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EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE 2021

Executive Summary

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TOWARDS A STRONG SOCIAL EUROPE IN THE AFTERMATH OF THE COVID-19 CRISIS: REDUCING DISPARITIES AND ADDRESSING DISTRIBUTIONAL IMPACTS

By the end of June 2021, the Coronavirus had infected more than 33 million people and had caused over 736000 deaths in the EU. The impacts of the health crisis on the economy, labour markets and society have been no less daunting. In spite of a major drop in GDP in 2020, the comprehensive public policy measures swiftly adopted at the national and the EU level contributed to cushioning the labour market and social impact of the pandemic. Overall, the increase in the EU unemployment rate in 2020 has been lower than the one observed during the 2008 financial and economic crisis, while income support measures have mitigated an increase in income inequality so far.

Over a year and a half after the World Health Organisation (WHO) declared COVID-19 a pandemic, it is clear that the public health measures adopted to save lives and have had more consequences on some economic sectors than on others. The crisis has impacted regions and/or countries more profoundly whose economies are dependent and built around these sectors. Similarly, young people tend to be over-represented in the hardest-hit industries (art and entertainment, travel and transport, tourism and hospitality) and thus have been disproportionately affected in the labour markets, as were low-skilled workers, those in non-standard forms of employment and the self-employed. The toll has also been high for long-term care facilities and nursing homes and for older people, who were the main victims of the health emergency, especially in its initial phase.

Furthermore, the political differentiation between essential and non-essential occupations in the context of the COVID-19 crisis has increased the heterogeneity of effects on different socio-economic groups. Reduced working hours and job losses in many professions at the same time, increased workloads and exposure to health risks for frontline workers in systemically essential occupations and declining income have financially fragilised business ecosystems and vulnerable households. Healthcare professionals were particularly affected by the pandemic, which highlighted structural challenges related to shortages of staff, working conditions, problems with retention of workers due to low attractiveness of professions and exposure to high stress levels. In addition, extensive constraints on social life and necessary restrictions to individual mobility have led to the widespread - mandatory or recommended - use of remote work and online learning, while also eroding overall well-being.

With the rollout of the vaccination campaigns in the EU Member States and beyond, optimism about a strong recovery can be based on firmer ground. After the deep contraction of 2020, the EU

economy is set to rebound strongly in 2021. Nonetheless, unemployment rates are expected to increase in 2021 in most Member States as support measures are gradually phased out and changes triggered by the pandemic would tend to persist, before starting to decline again in 2022. At the early stages of the pandemic, it became clear that besides the initial major shock the COVID-19 pandemic would have longer-term effects and change how we live and work, as well as the extent to which and how we move. As time goes on, new evidence demonstrates just how far-reaching these changes are. While Europe has made concerted efforts to protect its citizens' health and well-being and mitigate negative socio-economic effects of the crisis, the impacts of the pandemic on people's lives have been profound.

The EU's policy response is now shifting from offering immediate crisis relief to fostering the recovery. To accelerate the transition to a green and more digitalised economy, while ensuring it is fair and inclusive, requires an in-depth understanding of the pandemic's profound, multifaceted and uneven socio-economic impacts across population groups and regions in the EU, as well as of the pre-crisis situation and structural weaknesses.

The long-term repercussions of these impacts are still unclear. Preliminary evidence suggests that the crisis has accelerated structural change. Although exceptional support measures are likely to have prevented an increase in inequality in the short term, there are indications that inequalities may increase when these measures are progressively phased out and that adverse effects on some vulnerable groups (including children and youth) might reach into the distant future. Yet the effects of this crisis are spreading far beyond potential impact on educational attainment, unemployment, activity and employment rates as they also bring about a global transformation of working practices and of the definition of the workplace itself.

The European Union acted swiftly in response to the COVID-19 outbreak in Europe, with initiatives to support national efforts to tackle the health and economic crisis. These included the activation of the general escape clause of the Stability and Growth Pact; a new temporary framework for state aid; two packages of support (Coronavirus Response Investment Initiative, so-called CRII and CRII+) introducing extraordinary flexibility in the use of the European Structural and Investment Funds to fight the consequences of COVID-19, as well as a new instrument to provide funding solidarity to Member States for job-retention measures – the Temporary Support to mitigate Unemployment Risks in an Emergency (SURE). Finally, the proposed package related to the European Health Union addresses the resilience, accessibility and effectiveness of the health systems in the EU. The actions will improve Member States' ability to prepare and respond together to future health crises and ensure that medical supplies are available, affordable and innovative.

