

Ceemet position paper on the Commission Action Plan to address Labour and Skills Shortages

PRELIMINARY REMARKS

On 20th March 2024, the European Commission released a Communication proposing an Action plan to address labour and skills shortages.¹

Ceemet broadly welcomes this initiative and, in its twofold capacity of employer organisation and sectoral social partner, is **ready to play its part in its implementation**. For the Tech and Industry Employers, the issues linked to the labour market situation, and in particular to the current shortage of labour and skills, are so pressing and challenging that they should be looked at as a priority for all: EU and national policy makers, as well as companies, trade unions, industry associations etc. Hence, we are pleased that the Commission has come up with a coordinated plan, that involves the Commission, the Member States and the social partners to tackle the issues linked to a rapidly tightening labour market.

As a matter of fact, many of the measures proposed by the Commission, coincide with the MET industries' recommendations that are reflected both in our position paper on tackling labour and skills shortages of November 2022 and in our written contributions to the Commission consultation of February 2024 on this same matter.

We consider that, to effectively address this unprecedented situation, a combination of different measures targeting migration, skills, employment and labour market issues should be deployed. These measures range from putting in place well-designed legal migration policies in order to attract third country nationals (TCNs) to the European Union to investing in active labour market policies and in up-and-reskilling policies of the workforce. Additionally, boosting mobility within the EU, rethinking retirement policies, investing and ensuring the adequate working conditions in the workplace or continue working on the anticipation of skills' needs are also relevant actions to overcome this situation.

Having said that, we would also like to highlight that we consider that the **Commission has taken the opportunity of this action plan to come forward with other proposals that are not strictly connected to tackling labour and skills shortages and on which we have a more critical opinion.**

CEEMET COMMENTS ON THE ACTION PLAN

For the Tech and Industry Employers, labour shortages and skills shortages are two different phenomena as they occur due to the combination of different factors. However, both challenges are intrinsically interlinked, and they are both the causes of a tightening labour market. In this respect, we generally agree with the Commission's analyses on the key drivers for labour shortages, including demographic change which reduces

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1507

the available pool of workers, and the increased need for a skillset linked to the twin transition that amplifies the skills shortages.

As regards working conditions in certain occupations and sectors, which make it difficult to fill vacancies and/or retain workers, we would like to emphasize that the MET industries provide indirect employment to up to 35 million people across Europe. Our industries provide for good wages and working conditions, and therefore **labour shortages in our sector cannot be explained by “inadequate” working conditions.**

We also consider that the Commission key policy areas for action are in general on target and in line with the MET industries’ recommendations to tackle this problematic issue. However, as already mentioned, we do not favour all the initiatives that the Commission seeks to undertake within each policy area.

In this respect, and with this paper, Ceemet puts forward its views regarding the different policy areas and proposed actions:

1) Increasing labour market participation is crucial to address labour shortages.

As already expressed, for the Tech and Industry Employers, it is crucial that Member States invest in active labour policies in order to bring those people that are not in employment, nor in training, back into the labour market. In this regard, we concur with the Commission that the main barriers to access the labour market vary for each underrepresented group in the labour market and that, for that reason, improving activity rates requires a range of tailored policies targeting each underrepresented group.

- ***Bringing women back into the labour market***

Women, for example, often experience lower employment rates and a significantly higher proportion of part-time work compared to men due to the unequal sharing of unpaid domestic work and caring responsibilities. Furthermore, as rightly pointed out in the action plan, women face other structural factors such as the lack of affordable and quality early childhood education and care that constitute an obstacle to accessing a job. It is for this reason that we continue to insist on national policymakers to urgently invest in high-quality, affordable, and accessible childcare facilities that will certainly raise women’s incentives to work and can help address labour shortages. **Thus, we urge Member States to follow the [Council Recommendation](#) on early childhood education and care: the Barcelona targets for 2030 of 8 December 2022 as well as the [Council Recommendation](#) on access to affordable high-quality long-term care of 8 December 2022.**

To incentivise labour market participation of women and other involuntary part-time workers across Europe, the Commission will also “*study the causes of involuntary part-time employment to better understand the obstacles that prevent involuntary part-time workers, especially women, from working full-time, and explore the possibility for EU action*”. **We welcome any initiative intended to analyze, compare and better understand the reasons for involuntary part-time work for example**, since the results of the studies can encourage the Member States to introduce relevant measures to address the issue. However, we think that there is **no need for the Commission to come up with EU action in this field**. It is up to the national policymakers to analyse the reasons for involuntary part-time work and propose the necessary measures to address the issue in line with national regulations.

