



EUROPEAN COMMISSION

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A highly qualified and well-trained work force: a key factor for European competitiveness

Joint event of the Representation of the State of Rhineland-Palatinate to the EU and BASF

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Distinguished guests,

Ladies and gentlemen,

It is a great pleasure to be with you today for this event on the workforce and the key role it plays in European competitiveness. I would like to thank the Representation of the State of Rhineland-Palatinate to the EU and BASF for organising this meeting and so kindly inviting me to address you.

Allow me to begin by reflecting with you on the challenges facing Europe in establishing and sustaining a highly-skilled workforce that can ensure a competitive European economy.

Certainly one of the major challenges that we are facing is the skills gap. European policymakers today have to grapple with the paradox that we have high levels of unemployment, and at the same time, the inability of employers to find people with the right skills; close to two million jobs cannot be filled. We have too many people with the same skills, the wrong skills or not even the basic skills. And there are barriers preventing mobility to the places and sectors where we know there are jobs in Europe – for example, by 2020, we anticipate that employers will be looking to fill some 900,000 jobs in the IT field.

This obviously raises the crucial question "are we preparing our workforce for these future trends?" A recent survey carried out jointly by the OECD and the European Commission on adult skills (PIAAC) clearly tells us we are not. It reveals that 1 out of 5 adults in Europe has low literacy and numeracy skills and that 1 out of 4 lacks the digital skills needed to use ICT effectively.

This call to equip people with enough skills and the right skills and to encourage their geographical and professional mobility confirms our argument that education has to be at the centre of any growth and jobs agenda. Our Europe 2020 strategy for growth and jobs gives centre stage to education and this will continue to be the case in our future policy proposals and funding.

Already over the past few years, we have put forward a number of policy initiatives to help Member States to bridge the gap between the skills people have and the skills the labour market needs. My policy papers on "Rethinking Education" to promote educational reform and on "Opening up Education" to embrace the digital revolution are just two examples; we have also mapped out concrete strategies on how European higher education systems can modernise and make the most of the opportunities offered by internationalisation.

In terms of funding, Erasmus+, our programme for education training, youth and sport is helping to address these challenges - with a bigger budget than in the past - by matching spending priorities with core EU policy objectives. Its overarching objective is precisely to improve people's skills, especially those of young people, and to give them a better chance of finding sustainable employment. Erasmus+ supports individuals, organisations and systems and focuses on learning mobility, partnerships, and dialogue and cooperation among policy makers and stakeholders.

Both the policy and the funding elements of our work call for strong cooperation between the world of work and the world of education. This is crucial if we want to truly place education at the core of Europe's policies - a point that I have been making for years. In this respect, I am happy to see a similar approach reflected in today's panel and programme.

Let us now take a closer look at three key areas concerning our growth and jobs strategy: first the skills gap, to which I have just referred; then the need for more bridges between different types of education; and thirdly the need to tackle high levels of youth unemployment.

If we talk about a mismatch of skills, we have to remember that we are confronted with a *job* crisis as much as with a *skills* crisis. The economic crisis did not trigger a skills crisis - it put the spotlight on it and highlighted it as one of the factors of unemployment today - as evidenced by the PIAAC survey on adult skills I mentioned earlier and the PISA 2012 survey on student skills.

Forecasts¹ show that skills will continue to play a determining role in the employment picture in Europe: in 2025, close to half (44%) of those employed in the EU will be in a highly-skilled job, while only one out of ten (11%) jobs are expected to be low-skilled ones. The European Vacancy and Recruitment Report 2014 tells us that the top growth occupations, for which there will be a need to maintain skills supply, are concentrated in high-skilled and professional areas: 18 out of the top 25 growth occupations require high-level skills and 11 of the occupations are in the 'professionals' group.

Furthermore, a recent report by McKinsey, based on a survey of young people, employers and post-secondary education & training providers, reveals that:

1. Despite high unemployment, employers in Europe cannot find the skills they need - a point we made earlier.
2. Young people face obstacles at every stage of the journey from education to employment (enrolment in post-secondary education, building the right skills, finding work).
3. The education to employment system is not working well enough for 80% of young people or for most small businesses.

Not only do higher and more relevant skills increase employability, but they also have an impact on wider life prospects, such as better health, longer life expectancy and more active participation in societal life. A recent OECD report [Education at a glance] confirms that "societies that have large shares of low-skilled people risk a deterioration in social cohesion and well-being"; and the long-term costs to society - in healthcare, unemployment and security, amongst others - increase exponentially.

¹ CEDEFOP, *Roads to recovery: three skill and labour market scenarios for 2025*, Briefing Note, June 2013. The data refer to the baseline scenario.

Clearly, in response to my question earlier "are we preparing our workforce for the future?" we need to do more. To be more in tune with the labour market, this implies reform and innovation of our education and training systems; better links between education/training and employment, including through better anticipation of skills needs and a better integration of skills forecasts in education and training strategies; and greater involvement of employers in education and training.

That is why we have introduced EU initiatives such as the Sector Skills Alliances in VET and Knowledge Alliances in higher education to involve employers in curriculum design. And that is why we launched the European Alliance for Apprenticeships to improve standards of dual and work-based learning, and to raise the attractiveness and recognition of VET and apprenticeships across the EU.

Now, turning to the second point I wanted to raise - the need for more flexible learning pathways between vocational education and training, higher education and non-formal and informal learning (i.e. volunteering, work and life experience, open educational resources), and more learning opportunities abroad.

Let's be clear: Individuals need to be able to acquire, develop and upgrade their skills in line with personal, social or market needs throughout their life; flexible pathways make it easier for them to do so, enabling them to acquire higher and more relevant skills such as digital, entrepreneurial and language skills - 90% of jobs will require at least a basic level of digital skills by 2015; and skills related to science, technology, engineering and mathematics (STEM); skills linked to sectors with growth potential such as ICT, the green economy, and the health and care sector.

This implies removing barriers between sub-sectors of education and training, and between learning and working experiences. It implies recognising all types of learning - formal, non-formal, informal - as being of the same value if the learning results are the same.

This is the rationale behind a broad consultation process that we recently carried out on skills and qualifications in Europe. The consultation has confirmed that we need to promote the development of higher and more relevant skills, as well as greater permeability between the different forms of learning and work experience. In addition, a Eurobarometer survey has revealed that one out of four EU citizens feels that the education or training received has not provided the skills needed to find a job.

This brings me to the last but equally important point that I wanted to cover: youth unemployment. Today, it is at the top of the policy agenda, from national to EU level, and the Commission has been engaged in an unprecedented effort to help Member States to address this situation. Not only do we have our Erasmus+ funding programme, which I mentioned earlier, but we have also proposed the Youth Guarantee scheme to Member States.

The Commission is urging them to give all young people the opportunity to access quality employment, continued education, an apprenticeship or traineeship offer within four months of leaving school or becoming unemployed. For this, the EU is mobilising the European Social Fund and the Youth Employment Initiative to top-up national spending on these schemes.

Ladies and gentlemen,

In conclusion, I would like to stress that ultimately the responsibility for education, skills and employment policies lies at national level. But the EU can – and does - act as an initiator and driver of change through dialogue, evidence-based policy, funding and country specific policy recommendations. To fulfil this role, we need close and fruitful cooperation with national authorities, social partners and civil society organisation. This includes open and thought-provoking dialogue, and I am sure that is what we are going to have today.

Thank you.