



# BusinessEurope recommendations for an EU Talent Pool

## KEY MESSAGES

- 1** In bringing forward proposals for how a talent pool could be conceived in the European context, the European Commission should aim to create a pool that member states and employers can use on a voluntary basis to help address employers' skills needs, complementing the role played by member state nationals and intra-EU labour mobility.
- 2** Hand in hand with developing a talent pool concept, it is important to continue to develop real-time labour market and skills intelligence, which will be a foundation for the successful functioning of a talent pool. In parallel, it is important to enhance the EU's capacity to gather and interpret comparable and credible data on the need for third country migration.
- 3** Employers are ready to contribute constructively to further discussions on the establishment of an EU Talent Pool, including the modalities around defining the entry criteria to the pool and the matching process, among others.

## WHAT DOES BUSINESSEUROPE AIM FOR?

- A European migration policy that facilitates the recruitment and retention of skilled third country nationals in a way that takes into account the differing needs in each national labour market through a more demand driven approach.
- The creation of an EU talent pool that places the emphasis on the matching of skilled third country nationals with job opportunities in the EU.

## Introduction

Before the end of the year the European Commission is set to come forward with possible scenarios for the introduction of a talent pool in the EU.

The concept involves third country nationals applying to be part of the pool on the basis of their qualifications and skills, work experience and language capabilities. If admitted to the pool, a matching process that is based on real-time labour market data is used to identify unfilled vacancies in locations and sectors that match the profile of specific migrants.

BusinessEurope supports the idea of introducing an EU talent pool while noting that this needs to take into account member states' individual needs and that the participation of member states in such an approach would need to be on a voluntary and case by case basis. Notably, there is good potential in the talent pool approach for fostering a better matching of skilled third country nationals with vacancies in the EU. At the same time, not all member states have the same need for third country workers, nor the same situation as concerns attracting them, which is why a voluntary approach is important.

This paper sets out BusinessEurope's priorities and ideas for introducing an EU talent pool, drawing comparisons with the Canadian experience, and outlines a number of recommendations to inform the Commission's further work on this issue.

## BusinessEurope recommendations for setting up an EU talent pool

To the European Union

1. **Bring forward a proposal for an EU talent pool** that helps member states and employers to address their skills needs, complementing the need to increase employment participation of member state nationals and make good use of intra-EU labour mobility.
2. **Build on the relevant existing EU bodies and tools, and develop a 'back office' to govern a future talent pool in an effective and demand-driven way**, ensuring the appropriate involvement of member states, economic and social partners, and employers.
3. **Explore a fresh approach to the role of labour market tests.** This includes improving coordination and mutual learning opportunities among member states to ensure a consistent approach to tests across the EU.
4. **Put in place the direct referencing of third country qualifications, to the European Qualifications Framework - EQF** - using a learning outcomes-based approach - and focusing in particular on third countries that are the main countries of origin of third country migrants to the EU.

To Member States

5. **Engage voluntarily in the process of establishing an EU talent pool**, including through participation in pilot actions, taking into account national labour market circumstances.
6. Support the process of establishing a more coordinated approach to the **gathering of statistical information** about third country economic migration to member states, with

a view to **ensuring a good articulation between EU and national migration policies.**

7. **Support the further development of qualifications frameworks**, including at EU level, to get a better understanding of how third country qualifications relate to those that are obtained in member states.

To employers' organisations

8. Contribute to defining the entry criteria to a new EU talent pool and provide input on how best to set up efficient labour market tests, where appropriate, as well as on the skills and profiles companies are looking for, including at the sectoral level.
9. **Support initiatives that aim to foster real-time labour market information on job vacancies** and further explore where there are data gaps, particularly at sectoral and regional levels, on skills needs, to achieve **more demand-led migration policies at EU and national levels focusing on where the labour market shortages are highest.**

To companies

10. **Recruit and welcome economic migrants in accordance with EU and national applicable rules**, making good use of the available supportive tools at EU and national levels.
11. Keep their representative organisations at cross-industry and sectoral level regularly informed about the skills and profiles that companies are looking for, as well as on their experience of various migration schemes with a view to improving them, when needed.

### **General comments**

1. As Europe progressively enters the recovery phase from COVID-19 there is a re-emergence of certain structural issues that were prominent prior to the pandemic. Notably, this includes some member states, and within them specific sectors, such as hotels, restaurant and catering and transport, that are experiencing labour shortages. In others, there are persistent issues around skill mismatches between job seekers' skills and available jobs, which can in turn lead to labour shortages and contribute to unemployment.
2. Eurostat data shows that there has been a trend over recent years for the EU job vacancy rate to increase from 1.5% in 2014 to 2.2% in 2021. As of the middle of 2021, the highest level of unfilled vacancies are in Czech Republic (4.9%), Belgium (4.2%) and Netherlands (3.8%).
3. Roughly 4.2% of the working age population of the EU-28 was mobile in 2019, compared to 4.1% in 2017 and 3.7% in 2016. The figure is lower for the EU-27 and stands at 3.7% of the working age population. While these figures suggest a modest increase in the number of mobile workers the figures remain relatively low<sup>1</sup>.
4. Furthermore, by 2060, the size of the working age population will have significantly reduced as the number of people aged over 65 is expected to increase from 30.5 to 51.6 per 100 people of working age (15-64)<sup>2</sup>. The European Centre for the

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<sup>1</sup> Figures from European Commission annual reports on intra-EU labour mobility

<sup>2</sup> Employment and Social Developments in Europe report, 2019

Development of Vocational Training (CEDEFOP) has also forecast that around 14 out of every 15 job openings between 2016 and 2025 will be to replace workers leaving their jobs, many of whom will retire.

