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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Key messages from EMCO on the implementation of the Action Plan on labour and skills shortages in the EU - Endorsement

Delegations will find attached the Key messages from the Employment Committee on the implementation of the Action Plan on labour and skills shortages in the EU, to be endorsed by the Council (EPSCO) at its session on 1 December 2025.

Key Messages on the implementation of the Action Plan on labour and skills shortages in the EU

1. INTRODUCTION

On 11 March 2025, the Employment Committee Policy Analysis Group (EMCO PAG) convened a tripartite meeting inviting representatives of the EU-level and national social partners from all Member States to discuss the implementation of the Commission’s *Action Plan on Labour and Skills Shortages*.¹ Published on 20 March 2024 as a follow-up to the *Val Duchesse Social Partners Summit* held on 31 January 2024², the Action Plan was developed in cooperation with social partners to provide a common framework to address the root causes of labour and skills shortages. It includes, most notably, commitments undertaken by the Commission and the social partners, alongside a series of calls for action addressed to Member States. In its conclusions of 2 December 2024 on *labour and skills shortages in the EU: mobilising untapped labour potential in the European Union*, the Council invited EMCO to “continue monitoring labour and skills shortages and related challenges in the EU in the context of the European Semester, including by carrying out thematic discussions, with the involvement of social partners, in order to promote the sharing of knowledge and good practices among Member States on the issue of addressing labour and skills shortages”.³

¹ “[*Labour and skills shortages in the EU: An Action Plan*](#)”, published on 20 March 2024.

² The [*Val Duchesse Summit*](#) discussed how to address key economic and labour challenges through strengthening social dialogue.

³ See the [Council Conclusions](#) adopted at the EPSCO meeting on 2 December 2024. In the [Action Plan](#) itself, the Commission had also invited EMCO to “have regular tripartite exchanges on this issue, with the participation of European and national social partners”.

The EMCO PAG meeting took place one year after the publication of the Action Plan to take stock of the actions implemented so far - at a time when labour market tightness continues to weigh heavily on the EU's economic prospects. Throughout the meeting, participants underlined the timeliness of holding a tripartite exchange that enabled Member States and social partners to engage in genuine social dialogue at EU level on this topic. Labour and skills shortages were generally recognised as a critical bottleneck to the EU's sustainable and inclusive growth, its international competitiveness, and the long-term resilience of its economic and social model, particularly in the face of accelerating demographic decline and the urgent demands of the green and digital transitions. This exchange was informed by the responses to a questionnaire circulated by the Commission to Member States and social partners on 20 December 2024, as well as by a steering note prepared by the Commission which presented an overview of the current state of play ahead of the tripartite meeting. Thematic exchanges on specific policy areas highlighted in the Action Plan were organised during the meeting, with Member States presenting case studies of relevant policy measures and best practices to steer the discussions.⁴

⁴ These contributions included: Italy's approach to creating sustainable migration pathways; Portugal's training and integration programme for migrants and beneficiaries of international protection in the tourism sector; France's reform of the public employment service aimed at activating and supporting those furthest away from the labour market; Cyprus's employment scheme targeting underrepresented groups, particularly persons with disabilities; Malta's comprehensive policy approach to addressing labour and skills shortages; Latvia's strategies to tackle shortages in the ICT sector; the Netherlands' new skills taxonomy tool 'CompetentNL'; and Austria's use of the Skilled Jobs Barometer to monitor and respond to labour market needs.

2. OVERVIEW OF LABOUR AND SKILLS SHORTAGES

Labour shortages are widespread across sectors and occupations. At the end of 2024, the share of employers indicating labour shortages as a factor limiting production remained considerably higher than pre-pandemic averages in services (26.8%), construction (26%) and industry (18%), despite a decline compared to 2022. The most acute shortages have been reported in construction and engineering occupations, ICT (e.g., system analysts and software developers), healthcare (e.g., general practitioners, nurses and some specialist doctors), transport (e.g., heavy truck drivers), accommodation and food related services (e.g., cooks and waiters), as well as other occupations such as metal and machinery trade workers.⁵

