

POSITION PAPER

Shortage of labour in the construction industry

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Labour shortages in the construction industry: a growing issue

The construction industry is increasingly reporting labour shortages in most of the EU Member States. This trend was confirmed after the COVID-19 pandemic, which increased the tightness on the labour market and led to a high demand for workers. According to the Employment and Social developments in Europe Report¹, in 2023, labour shortages in construction are now nearly three times the level observed 10 years ago.

At the same time, several national and European policies, such as the EU Green Deal and National Recovery and Resilience Plans, are setting new environmental targets² that require to invest consequently in construction. Estimations indicate that the green transition could lead to the creation of between 1 and 2,5 million additional jobs overall by 2030. Companies would therefore need to have access to a qualified workforce to handle this increasing demand.

But in a context of high employment rate in the EU, it is not just about the need for workers, but rather a workforce mismatch and a skills shortage issue leading to difficulties for companies that are seeking to recruit skilled workers. According to their own estimations, FIEC and its partners of the Pact for Skills in Construction (EFBWW and EBC), pointed out that, although the situation varies significantly from one country to the other, it is necessary to upskill and reskill overall 25% of the workforce of the construction industry between 2022 and 2027, to reach the target of 3 million workers.

Finally, for a sector which represents 10,1% of the EU GDP and 6,4% of total employment in the EU, it is also its long-term competitiveness which is at stake³.

Thus, the EU and the national authorities have to get to grips with the issue of labour and skills shortage. Without putting this on top of the agenda, the green and digital transitions, at both EU and national level, will not be feasible and the competitiveness of the sector compromised.

FIEC suggests therefore to:

- **Support the upskilling and reskilling of workers as well as training and adult apprenticeships;**
- **Engage with the stakeholders to the continuous improvement of the image of the sector and its attractiveness;**
- **Reinforce the visibility of the professional opportunities in construction industry;**
- **Open the labour market to skilled workers from third-countries and facilitate intra-EU mobility;**
- **Continue to support social dialogue and involve social partners.**

¹ "Employment and Social Developments in Europe 2023: Addressing labour shortages and skills gaps in the EU", European Commission, 06/07/2023

² The European Green Deal covers a set of proposals to make the EU's policies fit for reducing net greenhouse gas emissions by at least 55% by 2030 and be the first climate-neutral continent by 2050. Additionally, Member States are obliged to allocate at least 37% of their plan's budget to green measure and 20% to digital measures.

³ According to the FIEC statistical report 2023

Country	Lack of workers in the construction sector at national level
Belgium	20,000 workers were missing in 2022 (<i>Embuild, 2022</i>).
Bulgaria	The overall level of labour shortage in the country is 38.5% (<i>National Statistical Institute, February 2023</i>).
Italy	Starting from some assumptions regarding the incidence of labour costs on the works, the employment needs deriving from the realisation of more than 64 billion euros of additional investments of the National recovery and resilience plan (so-called additional needs) are quantified at 64,400 units (<i>Associazione Nazionale Costruttori Edili, 2023</i>).
France	74% of the 261,000 recruitment plans are estimated to be difficult to realise in the construction industry (<i>Pôle Emploi, 2023</i>).
Germany	In June 2023, the Federal Employment Agency recorded around 52,000 vacancies in the construction sector. However, only a fraction of these vacancies are reported to the agency, so actual staffing requirements are likely to be much higher. In spring 2022, 22% of the companies planned to hire additional staff and one third wanted to train more. However, it is often not possible to fill all training places. Almost 60% of the companies reported a vacancy here. In October 2021, 70% of companies reported a lack of skilled workers as a reason for obstructing construction activities (<i>Zentralverband des Deutschen Baugewerbes, 2021 and 2022</i>).
The Netherlands	In the construction industry, 27,000 positions were unfilled in the last quarter of 2022 (<i>UWV, 2022</i>).
Slovenia	The biggest companies lack bricklayers, carpenters, ironworkers, civil engineers, construction foremen, construction equipment operators and craft workers (<i>Chamber of Construction and Building Materials Industry of Slovenia, 2023</i>).
Spain	Around 500 000 workers are needed in the sector in the short and medium term (<i>Confederacion Nacional de la Construcción, 2023</i>).
Sweden	80% of the member companies of the Swedish Construction Federation (<i>Byggföretagen</i>) states that it has been “difficult” or “very difficult” to recruit. Of the recruitment attempts that have been made, nearly 40% have failed (<i>Byggföretagen and Svenskt Näringsliv, 2021</i>).



