

# Pact for Skills for the EU TCLF industries

December 2021

## 1. The Pact for skills: New European Skills Agenda

In June 2020, the new European Skills Agenda was launched by the European Commission, building on the actions of its 2016 Skills Agenda. The new European Skills Agenda announced twelve actions organised around four building blocks: a call to join forces in a collective action through the Pact for skills, ensuring the right skills for jobs, initiatives to support people in their lifelong learning pathways, and a framework to unlock investments in skills.

The EU Pact for skills was launched on 10 November 2020. The Pact is the first of the flagship actions under the European Skills Agenda and is firmly anchored in the European Pillar of Social Rights. The 14 ecosystems identified in the Industrial Strategy will build a Pact for skills for their ecosystems.

The objective of the Pact for skills is to promote joint action to maximise the impact of investing in improving existing skills (upskilling) and training in new skills (reskilling). It calls on industry, employers, social partners, chambers of commerce, public authorities, education and training providers and employment agencies to work together and make a clear commitment to invest in training for all working age people across the Union in the form of a large-scale skills partnership.

The Pact for skills is accompanied by a Charter outlining a shared vision from industry, social partners, vocational education and training (VET) providers, national, regional and local authorities as regards quality training.

This initiative aims to mobilise resources to investments in skills and set up a shared engagement model between the various actors present in the area of skills, such as companies, workers, national, regional and local authorities, education and training providers, researchers, chambers of commerce and employment services, to collectively undertake action to upskill and reskill the workforce of different sectors.

Signatories to the Pact for Skills Charter and members of the skills partnerships will benefit from collaboration at EU, national and regional levels and in particular gain access to networking, knowledge and guidance & resource hubs offered by the European Commission, in order to assist with the establishment of skills partnerships, gain access to learning opportunities, policy updates and best practices, and obtain information about EU funding opportunities, facilitating the exchange of information.

## 2. Textile, Clothing, Leather and Footwear industries in Europe

The Textile, Clothing, Leather and Footwear (TCLF) industries in Europe had an annual turnover of €195 billion in 2019. TCLF goods can be found not only in fashion, but also in other industrial ecosystems such as the automotive, construction, health, aerospace and defence, tourism, agri-food and electronics sectors. TCLF industries are prevalent in most EU Member States, employing 2 million workers in 220,600 companies (out of which more than 99% are SMEs).

The European TCLF industries stand out on the global market with their quality and heritage, high-end goods, but also the innovation of production processes and products themselves. Such success can only be sustained with a qualified and skilled workforce. They are the main assets not only for competitiveness but also for the growth of companies at the regional, national and European levels.

In recent years, digitalisation, sustainability, and other trends in terms of consumption and production emerged, leaving the industries in dire need to adapt to remain competitive. The COVID-19 pandemic significantly accelerated those trends, creating new challenges and opportunities.

The TCLF industries have been recognised by the EU as a strategic ecosystem, which forms part of the of the new EU Industrial strategy, which includes the development of a “transition pathway”.

### **3. Key trends and challenges**

#### **a. Digital Skills**

Historically, the TCLF industries have been frontrunners in the industrial revolution and innovation. However, in light of today’s 4<sup>th</sup> industrial revolution and rapid technological transformation, they constantly need to adjust to the new reality by digitalising their supply chains, adopting additive manufacturing, the Internet of Things, Augmented Reality, e-commerce solutions, and more.

Additionally, with the COVID-19 pandemic and the temporary closing of shops, e-commerce solutions and marketing became crucial. According to Eurostat, 64% of online shoppers in the EU bought clothes, shoes or accessories online in 2020. Enterprises have the opportunity to operate online ‘business to customer’ (B2C), but may lack the appropriate skills to adapt their business strategies and engage consumers.

With these developments, the demand for digital skills and solutions is greater than the current supply. On the one hand, older and more experienced TCLF employees face difficulties adapting and acquiring new skills, while on the other hand, the digitally-savvy generation currently entering the job market is less interested in manufacturing jobs.

