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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL**

**New European Labour Markets, Open to All, with Access for All**

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## 1. INTRODUCTION

Opening the new European labour markets and making them more accessible was identified as one of the ten key areas for policy action in the European Commission's contribution to the Spring European Council (Stockholm 2001), entitled 'Realising the European Union's potential: consolidating and extending the Lisbon strategy'<sup>1</sup>.

The Commission intends to promote a new strategy for ensuring the New European Labour Markets are open and accessible to all by 2005. This Communication presents an analysis of the drivers and changing characteristics of the new labour markets, and the benefits that would flow from achieving greater efficiency and openness. It outlines existing policy initiatives to ensure free movement of people and to increase the level of skills and their transferability from one country to another, and sets out the main, additional, policy steps that need to be taken in order to meet the new challenges and opportunities within the European Union, focusing on mobility within the existing EU. This Communication is therefore aimed at ensuring that all citizens, and not just a select few, benefit from mobility opportunities. In particular, it identifies a set of key tasks for the new High-level Skills and Mobility Task-Force proposed by the Commission in its Communication to Stockholm.

The Communication addresses the issue of how best to ensure that the various labour markets that make up the European labour market are open to all, with access for all within the EU, given:

- Pressure from increasingly integrated European businesses, and from mobile workers, for simpler solutions to their mobility and recruitment needs across Europe's labour markets. This is particularly pressing in the light of the continued strengthening of the European economy, and in the context of the continuing integration of many sectors and industries under the impact of the euro and the Internal Market;
- The impact of wide-ranging structural changes across Europe - driven by globalisation, technology, demography and social aspirations. These are revealing constantly changing and commonly experienced skills needs, especially with the emergence of the high productivity New Economy and the knowledge society. They are also raising skills gaps and mobility issues in more prosperous regions;
- The challenge of ensuring greater convergence and opportunity across the regions of the EU in the face of economic and social change and integration. This is important in relation to the Union's relatively slow pace in advancing cohesion in terms of levels of employment, and in relation to the impact of further enlargement<sup>2</sup>.

A comprehensive European policy initiative is called for in order to:

- Remove the main remaining barriers to the development of European labour markets;

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<sup>1</sup> The Commission's Communication of 7 February, 2001, on realising the European Union's potential: consolidating and extending the Lisbon Strategy.

<sup>2</sup> This Communication does not in any way pre-judge the position to be taken in the accession negotiations with the candidate countries on freedom of movement of labour.

- Ensure the new European labour markets are attractive, efficient, open to all, with access for all;
- Ensure the effective development and utilisation of the potential European workforce, especially for effective matching of skills supply and demand and develop the skills levels of the potential European workforce through lifelong learning. Maximise the potential of the Internal Market by ensuring a harmonious development between the integration of product and capital markets, and a modern highly-skilled European labour market.

## **2. NEW EMERGING EUROPEAN LABOUR MARKETS: DRIVERS AND CHARACTERISTICS**

The right and opportunity to live and work in different Member States within the EU as enshrined in the Treaty of Rome reflects an important political aspiration of Europe's citizens, even though the numbers of people actually moving between Member States have not generally matched up to this aspiration throughout much of the Union's history.

More than 10 years ago, in the run-up to the 1992 Internal Market programme, surveys showed that almost 80 per cent of the EU's population saw the possibility to work abroad for part of one's career as an advantage.

In looking at pan-European labour markets, it is important to recognise that these are one among a varied set of different labour markets. Some are best described in geographical terms – European, national, regional, local. Others are more appropriately seen as occupational or skill-based. Most of them overlap, to a lesser or greater extent.

Historically, where large-scale movements of people within the Union have taken place, they had very specific causes – with, for example, manual workers, both skilled and unskilled, moving from agricultural regions in the South to industrial regions in the North, particularly into steel and mining regions.

The emerging new European labour markets contain geographical and occupational dimensions, too. The drivers of these new labour markets are, however, rather different: globalisation; technological, social and demographic change; the processes of European integration itself, including the euro; and the shift to services. These driving forces affect not only the mobility of labour, but also the need for and availability of skills at all levels, including basic and intermediate skills.

Several Member States are also facing emerging skill shortages, across a range of sectors, occupations, and skill-levels, which threaten to impede the Union's ability to maximise growth and job creation. Providing the skills required by the knowledge economy and society is essential to help fill the skills gaps. Greater European efforts on research and technological development require an increase in the number and mobility of researchers. The objectives of education and training must be redefined to equip individuals with the basic skills and qualifications needed on the labour market. Furthermore, given the pace of technological change, individuals must have universal and continuing access to lifelong learning to upgrade their skills or embrace a new career. Mobility of EU nationals in this new context is tending to take four main forms: temporary migration (often linked to specific job contracts); mobility within multi-national enterprises (possibly involving a career-long peripatetic lifestyle, but also possibly short term regular moves); mobility between industry and academia; and cross-border commuting of various kinds.