Lena Guyon
Policy Officer Social Affairs

FIEC - European Construction Industry Federation
Avenue des Arts 20, BE-1000 Brussels - +32 2 514 55 35 - info@fiecc.eu

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Factors explaining labour shortage in construction

According to Cedefop's employment projections, "employment in the construction sector is expected to decrease by around 1% between 2021-2035". It would be equal to an employment decline of around 180 000 jobs positions with, in the same time, "a substantial job demand, estimated as at least 7 million job openings over the period"⁴.

This persistent labour shortage is a **multifactorial issue** which includes economic, social and demographic factors. The European Labour Authority and EURES identified several causes for labour market imbalances, such as the structural change in the economy, technological change, transition to a climate-neutral economy, population ageing, terms and conditions of employment or employers' and workers' preferences⁵.

Demographic factor

In the construction industry, the **ageing of the workforce**, which can be explained by an overall ageing of the population in the EU⁶ and the difficulty in attracting young people, is a challenge as the current inflow can hardly offset the outflow. In the years to come, this factor will exacerbate as the number of workers who are going to retire will increase. Already, in most of the Member States, the number of employees in the construction industry is showing a significant decline.

Companies will face a **twofold challenge**, filling the vacancy that open but also the one that are missing. It could put at stake the sector's capacity to meet demand.

In Belgium, it is estimated that, by 2027, just over 20 000 skilled workers will retire.

In Sweden, 10% of the workers in the construction sector will retire by 2028.

In Spain, in 2008, workers under 30 years old represented the 25,2% of the workforce in the construction sector whereas in 2022, they only represented 9,2% of the workforce. In 2008 workers in the range 50-64 years represented the 17,2% of the workforce and in 2022 this share was of 34%.

Attractiveness of the sector and working conditions

The construction sector still has to work to improve its **image in the society**. There is little interest for young people to be steered in the construction. Despite technical innovation, the sector's representation in the public mind didn't improve much and it stays not attractive. The working conditions have been improving significantly but, in spite of higher wages than in other sectors, innovation that eased the tasks of the workers and better health and safety policies and practices, they remain an obstacle in attracting workers.

Construction is also a male dominated industry, with a low share of women workers. This **gender imbalance** contributes to the shortage of workers.

⁴https://www.cedefop.europa.eu/en/data-insights/greening-eu-construction-sector#_skills_in_demand_the_evidence_from_ojas

⁵ EURES, report on labour shortages and surpluses 2022, p. 61

⁶ According to the "Employment and Social Developments in Europe 2023: Addressing labour shortages and skills gaps in the EU" report from the European Commission, the growth rate of the population will start to decline and the working age population will drop to 236 million by 2050, compared to 265 million in 2022



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Policy Officer Social Affairs

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Demand and supply side factors

For the **green transition** to be successful, the EU adopted a new target of reducing net greenhouse gas (GHG) emissions by at least 55% by 2030, compare to 1990 levels. In this context, the engagement of the construction sector in the transition toward carbon neutrality is key. Indeed, GHG emissions from material extraction, manufacturing of construction products, as well as construction and renovations of buildings are estimated at 5-12% of total national GHG emissions⁷.

Furthermore, European and national policies, including the European Green Deal, National Recovery Plans and the Renovation Wave, are setting new ambitions – the Renovation Wave only would result in 35 million buildings being renovated by 2030⁸ - and are **boosting investments in construction**.

The sector is therefore shifting towards **new practices**, more sustainable and energy efficient, and is needing a significant number of additional workers to cope with the high demand and ambitions on buildings (renovation but also construction).

Additionally, the green and digital transitions are creating new needs in terms of skills as well as of new professions. The construction sector will have to invest massively **to expand the use of digital tools** in construction sites and for maintenance. **It requires for workers to be reskilled or to get new skills**. The construction sector is also important for the implementation of new technologies such as solar panels or smart energy management systems. For the digital and green transitions to be a success, all the concerned stakeholders, from VET schools to companies, will have to anticipate and adapt to make sure that the workforce available has the adequate skill and competences, as the needs will continue to increase in the years to come.