Alongside these measures, the EU has shown strong resolve to avert long-term and potentially structural damage that unprecedented health risks and widened socio-economic and digital divides can inflict on European society. The Union has put in place a EUR 1.8 trillion recovery plan, including the revamped 2021-2027 EU budget of EUR 1.07 trillion and a temporary recovery instrument, Next Generation EU, worth EUR 750 billion, which allows the European Commission to raise funds to help repair the immediate economic and social damage of the COVID-19 pandemic. Its centrepiece, the Recovery and Resilience Facility (RRF) with its EUR 672.5 billion in loans and grants will assist Member States both in mitigating the adverse effects of the crisis and in reinforcing the resilience of vital socio-economic systems to future shocks. An array of other initiatives at EU level, have been

enacted to support Europeans to develop the right skills to grasp the opportunities of the rapid shift towards a climate-neutral, more digital and job-rich Europe such as the European Skills Agenda and the Pact for Skills, the Digital Education Action Plan, the Council Recommendations on Vocational Education and Training for sustainable competitiveness, social fairness and resilience and on the reinforced Youth Guarantee, the European Child Guarantee, the Strategy for the Rights of Persons with Disabilities, the consultation on platform work, and the European Commission Recommendation on Effective Active Support to Employment following the COVID-19 crisis (EASE). At the same time, the EU adopted a number of equality strategies in 2020 and 2021 that also addressed the uneven impact of the pandemic on disadvantaged and discriminated groups. EU-level funding tools such as the Recovery and Resilience Facility (RRF), the European Social Fund Plus (ESF+), the European Regional Development Fund (ERDF), the Just Transition Fund and the Technical Support Instrument are available to support Member States in designing and implementing structural reforms to help strengthen the resilience of our economies and societies.

The adoption of the European Pillar of Social Rights Action Plan by the European Commission in March 2021 defines new ambitious employment, skills, and social targets at EU level for 2030 and sets out a comprehensive policy agenda to achieve these targets, by further implementing the various Pillar principles, strengthening the social dimension of the EU's recovery and resilience efforts and promoting just, green and digital, transitions. To take this agenda forward, the EU Heads of State or Government, EU institutions, social partners and other key stakeholders convened at the Social Summit in Porto on 7-8 May 2021, where they welcomed the European Pillar of Social Rights Action Plan. Further, the European Council meeting on 24-25 June welcomed the headline targets and an updated social scoreboard that will help monitor progress towards the implementation of Pillar principles as part of the European Semester policy coordination. Heads of State or Government also strengthened the commitment to transform the Pillar principles into action and pledged to do their utmost to build a more inclusive, more social Europe.

Against this backdrop, this year's Employment and Social Developments in Europe (ESDE) review analyses the state of play of the COVID-19 impacts on employment and society as well as the emerging challenges these impacts imply, especially in the medium and long term. The review provides evidence-based groundwork for the reflection on how policy can combine the pursuit of a rapid and fair recovery and systemic resilience with the quest for just structural transitions. The report contains the following chapters:

Chapter 1: Main developments and key challenges in times of crisis

Chapter 2: A severe crisis affecting everyone – socio-economic impacts of the coronavirus pandemic

Chapter 3: Spatial impacts in a crisis context – promoting an inclusive recovery and structural changes

Chapter 4: Better together: Managing the crisis and embracing structural change – the role of social dialogue

1. MAIN DEVELOPMENTS AND KEY CHALLENGES IN TIMES OF CRISIS

The COVID-19 pandemic has had a profound impact on human lives and has placed the European and global economies, public health systems and social wellbeing under considerable strain. In 2020, economic activity suffered a significant slump and EU labour market improvements, which had continued until the end of 2019, came to a halt. These adverse developments are observable in the main economic and social indicators, notably for young people, low-skilled workers, people in poor living conditions, older people and persons with disabilities, who have been among those most affected by the crisis.

European labour market improvements came to a halt as the EU and global economies contracted in 2020.

