



INT/913
**Industrial transition towards a green
and digital European economy**

OPINION

European Economic and Social Committee

**Industrial transition towards a green and digital European economy: regulatory requirements
and the role of social partners and civil society**
(exploratory opinion)

Rapporteur: **Lucie STUDNIČNÁ**

Referral	European Parliament, 15/09/2020
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted at plenary	02/12/2020
Plenary session No	556
Outcome of vote (for/against/abstentions)	148/89/19

1. **Conclusions and recommendations**

- 1.1 There are a number of prerequisites for the industrial transition towards a green and digital European economy to achieve a sustainable, fair and socially acceptable future in Europe. The COVID-19 pandemic has made more pressing the need for much broader and stronger participation of the social partners and civil society in policy-making at all levels, as well as a strong regulatory framework and standards at the European level, especially on the social agenda. The action plan announced to implement the European Pillar of Social Rights (EPSR) should play an important role in this effort.
- 1.2 The EESC believes that it is essential to recognise the complementarity between climate change, circular economy policies, and corporate social responsibility, and to highlight the circular characteristics of energy from renewable sources.
- 1.3 The role of employers, entrepreneurs and private sector engagement in driving structural change are key to industrial transition. As innovation in Europe typically emerges from small entities, a focus is needed on creating a favourable business environment for and promoting the potential of SMEs that provide high-level knowledge-based services. They often play a pioneering role for the market positioning of related industries and are reliable and crisis-resistant employers. The experience of social economy enterprises and organisations should also be harnessed: they are active in areas that are impacted by the green and digital transitions. As such, their businesses and social innovation processes need to be promoted.
- 1.4 A mechanism for channelling private-sector financial resources towards investments compliant with ESG (environmental, social, governance) criteria should be put in place in a coherent manner. The strategies on the Banking Union, Capital Markets Union, sustainable finance, digital finance and SMEs are therefore all mutually reinforcing and warrant the channelling of funds to the more productive projects, in an economy that depends for up to 80% of its financing needs on the banking sector.
- 1.5 A resilient, sustainable, fair and prosperous Europe requires a regulatory framework that can enhance a just transition process while taking into account its ethical impacts and public interests such as consumer protection, health, safety and quality. The EESC recommends that European and national institutions introduce new governance structures that can ensure the active involvement of the local economy, social partners and civil society in designing and implementing fair measures to ensure that transitions are socially just. One of the key governance arrangements for implementing and monitoring progress of socially just transitions is the European semester. The EESC recommends incorporating into the European semester new, improved, measurable and complementary social, economic and environmental indicators to monitor and keep track of the principles of the European Pillar of Social Rights.
- 1.6 The role of the regions should be strengthened in the European transition agenda. Long-term planning, a strong place-based approach, smart specialisation and a human capital agenda are the core focus, as well as reconciling the long-term transition ambition with short-term priorities.

- 1.7 The EESC believes that funding and support instruments for transition-related activities at the EU level need to be complemented by national resources, with the necessary coordination between different levels of governance. To ensure sufficient funding, the EESC also advocates a wider range of own resources.
- 1.8 A human capital agenda is one of the prerequisites of successful transition. A number of actors, including educational institutions, employers, trade unions, public employment services, NGOs, and professional organisations need to cooperate in the sphere of skills development and anticipating the full set of future, new and old skills needs.
- 1.9 The EESC welcomes the action plan announced to implement the EPSR. The relevant EU labour law *acquis* should be reinforced to better support a just transition for workers. The action plan should set a minimum floor of rights at EU level, including: the right to health and safety covering all workers and new types of work; information, consultation, co-determination and participation rights not limited to transition situations; skills development rights; minimum standards for unemployment insurance; minimum wage; and collective bargaining.

2. **General comments and forward-looking approach**

- 2.1 This exploratory opinion was requested by the Employment and Social Affairs Committee of the European Parliament as a contribution to the forthcoming action plan to implement the EPSR and the next EU Social Summit, planned for May 2021 in Porto.
- 2.2 European business and workers are facing the massive social and economic consequences of the COVID-19 pandemic. Many companies are collapsing, we are losing jobs and households are losing their livelihoods. Despite unprecedented economic rescue measures aimed at cushioning the effects of the lockdown on jobs and companies, the economic forecasts give a very worrying picture. The EU economy is forecast to contract by 8.3% in 2020 and grow by 5.8% in 2021. Growth in 2021 will also be slightly less robust than projected in the spring¹. Member States are in record debt and the EU has also incurred common debt for the first time. We also do not know the consequences of Brexit.
- 2.3 Key industries and sectors, from human resources to research, must be identified and supported, resulting in a European industrial policy that protects these strategic sectors in the market and ensures security of supply of key resources. Europe's industrial policy should serve as an umbrella coordinating all the various European policies in a coherent and comprehensive way to provide synergies. Such a transformation will require the European Commission to set the course and Member States' policies to be aligned with those of the EU. This does not mean micromanaging, but it does mean aligning policies so that they are coherent and foster transformational change. This process will only be possible with the active participation of civil society organisations and social partners. Without a "social deal" based on democratic and effective participation of EU citizens there will be no beneficial Green Deal for all.

¹ [EC Summer 2020 Economic Forecast: A deeper recession with wider divergences.](#)