The most fast-emerging new European labour markets are found in high-tech and growth industries and services, and among multi-national companies. The workers concerned tend to be younger and more highly skilled. However, as Europe's population grows older, the number of young educated people, many of whom possess up-to-date skills, diminishes. Therefore, skills shortages will increase unless policy responses are developed to ensure that all young people are equipped with the qualifications and skills needed on the labour market and that adults are given the possibility of updating them.

Policies must also ensure that the European labour markets are attractive and efficient. During the 1990s there was an increase in the number of highly-qualified scientists and engineers of EU origin employed in the US, which reached 83.000 in 1997. The outflow of highly skilled people mostly affects middle-career staff (35 % in the 35 to 44 age range). So, the drivers and characteristics of both occupational and geographical mobility are changing. 20 to 30 years ago, the structural shifts in the EU economy were from agriculture to industry, and from rural to industrial and urban locations. The new poles of attraction are now more often cities. And many of the key employment opportunities - which act as an incentive for migration - are in services (at medium and at high skill level) or high skill manufacturing occupations and research and technological development.

The changing location and skill requirements, and the changing competitiveness of industry and services are also influenced by changes in the nature of production processes and markets, with mass-production co-existing with highly specialised, high value-added, products and services.

In cases where the total Europe-wide markets for people may be relatively small, there are strong pressures to cluster in order to achieve economies of scale and 'externality' benefits. Hence media-related industries tend to cluster in a limited number of localities within Member States, and financial services are increasingly clustering in fewer and fewer locations across Europe. In this context, virtual mobility could be used as a means of reducing this pattern of clustering.

The result is a much more complex pattern of migration movements between different urban and industrial/service centres, with changing geographical centres of competitiveness, and the growth of different industry clusters.

The importance of the emerging new European labour markets should not be measured, however, just in terms of the free movement of people.

The creation of more genuine European labour markets – removing barriers, , reducing adjustment costs and skills mis-matches - will increase the efficiency of labour markets overall. This would in fact reduce pressures to migrate for those who do not want to move, while creating genuine opportunities for those who do wish to be mobile.

The impact on national, regional and local markets of such wider competition is similar to the impact of trade competition, where all businesses in all countries re-adjust their production to the new patterns, and balance, of demand and supply. The more that jobs and skills at local, regional and national level evolve to meet and reflect the new opportunities created by the development of European-wide jobs markets, the less pressure there will be for increasing the physical re-location of people.

This European-wide process – combined with the benefits of the progressive internal reforms of national labour markets that are taking place under the European Employment Strategy

(through its National Action Plan programmes), and which includes a new guideline on mobility and a cross-cutting lifelong learning objective – will serve to raise the abilities of the European workforce, and strengthen the adjustment capacity of the European economy: two of the pillars on which rising productivity and future improvements in European living standards, depend. This will require the full use of the potential of the European Employment Strategy.

### **3. MOBILITY AND SKILLS ACROSS EUROPE**

Mobility in the EU is low. Within regions and within the Member States, it is lower than within the individual states of the US. Within the EU, it is much lower across national borders than within individual Member States.

These low levels of mobility reflect various continuing barriers and difficulties. At the same time, there are a number of pressures leading to a demand for more and easier mobility. These same pressures are also leading to a change in the characteristics and nature of the mobility that is observed in the EU.

A little over 5 per cent<sup>3</sup> of the EU's resident population are non-nationals of the Member State in which they are resident. However, only about one-third of these are EU nationals. Hence, less than 2 per cent of EU nationals are resident in another EU Member State (although these figures may understate the degree of movement that takes place over time, in so far as those who move change nationality). The remainder are third country nationals who do not have the right of free movement.

On an annual basis, total migration in the EU<sup>4</sup> is estimated to represent around 0.75 per cent of the resident population. Of these, about 25 per cent are returning nationals, and 20 per cent are nationals of other EU Member States.

This means that mobility, on an annual basis, of EU nationals within the EU is less than 0.4 per cent of resident population – some 1.5 million people. Similar figures for the US are about six times higher, although the two systems are not directly comparable, either in mobility flows or causes of mobility, but data indicates that mobility is higher in the USA. In 1998, migration between States in the US was approximately 2.4 per cent of the population<sup>5</sup>.

