

**SEMINAR ON SINO-EU EMPLOYMENT PROMOTION AND VOCATIONAL TRAINING
6TH SEPTEMBER 2005, BEIJING
SESSION ONE (11H00-11H20)**

**INTERVENTION BY MR PHILIPPE DE BUCK
UNICE SECRETARY GENERAL**

Vice-minister,
Commissioner,
Ladies and Gentlemen,

It is an honour for me to participate in this seminar organised around the EU-China Summit on a crucial issue for the EU as well as for China: vocational training and employment promotion.

Let me first present UNICE. UNICE represents more than 20 million small, medium and large European companies. UNICE's members are 38 central industrial and employers' federations from 32 countries. We are also European social partners contributing together with our trade union counterpart to shaping labour market policies.

Having attended the EU-China Business Summit, before addressing the issue of our seminar, I would like to highlight briefly the importance of EU-China economic relations discussed yesterday at large.

I will then talk about vocational training and address the broader issue of workers' skills which is a crucial issue for both companies and employees.

1. On the overall bilateral economic relations

China is a major priority for European business. China has changed and is continuing to change the world economy, accounting for almost one third of world economic growth. Due to the record of major economic reforms and growth in the last decade it became a major economic power. The importance of trading relations between the EU and China is fundamental for economic development on both sides. China is the EU's second largest trading partner and Europe is the main partner for China. While almost one fifth of the EU foreign direct investments go to China, Chinese companies are increasingly investing in Europe and the potential for that is impressive.

NOTE TO THE EDITOR

UNICE is the voice of more than 20 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 39 central industrial and employers federations from 33 countries, working together to achieve growth and competitiveness in Europe.

For further information, please contact: Maria Fernanda Fau +32(0)2 237.65.62

www.unice.org

Developing a strong, cooperative and mutually beneficial relationship between China and the EU is in the interest of both parties.

The EU and China should work together to make sure that conditions are created for a win-win situation for all. Yesterday, during the EU-China Business Summit we exchanged views on how to proceed to improve our relationship. It is not always easy, but progress is achievable.

2. On the vocational training and employment promotion

Education and training in general and vocational training in particular is an area of strong cooperation between China and the EU as illustrated by the presence of numerous Chinese students in European universities as well as trainees in European companies. Furthermore, the mutual learning is an integral part of any investment in a foreign country. Chinese investments in the EU and EU investments in China enable us to learn from each other.

A/. Developing skills: why is it so important?

Firstly, skills development is also important for **individuals**: in today's rapidly changing economies people need to upgrade their skills regularly to preserve their employability and thereby preventing or combating their unemployment.

Secondly, for the competitiveness of **companies**: in Europe, generating sustainable growth and jobs depends to a large extent on the development of knowledge and innovation. To remain competitive, companies need an adaptable workforce whose skills meet their needs.

Thirdly, skills are important for **the society and the economy** as a whole.

In 2000, the European Union had set itself the goal of becoming the most competitive and dynamic knowledge-based economy in the world by 2010.

This means improving Europe's competitiveness in high added value products and services and securing Europe's place on world markets by moving up the ladder of innovation, technology and productivity and requires developing a strategy to meet companies' skills' needs. Moreover, fighting unemployment and creating more jobs depend to a large extent on the capacity of a country to develop new economic activities, in particular knowledge intensive activities.

This is proven for example by the experience of the 10 countries which joined the European Union on 1st May 2004 such as Poland, Hungary and Czech Republic. In the past, a key source of their competitiveness was relatively low labour costs. However, gradually, the sources of competitiveness of the new countries members of the European Union became more and more similar to the ones of the 15 older Member States. To be competitive, new Member States needed to develop new activities and reorient activities towards knowledge intensive sectors. Obviously, we cannot compare the situation of China with that of the Europe's new member countries, but we observe similar trend in China with the services sector having tripled its economic importance in the last 20 years. The shift towards an increased importance of the knowledge

intensive activities is likely to continue in China. Consequently, workers' skills are increasingly a key source of competitiveness.