Recommendations and good practices

A Year of Skills beyond 2023

On 14th September 2022, the President of the European Commission, Ursula von der Leyen, announced that 2023 would be the Year of Skills. She highlighted the difficulties met by companies when recruiting workers and the need to put on top of the agenda skills and labour shortages. Several initiatives have been presented in this context.

It is more than important to ensure that **this Year of Skills will continue beyond 2023 and that the next European Commission will seize upon this issue. It must remain a priority in the European agenda.**

Support the upskilling and reskilling of workers

With the twin transition, the upskilling and reskilling of workers will be key for those who will lose their job or will see their job change. Companies will have to anticipate the future needs and reskill and upskill their workforce to comply with the new technics (e.g. sustainable materials, circularity, renovation, digitalisation ...)

⁷ European Commission

⁸ European Commission



Lena Guyon
Policy Officer Social Affairs

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The EU and the Member States should support the companies to make sure they can invest in training and education and, to show, to both companies and workers, that up-and reskilling have an added value.

Pact for Skills in Construction

The EU sectoral Social Partners for the construction industry, FIEC and EFBWW, in cooperation with EBC, in 2022 adopted a Pact for Skills in Construction, which sets the ambition to upskill and reskill overall at least 25% of the workforce of the construction industry in the next 5 years, to reach the target of 3 million workers.⁹

Construction Blueprint – establishing a new strategy on construction skills in Europe

From 2019 to 2023, FIEC participated in the “Skills Blueprint for the Construction Industry” EU-funded project, which aimed at identifying existing and emerging skills needed in order to translate them into vocational curricula responding to these needs. The project focused on digitalisation, energy efficiency and circular economy¹⁰.

*In Italy, the “New Skills Fund” (named Fondo Nuove Competenze) is a public fund co-financed by the European Social Fund that aims to offer workers the opportunity to **acquire new or increased skills** and to equip themselves with the tools they need to adapt to new labour market conditions, supporting companies in the process of adapting to new organisational and production models.*

Attracting new workers in improving the image of the sector

With the ageing of the workforce in the construction industry, it is essential to attract young workers and women, but also workers from phased out sectors which will be seeking for a job (e.g. mining industry).

As the relation to work is changing (e.g. higher importance given to work/life balance), employers must convince young workers that working in construction is meaningful, essential for the green transition, and offers perspective of a good and attractive career path in which they can grow and evolve. These elements can improve the attractiveness of the sector.

The Member States and the EU can play a key role in this by :

- **Promoting jobs in the construction industry early in the school curricula;**
- **Supporting awareness raising campaigns for improving the image of the sector;**
- **Encouraging companies to hire young workers and apprentices through incentives ;**
- **Providing a framework that can guarantee good working conditions, including provisions to protect the health and safety of workers.**

⁹ https://www.fiec.eu/application/files/3416/4425/5585/2022-02-08_-_Pact_for_Skills_in_Construction_-_FINAL.pdf

¹⁰ <https://constructionblueprint.eu/>



Lena Guyon
Policy Officer Social Affairs

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*In Belgium, already in 2016, the social partners created a **sectoral training and support scheme** specifically dedicated to young people under the age of 27 and with less than 12 months' seniority in the sector to encourage the recruitment of new workers. This is the "Emploi Tremplin Construction" scheme, which guarantees the young worker a lasting job in the sector as well as a personalised training programme according to his or her needs. The company that undertakes to hire the young worker then appoints a tutor in its company to follow the young person in his or her integration process over a period of 18 months and receives a bonus of €1,000 when the integration is successful.*

*In Belgium, the social partners in the construction sector have launched a **promotional campaign** in 2022 to improve the sector's image. This campaign aims to achieve three quantitative objectives by 2030: to increase by 20% the number of people undergoing basic training in a construction trade, to increase by 20% the transition of people trained in a construction trade to a job in the sector and to reduce by 20% the number of workers leaving the sector. This communication campaign aims at the widest possible audience with a focus on young people. Also, as the sector is currently predominantly male, specific actions aimed at women have been put in place.*

