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THIRD DEMOGRAPHY FORUM: DEMOGRAPHIC DIMENSION OF THE EUROPE 2020 STRATEGY

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It is very positive that people in Europe are living longer. However, an ageing Europe with fewer young people entering working life will put heavy strains on our labour markets. Unless action is taken, this will generate low rates of economic growth. Without growth in Europe there is no basis for new jobs and, consequently, no basis for long term prosperity for all Europeans.

It is time to identify the challenges and the key areas for policy action:

1. Better matching skills with labour market needs

Human capital is a key element for future economic growth. In order to stay competitive and generate growth companies need a qualified and adaptable workforce. It is an urgent task to assist young people in improving their employability and avoid young people dropping out of school without any qualifications. An ageing labour force accentuates the need for lifelong learning. A well-functioning vocational and adult training system for both unemployed and employed is vital in order to enhance employability.

2. Well – functioning labour markets

Well-functioning labour markets are a condition for strengthening individuals' employability. Flexible labour markets and an adaptable workforce are also a condition for companies to stay competitive. We need to modernise our labour markets according to the principles of flexicurity, to foster job creation, upgrade skills, and give companies better access to qualified labour.

3. Attracting more highly qualified migrants

Compared to other regions in the world, the EU only attracts a small number of highly qualified migrants. Europe should be an attractive place to work for third-country qualified labour. To enable companies to recruit highly qualified employees from countries outside Europe, we need a well-designed policy aimed at attracting the best and brightest.



4. An efficient public sector and competitive companies

Europe needs to boost competitiveness by increasing productivity, reducing the indirect costs on labour and reducing administrative burdens. The strong increase in the number of senior citizens entails a risk of increased demand for labour resources to provide assistance. This might pull labour resources away from production and decrease growth thereby undermining the basis for financing the public sector. The public sector needs to be well run and efficient to meet the needs of citizens and to ensure that the private sector has the human resources necessary to create growth and jobs.

5. Higher levels of labour market participation

Job-creation is the key to overcome labour market exclusion and increase participation. Emphasis should be on getting people outside the labour market back into employment. Longer life expectancy is also making it possible to enjoy a longer working-life for our senior citizens which will help increase a needed labour supply in the future. Furthermore the growing number of elderly will also be a source for demand and for creating new products and services. Flexible and longer working hours are ways to increase labour market participation. Reducing the high rate of absence due to sickness would also increase the labour force both in the public and private sector.

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