



European Commission - Speech [Check Against Delivery]



Opening remarks by Commissioner Schmit at the read-out of the College meeting and press conference on the European Semester Autumn Package

Brussels, 18 November 2020

Thank you, Paolo and thank you Valdis. I will present the Joint Employment Report, which is part of the Autumn package. This year's edition focuses on the impact of COVID-19 on the labour market. It also for the first time has a forward-looking element to guide the work on the social dimension of Member States' Recovery and Reform Plans. As always, the Joint Employment Report includes the Social Scoreboard. This is a tool to monitor Member States' performance against several indicators.

So what are the key messages in the Joint Employment Report? The first is that the pandemic broke a 6-year positive trend in employment. And we notice now that the COVID-19 crisis has created major shock on the labour market across the EU. One year ago, in the last quarter of 2019, we counted in the EU a record number of 209 million people in employment. By the second quarter of 2020, this number had gone down by 6.1 million. This means we have lost nearly 3% of our workforce.

We know that the quick implementation of short-time work schemes has helped to maintain jobs, but we see that the number of hours worked per worker has fallen substantially: over 10%. Unemployment has increased only moderately so far, because it increased from 6.5% in March 2020 to 7.5% in September.

But, we are braced for future impact in the coming months, and when we link this increase in unemployment to the number of lost jobs we have what we call the discouraged worker effect. Given situation on the labour market and given the circumstances of the pandemic, people do not go and look for a job. This has major consequences for income and poverty and so on.

The crisis has hit particularly hard workers in non-standard forms of employment, and above all temporary employees and the low-skilled. We have lost 4.1 million temporary contracts and this shows also who are the first victims of this crisis – the young. Many of them are on temporary contracts.

Youth unemployment increased much faster than overall unemployment because it went from 14.9% to 17.1% between March and September. These are dramatic figures. Because we have 5.4 million young people – if I include also the NEETs in this figure – unemployed and looking for a job or outside the labour market.

This shows that we need the recovery and resilience money. We need to launch the ESF+. We proposed already in July the Youth Employment Support programme, but the money for this programme has to come from the different financial instruments. We had announced that we could devote €22 billion to fighting youth unemployment. And therefore it is really time to adopt these measures.

Then, what can we do? Upskilling and reskilling are key. We see that the lowest skilled and the young have the biggest difficulties on the labour market, or they have lost their job. Skills and training is one of the major tools to improve mismatches which have increased on the labour market, and to facilitate reallocation of labour force between sectors and activities. Because, as we know, some sectors have been hit particularly hard and people in those sectors will have to go to other activities and therefore skilling and reskilling is very important.

Member States must also invest in strong social protection systems and health systems to contribute to the resilience of our economies and societies. This has obviously also an economic impact, considered as an automatic stabiliser, but also a very important society impact because if we are not providing social protection and good services in the health systems we will have major social crisis due to the pandemic.

Concerning the vulnerable groups, we have seen that the especially SMEs in the retail sector and hospitality suffer a lot from the lockdowns. And obviously also the people working in these sectors are also suffering a lot. Also the sector of culture, of entertainment, is nearly closed. These are

people who very often do not benefit from any support. I will say also that we have to envisage how we can give support to these categories of people, self-employed people, who have lost the basis of their income.

Fighting poverty remains a major priority because we have seen after a certain decline in poverty rates that we now have a new surge. People who were never at risk of poverty are now really at risk of poverty. They are queuing up for food aid. The situation has in that sense become more dramatic.

Now to conclude, what are some of the recommendations of this year's report?

- First, ensuring that working environments are safe and well-adapted to the new social distancing requirements. This is obvious if we want to keep companies and businesses open, we have to make sure that the working environment is safe.
- Supporting apprenticeships. This is an investment in our young. This means also that we have to support SMEs to maintain apprenticeships.
- Investing in Public Employment Services, which should have a more important role in providing skilling and reskilling.
- Reinforcing vocational education and training systems. Supporting large-scale partnerships under the Pact for Skills, which we launched last week in Berlin.
- Promoting collective bargaining and social dialogue. I think associating social partners to these big reforms and to the measures to overcome this crisis is extremely important.
- Renovating residential and social housing. We can improve the CO₂ emissions; we can rapidly create many jobs, especially for also for the young in the construction sector.
- Finally, investing in healthcare system capacity, which has been very much under stress due to the crisis.

Thank you.

SPEECH/20/2156