5. Therefore, the EU's economic migration policy has an important role to play in attracting skilled third country nationals to help address existing and future skills needs in the EU. The revised Blue Card Directive should contribute to this, in part, and particularly for highly skilled migrants. In parallel, it is important to further develop the matching process in order to help reduce skills mismatches and to address unfilled vacancies.
6. In parallel, it is important to enhance the EU's capacity to gather and interpret comparable and credible data on the need for third country migration within the EU and member states' existing efforts to improve labour market intelligence in some member states.

### Specific comments

12. Elaborating on BusinessEurope's recommendations, the following is a more detailed assessment and perspective of the Canadian approach to a talent pool and how this could be adapted to the EU context and the role of different actors therein.

#### Residency

13. **Comparative assessment:** The Canadian approach is based on welcoming migrants according to their employability rather than necessarily having an offer of employment before arriving in Canada. This model is also oriented around permanent residency and the attainment of such residency rights upon successfully progressing through the talent pool. This is different to the current EU framework. For example, looking at the EU Blue Card, under the revised directive of 2021, Blue Cards will continue to be issued on the basis of an offer of employment. Long-term residency in a member state is also only attainable after 5 years of uninterrupted residency in a member state. It can be noted that the 2021 revision of the Blue Card directive allows for third country nationals to accumulate qualifying years for permanent residency through stays in different member states.
14. **BusinessEurope's view:** In view of the EU legislative framework and the division of competences between the EU and member states, the starting logic should emphasise the demand-driven nature of a talent pool and the matching process. The goal should be to create a talent pool that member states and employers can use on a voluntary basis to help address employers' skills needs, complementing the role played by member state nationals and intra-EU labour mobility. The issuing of residency and work permits after a successful talent pool admission would remain a member state competence. Within this, the architecture of the talent pool design will need to factor in a process whereby these permits are actually issued to those skilled migrants that successfully progress through the pool and that are matched with a job. As a first step, it would be useful to focus on those groups for whom the EU already has a legal migration scheme in place, such as the EU Blue Card. Nevertheless, the ultimate goal will be to connect a future EU talent pool with EU and national legal migration schemes, keeping in mind that a majority of incoming third country nationals come to Europe through national admission schemes. The provisions of the directives on long-term residency and the single permit will also need to be further assessed in this regard.

### Establish criteria for entry to the pool and the matching process

15. **Comparative assessment:** The criteria that are used for entry to the Canadian pool are well established and defined with the involvement of employers. These are formal education, work experience and language knowledge. Within this, the most points are allocated for high levels of education, notably a university degree. If candidates do not have a degree admission to the pool is also possible on the basis of other factors of employability, namely if the candidate has a job offer or is relatively young. The guiding logic for admission under the Canadian talent pool is the ability to address the demand in occupations that have a need for skilled workers through direct employer involvement.
16. The criteria that are used in the Canadian approach seem equally well suited to a potential EU talent pool. In the EU context, it would seem appropriate to define the criteria for entry to the pool at EU level in order to ensure a common basis across all member states. Employers could give input to this process via the European level cross-industry and/or sectoral organisations via a consultation process organised by the Commission or the structure managing the pool (see below).
17. In the EU context, an approach based on learning outcomes, taking into account the European Qualifications Framework would make sense, with balanced consideration of skills needs in terms of higher education graduates and people trained through vocational education and training programmes. Consideration should also be given to a length of time that candidates are in the pool and also to whether they have the possibility to have further training and work experience taken into account during this period. In this latter respect, an EU initiative with similar goals as the Northern American World Education Services<sup>3</sup> would make sense to offer further training options to incoming migrants and ensure good use of their skills.
18. The matching elements of the pool are not necessarily the key component in Canada as much as is having a managed approach to the migration process. The matching aspect and the role of employers in identifying candidates relative to their needs is most prominent at the regional level through the Provincial Nominee Programme.
19. **BusinessEurope's view:** The matching potential is one of the key advantages that BusinessEurope sees in establishing an EU talent pool and should be at the centre of the initiative, for example through a dedicated matching tool within the pool. Canada's provincial programme could offer some steering to an EU approach in which actors within the member states would be best placed to determine which candidates that are in the EU pool are considered for employment
20. Whereas the Canadian system operates on the allocation of points that are used to rank candidates and whereby top-ranking candidates are invited to apply for residency, a different approach would be needed in the EU talent pool. Points could still be allocated to candidates in the pool, based on the above entry criteria, . Working on this basis, there would need to be a role for employer organisations as part of an EU talent pool governance to provide input on the skills and profiles that they are looking for in potential candidates in the pool.