B./ The main challenges

The main challenges Europe is facing are also observed in China:

- Firstly, **future jobs are increasingly requiring highly skilled workers**. In 2010 some 42% of jobs in the EU will be for managers, professionals and technicians against 36% in 2001, while 33% will be for manual workers as compared with 37% in 2001. Such continuing occupational shifts within sectors towards higher-level jobs have clear implications for broad skill requirements. Almost half of the net additional jobs are projected to be for people with tertiary education and just under 40% for those with upper secondary education, leaving under 15% to be filled by those with only basic schooling.
- Secondly, the **ageing workforce**. The average age of the European population will increase from 39 in 2000 to around 45 in 2050. By 2030, the number of older people of working age (55-64) will increase by 13.5 million. The process of skills renewal through the entry of young people into the labour market will decrease. These are the European figures, but we know that China faces the same phenomenon.
- Thirdly, the **rising pace of technological progress**. Today, 80% of technology will be less than 10 years old while 80% of the workforce will have acquired their education and training more than 10 years ago.
- Fourthly in some sectors, European companies are faced with **skills shortages**, notably in science and technology. In Europe such shortages create bottlenecks for economic and employment growth. Moreover, some 400,000 European science and technology graduates are now in the U.S. This illustrates the high quality of our education, but it also represents a challenge to keep European brains in Europe. Furthermore, we need to attract additional skilled labour from outside Europe through a well-managed legal migration policy.

C/. The solutions

Education and training systems must be at the heart of the policies to meet these challenges.

To do so, we need to adapt systems, structures and methods of education and training to changing economic and labour market realities so that they **produce highly skilled young people and respond more fully to the needs of the labour markets**.

In addition we need to update the skills of the people already on the labour market as well as upgrade the skills of the unemployed seeking to integrate the labour market.

This requires installing a **culture of lifelong learning** in all parts of society: in schools, education and vocational training institutions and workplaces. Lifelong

learning is an all-encompassing concept: it embraces formal learning (in schools, vocational, higher and adult education institutions) and informal learning (at home, at work). Lifelong learning is in the interest of individuals, companies and society at large. It implies efforts from public authorities, private companies and individuals themselves. Three years ago, the European social partners concluded a framework of actions on the lifelong development of competencies and qualifications. This framework of actions identified ways of encouraging both companies and workers to invest time and efforts to develop skills, which are actually needed on labour markets.

(N. B. The second session in the afternoon will focus on sharing responsibilities, UNICE will be represented by Heikki Suomalainen, Chairman of the "Education and Training" working group).

But implementing strategies for lifelong learning means first strengthening the foundation for lifelong learning, starting from the initial school system. **Foundation learning** must provide individuals not only with the basic knowledge, but must also develop their ability to learn how to learn to adapt to changes in the workplace and on the labour market. With the accelerating pace of change and new technological developments, it is difficult to predict what knowledge and skills will need to be acquired. Therefore individuals must be adaptable, flexible and keen to acquire new skills throughout their working lives. It is necessary to find ways to motivate people to invest time and effort in learning.

In order to address skills mismatch in **science and technology**, efforts must be made to encourage students to choose scientific paths at university and for graduates to continue their careers in science and technology and excel in scientific fields relevant for industry. This implies building bridges between the academic and research world and the business world for education and training outcomes to meet business needs.

Last but not least, education and training cannot be a substitute for effective activation policies and the necessary **labour market reforms** to address the structural causes of unemployment in the EU.

3. Conclusion

As we have seen and as we will learn further on during our seminar today, vocational training and developing workers' skills is an issue of common concern for both EU and China. In today's world characterised by increasing interdependence of economies, learning from each other in this field is a valuable asset which will benefit to both parties.

I am convinced that the **Memorandum of Understanding** signed yesterday by the European Commission and the Chinese government setting up a dialogue on labour, employment, human resources and social protection issues will provide us a useful framework in which to pursue the discussion initiated today.