

The EU looking for home and belonging

Strategic Foresight – scenario 3

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Key features of the scenario

- The scenario is characterised by ongoing developments in EU strategic autonomy (EU-SA). To mitigate strategic dependencies, there needs to be a greater emphasis on enhancing both the quantity and diversity of internal production. This shift will not only create more jobs but also require the creation of new job categories with new skills.
- The strengthening of the EU-SA is reinforced by the EU's response to the recent geopolitical instability and the resurgence of nationalist movements observed across the region. Therefore, the creation of new and more jobs will be accelerated.
- While EU-SA may face constraints from nationalist EURES countries that challenge the European Union, recent years have highlighted its significance in safeguarding European interests during a hostile geopolitical landscape. Events such as Brexit, the Trump presidency, China's increasing assertiveness, disruptions in global supply chains due to the COVID-19 pandemic, and the Russian invasion of Ukraine have all emphasised the imperative of enhancing European sovereignty across various policy domains, ranging from energy to defence.
- However, because the recent labour market polarisation and rising inequalities driven by skill-biased technological changes have contributed to the rise of these nationalist movements, the creation of more and new jobs as a result of a greater strategic autonomy forces the European authorities to find ways to accommodate these negative labour market consequences.
- Particularly, high-skilled workers have been able to afford flexible contracts and remote work, but low-skilled workers have been forced to engage in insecure, flexible, non-standard forms of employment while not being able to perform remote work due to the task content of their jobs. Consequently, they have been more vulnerable to housing affordability issues. Lastly, the expansion of education and training opportunities does not fully address the needs of low-skilled workers.
- As a consequence of the rise in EU-SA, sectors such as healthcare, construction, transportation, and strategic industries like defence and (renewable) energy experience an expansion. Therefore, persistent shortages are exacerbated. These tendencies also affect the agriculture and HORECA sectors.
- EURES adaptation needs are twofold. On the one hand, besides traditional matching services, EURES faces increased demand for advice on social issues, housing, health care, and upskilling opportunities, especially for vulnerable groups engaged in non-standard forms of employment. In addition, there will be an increasing focus on fair and ethical recruitment among these groups. EURES should engage more with employers seeking low-skilled workers, ensuring fair recruitment practices and support for small and medium-sized enterprises (SMEs). On the other hand, EURES needs to adjust to increasing labour market protectionism and the individualisation of national Public Employment Services (PES), adopting a more regionalised approach in collaboration with local authorities and social partners.
- EURES needs to complement its digital tools with in-person services to effectively link surplus low-skilled workers with suitable occupations, addressing challenges such as digital literacy barriers and local employment instability. By collaborating with regional stakeholders, EURES should facilitate access to information for low-skilled workers regarding job location, payment structures, and tax implications.

Expected developments

Up to 2030, ongoing developments in EU-SA will drive a shift towards enhancing internal production to reduce dependencies, creating new jobs, and requiring new skills. At the same time, rising **inequalities** and the rapid pace of change contribute to widespread alienation and a diminished sense of belonging. This fuels a current wave of **nationalist movements** advocating for even more internal production.

While EU-SA may face constraints from nationalist EURES countries and non-European entities such as third countries or international organisations that challenge the EU, EU-SA's developments will be accelerated to safeguard European interests. Events such as Brexit, the Trump presidency, China's increasing assertiveness, disruptions in global supply chains due to the COVID-19 pandemic, and the Russian invasion of Ukraine have all emphasised the imperative of enhancing European sovereignty across various policy domains.

Overall, rising inequalities pave the way for nationalist movements which in turn reinforce the need for European strategic autonomy and the creation of more and diversified jobs requiring new skills. However, if the negative effects of this new **job creation** for lower skilled workers are not addressed, labour market polarisation may exacerbate inequalities, creating a self-fulfilling cycle.

Inequality is driven by different factors that might initially appear to be positive or have already had their negative aspects resolved. However, these factors may continue to have detrimental effects, particularly impacting certain groups within the population and workforce. These include certain consequences of technological advancement, the way employers adapt to changing jobseekers' preferences, the remaining impact of major crises happening in the first half of the decade, or the insufficient expansion of education and training.

The current trajectory of **technological advancement** in European labour markets will continue. Overall, more jobs will be created than destroyed. For the most part, workers will find that rather than their entire jobs becoming obsolete, certain of the tasks required will change. However, a good share of lower-skilled routine jobs will be destroyed.