The COVID-19 outbreak struck EU countries at the beginning of 2020, when economic and employment growth were decelerating since the third quarter of 2019. The health crisis and ensuing containment measures, which aimed to contain the spread of the virus and avoid overwhelming the Member States' healthcare systems, led to a deep economic crisis. In the second quarter of 2020, economic output in terms of Gross Domestic Product (GDP) recorded its largest decline in history (-11.1%), only to rebound in the third quarter (+11.7%) and roughly stabilise in the fourth quarter (-0.4%). The European Commission Spring 2021 Economic Forecast, published on 12 May 2021, projects that the EU economy will expand by 4.2% in 2021 and by 4.4% in 2022, while the euro area economy is forecast to grow by 4.3% this year and 4.4% next year.

The second quarter of 2020 saw the sharpest GDP decline in history.

To cushion the impact of the economic crisis on the labour market, EU Member States implemented a wide range of job-retention measures, such as short-time work schemes and temporary lay-offs, which supported about 32 million Europeans at the peak. Innovative and ambitious EU instruments such as the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) have helped EU Member States to contain the surge in unemployment. Reductions in working hours largely absorbed the fall in demand and allowed employment levels to shrink less dramatically. Although unemployment increased only mildly, inactivity and labour market slack rose as finding work became more difficult, causing many to cease their job search. In many instances, those already at the margins of the labour market fell into inactivity, especially in the first part of 2020. Activity rates declined in particular for young people, while both youth unemployment and rates of young people not in employment, education or training (NEET) surged. The number of absences among the employed also strongly increased in the first half of 2020, only to return to pre-crisis levels in the third quarter.

Employment support by Member States cushioned the impact on employment but working hours declined and inactivity increased.

The impact of the crisis has been uneven across Member States, with certain EU countries, regions and population groups, including young people, migrants, Roma and other marginalised communities and people of minority

The employment impact of COVID-19 has been asymmetric across countries and population groups.

0.7 p.p. decline

in the EU employment rate in 2020, down to 72.4%, from 2019

ethnic background and persons with disabilities, workers with low skills or with temporary contracts and the self-employed more affected. The employment rate stood at 72.4% in 2020, 0.7 percentage points lower than in

2019. The decline was slightly higher for men than for women at EU level. However, the effect of the crisis on gender inequalities depends on various dimensions, and the pandemic highlighted long-standing gender inequalities. Women experienced a steeper fall in working hours than men in the second

quarter of 2020 since some sectors characterised by high female employment (e.g. accommodation and food service activities) were strongly impacted by lockdowns. Also, women continued to take on the largest share of caring responsibilities, and faced challenges in balancing work and private life.

Latest data show a year-on-year reduction of household disposable income by 2.8% in the EU for the second quarter of 2020, followed by a recovery in the third quarter. Overall living conditions worsened in 2020 as indicated by the estimated rise in income poverty. However, so far, automatic stabilisers and exceptional income-support policies seem to have protected low-income households and kept disposable income inequality in check despite rising market income inequalities.

Public employment support for vulnerable groups has somewhat mitigated income losses.

AROP stable in 2020

**at EU level, according to
Eurostat flash estimates**

Nonetheless, persistent pre-COVID-19 inequalities and a stable risk of poverty in a large number of Member States had already indicated social vulnerabilities, including gaps in access to adequate social protection, in

The COVID-19 crisis threatened to undermine the improvements in social conditions that preceded it but AROP at EU level remained stable in 2020.

particular for workers in non-standard forms of employment. According to Eurostat flash estimates, the at-risk-of-poverty rate (AROP, ages 18-64) at EU level for working-age population remained stable in 2020 (+0.2%). For about half of the Member States a moderate increase is estimated in the AROP rate (ages 18-64), which is significant in Portugal, Greece, Spain, Italy, Ireland, Slovenia, Bulgaria, Austria and Sweden. To address this moderate but uneven evolution in income poverty among Member States as well as the aforementioned pre-COVID-19 inequalities, policy action is needed within the framework of a medium-term sustainable and inclusive recovery.

