

# The gloom and doom

Strategic Foresight – scenario 4

#EURESjobs  
eures.europa.eu



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# Key features of the scenario

- The context for this scenario is the current situation of perma- or poly-crisis affecting Europe (and the world more generally). Climate change with its accompanying adverse socio-economic consequences continues while the diffusion of artificial intelligence (AI) and increasing use of machine-learning through automated self-service platforms reshapes employment. Mismatches between workers' and employers' preferences continue, although for some sectors working conditions are improving.
- Both existing and new crises hinder economic growth, investment, competitiveness, and employment. Climate change deepens economic divides in Europe, with some adverse effects more prevalent in specific regions and sectors. Southern regions are most significantly affected, particularly in sectors such as agriculture and tourism. Northern regions experience increased flooding which damages physical infrastructures, causing a variety of disruptions to the economy. The 'green sector' experiences a surge in demand, particularly for activities linked to climate resilience measures, such as renewable energy and disaster preparedness.
- The diffusion of AI presents opportunities and challenges, enhancing productivity but potentially displacing workers, particularly those with lower technical skills. Teleworking, made increasingly feasible by technological adoption, introduces new risks to safety and mental health, alongside concerns about data privacy and security.
- The increased availability of housing reduces this as a constraint on labour mobility, stimulating economic activity and job growth in urban areas. Housing affordability, however, remains a challenge, potentially perpetuating socio-economic disparities. This results in a continuing lack of suitable accommodation for some groups of workers moving to urban areas to access new employment opportunities (especially where they are not able to engage in teleworking).
- Regional and sectoral impacts vary with urban centres benefiting more significantly than rural ones, and construction and real estate sectors experience growth while technology and finance sectors are not directly affected.
- Construction workers face uncertainty. On one hand, projects are delayed or cancelled due to the impact of climate change. On the other, the rise of teleworking leads to increased demand for new houses, particularly in urban centres and possibly even in more rural areas as it is no longer so important to live close to the workplace.
- Employment levels are adversely affected (machines increasingly substitute for labour), the adverse effects of climate change continue unabated wreaking havoc on Europe's socio-economic structure, south to north migration flows increase to a point where they impose strains upon public services, and the provision of education and training to assist people manage transitions in the labour market is far from universal. This places strong pressures on PES .
- Labour market imbalances increasingly shape EURES services, emphasising the need for improved visibility and a focus on the movement of whole families. EURES personnel will need to undergo training to adapt to the use of AI and machine-dominated self-service provision, with the EURES portal incorporating AI functionalities to streamline recruitment processes. The demand for EURES services is expected to rise due to the increasing importance of mobility. EURES will need to prioritise seamless transitions in response to changing workforce needs.
- EURES services will be required to support increased information needs about available housing, enhancing capacity to address housing-related inquiries, utilising tools such as helpdesk chatbots.

# Expected developments

In the period to 2030, Europe continues to experience **ongoing crises**, both existing (such as those which have arisen in the aftermath of the COVID-19 pandemic), long-term (such as climate change), and new (e.g., conflict between Israel and Palestine). Economic adaptation to these conditions dampens demand, adversely affecting investment, competitiveness, and employment. Skill shortages increase due to global market uncertainties especially in localised hotspots. The ongoing crises conditions hinder the allocation of resources towards critical areas, creating additional challenges for policymakers looking to address the needs of the workforce and the environmental damage resulting from climate change.

Climate change continues to exert adverse effects on Europe, widening and deepening economic division. **Climate mitigation and adaptation policies have proved insufficient** to halt the impact of climate change on the European labour market and across wider society. Extreme climate and weather events persist, and their adverse environmental impacts have significant consequences for the labour market. Southern regions face recurrent heatwaves affecting agriculture, while northern areas experience increased flooding and damage to their physical infrastructure. There is a surge in demand for climate resilience measures in the 'green sector', leading to job creation in renewable energy and sustainable infrastructure projects.

