High-Level Expert Group on the Impact of the Digital Transformation on EU Labour Markets

Report of the 1st meeting of 18 September 2018

The High-Level Group on the Impact of the Digital Transformation on EU Labour Markets[1] (the "HLG") was created by the European Commission because of the recognition that technological developments and digitalisation are rapidly changing the labour market, influencing the nature, quality and productivity of work. European leaders face the challenge to use these developments to foster economic growth, and ensure decent working conditions, social protection and equal opportunities for all.

Technological change has the potential to create jobs and increase the productivity of labour. While digitalisation can lead to much-needed innovation, investment, and economic prosperity, these benefits are not automatic, nor are they evenly distributed among European regions and citizens. Digitalisation is transforming the world of work at unprecedented speed. While some may be tempted to counter this, the process is unstoppable and irreversible. Europe must take the lead and steer developments instead of lagging behind.

Fears of digitalisation's negative consequences have to be acknowledged and addressed. Potentially adverse effects need to be mitigated yet supporting technological progress to the advantage of all. The impact of digitalisation on labour markets is characterised by complex interactions which need to be fully understood to find the best possible policy responses.

Accordingly, the HLG is expected to deliver, by the end of February 2019, a report with policy recommendations to the European Commission, other EU Institutions, Member

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[1] See https://ec.europa.eu/digital-single-market/en/news/appointment-members-high-level-expert-group-impact-digital-transformation-eu-labour-markets.

States and other stakeholders on these matters. More specifically, the HLG is expected to:

- Analyse how to shape the transformation and what framework conditions to be put in place to make it smooth and human-centric;

- Identify the potential social impacts (risks and opportunities) of digitalisation, in particular the large-scale application of artificial intelligence, and the expected job losses and gains;

- Develop responses to the impact digitalisation has on skills requirements e.g. changes to education and training systems, life-long learning and options for enabling workers to adapt to more frequent employment changes;

- Explore viable ways to manage digitalisation's impact on labour law and working conditions e.g. organisation of work, shorter working weeks, relations between employers and employees, (sub)contractors, platform workers etc.;

- Identify ways to use digitalisation (in particular artificial intelligence) to make labour markets more inclusive e.g. workers with disabilities, work-life balance;

- Assess the impact of digitalisation on income distribution and existing inequality and ways to respond to it;

- Define ways to adapt social security systems to ensure a high level of social protection for all forms of employment;

- Evaluate mechanisms to adapt the tax and benefit system to ensure that fair contributions are paid and loopholes are avoided e.g. revision of taxation models;

- Break down the potential effects of digitalisation by industry and sector of the economy.

The 1st meeting of the HLG was opened by Ms Marianne Thyssen (EU Commissioner for Employment, Social Affairs, Skills and Labour Mobility) and by Ms Mariya Gabriel (EU Commissioner for Digital Economy and Society). The Commissioners expressed their gratefulness to the HLG members for their willingness to contribute to such important policy issues, and highlighted that:

- The widespread adoption of digital technologies is necessary to ensure Europe's competitiveness and to tackle as efficiently as possible a number of social needs and challenges.

- At the same time, it is necessary to realize that citizens are often afraid of the pace and nature of changes brought upon by such technologies (among other factors).

- The policy approach must therefore be necessarily inclusive; the message, but even more importantly the substantive policies, must show that Europe is capable of shaping and steering the future, centering it on human beings.

- The policy recommendations that the HLG will produce will be part of a broader strategic reflection and approach that the current Commission has already undertaken – with a very clear choice to push for more fairness and democratization across Europe – and that will certainly have to be further reflected upon by the next European Parliament and Commission.

- The HLG should bear in mind that similar reflections are being conducted also within Europe, at the national level, as well as outside Europe, whether in third countries or in international fora. Specific mention was made of the work conducted by the U.N. International Labour Organization (*The future of work centenary initiative*).

The HLG members thanked the Commissioners for their guidance and interest, and engaged in a brief exchange of views aimed at better defining the contours of their work for the months ahead. The members highlighted several times the need to ensure a continuous mutual feedback between the HLG and the European Commission. The Commissioners confirmed their desire to be kept fully informed about the activities of the group, while ensuring that the group would retain its independence and autonomy in discussing and drafting their policy recommendations.

Upon the request of the members of the HLG, the services of the European Commission (Gerard de Graaf, DG CNECT; Max Uebe, DG EMPL) provided a brief presentation, summarizing the rationale and main strategic outlooks of the EU Digital Single Market (DSM) strategy; and of the European Pillar of Social Rights.

During this presentation and the ensuing discussion, participants highlighted the need to:

- keep into account the division of competences between the European Union and its Member States;
- focus on areas where actual change is feasible in a reasonable time-frame;
- avoid protectionist or overly pessimistic reactions to the challenges brought upon by digital technologies, while ignoring their opportunities, including in terms of jobs creation;
- remember that any policy decision will be taken in a global and inter-connected environment.

Furthermore, the Chair of the HLG, Prof. Maarten Goos, gave a presentation that framed the development of economic thinking and research on the subjects under consideration by the HLG, highlighting in particular that the digitization of the economy seems to be indeed causing more polarization in the labour market, and suggesting that policy choices should aim at promoting these technologies as "capability augmenters" to human beings, rather than simply replacements thereof.

