

## **SPEAKING NOTES**

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### **CEDEFOP AGORA “SKILLS FOR EUROPE’S FUTURE” THESSALONIKI, 21-22 FEBRUARY**

#### **ADDRESS BY MATTHEW HIGHAM PANEL ON “KEY POLICY CHALLENGES”**

Starting with the macroeconomic perspective – when taking stock of the overall labour market situation and recent trends, we can see that growth is increasing, as are employment rates and job creation – and unemployment decreasing.

So the overall picture appears quite healthy – but what these trends do not reveal is the fact that productivity is not increasing at a commensurable rate. In Europe we are not creating enough high productivity jobs in high productivity sectors.

To reinforce and leverage competitive advantages, we need to increase productivity in technology-intensive production and sectors – notably the jobs and occupations in which the increasing demand for higher skills is pertinent (Europe can no longer compete on a low-wage basis).

Even though it is a big challenge to make accurate predictions, especially on a Europe-wide scale, of demand for skills in specific sectors or occupations by 2015 – labour market projections do support the conclusions of the forecasting study conducted by CEDEFOP – that we need to address these projected forecasts on a macroeconomic dimension, and need to do so now. Therefore, bearing in mind the unpredictability of economic shocks, and even though they are estimates, the quantitative conclusions of the study are useful. We’d therefore like to commend CEDEFOP’s work on this.

It’s also been interesting finding out more about the study launched by DG EMPL on scenarios, and the work started by Eurofound, and there are probably other initiatives that have been launched recently. If possible, it would be very useful to have an overview of how the various initiatives and strands fit together and complement one another.

We know from the conclusions in the Helsinki Communiqué that there is a drive towards evidence-based policy-making in VET, hence the current political momentum for intensifying work on anticipation and forecasting of skills needs towards quantitative results.

Among the political priorities for this work, the CEDEFOP study in fact mentions the EU social partners' joint Framework of Actions on the development of competences and qualifications that, indeed, does call for better anticipation of skills needs, even if the emphasis there is more on the need to develop and reinforce partnerships at different levels – whether company, local, sectoral, regional, or national – to ensure that education and training systems, companies, and individuals are better able to respond to labour market needs. This is the key to all of this work.

I will follow on by briefly referring to the recently concluded Joint Labour Market Analysis between EU social partners – this common assessment of the challenges and recommended solutions to labour market challenges is a landmark for the social partners.

The policy recommendations therein follow the logic of the flexicurity principles, which advocates a holistic policy approach with mutually reinforcing policy measures. Moving away from piecemeal reforms and tackling related policies that directly impact the labour market – labour law and contractual arrangements; active labour market policies; social protection systems; and supported by effective social dialogue mechanisms – have to complement the fifth pillar of the approach which is to put into place effective lifelong learning strategies. Given the well publicised phenomena of globalisation, demographics, and the rate of technological change – this approach puts employability of individuals at the centre which also symbolises the move away from a job security mindset on the labour market, to a job creation mindset with individuals' employability at the centre – today's reality and increasing volatility of labour markets simply requires this to be implemented.

The key to this approach is about adaptability to change.

- Companies need a supportive business environment (financial and regulatory framework) to adapt to market changes, and to stimulate innovation and entrepreneurship;
- Education and training systems that are more responsive to change (including closer cooperation with social partners and business);
- And individuals – through taking responsibility for their employability – can also be more adaptable – notably in view of the increasingly multidisciplinary nature of jobs.

One of the issues raised during the conference has been the difficulties encountered when trying to engage the employers, some even suggesting that the study should be conducted independently of this consultation. This highlights a methodological issue: namely that approaching employers on a study with a quantitative approach about skills forecasting over 5-10 years will not be perceived as relevant for most – given that companies themselves often do not know what their skills needs will be within 2-3 years.

This is why the activities on quantitative forecasting should be complemented with an approach that focuses on qualitative anticipation over the short-term. This would be closer to actual practices rather than theory and can more effectively engage the employers – looking specifically at sectors and local level. This engagement will also increase the likelihood of creating real partnerships between the relevant actors.



As has been highlighted, real policy implementation is at and within Member-State level. In terms of what we can do at European level in the OMC to further complement the work done is to look at and disseminate best practices on existing examples where labour markets at different levels have mechanisms that enable them to react and adapt rapidly to desired or forced changes.

Whatever the approach taken to take this work forward, **the employers must be involved** in any exercise that seeks to improve matching on the labour market.

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