

Skills Insights Note 2025-3

Skills for Growth: Insights from European and Irish Policy Initiatives



Background on The Insights Series

The Insights Notes are a series of new shorter pieces of work on topical matters affecting the labour market by the Expert Group on Future Skills Needs (EGFSN). These Notes are prepared alongside the longer research studies, that the EGFSN undertakes. The first Skills Insights Note on *‘Cross Sectoral Synergies and Transversal Skills’*; was published in July 2025 with the second Note on *‘How AI is transforming the Irish Labour Market’* published in October. Both can be accessed here: [EGFSN Publications](#). This Note is the third in the series and focuses on recent initiatives in relation to skills policy in Ireland and the European Union. Specifically, this paper highlights some of the key features and commonalities between the European Commission’s *‘Union of Skills’* and Ireland’s recent *‘Action Plan on Competitiveness and Productivity’*.

- The Expert Group on Future Skills Needs (EGFSN) advises the Government on future skills requirements and associated labour market issues that impact on the national potential for enterprise and employment growth. The latest EGFSN publications can be found at: www.egfsn.ie.
- This Skills Insights Note has been issued by the Chair, Tony Donohoe, and was prepared by Ciara Cowap, Linda Kane and Robyn Murphy of the EGFSN Secretariat. For further information, please contact: info@enterprise.gov.ie
- The authors would like to thank the Members of the EGFSN for their helpful comments and valuable feedback on provisional drafts, which greatly contributed to the improvement of this work.

Introduction

Skills development is a cornerstone of economic resilience and competitiveness across Europe. Over the past year, the European Commission and the Government of Ireland have published ambitious proposals to address skills gaps to encourage innovation and to prepare for future challenges. This *Skills Insights Note* examines two key initiatives – the European Commission’s *Union of Skills*¹ and Ireland’s *Action Plan on Competitiveness and Productivity*² – to understand their objectives and identify areas of alignment.

The analysis highlights several areas with shared priorities such as lifelong learning and foundation skills, digital and STEM competencies, and research-driven innovation. These themes are critical for sustaining growth, enabling the green and digital transitions, and ensuring that both Ireland and

the EU remain globally competitive. Through this comparison, this note highlights several synergies across the national and European approaches, offering insights into how coordinated action can strengthen skills ecosystems and support growth in a fast-moving global landscape.



1. [The Union of Skills](#)
2. [Action Plan on Competitiveness and Productivity](#)



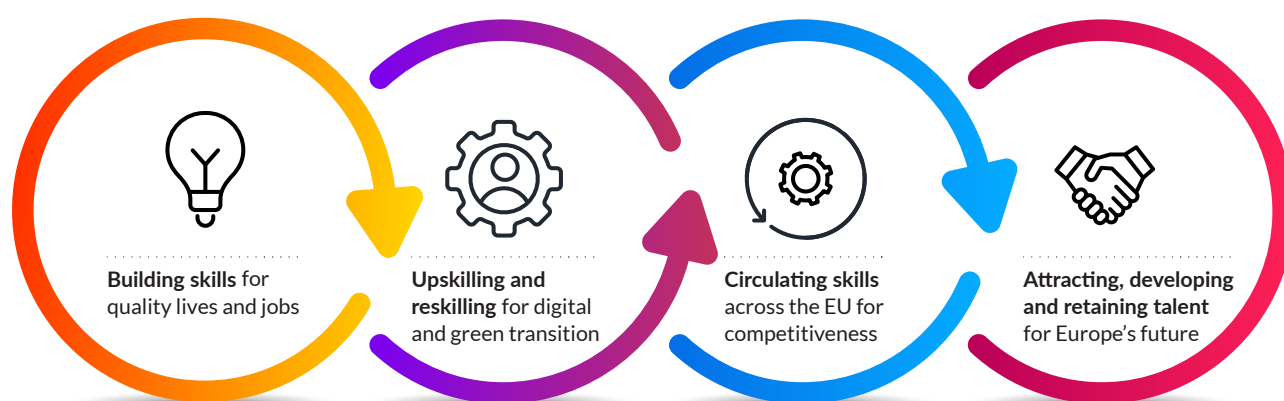
The Union of Skills

In March 2025, the European Commission presented the Union of Skills, an initiative to strengthen education, training, and lifelong learning across the EU. The Union of Skills builds upon the Competitiveness Compass for the EU, published in January 2025, which identified human capital and skills as one of the key pillars required to strengthen Europe's economic resilience and long-term competitiveness^{3,4}.