- 2.4 A mechanism for channelling private-sector financial resources towards investments compliant with ESG (environmental, social, governance) criteria should be put in place in a coherent manner. The strategies on the Banking Union, Capital Markets Union, sustainable finance, digital finance and SMEs are therefore all mutually reinforcing and warrant the channelling of funds to the more productive projects, in an economy that depends for up to 80% of its financing needs on the banking sector.
- 2.5 The term that has emerged in this context in relation to environmental and technological change is "just transition". The EESC sees just transition as a core component of both the budget and recovery plan pushing for a greener European economy. It is therefore necessary to develop a wider understanding of a just transition (beyond carbon-based economies) that fully implements the European Pillar of Social Rights², based on a new social contract, while driving reform in relation to redistributive systems, work-life balance and gender equality. Particularly important in relation to implementing the European Pillar of Social Rights are high-quality jobs for all, access to high-quality education and training, including the right to lifelong learning, especially for vulnerable groups, equal access to healthcare and social services for all, social protection, and inclusion of vulnerable groups, such as the long-term unemployed, women, young people, migrants or people with disabilities. All these important goals can be achieved on the basis of a prospering economy, new, highly qualified jobs offered by employers and the necessary investment in new technologies.
- 2.6 Countries and regions in industrial transition typically face challenges in modernising their industrial base, upgrading the skills of the workforce, compensating for job losses in key sectors and raising the low productivity that limits income growth. Overall, they would benefit from greening and technological progress and related developments, yet some places and certain population groups, in particular vulnerable groups such as people with disabilities, the elderly, Roma and migrants, risk being left behind. Addressing the challenges associated with long-term transformations requires anticipation of change and active transition management on the part of policy-makers, the social partners, civil society organisations and key stakeholders in these countries and regions. Social dialogue, information, consultation and participation of workers and their representative organisations, including in decision-making bodies (boards and supervisory boards) play a key role in addressing and influencing company decision-making so as to manage transitions in a forward-looking way. The EESC urges the Commission to strengthen and develop the social dimension in the future updated industrial strategy.
- 2.7 Dealing with the pandemic crisis and enabling successful industrial transformation is in the interests of all stakeholder groups, and requires a joint effort and shared goals (such as long-term business development), and effective social dialogue in a climate of confidence, as well as a positive attitude. The EESC believes that good, and thus sustainable, business management with joint anticipation of change must be based on the tried-and-tested legal minimum standards of the internal market, with the voice of workers expressed through information, consultation and workers' participation in company boardrooms.

² [OJ C 364, 28.10.2020, p. 1.](#)

- 2.8 Digitalisation and automation have both positive and negative effects for the economy and society. This transition would need regulation that follows the pace of technological transformation and anticipation of change by involving e.g. the social partners. European Works Councils (EWCs) and Societas Europaea (SE) works councils may serve as a positive example of obligatory cross-border involvement of workers in balancing interests and exploring solutions in a spirit of social partnership. This involves guaranteeing training for workers and negotiating collective agreements to support work autonomy and ensure a good work-life balance. Digitalisation and the internet economy have also resulted in the emergence of new forms of work, like platform work, where workers are without any social and job security and often work under very precarious conditions and with unclear status. Their working conditions and status need to be harmonised at European level to encourage fair mobility and integration in the internal market³. To this end, the EESC sees the need to create legal certainty for workers by defining a legal status for labour in the digital platform economy. Low or no access to social protection incurs a cost, not only for the workers themselves but also for social security systems.
- 2.9 The digital transformation also entails potential risks in fields such as financial stability, financial crime and consumer protection. These risks may further increase due to the fragmented regulatory landscape in the EU, and uneven global developments in regulating the sector. The EESC therefore sees a need for the EU to create a comprehensive and stable regulatory framework in this area. It also recommends that the EU resume its initiative on taxing large digital companies⁴.
- 2.10 Workers have to be enabled to adequately prepare themselves for the labour market, and economic changes that are already under way will be fundamental for the growth of industry and Europe's broader economic success. New and higher skills, including for blue-collar workers, present a challenge to apprenticeship systems. Higher skills require more vocational training in tertiary education institutions. In contrast to the best designed initial apprenticeship systems, the lack of national frameworks and quality control are issues, as is progression from initial apprenticeships to tertiary education. The future will require cooperation and innovation from both civil society and governments at all levels to create the level playing-field called for by the organisations represented in the EESC⁵.
- 2.11 The EESC notes that digital technology and artificial intelligence applications should be human-centred and benefit our society as a whole and supports a regulatory framework for artificial intelligence. The green and digital transitions should not be resisted, and the EU should promote the development of AI systems geared to specific applications to accelerate the ecological and climate transitions⁶.

3 [OJ C 429, 11.12.2020, p. 173.](#)

4 [OJ C 429, 11.12.2020, p. 6.](#)

5 [EESC study *Finding a new consensus on European civil society values and their evaluation.*](#)

6 [OJ C 47, 11.2.2020, p. 64.](#)

3. **Innovation**

- 3.1 There will be substantial innovation needs: from the creation and acceleration of new low-carbon production processes (many of which necessitate fundamentally different modes of design and production, in addition to novel feedstocks and/or core industrial processes) to innovation not only in the more circular value chains of basic materials industries but also in the energy systems that power them. Furthermore, the most promising low-carbon technologies will need to prove industrial scale. This will require rapid policy support to introduce and drive the scale-up of new low-carbon production routes and uses of materials by 2030 at the latest.
- 3.2 The transformations needed to achieve a just transition across the EU will require a shared framework to mobilise governments, businesses and civil society around targeted problem-solving. Social innovation has a major role to play in this process. For that matter, an important step might be to create an inter-sectoral EU strategy on social innovation, give greater recognition to social economy players, and test and perhaps use their business models. This would help develop an ecosystem for subsidised experimentation at EU, national, regional, and local levels.

4. **Promoting entrepreneurship and private sector engagement**

- 4.1 Entrepreneurship and private sector engagement driving structural change play a key role in industrial transition. A number of barriers to innovative entrepreneurship often persist where there is a strong industrial heritage, notably low levels of start-up and scale-up activity, weak entrepreneurship cultures and a lack of innovation and effectively linked knowledge networks.
- 4.2 As innovation in Europe typically emerges from small entities, a focus is needed on promoting the potential of SMEs that provide high-level knowledge-based services such as those of the liberal professions , including as regards funding. They often play a pioneering role for the market positioning of related industries and are reliable and crisis-resistant employers.
- 4.3 Social economy enterprises and organisations, actors in a sector that has proven great resilience and contributed to mitigating the effects of the COVID-19 crisis, are predominantly active in areas that are impacted by the digital and green transitions. As such, the promotion of their operations and social innovation processes needs to be ensured.

5. **Role of the social partners and civil society**

- 5.1 The EESC has underlined that "the changes to productive processes and to the economy in general brought about by the new technologies, artificial intelligence and big data will also radically change the labour market" and that it is important that "these changes take place in the context of constructive social dialogue and with due respect for workers' rights and quality of life"⁷.

