

# Union of Skills

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## **Context**

The European Union's economic competitiveness, resilience, and innovation capacity rest fundamentally on its people. Yet for the past decades, the EU has experienced a deepening skills crisis that threatens its ability to thrive in a rapidly changing global landscape. The Union of Skills initiative, announced in March 2025, is the European Commission's strategic response to this challenge.

Firstly, the initiative highlights Europe's persistent skills gaps and labour shortage in many strategic sectors. Despite growing demand, the EU is not producing or retraining enough skilled workers, especially in STEM, digital, and vocational areas. Secondly, education and training systems across the EU are lagging behind the pace of digital transformation, limiting Europe's capacity to adapt to the requirements of the future economy.

Moreover, Member States' governance of skills policy remains fragmented, with limited coordination across education, employment, and business sectors at both national and regional levels. This disjointed approach leads to ineffective investment and missed opportunities. The Commission acknowledges that these challenges are too complex for individual Member States to tackle individually, thus proposing a coordinated, EU-level effort to build a more skilled, mobile, and resilient workforce.

## **Objectives**

The Union of Skills establishes three key pillars. The first aims to empower all individuals, regardless of age, background, or location, to develop strong foundational skills and pursue lifelong learning. This includes improving basic literacy, digital, and STEM skills, enhancing the attractiveness of vocational training, and expanding access to higher education.

Secondly, it seeks to boost the competitiveness of European companies by helping them find people with the right skills and by encouraging businesses, particularly SMEs, to invest in upskilling and reskilling their workforce. The EU will support this through new funding instruments, targeted training programmes, strategic partnerships, and tools such as the proposed EU Talent Pool.

Thirdly, the initiative aims to make skills and qualifications more transparent and portable across borders, facilitating labour mobility within the EU and helping employers recruit more efficiently. This includes improving recognition of qualifications obtained both inside and outside the EU. A final complementary aim is to make Europe more attractive to global talent by creating smoother pathways for international students, researchers, and skilled workers to study and work within the EU.

## **Impact on Maltese Businesses**

The Union of Skills will have direct and tangible benefits for businesses across the EU, including Malta, particularly in workforce development and recruitment. For companies struggling to fill vacancies or keep pace with technological changes, the initiative will simplify access to skilled workers and provide structured support for employee training. Improved mutual recognition of qualifications will reduce administrative barriers, enabling faster and easier recruitment across Member States. This will be especially beneficial in high-demand sectors such as ICT, healthcare, advanced manufacturing, and tourism, where skill shortages have been a persistent barrier to growth.

The initiative also places a strong emphasis on helping employers train their current staff. EU programmes such as Skills Academies, Individual Learning Accounts and micro-credentials will make it easier for companies, especially SMEs, to offer relevant and affordable training. By partnering with vocational institutions and universities, businesses will have greater influence over the skills being taught, ensuring that education pathways align more closely with labour market needs. These collaborations will help build a reliable talent pipeline tailored to the evolving demands of specific industries.

The Union of Skills also improves access to talent across the EU and beyond. Maltese companies, especially SMEs, will be better positioned to compete for the skilled workers they need to scale-up. Enhanced recognition of foreign qualifications and the launch of the EU Talent Pool will streamline the hiring of third-country nationals in careers facing critical shortages. At the same time, support for local upskilling and training will help Malta's workforce become more competitive, adaptive, and resilient. Sectors such as tourism and hospitality, ICT, and financial services stand to benefit most, as they depend heavily on both local talent development and cross-border recruitment.

## **Way Forward**

The Union of Skills marks a strategic shift in how the EU addresses its competitiveness challenges. By placing skills at the centre of its economic agenda, the Commission is signalling to business leaders that skills are now a top priority. This initiative offers practical tools to help companies mitigate workforce shortages, invest in employee development, and tap into a broader European and global talent pool. For business owners and executives, it is evident that those who adapt for this skills-first agenda, by engaging with EU programmes, co-investing in training, and expanding recruitment strategies, will be better equipped to succeed in a fast-changing economic environment. As the proposed strategy evolves from policy to implementation, now is the time for businesses to act. A skilled workforce is no longer a luxury, but rather the foundation for a sustainable growth, innovative, and resilient European economy.

## Main initiatives listed in the Communication

<b>Initiative</b>	<b>Estimated Release Date</b>	<b>Objective</b>
Action Plan on Basic Skills	Published Q1 2025	Aims to strengthen literacy, numeracy, and digital skills through coordinated EU and national action.
STEM Education Strategic Plan	Published Q1 2025	Seeks to boost STEM learning outcomes and increase participation, especially among underrepresented groups.
Skills Guarantee for Workers (pilot)	2025	Ensures access to upskilling and reskilling for workers affected by job displacement in transition sectors.
2030 Roadmap on Digital Education & Skills	Q4 2025	Outlines a long-term EU strategy for equitable access to digital education and stronger digital competencies.
Skills Observatory	Q4 2025	Provides real-time intelligence on skills demand and supply to guide policy, training, and investment decisions.
EU Visa Strategy	Q4 2025	Facilitates legal migration of international talent by improving visa processes for students, researchers, and workers.
Basic Skills Support Scheme (pilot)	2026	Offers targeted support for young learners struggling with foundational educational competencies.
European Strategy for VET	2026	Enhances the quality, relevance, and attractiveness of vocational education and training across the EU.
EU Skills Academies	2026	Establishes sector-specific training centres to rapidly equip workers with green, digital, and strategic skills.
Skills Portability Initiative	2026	Aims to simplify recognition of qualifications and skills across borders to boost labour mobility.
Launch of Joint European Study Programme (EU Degree)	2026	Develops transnational degrees in key sectors to strengthen talent pipelines and cross-border collaboration.
Common Framework for Automatic Recognition	2027	Introduces a unified system to ensure EU-wide automatic recognition of educational qualifications.

**Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.**

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