The main drivers of labour shortages vary across sectors. In sectors characterised by a high average age of their workforce (e.g., transport), population ageing is one of the main drivers of labour shortages.⁶ In sectors that are crucial for the twin transition (e.g., STEM sectors), an increasing demand for new skills and changing skills requirements are primarily causing labour shortages.⁷ Finally, in other sectors, such as the contact-intensive ones (e.g., healthcare and tourism), inadequate working conditions are a key driver of labour shortages.⁶

At the same time, labour shortages also vary across Member States. In the first quarter of 2025, the job vacancy rate was above 3% in the Netherlands (4.2%), Belgium (4.1%), Austria (3.6%), and Malta (3.0%), while it was below 1% in Spain (0.9%), Bulgaria (0.9%), Poland (0.8%), and Romania (0.6%). These shortages were particularly severe in the service sector in Belgium (5%), the Netherlands (4.4%), and Austria (4.4%). They were the highest in construction in the Netherlands (7.5%) and Belgium (6.1%). Furthermore, in industry, shortages remained the highest in the Netherlands (4.1%), Belgium (3.3%) and Austria (3.2%).⁸

⁵ See the Commission's *Business and consumer surveys*.

⁶ See European Commission (2023), *Employment and Social Developments in Europe*, Annual Review 2023.

⁷ See Cedefop's *European skills and jobs survey (ESJS)*.

⁸ See Eurostat's series [jvs_q_nace2](#).

Skills shortages are equally pressing and risk constraining the EU's capacity to innovate, modernise its economy, and respond to geopolitical and technological shifts. More than three-quarters of EU businesses (77%) report that a lack of skilled staff is a barrier to long-term investment, which, in turn, could hamper growth and competitiveness. Moreover, almost two-thirds of SMEs (63%) face difficulties finding workers with the right skills, especially medium-sized (68%) and small companies (65%).⁹ Nearly half of SMEs (45%) also declare that skills shortages hinder their efforts to adopt or use digital technologies, and four in ten (39%) said that these shortages pose difficulties in greening their business activities.¹⁰

3. RECENT POLICY ACTIONS

3.1. Actions supporting higher labour market participation

Across the EU, Member States are intensifying their efforts to boost labour market participation, particularly among underrepresented groups. Many have stepped up support for young people, in line with the *reinforced Youth Guarantee*¹¹ and bearing in mind the barriers faced by young people living in rural, remote or disadvantaged urban areas, while others have prioritised tailored measures for persons in vulnerable situations, such as those with disabilities or minority backgrounds, in line with the *Disability Employment Package*¹² and the *Council Recommendation on Roma equality, inclusion and participation*.¹³ Several also reported steps to improve access to affordable and high-quality childcare - a crucial factor in supporting the employment of women and parents with young children. In this context, participants reaffirmed the importance of placing youth at the centre of labour market policies and highlighted gender equality as a key enabler, closely linked to access to care services and work-life balance.

⁹ See the European Investment Bank's [2024 EIB investment survey](#), as well as the [Flash Eurobarometer 537](#).

¹⁰ See the [Flash Eurobarometer 529](#).

¹¹ [Council Recommendation of 30 October 2020](#) on A Bridge to Jobs – Reinforcing the Youth Guarantee.

¹² See the Commission's [Disability Employment Package](#).

¹³ [Council Recommendation of 12 March 2021](#) on Roma equality, inclusion and participation.

Efforts to improve the design and delivery of active labour market policies (ALMPs) are also gaining momentum across Europe, signalling a shift towards more integrated and person-centred support systems. A growing number of Member States have enhanced cooperation between public employment services (PES) and other parts of the national administration, including through better data-sharing and greater administrative capacity. Digital tools have supported these reforms, though some Member States also reported a return to in-person counselling, deemed more effective in reaching the most vulnerable. Some participants acknowledged the value of such reforms and called for continued progress towards comprehensive, person-centred support systems.

In parallel, tax and benefit reforms have emerged as key instruments to promote labour market participation. Many Member States have introduced changes to reduce disincentives to work, particularly for low-wage earners, second earners and other underrepresented groups. These include adjustments to tax brackets, exemptions, and benefit structures. Some participants underlined, however, that such reforms can only be fully effective if coupled with improved job quality. In this regard, employee organisations stressed the importance of fair wages, decent working conditions, and stable employment in addressing ongoing labour and skills shortages.