⁷ [OJ C 353, 18.10.2019, p. 6.](#)

5.2 Close cooperation between the key local/regional stakeholders is essential to identify the most sustainable applications and maximise socio-economic development. Good practices of the social partners at all levels based on collective agreements creating a level playing-field for economic competitors in a sector or a region provide a benchmark for fostering a strategy of just transition in relation to decarbonisation and other climate policy objectives⁸.

6. **Ensuring a just transition – governance/regulatory requirements**

6.1 Transitioning to a climate-neutral economy presents a set of complex governance challenges for policy-makers. One of these is balancing the long-term strategic dimension of transition with the need for short-term action. While transition needs long-term strategic thinking and policy-making, it also requires an ability to accommodate electoral cycles and the associated desire of governments and other stakeholders to see the results of implemented projects.

6.2 One of the key governance arrangements for implementing and monitoring the progress of socially just transitions is the European semester. It is of the utmost importance to provide constant evaluation of European and national policies at the social, economic and environmental levels. The European semester has gradually developed a more social dimension, but its macroeconomic and fiscal dimensions still predominate. The EESC therefore proposes incorporating into the European semester new, improved, measurable and complementary social, economic and environmental indicators to monitor and keep track of all aspects of the European Pillar of Social Rights and its principles, as well as the 17 SDGs⁹, creating synergies with the social scoreboard by introducing the concept of a sustainable well-being economy for all¹⁰, together with targeted social and environmental Country Specific Recommendations¹¹. The semester has now also been redesigned to provide for more action to support the recovery, which the EESC hopes can also help to renew the entire EU governance mechanism and make it function as a guiding force for the survival of democracy as well as upward convergence within the EU.

6.3 A comprehensive analysis of synergies and trade-offs between the objectives, initiatives and recommendations proposed by the EU in the various policy areas of the semester would require a high degree of policy integration, coherence and coordination between the various institutional actors responsible for economic, social and environmental policies, and an improvement in their analytical capacities.

⁸ Framework Agreement for a Fair Transition of Coal Mining and Sustainable Development of the Mining Communities for the period 2019-2027 (Spain); Jobs for the Climate (Portugal); Agreement of Social Partners on Just Transition and Climate Change (Greece); Thyssenkrupp Steel Europe: Future Pact for Steel 20-30 (Germany (March 2020)).

⁹ [OJ C 120, 14.4.2020, p. 1.](#)

¹⁰ [Charveriat, C. and Bodin, E. \(2020\), Delivering the Green Deal: the role of a reformed European Semester within a new sustainable economy strategy.](#)

¹¹ [OJ C 14, 15.1.2020, p. 1.](#)

- 6.4 In addition, to offset the institutional imbalance in economic and social governance, the EESC recommends using a "golden rule"¹² when applying the EU's fiscal rules exempting public investment from deficit calculations and taking into account the sustainability of existing debt levels, in order to guarantee a modern healthcare, ecological, education and technological infrastructure and avoid an unprecedented recession¹³.
- 6.5 Equally, the EESC welcomes the European Commission's suspension of the Stability and Growth Pact and asks that it be revised¹⁴ in the interests of ensuring both stability and growth to support EU industry's recovery and transition to a climate-neutral circular and digital economy.

7. **Regional preconditions for industrial transition**

- 7.1 Industrial transition comes in many shapes, rendering a "one-policy-fits-all" approach to developing new industrial pathways difficult. While some economic sectors will be in decline, with an "irreversible" decrease in economic production and employment, others will have to go through dramatic restructuring. This will require a comprehensive political approach and massive investment, both public and private, and has to be accompanied by well-functioning local and regional labour markets.
- 7.2 Reconciling long-term transition ambition with short-term priorities can be challenging because it might not be easy to garner public approval for policy measures that have a limited immediate effect. This puts regions in industrial transition in a difficult situation. On the one hand, they need to cope with the immediate need for action resulting from a decline in traditional industries, to address issues such as higher unemployment, income losses and deteriorating living conditions for parts of the population, especially disadvantaged and vulnerable groups such as people with disabilities or the elderly. On the other hand, they need to take action to seize opportunities associated with industrial modernisation, such as attracting higher value-added industry, creating and/or attracting new companies and business models and making better use of enabling technologies. Getting it wrong has political consequences that can also affect support for climate action. The growth of far-right movements in Europe and elsewhere can in part be traced to deindustrialisation and entire regions being left behind¹⁵.

8. **Meeting with the regions in industrial transition: main outcomes**

- 8.1 The role of the regions in the transition process should be strengthened in the European agenda. The involvement of regional administrations could contribute to the creation of the necessary eco-systems for a successful transition. Long-term planning, a strong place-based approach, smart specialisation and a human capital agenda have been mentioned as the prerequisites for this process.

¹² [OJ C 311, 18.9.2020, p. 1.](#)

¹³ Idem.

¹⁴ Idem.

¹⁵ Rodríguez-Pose, A. (2017), "The revenge of the places that don't matter (and what to do about it)", *Cambridge Journal of Regions, Economy and Society*, Vol. 11, No. 1, pp. 189–209.

8.2 Several regions in Europe – especially the coal and steel regions – have already undergone transition for either economic or climate agenda reasons. The main precondition for successful transition is an inclusive, anticipatory approach to ensure people have a decent future. This includes the design of a realistic roadmap, creation of the necessary research infrastructure and provision of technological, innovation, academic and educational facilities, together with the necessary funding. To ensure appropriate funding, European instruments planned to support these regions (e.g. the European Just Transition Fund) should not be replacing national efforts.

9. **Funding and support for transition-related activities and projects at EU level**

9.1 The process of industrial transition can provide enormous opportunities, but reaping these requires substantial investment in advanced manufacturing and accessible infrastructure, as well as research and innovation. It also comes at an initial cost, which includes income-replacing benefits and expenses for (re-)skilling workers.

9.2 There are many instruments already in place, at both national and EU level, to support transition-related activities and projects. The objective of achieving a just transition was also reiterated in the EU recovery plan. However, too often policy support measures are designed and carried out independently at different levels of government, with little or no coordination and little monitoring and evaluation.