Likewise, the Commission seeks to *analyse national sick leave policies, and study their impacts on workers’ health and productivity, to identify best practices for workers and businesses, including for promoting a gradual return to activity after longer sick leaves*. **Ceemet welcomes these type of studies as they can support national decision-makers to take the appropriate measures to better address sick leave policies.** Ceemet would also favour a structured exchange of best practices in this field.

- ***Keeping older workers in the labour market***

As regards employment of older workers, we concur with the Commission that it can be affected by the rigidities of the retirement rules and by rapidly changing skills' needs combined with a lower participation in training. **We consider that introducing opportunities for flexible retirement and for combining flexible income with a salary as expressed in the Commission paper could certainly encourage older workers to stay longer in the labour market.** We also agree that **collective bargaining is an appropriate tool to find adapted solutions to promoting the employment of older workers.**

On this same topic, the Tech and Industry Employers **welcome the ongoing discussions and in-depth debates that are taking place in the majority of Member States on retirement policies**, in order to adapt them accordingly to the evolving situation of the labour market, and the financial situation of the retirement systems. Along the same lines, Ceemet believes that those workers who stay longer at work, either because they retire after the official retirement age or after they reached the average retirement age in the sector should be entitled to a support in the form of an increased pension. These types of incentives have proven successful in order to encourage workers to stay longer in employment and reduce their willingness to retire earlier.

- ***Supporting the integration of migrants and people with disabilities in the labour market***

Last but not least, Ceemet also calls on Member States to put in place the adequate and **effective tools in order to encourage the integration of persons with disabilities into the labour market** as a way to fight labour shortages. Besides, labour market opportunities are the best way to ensure a person's economic independence, personal and carer development as well as the access to social protection and others.

Likewise, **Member States should work on addressing the lower-level participation rates in the labour market of people with a migrant or minority racial or ethnic group.** For years, in the majority of Member States, non-EU citizens have been relegated to the margins of the labour market with an overrepresentation in basic skill occupations, while on many occasions being overqualified for those jobs. Furthermore, the unemployment rates tend to be in general much higher than those of the EU nationals.

- ***Shifting the tax burden away from labour***

In its paper, the Commission also calls on Member States to reduce the tax wedge for second wage earners and low-income earners and, more broadly, shift taxes away from labour and towards other revenue sources. The Tech and Industry employers can only agree with this call as currently, in several Member States, the labour cost is very high. This has a strong impact on the competitiveness of the EU-based companies when compared to companies based in third countries. It needs to remain interesting for companies to employ people in the European Union. Therefore, **Ceemet strongly supports the recommendation from the Commission to shift the tax burden away from labour** as a way also to support companies and, in the end, to incentivise labour market integration. This practice will boost job creation and help address labour shortages.

2) Providing support for skills, training and education

As regards this policy action, we generally agree with the Commission analysis and the proposed actions that Member States, the Commission and the social partners should put in place.

- ***Investing in upskilling and reskilling of the industrial workforce***

In fact, skills shortages, have existed for many years, and continue to be a persistent and unsolved issue for our companies. Against this background, MET companies have for many years, been doing and continue to do their best to close the skills gap and tackle the growing skills shortages that are hindering their competitiveness and their ability to innovate and continue providing quality jobs. For us, **tackling skills**

shortages undoubtedly requires investing massively in upskilling and reskilling of the workforce in the MET industries. This training has to be labour market relevant in order to meet the changing skills needs of companies and labor markets.

Upskilling and reskilling policies also require looking into the reasons why workers are not engaging enough in continuous training and understanding the obstacles that companies face in training their workforce.