Over a ten-year period, this implies there is cross-state mobility in the US equivalent to one quarter of the population. In the EU, on current trends, it would only be 4 per cent of the population.

Data for individual Member States in Europe is limited, but there is evidence of considerable diversity. Migration in Germany and Denmark, for example, is over 1.2 per cent on an annual basis, while it is lowest in France, Spain and Greece (where it is less than 0.2 per cent)<sup>6</sup>.

Such differences are also reflected in mobility between regions within Member States: 0.6 per cent in Spain, 1.2 per cent in Germany, 1.6 per cent in the UK. In the US, mobility between

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<sup>3</sup> Employment in Europe 1997

<sup>4</sup> Ibid

<sup>5</sup> An overview of Labor Mobility in the United States, Francis W Horvath Jr. US Bureau of Labor Statistics – unpublished paper presented to joint EU/US workshop.

<sup>6</sup> Employment in Europe 1997

counties within a State is about 3 per cent a year. This comparatively low level of mobility within EU Member States also constitutes a constraint on economic activity.

Cross-border commuting is a growing phenomenon within the EU: about 600,000 workers a year currently commute across national borders to work - about half between EU Member States, and half between the EU and third countries.

These new drivers of mobility are also reflected in the changing characteristics of mobility. Migration is forecast<sup>7</sup> to become increasingly 'selective' over the next 5 to 10 years.

This selectivity is characterised by an increased tendency towards: 'temporary migration' (limited stays in another country); corporate migration (and the accompanying international and European management of corporate human resources); mobility between industry and academia; and increased cross-border commuting (with patterns such as 'weekend' commuting making it increasingly difficult to distinguish between commuting and migration).

These patterns of selective migration are most in evidence among highly qualified labour and in high-technology and growth industries, including services. These patterns parallel, to a considerable extent, the employment trends observed in national labour markets in the second half of the 1990s, where the fastest job growth was seen in the 'high-education' sectors (such as managers, professionals and technicians) – over three times faster than average employment growth. The corollary is that employment growth among the low-skilled, who are heavily over-represented among the unemployed, has been well below average.

A further important characteristic of mobility in the EU is that the majority of migrants are in younger age groups. They are principally found in the age group 16-30, and especially in the age group 21-25. Mobility in the US is also a youth phenomenon, but not so focused on the lower end of the range. Mobility there is highest across the 20-34 age group.

These developments highlight the pressing need to focus attention on facilitating both geographical and occupational mobility for all, including those with lower levels of skills.. The emerging European labour markets give new choices and opportunities to individuals and also helps ensure the effective economic operation of European labour markets in their basic role of matching labour supply and demand. Mis-matches in labour supply and demand have frequently been a cause of concern in the past, and are already stifling the functioning and development of goods and services markets, and, more widely, the Internal Market's capability to maximise growth and create jobs.

Today, the combination of a buoyant macro-economic environment with strong economic growth, and on-going deep structural change in the economy, has led to the emergence of so-called 'skills gaps' in a number of sectors and occupations - notably in the Information and Communications Technology (ICT) sectors, but also in other sectors such as Construction, Health Services, and Tourism.

The number of ICT jobs in the EU is predicted to grow from the current figure of 10 million to about 13 million in 2003. And while it is not always clear how best to describe a skills gap, or how best it to close it, some studies estimate the shortage in the EU as being close to 1

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<sup>7</sup> Report on "Migration trends in Europe" undertaken for DG EMPL (EURES) by MKW Wirtschaftsforschungs, Empirica Delasasse and EconomiX, July 2000

million people<sup>8</sup>To ensure the future supply of ICT specialists, more efforts are needed to increase the volume of training and research in this area.

Skilled workers are critical to ensuring economic and social progress. Europe should invest more in skills development and retraining, including in that of highly skilled specialists. Most Member States are only starting the process of developing comprehensive and coherent lifelong learning strategies. Insufficient progress has been made in setting lifelong learning national targets as laid down in the Employment Guidelines. If the EU is to meet the challenges of the knowledge society, the estimated 10% of the adult population currently participating in further education and training needs to be increased significantly. This figure needs to be doubled by 2005 to approach US levels. Nevertheless, the experience of the US shows that the knowledge society is creating jobs across a range of economic sectors and skill levels. Education and training and life-long learning strategies also need to focus on the skill needs of those who may not be able to participate in traditional further education and training.

The question must also be asked as to how skills needs can be better anticipated so that education and training systems can respond pro-actively to rapidly changing labour market conditions. To take but one example, if life sciences are the growth sector of the future, enough people should be trained now to avoid skills bottlenecks later.

