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EMPL 89
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EDUC 68
COMPET 145
ENV 177

NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: European Semester 2023
- Exchange of views

Delegations will find attached a Presidency steering note on the above subject, with a view to the exchange of views at the Council (EPSCO) on 13 March 2023.

European Semester 2023*Exchange of views*

Strengthened European competitiveness should be a guiding principle for the EU. Only through competitive businesses can we create sustainable growth, accelerate the green and digital transitions, increase economic resilience and strengthen the EU's geopolitical importance. Measures at EU level need to be based on fundamental values such as openness, freedom of movement, effective competition, uniform and growth-promoting regulatory frameworks and innovation.

Climate change represents an unprecedented challenge, but also a major opportunity for Europe to become ever more competitive, by creating jobs for a newly skilled workforce in the new clean economy, by rejuvenating its industrial manufacturing base and by securing a prime position to support the rest of the world in decarbonising their own economies. The green and digital transitions are opening up new opportunities for people and the EU economy.

On 1 February 2023, the Commission presented a **Green Deal Industrial Plan**¹ to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality. The Plan builds on previous initiatives and complements ongoing efforts under the European Green and REPowerEU. It is based on a predictable and simplified regulatory environment, an accelerated access to finance, enhancement of skills, and open trade for resilient supply chains.

The Special European Council of 9 February 2023 noted that *“in the face of the new geopolitical reality, the European Union will act decisively to ensure its long-term competitiveness, prosperity and role on the global stage [...], and make its economic, industrial and technological base fit for the green and digital transitions.”* Furthermore, following up on Green Deal Industrial Plan, it called for *“bolder, more ambitious action”* to be taken [...] *“to further develop the skills that are required for the green and digital transitions through education, training, upskilling and reskilling to meet the challenges of labour shortages and the transformation of jobs.”*

¹ Communication on the Green Deal Industrial Plan for the Zero-Net Age, COM(2023) 62 final.

The ongoing shift towards cleaner production, further accelerated by the Green Deal Industrial Plan, significantly boosts demand for skilled workers in many industries. While according to projections, new employment opportunities would be created in jobs of all skills types, the largest increase is projected for middle-skilled jobs in technical professions.² In this context, vocational education and training play a key role in equipping young people and adults with the skills needed to ensure a socially fair green transition.

There is a clear need to accelerate the innovation, investment, and deployment of transformational technologies (including wind, solar, hydrogen, heat pumps and smart electricity networks), which depends on the availability of an adequately skilled workforce. A workforce with the skills that are in demand also contributes to sustainable growth, leads to more innovation and improves companies' competitiveness. Skills are thereby essential to reach the REPowerEU objectives of reducing Europe's energy dependence on fossil fuels, promote the diversification of energy supplies and boost the uptake of renewables.

There is a strong political momentum to accelerate Europe's efforts on skills for the green and digital transition, building on existing work under the European Skills Agenda. In the context of the Communication on the Green Deal Industrial Plan, the Commission aims to develop targets and indicators with Member States to monitor skills supply and demand as well as jobs in sectors relevant for the green transition.

On 12 October 2022 the Commission adopted its proposal for a **Decision by the European Parliament and the Council on a European Year of Skills 2023**. This initiative would also provide fresh impetus to engage stakeholders and mobilise public and private funding with the main objectives of supporting the EU's competitiveness and businesses, in particular SMEs.

² European Commission, Employment and Social Developments in Europe 2019.

In the context of the **European Semester**, skills have a key role in the 2023 Semester Autumn Package, which steers the country-specific work. The Annual Sustainable Growth Survey 2023 underlined that increased productivity requires a workforce with skills in line with current and future labour market needs. Skills are central to our ambitions of achieving climate neutrality by 2050 and seizing the opportunities of the digital decade, Hence, the success of the twin transition will depend to a large degree on the skillset of Europeans.

Under **the Pact for Skills**, the Commission aims at establishing a new large-scale skills partnership for onshore renewable energy. Additional efforts will be geared towards establishing cooperation on skills for heat pumps and energy efficiency, and Net-Zero Industry Academies.

The need to significantly accelerate a socially fair transition towards climate-neutrality calls for efforts to support skills intelligence as well as the acquisition and provision of skills for the green economy. To step up the green transition, we will need to assess the relevant skills that workers in the EU currently have and attract talent and skilled workers from beyond our shores.

Against this background, Ministers are invited to exchange views on the following questions:

- 1) *With a view to enhance EU's competitiveness in light of the green and digital transitions, what are the key challenges you face in your Member State?*
- 2) *What measures do you consider particularly important when addressing skilled labour shortages in the green economy?*