



SPEAKING NOTES

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COMMISSION CONFERENCE “NEW SKILLS FOR NEW JOBS” 4 FEBRUARY 2010

**SPEAKING NOTES FOR STEVEN D’HAESELEER,
DIRECTOR, SOCIAL AFFAIRS**

Introduction

- One week from now, the European Council will discuss Europe’s future growth strategy. The need to make better use of our human capital will be an important part of the discussion.
- The report of the Expert Group therefore comes at the right moment. Improving people’s skills and making sure that they have the right skills is a major concern for employers. It is a key challenge for the EU. It is crucial not only for economic recovery but also for a successful EU2020 strategy. We need a better skilled workforce to increase productivity in the face of ageing, to remain competitive and innovative in the face of increased competition and to successfully manage the transition to a low-carbon economy.

On the need to upgrade skills

- CEDEFOP expects that by 2020 around 80 million job opportunities will become available, including almost 6 million new jobs. Most of these jobs will require highly-skilled workers.
- Currently, however, only 25% of the adult population in the EU is highly educated. (The figures for the US and Japan are 38% and 36% respectively.). Almost 80 million people have no or low qualifications. And one in six left school without a diploma in 2009.
- The economic crisis is adding to the urgency to do better. Around 6 million low-skilled workers have lost their job. Many of these will not return. Youth unemployment stands at a dramatic 21% in the EU. Addressing this will require determined action from all of us.
- To start with, we must get the basics right. Problems with basic skills (such as literacy, numeracy, social skills etc.) exist in many workplaces. They lead to poorer customer service and lower productivity. Getting the basic skills right therefore remain a priority for employers.
- At the same time, Europe is increasingly a knowledge-based economy. Employers’ demand for graduate-level qualifications will continue to increase. Higher education institutions will have to meet this demand.



- In the EU, on average only 1.3% of GDP is spent on higher education compared to 3.3% in the US. We therefore need more investment. At the same time, given the constraints on public finances, the effectiveness of spending has become more important than ever. One way to achieve this is through better education-business links such as involving employers in the management, governance and leadership of education institutions.

On the need to update skills

- Just as important as the quality of initial education is the need for continuous up-skilling and re-skilling. Lifelong learning starts with the willingness and ability of the individual to learn.
- In 2008, the number of adults participating in education and training stood at 9.5%. This is far from the 2010 benchmark of 12.5%. If we are to move from labour markets based on a job security paradigm towards one based on employment security, this figure must increase. The best security for individuals in today's changing labour markets is having the right skills.
- The Expert Report contains a number of recommendations to improve the situation. It rightly stresses the need to encourage individual motivation, value individual learning and offer more flexible learning paths.

On the need to better match labour market needs

- People must not only have higher skills. They must also possess the right skills for which there is demand. Even with an unemployment rate of 9.5%, there are still many vacancies for which it is very difficult or impossible to find workers.
- Two thirds of employers in the UK, for example, are experiencing difficulties recruiting STEM skilled staff. In Germany, it is expected that without reforms, there will be a shortage of 425.000 STEM skilled workers by 2020. Obviously, we will pay heavily for this. For example, in the period July 2007 – July 2008, the lack of engineers caused an estimated loss of € 28,5 billion euro for the German economy.
- STEM skills are vital for employers across a broad range of sectors. The demand for them is expected to grow in the future, also as a result from the transition towards a low-carbon economy. We urgently need improvements in both the quantity and quality of STEM.
- Skills forecasting can certainly help to better anticipate future skills needs. But it should not be considered a “crystal ball” exercise. The economic crisis is a good example of the unpredictability of economic shocks and their consequences for certain types of occupation. Skills projections should therefore be treated with caution.

On the role of business

- Employers attach great importance to the skills of their workforce. During the crisis, they have done whatever they could to retain their workers, notably because they did not want to lose their skills.



- Employers are committed to deliver a skilled workforce. They are involved in education systems in a variety of ways. And they have a lot to offer. They can assist in the management, governance and leadership of education institutions. They can help to make clear the relevance to the workplace of the skills and knowledge developed by students. They can ensure more people have the skills needed for success.
- But companies, in particular SMEs, need more support. For example, they need more support to find funding for training, locate good training providers etc. Another example: apprenticeships. In order to encourage employers to offer more apprenticeships, the number of suitable applications must increase, the cost of providing apprenticeship programme and the bureaucracy involved must be reduced.

Conclusion

- Addressing skills needs is a major concern of employers. Individuals, employers and governments all have a role to play. The Commission's New Skills for New Jobs initiative was an important step in the right direction. We will now examine with great interest the recommendations of the report of the Expert Group. But we could not agree more with what is perhaps the main strand running through the report: we will only be successful if we break down the walls between the world of work and that of education – and this at all levels.