On top of the pre-existing inequalities, the most vulnerable groups suffered a further deterioration in living conditions throughout the COVID-19 crisis. Lockdown restrictions affected these individuals far worse than the general population. Exposed workers, migrants, segregated and marginalised communities, homeless persons, persons with disabilities or in need of long-term care, carers, children and families (particularly single-parent households), young people, and students had fewer resources to cope during the pandemic. Worse housing conditions, more frequent job and income losses, inferior internet access and fewer IT devices, service disruption, anxiety, loneliness, a deterioration of well-being in general and less social support adversely affected their living conditions, with probable long-term impacts on health and social inequality. Social policies have been implemented and may need to be continued to counter market income losses and the social consequences of the crisis.

Less favourable housing and workplace conditions as well as less social support during the lockdowns exacerbated social inequalities.

Healthcare systems were put under significant strain by the pandemic, and for the first time in post-war history, life expectancies have declined in a number of Member States, often driven by COVID-19-related deaths, especially among older people. During the pandemic, people living in poor areas, and generally with less means to ensure effective social distancing, were at greater risk of infection, which considerably increased the threat to low-income populations, especially the eldest among them. The pandemic highlighted also persisting gaps in access to healthcare, related to incomplete coverage, high co-payments, unavailability of services due to various reasons, such as staff shortages. It also underlined territorial disparities in access to medical services and social care, especially in sparsely populated areas and particularly in certain EU countries. In the light of such acute stress in the healthcare systems, improving equitable access to the healthcare systems and

The pandemic has reduced life expectancy, especially of old people in low-income groups.

strengthen their preparedness and resilience have become broadly-shared policy priorities.

2. A SEVERE CRISIS AFFECTING EVERYONE - SOCIO-ECONOMIC IMPACTS OF THE CORONAVIRUS PANDEMIC

Building on the main developments presented in chapter 1, this chapter analyses the impact of the pandemic on jobs, incomes and specific groups. The labour market analysis classifies occupations along three dimensions: first, the degree of social interaction that is required on the job; second, whether tasks can be performed entirely from home to comply with social distancing requirements – in other words, ‘teleworkability’; and third, whether an activity is crucial to cover basic societal needs, such as food, healthcare, education, as well as the operation and maintenance of essential infrastructure and services (e.g. transportation, logistics and postal services, sanitation, electricity and communication networks).

Looking at the evolution of employment from the second quarter of 2019 to the second quarter of 2020 based on the above classification of occupations, employment increased in critical occupations that are teleworkable and require low social interaction, such as ICT professionals and technicians. Employment also grew in critical teleworkable jobs with high social interaction (e.g. teaching professionals and healthcare workers in telemedicine, which increased substantially during the pandemic). Conversely, employment decreased in all non-teleworkable occupations – both critical and non-critical – that necessitate either high or low levels of social interaction. The decline was less strong, however, in critical non-teleworkable occupations, such as (the majority of) healthcare personal care workers

The aforementioned occupational categories vary greatly in their workforce profiles and working conditions. Although representing very large shares or majorities in cleaning services, care and support services, food retail and other occupations, women are overall less likely than men to work in non-teleworkable occupations requiring low social interaction that were severely affected during the pandemic. Non-native workers and low- and medium-educated ones, on the other hand, are more likely to be employed in these occupation groups. Low- and medium-educated workers are less likely to work in critical, teleworkable jobs, which was the only category that grew between 2019 and 2020. The job profile of critical workers spans multiple sectors and wage-levels.

The group of critical workers is very heterogeneous. It includes: a) professionals in health, information and communication, teaching and some fields of engineering and science; b) associate professionals in the fields above; c) personal care workers, agricultural, fishery and animal producers workers (skilled and not), transport workers and seafarers and mobile plant operators, elementary workers and refuse collectors. These classifications contain a mix of very low-paid and higher-paid workers. There are also cross-country disparities in the level of salaries, which among other contribute to the mobility trends of healthcare professionals, resulting in growing shortages of staff in some Member States.

Occupations can be classified in terms of degrees of necessary social interaction, teleworkability and their importance to meeting societal needs.

Employment increased in teleworkable occupations that are critical and decreased in all non-teleworkable ones.

Women are less likely than men to work in occupations that saw sharp declines in employment.

Income inequality appears to have remained stable, thanks to tax-benefit systems.

