

“An Agenda for New Skills and Jobs”

CEEMET position

31 January 2011

On 23 November 2010, the European Commission launched the flagship initiative 'An Agenda for new skills and jobs' setting out 13 key actions aimed at reforming labour markets, upgrading skills and matching them with market demand to boost employability and make it easier to move jobs, to improve working conditions and job quality, and to create jobs. The main goal is to achieve by 2020 an employment rate for women and men of 75 % for the 20-64 years age group. This objective is one of the five headline targets of the Europe 2020 Strategy for smart, sustainable and inclusive growth.

This document includes the evaluation by CEEMET of the approach proposed by the European Commission in the Agenda for New Skills and Jobs. It will be complemented in the future with specific contributions from MET employers on relevant initiatives announced in the Communication.

GENERAL COMMENT

CEEMET is convinced that economic growth remains the main lever to job creation and is very pleased that the European Commission acknowledges this fact. Today, European economic growth is still slow and uneven and uncertainties remain notably regarding the financial market situation. Labour market conditions have only recently started to improve. Nevertheless, CEEMET and its national members are committed to strive for a sustainable, innovative and competitive manufacturing industry and see a wealth of opportunities for manufacturers in the future if the European Commission, Governments and Social Partners can prioritise measures to stimulate economic growth, to ensure that growth translates into job creation, and ensure a better match between demand and supply of labour. We would like to underline that Government revenues are in many European countries strongly dependent on the competitiveness and success of the manufacturing industry.

CEEMET and its members welcome the intention of the Commission to achieve the employment rate target for women and men of 75% for the 20-64 years age group by 2020 agreed by Member States and are also committed to achieving this goal.

Ultimately, securing economic recovery and moving forward the achievement of the Europe 2020 goals in terms of employment require a supportive environment that allows for the necessary renewal and restructuring of industry and promotion of its competitiveness.

CEEMET therefore welcomes the fact that the New Skills and Jobs Agenda reiterates the importance of strengthening flexicurity policies, recognises their positive effects during the crisis and proposes reinforcing its four components.

Further, in the years to come European industry should base its competitiveness on innovative and high quality products and services that are created and produced by a highly skilled workforce. And yet, despite progress in recent years, much of Europe is still not sufficiently skilled and labour market mismatches still exist, creating situations where both skills shortages and skills gaps co-exist. Therefore we are pleased that the skills challenge for Europe is acknowledged by the European Commission and addressed as a priority to secure recovery and strengthen present and future competitiveness.

CEEMET shares the view of the Commission that lessons should be learned from the **crisis** and how its impact on employment has been managed. In parallel, we strongly believe that it is crucial to immediately support recovery and the necessary renewal and restructuring of industry to face new challenges including an ageing and shrinking workforce, new market conditions, new technologies - challenges which require flexible labour markets allowing speedy and efficient deployment of rightly skilled workers.

Indeed, it is important to learn from the past experience but the Agenda for New Skills and Jobs is drawing too much on the crisis instead of **turning towards the future**. The priority should be to put in place the policies that allow companies to create jobs and people to remain in employment for the years to come. In present time **supporting job creation** should be the core and horizontal priority set by the European Commission for European Employment and Social Affairs policy.

SPECIFIC REMARKS

FLEXICURITY

For the success of flexicurity strategies, it is crucial that the concept is understood and accepted by all stakeholders¹. The EC rightly states that flexicurity is about finding a balance between flexibility and security. The point of balance varies depending on socio-economic situations and countries.

During the economic downturn, different measures have been taken to counterbalance the effects of the crisis of the MET sector, including short-time work arrangements. These measures focusing on internal flexibility have helped manage and cushion the negative effects of the crisis but they can only be understood as temporary measures. In times of crisis, efforts seem to focus naturally on security aspects (social security - employability) in order to counterbalance increased flexibility which companies need to survive and recover as well as to ease and shorten transitions for affected workers. In times of recovery, however, efforts should focus on flexibility aspects in all components and support recovery.

