

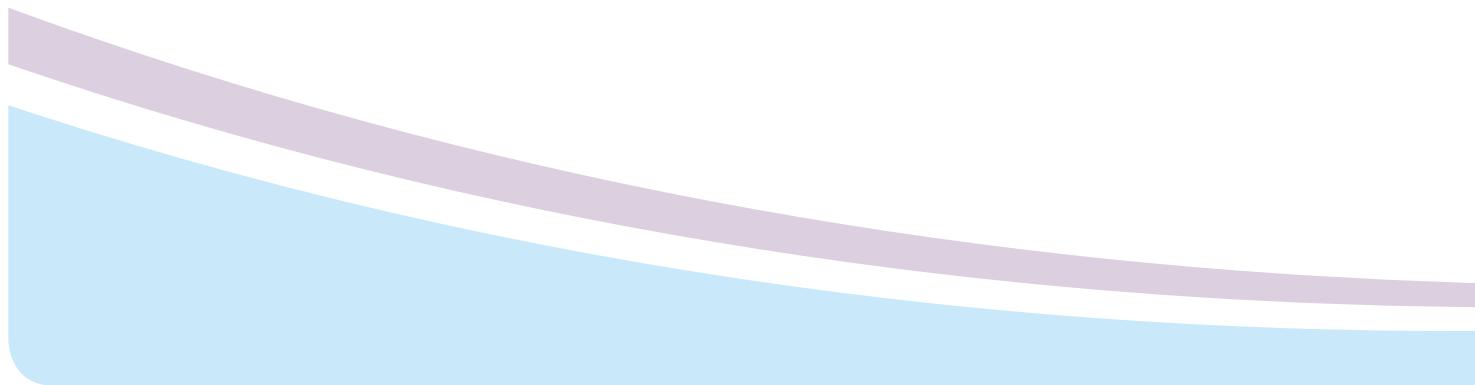


# **EESC Consultative Commission on Industrial Change**

15<sup>th</sup> anniversary conference:  
From Industrial Change to Society 4.0



*European Economic and Social Committee*



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AGENDA

**EESC Consultative Commission on Industrial Change**  
15<sup>th</sup> anniversary conference:  
From Industrial Change to Society 4.0

**16 November 2017**  
**Rue Belliard 99 – 1040 Brussels** (room JDE62)

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**8.30 a.m.** Registration

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**9 a.m.** *Opening Addresses*

**Georges Dassis**, EESC President

Guest speaker: **Count Etienne Davignon**

**Lucie Studničná**, CCMI President

*Introduction – 2017, the 60<sup>th</sup> anniversary of the EEC, the 65<sup>th</sup> anniversary of the ECSC*

*Lessons to be learned, values to be re-forged, challenges to address for the Future of Europe*

CCMI lead speakers: **Enrico Gibellieri, Jacques Glorieux**

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**9.30 a.m.** *Part 1: The Challenges of Energy transition and Industry 4.0 –  
Towards a new European Industrial Pillar?*

Lead speaker: **Joost Van Iersel**, CCMI

Panel:

**Patrizio Pesci**, CCMI

**Luis Colunga**, Deputy Secretary General of industriALL

**Adrian Harris**, General Secretary of Orgalime

**Mark Nicklas**, EU Commission DG GROW

*Impact of energy transition and the digital revolution on industry, services and infrastructure*

*Sectoral examples of industries in transition*

*Mainstreaming digital innovation, creating European digital hubs, industrial platforms,  
public-private partnerships*

*What role for the EU? Which European Industrial Policy?*

General debate

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**11 a.m.** *Part 2: From Industry 4.0 to Society 4.0 – people, societal challenges and the new industrial age*

Lead speakers: **Carlos Trias Pintó**, CCMI and **Wolfgang Greif**, CCMI

Panel:

**Dirk Jarré**, CCMI

**Anne-Marie Sigmund**, CCMI

**Aileen Körfer**, UNI europa

**Enrique Calvet Chambon**, MEP and **Claude Rolin**, MEP, European Parliament (by video link)

*Impact of the digital revolution on jobs, training and education*

*Who will work? Who will pay taxes? How will public services be financed? Who decides the mechanisms and values of change? What regulatory framework? What role for the EU and for future European social and civil dialogues?*

General debate

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**12.30 p.m.** *Conclusions*

**Lucie Studničná**, CCMI President

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## Count Etienne Davignon

I would first like to say what an important role the CCMI has played in the development of the European Union. The Consultative Committee of the European Coal and Steel Community was a key forum for discussion. With the disappearance of the Consultative Committee, industry in a sense became an orphan in the European Union: it felt as if everything could be fixed by the common market and Jacques Delors' single market initiative, that the market would be strong enough to arrange everything, bringing benefits to all concerned.

Without the market there is no strategy, but of course with the market you also need a strategy. So you have the basis but you don't necessarily have all the various elements which are indispensable.

I think that over the past 15 years the CCMI has had the responsibility, and lived up to the responsibility, of showing what additional elements were necessary.

I think that you have highlighted the three most important things.

The first is people – without people we can do nothing. And it is clear that we face a challenge, a very important challenge, which I hope your group will look at, namely how to bring young people and businesses closer together. This starts at school. With Commissioner Thyssen we developed a programme called the Pact for Youth, which brings businesses and schools together. The idea is to teach entrepreneurship from the start, to explain what is necessary so that young people are prepared. It is difficult for a person to acquire skills if they are unprepared, because they do not realise how important those skills will be. We still encounter today – which I think is most unfortunate – a feeling that apprenticeships are inferior to university studies. We need both. Some people do fine at university, while others will not have the necessary focus. But the latter will be important players in the economy and will succeed. It is better to have both, and we need both.