#### **b. Green Skills**

According to a survey of 225 European TCLF enterprises in October 2018, environmental drivers of change (customers’ perceptions of sustainability, transparency of the supply chain, circular economy and increased cost of energy and raw materials due to climate change) are the most important factors influencing employment and production processes. These concepts remain relevant today.

These changes have a strong impact on an enterprise’s occupational needs and the type of skills required, e.g., those related to sustainable production processes and products (eco-design), or to the analysis of the environmental impact within the context of the latest standards and legislation.

#### **c. Ageing workforce**

Moreover, the TCLF industries are also facing the challenge of an ageing workforce. According to 2020 data, 36% of the workforce is currently over the age of 50, while young workers up to the age of 25 represent only 4% of all employees.

Due to cultural, demographic, and economic reasons, the sectors struggle to attract motivated and qualified young talent to study and take up employment in TCLF industries. There is a generally unfavourable perception of these industries by society that results in the impossibility to match supply/demand of occupations. There is a demand for fashion designers and jobs in high fashion brands while other occupations, in particular at the manufacturing and shop floor level, are perceived as unattractive from a career perspective.

If not urgently addressed by all relevant actors (i.e., industry, education providers, public authorities, etc.), this problem will result in the loss of expertise and savoir-faire in enterprises, which may even lead to the closure of businesses and the outsourcing of production.

#### **4. COVID-19 impact on the TCLF industries**

The COVID-19 pandemic has further accelerated the above-mentioned trends in TCLF industries, both in terms of production and employment structure. According to the latest data, the industry's turnover decreased between 15% (textile and footwear sectors) and 20% (clothing sector) in 2020. For the leather sector, the decrease in turnover was between 25 – 30%, depending on the market segments.

To preserve employment, EU Member States supported enterprises with the help of the EU SURE instrument under the EU Recovery and Resilience Facility. These measures have now ended and without a rapid rebound of the markets, more jobs are threatened, especially among less experienced and older workers and employees. Losing employees will not only decrease the attractiveness of the industries among youngsters and increase the insecurity of those that will remain, but will also hamper the ability to transfer knowledge and find replacements for the retiring workers.

## 5. What the industries need – summary of actions to include and how a Pact for Skills can help

The objective of the TCLF Pact for Skills is to enhance the competitiveness of the TCLF industries and its workforce. The Pact should be built around the following scheme:

Objective	Outcome	Actions
<p>1. Promoting a culture of lifelong learning for all</p>	<ul style="list-style-type: none"> <li>○ Broad participation of TCLF enterprises (especially SMEs) in the digital and green transition by increasing their capacity to react and adapt to new skills needs;</li> <li>○ Re-valorisation of the knowledge, creativity and expertise accumulated within the TCLF industries, making them more available for current and future workers;</li> <li>○ Increased participation in the <b>up- and reskilling</b> activities by TCLF employees and youngsters, as well as unemployed persons or workers from other industries that want to make a career change or recycle professionally;</li> <li>○ <b>‘Retain the knowledge’</b>: avoid skills and knowledge getting lost due to the lack of a replacing generation once the older workers retire;</li> <li>○ Increase <b>skills exchange</b> between new and experienced workers;</li> <li>○ Have a modern system of education and training providers in TCMF (VET, Higher Education) which can be efficient in responding to the actual skills needs of the industry</li> </ul>	<ul style="list-style-type: none"> <li>○ Increase the use and accessibility of mentoring and <b>apprenticeships schemes</b> in EU-27 countries through a dedicated support programme for the TCLF industry (<i>vouchers for upskilling</i>, supporting companies in upskilling of their workers) and development of guidelines and case studies;</li> <li>○ Support and promote the use of digital applications within TCLF SME production (digitisation of offline knowledge to digital data, digitalisation of workflow and manufacturing processes);</li> <li>○ Participation in new digital-related initiatives;</li> <li>○ Design and roll out courses promoting latest technologies and digital tools such as VR and AI (digital skills) and promoting durability, repair and waste management activities (green skills), in particular circular design skills.</li> <li>○ Support the education and training providers (VET, HE) in upgrading and modernising, so they can be responsive to the needs of the market. This includes appropriately training the trainers.</li> <li>○ Establish a national/regional Pact4Skills committee, coordinated by social partners, public authorities responsible for RIS3 and education, research and education centres to discuss needs, required actions and available resources.</li> </ul> <p><b>POTENTIAL COMMITMENTS:</b></p> <ul style="list-style-type: none"> <li>○ Increase the offer of apprenticeships in the TCLF industry by 20%;</li> <li>○ Support 10,000 SMEs in their digitalisation efforts;</li> <li>○ Design 20 new educational processes and tools responding to green and digital skills;</li> <li>○ Increase the ‘training of trainer’ offer by 10% across the EU.</li> </ul>

