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LABOUR MARKET MOBILITY

I. Introduction

European countries have a historic demand for labour. This was witnessed in the aftermath of the Second World War and the economic boom of the 1950s and 1960s. At this time European countries actively encouraged the migration of labour, both from neighbouring countries (what would now be fellow EU Member States) as well as from what are referred to today as third countries. These two dimensions continue to prevail and provide the framework for discussing labour market mobility at the EU level.

The free movement of workers within the EU has been a fundamental principle of European integration since the signing of the Treaty of Rome in 1957. Intra-EU mobility is important from an economic and social perspective and can be considered as a contributory factor for the successful functioning of the European Single Market and Member States' individual economies. The free movement of workers can also improve the way in which European labour markets function by easing the effects of structural weaknesses. In particular this concerns mismatches between labour supply and employer demand, for which there is an established trend at the EU level. However, today, just 2.9% of EU nationals live and work in a country other than their own. Furthermore, just 0.1% of the EU workforce moves country in a given year for work, compared with over 3% between US states. In addition, the migration of third country nationals to the EU is taking on ever-greater significance, both from an economic and political perspective. In this respect the EU agenda for migration policy in the coming years will be established through a review of the 2010-2014 Stockholm Programme and the priorities that are set thereafter.

Discussions at the EU level take place against the backdrop of an increasingly negative discourse in some Member States about the added value of mobile workers. This is a politically sensitive issue when seen both in the context of a rise in the popularity of nationalist and populist parties, such as in Finland, the Netherlands and the UK, and at a time when there are over 26 million unemployed people in the EU.

This paper sets out BUSINESSEUROPE's views on the need for, and measures to achieve, greater labour market mobility in the EU in the coming years. In the context of this paper, intra-EU mobility is taken to mean the movement of EU nationals within the Union and migration concerns the movement of third country nationals to the EU. The collective term used throughout this paper is labour market mobility. The positions outlined below are intended to contribute to the discussions on the follow-up priorities to the Stockholm Programme post 2014 and to inform and stimulate the debate on the issue of labour market mobility in the context of the 2014 European Parliament elections.

II. The employer demand for labour

The context for employer demand for labour in the coming years is largely provided by projected changes to Europe's demographic make-up over the coming decades. This will see the retirement of the post-war baby boomers and an anticipated need to replace 75 million workers by 2020. There are also issues surrounding overcoming



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skills mismatches in the EU. Taking into account these two aspects, policies should be oriented towards encouraging more intra-EU mobility and over-coming existing barriers to it. The second perspective concerns the need to increase the absolute size of the EU workforce by putting in place policies for the economic migration of third country nationals. Taking into account these dynamics, labour market mobility can play an important role in addressing economic and labour market needs across the EU. At the same time, this mobility is to be seen as part of the EU's wider policy mix for enhancing productivity and competitiveness, rather than being treated as the silver bullet. Labour market mobility policies must be accompanied by national labour market reforms and a focus on education in order to address the EU's skills needs.

III. The business case for labour market mobility

The EU is the best placed actor for implementing policies addressing cross-border mobility and freedom of movement. Within this framework there is a business case to be made for the mobility of labour as a contributory factor to economic growth and prosperity in Europe.

In making the business case for labour market mobility, BUSINESSEUROPE underlines that the overarching principle is to centre on economic and labour market needs, rather than focusing solely on a rights-based approach. In this context, BUSINESSEUROPE takes the following positions towards labour market mobility:

- The value of mobile workers to the EU economy should not be underestimated. On the one hand such mobility creates demand for goods and services and, on the other, mobile workers help to meet this demand through the work that they do, thereby contributing to increasing the productivity of European companies and to raising the EU's overall competitiveness.
- Furthermore, mobile workers are a vital resource in a number of sectors across EU Member States where they complement the indigenous workforce. This includes in sectors such as tourism and leisure, agriculture and health care.
- Mobile workers also contribute new ideas and a fresh way of thinking that can drive economic growth and innovation in the EU. To put into context what the EU should be looking to emulate, US companies such as Google, Yahoo! and eBay were all co-founded by immigrants that arrived in the US when they were children.
- Despite the evidence that suggests that there is a genuine economic case for labour market mobility, the political climate in individual Member States plays a decisive factor in the approach that is taken by governments. This can result in attempts to limit mobility within and to the EU at a time when there is an increasing necessity for short-term and long-term movements to meet labour market needs. Employers' organisations and companies therefore have a key role to play in making the business case for labour market mobility.
- In the spirit of the EU agenda for new skills and jobs, a flexible, demand driven approach is needed towards labour mobility. In this context, setting targets for migration, whether at EU or member state level, to and within the EU is not the right approach from a business perspective. The notion of



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migration targets suggests that there are a finite number of jobs in the EU and runs counter to the notion of the free movement of workers.

