



22 April 2009

## **8<sup>TH</sup> MEETING OF THE LABOUR MARKET OBSERVATORY EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

### **JOINT HEARING ON THE COMMISSION'S COMMUNICATION "NEW SKILLS FOR NEW JOBS"**

**22 APRIL 2009, BRUSSELS**

Speaking notes for Marcus Schwenke, Adviser Social Affairs

#### Introduction

- To compete globally, Europe must consolidate its comparative advantages in high-skilled, high value-added services, products and industries. The accelerating pace of technological change and innovation underlines the ongoing rise in demand for higher skills, and existing systems have no choice but to adapt to this reality.
- Demographic trends will require that employment rates increase sharply in the next 5 to 10 years beyond the current Lisbon targets as the working age population shrinks. At the same time, productivity rates must increase substantially.
- The Commission's Communication 'New Skills for New Jobs' is therefore a timely initiative, supported by BUSINESSSEUROPE. It rightly emphasises the need to upgrade skills and to better match skills and labour market needs.

#### New Skills: the key to more and better jobs

- BUSINESSSEUROPE believes that the measures put forward in the Communication form part of the wider flexicurity approach. Labour market and other social policy measures need to be more flexible for companies to adapt and for people facing transitions and changing jobs. In order to be able to maximise the potential of flexible labour markets, people must be fully equipped to enable them to find and develop within a job, and to be more mobile. Enhancing employability is a crucial element for labour markets to shift from a 'job security' to an 'employment security' mindset.



- Skills and competences are crucial for competing in the knowledge economy. After 2010 it is expected that over half of newly created jobs will require highly skilled workers, and this proportion is only likely to increase with time. The communication anticipates that over 30% of jobs will require tertiary level qualifications by 2020.
- However, Europe still displays considerable deficits vis-à-vis global competitors in higher education attainment levels (EU: 25%, US: 38%, Japan: 36%) and in the average number of years spent by adults in tertiary education (2 years more in the US).
- Evidence shows that there is considerable room for improvement across Europe with regard to skill mismatches: while unemployment has reached 18 million, between 4 to 5 million job vacancies are not filled. One of the key symptoms of the problem is the persistent and disproportionately high youth unemployment rate in most European countries.
- Companies devote a substantial amount of their resources on recruitment, human resources, training and developing human capital, as they consider their most valuable asset to be their employees. This is why European employers welcome this shift in policy that seeks to further improve the alignment of education and training systems with the evolving needs of labour markets, and to raise the bar in educational attainment. Employers are already experiencing skill shortages in many areas, even amidst the current economic crisis.
- Differences in Member States show that there is considerable scope for improvement as well as the opportunity to reap the potential benefits of sharing best practices and consolidating cooperation where applicable across countries.
- Education and training investments have always had a long-term perspective, and it is vital that spending is not compromised as a result of tightening public expenditure. Maintaining public and private investment in skills is key for improving productivity and strengthening economic performance in the long run.

#### Anticipating and matching

- The Communication proposes to set in motion and develop a series of tools and processes that seek to improve information flows and exchanges, as well as enhanced cooperation platforms between key stakeholders at different levels. Whilst education and training policy is and should remain the competence of Member States, European companies believe that there can be a real added value to these initiatives as long as all the processes are efficient, the relevant



actors are mobilised and the right balance is struck between addressing short- and long-term labour market needs.

- As one example, the better monitoring of labour market and skill requirements can in the long run be a valuable resource for policy-making. Therefore, increasing the degree of comparability in forecasting techniques, tools, and mechanisms between Member States should be pursued.
- However, no forecasting model can fully anticipate or predict all economic, social or technological changes. Data on future skills projections should therefore be treated with caution and should not become the sole basis for developing and calibrating skills policies.
- Since the late 1990s, European employers have reported growing shortages of skills availability in the Science, Technology, Engineering, and Maths (STEM) disciplines. Urgent emphasis is therefore needed to boost the attractiveness of specific study and career streams for STEM subjects as a crucial success factor for the supply of scientific and technical talent, especially for women. According to Eurostat, in 2008 the uptake in STEM subjects was less than half for women between 20 and 29 than for men in the same age cohort.
- Mobility, both cross-border and internal, remains a key element to improve matching. Unjustified obstacles to the free movement of workers must therefore be removed. Facilitating legal migration from outside the EU can also help to fill vacancies, particularly for highly qualified workers.

### Conclusion

- The Communication rightly strengthens the emphasis on the need to improve education and training with a long-term perspective and highlights the growing importance of interfaces between education and labour market spheres. It also comes at a time where the prevailing global economic crisis demonstrates the urgent need for systems to be able to react rapidly to change.
- To meet the future challenges, it will require modern and flexible education and training systems flanked by effective mobility and immigration policies, ensuring an efficient allocation of labour and attracting the best and the brightest.
- Policy makers, social partners, companies and workers have a collective responsibility to address these challenges. BUSINESSEUROPE is committed to working with all stakeholders on this essential task.

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