**Tax-benefit systems
alleviated or offset
the regressive impact of COVID-19**

Through the uneven employment impacts of the pandemic, poorer households generally experienced larger reductions in market incomes following the outbreak of

the pandemic. Cash transfers and taxes alleviated – and in certain cases even offset – the regressive nature of the initial COVID-19 shock on market incomes. In the majority of countries, simulations show no substantive changes in disposable income inequality – even exhibiting small declines. The same applies to income poverty rates, which, compared to the (reduced) income standards following the shock, remained stable or decreased slightly. However, increases in income inequality might still materialise when exceptional income support measures will be wound down.

The crisis highlighted the vulnerability of certain population groups, including income-poor households, migrants, marginalised communities such as the Roma, persons with disabilities and homeless people. Even if they did not

No internet access:
almost twice as frequent in
income-poor households than
among the general population

suffer job loss or income reductions, low-income households often faced more difficulties during the pandemic. They were more likely to live in overcrowded or poor housing conditions and to lack access to the internet at home. In 2019,

28% of the income-poor lived in overcrowded housing and the same proportion lacked access to an internet connection, versus 16% and 15%, respectively, of the total population. Evidence suggests that the health risks due to COVID-19 have been more severe for migrants, especially those born outside the EU, due to higher incidence of poverty, overcrowded housing and higher concentration in jobs where physical distancing is difficult. There is also emerging evidence of low COVID-19 vaccination rates in some migrant and ethnic minority groups in the EU. Moreover, the pandemic has affected the labour market performance of migrants more severely than that of native workers. This is due to disadvantages linked mainly to poorer living conditions, which manifested themselves in prior economic downturns. Non-EU migrants and EU mobile workers have made vital contributions to maintaining critical systems across the EU and elsewhere since the start of the pandemic, highlighting the importance of their effective social and labour market integration.

While accounting for a significant share of the essential workforce, migrant workers were at greater risk of infection and higher risk of unemployment or inactivity due to the pandemic.

Persons with disabilities were also among the groups at highest risk of grave illness and virus-related death. They encountered more difficulties in following certain contagion-prevention measures and/or to access services of personal assistance, community support as well as assistive technology due to confinement of carers. Among the people with disabilities regularly receiving home care before the pandemic, about 18.5% faced more difficulties in obtaining the required care between June and August 2020, mainly because carers could not come to their homes. Member States enacted measures to offset these disadvantages, including support to employers for recruitment of workers with a disability as well as support for continuing training programmes online. Some Member States provided additional one-off targeted financial support to persons with disabilities including those on low incomes.

Restrictions in response to COVID-19 affected negatively persons with disabilities...

Finally, homelessness represents one of the most extreme forms of social and economic deprivation. The estimated 700 000 people across the EU who already before the crisis slept rough or lived in emergency or temporary accommodation are particularly exposed to health risks during the pandemic. This was because many of the measures imposed to limit the spread of the pandemic (such as social distancing and increased personal hygiene) cannot be realistically applied to people experiencing homelessness. At the same

...as well as homeless people.

time, the new context increased the visibility of homelessness and led to various initiatives across the Member States to address the most immediate needs of the homeless population, including priority testing, protection from punitive enforcement measures, extraordinary housing measures, promoting solidarity with the homeless and helping prevent people from becoming homeless.

3. SPATIAL IMPACTS IN A CRISIS CONTEXT - PROMOTING AN INCLUSIVE RECOVERY AND STRUCTURAL CHANGES

The territorial impact of COVID-19 is still emerging, but it may widen the regional disparities that preceded the pandemic. Marked income differences

**Median incomes and inequality
tend to be significantly higher in
capital than in other regions**

between regions exist in many Member States. Urban regions tend to have higher median incomes, though variations within urban regions can be large. Hence, income inequality varies substantially at regional level, and

inequality indices tend to be highest in the capital regions.

Regional disparities, apparent before the onset of the COVID-19 pandemic, are expected to widen.

The uneven geographical impact of the crisis has often implied greater variation within countries than between them. Labour market indicators only partially capture the full impact of the crisis so far, as a large proportion of the workforce was protected by public policies. Between 2019 and 2020, unemployment rates deteriorated in almost all Member States and more so in cities, towns and suburbs than in rural areas. In addition, the chapter's experimental analysis of the number of employed persons by the degree of urbanisation and across occupational groups suggests that rural areas have a higher share of non-teleworkable occupations, which declined relatively more than in cities, towns and suburbs at the aggregate level of 26 Member States.

