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Delegations will find attached document SWD(2023) 718 final.

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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council
establishing an EU Talent Pool

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Executive Summary Sheet

Impact assessment on establishing an EU Talent Pool

A. Need for action

Why? What is the problem being addressed?

The overarching challenge in the EU is the **significant and growing shortage of labour and skills**, in view of structural drivers of the EU workforce transformation including poor working conditions in certain occupations or human resource management practices further exacerbated by the EU demographic challenges, in particular the shrinking working age population.

Therefore, apart from using the untapped potential of the EU domestic workforce, **attracting talent and skills from outside the EU** is key to **address existing and future skills shortages**, including those linked to the **green and digital transition**, which might not be sufficiently addressed by other initiatives. It also incentivises potential economic migrants to come to the EU through legal channels, which contributes to **reducing irregular migration pressure**.

However, the **current level of international recruitment of jobseekers from outside the EU is still insufficient**, since:

- **job matching** between those EU employers looking for workers and interested jobseekers from third countries is **cumbersome and ineffective** (e.g. insufficient information or clear channels for international recruitment, high costs);
- employers and jobseekers from third countries interested in a job in the EU have **difficulties understanding how skills and qualifications obtained in third countries** correspond to those required at national level;
- **migration procedures are cumbersome and non-transparent**;
- there is an **inconsistent and fragmented approach to cooperation with third countries** on legal migration and the management of migration overall, which prevents the EU from attracting the skills it needs and fully using the potential of beneficial cooperation on overall migration management.

What is this initiative expected to achieve?

The EU Talent Pool initiative aims at supporting international recruitment of jobseekers from third countries via legal pathways to address EU labour and skills shortages.

To achieve this general objective, the initiative sets out four specific objectives:

- Ensuring more effective international job matching;
- Improving comparability of skills and qualifications obtained in third countries with those required at national level;
- Improving understanding and access to the migration procedures;
- Incentivising cooperation on migration with third countries, including in the context of a Talent Partnership.

What is the value added of action at the EU level?

The EU as a whole is more attractive for jobseekers from third countries interested in migration than the sum of its Member States individually. A single EU-wide job-matching

platform offering information on immigration and recruitment processes as well as support services would **improve the overall efficiency of labour migration management** at EU level and **promote the EU as a single migration destination**. Thanks to the **economies of scale**, the EU would better compete on the global stage in attracting foreign talent. This will ensure **a greater number of potential candidates with the right skills** and will better address labour needs of employers in each Member State. All this will help **addressing labour and skills shortages across all the EU**.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

The Impact Assessment evaluates three policy options, all **voluntary for the Member States**:

- **Option 1** consists of a set of **non-legislative measures aiming at improving information provision and facilitating identification and matching** (improving the EU Immigration Portal, job-matching events, an online catalogue of pseudonymised profiles of jobseekers from third countries, coupled with a network of national coordinators that would facilitate the connection between interested employers and candidates).
- **Option 2** provides for a legislative action **developing an EU Talent Pool open to all skills levels while at the same time targeted to address shortage occupations of EU and national relevance**. An EU wide job-matching platform would be developed with accompanying support services. Such an EU Talent Pool would **re-use certain components of the EURES IT solution**. Another alternative considered would be an EU Talent Pool targeting only high-skilled workers. Given its targeted nature, this option additionally foresees that the tool would provide a platform for channeling jobseekers from third countries taking part in a **Talent Partnership** into a job placement in a participating Member State (since such partnerships are aimed at addressing labour market and skills needs in the participating Member States, amongst other things).
- **Option 3** provides for **an EU Talent Pool without targeting any specific shortage occupations**. This would be an **open and completely market-driven tool**. It would be driven by employers' needs rather than integrating them into a broader strategic consideration of labour market and other policy objectives at EU and national level. As an open tool it would allow jobseekers from third countries participating in Talent Partnerships to register in the EU Talent Pool. **An EU wide job-matching platform would be developed** with accompanying support services (for both employers and jobseekers from third countries). The EU Talent Pool would foresee a totally new IT solution, without re-using any EURES IT components, bringing together profiles registered by jobseekers from outside the Union and job vacancies of employers established in the Member States. The job-matching system would in this case be fully reliant on AI-based algorithms inspired by existing private sector platforms.

The preferred option is Option 2, as it has overall the most positive impact on supporting the international recruitment of jobseekers from third countries through legal pathways, to meet the EU labour and skills shortages. This option is the most economically convenient to reach the objectives of this initiative (see below further explanations on the benefits of the preferred option).