<p>2. Building a strong skills partnership with relevant stakeholders</p>	<ul style="list-style-type: none"> <li>○ A <b>stronger partnership</b> between TCLF education providers (VET, HEI), research and technology centres and TCLF industry (in particular SMEs, Start-ups), increasing the relevance of the education provided and the preparation of the teachers, decreasing the skills gap and thus support the <b>long-term competitiveness</b> of the industry. Likewise, unemployment agencies should also be part of this dialogue as they are a key actor to keep us up to date with the movements of the workforce market.</li> <li>○ Promote specifically <b>cooperation at regional level</b> (putting a special focus on our industry clusters) and at cross-industry level.</li> </ul>	<ul style="list-style-type: none"> <li>○ Development of a <b>map of the TCLF education providers</b> of different EQF level across the EU;</li> <li>○ Establishment of cross-sectoral skills and best practice exchange with e.g. machine manufacturing, chemicals, automotive, electronics, textile services, etc.; and all those technology providers most closely linked to the TCLF sectors.</li> <li>○ Build on the <b>results of the Skills4Smart TCLF project</b>, in particular the Network of VET providers and the Network of TCLF regions and clusters as well as achievements obtained on EU TCLF Skills Campus by enlarging further their scope and membership. Building on these results, establish permanent networks that would promote skills and cooperation between regions, and support cooperation and dialogue at regional level through a dedicated demand driven grant scheme (bottom-up initiative);</li> <li>○ Provide more <b>tailored mentorship</b> to TCLF SMEs to enable them an easier access to EU and national/regional public funding.</li> </ul> <p><b>POTENTIAL COMMITMENTS:</b></p> <ul style="list-style-type: none"> <li>○ Interactive <b>data source</b> of the TCLF education providers of different EQF level across the EU available for stakeholders and workers;</li> <li>○ Creation and support of <b>20 regional partnerships</b> across the EU, and establishment of a <b>virtual network of 200 regional stakeholders across the EU</b>;</li> <li>○ Creation of <b>5 cross-sectoral dialogues</b> at EU level.</li> </ul>
<p>3. Monitoring skills supply/demand and anticipating skills needs</p>	<ul style="list-style-type: none"> <li>○ Providing to the TCLF industry up to date and <b>detailed analysis</b> in terms of skills supply/demand, trends and forecasts, which will increase its adaptability, competitiveness on the global market and decreasing time of reaction;</li> </ul>	<ul style="list-style-type: none"> <li>○ Establishment of the <b>TCLF Skills Observatory</b> with industry, policy and education stakeholders as members;</li> <li>○ Establishment of <b>close cooperation</b> of the TCLF Skills Observatory with EU bodies, national observatories of employment and training and international organisations, and set close cooperation with EU bodies, national observatories and international organisations.</li> </ul>