The **diffusion of AI**, particularly generative pre-trained transformers (GPTs)<sup>1</sup> and large language models (LLMs)<sup>2</sup>, has become ubiquitous, resulting in deskilling within jobs, adversely affecting real wage levels and causing job losses, particularly in skilled sectors. The widespread adoption and ease of access to AI technologies emphasises the need for strategic investments in workforce development, as it becomes increasingly important for individuals to acquire skills that align with the changing technological landscape.

**Digital platforms** offering self-service provision to jobseekers become the norm. Chatbots increasingly guide individuals and employers through the jobseeking and matching process. The role of guidance professionals changes, as traditional matching functions become obsolete through automation, leading to a more automated and efficient but potentially impersonal job search experience. The emphasis and core function of guidance staff is on dealing with clients in the most disadvantaged situations farthest from socio-economic integration for whom human intervention is still essential.

The green and digital transitions reshape the **demand for skills**, with education and training systems focusing heavily on emerging needs, while generally disregarding offers to cover other skill needs. The emergence of AI necessitates specific training programmes to keep pace with technological developments. As industry dynamics shift, the emphasis on soft skills becomes a critical factor in ensuring workers remain relevant in a technologically advanced job market. Training needs require a joint response – and funding – from public and private actors (employers, private providers). There is, however, a potential downside as attention to skills not directly related to these transitions becomes limited and outdated, posing challenges for maintaining a balanced and inclusive workforce.

In the face of the ongoing challenges, social partners remain active despite receiving low political support in some regions due to the poly-crisis, diverting resources and efforts towards issues requiring immediate action. As a result, a **preferences mismatch** may emerge, as companies struggle to align with the needs of modern jobseekers. This leads to a divide between employers and the workforce, hindering effective talent acquisition and retention. The limited role of social dialogue is compensated for by increasingly direct communication between employers and jobseekers, fostering **improved working conditions**, in some cases increasing opportunities for staff to influence their functions utilising creativity through job crafting.

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<sup>1</sup> GPTs are a type of large language model and a prominent framework for generative artificial intelligence.

<sup>2</sup> LLMs are a type of artificial intelligence (AI) that can recognise and generate text, among other tasks.

A hybrid work model, with a focus on remote working, is widely adopted, introduced wherever possible. Technological developments such as automation and robotics, enhance workplace safety, reduce health risks, and lead to comprehensive training programmes that boost productivity.

**There are modest improvements in housing availability** by 2030, but affordability remains a challenge for a significant portion of the workforce. This shift has a discernible impact upon the labour market, presenting both opportunities and challenges across different sectors and regions. While more housing options are available, their cost is still prohibitive, affecting overall workforce stability, with adverse regional implications for labour supply.

## Expected impact on labour market imbalances

In a world marked by constant change and evolving challenges, the labour market is at the intersection of various forces, each contributing to a complex web of imbalances. Social dialogue, while recognised as important, is not always afforded an appropriate level of priority. Accordingly, it has limited practical scope to contribute to alleviating labour market imbalances.

There is an awareness that climate change affects the labour market, with the understanding that some jobs will disappear while new ones will emerge, with significantly different impacts across regions and sectors. Southern regions grapple with recurrent heatwaves, adversely affecting **agriculture** and outdoor industries. In particular, agricultural regions, predominantly located in southern Europe, bear the brunt of heatwaves and changing precipitation patterns. Crop failures become more frequent, affecting both employment and income for agricultural workers. As a result, these regions experience heightened economic challenges, with farmers and labourers facing uncertainty and potential job losses, not just linked to climate change, but also due to increased automation. This results in **labour surpluses** in those regional sectors. Coastal regions, vital for **tourism and hospitality**, face recurring challenges as extreme weather events disrupt travel plans and damage infrastructure. This not only affects businesses directly linked to tourism but also has a cascading impact on related sectors such as **retail and services**. Job losses – and hence surplus workers – in these areas contribute to a downturn in local economies. Meanwhile, northern areas contend with increased flooding and weather induced damage to their physical infrastructure. This over time creates labour surpluses in those regions negatively affected by the effects of climate change, while **labour shortages** are experienced in the **construction** industry (to rebuild the physical infrastructure) and industries related to prevention and mitigation of climate effects.