On these bases, the members of the HLG engaged in a thorough and productive debate, the main highlights of which were as follows:

- Organisational changes take time and resources and this should be factored into the recommendations of the HLG and possible subsequent policy actions; on this note, HLG members agreed on the need to structure their recommendations, to the extent possible, in the form of a roadmap highlighting the most and least urgent actions to take.

- It is important not to forget those who are currently outside of the labour market, or could be pushed outside of it in the near future. Accordingly, the HLG should also focus on "preventive" actions in this regards.

- The recommendations of the HLG should not only be addressed to the European Commission or EU Institutions, but strive to identify the different actors / stakeholders who would have a role (and the capabilities) to deliver on the recommended actions.

- The HLG should devote time to look at the institutional set-ups that could at the same time foster innovation; promote dialogue among citizens, businesses, governments and other stakeholders; and make sure that economic growth is socially inclusive.

- The HLG should not devote time and resources, unless absolutely necessary, to gather data that is probably already available either though the activities of the European Commission (e.g. the Digital Economy and Society Index yearly reports;[2] the Employment and Social Development in Europe yearly reviews;[3] the European Semester country reports;[4] and others, as appropriate) or other stakeholders. The European Commission was asked, and agreed, to provide relevant data to the members of the HLG, upon their requests.

At the end of the meeting, the members of the HLG agreed to a division of work among its members, with each taking responsibility for a specific subset of questions/analysis; to identify stakeholders that could be contacted and asked to provide their perspectives to the HLG; as well as to adopt an "agile", iterative approach to the drafting of the final report.

The HLG members further asked the European Commission to provide them with online tools for document sharing and online communications, and to provide continuous feedback on the activities of the group, as appropriate given its independent nature. The Commission agreed to these requests.

The next meeting of the HLG will take place on 10 October 2018, in Brussels; subsequent meetings will take place in Brussels or other locations to be decided, on 16 November 2018, 11 January 2019 and 8 February 2019.

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[2] See https://ec.europa.eu/digital-single-market/en/digital-economy-and-society-index-desi.

[3] See http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8110&furtherPubs=yes.

[4] See https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_en.

ANNEX: LIST OF PARTICIPANTS

HLG Members[5]

- Mr Maarten Goos, Professor of Economics, Utrecht University (Chair)
- Mr Morten Binder, CEO of HK, Danish Unemployment Insurance Fund
- Ms Katarina Ćurković, Head of career guidance and counselling division, Croatian Employment Service
- Ms Solveigh Hieronimus, Partner (Employment and Active Labour Policies), McKinsey & Company
- Mr Vassil Kirov, Associate Professor, Institute for the Study of Societies and Knowledge, Bulgarian Academy of Science
- Mr Karl McFaul, Strategist, City of Lund, Sweden
- Ms Maria Savona, Professor of Innovation and Evolutionary Economics, SPRU, Science Policy Research Unit, University of Sussex
- Ms Lucia Velasco, Director of Research and Social Innovation, Fundacion Tomillo (until July 2018); temporarily working as an advisor to the Office of the Prime Minister of Spain

European Commission[6]

- Ms Mariya Gabriel, EU Commissioner for Digital Economy and Society
- Ms Marianne Thyssen, EU Commissioner for Employment, Social Affairs, Skills and Labour Mobility
- Mr Manuel Mateo Goyet, Member of Cabinet of Commissioner Gabriel
- Ms Kasia Jurczak, Member of Cabinet of Commissioner Thyssen
- Mr Gerard de Graaf, Director, DG CNECT
- Mr Stefan Olsson, Director, DG EMPL
- Ms Fabrizia Benini, Head of Unit, DG CNECT
- Mr Max Uebe, Head of Unit, DG EMPL
- Ms Anita Vella, Deputy Head of Unit, DG EMPL
- Mr Andrea Glorioso, Policy Officer, DG CNECT
- Mr Martin Ulbrich, Policy Officer, DG CNECT
- Mr Istvan Vanyolos, Policy Officer, DG EMPL
- Ms Carola Bouton, Policy Officer, DG EMPL

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[5] Two members of the HLG, Mr Stephane Kasriel and Mr Gary Shoughnessy, were not able to attend.

[6] The Commissioners and the members of their Cabinets attended the opening of the meeting; other participants from the European Commission attended some or all of the meeting.

**1ST MEETING OF THE HIGH-LEVEL EXPERT GROUP
ON THE IMPACT OF THE DIGITAL TRANSFORMATION
ON EU LABOUR MARKETS**

KICK-OFF

**18 September 2018
Brussels, Belgium
Berlaymont (Salle 3)**

8:30 – 9:00	Registration / coffee
9:00 – 9:30	Remarks by **Commissioners**
9:30 – 10:30	**Introduction of the members** of the Group
10:30 – 11:00	Coffee break
11:00 – 12:00	**EU policies and challenges** (EC)
12:00 – 13:15	Lunch
13:15 – 13:45	**The impact of digital technologies on labour markets: Towards a policy agenda** (Maarten Goos)
13:45 – 15:00	**Organizing the agenda**
15:00 – 15:30	Concluding discussion