9.3 The EESC calls on the Council and the European Parliament to increase and allocate sufficient funding for investment needs in the MFF 2021-2027 to deliver a real and radical green and digital transition. To achieve sufficient funding, the EESC also advocates broadening the range of own resources, possibly to include a digital services tax, Common Consolidated Corporate Tax Base, and a financial transactions tax¹⁶.

9.4 In the current programming period, rules applicable to large companies that have received support from the European Structural and Investment Funds stipulate that they must repay that contribution if, within ten years of the final payment of the aid they received, the productive activity is offshored outside the Union (Article 71(2) of Regulation (EU) No 1303/20132). The EESC believes that provisions must be strengthened for the future programming period in order to promote reshoring and to guarantee cohesion, preserve the productive fabric/capacity, boost employment and promote more sustainable "territorial development".

9.5 The EESC also supports the improvement of EU fiscal governance, considering sustainability risks and learning from the screening of green budgeting best practices and fiscal plans. Additionally, tax incentives are needed to persuade companies and individuals to invest in green initiatives with a social impact¹⁷.

¹⁶ [OJ C 440, 6.12.2018, p. 106.](#)

¹⁷ [OJ C 311, 18.9.2020, p. 63.](#)

9.6 The challenges that Europe is facing with the transition to a green and digital economy require massive investments that public money and traditional funding through bank lending alone cannot deliver. Huge amounts of investment will be required from the private sector . A mechanism for channelling private-sector financial resources towards investments compliant with ESG (environmental, social, governance) criteria should be put in place in a coherent manner. The strategies on the Banking Union, Capital Market Union, sustainable finance, digital finance and SMEs are therefore all mutually reinforcing and warrant the channelling of funds to the more productive projects. The EESC welcomes the creation of the Platform on Sustainable Finance and anticipates an acceleration in social taxonomy development.

10. **Employment implications**

10.1 Because industrial transition often requires a shift from old and traditional manufacturing industries to future-oriented activities (even in traditional sectors), it can lead to higher than average unemployment (at least temporarily) due to locally concentrated deindustrialisation and to the skills base being in declining sectors. Anticipation and involvement of workers' representatives at branch and enterprise level and before decisions are taken is fundamental. It is crucial that policies to address industrial transition help workers and local communities, especially workers with disabilities and other workers from vulnerable groups, manage the transition with the least possible disruption while maximising potential benefits.

10.2 **Skills**

10.2.1 Successfully transitioning into the work of the future requires tailoring employment and skills development policies to local labour market conditions. At the same time, the supply of skills needs to be matched with skills demand. Better anticipating the future set of skills needs and an appropriate supply, by retraining and upskilling workers, including through access to lifelong learning, needs to be combined with policies that stimulate investment in new sources of employment and productivity growth. Industry R&D must look specifically for opportunities to establish technological leadership, which will in turn create opportunities for upskilling. Technical institutes, professional organisations and NGOs, as well as public employment agencies, will also have a key role to play in providing back-up in the form of retraining programmes.

10.2.2 The EESC notes that supporting people with training in the just digital and green transitions starts with validation of non-formal and informal learning (NFIL) and with ensuring the recognition and certification of training courses allowing NFIL to be a full part of a person's qualifications¹⁸.

10.3 The Skills Agenda should pay more attention to the development of key competences during mandatory education cycles/curricula, and to learning for young people and adults.

¹⁸ [OJ C 10, 11.01.2021, p. 40.](#)

10.4 The Commission has published a Digital Education Action Plan (2021-2027)¹⁹. This should be a cross-cutting strategy that could also increase the strategic importance of education and training among policy fields at European level.

10.5 Action Plan to implement the EPSR

Just transitions require adequate social policies to support good working conditions, well-functioning collective bargaining and industrial relations systems, and provision of proper social protection to help workers in transition. The EESC would like to put forward some proposals for the Commission's forthcoming action plan to implement the EPSR.

10.5.1 The EESC suggests that the Commission should reassess the adequacy of the relevant EU labour law *acquis*, strengthening it to better support a just transition for workers.

10.5.2 The right to safety and health is a fundamental workplace right for all workers, regardless of their employment relationship or the kind of business model within which they work. The EESC is very concerned that some new types of work created by the climate and digital transitions could fall outside the scope of occupational safety and health (OSH) provisions. Additionally, significant risks have already been demonstrated across digitalised workplaces, such as work intensification, stress and psychosocial violence²⁰, and in the future we can expect to see accidents caused by Artificial Intelligence²¹, accidents that we need to prevent. The EESC therefore calls for all workers in the EU to be protected by OSH legislation²².

10.5.3 The EESC encourages the European Commission to regularly review the General Data Protection Regulation (GDPR) and related regulations in the light of technological developments²³.

10.5.4 Social dialogue, at national and European level, plays a key role in shaping economic, labour and social policies. The EESC supports the development, in the framework of social dialogue at the appropriate national, regional and European levels, of adequate "just transition" measures to manage, change and grant minimum protection in cases of reorganised workplaces or collective dismissals stemming from (technological, demographic, globalisation, climate change, and circular economy) transitions, including the right to engage in collective bargaining so as to anticipate change and provide support to affected workers (adapting the Directive on collective redundancies)²⁴.

19 https://ec.europa.eu/education/sites/default/files/document-library-docs/deap-factsheet-sept2020_en.pdf.

20 ILO (2019) *The Threat of Physical and Psychosocial Violence and Harassment in Digitalised Work*.

21 [OJ C 47, 11.2.2020, p. 64.](#)

22 [OJ C 14, 15.1.2020, p. 52.](#)

23 [OJ C 47, 11.2.2020, p. 64.](#)

24 [OJ C 14, 15.1.2020, p. 1.](#)

10.5.5 The EESC reiterates the need for consultation with and information for workers and their representatives when introducing changes, new technologies and AI systems that may lead to changes in work organisation, work supervision and control, and in systems for the assessment and recruitment of workers. Information and consultation rights, duly implementing the EWC Directive, have to be ensured in all enterprises and a harmonised framework at EU level regarding board-level participation should be introduced. The EESC therefore calls for a strong and robust European framework of information and consultation and worker participation²⁵ as an important aspect of developing just and fair paths for reconstruction and or the environmental and digital transitions. The Commission should promote social dialogue with a view to involving workers in the climate and digital transitions in all the Member States and monitor its results through European semester.