Floods and extreme weather events more generally take a toll on infrastructure and construction activities. Rebuilding efforts become a recurring necessity, diverting resources from new projects and hampering growth in these sectors. Construction workers face job instability as projects are delayed or cancelled which adversely affects their livelihoods. Within the construction sector, labour surpluses start to emerge hindering 'traditional building', while labour shortages related to reconstruction and retrofitting become more prominent.

The persistent challenges posed by climate events prompt migratory flows as individuals move to regions with more stable economic prospects. Climate-induced displacement becomes a reality, with affected populations moving towards areas perceived as less vulnerable. **Urban centres**, often seen as more resilient, witness an influx of climate migrants, **alleviating the labour shortage challenge** in those areas, but also adding strain on existing social services and infrastructure and potentially resulting in increasing housing costs.

Conversely, the **'green sector'** experiences a surge in demand for climate resilience measures. Renewable energy, disaster preparedness, and sustainable infrastructure projects become focal points for job creation. Regions actively investing in climate adaptation and mitigation strategies witness growth in these sectors, providing opportunities for skilled workers. While education and training measures explicitly target these needs, labour demand for these – partly newly emerging and specialist skills – exceeds supply, resulting in **labour shortages**.

Simultaneously, the diffusion of AI amplifies the challenges and opportunities within the labour market. In early adopter companies, productivity significantly increases due to technological advances. However, this progress comes at a cost, as some workers in **jobs most affected by automation, particularly the lower paid, women, and people from ethnic minorities, may face dismissal**. Accordingly, technology-driven labour market imbalances remain, and have a substantially different impact on sectors, occupations and workforce groups.

The adoption of AI also promotes teleworking, offering flexibility mitigating some adverse impact on certain groups (e.g., female workers) but introduces new risks to occupational safety and mental health, as well as concerns about data privacy and security. The shift towards teleworking not only influences working conditions but also contributes to the dynamics of the housing market, with increased demand in various locations met by supply-enabling housing policies. The augmented availability of housing contributes to a more dynamic labour market, particularly in urban areas where housing scarcity had previously constrained growth. The increased housing supply can stimulate economic activity, creating a surge in demand for construction jobs and related industries. As more housing projects emerge, the construction sector experiences a boost, providing job opportunities and fostering economic growth. The limited improvement in housing affordability poses a continuing challenge for many workers, particularly those with lower incomes. Although more housing options are available, their cost is still prohibitive for a significant portion of the workforce. This situation can perpetuate socio-economic disparities, limiting housing options for low- and middle-income individuals and potentially lead to the continued clustering of talent in certain regions accompanied by unbalanced labour markets. Regional effects are notably diverse. Urban areas, benefitting from increased housing availability, may experience revitalised economic activity and population growth. Conversely, rural regions might experience a slower pace of change, with lower housing demand in less densely populated areas. The potential for regional imbalances persists, with urban centres absorbing a disproportionate share of the economic benefits. The sectoral impacts are also distinct. Construction and real estate sectors continue to thrive with increased housing projects, creating job opportunities and fostering economic development. Industries related to home improvement and renovation experience an increase in demand. Notwithstanding this, the persistent lack of affordability could hinder the full realisation of the real estate market potential. Workers in sectors less connected to housing, such as technology or finance, may not be significantly and directly affected, though they may experience indirect impacts from overall changes to economic conditions.

The mismatch between employers' and jobseekers' preferences adds another layer of complexity. In some countries, the priority of social dialogue decreases due to the impact of polycrisis diverting effort and resources, further exacerbating the mismatch between the skills sought by employers and those possessed by jobseekers. In particular, the growing volume of **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 – will increase **labour surpluses** across Europe. Low-skilled workers, compared to high-skilled ones, lack the personal financial resources to invest in their own training. They are also more often employed by small companies (compared to high-skilled workers) that may also lack the necessary funding to upskill and reskill their employees. Given the circumstances, low-skilled workers need to primarily rely on public funding and initiatives to access adequate training for upskilling and reskilling.