As the data and trends discussed above show, the new mobility will also tend to be two-way mobility between different industrial and service centres. An example is the case of Ireland - a Member State currently exhibiting high mobility levels. It is predicted that in the six years to 2006, Ireland can expect well over 300,000 immigrants, filling about 75 per cent of job vacancies - including jobs vacated by an outflow of more than 100,000 emigrants<sup>9</sup>.

#### **4. BARRIERS TO THE EMERGENCE OF THE NEW EUROPEAN LABOUR MARKETS**

There is an important set of remaining barriers inhibiting mobility of workers within the Internal Market and inhibiting the effective and rapid development of the emerging new European labour markets.

The conventional wisdom is that, due to linguistic differences, the EU cannot expect to have increased levels of mobility.

But survey and other evidence<sup>10</sup> demonstrates that there is a wide range of other barriers, in addition to language, inhibiting mobility in the EU which can be tackled.

These barriers can be grouped as follows:

##### **4.1. Social, Cultural and Linguistic**

Language barriers remain even if they may be declining in importance with improved language skills (particularly among younger generations) and with growing dual language regimes at work, (commonly English and the national language), but other barriers are increasing.

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<sup>8</sup> Study by International Data corporation, 2000

<sup>9</sup> Report of the Irish Inter-Departmental/Agency Group on Immigration Policy, 2000 (reported in Irish Times, 24/1/2001)

<sup>10</sup> "Obstacles to cross-border mobility within the EU; the role of EURES" 2000

Mobility frequently does not just concern an individual but a family unit, which often has to cope with considerable obstacles when contemplating a move. Where both spouses are working - dual career families - then both must be able to find suitable work in the new location, and barriers may vary according to job type and skills, especially if entry to certain professions remains restricted. Housing and information on housing is a barrier both within and across countries. In some Member States, rigidities in the housing market due to high taxes on property transactions and discretionary planning approval by public authorities act as a constraint on labour mobility. Moving children between educational systems requires both good and reliable information, and sufficient openness and flexibility between the systems, so that mobility is not damaging to their prospects.

#### **4.2. Economic (Pensions, tax and benefit systems - portability and accumulation of rights – Wages)**

Tax and benefits systems do not need to be either integrated or harmonised to ensure effective mobility, but they do need to be compatible and well-co-ordinated. Complexity, lack of compatibility and lack of transparency can create both administrative hurdles and financial concerns and costs which inhibit mobility. In most Member States, there remains much scope for review of unemployment benefit systems, so that these provide efficient unemployment insurance without unduly reducing incentives to seek work.

In many instances workers and/or employers cannot get tax relief for pension contributions paid to pension institutions located in another Member State, whereas pension contributions paid to domestic institutions would have been tax deductible. This hinders workers' labour mobility, and prohibits employers with establishments in different Member States from centralising their European pension provision.

A lack of portability of supplementary and private pensions, or the difficulty to accumulate simply the financial value of the acquired pension rights, and of health benefits, also creates both administrative and financial barriers – for workers and for businesses.

In several Member States, the failure of wage developments to reflect local productivity and labour market conditions is linked with labour mobility issues. The resultant high regional unemployment may provide an incentive for unemployed people to move (although they are not always able to meet the costs of doing so - relocation costs for the employed are a barrier too) since firms have little incentive to locate in regions where wages are high compared to productivity. On the other hand, highly skilled workers are also likely to find better opportunities in other regions. The failure to establish flexible wages in higher education is one of the factors in the external brain drain.

#### **4.3. Skills and Qualifications**

The gaps in the recognition of professional, academic and vocational qualifications from another Member State is a particular obstacle to people working in Europe. This is also the case with respect to qualifications obtained outside the EU. Guarantees limited to general principles, insufficient flexibility for temporary service provision, lack of transparency, and sometimes prolonged procedures for professional recognition mean that processes are dissuasive in character and can block or delay free movement in practice.

Means need to be found to extend the scope for more automatic recognition within the existing systems. At the same time, the rules of the General System and directives on

individual professions can be consolidated and a more flexible overall framework provided for EU enlargement.

General rules guaranteeing professional recognition based on a minimum co-ordination of education and training are also no longer sustainable in their present form. Means are needed to ensure greater adaptability to today's faster evolving, more technological and increasingly health and safety conscious environment. Greater flexibility can provide for more widespread automatic recognition

In the field of non-regulated professions, where there are no legal barriers, practical obstacles remain. These obstacles need to be identified and removed according to a strict time-table. One such obstacle is the difficulty of transferring vocational qualifications from one Member State to another. In this context, transparency of qualifications should be further promoted.

