

Introductory remarks by the High Representative and EU Special Representative Miroslav Lajčák at a Roundtable on the BiH Labour and Employment Sector



European Integration Means Job Creation

Ladies and Gentlemen,

Let me first of all say how pleased I am to be taking part in this event, which brings together stakeholders from the Labour and Employment sector of Bosnia and Herzegovina. I will take this opportunity to thank the representatives of this sector coming from other countries in Europe and our colleagues from Brussels for their participation at this round table.

I want to stress two things today:

The first is that European integration has a direct and dynamic impact on job creation; and the second is that in order to accelerate the benefits of this impact, employers' representatives, trades unions, and the authorities must coordinate their activities.

In Bosnia and Herzegovina until now labour and employment policies have not been coordinated sufficiently and the results are painfully clear – mass unemployment and its social consequences cast a very long shadow over the country.

I recently completed an extended consultation with BiH citizens. We held public meetings in 17 towns and cities all across the country and heard from people what they believe the main challenges facing the country are, and what they believe should be done in order to meet these challenges. It won't come as a surprise to anyone that the issues citizens raised were all connected to the difficulties of daily life – they spoke about unemployment; they spoke about crime and corruption; and they spoke about the appalling state of social services, including underfunded schools and inefficient hospitals.

Until now, many citizens have been largely unaware of the fact that European integration is absolutely focused on tackling these problems. If we can get the message out – that EU accession is about securing real improvements in daily life, including creating new jobs and improving labour and employment conditions – we will build up popular momentum for faster change. This in turn will encourage politicians to eliminate or circumvent the obstacles that have held up the process until now.

Job Creation and the EU

Specifically, in the labour and employment sector, the integration process requires a reduction in the structural rigidities that distort the functioning of the labour market. In other words, a worker should be able to take advantage of job openings anywhere in the country – and issues such as health insurance and pension provision should not get in the way of this. The advantages of a properly functioning labour

market, to both workers and employers, are clear: job opportunities will be expanded and companies will be able to tap into the skills that are available in Bosnia and Herzegovina but that are currently cocooned in unnecessary red tape.

Let me emphasise: this is one of the short-term requirements.

The object is very practical – it is to create more job opportunities and better jobs, and to help companies in Bosnia and Herzegovina become more competitive.

Another short-term objective is to develop mechanisms for social dialogue – bringing trades unions, employers' representatives, and the authorities together to consult and negotiate labour and employment issues.

As part of the accession process Bosnia and Herzegovina must also create a coherent legal and institutional framework for small and medium sized enterprises, which includes establishing a forum for dialogue and consultation with SMEs.

This emphasis on SMEs is based on solid experience. Employment creation in the European Union over the last 25 years has been built on supporting small and medium-sized enterprises – and these companies now provide around 65 million jobs: that's about two thirds of all jobs in the EU private sector.

All of the accession requirements I have mentioned are consistent with the EU's Lisbon Agenda, launched in 2000 with the objective of being fully implemented by 2010. The Lisbon Agenda aims to create jobs across the continent by developing a dynamic and competitive knowledge-based economy. As the European Parliament noted when commenting on the Strategy's halfway mark in 2005, "sustainable growth and employment are Europe's most pressing goals."

This would simply be hot air if it weren't accompanied by sensible and down-to-earth policies that produce positive

results.

But it has been accompanied by sensible policies and it has produced positive results.

In the case of SMEs, for example, Europe has improved small companies' access to financing, cut red tape, facilitated market entry, promoted enterprise, spread good practice, helped small businesses go international and improved consultation and dialogue with SME representative bodies.

Bosnia and Herzegovina must now do the same.

Some observers will throw up their hands and say that in this country tackling fundamental issues such as reducing red tape or eliminating obstacles to worker mobility cannot be done in the short term.

To this I would respond that this is such an important task, and therefore we have to tackle it in the short term.

Bosnia and Herzegovina needs a countrywide strategy for creating jobs and it needs it now.

In practical ways, including SME development and dialogue on economic and social issues, the EU accession process lays out the steps that will help make a BiH job creation strategy work.

The people I met in town halls everywhere in the country were very clear that employment issues are at the heart of this country's problems. Those who do not have jobs are desperate. Those who do have jobs have to put up with a host of difficulties in their working lives, from inadequate pay to inadequate safety standards.

Citizens want these issues tackled now.

A credible jobs strategy

Currently, employment issues are handled by the Labour ministries, but these are hugely overburdened and their resources are almost entirely given over to administering unemployment relief. The employment agencies and the social partners are not coordinating their efforts in an effective way, which significantly reduces their capacity to make a dent in the huge challenge that they face. At the same time, labour issues at the state level are handled by the Ministry for Civil Affairs, which has to allocate sparse resources across a very broad portfolio.

Real improvements could be achieved – but for this to happen, the Ministry for Civil Affairs, the Labour ministries, the Labour and Employment Agency and relevant stakeholders from the unions, employers and citizens' organisations, must coordinate their efforts.

I hope that this roundtable will produce workable proposals for greater coordination that can be put into practice in the coming months.

The European experience shows that adopting an employment strategy and developing an effective social dialogue, for example by establishing an Economic and Social Council will help make companies in Bosnia and Herzegovina more competitive and help create jobs – and that must be the overarching objective of this roundtable and of government economic policy.

Thank you