There are four key strands of the *Union of Skills*, to ensure that objectives are achieved:

- **Build skills for quality jobs and lives** through a strong educational foundation, with an inclusive approach to lifelong learning.
- **Upskill and reskill** an agile workforce mastering the digital and clean transition, notably those with lower to mid-ranking skills.
- **Circulate skills** with the free movement of people across the EU, unlocking the Single Market's full potential.
- **Attract, develop and retain talent** to foster innovation and growth.

Union of Skills



3. A Competitiveness Compass for the EU

4. The Competitiveness Compass is the European Commission's operational response to the [Draghi Report on EU competitiveness](#) (September 2024), which provided a diagnosis of Europe's competitiveness challenges and proposed recommendations.

The *Union of Skills* outlines a number of key deliverables under each of the four strands. Beginning with a solid foundation in education and training, the Commission advocates for continuing support for basic literacy, mathematics, science, digital, and citizenship skills. In order to facilitate regular upskilling and reskilling, the Commission highlights the importance of flexible learning solutions, including micro-credentials that are trusted, understandable, issued digitally and comparable across sectors and countries. Employers are also encouraged to continue the provision of training and upskilling opportunities for employees.

A key deliverable for the Commission is to pilot a Skills Guarantee for workers. The Skills Guarantee aims to make regular upskilling and reskilling a standard part of professional life in Europe. The pilot is designed to help workers who are involved in restructuring processes or at risk of unemployment due to economic shifts or technological changes.

These workers will get opportunities to develop new skills so they can transition to another company, move into a different sector, or continue their careers in another sustainable way. Another key deliverable is the Skills Portability Initiative, which is designed to make it easier for people to move and work across EU countries by ensuring their skills and qualifications are recognized consistently, reducing administrative hurdles and boosting labour mobility.

And finally, the *Union of Skills* initiative recognises the importance of making the EU a magnet for talent, by developing policies to attract the best researchers and innovators from around the globe and offering excellent scientific working conditions and career prospects. Transnational university-business partnerships could also provide a solution to address severe skills gaps in cutting edge sectors.





Action Plan on Competitiveness and Productivity

The Irish economy has continued to perform strongly and in terms of competitiveness rankings. Ireland is ranked the seventh most competitive economy in the world⁶. However, geopolitical uncertainty and trade fragmentation pose a substantial risk to a small, open economy like Ireland. At the same time, the recent strong growth in the economy has resulted in capacity constraints with huge demands placed on Ireland's infrastructure and labour market. It is imperative that we bolster our economic resilience and sustainability as demonstrated in the recently published *Action Plan on Competitiveness and Productivity*.

The Action Plan was published in September 2025 by the Department of Enterprise, Tourism and Employment, following a commitment under the Programme for Government. The Plan contains 85 proposed actions, with 26 classed as priority actions, to tackle Ireland's competitiveness challenges, by controlling what can be controlled domestically and making the economy more resistant to external shocks. The Action Plan spreads actions across six themes (see graphic).

The following sections will explore examples of common themes that have emerged in both the *Union of Skills* initiative and the *Action Plan on Competitiveness and Productivity*. This highlights some of the work currently underway in both Europe and Ireland in relation to skills and how these domestic initiatives are broadly aligned.

