



# EU-LAC Foundation Newsletter

## March 2015

### Editorial: Decent Youth Employment

Dear friends,

Youth unemployment is a common challenge to EU and CELAC countries. Both regions have registered rates that call for action. In October 2014, 21,6% of people under 25 years of age were unemployed in the European Union, according to Eurostat. In some countries, half of the youth was jobless. “I can see a whole generation growing up, which is a generation left behind, lost seeing the level of unemployment that affects young Europeans,” stressed the President of the European Commission, Jean-Claude Juncker, in an interview to the euronews.

In Latin America, the rate is 13,7% (ILO, 2014), while in the Caribbean, the index reaches 20%, estimates the Caribbean Development Bank. Because of the difficult access to the formal job market, 27 million young people in Latin America have turned to informality. “Without taking decisive action, these rates shall remain as high until at least 2018” alerts Elizabeth Tinoco, ILO’s Regional Director for Latin America and the Caribbean. Persistent youth unemployment leads to the precariousness of working conditions, with long lasting impacts to career development and retirement contribution.

Allan Päll, Secretary General of the European Youth Forum, highlights the need to include youth organisations and young representatives in the design of strategies to tackle youth unemployment. In this light, and fulfilling its commitment to Youth, the EU-LAC Foundation is organising the *EU-CELAC Youth Days* under the theme “Decent Employment”. This event will gather, from the 9<sup>th</sup> to the 11<sup>th</sup> of April, youth from Latin America, the Caribbean and the European Union representing a number of sectors from society ranging from employers, employees, government, social movements, policy-makers and academia in Quito, Ecuador. The consolidation of this bi-regional network will promote dialogue and policy input that will be taken to the EU-CELAC Summit 2015, which will be hosted in Brussels, in June.

This edition of the EU-LAC Foundation newsletter brings you some views on this pressing issue from both sides of the Atlantic.

We hope you enjoy reading this edition of the EU-LAC Foundation Newsletter!

- TOPIC: Youth Employment
- Activities of the EU-LAC Foundation
- Promoting young researchers

## TOPIC: Youth Employment

### Marianne Thyssen

European Union Commissioner for Employment, Social Affairs, Skills and Labour Mobility



### Youth Employment

For Europe, tackling unemployment, and especially youth unemployment, is a matter of principle. It is about ensuring political, economic and social stability and progress. This is clearly reflected in the priorities of the new European Commission, which has put at the core of its agenda quality jobs, growth, fairness and democratic change.

Economic growth and confidence are now returning in Europe and employment has also started to recover, extending to all population groups, and to involve more permanent and full-time jobs. These positive signs are a confirmation of the need to accelerate and intensify our efforts, as the employment and social challenges remain. (...)

### Leonardo Arízaga

Deputy Minister of Foreign Affairs and Human Mobility- Ecuador, CELAC Pro-tempore Presidency



### Ecuador's Commitment to Youth

In 2006, the Government of the Citizen's Revolution was given a mandate by the people of Ecuador to undertake a radical change to the economic, social and political structures in our country. Led by the economist Rafael Correa Delgado, our political project undertakes the creation of a new Nation. Working on this new present, and guiding it towards a more just and progressive future, is in all our interests, but especially in the interest of young people. Many of our hopes reside in our country's young people to continue driving this process forward towards a more just, equal, prosperous and solidary country.

The 2008 Political Constitution, a triumph of voter turnout, put forward the

## Publications of

### interest:

Basulto, O. & Aliaga, F. (eds), (2015), **"Diálogos Sobre Juventud en Iberoamérica"**. Universidade de Santiago de Compostela, Santiago de Compostela.

Economic Commission for Latin America and the Caribbean, (2015) **"Statistical Year Book ECLAC 2014"**. United Nations Publications, Santiago de Chile.

International Labour Organisation (2015), **"World Employment and Social Outlook: Trends 2015"**. International Labour Office: Geneva.

Renos Vakis, Jamele Rigolini & Leonardo Lucchetti, (2015), **"Los Olvidados, Pobreza Crónica en América Latina y el Caribe"**, World Bank. Licence: Creative Commons de Reconocimiento CC BY 3.0, Washington DC.