10.5.6 There is a need for a framework for socially responsible restructuring and anticipating corporate change that complements the existing information, consultation and participation rights of workers and matches key elements of the European Social Model²⁶. The EESC believes that the European Commission should revise the EU Quality Framework for Anticipation of Change and Restructuring and propose a legal basis for specific framework conditions concerning worker participation in order to improve workers' involvement in managing the challenges of the Green Deal and of the digital transformation²⁷.

10.5.7 The Action Plan should set a minimum floor of rights at EU level: the EESC has called for action on minimum income protection²⁸ to stem poverty and promote an inclusive labour market, and therefore welcomes the plans of the Commission and the German Presidency of the Council to establish a European framework on minimum income schemes²⁹. The EESC has recommended exploring the possibility of setting common minimum standards in the field of unemployment insurance in the EU Member States³⁰. The Committee has also called for a European initiative on minimum wage and collective bargaining³¹, and therefore welcomes³² the Commission's initiative on adequate minimum wages in the European Union³³.

10.6 A new social contract

To establish the pathways for recovery that invest in jobs and protect rights and a living wage, to rebuild strong labour market institutions for all workers in line with past commitments, and to ensure social protection, the EESC calls for a just transition to be placed at the heart of recovery

25 [OJ C 10, 11.01.2021, p. 14.](#)

26 [OJ C 161, 6.6.2013, p. 35.](#)

27 [OJ C 364, 28.10.2020, p. 1.](#)

28 [OJ C 190, 5.6.2019, p. 1.](#)

29 Council Conclusions on Strengthening Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 Pandemic and Beyond.

30 [OJ C 97, 24.3.2020, p. 32.](#)

31 [OJ C 429, 11.12.2020, p. 159.](#)

32 [OJ C 364, 28.10.2020, p. 1.](#)

33 [COM\(2020\) 682 final.](#)

through social dialogue, with the active involvement of civil society to help design a social, just and inclusive industrial transition.

Brussels, 2 December 2020

Christa SCHWENG

The president of the European Economic and Social Committee

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N.B. Appendix overleaf.

APPENDIX to the OPINION
of the European Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast, were rejected during the discussions (Rule 59(3) of the Rules of Procedure):

a) **Point 2.1 (Amendment 9)**

Amend as follows:

2.1 ~~This exploratory opinion was requested by the Employment and Social Affairs Committee of the European Parliament as a contribution to the forthcoming action plan to implement the EPSR and the next EU Social Summit, planned for May 2021 in Porto. This exploratory opinion was requested by the Employment and Social Affairs Committee of the European Parliament. According to the letter of the European Parliament, the opinion should cover in particular the following topics: just transition, green deal, digital transition, industrial strategy, employment and social inclusion policies, which lie at the heart of a series of ongoing and future legislative and non-legislative files linked to green and digital transformation.~~

Outcome of the vote:

For: 99
Against: 129
Abstentions: 20

b) **Point 2.2 (Amendment 10)**

Amend as follows:

2.2 European business and workers are facing the massive economic and social ~~and economic~~ consequences of the COVID-19 pandemic. Many companies are collapsing, people ~~we~~ are losing jobs and households are losing their livelihoods. Despite unprecedented economic rescue measures aimed at cushioning the effects of the lockdown on jobs and companies, the economic forecasts give a very worrying picture. The EU economy is forecast to contract by 8.3% in 2020 and grow by 5.8% in 2021. Growth in 2021 will also be slightly less robust than projected in the spring³⁴. The COVID-19 pandemic has hit the European economy hard: many companies are collapsing, we are losing jobs, households are losing the livelihood, the health service is losing efficiency. Member States are in record debt, exceeding established spending rules and the EU has also incurred common debt for the first time. We also do not know the consequences of Brexit and we do not know when the pandemic will end.

³⁴ EC Summer 2020 Economic Forecast: A deeper recession with wider divergences.

Outcome of the vote:

For: 95
Against: 140
Abstentions: 22

c) Point 2.3 (Amendment 11)

Amend as follows:

2.3 Key industries and sectors, from human resources to research, must be identified and supported, resulting in a European industrial policy that protects these strategic sectors in the market and ensures security of supply of key resources. Europe's industrial policy should serve as an umbrella coordinating all the various European policies in a coherent and comprehensive way to provide synergies. Such a transformation will require the European Commission to set the course and Member States' policies to be aligned with those of the EU. This does not mean micromanaging, but it does mean aligning policies so that they are coherent and foster transformational change. This process will only be possible with the active participation of civil society organisations and social partners. ~~Without a "social deal" based on democratic and effective participation of EU citizens there will be no beneficial Green Deal for all.~~

Outcome of the vote:

For: 91
Against: 137
Abstentions: 18

d) Point 2.5 NEW (Amendment 13)

Add new point:

2.5 The best policy response is to deliver on the expectations of the NextGenerationEU, which represents a unique opportunity for a fast and transformative recovery. Setting this in motion and engaging with the private sector should be given the highest priority.

Outcome of the vote:

For: 97
Against: 136
Abstentions: 22

e) **Point 2.6 NEW (Amendment 14)**

Add new point:

2.6 Challenges brought by Brexit should be overcome by a strong push to strengthen the Single Market that creates a stronger sound and competitive environment for companies.

Outcome of the vote:

For: 93
Against: 141
Abstentions: 20

f) **Point 2.4 (Amendment 15)**

Amend as follows:

2.4 The term that has emerged in this context in relation to environmental and technological change is "just transition". The EESC sees just transition as a core component of both the budget and recovery plan pushing for a greener European economy. It is therefore necessary to develop a wider understanding of a just transition (beyond carbon-based economies) ~~that~~ fully implements the European Pillar of Social Rights³⁵, based on a new social contract, while driving reform in relation to redistributive systems, based on work-life balance and gender equality. ~~Particularly important in relation to implementing the European Pillar of Social Rights are~~ high-quality jobs for all, access to high-quality education and training, including the ~~right~~ access to lifelong learning, especially for vulnerable groups, equal access to healthcare and social services for all, social protection, and inclusion of vulnerable groups, such as the long-term unemployed, women, young people, legal migrants or people with disabilities. All these important goals can be achieved on the basis of a prospering economy, new, highly qualified jobs offered by employers and the necessary investment in new technologies.