Productivity

Embracing Research, Innovation and Skills



International

Boosting FDI and Exports and Influencing at EU Level



SMEs

Creating and Scaling More SMEs



Competition

Regulating for Growth and Controlling Costs



Infrastructure

Increasing the State's Capacity to Deliver Infrastructure



Sustainability

Sustainable Irish Businesses and Boosting Regional Development



6. [World Competitiveness Ranking 2025](#)



Lifelong Learning and Foundation Skills

The *Union of Skills* and the *Action Plan on Competitiveness and Productivity* both place a high value on the need to develop responsive skills systems to address emerging skills shortages. One objective of the *Union of Skills* is to ensure that everyone in Europe has access to lifelong upskilling and reskilling, which must be built on strong foundation skills, including literacy, numeracy, and digital skills. These skills are declining in Europe and lagging OECD peers⁸.

The European Commission's proposal for a Basic Skills Action Plan seeks to improve literacy, digital, maths, science, and citizenship skills. To ensure that everyone has access to education for digital skills, a 2030 Roadmap on the future of digital education and skills will be prepared by the Commission. The *Union of Skills* also strives to create a higher education system suited to the future, which includes improving the accessibility of higher education.

Several of these themes are also evident in the *Action Plan on Competitiveness and Productivity*, with a large focus on actions related to strengthening the skills system. The Action Plan acknowledges the importance of developing a culture of lifelong learning across all age cohorts in order to support the green and digital transitions. The successful development of an effective workforce will require increased flexibility in the way in which learners

can access skilling opportunities and will need to be underpinned by targeted investment, and informed by good quality data.

The Plan also recommends the establishment of the National Skills Observatory (NSO), which would “act as Ireland’s centre for skills and labour market intelligence”. The proposed central information broker would play an important role in identifying the appropriate types of lifelong upskilling and reskilling required, particularly in light of the emerging skills needs for the green and digital transitions. The NSO will foster collaboration between stakeholders, including government, state agencies, industry, and education providers, to align skills supply with labour market demand, in order to help with evidence-based insights to support policymaking, strategic planning, and investment in skills development.



8. [Report of PISA 2022 study outlines worsening educational performance and deeper inequality](#)



Research, Development and Innovation Skills

The *Union of Skills* highlights the need to attract and retain research and development talent to the EU. As Europe's working age population is predicted to shrink, significant skills shortages will emerge in critical areas and the EU needs to attract and retain top researchers and specialists in strategic fields from third countries. There are several things that the EU can do to become a more attractive place for researchers, including improving career prospects, providing excellent infrastructure and funding (e.g. via the European Research Council) for research and education, and having a supportive funding and regulatory environment.

The *Action Plan on Competitiveness and Productivity* also emphasises the importance of research, development and innovation (RD&I) to Ireland's future economic success. While Ireland performs well above the EU average in international benchmarking exercises, including the European Innovation Scoreboard⁹ and the Global Innovation Index¹⁰, we have not yet closed the gap with other top-tier small, advanced peer countries. The Action Plan advocates that Ireland's ambition should be to match or exceed the leading edge, and not to settle for the average

At present, an over reliance on private sector investment, dominated by large firms, leaves RD&I vulnerable to the economic cycle and global uncertainty. Strengthening Ireland's institutional capacity and public research performance, expanding small and medium sized firms' engagement with RD&I opportunities and addressing structural gaps are all critical elements to building a more balanced and shock-resistant innovation system. This would be underpinned by a skilled workforce capable of generating, adapting, and applying new knowledge across sectors and regions.

In order to address sector specific skills shortages, the Action Plan is also supportive of the biannual review of the Occupations Lists for employment permits, which is currently underway. To make the permit and visa system more accessible and user friendly, the Action Plan advocates for the acceleration of the single application procedure, underpinned by better ICT to improve efficiency and to reduce administrative burdens, given the important role of international labour for the Irish economy.