Sanahuja, José Antonio (2015) **"The EU and CELAC: Reinvigorating a Strategic Partnership"**. Fundación EU-LAC: Hamburg.

## Forthcoming Events:

8 - 11 April, Quito

[Read the full opinion here...](#)

main role of our country's youth in article 39, by recognising them as holders of rights and strategic agents of development. (...)

[Read the full opinion here...](#)

Allan Päll

Secretary General, European Youth Forum



### Youth Unemployment: can lessons be learned from Youth Guarantee

Youth unemployment has blighted young people's lives in Europe for several years now. Despite the fact that many European economies have started to recover, young people are still, in too many cases, not able to find good, sustainable long-term work. If they are able to find a job, it is too often "precarious" – meaning that they are on a short-term contract, or maybe they have no contract at all and have very little in the way of protection, wages or rights.

But what has been done to tackle this? There has been progress and positive steps made towards tackling youth unemployment, but these are too often piecemeal and progress varies hugely between different countries. One of these positive steps has been the development and implementation of the Youth Guarantee. This is the

Henry Wallace Charles

International youth development specialist



### A Positive Youth Development Approach to Youth Employment in the Caribbean

Youth employment, remains among the more vexing development challenges for the Caribbean (Council on Hemispheric Affairs, 2013). Very much in sync with global trends, issues related to unemployment and under-employment disproportionately impact young people in the Caribbean. Further analysis of youth unemployment in the Caribbean also reveals that in most countries young females are dis-proportionately impacted and that teenagers between the 15-19 age group are five times more likely to be unemployed. Evidently, Caribbean Governments are confronted with the daunting task of crafting sustainable youth employment policies and integrated workforce development strategies. Unfortunately though, too

### 1st CELAC - EU Youth Days: Decent Employment

28 April, Madrid

**Seminar "Beyond 2015: Prospects and suggestions for development cooperation between the European Union and Latin America and the Caribbean"**

29 - 30 April, Hamburg

**Workshop/conference POLOS de Competitividad**

31 May - 7 June, France

**Latin America and the Caribbean Week in France**

8 - 9 June, Brussels

**2nd EU - CELAC Academic Summit**

10 June, Brussels

**5th EU - CELAC Business Summit**

10 - 11 June, Brussels

**EU - CELAC Summit**

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### Youth Employment - Links of Interest

#### Publications:

**EaSI - New EU umbrella programme for employment and social policy - European Commission**

policy of offering any young person up to the age of 25 a good quality job, training, or re-training within four months of being made unemployed or leaving formal education. (...)

[Read the full opinion here...](#)

many of the policy initiatives and strategies seem ad-hoc, dis-jointed and unsustainable. The time has come for Caribbean Governments to consider a positive youth development (PYD) approach to youth employment. (...)

[Read the full opinion here...](#)

Elisabeth Tinoco

Regional director for Latin America and the Caribbean, International Labour Organisation



### The Challenges of Youth Employment

The employment situation of young people poses a political challenge on a global level, as young people's desires to work and build a life apart from their jobs conflict with the realities of a labour market in which they must deal with high unemployment and informality.

In recent years, the ILO has intensified its efforts in the understanding and diagnosis of, and policy proposals for the youth. We are particularly concerned with young people's capacity building, their civic participation, their role in development, the protection of their risks, their social inclusion (especially within productive employment) and the affirmation of their

María Nieves Rico

Director of Social Development Division, Economic Commission for Latin America and the Caribbean



### Latin America on youth employment

In its "Trilogy of Equality" (ECLAC, 2010, 2012 and 2014a), ECLAC maintains that Latin America must harmonise economic, social and environmental sustainability with a strategy that focuses on development. In this strategy, equality is the ultimate aim to be achieved through structural change effected in politics. With this in mind, the "Trilogy of Equality" proposes making the labour force more inclusive, views equality from a perspective that goes beyond the distribution of income, and factors equalisation into the availability of opportunities and the capacity to seize them. Therefore, developing the skills base of new