		<p><b>POTENTIAL COMMITMENTS:</b></p> <ul style="list-style-type: none"> <li>○ Regular TCLF surveys and reports on jobs and skills needs every 2-3 years, involving companies and education representatives (VET, HEI).</li> </ul>
<p>4. Working against discrimination and for gender equality and equal opportunities</p>	<ul style="list-style-type: none"> <li>○ Increased <b>gender balance</b> on the leadership level in the TCLF industries;</li> <li>○ Increased <b>social inclusion</b> in the TCLF industries (in particular concerning migrants and people with disabilities);</li> <li>○ Increase the <b>mobility</b> of the workers between EU and non-EU countries;</li> <li>○ Increased <b>safety</b> of workers in their workplace against discrimination and violence</li> </ul>	<ul style="list-style-type: none"> <li>○ Organise a <b>detailed mapping</b> of workforce gender and social inclusion across the TCLF industry by the TCLF Observatory;</li> <li>○ Launch of <b>TCLF manifesto of diversity</b> together with supporting campaign with promotional materials, events and activities (target audience 20,000 TCLF companies);</li> <li>○ Launch a series of <b>training courses and workshops</b> for TCLF managers and employers on how to increase the diversity in their companies, create safe places for reporting of abuses, etc. (target audience <b>1,000 participants</b>);</li> <li>○ Application of <b>due diligence guidelines</b>, such as OECD Due Diligence Guidelines for Footwear and Garment Value Chains;</li> <li>○ Ensure that all workers have <b>equal access</b> to training by, for example, provision of governmental economic support to those companies whose employees are absent while following a training;</li> <li>○ Develop <b>adapted skills and qualification recognition frameworks for migrants</b> and facilitate their integration in regular European TCLF training programmes to upgrade their knowledge and increase their employability in their host country.</li> </ul> <p><b>POTENTIAL COMMITMENTS:</b></p> <ul style="list-style-type: none"> <li>○ Increase <b>diversification</b> (gender, age, background) in TCLF company management <b>by up to 5% each year, in particular access to higher positions by women</b>;</li> <li>○ Increase diversification of TCLF workforce (inclusion of migrant workers and increase of female workers in technical jobs) <b>by up to 5% each year.</b></li> </ul>

<p>5. Raising awareness &amp; attractiveness on the TCLF industries</p>	<ul style="list-style-type: none"> <li>○ Increase the <b>awareness</b> of the youngsters and their families about the career opportunities and make the TCLF industry a first choice;</li> <li>○ De-demonisation of the TCLF industry negative <b>image</b> as shallow, destroying the environment and not providing any added value to the society;</li> <li>○ <b>Retain the talent</b> in the sector and avoid TCLF workers leaving to other industries;</li> </ul>	<ul style="list-style-type: none"> <li>○ Launch a <b>marketing campaign promoting the TCLF industries</b>, with key focus on transparency and value of the workforce (<b>target 200,000 viewers</b>);</li> <li>○ Increase <b>visibility, innovativeness and achievements</b> of the European TCLF <b>SMEs</b>;</li> <li>○ Launch of an <b>annual school orientation event</b> for 14 – 18 years old students in the main TCLF production countries, based on the example set in the Skills4Smart TCLF project (<b>target 20,000 students</b>); engage high—end brands in these activities to increase visibility and attractiveness;</li> <li>○ Encourage the development of <b>mentorship programmes</b> through guidelines and case studies;</li> <li>○ Develop a TCLF <b>students/workers' exchange programme</b> or a set of international partnerships that enable students to carry out apprenticeships in foreign EU TCLF countries.</li> </ul> <p><b>POTENTIAL COMMITMENTS:</b></p> <ul style="list-style-type: none"> <li>○ Increase enrolment of students and workers from other sectors in TCLF VET/HE programmes <b>by 5% each year</b>.</li> <li>○ Create a European pool of companies that are willing to partner with foreign EU VET/HE providers for TCLF exchange apprenticeship programmes.</li> </ul>
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