The Commission has continued to support Member States' efforts and it is progressing on its commitments under the Action Plan. Through the social innovation strand of the European Social Fund Plus (ESF+), it has invested in projects to activate and upskill NEETs, promote the labour market integration of migrants, and combat long-term unemployment.¹⁴ Recent EU-level analysis launched by the Commission services also looked at measures encouraging the combination of work and retirement, with a view to extending older adults' participation in the labour market.¹⁵

¹⁴ See on the [ESF+ website](#).

¹⁵ See the [ESPAN report on Flexible retirement pathways - An analysis of policies in 28 European countries](#).

Social partners have likewise advanced on their commitments. Several national social partners reported on their involvement in actions to promote the employment of older workers - including through financial incentives, flexible retirement pathways, and access to training. Others have supported entrepreneurship, with a focus on young people, women and vulnerable groups. In some cases, social partners reported on their role in facilitating a strengthened cooperation between public and private employment services, including via joint initiatives on job placement, training and career guidance. These contributions confirm the important role of social partners in fostering inclusive and resilient labour markets, and in aligning national efforts with EU priorities.

3.2. Actions promoting upskilling and reskilling

Significant policy efforts are ongoing across the EU in the area of skills, training, and education to address skills mismatches. Most Member States have reviewed or adopted national skills strategies to build a future-ready workforce, with growing attention to green, digital, and basic skills. Reforms to vocational education and training (VET) systems and the revision of education and training curricula are increasingly common, often supported by the ESF+, the RRF and the Technical Support Instrument (TSI). To better match training provision with evolving labour market needs, many countries are strengthening their skills intelligence systems, investing in tools such as big data and AI for forecasting, and expanding training offers aligned with the twin transition. Several Member States are also advancing in implementing skills partnerships under the *Pact for Skills*¹⁶ and launching *Net-Zero Industry Skills Academies*¹⁷, with many also continuing their efforts to support the development of micro-credentials and individual learning accounts.

¹⁶ The [Pact for Skills](#) is one of the flagship actions of the European Skills Agenda.

¹⁷ In line with the [Net-Zero Industry Act](#), the academies provide training and education on net-zero technologies.

The Commission is making steady progress on its commitments under the Action Plan. Since its launch, it has established new *Regional Skills Partnerships*¹⁸ and is preparing a substantial investment in *Centres of Vocational Excellence* - reinforcing the EU's ambition to fund 100 centres by 2027.¹⁹ On 5 March 2025, the Commission presented its initiative to build a *Union of Skills*, aiming to provide lifelong learning opportunities for all and streamline EU-level support to national systems.²⁰ The initiative also includes steps to reinforce the *EU Skills Academies* and promote closer collaboration with education providers, companies, and social partners.

Social partners remain key actors in the delivery of skills-related objectives. They are working alongside VET providers, training institutions and employers to support the upskilling and reskilling of workers - including those in vulnerable situations - and to improve the quality and accessibility of apprenticeships. Several organisations have contributed to identifying shortage occupations and advancing joint approaches to STEM qualifications. At the national level, social partners are also involved in modernising VET systems and aligning training provision with sector-specific skills needs, while continuing to play a role in the implementation of EU programmes that promote lifelong learning.

Looking ahead, both employers' and employees' organisations have called for stronger national and EU-level action in skills anticipation and forecasting. Employee representatives also emphasised that education reform should not be driven solely by labour market demand, highlighting the importance of the right to training and of creating incentives for employers to invest in their workforce. Participants broadly welcomed the launch of the *Union of Skills* as a timely and strategic step forward - one that can help translate shared objectives into concrete outcomes and ensure that Europe's workforce is equipped for the future.

¹⁸ A list of Regional Skills Partnerships is [available online](#).

¹⁹ More information on the Centres of Vocational Excellence is [available online](#).

²⁰ See the [Communication on the Union of Skills](#).