For example, SMEs, which are the vast majority of MET companies, face specific issues when it comes to putting in place training schemes due to limited financial resources, lack of personnel, lack of training facilities or an inexistent dedicated Human Resources department. **Targeted support, especially financing support (such as European Social Funds), must be deployed in a simple and user- friendly manner for companies, in particular SMEs, to deploy the right skilling schemes adapted to the needs of labour markets.**

Furthermore, we would also like to emphasize that much of the **learning takes place in the workplace in an informal manner and outside formal courses**, in particular in SMEs. For Ceemet it is important that this learning is acknowledged as it can work as an incentive for both companies and workers alike.

As employer organization and social partner, we are aware of many upskilling and reskilling schemes that have proven to be successful at the national and regional level and have effectively boosted training participation in our industries. Against this background, we call on EU policymakers to facilitate a structured exchange of best practices and leverage these successful examples.

- ***Investing in well-functioning, flexible VET systems***

On a different note, we would like to insist once more on the need to **continue investing in well-functioning, flexible VET systems with a strong component of work-based learning**. In our view, excellent VET systems are an essential tool to deliver the right set of skills that MET companies need to cope with the major technological changes as well as to facilitate the transition to the green economy and reinforce Europe industrial basis. Industry should also continue to play its part and must keep on working together with policy makers towards **increasing the visibility and attractiveness of VET as a first-class training choice** that leads to quality employment in the industries.

Against this backdrop, the Commission stipulates, in its action plan, that it will work together with Member States and the social partners to adopt **in 2025 a new declaration on VET in the context of the Copenhagen process**. The objective being to further align policy actions and reforms in VET to new developments in the labour market, including technological transformations such as AI. **Ceemet looks forward to this future declaration and calls on the Commission to actively involve the sectoral social partners in this relevant process linked to VET policies.**

Ceemet will be happy to **continue to work actively towards the update of VET curricula and qualifications in order to align the training provision to the skills' needs of the labour market**. We hold the information regarding the changing skills needs of companies, as well as the list of shortage of occupations in the industries. Our contribution to align VET systems and labour markets is thus crucial.

- ***Investing in STEM related studies and disciplines and ICT professions***

The Commission action plan highlights that already now up to 63% of EU companies trying to recruit information and communication technology (ICT) specialists experience difficulties in filling those vacancies and the demand for them is expected to more than double by 2030. MET industries do not escape this reality and **our companies are in need of highly skilled workers to thrive and remain competitive**, such as data analysts, engineers, cybersecurity and ICT specialists, mechanical and metal designers, software engineers,

and the skilled workforce to advance robotics and automation in manufacturing. Furthermore, workers with adequate analytical and system design skills, as well as **workers with adequate STEM background are crucial for the sustainability of the industries.**

However, despite the overwhelming body of evidence that there is a large labour market demand for these competences, particularly as regards the green and digital transformation of the industry the supply of ICT and STEM graduates from upper-secondary and higher education is insufficient to meet the demand. The number of ICT specialists is also very insufficient. Too few people are studying STEM related subjects, and the participation of women in STEM continues to remain low.

For these reasons, **we continue to urge national policymakers to boost the investment in STEM related studies and disciplines.** We consider that STEM education should be encouraged from an early age to ensure its uptake at a later stage. Further, awareness and promotion of STEM career and disciplines should also be targeted, for example, amongst young women and young people in general. In our opinion, Member States should **also invest in effective, practical, and flexible career guidance systems** that can inform and guide young people to opt for a STEM-related academic path, vocational education and training, and as a result, to work for the industries.

- ***Investing in the anticipation of skills needs***

Last but not least, we underscore the need to continue investing in the development of **strategies on the anticipation of skills needs in order to design education and training programs that are labour market driven**, but flexible and broad enough to provide a basis for further changes when needed. Effective guidance to training bodies, VET providers, schools etc, leading to continuous skills needs updates, information on new profiles and jobs in the MET industries, is the follow-up step to the phase on skills intelligence gathering. Only in this way we will ensure the continuous update of education and training programmes offered across Europe on the skills needs of the MET industries.