9. [European innovation scoreboard - Research and innovation](#)

10. [Global Innovation Index 2025 - GII 2025 results](#)

11. [Occupations Lists for employment permits](#)



STEM Skills

Both the *Union of Skills* and the *Action Plan on Competitiveness and Productivity* highlight the importance of developing advanced STEM skills to improve competitiveness. The *Union of Skills* notes that there has been a decrease in the number of doctoral graduates in STEM fields between 2015 and 2022, including in natural science, mathematics and statistics, and ICT. At a time when technology is advancing at a rapid pace, there is a clear lack of specialist teachers and trainers in these areas, which is a constraint to providing the necessary education to grow a skilled labour force. Enterprises in the EU struggle to recruit workers with the necessary skillsets in new technologies, such as artificial intelligence (AI), semiconductors, and quantum computing.

The *Union of Skills* has several deliverables related to STEM education and training, including: a European Innovative School Award which would recognise schools for innovative STEM curricula and teaching methods. In addition, a 'STEM Education Strategic Plan' is aimed at attracting more diverse students to STEM and improving gender balance. The European Commission is also promoting STEAM (adding Arts to STEM) to foster creativity and interdisciplinary skills, which are highly valued by employers.

The *Action Plan on Competitiveness and Productivity* also prioritises STEM skills as critical enablers for innovation and productivity. These are seen as a crucial element of developing a competitive edge in new fields, including AI and quantum computing. Several actions in the Action Plan aim to improve Ireland's STEM performance, including increasing research expenditure in higher education to strengthen STEM talent pipelines for enterprises. At the same time, the Plan also highlights the need to improve Ireland's capabilities in frontier, emerging, and deep technology sectors. The Action Plan also recommends updating the National Digital and AI Strategies to ensure Ireland is best placed to be a global leader in these areas. The development of a High-Performance Computing Strategy, encompassing quantum, high performance computing, AI and data infrastructures, would enhance Ireland's competitiveness in the areas of deep tech and strengthen Ireland's public research system.

The Expert Group on Future Skills Needs currently has a project underway exploring digital skills for ICT specialists and another study examining skills for the semiconductor industry. Both of these reports will be published in 2026 and will provide valuable insights into skills gaps in these areas as well as providing findings and recommendations on how enterprise, government and the education system can come together to resolve gaps and address future challenges and opportunities.



Conclusion

The Union of Skills and Ireland's Action Plan on Competitiveness and Productivity share a common vision: building a resilient, future-ready workforce equipped to thrive in an era of rapid technological, economic, and environmental change. Both frameworks emphasize lifelong learning and foundation skills, research, development and innovation, and digital and STEM proficiency as essential drivers of competitiveness.

As mentioned above, the Expert Group on Future Skills Needs is undertaking a detailed look at digital skills needs for specialists to 2030, which will help to identify the key barriers to upskilling, recruitment, and development of ICT professionals in Ireland. The work will also seek to identify the skilling, upskilling and reskilling needs of specialists working in AI, cybersecurity, VR and XR, both within the ICT sector and across the wider economy. Another Expert Group project is exploring the skills needs for the semiconductor sector in Ireland, components that are essential for growth. The work will examine the skills needs for highly skilled technical roles, as well as the skills required for research, design and manufacturing in this sector.

In the second half of 2026, Ireland will assume the Presidency of the Council of the European Union. As part of that role, Ireland will lead and facilitate a number of EU Council meetings across the enterprise and employment agenda. This includes the DG Vocational Education and Training

(VET) meeting, and will support the European Commission's "Advanced Digital" summit. During the Presidency, Ireland will also host an AI and Digital Summit in October 2026; this will be an opportunity to showcase Ireland as a location of choice for responsible AI and digital startups and a global hub for applied AI Innovation. As Ireland strives for a cutting-edge performance in the digital and AI field, the EGFSN will continue to assess the current and future skills needs of this sector, as well as the broader Irish economy, and provide advice to Government on any projected skills requirements that emerge.

By aligning national initiatives with EU priorities, Ireland can leverage synergies that amplify impact – ensuring skills development is not only a domestic imperative but part of a coordinated European effort. This alignment will help to improve productivity, labour mobility and growth and will better position Ireland and the EU in an increasingly competitive and interconnected global economy.