In this context, we consider that it is not timely to oppose flexibility and security within contractual arrangements with a proposal for general implementation of open-ended work contracts which would inevitably lead to the reduction in the variety of contracts. It should be obvious that open-ended contractual

¹ CEEMET position June 2007

arrangements do not correspond to employment security. Companies have to adapt to changes in order books, in technology development, in customers requirements, in legislative environment, etc. Consequences on employment simply are sometimes unavoidable.

Further, we believe that reducing the diversity of forms of work contracts will not contribute to create employment. Diversity of contractual arrangements is a pivotal part of flexicurity. It is a pre-condition for companies to adapt and it represents for employees an opportunity to influence the management of their work-life balance. More important is to create conditions and structures in society whereby the diversity of contractual arrangements does not lead to exclusion from work and from society.

In particular, the critical assessment by the Commission of the situation of temporary workers as "victims" of the recession fails to recognize the importance that flexible forms of employment have for companies, especially in times of crisis. For companies it is a necessary flexibility margin in managing the labour force. Further, if temporary agency work declined strongly during the crisis, the demand for temporary agency work has strongly increased in the first half 2010 already. Whether transitioning from education to work, from a temporary contract to a permanent one, or from one sector to another, agency work often acts as a stepping stone.

Essentially, there is evidence that the increased use by companies of "non open-ended contract" forms is related to the rigidity of open ended contracts. An option could also be to look at how less rigidity in the latter impacts employment as proposed by the European Commission when looking at promoting job creation.

Finally we fully share the Commission's view that, notwithstanding the importance of internal flexibility, external flexibility remains essential for necessary structural adjustment in order to allow an efficient reallocation of resources.

Regarding the last two components of flexicurity (active labour market policies and modern social security systems) we believe that improving their efficiency in view of easing and shortening transitions for workers is crucial, especially in times of budgetary constraints when Member States are looking for sustainability in public finances.

OVERALL WE ARE CONVINCED THAT THE PROPOSED DEBATE ON FLEXICURITY SHOULD FOCUS ON HOW TO BEST SUPPORT COMPANIES AND WORKERS IN ADAPTING TO CHANGES.

RESTRUCTURING

A number of European Directives and informal tools address the preparation and management of renewal and restructuring processes. Joint orientations for reference in managing change and its social consequences have also been agreed by the European social partners in 2003 and followed up by recent joint activities. Against this background, CEEMET questions the added value of another consultation of the European Social Partners to develop an additional layer in the EU framework for restructuring.

Nevertheless, CEEMET is pleased that the need for companies to invest in continuous renewal and restructure is not put into question and that the European Commission acknowledges that "competitive-driven structural adaptation is quickest and most efficient"².

² Communication "Industrial policy for a globalised era"

Further CEEMET agrees that social dialogue can be a factor in the successful management of renewal and restructuring, facilitating its preparation and implementation. However, we strongly insist that the decision of a company to undertake a renewal and restructuring process must not be restricted. Above all, it is crucial not to unduly slow down this process.

SKILLS FOR EMPLOYMENT

The European Commission rightly underlines that too many workers lack the right skills needed to succeed in the labour market. The lack of qualified professionals and skills in science, technology, computer science and mathematics is a major barrier to innovation and sustainable growth in the EU and a major issue of concern for CEEMET member companies. Further, for flexicurity policies to be successful, it is crucial that people are equipped with the right skills for employment. Consequently, the tuning of existing competences to the needs of the labour market is a key challenge.

In general we consider that many of the measures proposed by the European Commission go in the right direction and we welcome European actions respecting the principle of subsidiarity and support strong commitment from Member States.

A better match between skills and labour market needs is essential for European industrial competitiveness in order to provide companies with the skills they need. It also contributes to securing the employability of workers. This requires a strengthened relationship between schools, universities, training centres and companies to bring the demands and realities of the labour market closer to education and training. Therefore we specifically welcome initiatives that support this development (benchmark on education for employability). CEEMET and its members have actively addressed this issue in a European scale project looking at improved cooperation between education and business.