In this context, **we welcome the Commission call on the Member States so that they work towards the development of labour market analysis, skills intelligence strategies** etc. Likewise, we also welcome the Commission **intention to improve skills intelligence and data gathering in close cooperation with EU agencies in order to broaden the scope of harmonised and comparable information available on labour and skills shortages at EU level.** Intelligence gathering both at national and EU level is relevant to support policymakers and social partners in the deployment of the necessary policies to address skills shortages.

- ***Equipping teachers with the necessary skills***

We cannot close the skills gap without **equipping the teachers, educators and trainers with the necessary**

FME is advocating for more hybrid teachers, especially in VET and Higher education (HE) for applied sciences. Hybrid teachers are teachers working in the industry who teach for (e.g.) one day a week. They are instrumental in bridging the worlds of work and of education. Currently, FME is pushing for lowering the threshold to get the permission to teach, as the current requirements are very strict, costing a lot of time, effort and money.

skills to train the workers of today and of the future in the changing needs of the world of work. For the Tech and Industry employers it is key to work on the issue that regards the qualification of teachers. Teachers, educators and trainers need to have a

combination of both academic qualifications but also company field experience and skills. It is thus indispensable to **invest in continuous training of teachers** so that they can provide the best learning experiences for their students and enable them to navigate through different career choices. Where possible,

teachers should spend time in industry through work placements in order to acquire labour market experience.

3) Improving working conditions

Ceemet concurs with the Commission that health and safety at work, the provision of training and career development opportunities, access to adequate social protection, an adequate work-life balance, the adoption of flexible working arrangements, all play a role in improving job quality, and, thus, can help to reduce labour shortages.

For example, our Dutch association FME, is striving for more professional autonomy as studies show that it also plays a key role in employee satisfaction and effectiveness.

The MET industries provide up to 35 million indirect employment. Furthermore, the industries provide for good wages and working conditions. Job strain is thus not a reason for labour shortages in the industries. However, some of the actions that the Commission will put forward to promote fair working conditions and reduce job strain in certain sectors will also impact on our companies.

- **Implementing health and safety provisions in the workplace**

As regards health and safety provisions, MET companies have been investing for many years in ensuring safe working conditions and protecting their employees from harm. In an ageing society, it is imperative for companies, particularly SMEs, to keep their skilled workers at the workplace for as long as possible.

In this field the Commission will *adopt a proposal, in the third quarter of 2024, for the sixth amendment of the Carcinogens, Mutagens and Reprotoxic Substances Directive to improve health and safety of workers by addressing five relevant substances or groups of substances.*

Ceemet has been involved in this process since its outset, attending both the first and second phase consultation of social partners on the sixth revision of the Carcinogens, Mutagens or Reprotoxic substances at work Directive (CMRD 6).

MET Employers are committed to ensuring that worker health and safety is not harmed by exposure to hazardous chemical substances present at the workplace. However, Occupational Exposure Limit Values (OELs) must be feasible for industry to implement, based on scientific evidence, bound by economic feasibility tests and based on an agreement in the Advisory Committee on Safety and Health. Furthermore, OELs must be proportionate and measurable.

The Commission will also *“conduct a peer review with Member States on their legislative and enforcement approaches to address psychosocial risks at work in the Member States with a view to considering a possible EU-level initiative in the medium term, subject to its findings and the input of social partners”*. Ceemet has a separate [position paper](#) on this topic where we go into detail about some of the key challenges for MET employers in this context. However, broadly speaking, MET employers acknowledge that mental health is a multifaceted issue, impacted by both work and non-work contributory factors. We must be conscious of the fact that going to work is generally positive for people’s mental health. It provides stability, purpose, and a support network. We must also be aware that there are limitations to what employers can reasonably be expected to achieve and what they can be responsible for in this context.

