



16 April 2009

COMMISSION COMMUNICATION “New Skills for New Jobs”

Executive Summary

To remain competitive in the global economy, the EU must urgently boost employment and productivity rates, notably in high value-added services, products and industries. Having a highly skilled, competitive and adaptable workforce plays a crucial role in this respect. Existing labour market and education and training systems have no choice but to adapt to this reality.

The Commission’s Communication ‘New Skills for New Jobs’ is therefore a timely initiative, supported by BUSINESSEUROPE. It rightly emphasises the need to upgrade skills and to better match skills and labour market needs. Achieving success will require modern and flexible education and training systems flanked by effective mobility and immigration policies, ensuring an efficient allocation of labour and attracting the best and the brightest.

BUSINESSEUROPE believes that the measures put forward in the Communication form part of the wider flexicurity approach. Policies and practices aimed at facilitating the transition from a ‘job security’ to an ‘employment security’ mindset that centres on enhancing the employability of people are crucial factors for success. Individuals must be equipped to enable them to find and develop within a job, to be more mobile, and to update and refresh their skills and competences continuously.

The Communication proposes to set in motion and develop a series of tools and processes that seek to improve information flows and exchanges, as well as enhanced cooperation platforms between key stakeholders at different levels. Whilst education and training policy is and should remain the competence of Member States, European companies believe that there can be a real added value to these initiatives as long as all the processes are efficient, the relevant actors are mobilised and the right balance is struck between addressing short- and long-term labour market needs.

Education and training investments have always had a long-term perspective, and it is vital that spending is not compromised as a result of tightening public expenditure. Maintaining public and private investment in skills is key for improving productivity, strengthening economic performance, and bolstering Europe’s innovation capacity in the long run.



I. Introduction

1. On 16 December 2008, the European Commission adopted its Communication entitled “New Skills for New Jobs: Anticipating and matching labour market and skills needs”.
2. The aim of the Communication is to propose measures intended to address both the short-term employment impact of the economic crisis and the longer-term prospects of the EU’s workforce. It proposes a series of actions to better match skills with vacancies, to improve information flows on future labour market and skills needs, and to establish frameworks for conducting regular skills assessments and forecasting in Europe.

II. General Comments

3. To compete globally, Europe must consolidate its comparative advantages in high-skilled, high value-added services, products and industries. The accelerating pace of technological change and innovation underlines the ongoing rise in demand for higher skills, and existing systems have no choice but to adapt to this reality.
4. Demographic trends will require that employment rates increase sharply in the next 5 to 10 years beyond the current Lisbon targets as the working age population shrinks. At the same time, productivity rates must increase substantially.
5. In order to meet the twin challenge of boosting employment and productivity growth, Member States must implement the flexicurity approach. Labour market and other social policy measures need to be more flexible for companies to adapt and for people facing transitions and changing jobs. In order to be able to maximise the potential of flexible labour markets, people must be fully equipped to enable them to find and develop within a job, and to be more mobile. Enhancing employability is a crucial determinant for labour markets to shift from a ‘job security’ to an ‘employment security’ mindset.
6. The Communication is therefore a timely initiative. It rightly strengthens the emphasis on the need to improve and modernise education and training with a long-term perspective; it highlights the growing importance of interfaces between education and labour market spheres; and it comes at a time where the prevailing global economic crisis demonstrates the urgent need for systems to be able to react rapidly to change.
7. Skills and competences are crucial for competing in the knowledge economy. Today’s students, trainees and employees will need to extend and refresh their knowledge, skills and competences throughout their working lives. This should become the central objective of lifelong learning strategies in all sectors and cycles



of education and training so that people can adjust their skills constantly to on-going structural labour market change. Persons with inadequate skills who are outside the labour market should be offered a labour-oriented course, which can ensure a rapid transition to the labour market.

8. Evidence shows that there is considerable room for improvement across Europe with regard to skill mismatches: while unemployment has reached 18 million, between 4 to 5 million job vacancies are not filled. One of the key symptoms of the problem is the persistent and disproportionately high youth unemployment rate in most European countries.
9. Companies devote a substantial amount of their resources on recruitment, human resources, training and developing human capital, as they consider their most valuable asset to be their employees. This is why European employers welcome this shift in policy that seeks to further improve the alignment of education and training systems with the evolving needs of labour markets, and to raise the bar in educational attainment. Employers are already experiencing skill shortages in many areas, even in the midst of the current economic crisis.
10. Education and training provision remains the competence of Member States. Differences show that there is considerable scope for improvement as well as the opportunity to reap the potential benefits of sharing best practices and consolidating cooperation where applicable across countries.
11. Education and training investments have always had a long-term perspective, and it is vital that spending is not compromised as a result of tightening public expenditure. Maintaining public and private investment in skills is key for improving productivity and strengthening economic performance in the long run.