At the same time, given the increasing pace of change in skills needs, it becomes necessary to develop effective and flexible ways to recognise skills acquired outside formal education and training systems, i.e. at work, at home, during leisure time - including basic and intermediate skills. Action should be all-inclusive and extend to removing barriers for all.

#### **4.4. Accessibility and transparency of economic and social information**

Informational barriers are widespread and important. They include: lack of adequate information on European labour markets and the European jobs pool (for both job seekers and businesses); lack of transparency in comparing wages and conditions (a situation which will be helped by the complete transfer from national currencies to the euro in 2002); lack of information on skills and learning opportunities; difficulties in accessing information on legal rights; and difficulties in locating comprehensive and accessible information in key non-work areas (housing, education, etc.).

#### **4.5. Remove barriers within the Internal Market**

There are also other, more subtle and indirect, barriers to mobility and free movement that arise from barriers and fragmentation in product and service markets. Existing barriers discourage innovation, reduce consumer choices and slow down overall economic growth. The price is fewer jobs. The Internal Market in services is still fragmented. Yet it accounts for two-thirds of total employment, and for all new employment growth. Since, with technological advances, many services can now be provided at a distance, this fragmentation is causing distortions and may, indirectly, encourage movements of jobs outside the Union, or the development of irregular work within.

### **5. THE EXISTING POLICY FRAMEWORK**

The Amsterdam Treaty committed the Member States, in its Employment Title, to develop a skilled and adaptable workforce. To implement this commitment the European Employment Strategy lays down the framework within which the labour markets should be reformed Union-wide to promote more and better jobs, tackle labour shortages and skills gaps, and provide access for all to the world of work.

The EU has successfully achieved good levels of economic growth over recent years and the benefits of the impact of the Internal Market are undeniable. The development of modern, highly skilled European labour markets is vital if the Union is to maximise the benefits and potential of the Internal Market. Removing barriers to the modernisation of labour markets

must be complementary to and work with the integration of product, services and capital markets. Removal of barriers and modernisation in all these markets is vital if the aims of building full employment in a dynamic and competitive knowledge economy and the continued growth of the Internal Market are to be reached.

The Treaty also lays down, as a general and fundamental rule, the freedom of movement of workers who are nationals of a Member State.

Specifically, workers of the Member States have a right to take up employment in any other Member State, with certain exceptions - notably relating to the public sector - but which have been progressively reduced.

Migrant workers, so defined, are guaranteed equal treatment with the workers in the host State. A Community system is in place intended to ensure that persons moving within the Union do not suffer disadvantages in their social security rights.

The Treaty also ensures the freedom of establishment, including the right to take-up self-employment and to set up and manage businesses in another Member State.

The Amsterdam Treaty requires the Council to adopt by 2004 measures defining the rights and conditions under which nationals of third countries who are legally resident in a Member State may reside in other Member States<sup>11</sup>.

In order to facilitate the exercise of the Treaty rights, a series of Regulations and Directives have been adopted, which serve to guarantee rights of geographical and occupational mobility, and to ensure social integration in the host country for workers and members of their families.

Existing rights to free movement are not, however, generally sufficient. In order for qualified people to achieve genuine free movement in regulated areas, their qualifications must be recognised by other Member States. Initially the Community sought to establish minimum education and training standards as a basis for automatic recognition of diplomas. By the end of the 1980s, this had progressed towards a process of conditional recognition which was dependent on a variety of education, training and professional structures or bodies. This system has been extended over the years and will soon be comprehensive in its coverage. Attention now needs to focus on the rationalisation and consolidation of what has been achieved and increased flexibility to maximise the potential of the overall system. Over-burdensome consultation procedures, increased administrative co-operation, greater transparency and accessibility as well as improved conditions for temporary service provision together with more specific and effective guarantees of quality standards and automatic recognition all need to be addressed.

In response to continuing legal difficulties and obstacles in the employment context, the Commission presented an Action Plan at the end of 1997<sup>12</sup> which included a number of proposals designed to make it easier and more attractive for workers, job seekers and trainees to make use of their right to free movement. The work of the High Level Panel on the free movement of persons made a substantial contribution to the development of this action plan.<sup>13</sup>

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<sup>11</sup> Article 63(4)

<sup>12</sup> COM(1997) 586 of 12.11.1997

<sup>13</sup> Report of the High level Panel chaired by Mrs S. Veil, presented to the Commission on 18 March 1997

In the field of social security co-ordination, proposals were also made that could give more chances for job seekers to look for work in another Member State without losing entitlement to unemployment benefits, to extend its scope to third-country nationals, and to simplify the co-ordinations system.