- **Agreeing on flexible working conditions**

The move towards more remote work and flexible working conditions is unstoppable. Thus, in this context of a tightening labour market, companies that offer more flexibility and agree on employee’s requests on flexible working arrangements, will have a competitive advantage and will be able to recruit and retain the

talent that they need. Agreeing on flexible working conditions and the possibility of remote work, where possible, will thus also motivate workers to stay in the company. However, **a balance must be created between flexibility and operational needs**. This can best be achieved jointly between employer and employee representatives in order to take account of the employee's requests, as far as possible, while always respecting the operational concerns and needs of the company. In this respect, we continue to be of the firm opinion that **sectoral social partners play a critical role in shaping the world of work in the framework of collective bargaining**. Indeed, collective agreements continue to be an important tool to deal with the rapid transformation that the world of work and in particular work organisation is undergoing due to multiple structural factors.

However, the Commission seems to think otherwise, and to this end has launched the **two-stage social partners' consultation in view of proposing an initiative on telework and the right to disconnect** to ensure workers' work-life balance in the context of increased digitalisation of the world of work, as well as their physical and mental health, and, in turn, their overall job quality. **In our view, this issue should be dealt with at the national level**. Moreover, as already mentioned, we consider that sectoral social partners are closer to the needs of workers and employers and are thus best placed to deal with emerging challenges, such as the ongoing digitalisation of the world of work. They have the possibility to offer innovative tailor-made solutions that fit the rapidly changing world of work, and bargain around new challenges such as increased automation, remote work, etc. in line with the national practices. **This being said, Ceemet will actively contribute to the consultation process**.

Likewise, we will also follow very closely the Commission work towards analyzing the **impact of digitalisation and automation technologies, including Artificial Intelligence, on labour markets** as well as the potential future EU legislation regarding the usage of algorithms in the world of work.

- ***Proposed legislation on quality traineeships***

With regard **to the package on quality traineeships** released by the Commission on 20 March 2024, we consider that this **proposed legislation will not help addressing labour shortages**. Indeed, for the Tech and Industry Employers, this is yet an additional layer of legislation which can result in a disincentive for companies, in particular for SMEs to provide quality traineeships schemes. This situation will also be to the detriment of the young and unemployed population and thus to the (NEET²) population.

It is essential that the scope of this proposed legislation be clarified in order to avoid any damaging side effects such as on apprenticeships schemes.

Ceemet has developed a separate position on this matter.

- ***Ensuring the correct and timely transposition of EU legislation and effective enforcement of labour law***

We believe that it is important for the Member States to fully and timely transpose EU laws. However, we do not think that the transposition of the adopted Directives which relate to the improvement of the working conditions and new layers of legislation can solve the issue of labour or skills shortages. On the contrary, as already mentioned, additional laws and overregulation will create disincentives for the companies to hire new employees. Instead, ensuring effective enforcement of the existing national legislation can be a good way forward. Thus, we support the initiative of the European Commission to encourage the Member States to establish effective enforcement mechanisms of labour law.

² NEET population refers to youth population (aged 15-29) who is neither in employment, education nor training.

4) Improving intra EU mobility of workers and learners

The Tech & Industry Employers also believe that one of the reasons for labour shortages is low mobility within the EU. Therefore, we agree with the Commission on **the need to improve fair intra-EU mobility of workers and learners.**

- ***Enhancing the mobility of workers at all levels***

We consider that bureaucracy should be lifted in order to enhance mobility at all levels both for the free movement of workers (moving to another Member State to work) and for the free movement of services (temporary posting of workers). When sending their employees across the entire EU, all our companies face regulatory and administrative burdens.

EU legislation has brought various challenges, such as those in relation to posting workers to another Member State. This aggravates already existing problems for companies, potentially impeding free movement of services in our sector where the posting of workers has historically been unproblematic.

Therefore, we fully **support the intention of the European Commission to promote and implement the widespread implementation of a common form of electronic format for posted workers declaration.** We believe that the e-declaration will help to circumvent fraud and will significantly decrease the administrative burden for the companies. Ceemet further endorses the development of a digital multilingual portal through which a posting declaration can be submitted. We suggest that the portal applies high safety standards, that it is developed in a simple and user-friendly manner and that it contains a single set of information requirements which must be submitted by the companies.

