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JEAN MONNET CONFERENCE: SUSTAINABLE GROWTH IN THE EUROPEAN UNION – THE ROLE OF EDUCATION AND TRAINING

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Economic crisis puts spotlight on skills to bring growth and competitiveness.

- The crisis that stemmed from the economic and financial sectors has taken on a distinctly social dimension. This is witnessed in the rising levels of unemployment across Europe, especially among young people;
- A number of conditions need to be met if Europe is to grow out of this crisis. A central element to achieving this is raising Europe's productivity and competitiveness;
- It is vital that these issues are tackled so as to ensure that Europe remains an active and competitive player in the global economy, in which the BRIC countries (Brazil, Russia, India, China) have so-far emerged stronger and more quickly from the crisis;
- The EU is also faring worse when compared with the US, which is posting stronger job creation rates. For example, the US created 753,000 jobs in the private sector during the third quarter of 2011 - the largest net job gain since the first quarter of 2006.
- Restructuring in Europe has affected employment, notably in the manufacturing sector, which has seen a -10.6% change in the employment rate in the EU-27 between 2008 and 2012. In construction and industry, 6.8 million jobs were lost during this period;
- The manufacturing sector can play an important role in revitalising Europe's industrial base, bringing competitiveness and job creation in all sectors of the economy. For that, Europe's industrial and employment policies need to converge in improving labour competitiveness to foster job creation in the manufacturing sector. Unfortunately, this is missing in the employment package recently published by the Commission.
- There are currently over 25 million unemployed people in the EU, including 5.5 million under the age of 25, compared to 16 million in the first quarter of 2008;



- To make matters even worse, if we add those who are not in education to the high number of young unemployed, there are a total number of 7.5 million people who are neither in employment nor in education or training. Even more alarmingly, in Spain and Greece, youth unemployment is now above 50%;
- At the same time, there are presently 2 million unfilled vacancies in the EU, which suggests that something is seriously wrong in both the functioning of our education systems and our labour markets;
- Labour market needs must therefore be put at the centre of education to ensure that the skills people have when they enter the labour market are those that employers need. This is particularly important in view of the projected decrease in Europe's working age population over the next 30-40 years as our demographic structure alters. For example, by 2020, there will be 83 million new job opportunities for labour market entrants, 75 million from replacing people that retire and 8 million new jobs due to an increase in labour demand;
- In a medium-term skills forecast up to 2020, the European Centre for the Development of Vocational Training (Cedefop) has found that Europe is on its way to an economy where services and knowledge and skill-intensive occupations will prevail;
- Therefore, greater emphasis needs to be placed upon up-skilling and (re)training those people already active in the labour market, including opportunities for ICT based learning to reduce barriers to education and enhance education outcomes;
- Nevertheless, it is important to ensure people of all skills levels can thrive in the labour market. Cedefop has also projected that in the region of 15% of jobs in 2020 will be low skilled in nature, while 50% will be medium skilled and around 35% highly skilled.

Dual-learning

- Despite the high youth unemployment levels, young people have never been more educated than they are today, which points towards a *youth paradox*. To address this mismatch and to facilitate the transition from education to work young people need to have the skills that companies are looking for to be innovative and competitive;
- Germany, Austria, Denmark and the Netherlands are the Member States with the lowest levels of youth unemployment - not exceeding 15%, (compared to 53.8% in Greece and 52.9% in Spain);



- These countries have established efficient dual-learning systems over a long period of time. Young people's transition from education to employment can be facilitated by expanding access to dual-learning systems, such as in the form of apprenticeships;
- For example, surveys on the cost-benefit of apprenticeships in Germany and Switzerland have shown their added value for apprentices, employers and governments.
- Apprenticeships give young people professional experience and good job and salary prospects. Employers also benefit from the output generated by apprentices which helps to finance companies' investments;
- National governments also feel the benefit of employer engagement in dual-learning schemes in the form of reduced spending and sharing the task of educating and training young people.

Investing in the future

- To make the EU more competitive it is essential that extra resources are invested in research and innovation. In this respect, securing the proposed budget of 80€ million for the Horizon 2020 framework is very important;
- At the European level, greater emphasis should be placed upon developing further the EU's industrial policy as this can be a key driver for Europe's future prosperity and global economic competitiveness;
- Additional investment is also needed in education in high value-added sectors of production. Targeted spending is needed in areas where the potential for return is high;
- Another key area is the so-called STEM skills is one such area that more people need to be encouraged into with the number of graduates specialising in STEM subjects falling in relation to the total number of university graduates from 24.8% in 1999 to 22.7% in 2005;
- A specific example; in 2015, the estimated shortage of qualified ICT staff in the EU will rise to somewhere between 384,000 and 700,000. Generally, the supply of STEM skills will not match the increasing demand of companies;
- One example of how this is being addressed is by the CEZ group in the Czech Republic, which is giving talks in schools increase young people's awareness of technical studies and professions, including ICT.



Building partnerships

- To ensure that Europe's economy is competitive in the years ahead, there needs to be stronger links between business and educational providers;
- The dual-learning apprenticeship system is a prime example of partnership between education providers, employers' organisations and companies;
- If labour market needs are to be at the centre of education, as advocated by BUSINESSEUROPE, the development and maintenance of such partnerships is crucial;
- This is primarily action that needs to be taken at the member state level, but the EU can also play an important role in promoting such partnerships and exchanges of good practice, knowledge and information;