Outcome of the vote:

For: 82
Against: 152
Abstentions: 20

³⁵ European Economic and Social Committee's contribution to the European Commission's 2021 Work Programme.

g) Point 2.5 (Amendment 16)

Amend as follows:

2.5 Countries and regions in industrial transition typically face challenges in modernising their industrial base, upgrading the skills of the workforce, compensating for job losses in key sectors and raising the low productivity that limits income growth, upward convergence and compensating unfavourable demographic trends. Overall, they would benefit from greening and technological progress and related developments, yet some places and certain population groups, in particular vulnerable groups such as people with disabilities, the elderly, Roma and legal migrants, risk being left behind. Addressing the challenges associated with long-term transformations requires anticipation of change and active transition management on the part of policy-makers, the social partners, civil society organisations and key stakeholders in these countries and regions. Social dialogue, information, consultation and participation of workers ~~and their representative organisations~~, including in decision-making process bodies (boards and supervisory boards) play a key role in addressing and influencing company decision-making so as to manage transitions in a forward-looking way. ~~The EESC urges the Commission to strengthen and develop the social dimension in the future updated industrial strategy.~~

Outcome of the vote:

For: 92
Against: 152
Abstentions: 17

h) Point 2.6 (Amendment 17)

Amend as follows:

2.6 Dealing with the pandemic crisis and enabling successful industrial transformation is in the interests of all stakeholder groups, and requires a joint effort and shared goals (such as long-term business development), and effective social dialogue in a climate of confidence, as well as a positive attitude. The EESC believes that good, and thus sustainable, business management with joint anticipation of change is the key to success ~~must be based on the tried-and-tested legal minimum standards of the internal market, with the voice of workers expressed through information, consultation and workers' participation in company boardrooms.~~

Outcome of the vote:

For: 90
Against: 151
Abstentions: 18

i) Point 2.7 (Amendment 18)

Amend as follows:

2.7 Digitalisation and automation have both positive and negative effects for the economy and society. This transition would need ~~regulation~~ approaches that follows the pace of technological transformation and anticipation of change by involving e.g. the social partners. European Works Councils (EWCs) and Societas Europaea (SE) works councils may serve as a positive example of obligatory cross-border involvement of workers in balancing interests and exploring solutions in a spirit of social partnership. This involves guaranteeing training for workers and negotiating collective agreements or other social agreements to support work autonomy and ensure a good work-life balance. Digitalisation and the internet economy have also resulted in the emergence of new forms of work, like platform work, where workers are without any social and job security and often work under very precarious conditions and with unclear status. ~~Their working conditions and status need to be harmonised at European level to encourage fair mobility and integration in the internal market³⁶. To this end, the EESC sees the need to create legal certainty for workers by defining a legal status for labour in the digital platform economy. Low or no access to social protection incurs a cost, not only for the workers themselves but also for social security systems.~~

Outcome of the vote:

For: 88
Against: 149
Abstentions: 24

j) Point 2.8 (Amendment 19)

Amend as follows:

2.8 The digital transformation also entails potential risks in fields such as financial stability, financial crime and consumer protection. These risks may further increase due to the fragmented regulatory landscape in the EU, and uneven global developments in regulating the sector. The EESC therefore sees a need for the EU to create a comprehensive and stable regulatory framework in this area. It also recommends that a global solution in the tax area is achieved at the OECD level during 2021 ~~the EU resume its initiative on taxing large digital companies³⁷.~~

Outcome of the vote:

For: 89
Against: 149

³⁶ EESC (SOC/645) opinion on Fair work in the platform economy.

³⁷ EESC opinion on Combating tax fraud, tax avoidance and money laundering.

Abstentions: 22

k) Point 5.2 (Amendment 21)

Amend as follows:

5.2 Close cooperation between the key local/regional stakeholders is essential to identify the most sustainable applications and maximise socio-economic development. Good practices of the social partners at all levels based on collective agreements or other form of social dialogue creating a level playing-field for economic competitors in a sector or a region provide a benchmark for fostering a strategy of just transition in relation to decarbonisation and other climate policy objectives³⁸.

Outcome of the vote:

For: 93
Against: 146
Abstentions: 19

l) Point 6.2 (Amendment 22)

Amend as follows:

6.2 One of the key governance arrangements for implementing and monitoring the progress of socially just transitions is the European semester. It is of the utmost importance to provide constant cyclical evaluation of European and national policies at the social, economic and environmental levels. The European semester has gradually developed a more social dimension, but its macroeconomic and fiscal dimensions still predominate. ~~The EESC therefore proposes incorporating into the European semester new, improved, measurable and complementary social, economic and environmental indicators to monitor and keep track of all aspects of the European Pillar of Social Rights and its principles, as well as the 17 SDG³⁹, creating synergies with the social scoreboard by introducing the concept of a sustainable well-being economy for all⁴⁰, together with targeted social and environmental Country Specific Recommendations⁴¹.~~ The semester has now also been redesigned to provide for more action to support the recovery, which the EESC hopes can also help to reinforce ~~renew~~ the ~~entire~~ EU governance mechanism and make it function as a guiding force for the feeding survival of democracy as well as upward convergence within the EU.

38 Framework Agreement for a Fair Transition of Coal Mining and Sustainable Development of the Mining Communities for the period 2019-2027 (Spain); Jobs for the Climate (Portugal); Agreement of Social Partners on Just Transition and Climate Change (Greece); Thyssenkrupp Steel Europe: Future Pact for Steel 20-30 (Germany (March 2020)).

39 EESC opinion on the Annual Sustainable Growth Strategy 2020, [OJ C 120, 14.4.2020, p. 1](#).

40 Charveriat, C. and Bodin, E. (2020), Delivering the Green Deal: the role of a reformed European Semester within a new sustainable economy strategy.

41 EESC opinion on The European Pillar of Social Rights – evaluation of the initial implementation and recommendations for the future, [OJ C 14, 15.1.2020, p. 1](#).