III. Specific Comments

New Skills: the key to more and better jobs

12. While BUSINESSEUROPE agrees with the Commission that there will still be a continuing demand for lower skilled labour, it is expected that after 2010 over half of newly created jobs will require highly skilled workers. This proportion is only likely to increase with time. The Communication also anticipates that over 30% of jobs will require tertiary level qualifications by 2020. Europe still displays considerable deficits vis-à-vis global competitors in higher education attainment levels (EU: 25%, US: 38%, Japan: 36%) and in the average number of years spent by adults in tertiary education (two years longer than in the US).



13. To meet the challenge posed by the increasing demand for higher skills, permeability between Vocational Education and Training (VET) and Higher Education needs to be enhanced. On the one hand, higher education institutions have to adapt their offers to different kinds of students: young people, mature students and employees undertaking courses while working, people with vocational qualifications, as well as exploiting e-learning and distance learning possibilities. On the other, the attractiveness and quality of VET needs to be enhanced as VET systems will increasingly play a vital role in meeting labour market skills demand.
14. The Communication also rightly emphasises the growing significance of transversal competences and soft skills, such as teamwork, language and communication skills. Special attention needs to be paid to raising standards and attainment levels in literacy and numeracy from an early age. European employers fully agree with the Communication's assessment of growing demand for problem-solving, analytical, and self-management skills as key integral elements for upgrading competences.
15. The ongoing shift to service-based economies also highlights the growing importance of commercial awareness and direct customer interface in everyday business processes. Education and training systems together with business need to take this into account when updating curricula and devising new courses.

Anticipating and matching: Skills for Jobs

16. BUSINESSEUROPE agrees with the Commission's assessment that better monitoring of labour market and skill requirements can in the long run be a valuable resource for policy-making. Therefore, increasing the degree of comparability in forecasting techniques, tools, and mechanisms between Member States should be pursued but must not be achieved to the detriment of existing national practices.
17. It should be acknowledged that no forecasting model can fully anticipate or predict all economic, social or technological changes. Data on future skills projections should therefore be treated with caution and should not become the sole basis for developing and calibrating skills policies. Greater emphasis should be put on short-term qualitative measures, notably looking at the characteristics of different European systems that allow rapid reactions to change, at national, regional, sectoral, and local levels.
18. However, it is useful and relevant to labour market needs that a European mapping exercise is undertaken and regularly updated to address both short- and long-term occupational and structural changes. The tools proposed by the Commission, namely the "European Labour Market Monitor" and the "Match and Map" web service can be useful if all relevant national actors make full use of them. The



development of a common conceptual understanding of levels of competence must build on the work already underway as part of developing a European Qualifications Frame (EQF).

19. The setting-up of sector councils on employment and skills can also be an effective platform if implemented efficiently and all the relevant stakeholders are on board, notably as it can provide a comparative basis to anticipate the impact on fluctuating occupational demand in different sectors across Member States and can facilitate occupational mobility between sectors.
20. Since the late 1990s, European employers have reported growing shortages of skills availability in the Science, Technology, Engineering, and Maths (STEM) disciplines. Urgent emphasis is therefore needed to boost the attractiveness of specific study and career streams for STEM subjects as a crucial success factor for the supply of scientific and technical talent, especially for women. According to Eurostat, in 2008 the uptake in STEM subjects was less than half for women between 20 and 29 than for men in the same age cohort.
21. Improving guidance across all levels of education and training is a key strategic priority to enable students to make more informed choices and to stimulate uptake in STEM professional profiles. Parents, schools, and employers must cooperate to ensure that male and female pupils grasp a better understanding of further study and work pathways in STEM fields. Employers can notably contribute by providing early contact with industry.
22. As entrepreneurship is essential for creating new jobs, advancing innovation and enhancing productivity, it is just as important that education and training institutions stimulate an entrepreneurial mindset and promote entrepreneurship education.
23. Up-to-date figures show a shortfall of around 50,000 engineers in Germany today. This not only hampers competitiveness but also acts as a serious brake on economic growth. In the period July 2007 – July 2008, the lack of engineers caused an estimated loss of € 28,5 billion euro for the German economy. Recent UK data has also found almost 60% of employers are reporting difficulties in recruiting STEM skilled staff. Such phenomena are common in many Member States, as touched upon in the Communication.
24. Mobility, both cross-border and internal, remains a key element to improve matching. Unjustified obstacles to the free movement of workers must therefore be removed. Facilitating legal migration from outside the EU can also help to fill vacancies, particularly for highly qualified workers.