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<sup>3</sup> This was initially established in Ontario with a government start-up subsidy and now operates as an independent business across Canada and the US. Its role is to evaluate international qualifications with a view to establishing equivalence with Canadian/US education programmes. Based on this, further training needs can be identified in order to top up a migrant's skills/education level to that of a Canadian, thereby facilitating their employability and labour market integration. <https://www.wes.org/>

21. In order not to be too burdensome, this would need to be done in a coordinated way. BusinessEurope should be part of the governance as the main EU level cross-industry organisation for private sector employers. This could also lead into designing a sectoral level approach with the representative organisations at EU level providing input on the skills needed by employers in the various sectors. This would enable sectors that have particular and structural shortages of skilled workers, such as the transport and hotels, restaurant and catering sectors, to name just two examples, to become involved in the talent pool in order to help address their needs. A sectoral level approach could also be relevant in terms of a credible assessment of the existing skills and work experience of applicants to the talent pool and in identifying any further training that may be needed to enable migrants to achieve a sufficient skill level that is on a par with member state nationals. Synergies could be made with the Sector Skills Blueprints and Pact for Skills initiatives in this regard.
22. Another option, or one that could be used in conjunction to the sectoral approach, is to use the ESCO tool to help identify the skills needed in different occupations across the member states and through which analysis could determine the core skills needed in different sectors and potentially those skills that are in short supply. This could also be organised in conjunction with CEDEFOP's Skills OVATE tool for identifying real-time labour market needs. Further reflection would be needed on a coordinated approach involving cross-industry and sectoral employers' organisations and the relevant EU level tools (Skills OVATE and ESCO).

#### Labour market tests

23. **Comparative assessment:** Labour market tests are seemingly not a prominent feature of the Canadian approach, although the Express Entry scheme enables employers to use this approach to fill positions that are not occupied by Canadians or permanent residents, which implies that this is a conditionality and form of test. Labour market tests are explicitly used as part of the Temporary Foreign Worker Programme (see below). Labour market tests remain part of the revised Blue Card Directive even though the Commission had sought to limit their use in its original proposal to situations of serious labour market disturbance, such as high levels of unemployment in a particular sector or occupation. This approach was rejected as part of the trilogue discussions.
24. **BusinessEurope's view:** While labour market tests may have a (political) role to play, BusinessEurope considers that the Commission should revisit the 1994 Council Resolution that is the basis for labour market tests. This should include a reflection on whether these tests continue to be needed and, if so, to organise them in a way that does not excessively hinder employers from recruiting the skilled workers that they need.
25. To ensure a consistent approach to labour market tests across Europe, improved Member States coordination and mutual learning would be desirable as part of a talent pool initiative, with the close involvement of economic and social partners. It would also be important to clarify which EU and national migration schemes qualify for a labour market test, and which of them would not need to go through a labour market test, for example in Member States, sectors and/or occupations where important skills shortages exist, also taking into account the existence of a job offer.

## EU-level infrastructure

26. **Comparative assessment:** In Canada decisions on the granting of permanent residency are taken at the federal level, based on the points allocated to applicants. By contrast, in the EU context it is the prerogative of individual member states to determine the volume of admissions, which must continue to be the case under a potential EU talent pool approach. However, there is likely to be the need for some sort of EU level structure to manage the operational aspects of the talent pool.
27. **BusinessEurope's view:** An EU level structure would be needed to coordinate the process of defining the entry criteria to the pool; to screen the suitability of applicants wanting to join the pool; to coordinate member states' approaches to labour market tests; to maintain up to date information on employers' skills needs, potentially coordinating input from existing EU tools, such as Skills OVATE and ESCO; to encourage the development of solutions adapted to the EU context for further training of migrants; and managing the matching tool that could be housed within the talent pool architecture.
28. To further inform the debate on what sort of coordinating structure is necessary it would be relevant to evaluate the extent to which existing tools and structures, such as the EURES portal and CEDEFOP's Skills OVATE initiative could support the matching process, as well as the possible role of the ELA in providing information. This could include an assessment of the extent to which a dual structure of European and national coordination offices could be utilised in a similar way to that which is in place for EURES. In the EURES context there is a European coordination office composed of representatives from the countries taking part in EURES, i.e. the EU-27 plus Iceland, Liechtenstein, Norway and Switzerland as well as the European social partners. The role of the national coordination offices is then typically played by the public employment services (PES) who coordinate with relevant stakeholders at the national and regional level.
29. This is not to say that the talent pool should necessarily be integrated into the existing EURES structure, but there appears to be merit in considering if and how the EURES governance structure could provide inspiration for the operational aspects of the talent pool. In particular, there might be other relevant bodies or agencies to the PES that could fulfil this role in view of the matching of skilled third country migrants with job vacancies.
30. The coordination and governance structure behind the talent pool should also seek to fulfil the aim of addressing existing data gaps in the area of economic migration, such as a lack of up-to-date information on the number and variety of different categories of migrants coming to Europe under various EU and national schemes.

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