Outcome of the vote:

For: 87
Against: 148
Abstentions: 21

m) Point 6.4 (Amendment 23)

Amend as follows:

6.4 In addition, to offset the institutional imbalance in economic and social governance, the EESC recommends using a well balanced "golden rule"⁴² without jeopardizing medium-term financial stability when applying the EU's fiscal rules exempting justified public investment from deficit calculations and taking into account the sustainability of existing and future debt levels, in order to guarantee a modern healthcare, ecological, education and technological infrastructure and avoid an unprecedented recession⁴³.

Outcome of the vote:

For: 87
Against: 159
Abstentions: 16

n) Point 9.3 (Amendment 24)

Amend as follows:

9.3 The EESC calls on the Council and the European Parliament to enhance the business climate and to increase and allocate sufficient funding for investment needs in the MFF 2021-2027 to deliver a real and radical green and digital transition. To achieve sufficient funding, the EESC also advocates analysing the effects of a broadening of the range of own resources, possibly coming from revenues from the EU Emissions Trading System, from a Carbon Border Adjustment Mechanism (CBAM), and from a digital levy ~~to include a digital services tax, Common Consolidated Corporate Tax Base, and a financial transactions tax~~⁴⁴.

Outcome of the vote:

For: 91
Against: 157

⁴² [OJ C 311, 18.9.2020, p. 1](#)

⁴³ Idem.

⁴⁴ [OJ C 440, 6.12.2018, p. 106](#).

Abstentions: 13

o) Point 9.4 (Amendment 25)

Amend as follows:

9.4 In the current programming period, rules applicable to large companies that have received support from the European Structural and Investment Funds stipulate that they must repay that contribution if, within ten years of the final payment of the aid they received, the productive activity is offshored outside the Union (Article 71(2) of Regulation (EU) No 1303/20132). The EESC believes that provisions must be strengthened for the future programming period in order to promote reshoring and to guarantee cohesion in the spirit of the strategic autonomy, preserve the productive fabric/capacity, boost employment and promote more sustainable "territorial development".

Outcome of the vote:

For: 89
Against: 149
Abstentions: 19

p) Point 9.5 (Amendment 26)

Amend as follows:

9.5 The EESC also supports the improvement of EU fiscal governance, considering sustainability risks and learning from the screening of green budgeting best practices and fiscal plans. Additionally, tax incentives may be ~~are~~ needed to motivate ~~persuade~~ companies and individuals to invest in green initiatives with a social impact⁴⁵. Such subsidies should be carefully assessed in a cost-benefit analysis.

Outcome of the vote:

For: 93
Against: 154
Abstentions: 16

q) Point 9.6 (Amendment 27)

Amend as follows:

9.6 The challenges that Europe is facing with the transition to a green and digital economy require massive investments that public money and traditional funding through bank lending

⁴⁵ [OJ C 311, 18.9.2020, p. 63.](#)

alone cannot deliver. Huge amounts ~~will be required from the private sector~~ of all sorts of private funds are invested every year in harmful economic activities across the whole range of industry sectors, risking eventually ending up as "sunk assets". A mechanism for channelling private-sector financial resources towards investments compliant with ESG (environmental, social, governance) criteria should be put in place in a coherent manner. The strategies on the Banking Union, Capital Market Union, sustainable finance, digital finance and SMEs are therefore all mutually reinforcing and warrant the channelling of funds to the more productive projects. The EESC welcomes the creation of the Platform on Sustainable Finance and anticipates an acceleration in social taxonomy development.

Outcome of the vote:

For: 74
Against: 154
Abstentions: 31

r) Point 10.1 (Amendment 28)

Amend as follows:

10.1 Because industrial transition often requires a shift from old and traditional manufacturing industries to future-oriented activities (even in traditional sectors), it can lead to higher than average unemployment (at least temporarily) due to locally concentrated deindustrialisation and to the skills base being in declining sectors. ~~Anticipation and involvement of workers' representatives at branch and enterprise level and before decisions are taken is fundamental.~~ It is crucial that policies to address industrial transition help workers and local communities, especially workers with disabilities and other workers from vulnerable groups, manage the transition with the least possible disruption while maximising potential benefits.

Outcome of the vote:

For: 88
Against: 149
Abstentions: 17

s) Points 10.5, 10.5.1, 10.5.2, 10.5.3, 10.5.4, 10.5.5, 10.5.6, 10.5.7 (Amendment 30)

Delete points:

*10.5 Action Plan to implement the EPSR
~~Just transitions require adequate social policies to support good working conditions, well-functioning collective bargaining and industrial relations systems, and provision of proper social protection to help workers in transition. The EESC would like to put forward some proposals for the Commission's forthcoming action plan to implement the EPSR.~~*

~~10.5.1 — The EESC suggests that the Commission should reassess the adequacy of the relevant EU labour law acquis, strengthening it to better support a just transition for workers.~~

~~10.5.2 — The right to safety and health is a fundamental workplace right for all workers, regardless of their employment relationship or the kind of business model within which they work. The EESC is very concerned that some new types of work created by the climate and digital transitions could fall outside the scope of occupational safety and health (OSH) provisions. Additionally, significant risks have already been demonstrated across digitalised workplaces, such as work intensification, stress and psychosocial violence⁴⁶, and in the future we can expect to see accidents caused by Artificial Intelligence⁴⁷, accidents that we need to prevent. The EESC therefore calls for all workers in the EU to be protected by OSH legislation⁴⁸.~~

~~10.5.3 — The EESC encourages the European Commission to regularly review the General Data Protection Regulation (GDPR) and related regulations in the light of technological developments⁴⁹.~~

~~10.5.4 — Social dialogue, at national and European level, plays a key role in shaping economic, labour and social policies. The EESC supports the development, in the framework of social dialogue at the appropriate national, regional and European levels, of adequate "just transition" measures to manage, change and grant minimum protection in cases of reorganised workplaces or collective dismissals stemming from (technological, demographic, globalisation, climate change, and circular economy) transitions, including the right to engage in collective bargaining so as to anticipate change and provide support to affected workers (adapting the Directive on collective redundancies)⁵⁰.~~

~~10.5.5 — The EESC reiterates the need for consultation with and information for workers and their representatives when introducing changes, new technologies and AI systems that may lead to changes in work organisation, work supervision and control, and in systems for the assessment and recruitment of workers. Information and consultation rights, duly implementing the EWC Directive, have to be ensured in all enterprises and a harmonised framework at EU level regarding board level participation should be introduced. The EESC therefore calls for a strong and robust European framework of information and consultation and worker participation⁵¹ as an important aspect of developing just and fair paths for reconstruction and/or the environmental and digital transitions. The Commission should promote social dialogue with a view to involving workers in the climate and digital transitions in all the Member States and monitor its results through European semester.~~

⁴⁶ — ILO (2019) The Threat of Physical and Psychosocial Violence and Harassment in Digitalized Work.

