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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Boosting future-proof skills and competitiveness through higher education - <i>Policy debate</i>

Following consultation of the Education Committee, the Presidency has prepared the attached background note, which is submitted as the basis for the policy debate to take place at the Education, Youth, Culture and Sport Council meeting on 25 November 2024.

Boosting future-proof skills and competitiveness through higher education*Presidency background note***Addressing skills mismatches and skills gaps**

The 2024 Draghi report¹ stresses that the EU must urgently address its skills gaps to maintain and enhance its competitiveness on the global stage, as Europe is currently lagging behind, particularly when compared with the United States and China. The report states that underachievement in basic skills is a significant obstacle to building a skilled workforce. It also underlines that shortages of high-skilled workers are likely to become more acute over time. Projections to 2035 indicate that labour shortages will be most pronounced in high-skilled, non-manual occupations – i.e. those requiring a high level of education – driven by replacement needs owing to retirements and the changing demands of the labour market. The report suggests that this skills gap is exacerbated by a lack of alignment between education and training systems and labour demands, hindering Europe's ability to compete effectively in the rapidly evolving global economy. It identifies critical areas where Europe's workforce needs to be strengthened, particularly in digital technologies, green industries and advanced manufacturing. By focusing on upskilling and reskilling initiatives, especially in these strategic sectors, Europe can build a more competitive, innovative and resilient labour force capable of driving sustainable growth.

¹ Report on 'The future of European competitiveness', delivered by Mario Draghi on 9 September 2024.

The Draghi report advocates a European approach to skills development, leveraging collaboration between higher education institutions (HEIs), governments and the private sector. It suggests fostering strong cross-border partnerships that link education and training institutions with industry needs. By incorporating input from different stakeholders, Member States could react to the skills demand across Europe through their education and training systems. This would allow students to acquire the knowledge, skills and competences essential for success in the global economy. New skills not only enhance professional capabilities but also contribute significantly to an individual's personal development and enable them to participate in lifelong learning.

The EU has launched several key initiatives aimed at addressing skills development, including the European Education Area, the European Skills Agenda, the Digital Education Action Plan and the Pact for Skills. The Erasmus+ programme and other national and regional exchange programmes also play a vital role in skills development by funding mobility and cooperation projects that enhance learning opportunities across borders.

The planned European degree

According to the Commission's Communication², the planned European degree would also help to tackle the skills gap by fostering the development of joint degree programmes that align closely with current and future labour market needs across Member States. The European degree would try to enable the pooling of resources and expertise, offering learners access to cutting-edge skills and knowledge that are critical in emerging sectors such as green technologies and digital industries. The precise definition of the criteria for the proposed European degree, for example in terms of labour market relevance, remains to be set by the Council. Discussions that have taken place as part of the co-creation process for a possible European degree have touched upon the relationship with the Bologna Process, internal and external quality assurance aspects, and the development of the proposed initiatives in view of national competences. Further deliberations are needed, especially in the light of, inter alia, the report on the final outcomes of the Erasmus+ policy experimentation projects on a European degree label and a possible European legal status for alliances of higher education institutions. Nevertheless, in order to fully address skills mismatches and skills gaps, Europe needs the diversity of joint, double degree programmes and vital mobility and exchange actions with full credit recognition for all students. The question of financing the possible European degree – both for HEIs and for students – is also crucial from a competitiveness point of view and needs to be thoroughly discussed. Long-term financial viability and the provision of equal opportunities for all HEIs are key to ensuring fair and inclusive socio-economic growth in Europe.

² Commission Communication of 27 March 2024 on a blueprint for a European degree (COM(2024) 144 final).

Supporting European higher education institutions to enhance competitiveness

The Draghi report emphasises that, despite having a solid educational foundation, Europe has struggled to harness this potential for economic growth and competitiveness. Furthermore, the report highlights that while Europe excels in overall educational attainment – with a significant proportion of the population holding higher education degrees – it falls short in terms of producing highly skilled graduates in critical fields such as science, technology, engineering and mathematics (STEM). European HEIs have the potential to equip students with cutting-edge skills and fostering innovation. The Draghi report recommends increasing investment in research and development and creating innovation ecosystems that connect HEIs, startups and industry. These ecosystems would allow HEIs to act as hubs for technological advancement, generating breakthroughs in areas such as AI, green energy and biotechnology. By turning European HEIs into hubs of cutting-edge research and entrepreneurial activity, the EU can foster technological breakthroughs that not only enhance global competitiveness but also create high-value jobs and attract talent.

Additionally, EU initiatives such as the European Universities alliances and the Erasmus+ and Horizon Europe programmes are instrumental to promote transnational cooperation, enabling HEIs to share best practices, resources and innovative teaching methods. Transnational collaboration not only enhances the quality of education and training but also helps cultivate a diverse and adaptable workforce essential for driving innovation and economic growth in the EU. This dynamic interaction between education, research and industry can empower HEIs to play a pivotal role in shaping a competitive and resilient EU economy, capable of meeting the challenges of the future.

In the light of the information presented, the Presidency invites Ministers to consider the questions below for a discussion on the topic.

1. How could we boost future-proof skills and competitiveness through the planned European degree?
2. How can European higher education institutions be supported to become engines driving the competitiveness of the EU at global level?