



“The voice of SMEs in Europe”

Press Release

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Creating “more and better jobs” requires flexibility and national labour market reforms

Brussels, 18 January 2007. Modern and flexible labour regulations are the key to facilitate the functioning of labour markets and fostering the creation of “good jobs” in the EU, according to UEAPME, the European SME employers’ organisation. Speaking at the informal meeting of Ministers for Employment and Social Affairs taking place in Berlin today (Thursday), UEAPME Secretary General **Hans-Werner Müller** stressed that SMEs need a supportive business environment providing both internal and external flexibility in national labour markets.

“Europe is showing encouraging signs of economic recovery and new jobs are being created as we speak”, said Mr Müller. “However, this upturn is not sufficient to absorb the 19 million unemployed in the EU at the moment. This is mainly due to structural unemployment and to the lack of labour market reforms at national level, which must properly address the remaining obstacles to job creation”, he continued.

Undeclared work is a particularly worrying aspect for European small businesses, especially as far as labour intensive sectors are concerned, since it triggers unfair competition and increases the financial burden on national social protection systems and its contributors. The reasons for the recourse to “moonlighting” are manifold, and are remarkably linked to onerous taxes and excessive non-wage labour costs on the low end of the wage scale. Undeclared workers must be brought back into the official labour market by tackling these obstacles after a case-by-case assessment at national level.

Mr Müller insisted on the importance of reforms aiming at flexible national regulations. A “flexicurity-based” approach should ensure easier recruitment rules and a wider range of employment contracts facilitating job creation. Cost-effective active labour market policies and modern social protection systems contributing to “make work pay” are needed in order to guarantee both flexibility and security through change. Education and training opportunities for the unemployed to enter or re-enter the labour market must also be borne in mind.

Mr Müller also spoke about wage differentiation, reminding participants of the necessity to keep wages in line with productivity to ensure competitiveness of the economy. However, he insisted on the fact that wage policy is the core business and a strict competence of national social partners. The German Presidency of the EU stressed that “good work” also means protecting against health risks at work – UEAPME highlighted that the main objective in this field should be to correctly implement the existing legislation, rather than adding new rules, possibly with technical and financial support for smaller businesses particularly in the new Member States.

“The Lisbon goal to create more and better jobs in Europe is still very valid. UEAPME and the other European Social Partners are working hard on a common analysis of the key challenges facing Europe’s labour markets – but it is up to the national level to undertake the necessary reforms”, concluded Mr Müller.

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EDITORS’ NOTE: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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