The shift towards competence-based approaches (learning outcomes) needs to be further supported as it ultimately will provide a common language between education and the world of work as well as support transparency between qualifications of different EU countries, thus promoting the mobility of workers. Mobility of workers should be supported and facilitated as one of the ways to address mismatches between skills supply and skills demand (in terms of qualifications and as regards the geographical component).

Further anticipation of skills can be a useful tool to address skills mismatches but more important is the ability of education systems to adapt to changes in labour market needs. Planning tools can at best provide indications on future developments. At European level, it will be necessary to evaluate whether the development of a common system of classification of skills, competences and occupations and related tools really can bring the added value needed to boost European competitiveness.

The idea behind the European Skills, Competences and Occupations classification (ESCO), as a shared interface between the worlds of employment, education and training is good, but on a European scale we believe that the European Commission is prematurely committing to a titanic and costly task, especially when all elements for making it feasible are not yet in place (including the general use of learning outcomes). Therefore we would recommend as a first step to look at a better coordination between modernised public employment services at

European level and at encouraging Member States and all relevant stakeholders in education systems to adopt a learning outcome approach.

While changing education and training systems is a long-term process, we nevertheless cannot neglect the work and investment required in the short-term to nurture a highly skilled European workforce and a competitive manufacturing industry. Investing time and effort into **changing mindsets** and improving education is no longer an option – it is a necessity. We regret that this issue is still not addressed at all in European policies concerning skills, where it really could make a difference.

QUALITY OF WORK

CEEMET is pleased that the European Commission confirms that the “smart regulation” policy will also apply to employment and health and safety legislation, and is ready to fully support a strategic approach based on soft instruments.

In the context of a European smart regulation policy, it is crucial in our opinion to make the impact assessment process fully independent from the European Commission. Unless technical specifications, monitoring and the complete process organising impact assessment, including studies and expertise are fully independent from the European Commission services, we would question any conclusion regarding “a clear need ... for immediate action, and if new provisions are justified by a full-fledged assessment of their economic and social impact”.

For many Directives (including notably the Posting of Workers Directive), the main challenge is to ensure appropriate implementation. Attention should therefore be focused on ensuring that the original legislation is fully effective – CEEMET members are ready to lend their active support to this end.

Further, we question the opportunity to focus on quality of work as proposed by the European Commission - not least as many Directives are not yet properly implemented - as this is likely to lead to additional unduly restrictive European rules that risk undermining companies’ abilities to adapt to change without necessarily having concrete effects at company level.

In the field of health and safety at work³, we are concerned that the European Commission envisages extending the European legal framework to a series of specific risks that in our view are best addressed through soft instruments (musculoskeletal disorders, growing incidence of mental illnesses in the workplace).

CEEMET and its members strongly support the need for effective management of health and safety risks to ensure the protection of workers. However, the general statement that increasing psychological stress and psychosocial disorders are caused by new forms of jobs and a higher number of job transitions is misleading as it fully ignores the relative influence of other factors, including notably private life.

JOB CREATION

We fully agree that economic growth is and will continue to be the main lever to job creation and that the business environment needs to be job-friendly. Therefore we welcome initiatives looking at "supporting job

³ CEEMET position paper – A holistic approach for EU Health and Safety legislation.

creation". In particular CEEMET is very pleased that the European Commission has decided to explore and promote "enabling conditions for job creation" and will also look at the regulatory environment.

The European Commission rightly underlines the necessity to address administrative and legal obstacles to hiring and firing and to creating new businesses, as well as to look at ways to reduce non-wage labour costs and to move from undeclared work to regular employment. We would recommend that when looking at enabling conditions for job creation, the impact of labour law and components of labour-cost are included and carefully analysed in view of identifying positive and negative combinations.

Furthermore, CEEMET fully supports initiatives aimed at fostering entrepreneurship in society and in particular in education.

Finally, it is essential that employers are involved in developing these guiding principles. We would very much welcome the opportunity to partake in this work as well as in the Tripartite Social Forum to clarify how the European Social Partners can contribute to the growth, employment and competitiveness of Europe in the long run.