Who supports which option?
<p>The majority of consulted stakeholders supported the different measures proposed as part of the option that was then selected as the preferred one. As to the two legislative options, stakeholders had different views with regard to the targeted or open nature of the EU Talent Pool. Member States supported in general an EU Talent Pool focused on those sectors and occupations facing labour shortages both at EU and national levels as well as the necessary flexibility to be able to adapt to the labour market evolution. A majority of economic and social partners and some other stakeholders concurred with this targeted approach, at least in a first stage. By contrast, the European Parliament in its resolution 2020/2010(INI) recommended covering all employment sectors at the outset. The majority of stakeholders were in favour of using the existing experience of national public employment services and building upon existing instruments (such as re-using certain IT and governance elements of EURES).</p>
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise main ones)?
<p>The preferred policy option would address employers' needs whilst taking into account a broader strategic consideration of labour market and other policy objectives at EU and national level. This policy option would be open to all skills levels whilst providing a flexible mechanism to identify and address labour and skills shortages in a more strategic and structural manner. Offering a job matching platform and a wide range of personalised guidance and services would benefit business and in particular SMEs, as it would facilitate international recruitment and guarantee access to a wider pool of relevant job seekers from outside the EU.</p> <p>The initiative will contribute to the European Year of Skills and will be a key component of the initiative included in the Commission's Package on talent mobility, as set out in the Commission's work programme for 2023.</p>
What are the costs of the preferred option (if any, otherwise main ones)?
<p>The preferred option will imply¹:</p> <ul style="list-style-type: none"> • one-off costs for IT development of the EU Talent Pool platform (2026-2027) of EUR 6 722 056 – 6 804 539 (with 11 - 20 Member States participating) for the Commission and EUR 2 672 400 – 4 175 625 for ensuring interoperability between the EU Talent Pool and the Member States' relevant national systems (for the Commission). • recurrent yearly costs after 2027 of EUR 1 906 255 – 1 947 497 covering maintenance of the EU Talent Pool IT Platform, developing its additional features and infrastructure during the first two years of its operation (with the costs reducing gradually in the following years) (for the Commission). • 5 426 500 - 6 000 000 of annual costs for staff costs², communication, training of the National Contact Points in the Member States, provision of online information (for the Commission).

¹ With regard to the costs after 2027, they are indicative and do not prejudice the available budget for the initiative under the MFF 2028-2034.

- recurrent yearly costs related to governance of EUR 9 440 000 – 16 040 000 for all participating Member States, assuming that at least 11 to 20 Member States will join the EU Talent Pool by 2030. These cover: EUR 8 000 000 – 14 600 000 for the designated National Contact Points (as from 2026) and EUR 1 440 000 (after 2027) for the administrative support for issuing the “EU Talent Partnership passes” and facilitating job placements in the context of the Talent Partnerships (both these categories of costs to be covered by AMIF).
- yearly costs after 2027 related to the maintenance of interoperability between Member States’ national systems and the EU Talent Pool IT platform of EUR 348 075 – 543 867 for all participating Member States during the first two years of the operation of the system (with the costs reducing gradually in the following years), assuming that between 11 to 20 Member States will join the EU Talent Pool by 2030 (for the Member States).

How will businesses, SMEs and micro-enterprises be affected?

The preferred policy option would benefit businesses, especially SMEs. By providing a job-matching platform and additional services, it will make international recruitment faster, easier and more effective, thus helping employers to fill job vacancies. The benefits are mainly linked to **time-savings** across the various steps of the recruitment process and **cost savings**, as well as access to a wider pool of candidates with relevant profiles.

Will there be significant impacts on national budgets and administrations?

Member States would need to establish their National Contact Points as from 2026 and may require the administrative support for issuing the “EU Talent Partnership passes” to facilitate job placements in the context of the Talent Partnerships (after 2027)³.

These recurrent yearly costs (to be covered by AMIF) amount to EUR 9 440 000 – 16 040 000 for all participating Member States, assuming that at least 11 to 20 Member States will join the EU Talent Pool by 2030. They cover: EUR 8 000 000 – 14 600 000 for the designated National Contact Points and EUR 1 440 000 for the administrative support for issuing the “EU Talent Partnership passes”.

In addition, maintenance of interoperability of national systems with the EU Talent Pool IT platform after 2027 would be required from an IT perspective (see the costs above). They will amount to yearly costs of EUR 348 075 – 543 867 for all participating Member States during the first two years of the operation of the system (with the costs reducing gradually in the following years), assuming that between 11 to 20 Member States will join the EU Talent Pool by 2030 (costs for the Member States).

These costs would be offset by the expected benefits for the Member States’ economies and an expected increase in GDP generated by additional wages. Overall, there would be a positive impact on public finances.

Will there be other significant impacts?

By providing a platform for job placement of jobseekers from the partner countries in the

² It is estimated that 13 staff would be needed in the Commission for all tasks related with the EU Talent Pool. This staff will arrive gradually, depending on the stage of the evolution of the initiative. Until 2027 there would be 10 staff needed. Costs after 2027 are indicative and do not prejudice the available budget for the initiative under the MFF 2028-2034.

³ Idem.

context of the Talent Partnerships, the EU Talent Pool would increase the Talent Partnerships' effectiveness. In turn, this is expected to better engage key partner countries on all aspects of migration cooperation.

D. Follow up

When will the policy be reviewed?

By 2031 (after estimated three years of the operation of the EU Talent Pool), and every three years after, the Commission will submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions a report on the application of the Regulation.