3.3. Actions improving working conditions

Efforts to improve working conditions have gained renewed momentum across the EU, with governments, institutions and social partners playing an increasingly proactive role. Many Member States have advanced in transposing recent EU directives on working conditions, with most having implemented the *Directive on adequate minimum wages in the EU*²¹ and several progressing on others, including on asbestos, diisocyanates, and lead.²² At the same time, national authorities have taken steps to strengthen labour law enforcement, such as by enhancing labour inspections, increasing penalties for non-compliance, and investing in digital tools. Efforts to improve the working conditions of jobs linked to the green transition were also reported, often as part of broader strategies to deliver on the *Council Recommendation on ensuring a fair transition towards climate neutrality*.²³ Overall, these developments come at a time when citizens' expectations for decent and meaningful employment are growing, and job quality is becoming an essential factor in making work more attractive, particularly in shortage-prone sectors.

²¹ [Directive \(EU\) 2022/2041 of 19 October 2022](#) on adequate minimum wages in the European Union.

²² [Directive \(EU\) 2024/869 of 13 March 2024](#) amending Directive 2004/37/EC of the European Parliament and of the Council and Council Directive 98/24/EC as regards the limit values for lead and its inorganic compounds and for diisocyanates.

²³ [Council Recommendation of 16 June 2022](#) on ensuring a fair transition towards climate neutrality.

The Commission has delivered on over half of its commitments related to working conditions under the Action Plan and is progressing on the remaining ones. Key initiatives presented at the tripartite meeting included the proposal for a *Council Recommendation on attractive and sustainable careers in higher education*²⁴, a proposal for a *reinforced Quality Framework for Traineeships*²⁵, and the ongoing preparation for a possible legislative initiative on telework and the right to disconnect.²⁶ The Commission has also facilitated peer learning on Member States' approaches to tackling psychosocial risks at work²⁷, and is preparing further legislative action to better protect workers from exposure to hazardous substances.²⁸ In addition, it is supporting efforts to address mental health challenges in sectors such as healthcare, where working conditions remain under strain.

Social partners have also made important contributions, in line with their Action Plan commitments. Trade union organisations have reported actions to align national practices with EU legislation on pay transparency, adequate minimum wages, and occupational health and safety. Several initiatives also aim to prevent workplace discrimination, promote equal treatment, and build inclusive work environments, particularly for people with disabilities. On the employers' side, social partner organisations have launched diversity and inclusion campaigns, advanced collective bargaining to improve working conditions, and taken action to combat undeclared work and workplace harassment. Taken together, these actions illustrate how social dialogue can serve as a vehicle not only for compliance, but also for innovation in employment practices.

²⁴ [Council Recommendation of 25 November 2024](#) on attractive and sustainable careers in higher education.

²⁵ Currently [being negotiated](#) by the Council and the European Parliament.

²⁶ The Commission is [consulting social partners](#).

²⁷ See the [Peer Review on Legislative and enforcement approaches to address psychosocial risks at work in the Member States](#).

²⁸ On 18 July, the Commission [proposed](#) stronger safeguards for workers exposed to hazardous substances.

Despite these advances, some participants noted persistent challenges in fully transposing and implementing EU directives across all Member States. Employee organisations called for sustained efforts to ensure that all workers can benefit from strong protections and decent working conditions, stressing that continued investment - including through EU instruments such as the Recovery and Resilience Facility (RRF) - remains essential to support effective labour law enforcement and compliance.

3.4. Actions facilitating labour mobility and attracting talent from outside the EU

As demographic pressures increase and the competition for global talent intensifies, labour mobility within the EU and the attraction of international talent are emerging as key policy areas for action to address labour and skills shortages across the Union. Most Member States are advancing efforts to implement the *Council Recommendation “Europe on the Move”*, with growing support for learning mobility across all education and training sectors.²⁹ Many have taken steps to facilitate the mutual recognition of professional qualifications, including through legislative reforms, though participants noted that progress remains uneven and called for faster implementation to make a tangible difference on the ground.

The digitalisation of social security coordination is also progressing, with a large group of Member States having fully implemented the *Electronic Exchange of Social Security Information* (EESSI)³⁰, while others are piloting or observing the development of the *European Social Security Pass* (ESSPASS).³¹ In parallel, joint inspections with the European Labour Authority (ELA) are becoming more common, reflecting greater investment in cross-border cooperation. These efforts are contributing to smoother mobility for workers and better enforcement of labour rights.