[Employment policy beyond the crisis](#) - European Commission

[Mutual Learning Workshop: What works on employment services for youth?](#) - International Labour Organisation

[Policy Paper on Quality Education](#) - European Youth Forum

[Prospects for the Future - Youth Transitions towards Adulthood](#) - German Institute of Global and Area Studies (GIGA) Institute of Latin American Studies

[Promoting youth employment through activation strategies](#) - International Labour Organisation

[Quality Jobs for Young People](#) - European Youth Forum

[The youth employment crisis: A call for action](#) - International Labour Organisation

[Youth guarantees: a response to the youth employment crisis?](#) - International Labour Organisation

#### Platforms:

[EURES, the European Job Mobility Portal](#) - European Commission

[Erasmus for Young Entrepreneurs](#) - European Commission

[Youth Guarantee](#) - European Commission

[Your First EURES Job](#) - European Commission

[European Alliance for Apprenticeships](#) - European Commission

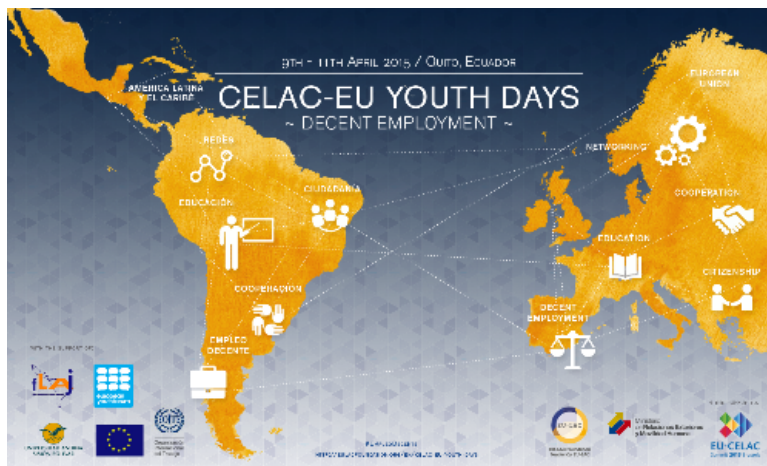
multiple identities. (...)

[Read the full opinion here...](#)

generations is one of the cornerstones for progress. Two main areas are key: education and work. Together they make up the nexus for development, based on the assumption that equality must be the constitutive principle and the ultimate aim of its reorientation. This life-cycle approach allows for the extrapolation that young people are the artifice of all these processes. (...)

[Read the full opinion here...](#)

## Activities of the EU-LAC Foundation



### The EU-LAC Foundation Publications

#### The EU and CELAC: Reinvigorating a Strategic Partnership

By José Antonio Sanahuja  
**The EU and CELAC:  
Reinvigorating a  
Strategic Partnership**



The paper "[The EU and CELAC: Reinvigorating a strategic partnership](#)" is the result of an on-line consultation and five reflection fora coordinated by the EU-LAC Foundation geared towards kindling the debate on and integrating different voices to the interregional debate in the run-up of the EU-CELAC Summit to be held in Brussels in June 2015.

In the Forums and the on-line consultation, various actors from both regions – scholars, civil society, ex-government officials, representatives of economic organisations, etc.—were asked to comment on four axes: a) the ways in which bi-regional dialogue may be benefitted given the constitution of CELAC as a political platform of regional interlocution and a body to coordinate regional responses, b) crisis in democracy; c) global political economy and “mega-regional”

**YouthPOL** - International Labour Organisation

**Youth Employment Programme** - International Labour Organisation

**Project PREJAL** - International Labour Organisation *(in Spanish)*

**Policy for Reducing Youth Unemployment** in Drechtsteden

**Emplois d'avenir** - Ministry of Labour, Vocational Training and Social Dialogue, France *(in French)*

**NEO** - Initiative for improving the labour force and youth employability in Latin America and the Caribbean

**Fundación Forge** - Non-for-profit organisation for facilitating the access to quality employment to Youth in Latin America *(in Spanish)*

**Fundação Estudar** *(in Portuguese)*

**Mucho con Poco** *(in Spanish)*

**Fundación Bertelsmann** *(in Spanish)*

**Fundación SES** *(in Spanish)*

**Project PEGASUS** - Fundación Novia Salcedo

**SOS Joven!** *(in Spanish)*

**Programme Jóvenes con Más y Mejor Trabajo** - Ministry of Labour and Social Security, Argentina *(in Spanish)*

agreements and d) venues of cooperation post-MDGs 2015. The paper argues that these four themes could be key on the future of the bi-regional partnership.