Strengthening the capacity for anticipation and forecasting through partnerships

25. The Communication rightly draws attention to the importance of developing effective partnerships between public authorities, social partners and educational institutions. The initiatives put forward ('Tuning Educational Structures in Europe', 'Partnership for Skills and Employment') can be effective in further spurring cooperation, as shown by the recently created 'university-business' cooperation forum.
26. In this regard, further development and fine-tuning of 'user-friendly' employer surveys can provide valuable input if they are devised and adapted in such a way as to capture short-term requirements as well as medium- to long-term trends.
27. One of the policy priorities must be to emulate the types of effective frameworks that already exist in several Member States, where responsiveness to change tends to work better. Evidence shows that a balanced approach seeking to bring together joint responsibility, commitment and engagement from all actors is vital for a coordinated and effective response to change. Social dialogue mechanisms at different levels already play an important role in this regard.
28. To illustrate this, at European level, social partners have adopted a 'joint framework of actions on the lifelong development of competencies and qualifications'. They agreed to focus on four priorities for action that remain valid today:
 - Identification and anticipation of competencies and qualifications needs;
 - Recognition and validation of competencies and qualifications;
 - Providing information, support and guidance;
 - Mobilising resources.
29. The need to better address the interface between labour market policies and education and training systems to effectively deal with structural employment problems is also among the key conclusions of the European social partners' joint labour market analysis. This is to be best achieved by enabling systems to react rapidly to change, and in turn enabling individuals to better face transitions through developing their employability. This is precisely what the concept of employment security is about. Putting adaptability and employability at the centre of lifelong learning strategies is therefore necessary.
30. Education and training systems should remain flexible and demand-led. Employers need to provide input on the training that students require, and providers increasing able to meet employers' needs. Public authorities should not independently decide what course and study provisions should be. The gradual shift to a 'Learning Outcomes' understanding of competences rightly underlines the need to ensure greater involvement of employers the process.



Deepening of international cooperation

31. Cooperation with countries outside the EU and international organisations on skills assessments can also contribute to the understanding of global opportunities related to skills and jobs as well as the consequences of globalisation in Member States. BUSINESSEUROPE therefore supports participation in new and ongoing OECD programmes, to cooperate with the ILO to develop a knowledge sharing platform, and to assess the global impact of climate change policies on skills and jobs.

Mobilising Community Instruments

32. One of the key contributions of the Open Method of Coordination in education and training at European level is the European Qualification Framework (EQF). This should contribute to enhanced mobility between Member States as qualifications become more transparent and understandable. This can in the longer term serve to stimulate much needed occupational and geographical mobility across Member States.
33. The European Social Fund (ESF) has proven to be useful instrument for addressing training needs in Europe. In conjunction with other EU structural funds, duplication needs to be avoided, it should not impose overly bureaucratic processes to be deployed efficiently, and social partners need to be involved in conceptual and implementation phases.

IV. Conclusions

34. If Europe is to remain competitive in the global economy, the EU must urgently boost employment and productivity rates, notably in high value-added services, products and industries. Having a highly skilled, competitive and adaptable workforce plays a crucial role in this respect.
35. However, skills shortages are already acting as a brake on economic growth. Faced with a shrinking and ageing workforce, this problem will become even worse. Policy-makers must therefore urgently tackle the high proportion of early school leavers, increase the proportion of highly skilled workers and tackle the structural mismatch on the labour markets manifested in the simultaneous existence of a large number of unfilled vacancies and an even larger number of unemployed.
36. In this respect, the Commission Communication is a timely initiative. It rightly emphasises the need to upgrade skills and to better match skills and labour market needs. Achieving success will require modern and flexible education and training systems flanked by effective mobility and immigration policies, ensuring



an efficient allocation of labour and attracting the best and the brightest. Policy-makers, social partners, companies and workers have a collective responsibility to address these challenges. BUSINESSEUROPE is committed to working with all stakeholders on this essential task.
