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From: Employment Committee
To: Permanent Representatives Committee/Council

Subject: New Skills Agenda for Europe
Opinion of the Employment Committee (EMCO)
- Endorsement

Delegations will find attached the EMCO Opinion on the New Skills Agenda for Europe,
with a view to its endorsement by the Council (EPSCO) on 13 October 2016.

EMCO Opinion on the New Skills Agenda for Europe

On 10 June 2016, the European Commission adopted the New Skills Agenda for Europe, outlining its vision on the strategic importance of skills for sustaining jobs, growth and competitiveness, and inviting stakeholders to join in a shared commitment to improve the level and quality of skills in the EU.

Skills in the context of EMCO's work

Skills have long been at the core of employment policies. Skills, together with education and training, are key to employability. With the right skills, people are equipped for good-quality jobs. Three factors in particular make the discussion on skills particularly timely: the financial and economic crisis, technological change, and demographics.

Skills have a great impact on determining competitiveness and innovation capacity. They have a great role to play in enhancing social cohesion. Studies have demonstrated a robust correlation between education and economic growth.

The labour market is becoming more and more fluid. People need to be versatile and flexible to be able to withstand unexpected changes, and to take advantage of new opportunities by “learning to learn”. Having a satisfying job, either as employee or self-employed, and the confidence and prospect to be able to maintain or improve it, contribute greatly to people's personal fulfilment, their integration into society and their belief in democratic values.

Ongoing processes of globalization and technological change that are changing the world of work are leading to different (and mostly higher) skills requirements. They also require more frequent changes in labour markets, imposing high demands on transferability of workers' skills across firms and sectors, and increasing the need for continued upskilling and reskilling of the labour force, and for effective policies in the field of lifelong learning.

The Employment Guidelines highlight the role of skills in the remit of employment policies. Guideline 6 on "Enhancing labour supply, skills and competences" states that "*Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences.*"

In particular, it points that "*Member States should make the necessary investment in all education and training systems in order to improve their effectiveness and efficiency in raising the skill and competences of the workforce, thereby allowing them to better anticipate and meet the rapidly changing needs of dynamic labour markets in an increasingly digital economy and in the context of technological, environmental and demographic change. Member States should step up efforts to improve access for all to quality lifelong learning and implement active-ageing strategies that enable longer working lives.*

Structural weaknesses in education and training systems should be addressed to ensure quality learning outcomes and to reduce the number of young people leaving school early. Member States should increase educational attainment, encourage work-based learning systems such as dual learning, upgrade professional training and increase opportunities for recognising and validating skills and competences acquired outside formal education."

In addition to that central role of skills in relation to labour supply, Employment Guideline 7 relative to "Enhancing the functioning of labour markets" remarks that "*the mobility of workers should be promoted with the aim of exploiting the full potential of the European labour market. Mobility barriers in occupational pensions and in the recognition of qualifications should be removed. Member States should at the same time prevent abuses of the existing rules and recognise potential 'brain drain' from certain regions.*"

Skills, VET and adult learning alongside education issues have featured in the policy cycle of the European Semester. EMCO, in close collaboration with the Education Committee, has played a key role in monitoring the country-specific recommendations issued to Member States that face key challenges in these fields in the framework of its Multilateral Surveillance.

The New Skills Agenda for Europe

EMCO broadly welcomes and supports the Commission's initiative and the priorities identified in the Agenda. These priorities are in line with the emphasis on skills in the Employment Guidelines, and their importance for well-functioning labour markets. EMCO further notes the potential of certain employment policies – such as active labour market policies – to contribute to the development of the Skills Agenda.

EMCO agrees that the labour market today requires a broad set of skills and that, in addition to occupation-specific skills, employers are increasingly looking for "transversal" or "soft" skills. This is in line with the requirements of modern life and society, making skilled, well-rounded people not only better performers in the labour market, but also better informed individuals, more engaged citizens, and smarter consumers. EMCO therefore welcomes the fact that the Agenda recognises these interactions and proposes integrated actions covering the whole spectrum of skills needs, from basic to complex skills, and from transversal to sector-specific.

EMCO particularly welcomes the emphasis on the low-skilled, since this group faces a particularly difficult situation in the labour market and should be at the centre of policy action. EMCO would also stress the need for a gender perspective in addressing labour market issues.

EMCO notes the prominence given to addressing genuine skills shortages and mismatches, particularly relevant for a well-functioning labour market, promoting business education partnerships and work-based learning, and improving the cross-border portability of qualifications in the Employment Guidelines, and therefore very much welcomes the fact that the Agenda seeks to address these points.

EMCO looks positively on the initiatives of the Agenda which promote transparency and recognition of qualifications. EMCO also believes that the forecasting of future skills demands is as challenging as it is important. The strand of work looking at skills intelligence will prove useful in enabling Member States to better "anticipate... the rapidly changing needs of... labour markets", as referred to in the Guidelines, and is therefore to be supported.

EMCO would stress the importance of improving digital skills, particularly for adult workers. A number of Member States have ongoing initiatives in this important field. The development of entrepreneurial skills also merits attention.

The aspects of the New Skills Agenda for Europe dealing with Vocational Education and Training (VET) are welcome. EMCO's view is that there is a need to implement ambitious policy action to tackle the misperception of VET that exists in a number of Member States.

Although it welcomes the policy objectives contained therein, EMCO urges caution with regard to the notion of the "Skills Guarantee". This title could raise overly high expectations, particularly given the lack of resources currently available to meet these expectations.

EMCO notes that the Agenda should be supported by other measures referred to in the Guidelines but not addressed in the Agenda as such: investment in education and training systems, access to lifelong learning, or learning in the workplace. Specific support and encouragement to employers, particularly to SMEs, to invest in skills, exploit their full potential, and support the professional development of their staff, should also be considered. The idea of the joint responsibility of authorities, employers and workers for lifelong learning, for instance through retraining, should be explored further. The use of skills in the workplace is the "last mile" to ensure that efforts in developing and activating skills finally have a tangible impact on productivity.

EMCO equally reiterates the importance of existing initiatives on skills validation, which can have an important role in helping workers transit to new job opportunities, particularly when affected by sectoral change, and to reintegrate jobseekers into employment.

Going forward, EMCO would stress the need to avoid creating parallel monitoring or governance structures: the existing European Semester instruments - in particular the framework of the Multilateral Surveillance - could be used to regularly report on progress made in the implementation of those points of the Agenda which fall within the Semester. EMCO stresses its willingness to closely cooperate with education stakeholders in the follow-up of this Agenda. In particular, to complement the existing ET2020 strategic framework, EMCO would be willing to participate in the steering, analysis and monitoring envisaged in the Agenda where it could make a useful contribution (such as the validation and assessment of skills, skills profiling for third country nationals, the analysis of brain drain in relation to labour mobility or the tracking of tertiary graduates' progress in the labour market).

EMCO underlines the crucial importance of engaging stakeholders and social partners in taking forward work on the Agenda.

Finally, EMCO notes that many of the initiatives in the New Skills Agenda for Europe will require proper funding in order to succeed.

EMCO stresses its keen interest in this policy initiative, and asks that it be kept updated on developments related to its fields of interest and activity.