⁴⁷ — OJ C 47, 11.2.2020, p. 64.

⁴⁸ — OJ C 14, 15.1.2020, p. 52.

⁴⁹ — OJ C 47, 11.2.2020, p. 64.

⁵⁰ — OJ C 14, 15.1.2020, p. 1.

⁵¹ — EESC opinion SOC/644 on Social dialogue for economic sustainability and resilience (adopted on 29.10.2020, not yet published).

~~10.5.6 — There is a need for a framework for socially responsible restructuring and anticipating corporate change that complements the existing information, consultation and participation rights of workers and matches key elements of the European Social Model⁵². The EESC believes that the European Commission should revise the EU Quality Framework for Anticipation of Change and Restructuring and propose a legal basis for specific framework conditions concerning worker participation in order to improve workers' involvement in managing the challenges of the Green Deal and of the digital transformation⁵³.~~

~~10.5.7 — The Action Plan should set a minimum floor of rights at EU level: the EESC has called for action on minimum income protection⁵⁴ to stem poverty and promote an inclusive labour market, and therefore welcomes the plans of the Commission and the German Presidency of the Council to establish a European framework on minimum income schemes⁵⁵. The EESC has recommended exploring the possibility of setting common minimum standards in the field of unemployment insurance in the EU Member States⁵⁶. The Committee has also called for a European initiative on minimum wage and collective bargaining⁵⁷, and therefore welcomes⁵⁸ the Commission's initiative on adequate minimum wages in the European Union⁵⁹.~~

Outcome of the vote:

For: 93
Against: 149
Abstentions: 17

t) Point 10.6 (Amendment 31)

Delete point:

~~10.6A new social contract~~

~~To establish the pathways for recovery that invest in jobs and protect rights and a living wage, to rebuild strong labour market institutions for all workers in line with past commitments, and to ensure social protection, the EESC calls for a just transition to be placed at the heart of~~

⁵² — OJ C 161, 06.06.2013, p. 35.

⁵³ — EESC Resolution on the European Economic and Social Committee's contribution to the 2021 European Commission's work programme.

⁵⁴ — OJ C 190, 5.6.2019, p. 1.

⁵⁵ — Council Conclusions on Strengthening Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 Pandemic and Beyond.

⁵⁶ — OJ C 97, 24.3.2020, p. 32.

⁵⁷ — EESC opinion on Decent minimum wages across Europe.

⁵⁸ — EESC Resolution on the European Economic and Social Committee's contribution to the 2021 European Commission's work programme.

⁵⁹ — COM(2020) 682 final.

~~recovery through social dialogue, with the active involvement of civil society to help design a social, just and inclusive industrial transition.~~

Outcome of the vote:

For: 85
Against: 146
Abstentions: 19

u) **Point 1.1 (Amendment 1)**

Amend as follows:

1.1 There are a number of prerequisites for the industrial transition towards a green and digital European economy to achieve a sustainable, fair and socially acceptable future in Europe. However, a new situation must be taken into account. The COVID-19 pandemic has hit the European economy hard: many companies are collapsing, we are losing jobs, households are losing the livelihood, the health service is losing efficiency. It has made more pressing the need for much broader and stronger participation of the social partners and civil society in policy-making at all levels, as well as a realistic strong regulatory framework and standards at the European level, taking into account the specificities of the Member States and the distribution of the competences between EU and Members States as well as the subsidiarity principle especially on the social agenda. The action plan announced to implement the European Pillar of Social Rights (EPSR) should play an important role in this effort.

Outcome of the vote:

For: 90
Against: 146
Abstentions: 18

v) **Point 1.5 NEW (Amendment 4)**

Add new point:

1.5 The best policy response is to deliver on the expectations of the NextGenerationEU, which represents a unique opportunity for a fast and transformative recovery. Setting this in motion and engaging with the private sector should be given the highest priority.

Outcome of the vote:

For: 97
Against: 136
Abstentions: 22

w) **Point 1.6 NEW (Amendment 5)**

Add new point:

1.6 Challenges brought by Brexit should be overcome by a strong push to strengthen the Single Market that creates a stronger sound and competitive environment for companies.

Outcome of the vote:

For: 93
Against: 141
Abstentions: 20

x) **Point 1.4 (Amendment 6)**

Amend as follows:

1.4 A resilient, sustainable, fair and prosperous Europe requires a ~~regulatory~~ coherent framework that can enhance a just transition process while taking into account its ethical impacts and public interests ~~such as consumer protection, health, safety and quality~~. The ~~EESC recommends that European and national institutions introduce new governance structures that can ensure the active involvement of the local economy, social partners and civil society in designing and implementing fair measures to ensure that transitions are socially just~~. One of the key governance arrangements for implementing and monitoring progress of socially just transitions is the European semester. ~~The EESC recommends incorporating into the European semester new, improved, measurable and complementary social, economic and environmental indicators to monitor and keep track of the principles of the European Pillar of Social Rights~~.

Outcome of the vote:

For: 80
Against: 145
Abstentions: 16

y) **Point 1.8 (Amendment 8)**

Amend as follows:

1.8 ~~The EESC welcomes the action plan announced to implement the EPSR~~. The relevant EU labour policies ~~law~~ acquis should be reinforced to better support a just transition for workers; ~~The action plan should set a minimum floor of rights at EU level, including: the right to~~ health and safety covering all workers and new types of work; information, consultation, co-determination and participation ~~rights not limited to~~ in transition situations; skills development ~~rights~~; minimum standards for unemployment insurance; minimum wage;

and collective bargaining or other forms of agreement in line with competences of Member States.

Outcome of the vote:

For:	98
Against:	148
Abstentions:	17