Additionally, in response to the currently tight labour market conditions, most **companies** will have no other option but to **adapt to jobseekers' needs**, particularly in terms of flexibility and work-life balance. However, more highly paid skilled workers will be the main beneficiaries of this adaptation.

Technological advancements coupled with adaptation by employers to employees' needs will initially be viewed as increasing efficiency and productivity. However, due to the absence of regulations and the psychological risks associated with flexible working contracts (e.g., remote work, casual work, etc.), **working conditions** will quickly **deteriorate**. This decline will be especially pronounced for vulnerable groups, such as women and low-income families less likely to be represented by trade unions and experiencing additional physical and psychological constraints in performing their jobs under these conditions.

Moreover, though the potential flexibility from non-standard forms of employment and the platform economy may seem attractive it will concurrently give rise to concerns about working conditions, particularly for those forced to adopt these forms of employment, as opposed to those who consciously choose to have greater flexibility. Those who are forced to enter these forms of employment tend to be associated with certain low-income economic backgrounds and labour migration.

Furthermore, technological change has less impact upon the task content of certain sectors or occupations (HORECA, construction, etc.) where there are fewer possibilities for remote working. Overall, the benefits brought by technology and the adaptability of employers to jobseekers' needs vary across sectors and occupations, with particular issues for vulnerable and/or low-skilled groups. Also, attracting low-skilled individuals to relocate for jobs in other EU/EEA countries is challenging due to their typically weaker foreign language proficiency and qualifications that may not meet employers' expectations.

In addition to the skill-biased effects of technology on jobseekers, disparities in education and training development across Europe are anticipated. While **improvements** are expected in **vocational education** and continuous efforts to upskill and reskill adults, these services will predominantly be provided by private actors, either by companies or through partnerships with educational institutions. In this dual payment system, transversal skills courses will be publicly financed, specific skills training will be funded by employers, and shortages of skills in specific sectors will be covered by sector-specific organisations. This approach may undervalue workers in occupations with lower market returns or limited employer investment in staff skills, leading to a skew in education and training opportunities towards certain groups and sectors, potentially contributing to greater alienation among specific segments of the population. Disparities, including technological and educational disparities, will contribute to a greater **polarisation of society**. Some jobs will be perceived as less valuable and shortages in these occupations will not be solved (if not deepened). As a result, two things will happen. On the one hand, low-skilled jobseekers will feel excluded from society, on the other hand, potential employers will resort to labour migration as a quick fix to their problems, instead of increasing job attractiveness. Consequently, European low-skilled workers face unfavourable labour market conditions driven by a very exploitative demand for cheap labour. Hence, EURES needs to help them because a certain degree of low-skilled workers is needed. Therefore, they should be provided with advice on social issues, housing, health care, and upskilling opportunities but also facilitate information to promote fair and ethical recruitment among these groups.

European cooperation necessary to fight **climate change** is also compromised. Even though the EU introduces **successful adaptation measures**, i.e., effective measures to cope with climate change in the short run, **effective long-term mitigation strategies are not established** as nationalist movements often prioritise national interest over international collaboration. Following this, there are concerns about competitiveness. Some countries fear that stringent climate policies could place their industries at a disadvantage compared to nations with laxer environmental regulations. Sectors and regions most affected by climate change, e.g., agriculture and tourism, cope well in the short term and industries focused on short-term solutions, such as disaster management, experience growth and job opportunities. In the long run, emerging inequalities among regions (including an urban-rural divide), sectors, occupations, and societal groups are expected as the lack of effective mitigation results in an uneven distribution of the impact of climate change.

Expected impact on labour market imbalances

Structural labour **shortages** continue to persist, particularly in **low-skilled occupations**, due to labour supply constraints. Misconception about them being of low value will be deepened due to worse working conditions and rising labour market polarisation driven by technological advancements. However, political barriers to labour mobility impede the use of migration as a quick fix to the shortages across low-skilled occupations.

Nevertheless, the adaptation of companies to jobseekers' needs is expected to alleviate the problem among high-skilled workers. Offering increased flexibility and alternative employment arrangements, such as those seen in the platform economy, will entice high-skilled workers from various sectors to view these opportunities as attractive options. They achieve a better work-life balance by transitioning to other - sometimes even lower-skilled - occupations. Unfortunately, this results in low-skilled domestic workers being side-lined, a situation further exacerbated by challenges related to housing affordability.

