

There are a number of prerequisites for the industrial transition towards a green and digital economy to achieve a sustainable, fair, and socially acceptable future in the world. The pandemic has made more pressing the need for much broader and stronger participation of social partners and civil society

in policy-making at all levels, especially regarding the social agenda. The committee 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.

The role of employers, entrepreneurs, and private sector engagement in driving structural change are key to industrial transition. As innovation typically emerges from small entities, a focus is needed on creating a favourable business environment for and promoting the potential of small and medium enterprises

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. A mechanism for channelling private-sector financial resources towards investments compliant with 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 small and medium enterprises are therefore all mutually reinforcing. They warrant the channelling of funds to the more productive projects in an economy that depends for its financing needs on the banking

sector. The role of the regions should be strengthened in the 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. The committee believes that

funding and support instruments for transition-related activities need to be complemented by national resources, with the necessary coordination between different levels of governance. To ensure sufficient funding, the committee also advocates a wider range of own resources. 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, non-governmental organizations, and professional organisations need to cooperate in the sphere of skills development and anticipating the full set of future, new, and old skills needs. The committee welcomes the action plan announced to implement the pillar of social rights. The relevant labour law should be reinforced to better support a just transition for workers. The action plan should set a minimum floor of rights, 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. Business and workers are facing the massive social and economic consequences of the 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. Key industries and sectors, from human resources to research, must be identified and supported. The result will be an industrial policy that protects these strategic sectors in the market and ensures security of supply of key resources. Industrial policy should serve as an umbrella coordinating all the various policies in a coherent and comprehensive way to provide synergies. This process will only be possible with the active participation of civil society organisations and social partners. Without a social agenda based on democratic and effective participation of citizens, there will be no beneficial

Green Deal for all. The term that has emerged in this context in relation to environmental and technological change is just transition. The committee sees just transition as a core component of both the budget and recovery plan pushing for a greener economy. It is therefore necessary to develop a wider understanding of a just transition beyond carbon-based economies that fully implements the pillar of social rights. This transition must be based on a new social contract which drives reform in relation to redistributive systems, work-life balance, and gender equality. Implementing the pillar of social rights is particularly important in relation to high-quality jobs for all, access to high-quality education and training. The pillar must include the right to lifelong learning, 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 with new highly qualified jobs offered by employers, and the necessary investment in new technologies. 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, 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, 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 such as 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 committee urges the Commission to strengthen and develop the social dimension in the future updated industrial strategy. Dealing with the pandemic crisis and enabling successful industrial

transformation is in the interests of all stakeholder groups. It requires a joint effort and shared goals such as long-term business development, as well as effective social dialogue in a climate of confidence and a positive attitude. The committee believes that good 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. 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, for example, social partners. 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 to encourage fair mobility and integration in the internal market. To this end, the committee 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. 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 uneven global developments in regulating the sector. The committee also

recommends resuming the initiative on taxing large digital companies. Workers have to be enabled to adequately prepare themselves for the labour market. Economic changes that are already under way will be fundamental for the growth of industry and 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. The committee notes that digital technology and artificial intelligence applications should be human-centred and benefit our society as a whole, and it supports a regulatory framework for artificial intelligence. The green and digital transitions should not be resisted. The European Union should promote the development of artificial intelligence systems geared to specific applications to accelerate the ecological and climate transitions. There will be substantial innovation needs, from the creation and acceleration of new low-carbon production 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. The transformations needed to achieve a just transition 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 European Union 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 national, regional, and local levels. 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. As innovation typically emerges from small entities, a focus is

needed on promoting the potential of small and medium enterprises 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. Social economy enterprises and organisations, actors in a sector that has proven great resilience and contributed to mitigating the effects of the 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. The committee 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. 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. Close cooperation between the key local or regional stakeholders is essential to identify the most sustainable applications and maximise socioeconomic development.

Good practices of social partners at all levels should be based on collective agreements creating a level playing field for economic competitors in a sector or a region. These practices provide a benchmark for fostering a strategy of just transition in relation to decarbonisation and other climate policy

objectives. 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. One of the key governance arrangements for implementing and monitoring the progress of socially just transitions is continuous evaluation. It is

of utmost importance to provide constant evaluation of social, economic, and environmental levels. Continuous evaluation has gradually developed a more social dimension, but its macroeconomic and fiscal dimensions still predominate. The committee therefore proposes incorporating into the evaluation

new, improved, measurable, and complementary social, economic, and environmental indicators to monitor and keep track of all aspects of the pillar of social rights and its principles. Sustainable development goals create synergies with the social agenda by introducing the concept of a sustainable well-being

economy for all, together with targeted social and environmental country-specific recommendations. 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. 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 in order 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 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 role of the regions in the transition process should be strengthened. The involvement of regional administrations could contribute to the creation of the necessary ecosystems 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. Several regions, 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

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, instruments planned to support these regions should not be replacing national efforts. 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 reskilling workers. There are many instruments already in place at the national level to support transition-related activities and projects. The objective of achieving a just transition was also reiterated in

the 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. The committee calls for an increase and allocation of sufficient funding for investment needs to

deliver a real and radical green and digital transition. To achieve sufficient funding, the committee also advocates broadening the range of own resources, possibly to include a digital services tax and a financial transactions tax. The committee also supports the improvement of fiscal governance,

considering sustainability risks and learning from 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 impact. The challenges that the world 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

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 small and medium enterprises are therefore all mutually reinforcing and warrant the channelling of funds to the more

productive projects. 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 declining in some sectors. Anticipation and involvement of workers' representatives at branch and enterprise levels 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. 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 appropriate supply of needed skills 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 research and development must look specifically for opportunities to establish technological leadership, which will in turn create opportunities for upskilling. Technical institutes, professional organisations, and non-governmental organizations, as well as

public employment agencies, will also have a key role to play in providing back-up in the form of retraining programmes. The committee notes that supporting people with training in the just digital and green transitions starts with validation of non-formal and informal learning, and with ensuring the

recognition and certification of training courses allowing non-formal and informal learning to be a full part of a person's qualifications. The skills agenda should pay more attention to the development of key competences during mandatory education cycles or curricula, and to learning for young people and

adults. 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 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 committee is very concerned that some new types of work created by climate and digital transitions could fall outside the scope of occupational safety and health provisions. Additionally,

significant risks have already been demonstrated across digitalised workplaces, such as work intensification, stress, and psychosocial violence. In the future we can expect to see accidents caused by artificial intelligence, accidents that we need to prevent. The committee therefore calls for all workers to be protected by occupational safety and health legislation. Social dialogue plays a key role in shaping economic, labour and social policies. In the framework of social dialogue at the appropriate national and regional levels, the committee supports the development 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. This includes the right to engage in collective bargaining so as to anticipate change and provide support to affected workers. The committee reiterates the need for consultation with and information for workers and their representatives when introducing changes, new technologies, and artificial intelligence systems that may lead to changes in work organisation, work supervision and control, and in systems for the assessment and recruitment of workers. The Commission should promote social dialogue with a view to involving workers in the climate and digital transitions, and should monitor its results through constant evaluation. 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 that matches key elements of the social model. The committee has called for action on minimum income protection to stem poverty and promote an inclusive labour market. The committee has recommended exploring the possibility of setting common minimum standards in the field of unemployment insurance. 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 committee calls for a just transition to be placed at the heart of recovery through social dialogue, with the active involvement of civil society to help design a social, just, and inclusive industrial transition.