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TOWARDS AN EU ACTION PLAN TO ADDRESS LABOUR AND SKILLS SHORTAGES

Over the last decade, the EU's working-age population dropped from 269 million in 2012 to 264 million in 2021. In 2022, the number of employed people aged 20-64 years in the EU totalled 193,5 million.

The EU working age population is expected to shrink over the next years and decades, with the loss of an additional 35 million persons by 2050.

Demographic ageing labour market effects, i.e. the combination of growing cohorts of older workers exiting the labour markets with far less young people entering the labour markets is the very challenging overall population equation that the EU is confronted with.

Migration plays a positive role to limit the gap, but it is important to increase the employment participation of migrants. In 2021, the employment rate in the EU among the working-age population was significantly higher for EU citizens (74%), than for non-EU citizens (59.1%).

This structural shift in EU population dynamics is something that needs to be addressed forcefully and responsibly by the European Commission, national governments and social partners to find together the best ways to alleviate its impact on the labour markets today and in the coming decades.

As part of the European year of skills, BusinessEurope calls for an EU action plan to address labour and skills shortages. Such an action plan should include the following key actions:

1. **Reducing inactivity rates in Europe¹:** An important priority for the EU and the Member States is to progress towards the EU and national employment rate targets set as part of the European Pillar of Social Rights Action Plan. BusinessEurope would welcome if the European Commission supported the EU Public Employment Services Network in improving its cooperation with private employment services across Europe, as well as between employment services and social services. National specificities and practices should be always taken into account while proposing potential actions.

¹ BusinessEurope policy orientation note on “reducing inactivity rates in Europe” of 8 May 2023: <https://www.businesseurope.eu/publications/reducing-inactivity-rates-europe-businesseurope-policy-orientation-note>

2. **Education and training reforms for a timely and effective updating of training curricula:** We call for an EU initiative to support Member States in their reforms aiming to speed up the process of updating curricula and qualifications in light of the new and changing jobs, notably in the context of the twin digital and green transitions. The Commission has announced the development of skills academies for clean tech sectors as part of its net zero industry act. Without coordination, this creates a risk of interfering with diverse national approaches of governments and/or social partners. It is therefore essential that EU and national actions to update training curricula are well coordinated across sectors to make sure that they are complementing each other and do not create duplication.
3. **Improving recognition of skills and qualifications for non-regulated professions in a way that respects national competences:** The Commission is currently working on improving the recognition of third country nationals' qualifications in the EU, which is a positive objective. However, to be able to make progress for third country nationals, what is first and foremost needed is an EU initiative improving the recognition of skills and qualifications within Europe. The Member States should play the key role in this, as recognition of qualifications is their main competence. However, achieving cross-border inter-operability of national recognition approaches and tools will be crucial to improve the role which labour mobility can play to alleviate labour and skills shortages.
4. **Improving recognition of skills and qualifications for regulated professions: The single market approach:** The Commission has the possibility to introduce common training frameworks for regulated professions under the directive on the recognition of professional qualifications directive 2005/36/EC². It is important make better use of this possibility in future. The Commission, together with Member States and social partners should identify a number of priority regulated professions where shortages are strongest to mobilise the single market to support the mobility of workers in most demanded regulated professions.
5. **Entrepreneurship education:** The European year of skills is the perfect opportunity to take stock of the actions taken over the last years at EU and national level to promote entrepreneurship education. A European educational strategy for entrepreneurship is needed, covering all levels of the education system. This is about connecting at EU level existing national, regional and local entrepreneurial skills hubs and networks to support aspiring entrepreneurs.

² The 2013 revision of this directive introduced the idea of common training principles. The Commission may introduce such frameworks, in the form of a common test, through a delegated act. To date, a common test has only been introduced in the case of ski instructors. This initiative was started by 11 Member States (Austria, Belgium, Czech Republic, Denmark, France, Germany, Italy, Romania, Slovenia, Spain and United Kingdom). The initiative neither harmonises national training nor imposes additional regulation on Member States. It serves as an additional and voluntary scheme of automatic recognition for ski instructors in the EU. The [common training test for ski instructors can be viewed here](#).

Business innovation centres and start-up ecosystems need to be shaped hand in hand with a focus on economically weaker regions.

6. **Improving the coordination at EU level of shortage occupation lists:** Shortage occupation lists are a key labour market tool to ensure a good match between the targeting of third country migrations and the EU's unmet labour market needs. We call on the EU and the Member States to work together to improve the design and use of shortage occupation lists. Member States need to learn from each other on how to effectively collect data, and regularly update their lists, taking into account information from employers.
7. **Labour market tests:** Labour market tests play an important role to secure the political acceptance of third country migration, notably in view of the need to improve employment participation of the inactive parts of Europe's societies. We call on the Commission and on the Member States to 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 labour market tests across the EU. As employers, we find it essential that these tests are organised in a way that does not excessively hinder employers from recruiting the skilled workers that they need.