Both proposals remain before the Council and European Parliament and greater efforts are required to see these proposals through to adoption.

The Commission also made, at the end of 2000, a proposal on the harmonisation of the rules applying to funded pension schemes whose early adoption would greatly facilitate mobility.

In addition the adoption by the Council of the two proposed Directives on the detachment of third country nationals by service providers within the EU should provide additional guarantees of free movement. Adoption is expected in 2002.

Following the request of the Lisbon European Council to take appropriate steps in order to remove obstacles to the mobility of Researchers, the Commission has set up a High-Level Expert Group on Improving Mobility of Researchers. The Commission has also significantly increased the incentives for the mobility of researchers within the Framework Programme 2002-2006.

The Commission has also proposed a Recommendation of the Council and of the European Parliament on mobility of students, trainees, young volunteers, teachers and trainers, whose adoption is planned for May 2001. In addition, the Nice European Council endorsed a Mobility Action Plan which contains a series of measures to be taken at European and, particularly, at Member State level.

In order to tackle the remaining problems of free movement of workers specifically in the public sector, the Commission will also submit a Communication in 2002.

At the same time as working to transform the Treaty rights into a reality of daily life, the EU has sought to increase the transparency of the EU labour market – notably by the establishment of the EURES network system which provides information and advice support for migrant workers through the public employment services and a Europe-wide service for advertising job vacancies and, shortly, an online CV service. It will be strengthened with a new legal base by 2002<sup>14</sup>.

In terms of increasing transparency of vocational qualifications and skills a number of initiatives have been taken. This includes: the Europass-Training instrument, the delivery of a *certificate supplement* based on a European format describing the qualifications acquired, the establishment of *national reference centres* responsible for providing information on national vocational qualifications, the common European CV format.

The establishment by 2010 of a European Higher Education Area<sup>15</sup> and the launching of the European Research Area also aim at facilitating the mobility and employability of people within Europe and the competitiveness of the EU. While various Community instruments are available to facilitate labour mobility and to promote a genuinely European labour market, many of the key policies relevant to skills development and labour mobility remain national competences. In this context, existing instruments of policy co-ordination at Community level

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<sup>14</sup> Commission's Social Policy Agenda for 2000-2005 - 28/06/2000

<sup>15</sup> as envisaged by Ministries of Education from 29 Countries in the 1999 'Bologna declaration'

already play an important role. The 2001 Employment Guidelines and the 2000 Broad Economic Policy Guidelines both call on Member States to enhance labour mobility and to facilitate access to labour market training, education and life-long learning.

Building on the conclusions of the Lisbon European Council and the “e.learning: designing tomorrow’s education” initiative, the Commission intends to adopt an e.learning action plan in March 2001 to mobilise all relevant Community programmes and instruments to accelerate the implementation of the e.learning initiative, in particular to address the ICT skills gap and to promote digital literacy for all in Europe.

The *e*Europe Action Plan, adopted by the Feira European Council in June 2000, has the objective of bringing every European citizen, home, school, business and administration on-line. The Internet can provide quick access to recruitment information irrespective of location; it can provide access to economic and social information across the EU, and improve its transparency; it serves as a force in the removal of barriers within the internal market (especially in the services sector); it makes 'virtual mobility' a realistic option. *e*Europe will therefore provide an important contribution to enhancing the mobility of the European labour force.

While better use can be made of the existing labour force, it is already the case that in some sectors (e.g. IT, health services), Member States, unable to find candidates within the EU, have already begun to recruit from third countries. Some other sectors (e.g. agriculture) depend to a large extent on seasonal workers coming from outside the Union. The recent Commission Communication on a Community Immigration Policy<sup>16</sup> suggested that procedures for the admission of economic migrants from third countries should now be developed as an additional response to labour market shortages, accompanied by further efforts to combat irregular work by migrants. As agreed by the European Council in Tampere this process should be incorporated into a European framework to ensure equal treatment for third country workers.

## **6. 2005: OPEN TO ALL, WITH ACCESS FOR ALL - POLICY ACTIONS FOR THE NEW EUROPEAN LABOUR MARKETS**

In the Commission's contribution to the Spring European Council (Stockholm 2001), key elements of a strategy to promote the development of new European labour markets were laid out. This Communication builds on that approach, bringing together these key elements and proposing a small number of additional policy actions, together with the completion of a number of actions already launched. All these actions are located within existing policy processes.

The overall strategy proposed has two main stages:

- The first stage is the implementation and completion of a first set of key policy actions.
- The second stage - recognising that we do not have full information or analysis on the emerging new labour markets - is based on the establishment of a Skills and Mobility Task force.