Employment performance of regions is related to the degree of teleworkability of local jobs...

The intensity of digital skills significantly varies across regions (as seen by the Digital Economy and Society Index created by the European Commission) and is correlated with the regional GDP per capita, as well as other important regional variations in connectivity and access to digital services. Regional differences in digital skills are persistent and have likely played a role regarding the impact of the crisis. Overcoming lags in digital skills would support the recovery and make it more inclusive. In this respect, strengthening the intensity of digital skills and promoting tele-workable occupations could be an element of a policy mix that facilitates facing challenges ahead.

...while digital skills would raise the capacity of regional economies to recover and address green and digital transition challenges.

On the basis of simulations, the estimates presented in this report indicate that the impact of the crisis on the GDP of EU regions in 2020 was -5.9% (unweighted average), with a considerable variation across the EU, although the Mediterranean regions were the most affected. This is linked to developments at sectoral level, for which the results show that the higher the share of employment in tourism-related sectors, the greater the loss in employment.

Tourism-related sectors and Mediterranean regions are among the worst affected.

Understanding the drivers of differential regional resilience is important. To this end, a cluster analysis identifies six different types of regions based on a large set of variables grouped in six underlying factors. Then, econometric analysis shows a correlation between high regional productivity (Total Factor Productivity), high quality human capital, high expenditures in Research & Development and high quality of local institutions on the one hand, and the

High quality human capital, R&D intensity and quality of public administration bolster resilience to shocks.

capacity of regions to withstand better the impact of negative shocks, such as the COVID-19 crisis, on the other. Among the elements of quality of government, the model shows that low levels of corruption in administration are most strongly linked with regional resilience.

The results of the analysis suggest that regional lags – in productivity, digital skills and the promotion of green transition – tend to be associated with lower resilience to the COVID-19 crisis. The measure of digital skills intensity of the labour market reveals significant disparities across the regions both within and between countries with no sign of convergence over time. Furthermore, environmental and climate-associated risks and adaptation challenges and their corresponding socio-economic vulnerabilities are highly visible at the regional level and need to be addressed for an inclusive recovery and enhanced social resilience. Hence, the EU has focused its support under the Recovery and Resilience Facility on addressing these challenges.

Risks linked to climate change and environmental degradation and corresponding socio-economic vulnerabilities are key challenges for recovery and resilience at regional level.

4. BETTER TOGETHER: MANAGING THE CRISIS AND EMBRACING STRUCTURAL CHANGE – THE ROLE OF SOCIAL DIALOGUE

Job security and safety, age and work-life balance are factors that have significantly impacted the physical and mental health as well as the subjective well-being of workers in different sectors. Social partners at the EU and national level have proven to be an important resource for providing support to both workers and businesses to alleviate some of the health and economic risks posed by COVID-19.

Social partners have supported workers and businesses through some of the worst early challenges of the pandemic...

At the EU level, social partners have issued a number of positions, calling on national and EU authorities for support measures adjusted to the needs of each sector. Social partners have adopted position papers to address the fundamental needs of workers and of the self-employed for the duration of the health emergency and ensuing crisis and were instrumental in establishing health and safety protocols to maintain business continuity.

...including by protecting the health and safety of workers and the self-employed...

At the national level, the pandemic had a differential impact on social dialogue and collective bargaining across Member States. In some of them, collective bargaining came to a halt in the initial phase of the pandemic, and collective bargaining rounds had to be postponed. The importance of providing an immediate response to the health emergency placed social dialogue under a new kind of pressure, as social partners were not systematically involved in the elaboration of

...and although the need for immediate responses to the health emergency did not always leave room for social dialogue.

Over half of all income-protection measures and ALMPs during COVID-19 agreed or negotiated with social

of providing an immediate response to the health emergency placed social dialogue under a new kind of pressure, as social partners were not systematically involved in the elaboration of

national response measures. Nonetheless, in 11 Member States, social partners played an important role in the design and implementation of short-time work schemes. Also, in some Member States, the pandemic strengthened tripartite action on short-time work schemes. Despite the challenges arising from the health emergency, more than half of all income-protection measures and active labour market policies enacted since the COVID-19 outbreak were either agreed by or negotiated with social partners.