*In Spain, the initiative **Generación Cambio** has been recently launched by the Spanish paritarian sectoral body, which was set up by social partners in construction sector. Generación Cambio is part of the "Foundations for Employment" project, financed by the Ministry of Social Rights and Agenda 2030. The main objective of this new initiative is **to insert qualified professionals in the labour market**, in the field of building renovation and urban regeneration works. The strategy to achieve this objective combines three areas of action: attraction of young people, women and unemployed people through vocational and socio-labour counselling; communication of the professional opportunities offered by the sector; collaboration with the local business community.*

Developing Vocational Education and Training (VET) and adult apprenticeships

Training is crucial for the future of the sector. To attract new workers but also to train qualified workforce, VET construction schools must be attractive. This means that trainers have to be qualified and schools properly funded to be appealing. More flexibility could be introduced to allow VET schools to be accessible at different level of studies and to create more collaboration with other education paths.

Member States have to **invest more in VET schools and should support an update and modernisation of the curricula**. The digitalisation, the use of new techniques and the green transition have made current curricula obsolete. **VET programmes must be revised to train workers to provide them with the skills needed in the labour market.**

Furthermore, those efforts should not stop at initial training. **Adult learning has to be encouraged**. A mindset for adult apprenticeships must be developed and companies should be encouraged to hire adult apprentices.

The EU and the Member States should **increase investment in initial and lifelong learning, as well as apprenticeship schemes, by all means: EU Semester, EU-funded projects, etc. Quality apprenticeships must be promoted** in the construction industry.

*Several initiatives have been taken by the Swedish government to increase the **attractiveness of vocational training**. One initiative is the investment in national and international competitions (World Skills, Euroskills and national competitions) together with the social partners at national level and a number of side projects connected to that initiative. The government has also decided that additional courses leading to basic eligibility for university studies must be included in all VET. This is to reduce the risk of insecure young people opting out of VET in favor of those preparing for university.*



EUROPEAN CONSTRUCTION
INDUSTRY FEDERATION

Lena Guyon
Policy Officer Social Affairs

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In Bulgaria, the National Advisory Council on Vocational Qualification of the Workforce is an advisory body to the Minister of Education and Science for cooperation in promoting and supporting the development and reform of secondary vocational education and training, including dual vocational education and training. The Council coordinates the efforts of all stakeholders to modernize and reform vocational education and training. This instrument enables structured dialogue between the parties for coordination and decision making on the implementation of policies regarding VET in Bulgaria.

Open the labour market to skilled workers from third-countries and facilitate intra-EU mobility

To tackle labour shortage in the construction sector, companies can rely on intra-EU mobility and third-country nationals. The EU legislative framework has to facilitate these processes.

Regarding the intra-EU mobility, shortages in some Member States could be filled by surpluses in some others. **The EU should therefore promote and support tools and initiatives for strengthening the mutual recognition of qualifications, without lowering national standards, in order to facilitate the cross-border mobility of services, students and workers within the Internal Market.**

Legal migration can help companies to mitigate the labour shortages. It is necessary to **create the good condition to make sure that the workers that are coming in the EU are qualified** and that the process of hiring third-country nationals is eased for companies and is not an administrative burden. In this regards, FIEC will follow closely the work that is being undertaken to set up an EU Talent Pool, which could facilitate the access of skilled third-country nationals to the EU. With this tool, the EU could help Member States to set up safe entry ways for these workers and fight against abusive and fraudulent practices.

On 21 July 2023, France and Germany signed a bilateral agreement on cross-border apprenticeships. French and German apprentices will be able to do one part of their training in the neighbour country.

Engaging with Social Partners

The sectoral Social Partners have to be associated to every policy linked to the issue of shortage of workers.

Member States should **support social dialogue and consult with social partners regarding policies which could be implemented to tackle labour shortages.**

At the EU level, **the European Commission should continue to support sectoral social dialogue, including in the framework of EU-funded projects.**

In Sweden, the social partners in the construction industry have renewed and modernized the agreement that forms the basis of vocational training and apprenticeships in the construction industry. The intention is that the new agreement should contribute to improved quality assurance of the basic learning and at the same time contribute to adaptation according to the companies' development needs. In connection with the renewed agreement, the parties have also improved the recruitment site www.byggdinfutur.se ("construct your future.se") so that it better illuminates the different paths that lead to a construction profession.



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