## Expected impact on EURES services

EURES services are expected to remain resilient, minimising the impact from the perma- and polycrisis. The continuing mismatch between employers' and jobseekers' preferences emphasises the increasing importance of mobility, thereby heightening the demand for EURES services to facilitate seamless transitions. EURES could **promote the benefits of intra-EU labour mobility** first and foremost by relying on already existing initiatives, including group counselling or information sessions for newly registered jobseekers, as well as provision of information to students, especially in their final year of studies.

Meeting the overall increased demand for EURES services is challenged by limited public funding, as the ongoing economic and labour market crises also affect national budgets and national governments have to reduce their investment. As a consequence, it is important to identify activities and measures that can have a greater impact whilst requiring less resources, and ways to maximise the contribution of AI/digital tools to job matching. **Cooperation across the EURES network** has to be strengthened to foster synergies and ensure effectiveness of interventions given the potentially reduced endowment with human and financial resources. EURES services also have to become more **tailored and targeted** towards specific **regions** and **types of employers/jobseekers** particularly affected by the developments and in need of support (e.g., low-income, low-skilled workers with few opportunities for training or transitioning into other occupations/sectors). More emphasis needs to be placed on identifying target groups and their needs and developing and implementing specific services rather than opting for a 'one-size-fits all' approach. Less vulnerable workers could be then targeted by private providers. The diffusion of technology, including AI, can facilitate this process, but requires training (including mutual learning and exchange of good practices) for the EURES staff to effectively take advantage of the digital opportunities (also see further below).

The labour market imbalances significantly influence the operations and focus of EURES services. In recognition of the need for improved visibility, EURES needs to better plan, design and implement communication and promotion activities, both at the European and national level, in particular to reach out to specific target groups (i.e., most disadvantaged or at-risk workers). Cooperation with stakeholders needs to be enforced to improve awareness of EURES, its services ('What EURES can do for you')<sup>3</sup> and its good practices, and to ensure that required messages reach the intended target groups delivered through the most suitable channels. EURES could leverage its already existing services supporting workers mobility and share good practices and lessons learnt with public and private providers. The **effectiveness and efficiency of outreach activities needs to be improved**, which also requires better exploration of EURES clients' characteristics and engagement in monitoring the outcomes of communication activities. Closer cooperation and exchange of (innovative) communication tools and performance measurement approaches across the EURES network need to be implemented.

EURES services will need to place a heightened emphasis on the movement of whole families, acknowledging the broader considerations involved in cross-border mobility decisions. With the increased demand for housing, EURES will need to enhance its capacities to address housing-related inquiries, using tools such as **helpdesk chatbots** to provide efficient and tailored responses. It is expected that an increased demand will also emerge for information and support concerning integration issues (e.g., including more transparent information on how earnings in a given country compare to its cost of living), administrative procedures, **social services** and relevant trade unions, applicable collective agreements). Furthermore, an enhanced focus needs to be applied to post-recruitment services for those workers willing to relocate to another country, and for employers intending to hire them. As the diffusion of AI and machine-dominated self-service provision becomes more prevalent, EURES staff will need to diversify their skills to make optimal use of AI technology and other emerging tools. The EURES Training Academy needs to ensure that EURES staff are well equipped with the competences related to these developments.

The EURES portal will need to be enhanced to incorporate **AI functionalities**, automating messages to jobseekers with relevant job offers, to streamline the recruitment process. Vacancies should provide up to date and clear information, including whether employers are interested in candidates from other countries. To remain attractive, the portal needs to invest in contemporary state-of-the-art technologies, which succeed in satisfying the end users' needs while at the same time being easy and intuitive to handle and appealing to use.

EURES services will need to continue **dialogue and cooperation with social partners**, who will be actively involved in uplifting job quality and working conditions by adapting to selective skills provision, ensuring that the workforce remains well-equipped to meet the labour market demand.

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<sup>3</sup> <https://europa.eu/europass/en/work-europe/what-can-eures-do-you>





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