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**Meeting with CARICOM**  
**The EU-LAC Foundation reiterates the importance of the Caribbean in the bi-regional strategic partnership**



The EU-LAC Foundation will uphold the increasing prominence of the Caribbean in its programme of activities in order to ensure that the Caribbean civil society fully participates in the bi-regional relationship. That was the announcement made by the EU-LAC Foundation's executive director, Jorge Valdez, at the meeting held with a delegation of ministers from the Caribbean Community Secretariat – CARICOM, and this organisation's Secretary General, Irwin LaRocque on the 3rd of March in Hamburg's City Hall.

“We have always highlighted that without a fully-fledged Caribbean participation, the CELAC-EU strategic partnership is not complete” prompted Valdez to the Caribbean delegation, comprising the Ministers for Foreign Affairs from Bahamas, Guyana, Haiti, Granada, Jamaica, St. Kitts and Nevis, and Trinidad and Tobago, in addition to Antigua and Barbuda's Minister for Tourism and Energy and members of the diplomatic corps from Barbados, Belize, Dominica, Santa Lucia, St. Vincent and the Grenadines, and Suriname.

The executive director supported his claim by listing some activities carried out by the Foundation for promoting the presence in the Caribbean bi-regional relationship, such as the symposium held in Brussels about the future of Small Caribbean Island States (SIDS) and the annual open evening held in the Foundation's headquarters in Hamburg, so that the Caribbean consular representatives make their countries' cultural diversity and wealth known.

Valdez stressed that “the Foundation's headquarters will always be open to the Caribbean countries, particularly when many of them lack consular representation in Hamburg”, and invited them to take advantage of all the instruments offered by the Foundation.

[Read more...](#)

**Red Boliviana de Actores por el Empleo Juvenil**

**Triangular Cooperation Chile - Dominican Republic - Germany for Youth Employment (in Spanish)**

**ICS Emprendedor - Programme financed by the British Government in Nicaragua (in Spanish)**

**Trabajando.com - Job offers for Latin America and the Iberian Peninsula (in Spanish)**

**Nubelo - Platform for Spanish speaking young freelance (in Spanish)**

**EUROPEN-PEN International - Business sector traineeships**

**European Youth Employment Initiative - Nestle**

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## Promoting Young Researchers

### What Hides Behind the Fixed-term Contract Wage Gap?

By Filipe Brás Silvério, Nova School of Business and Economics,  
Portugal

#### **Abstract**

In Portugal, about 20% of full-time workers are employed under a fixed-term contract. Using a rich longitudinal matched employer-employee dataset for Portugal, with more than 20 million observations and covering the 2002- 2012 period, we confirm the common idea that fixed-term contracts are not desirable when compared to permanent ones, by estimating a conditional wage gap of -1.7 log points. Then, we evaluate the sources of that wage penalty by combining a three way high-dimensional fixed effects model with the decomposition of Gelbach (2014), in which the three dimensions considered are the worker's unobserved ability, the firm's compensation wage policy and the job title effect. It is shown that the average worker with a fixed-term contract is less productive than his/her permanent counterparts, explaining -3.92 log points of the FTC wage penalty. Additionally, the sorting of workers into lower-paid job titles is also responsible for -0.59 log points of the wage gap. Surprisingly, we found that the allocation of workers among firms mitigates the existing wage penalty (in 4.23 log points), as fixed-term workers are concentrated into firms with a more generous compensation policy. Finally, following Figueiredo et al. (2014), we further control for the worker-firm match characteristics and reach the conclusion that fixed-term employment relationships have an overrepresentation of low quality worker-firm matches, explaining 0.65 log points of the FTC wage penalty.

[Read the full paper here...](#)

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