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<sup>16</sup> COM(2000)757 of 22/11/2000

On the basis of the work of this Task Force, the Commission would propose an action plan to the 2002 Spring Council, which would set out a second set of policy actions necessary to meet the overall policy goals by 2005 of:

- Removing the main remaining barriers to the development of European labour markets;
- Ensuring that the new European labour markets are attractive, efficient, open to all, with access for all;
- Ensuring the effective development and utilisation of the potential European workforce, especially for effective matching of skills supply and demand. Developing the skills levels of the potential European workforce through lifelong learning;
- Maximise the potential of the Internal Market by ensuring a harmonious development between the integration of product and capital markets, and a modern highly-skilled European labour market.

### **6.1. Stage One: The First Set of Policy Actions**

The proposed policy actions can be grouped under three main headings: skills, mobility, and information. Some involve initiatives to be taken by the Commission. Some involve proposals and suggestions to the Council and the European Parliament - both in the context of the Stockholm Summit and beyond. The Commission urges the Council and Parliament to make rapid progress on pending proposals which would contribute significantly to skills development and mobility.

#### *6.1.1. Skills Barriers and Tackling the Skills Gap*

- ***Professional Recognition:*** the Commission will present in 2002 proposals for a more uniform, transparent and flexible regime of professional recognition based on the existing General System, including ways of promoting more widespread automatic recognition.
- ***Skills Acquired at Work:*** Facilitate the recognition of skills acquired at work, building on numerous initiatives taken within sectors or companies to support transnational qualifications schemes and on examples such as the European Computer Driving Licence. The Commission should identify a small number of key areas for further development and support exchanges of experience in this field.
- ***Lifelong Learning Action Plan:*** building on the Lisbon agenda and on the debate launched by the Commission's 'Memorandum on lifelong learning', the Commission will prepare an action plan in time for the Spring European Council in 2002 to ensure that lifelong learning becomes a reality for all citizens and that workers can fully benefit from it in the context of the European Employment Strategy. This should help identify the basic skills essential for mobility, facilitate the recognition of skills acquired outside formal systems, and increase investment in human resources.
- ***Best practice in Education and Training Systems:*** based on the adoption of the report from the Education Council to the European Council on "Concrete Future objectives of education and training systems", the Commission will, in co-operation with the Member States, develop an open method of co-ordination that facilitates the

exchange of best practices in areas central for the development of the education and training systems (Quality and effectiveness, Access to education and training of all, opening up educational systems to the wider world).

#### 6.1.2. *Removing Barriers to Mobility*

- ***Implement the Commission's comprehensive strategy to remove barriers to services.*** This will have a direct impact on the mobility of service providers enabling them to develop a foothold in other markets.
- ***Elimination of Obstacles to the Cross-border Provision of Supplementary Pensions:*** the Commission will present a Communication in March 2001 on these obstacles where caused by tax systems.
- ***Portability of Supplementary Pensions:*** the Commission will present a proposal on portability before the end of 2001. The Commission also made, at the end of 2000, a proposal on the harmonisation of the rules applying to funded pension schemes whose early adoption would greatly facilitate mobility.
- ***Mobility of Researchers, Students, Trainers and Teachers:***
  - the Council and the European Parliament should swiftly adopt the Recommendation on mobility of students, persons undergoing training, young volunteers, teachers and trainers, and in parallel Member States should implement the Mobility Action Plan. Moreover, existing European programmes like SOCRATES and LEONARDO DA VINCI should be reinforced to allow higher participation and to give better opportunities to young people from different socio-economic backgrounds.
  - On the basis of the work of the High-Level Expert Group, the Commission will present a strategy for the mobility of researchers in 2001.
- ***Modernising Social Security for Migrant Workers:*** the Council and the European Parliament should adopt pending proposals in this area.
- ***Mobility of third country nationals :*** the Council, on the basis of Commission proposals should set out the criteria and the conditions under which, like Community nationals and their families, third country nationals could be allowed to settle and work in any Member State of the Union taking account of the consequences for social equilibrium and the labour market. Ways need to be found to get around the blockage in the Council on the two proposed Directives on the detachment of third country nationals within the EU so that additional guarantees of free movement can be obtained in 2002.

#### 6.1.3. *Improving Information and Transparency*

- ***One-stop European Mobility Information Site:*** the Commission to produce before the end of 2001 a study on the feasibility of establishing a one-stop European mobility information site, working with national and local governments, employment services and other relevant actors. The site would network and develop information from Community and national sources to provide comprehensive and easily accessible information to citizens on key aspects of jobs, mobility and learning opportunities in Europe. This should include the setting up of a Europe-wide jobs

and learning database (built upon the experience of existing EURES network) as called for in Lisbon and as included in the Employment strategy. The new site would complement already existing information on the “Dialogue with Citizens” site, which will be further expanded. It will also comprise information pertinent to researchers, including international vacancies and national and Community-level mobility programmes.