In addition to their contributions on health and safety protocols and immediate relief measures following the coronavirus outbreak, social partners have sought to steer the structural changes accelerated by the COVID-19 response. This is visible in the collective agreements on teleworking negotiated by the social partners during the pandemic. The outcomes of social

Around 72% of workers

**would prefer to telework even
after the pandemic**

dialogue in this respect are in line with good practices of teleworking, implicit in the empirical findings of both pre- and post-COVID-19 research and acknowledged by the European Parliament's resolution of 21

January 2021 on the right to disconnect. Indeed, broad overlap exists between these good practices and the provisions of collective agreements as well as the own-initiative positions of social partners. This illustrates the willingness of the social partners to control structural change actively, paying attention to empirical lessons, rather than merely and hastily adjusting to it. This also seems broadly in line with the wishes of the majority of workers – as latest data show, about 72% of workers would still prefer to work from home, even without any restrictions resulting from COVID-19. Social partners can play an important role for labour market coordination and education and training systems in view of the recovery, as they are involved in training and education measures at national and company level. The analysis also shows that social partners can help to adapt production methods to technological innovation.

There is consensus among social partners from different sectors on the fact that public support for the recovery needs to be focused on sustainability and judicious digitalisation. Companies in which employees are involved in decisions about work processes are more likely to innovate processes and products. Social partners can play an important role in training and education to upskill and reskill the EU labour force.

Social partners in the EU are increasingly elaborating strategies to deal with the changing world of work, challenges of climate adaptation and environmental sustainability. On the other hand, over the past two decades, there has been a steady decrease of collective bargaining coverage, which is crucial to maintaining the social partners' capacity to inform public policy-making. Despite these difficulties, the efforts of the social partners are slowly but surely bringing forth a new social dialogue with a modernised agenda.

Collective agreements on remote work forged during the crisis align with good practices according to research and regulatory frameworks.

Social partners support a green and digital recovery based on new skill sets for workers.

Despite the erosion of collective bargaining coverage, the social dialogue agenda is evolving to address emerging challenges linked to health risk, climate adaptation and teleworking.

CONCLUSIONS

The impacts of the COVID-19 pandemic have been uneven and diverse. The groups that were disproportionately affected include older people, most exposed to health risks; young people, who experience disruptions in their education and training, reduced social contacts and/or a start in the labour market in a difficult socio-economic context; women, who typically have to carry a larger burden in caring responsibilities and household work, especially during confinement; cross-border and frontier workers, due to border closure and other limitations to people and workers' freedom of movement. Health and economic risks also accrued to vulnerable socio-economic groups in poorer living conditions, including crowded housing, as well as to those whose occupations were non-teleworkable, regardless of the necessary degree of social interaction. Social conditions that had improved in recent years are in danger of deteriorating due to reduced labour earnings and risks to household disposable incomes. The socio-economic impacts of the pandemic can also be drawn along geographical lines. Health and economic outcomes following the

shock of COVID-19 are indicative of regional disparities and transition challenges that were apparent before the onset of the pandemic.

As far-reaching as these impacts are, they are more modest than those in some other economies outside the EU (e.g. US, Canada, and Russia), thanks to the policy response put forward by the EU and Member States to deal with the health and economic emergency in a spirit of solidarity. This solidarity has helped to limit substantially the damage inflicted by the COVID-19 crisis on employment and society in the EU. Exceptional income support measures have so far prevented increases in poverty and inequality at EU level.

The scarring effects of the pandemic across socio-economic groups and regions exposed pre-existing weaknesses as well as challenges to ensuring just green and digital transitions. Attention to overcoming such vulnerabilities has also a central role to play in policies to foster a fair and inclusive recovery, while anchoring its social dimension. An array of EU policies and financial tools have therefore been put in place to assist Member States to this end. On 4 March 2021, the Commission presented the European Pillar of Social Rights Action Plan, as well as a Recommendation on Effective Active Support to Employment following the COVID-19 crisis (EASE). The latter provides concrete guidance to EU governments on policy measures to gradually transition from emergency job-retention measures to active labour market policies needed for a job-rich recovery. Under a revamped and reinforced long-term EU budget 2021-2027, EU funds, including from the Recovery and Resilience Facility and the European Social Fund Plus (ESF+), are available to support national EASE measures. In this process, social partners can also play an important role in steering socially sustainable structural change as done in the immediate aftermath of the crisis.