Overall, we endorse the initiatives towards the digitalisation of social security coordination, and are in favour of the implementation of EESSI and ESSPASS projects.

- ***Enhancing the mobility of learners***

Regarding the mobility of learners, **Ceemet and its member associations are fully convinced of the added value of learning mobility as mobile learners are more likely to become the mobile workers of the future.** The mobility of learners³- in a broad manner - further contributes to the development of essential soft skills (language, culture etc.) that are crucial for the evolving world of work as well as for transitioning to the labour market. As regards more precisely the mobility of apprentices, the Tech and Industry Employers would like to highlight that whereas MET companies see mobility as a positive investment, they are also conscious of the multiple obstacles to its practical implementation, such as the lack of administrative capacity, red tape, and financial constraints, amongst others, especially in the case of SMEs.

We thus call for effective support for SMEs in order for them to organize learning mobility in a more effective way and overcome, where possible, financial and administrative constraints. Information and guidance on how to deal with mobile apprentices, from a legal point of view, are also necessary for companies. For that purpose, a unique website presenting national applicable legal frameworks would be very useful. Awareness of the added value of learning mobility is also a must.

5) Attracting talent from outside

³ not only for higher education students and VET learners but at levels of formal & informal learning, including youth workers, teachers, apprentices.

As already mentioned, the Tech and Industry employers are of the opinion that alongside active labour market policies and other measures, **putting in place the adequate measures to attract talent from outside the EU is also indispensable to tackle labour shortages.**

- ***Deploying the EU talent pool***

For this reason, **we welcome the future deployment of the EU talent pool, intended to address the challenges of international matching of TCNs and job opportunities in EU businesses.** Ceemet favours the idea of establishing the EU talent pool, an online platform that will help matching the job vacancies posted by the employers in the EU with the profiles of jobseekers who reside outside the EU. We support the fact that the tool will be open to all third-country nationals residing outside the EU and we would like to highlight that the proposed regulation has to equally benefit all the jobseekers and not only those whose countries are part of such a “Talent Partnership” Initiative.

As regards the future talent pool, we would like to underline the importance of the **active involvement of sectoral social partners, and in particular employers’ organizations,** especially when it comes to the development and update of the shortage occupation lists.

Last but not least, we would like to emphasize once more that **Ceemet and its members also strongly oppose and condemn unfair recruitment procedures or unlawful working conditions.** Third-country nationals must be entitled to working conditions that comply with EU and national labour law. We thus fully agree with the Commission call on the Member States so that they consistently enforce national and EU legislation to tackle labour exploitation of migrant workers and guarantee them equal treatment.

- ***Facilitating the recognition of qualifications gained in non-EU countries.***

Besides the talent pool, it is crucial to reduce the tedious bureaucracy that exists in the majority of Member States to live and work in Europe if we want to attract non -EU talent. Indeed, in most EU countries the formal recognition of foreign qualifications is extremely complex, bureaucratic and time-consuming. In addition, there are often different bodies involved in the recognition of qualifications, numerous documents must be translated and submitted at different stages, making the process cumbersome, costly and complicated. These extremely bureaucratic procedures end up being a major disincentive for foreigners and a disincentive for EU companies and therefore an obstacle to labour migration to Europe. **We thus welcome the Commission Recommendation on the recognition of qualifications of TCNs** that will give guidance to Member States on how to best simplify and accelerate the recognition of qualifications gained in non-EU countries, including by reducing processing times, facilitating the access to electronic procedures and reducing burden for applicants.

We also welcome the ‘Skills First’ approach where individuals’ skills are understood and valued whether acquired in formal, non-formal or informal settings and where vacancies can be filled relying on skills rather than formal qualifications or job titles.

IMPLEMENTATION OF THE ACTION PLAN

As far as the implementation of the action plan, Ceemet and its member associations are prepared to actively work together with the Commission and national policy makers to effectively address labour and skills shortages. **At EU level, we call on the policy makers to actively involve sectoral social partners in the implementation of this plan.**