²⁹ [Council Recommendation of 13 May 2024 ‘Europe on the Move’](#) — learning mobility opportunities for everyone.

³⁰ [EESSI](#) is a decentralised IT system that helps social security institutions across the EU exchange information related to different branches mentioned above more rapidly and securely.

³¹ [ESSPASS](#) is a project designed to make it easier for individuals to exercise their social security rights when they are in another European country.

The Commission has delivered on a substantial share of its Action Plan commitments in this area and is advancing on the rest. Recent initiatives include a European degree package to remove barriers to the recognition of qualifications and learning periods abroad³², and a proposal to streamline posting procedures via a common digital declaration form.³³ The ELA is also launching a pilot project to facilitate the calculation of posted workers' remuneration. In the field of legal migration, the Commission is reinforcing *Talent Partnerships* with selected partner countries³⁴ and enhancing the *EU Labour Migration Platform*, providing concrete support to Member States in addressing their labour market needs.³⁵

Social partners are actively contributing to labour mobility and fair migration. Employer and employee organisations are monitoring labour and skills shortages in key sectors and supporting mobility towards occupations in high demand. They are also promoting mobility through Erasmus+ and EURES, simplifying administrative procedures, and working to remove legal and practical barriers for skilled workers. In several countries, social partners have been involved in reforms facilitating recruitment from outside the EU - including support to *Talent Partnerships*, the *EU Talent Pool* initiative, and training programmes linked to migration pathways.

Ensuring fair and decent conditions for migrant workers remains a shared priority. Several Member States are enhancing employment guidance services as part of broader integration programmes, which also include language training and strengthened labour inspectorates to prevent labour exploitation. In parallel, social partners have also intensified their efforts to uphold fair working conditions and support the labour market integration of migrant workers. Participants underlined that well-managed and fair legal migration is not only a labour market necessity, but also a strategic investment in social cohesion, global partnerships, and long-term prosperity.

³² [Communication on a blueprint for a European degree.](#)

³³ The proposal is currently [being negotiated](#) by the Council and the European Parliament.

³⁴ [Talent Partnerships](#) were announced in the new [Pact on Migration and Asylum](#).

³⁵ The [Labour Migration Platform](#), a deliverable of the [Skills and Talent package](#), was launched in January 2023.

4. **CONCLUSIONS**

Although labour and skills shortages have eased slightly since their peak in 2022, they remain at historically high levels across most Member States and continue to affect businesses of all sizes and sectors. If left unaddressed, these shortages risk undermining the EU's innovation capacity, deterring investment, and weakening both its competitiveness and the foundations of its social model. They also pose a direct threat to the successful delivery of the green and digital transitions, which depend on a workforce equipped with the right skills. As underlined in Mario Draghi's *report on the future of European competitiveness*, boosting the supply of relevant skills is essential to strengthening the EU's long-term competitiveness.³⁶

One year after its adoption, although further efforts are needed in several key areas, the implementation of the Action Plan can be considered as progressing well, while the Commission – as of July – has fulfilled more than half of the commitments taken. Most Member States have reported initiatives in line with the calls for action included in the Action Plan. The Commission is also progressing on its remaining commitments. Social partners, including their national affiliates, have also made significant progress in delivering on all the commitments under their remit. At the same time, participants broadly highlighted the need to step up action on improving working conditions, facilitating fair intra-EU mobility, and attracting talent from outside the EU. In light of persistent labour market mismatches and labour needs, participants expressed a strong interest in continuing tripartite exchanges on the implementation of the Action Plan. They also underlined the importance of maintaining and accelerating the pace of reforms in order to deliver effective and sustainable policy responses.

³⁶ [The future of European competitiveness: Report by Mario Draghi.](#)

By bringing together Member States, the Commission, and EU and national social partners, the EMCO PAG meeting reaffirmed the strategic value of tripartite dialogue as a cornerstone of the EU's social model. It provided a structured platform for employer and employee representatives to engage directly with national and EU policymakers, enabling constructive exchanges on shared priorities. The Committee will continue to foster opportunities to strengthen shared ownership of common objectives and showcase concrete examples of progress while identifying areas requiring further joint efforts.
