give them an early opportunity for training no later than two months after becoming unemployed. These new targets are not realistic and could become counterproductive in terms of quality results.

For the unemployed aged between 20 to 24 becoming an entrepreneur should become a serious alternative to employment – teaching entrepreneurship and developing entrepreneurial spirit should also be part of an active labour market policy especially for young people.

Early school drop out is a worrying phenomenon which has remained consistently high in Europe for many years despite numerous efforts undertaken in several Member States. The simple fact that these young people did not complete their school curriculum puts them at a

strong disadvantage to follow further training afterwards, which would be one of the best ways to boost their future employability.

The strong attention given on young people should however not hide the difficulties of elderly workers and the necessity to deploy particular measures for these persons as well.

Priority 3 – INCREASING ACCESS TO EMPLOYMENT

The best way to prevent and to tackle social exclusion and poverty is to have access to a job. However jobs are created by companies only if they can benefit from a friendly environment. Inclusive labour markets is a recurrent topic because access to the labour market is very much influenced by a combination of individual, contextual and work related factors such as level of qualifications of the workforce, commitment of workers, mismatch between supply and demand, rigidity of labour law, costs of labour, lack of transport and care infrastructures, economical context, etc...

Reinforcing activation and facilitating access to employment

UEAPME strongly supports the ESF financial opportunities and incentives either to establish businesses or boost self-employment. However this should not be limited to disadvantaged people. Furthermore once should be clear that not everyone has the capacity to become a successful entrepreneur. It requires much more than financial support. Adequate experience and management competence are strong requisites for increasing chances to survive on the market.

Professional organisations should play a more prominent role by training, advising, mentoring, coaching new entrepreneurs and self-employed not only at a very early stage but during the first five years of activity.

Reducing employer's costs of hiring workforce is one of the best incentives for boosting recruitment. Lowering non wage labour costs notably for low-skilled and/or low-paid jobs is another important necessary measure. UEAPME welcomes the same type of incentives for encouraging employers to hire long term unemployed for 6 months.

Furthermore make work pay through improving the tax and benefits structures is a constant request made by UEAPME for several years and which is more than ever necessary in difficult economic times.

Finally increasing and improving the role and activity of public and private employment services is important to facilitate recruitment and better match labour market needs in sectors where workforce is lacking.

III - Making better use of community funds and accelerating funding to tackle the crisis

The European Union has the big advantage to have at its disposal essential tools such as the structural funds and the European Globalisation adjustment Fund (EGF) which should play a key role as lever effect in the Member States notably in times of crisis.

Already with the European Recovery Plan, EU institutions made a lot of adjustments to strengthen the role of ESF and ERDF.

UEAPME fully shares the view that ESF mobilisation should intervene as quickly as possible to have its maximum effect with a strong involvement of social partners at all levels as defined in our joint recommendations on support to economic recovery by the ESF.¹

UEAPME welcomes the 1.2 billion earmarked for social partners with the ESF in regions lagging behind and supports the set of six measures proposed for a focused ESF support but notably promotion of entrepreneurship and self-employed, matching skills and labour market needs and financing of traineeships and apprenticeships for young people.

Tackling the crisis is a matter of urgency and therefore it is essential to accelerate procedures for funding possibilities to support the immediate implementation of recovery packages.

Giving Member States the option to not provide national co-funding during 2009 and 2010 is a huge step forward and is strongly welcome by UEAPME only if its use is strictly monitored.

Furthermore the new EU microfinance facility of 100 million euros for loans to notably develop new micro-companies created by people at a disadvantage on the labour market and who have huge difficulties in having access to classical financing facilities is also welcome, However UEAPME warns against this new funding measure supporting the social economy which in many cases may lead to a real distortion of competition with SMEs active on the free labour market.

IV - Preparing the future

All the necessary urgent measures taken in order to tackle the impact of the economic crisis should in no case jeopardise the future recovery of Europe. Short term measures should be carefully scrutinised so that they prepare for the medium and long term EU perspectives after 2010.

Besides the immediate actions, the necessary structural reforms for a more competitive Europe should be pursued. All the efforts made in the field of improving skills and qualifications and enhancing employability of workforce should also take into account the future needs of the labour market.

And there Members States have a major role to play as it is the case for the Lisbon Strategy in terms of governance. Concrete implementation is equally important as measures themselves.

V – Conclusions

UEAPME considers it primordial that the EU Council adopts the measures presented under the three key priorities. As European social partner UEAPME is fully ready to participate to the close monitoring of the implementation of the measures in their area of responsibilities and to have a regular exchange with the head of States and Governments in the context of the Tripartite Summit ahead of each Spring European Council.

Moreover UEAPME together with the other interprofessional European social partners and as defined in their European Social Dialogue Work programme² is ready to contribute to the post Lisbon 2010 agenda.

Brussels, 18/06/09

¹ http://www.ueapme.com/IMG/pdf/090507_Recommendations_ESF_Employment_Summit.pdf

² http://www.ueapme.com/IMG/pdf/Joint_work_prog_2009-2010_final_version.pdf