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Press Release

FOR IMMEDIATE ISSUE:

Larger member states guilty of holding back labour market reforms

- **National stakeholders, particularly unions, must take more responsibility for reform**

Brussels, 12 April 2005 Failure to implement the necessary labour market reforms in different member states is limiting EU economic growth, according to **Gerhard Huemer, UEAPME Director of Economic Policy**, in an address to the Employment Week Conference on the European Employment Strategy today (Tuesday).

“The EU is 22 million jobs short of the Lisbon employment target and well behind in terms of productivity, yet many member states are still failing to implement the necessary, agreed labour market reforms, notably those outlined in the Kok Report (Jobs, Jobs, Jobs),” argued Mr Huemer.

Larger economies are lagging behind in implementing reforms agreed under the Employment Strategy. UEAPME is calling on the Commission to make a proper analysis of the reasons for and consequences of this trend. There is a clear link between the implementation of necessary reforms and the varying growth rates in the different member states.

“There is too much of a focus on active labour market policy, like unemployment training, instead of on the demand side, by improving entrepreneurship and cutting red tape,” said Mr Huemer. “There must be a greater commitment to removing the disincentives for entering the workforce, such as through the reform of social benefit schemes.”

The European Employment Strategy has raised the awareness of labour market problems and necessary employment policy, which has been positive. However, the lack of political will or ability to implement some of the reforms has seriously limited its effectiveness.

“The lack of willingness of the stakeholders, particularly trade unions, to take responsibility for implementing reforms further damages growth prospects in many countries,” continued Mr Huemer. “This has been exacerbated by the lack of a functioning ‘partnership for reform’ in these states.”

EU competences in the field of employment policy are confined to the imposition of minimum standards, on areas such as on working time or health and safety, which increase the regulatory burden on enterprise. Actions cannot be taken at EU level to remove regulatory barriers. Therefore, it is up to the member states to be proactive if the EU economy is to be revived.

“There is a general consensus on the areas in which reform is necessary, which were expressed in the Kok Report. It is now up to the member states and relevant stakeholders to stop procrastinating and take responsibility for their implementation,” concluded Mr Huemer.

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