- ***Mobility Information Campaign:*** the Commission to run an information campaign, in co-operation with the social partners and Member States, making full use of existing and familiar instruments, such as the EURES and Dialogue with Citizens and Business, targeted at employers and workers on the key dimensions, opportunities and possibilities of the Internal Market and the European labour market.
- ***Professional recognition:*** the Commission will adopt a priority action, building on existing information and communications networks, as well as on current work on improving transparency of qualifications, to ensure that citizens can rely on a more comprehensive service providing information and advice specific to their individual interests and rights.

## **6.2. Stage Two: High-level Skills and Mobility Taskforce and 2002 Action Plan**

In its Report to the Spring European Council 2001, the Commission envisages the creation of a high-level ***Skills and Mobility Taskforce***. Given the pace of development of globalisation, and of the knowledge-economy together with social and demographic change, more information and analysis is needed to underpin understanding of the characteristics and drivers of the new European labour markets. More information and data is necessary on individual and business needs and demands and on the operation of these markets. Such analysis and increased understanding - to be investigated by the Taskforce - will lay a sound foundation for further necessary policy developments.

On the basis of the evidence and analysis put forward in this Communication, the principal goals and mandate of the Skills and Mobility Taskforce should be:

- To identify the main drivers and characteristics of the new European labour markets, with a particular focus on skills (supply, demand, skill gaps at various levels (national, regional, sectoral, occupational), lifelong Learning) and mobility, including the role of third country nationals. Particular importance will be attached on the one hand to the ICT skills and on the other hand to the basic and intermediate skills necessary for participation in the new economy.
- To identify the main barriers to the further development of the European labour markets, in particular in the areas of skills and mobility, and to review and exploit any good practice experience elsewhere, most notably in the US. Identify the measures needed to create in Europe an attractive labour market place for the knowledge economy.
- To report with a set of policy initiatives required to ensure these markets are open to all, with access for all by 2005 and recommendations for implementation at European and national levels.

Following the European Council in Stockholm, the Taskforce will be established by the Commission, drawing on expertise from top leaders of European business, top labour market and education experts, the social partners, and on the relevant findings of EU research in this field. The Taskforce would be established in April 2001, to report back to the Commission by December 2001. On the basis of the Taskforce report, the Commission would, as proposed in its Report to the Spring European Council 2001, put forward an **Action Plan** to the Spring Council 2002. This Action Plan will propose a set of further policy initiatives and recommendations to ensure that by 2005, the new European labour markets are open to all, with access for all.

## 7. CONCLUSIONS

This Communication builds on the contribution of the European Commission to the Spring European Council 2001. It analyses the drivers, characteristics and barriers to the emerging new European labour market. It puts forward a two-stage policy initiative - within existing policy processes - to ensure that the new European labour markets by 2005 are open to all, with access for all.

The drivers of globalisation, technological change and European integration are such that some part of the workforce will need to be mobile. It is essential to focus on the skills development and mobility needs of all individuals, not just the highly skilled, in order to ensure that mobility promotes regional convergence. All these trends were recognised, and taken into account, in the EU's Lisbon strategy for promoting full employment in a competitive, dynamic knowledge-based economy. Facilitating the development of the emerging new European labour markets, alongside the modernisation of national labour markets, can contribute to ensuring adaptable, dynamic labour markets which can underpin both the Lisbon strategy as well as the successful operation of the Internal Market and the successful operation of the euro - and at the same time give new opportunities to the EU's citizens.

Integrated policy responses will be needed to address problems of mobility and imbalances generally. Such approaches must include the strengthening of education, skills and lifelong learning policies; substantially increased investment in human resources; increased participation rates in the labour market; and effective operation and modernisation of labour markets to match supply and demand.

Raising skills at all levels – basic, intermediate, and high - across the whole workforce is central to building the competitive knowledge-based economy in the EU. Making effective use of the potential offered by the new European labour markets – by removing barriers, increasing information, improving access – can contribute substantially, by resolving many of the mis-match problem that these skills gaps reflect.

- Individuals and business want to exercise their right to participate in European labour markets, but they do not expect to have to overcome difficult constraints and barriers in doing so. The existence of the legal right, and a number of important policy initiatives already taken, have not been sufficient to remove important barriers, and so to meet the aspirations of European citizens.