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RESTRUCTURING FORUM: SECTORS' NEW SKILLS FOR NEW JOBS 7 & 8 DECEMBER 2009, BRUSSELS

FINAL ROUND TABLE: "STRENGTHENING COOPERATION AND EXCHANGE AT THE EUROPEAN LEVEL"

TUESDAY, 8 DECEMBER 2009, 10:55- 12:45 (QUESTIONS FROM AUDIENCE - 12:15)

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Introduction

To remain competitive in the global economy, the EU must urgently boost its employment and productivity rates. To do this, having a highly skilled, competitive and adaptable workforce is crucial. Labour market and education and training systems have no choice but to adapt to this reality.

This was already true before the crisis and even more so as we try to equip and regroup for recovery. The fragile balance that we see in most Member States needs to tip in the right direction to make sure we emerge stronger than before. This is as great a challenge as confronting the crisis, if not greater. Implementation of the flexicurity approach is key.

Investment in higher skills, R&D and innovation is of paramount importance for the future sustainability of our economic and social systems. The global playing field is changing. Emerging countries are



increasingly important competitors including for higher added value products and services – in addition to the USA and Japan. Europe has to react and step up its technological innovation and improve its educations and training systems.

Early indications of the importance of skills can be seen in the evolution of employment during the crisis. Employers have done whatever they can to keep their skilled employees. Employment rates fell by less than 2% between the Spring 2008 and Spring 2009 while GDP dropped almost 5%. During that period, according to Eurostat, employment for highly skilled employees actually increased by 1.8 million while those of low- and medium-skilled workers fell by 5.2 million.

While unemployment continues to creep up towards 10%, shortages still exist in some areas, notably high value-added services, products and industries.

Demographic trends add another dimension to the skills shortages problem. The European Commission has estimated that potential annual growth rates will almost be cut in half because our workforce will decrease by 33 million people between 2020 and 2060. To address this, higher employment rates will need to be complemented with a rise in productivity rates.

Flexicurity and lifelong learning

To meet the twin challenge of boosting employment and productivity growth, Member States must implement the **flexicurity** approach. Social and labour market policies need to be more flexible to help companies and individuals to adapt during transitions. Enhancing the employability of individuals is crucial to shift from a 'job security' to an 'employment security' mindset.

Students, trainees and employees will need to extend and refresh knowledge, skills and competences throughout their working lives. This should become the central objective of **lifelong learning** strategies and all areas of education and training. People need to be able to adjust skills



constantly according to structural labour market change. Yet, in 2008, 9.5% of Europeans aged 25-64 participated in lifelong learning (3 points short of the 2010 benchmark of 12.5%).

New skills: the key to more and better jobs

The Commission anticipates that after 2010 over half of newly created jobs will require highly skilled workers. It also foresees that over 30% of jobs will require tertiary level qualifications already by 2020. Europe still displays considerable deficits vis-à-vis global competitors in higher education attainment levels (EU: 25%, US: 38%, Japan: 36%). We have less people in tertiary education than key competitors and those who are in take longer to get a qualification. The average number of years spent by adults in tertiary education is two years longer in Europe than in the US.

We also see a lot of top European PhD students living and working in the US. We must improve our R&D environment to reduce this outflow. Improving the links between universities and business community is part of the answer.

Employers in Europe are already today experiencing skills shortages in areas related to science, technology, engineering and maths, the so-called STEM skills. For example, two thirds of employers in the UK are experiencing difficulties recruiting STEM skilled staff. And in Germany, the “Institut der Wirtschaft” in Cologne, for instance, forecasts that, without reforms, there will be a shortage of 425.000 STEM skilled workers by 2020.

Immigration policies can help to raise the number of highly skilled workers in Europe. We have recently seen the adoption of the Blue card directive. Undoubtedly a step in the right direction. We now expect from the new Commission to come forward with its proposal on intra-corporate transferees.

Anticipating and matching: skills for jobs

Evidence also shows that there is considerable room for improvement across Europe with regard to **skill mismatches**.



Companies devote considerable means to human resources and training. These efforts can only be successful if education and training systems are able to align and react to evolving labour market needs. Higher education and vocational education and training institutions have a key role to play in adapting and expanding their offer to meet the needs of non-traditional students who want to raise their skill levels.

Skills forecasting is an important element of the New Skills for New Jobs initiative. It can help to identify trends in an ever-changing industry. But this should not be considered as “crystal ball” exercise. Data on future skills projections should be treated with caution. It should not become the sole basis for developing skills policies.

Sector councils on employment and skills can be useful to provide a basis for sharing information on the impact on fluctuating occupational demand in different sectors. However, we must make sure that mobility between sectors is not jeopardized. The cross sectoral dimension must not be left aside. To avoid duplication of work at European level, it is important to remember that sectoral social dialogue committees are looking at skills and employment. Relevant employers must be involved in sectoral skills councils to ensure the effectiveness of such platforms.

Cooperation and exchange at European level

Improving the efficiency of education and training requires partnership-based approaches between all relevant actors (public authorities, employers, teachers, schools, pupils).

This was the approach used by European social partners in their joint Framework of Actions on lifelong learning (2002-6), where they focused on 4 agreed priorities for action:

- Identification and anticipation of competencies and qualifications needs;
- Recognition and validation of competencies and qualifications;
- Providing information, support and guidance;
- Mobilising resources.



Building on this important work, the European social partners' joint labour market analysis of 2007 also highlights the importance of the interface between labour market policies and education and training systems. This is crucial to effectively deal with structural employment problems. We hope to be able to pursue this important work in the agreement that we are currently negotiating on inclusive labour markets, with the objective of bringing long term unemployed back into the labour market.

Improving links between business and educational establishments is also crucial. At EU level, the recently created University-Business Forum provides a very useful arena for debate and exchanges of best practice.

A good example of such synergies at national level is the Danish Industrial PhD scheme. Under this scheme, an employee working in a company can obtain a PhD conferred by a Danish university, sharing his/her time between company and university.

Conclusion

The issue of skills and its impact on innovation and entrepreneurship needs to become a central pillar of the post-2010 Lisbon strategy. Policy-makers should focus on three challenges in particular in order to improve competitiveness:

1. Improving investment in innovation and R&D.
2. Increasing the proportion of workers with highly skills.
3. Improving the understanding of and matching with labour market needs.

Cooperation with companies at all levels is essential to be successful. BUSINESSEUROPE and its members are ready to play their role in helping to curb the skills deficit to improve European growth and jobs prospects.