At the same time, there are increasing labour **surpluses** among **low-skilled** workers who are not in a position to continuously adapt to the changing requirements brought about by the twin transition – notably by engaging in effective re-and upskilling. People in this group, many of whom could benefit from spatial mobility, are often most reluctant to move and they find it most difficult to find a job in another country as they usually lack competency in foreign languages and frequently lack skills required by employers. Consequently, the stock of surplus workers not in demand across Europe increases.

The **health care and care services sectors** exemplify this trend, with the public sector failing to address outdated working conditions, particularly for lower-skilled workers. However, the private sector's ability to attract national workers, coupled with the political barriers to talent migration (especially to central and north European countries), offers some alleviation to labour shortages. Similarly, the **construction sector** experiences an upskilling of the workforce, however, persistent **shortages** in less qualified profiles persist due to unattractiveness of jobs. In line with these unattractiveness factors, **transport sectors** face ongoing shortages of heavy truck, lorry, and bus drivers, unless self-driving vehicles, especially in trucks, start to have a significant impact by 2030.

In addition, nationalistic tendencies and a desire for greater sovereignty places recruitment pressure on some **strategic sectors** such as defence, pharmaceuticals, lithium extraction, batteries, clean and renewable energies production (nuclear, geothermic, wind, photovoltaic – solar panels, biomass, etc.), water waste treatment, and water desalination. Within these industries, highly qualified pharma, biomedical, and engineering professionals, and technical profiles are increasingly required, and shortages persist. Additionally, nationalistic views may hinder climate policies aimed at mitigating **agricultural sector** damage, leading to increased pressure and shortages in this vital industry. Failure to adopt effective climate policies to mitigate the adverse impact of climate change on agriculture can exacerbate recruitment shortages in the sector by diminishing its attractiveness as a career option and increasing the economic risks associated with agricultural activities.

In central and northern Europe, countries face different climate conditions enabling new sectors such as wine production. In the south, countries face climate conditions which make some production impossible, leading to labour surpluses. However, some growing fields of production require the recruitment of new domestic workers in the absence of migrant employees. Nonetheless, certain existing fields of production encounter labour shortages due to the reluctance of domestic workers to replace current migrants who are subjected to exploitative conditions, such as low wages, inadequate housing, limited access to healthcare, or lack of job security. This challenge is particularly evident in countries like Spain, Italy, Greece, Malta, and Portugal, where agriculture sectors like fruit and vegetable farming, vineyards, olive groves, and intensive greenhouse cultivation are heavily reliant on migrants.

Climate change also increases the long-run pressure on the **HORECA** and the health care sectors. Southern countries 'benefit' from more frequent periods of 'summer' holidays whilst climate change puts pressure on the health. Furthermore, it will increase the demand for **ICT professionals** in various sectors. For instance, workers who used to work in low-skilled construction jobs within the electricity sector will be required to cover the initial phases of renewable energy projects whilst workers with more qualified profiles will be required to work on technical maintenance.

Regional disparities will be worsened by housing affordability issues. Not only will there be a shortage of low-skilled workers due to political barriers hindering international mobility, but there will also be a lack of internal mobility driven by a tightening housing market. This market discourages workers from relocating once they have found suitable accommodation. However, efforts by companies to adapt to workers' needs, such as providing compensation for commuting, may alleviate some of these imbalances while stimulating local economies in rural areas. Concurrently, rural areas face a surplus of low-skilled workers who may eventually take other local opportunities arising from national protectionist measures to support the local economy and increase the number of jobs available there.

Expected impact on EURES services

EURES needs to mitigate the potential inequalities arising from the enhanced European internal production as a consequence of greater European sovereignty efforts. Particularly, special attention should be devoted to **low-skilled workers**. Additionally, it needs to cope with the more country-specific strategies driven by nationalist waves.

The low-skilled are especially likely to experience a reduction in employment opportunities, being employed in sectors most subject to automation and least qualified to take advantage of opportunities in expanding sectors. There is, however, a continuing need for some lower skilled workers, though competition for these posts increases as their volume declines. EURES can assist in identifying opportunities for mobility enabling people to access jobs commensurate with their skill levels.

The demand for EURES services will expand beyond the traditional matching and employment-related issues. New services, particularly **advice on social issues** will be increasingly in demand, especially at the local level. These include where to find decent housing, queries concerning financial support for accommodation, or questions about access to health care.

