



REPORT

Confronting Europe's Labour Shortage: A Strategic Blueprint for Thriving in the Future Global Talent Competition

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Introduction

The conference on “Confronting Europe’s Labour Shortage” highlighted critical issues and strategies surrounding Europe’s labour shortages. Keynote speakers and panellists addressed the nature, causes, and potential solutions for the ongoing talent scarcity affecting Europe, emphasizing the need for strategic migration policies, improved labour conditions, and skill development to foster a competitive labour market within the EU.

Key Themes and Findings

- **Historical and Structural Context of Labor Shortages:** the European labour shortage is rooted in historical migration patterns, with low-skilled immigration dominating and structural economic changes. A low percentage (17%) of the 22 million non-EU migrants have arrived for employment, while the majority entered for humanitarian or family reunification purposes. There is also a stark gender disparity in employment rates among migrants.
- **Demographic Challenges:** Europe faces a declining working-age population and an aging society, with peak population levels expected around 2026. Countries like Finland have already seen rapid demographic shifts, highlighting the importance of proactive labour policies to balance the working population as retirements surge. The European workforce struggles to attract global talent compared to countries with more robust immigration models like Canada or Australia.
- **Sectoral Shortages and Regional Disparities:** Labor shortages affect sectors such as healthcare, ICT, education, and industrial roles, driven by factors like low wages, challenging working conditions, and insufficient skill alignment. Certain regions, particularly rural and peripheral areas, experience exacerbated shortages due to depopulation and limited economic opportunities, calling for region-specific solutions.

Panel Insights

- **Federico Ottavio Reho (Martens Centre)** emphasized the importance of skilled migration to combat workforce shortages and proposed a clearer, targeted EU approach to migration policy. His remarks underscored the EU’s potential to lead in setting human capital standards and its need to adopt innovative strategies to integrate migrants effectively into the workforce.
- **Maria Jepsen (Eurofound)** highlighted the structural nature of Europe’s labour shortage and the role of sectors experiencing the most severe shortages. She suggested examining the “labour slack,” or untapped labour potential within Europe, which includes women, migrants, and other underrepresented groups, to bridge workforce gaps. According to



Jepsen, addressing working conditions and skills mismatches in various sectors is key to mitigating shortages.

- **Maria Haggman (STTK, Finland)** discussed Finland’s experiences in attracting skilled migrants and the challenges in retaining them. Factors like the country’s high-quality education system and social stability attract migrants, but retention remains difficult due to geographic and cultural barriers, as well as public attitudes towards migration. She noted significant shortages in healthcare, ICT, and education and called for political will to reform qualifications and improve talent retention.
- **Maxime Cerrutti (BusinessEurope)** reflected on the business sector’s perspective, emphasizing that Europe’s immigration policies must balance humanitarian intake with economic needs. He advocated for a collaborative approach involving businesses, governments, and unions to create a more integrated labour market. Cerrutti highlighted Europe’s potential workforce, which includes 74 million individuals not currently engaged in the labor market, as an underutilized resource.

Strategic Recommendations

The conference concluded with targeted recommendations to address Europe’s labour shortage:

1. **Enhanced Public-Private Partnerships:** Collaborative initiatives between governments, businesses, and unions are essential to improving labour market integration and reskilling initiatives.
2. **Clear Migration Targets:** Establish defined migration targets with a focus on the skilled labour needed across Member States to balance demographic shifts and economic demands.
3. **Re-skilling and Up-skilling Programs:** Invest in training and development, particularly for migrants, to close skill gaps in critical sectors and enhance workforce readiness.
4. **Digital Transformation of Migration Bureaucracy:** Improve migration systems to streamline processes, reducing bureaucratic delays for skilled immigrants and facilitating faster workforce integration.
5. **Proactive Communication and Advocacy:** Develop a “European Dream” initiative, marketing the EU as a desirable destination for global talent, and fostering a positive narrative around migration’s role in supporting Europe’s socio-economic stability.

Conclusion The discussions underscored the urgent need for Europe to adapt to changing demographic and economic realities by strategically targeting skilled migration, improving labour conditions, and leveraging underutilized domestic talent. The EU’s success in managing its labour shortage will hinge on its ability to adopt cohesive, forward-looking policies that embrace migration and optimize its workforce potential.