- Attempts to anticipate skills needs at the EU level is counter-productive and does not reflect a true picture of employers' need for labour. Instead of doing artificial projections based on the aggregation of national data at the EU level, a bottom up approach is needed with skills projections focusing on the regional/national level and the sectors that have difficulties in recruiting workers.
- A better matching of skills supply and demand across the EU is also needed. The economic crisis has seen some Member States experience a decline in demand for migrant workers, while others continue to display a need for additional labour. Therefore, greater mobility and a more targeted matching of skills and supply can help to address labour market needs and reduce the unemployment rate.
- These different dimensions and considerations highlight the need to focus on the business case for labour market mobility by identifying the employer demand for labour in the regional and national context and using an EU level framework to facilitate the mobility of workers within and to the EU. Such labour market mobility can be enhanced in the following ways:
 - One of the reasons why mobility between US states is higher than among EU Member States could be attributed to the fact that there is a common language in the US. Therefore, promoting language and cultural learning in the EU and ensuring that schools provide the opportunity for pupils to learn at least one other EU language before they reach the school leaving age is essential.
 - Better provision of information and appropriate support and advice services for EU citizens mobile within the EU and for third country nationals coming to the EU should be available in the home and host country.
 - Simplified and time-efficient procedures for the recognition of qualifications. Within the EU this should involve a common approach to ensuring certain quality levels for education and training across the Member States.
 - The number of regulated professions and specialisations in Europe could be reduced. At present, there are around 800 different activities in the EU that are considered to be regulated professions and are reserved for providers with specific qualifications. Whilst for some activities there may be valid policy reasons to justify additional requirements - for complexity, security, health or safety reasons - this does not always seem to be the case. In fact, many of these regulated activities are regulated in only a few countries and more than 25% of them are regulated in just one Member State. Therefore, Member States should regularly review the extent to which a profession needs to remain regulated. This review should target the professions that are only regulated in one Member State and not excessively regulate those sectors which have the largest growth potential. This review should include the high number of "regulated specialisations" in some sectors and countries, which leads to costly



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market fragmentation, a loss of efficiency and often constitutes a hindrance to mobility.

IV. Recommendations for targeted action

In line with the different legal status, BUSINESSEUROPE has identified the following recommendations for targeted actions in the context of the intra-EU mobility of EU citizens and migration to the EU from third countries:

Intra-EU mobility

- To enhance people's opportunities to be mobile across the EU, country specific recommendations could be issued on language learning in schools.
- Being mobile should not undermine a person's opportunities, nor should it constitute an economic burden for Member States. In this context, financial support for people seeking work in another Member State should not exceed a realistic timeframe. Specifically, Member States should have the freedom to choose whether to apply unemployment benefits for people seeking work in another Member State for 3 or up to 6 months.
- In the area of supplementary pensions, any action must be based on solid evidence of the likely benefits for EU cross-border mobility. This is necessary to ensure that actions to improve mobility are balanced with cost-effective provision of supplementary pension schemes by employers to their employees, as well as with the nature of the supplementary pension scheme.
- Furthermore, BUSINESSEUROPE supports the preservation of supplementary pension entitlements accrued across borders within the EU. Being able to have access to accrued entitlements once someone has moved is a key consideration.
- A more targeted matching of supply and demand is at the heart of the EURES reform that is set to be implemented as of January 2014, which BUSINESSEUROPE supports. In addition, EURES should be expanded to offer cross-border work-related apprenticeship and traineeship placements for young people. The proposal for a "EURES jobs for young people programme" would also be an important means for encouraging the intra-EU mobility of young people.

Attention should also be paid to encouraging mobility within Member States, which can also help to overcome skills mismatches in the national context

Migration

- The EU's migration policy can be viewed in the context of short-term and long-term needs. For example there is presently a demand from employers for highly skilled workers, notably in science, technology, engineering and mathematics related fields. In particular it is projected that by 2015 the EU will have a shortage of 900,000 ICT workers. To help meet this shortfall, an EU framework needs to be in place that facilitates the entry of highly skilled migrants from outside the EU as well as their mobility within the EU once they are here. This framework should not hamper the functioning of national systems for the admission of third country nationals where these have proven to be flexible and well-functioning.



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- Intra-EU mobility is particularly important for third country nationals legally residing in the EU as intra corporate transferees, students and researchers. This can bring genuine added value for the individual and for economic growth in the EU.
- Specifically, the ability for third country students and researchers to stay in the EU for up to 12 months after the completion of their studies or research in order to look for a job or to start a business is crucial for attracting and retaining talent in the EU. This can help to stimulate job creation and the EU's competitiveness on the global stage.
- A longer-term approach towards migration needs to focus on the more general demand for labour in the context of the projected decrease in the working age population that will result from the changing demographic structure within the EU. It is therefore necessary to put in place the conditions and procedures that will enable the EU and individual Member States to ensure that they have a sufficiently sized and skilled workforce to bring sustainable economic growth and prosperity.

V. Detailed policy positions

In addition to the positions outlined in this paper, BUSINESSEUROPE has developed a number of in-depth positions on issues related to labour market mobility, which can be accessed as follows:

- [Freedom of movement for EU workers](#) (2011)
- [Modernising of professional qualifications directive](#) (2011)
- [Intra-corporate transferees](#) (2010)
- [Seasonal workers](#) (2010)