There will be an increasing focus on fair and ethical recruitment among these groups. EURES should engage more with employers seeking low-skilled workers, ensuring fair recruitment practices and support for small and medium-sized enterprises (SMEs). This kind of support is particularly important to vulnerable groups engaged in non-standard forms of employment. By acting as information providers through advisers and advocating stricter regulations, EURES will not only create more and better opportunities for low-skilled workers but also tackle rural-urban imbalances.

EURES should enhance transparency by providing information on

- how earnings compare to the cost of living in different regions, aiding jobseekers in making informed decisions about potential relocations or job opportunities;
- labour law and taxation issues, such as social protection effects and psycho-social aspects that are emerging due to the rise in telework and remote working; and
- relevant trade unions and applicable collective agreements in various sectors, empowering them to negotiate fair wages and working conditions.

All these will represent a significant change/broadening of the EURES services with implications for staff training.

The rise of platforms such as LinkedIn, boosted by features including 'easy apply', presents both opportunities and challenges for EURES. To set itself apart from private platforms, EURES could introduce innovative features such as a **'task-based CV' system** complemented by EURES Advisers assisting jobseekers in providing accurate and relevant information for better matching. However, there is a risk of employers being overwhelmed by a large volume of unsuitable applications. Therefore, there is a need for direct initial screening of applications on the portal, either through human review or use of AI. Following this, EURES can develop services for employers to enhance their understanding of their recruitment needs and improve their job offers to attract international candidates. This may involve assisting employers in translating the tasks they require from workers into specific skills needed for the role (e.g., AI-facilitated questionnaire on the EURES portal).

Additionally, new functions should be developed with the low-skilled in mind (e.g., the provision of tutorial videos or user-friendly manuals explaining the benefits of digital tools and how to best use them). EURES needs to find a **balance between** the increasing use of **technology** in PES (e.g., AI, chatbots; which are probably of more value for the high-skilled) **and the face-to-face human support** needed by the increasing target group of vulnerable workers. It is important that EURES is not perceived as an old-fashioned service and the EURES portal must feature intuitive self-service navigation, ensuring vacancies are streamlined to display only current job offers, with clear indications of whether employers are open to candidates from another country, while maintaining the accuracy and completeness of vacancy information. Additionally, country websites should be improved and complemented by a social media presence at the regional level; a successful EURES communication strategy will be of vital importance to meeting local labour market needs.

EURES's strategy must respond to country-specific strategies driven by nationalist waves. To achieve this, EURES will adopt a more **regionalised approach**, collaborating closely with regional authorities, local employment agencies, private employment agencies, trade unions, and other institutions representing workers, especially the most vulnerable, as well as employer organisations.

EURES needs to find ways to connect the surplus of low-skilled workers with available vacancies overcoming issues such as the lack of digital skills/awareness among this cohort, and seeking to mitigate the precarious nature of local employment in some available job roles. As low-skilled work becomes increasingly sporadic, EURES should make use of its collaboration with regional stakeholders to establish a centralised approach to the platform economy, consolidating micro-tasks on single platforms.

EURES should become **more involved with employers** seeking low-skilled and low-qualified workers. This is important because employers may face difficulties in finding workers even if potential candidates are available and also to prevent labour mobility from becoming a solution to a fundamental issue of job unattractiveness. EURES should work to encourage better quality vacancies, advocating that employers apply fair and ethical recruitment principles, and post-recruitment services necessary for mobile workers who want to move to another country.

EURES should particularly help small and medium-sized enterprises (SMEs). First, EURES can enhance the role of the **Targeted Mobility Scheme** (TMS) at the national level including through reducing the bureaucracy involved in TMS applications. Secondly, in the absence of a harmonised European system for skills and qualification recognition, EURES should develop a tool to make individuals' skills visible and assist employers in understanding how workers' skills can be used to meet their needs. EURES can provide guidance on which portfolio of skills a worker possesses can be applied to various occupations, extending beyond ESCO codes.

For workers who want to return to their home countries given the benefits promoted by protectionist policies, a specific new section on the EURES portal should have **advice and support for individuals returning to their country of origin**, both before and after the transition.

Finally, the question of whether EURES should extend beyond the European Union by 2030 is pertinent in the context of arising nationalist sentiment and questions of sovereignty. While it may address some European labour market imbalances, such expansion could challenge EURES countries' sovereignty. However, any extension of EURES' mandate beyond the European Union, such as incorporating third-country nationals under the Long-Term Residents Directive, would require regulatory changes and dialogue.

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