The second factor is innovation. Today we talk about innovation and about industry. This was not the case ten years ago. Innovation is now relevant everywhere: in industry, in services, and in how do we prepare for the future.

And this brings me to my last point: why I think the CCMI is so important. There cannot be a strategy without an objective. You do not have a strategy unless you can spell out what this is over a number of years. It is not a short-term goal, but a long-term obligation. Your agenda today is important for the well-being of the Union and all its Member States. Where these issues are concerned, there are no “developed” and “less developed” countries: all countries confront the same situation and are starting from the same place. So it is up to them to define what they want the future to be and to decide if you can help them, which I am sure you can. This is the best contribution that the CCMI can make to the future of the Union and the future of our people.



## Ms Lucie Studničná, CCMI President

I am very pleased that you have all joined me on this occasion to discuss our views on the Industry 4.0 issue and the transition to Society 4.0. Effectively, what we are talking about is technological and technical development that, unlike previous industrial revolutions, is happening at a much faster rate and will affect every area of our lives.

This development will have an impact not only on how we work, but on taxes, education, health – in short, on every aspect of our lives. At the same time we face huge competition, in particular from the United States and China, who want to establish themselves as leaders in this area.

Of course, forms of work and employment are changing. Large-scale polarisation, job insecurity, and individualisation are on the rise, as are threats to various systems, including social and public services and education systems.

Sometimes we hear expressions for the first time – such as singularity, or “cobot” (collaborative robot) – without knowing what they mean. We may have a vague idea of what artificial intelligence is, but we cannot really picture its consequences. This of course raises a lot of questions and concerns, because AI is developing much faster than we can cope with conceptually, ethically or legally. These ideas have been repeated here many times.

We suspect that there will be both winners and losers in this process. There will be losers in particular sectors, regions and occupations. We also suspect that we will need to do something to make all these changes socially acceptable.

This morning Mr Davignon outlined three areas of focus. In terms of human resources, he talked about the need for people to be sufficiently well-educated and entrepreneurial. I would add that what is needed first and foremost is security and only then flexibility (and so let us not talk about flexicurity but rather “securiflex”). Here he talked about innovations such as investments, connecting small and medium-sized enterprises with start-ups and with big business ventures and universities – in other words with the whole range of bodies that are able to make this process easier so that no one falls behind or is left out. He also talked about our need for vision and prospects because this is merely a means to an end. It is a way for us to materialise the values that we cherish in the European Union and which constitute its foundations, i.e. freedom, democracy, equality, solidarity, and dignity.

In short, we need: regulatory frameworks, affordable energy, data protection, structured social and civic dialogue, balance with fairness. These are all issues that we will continue to work on in the CCMI, because this process is both continuing and developing. We will explore each of the different directions and areas as well as highlighting the issues and risks involved and endeavouring to find solutions. I believe that this will be our contribution in terms of responding to and understanding both today’s world and the world of the future.

## Mr Enrico Gibellieri, CCMI Delegate

Today marks both the fifteenth anniversary of the Consultative Commission on Industrial Change (CCMI) and the 65<sup>th</sup> anniversary of the entry into force of the European Coal and Steel Community (ECSC) Treaty, when European integration really began. Although the 60<sup>th</sup> anniversary of the Treaty of Rome was celebrated in style this year, the Treaty of Paris – the ECSC Treaty – has been completely overlooked.

During the crisis in which Europe and the world have been mired for the last decade and in view of the problems facing the European Union, many people have said that we need to go back to the values underpinning European integration, which is currently struggling so badly.

However, before we can argue in favour of these values, we need to know and have real experience of them.

I am very familiar with the values and vision set out in the ECSC Treaty; I have worked in the iron and steel industry for more than 40 years and been involved, often at a high level, in the work of the consultative bodies enshrined in the treaty.

I can say, hand on heart, that no worker, no business and no community ever felt alone during the 50 years that the ECSC Treaty was in force. The instruments provided for by the treaty were always triggered in times of development or crisis in order to cope with the impact of changes in technology, organisation and the market, tackling working and living conditions of workers and their communities.

Although the chief objective of the treaty was to consolidate peace in Europe, a goal achieved by pooling the resources which were the causes of two world wars in just twenty years, its instruments laid the groundwork for a real sector-specific industrial policy which promoted progress in the coal and steel industries by maintaining constant contact with the economic and social fabric of businesses and the regions in which they operated.

Unlike in the recent crisis, the massive restructuring of these two sectors was decided and governed at European level and in a fair and socially acceptable way. Going back to the original spirit of European integration means renewing the constant contact with businesses, workers and society which existed under the ECSC until the treaty expired in 2002.

The CCMI is heir to the ECSC and was nurtured on its experience and methods.

While I was president of the ECSC consultative committee during the final year of the treaty, I felt responsible for finding a solution which would ensure that the ECSC's experience of industrial policy was not lost after the treaty expired.



Thanks to the openminded attitude and support of Göke Frerichs, then president of the European Economic and Social Committee, we were able to set up a new commission within the EESC: the CCMI. The CCMI was immediately tasked with transferring the ECSC's knowledge and experience of industrial policy to the European Union's largest industrial and service sectors.

The CCMI's unique membership, half of which must be delegates from European sectoral organisations, has made it possible to incorporate the sectoral dimension and original perspectives into the work of the EESC, further enriching the wealth of expertise already present in the Committee and doing much to improve its image and status among the EU's industrial and service sectors.

In preparation for this conference, I drew up an assessment of the quantity and quality of the CCMI's output during the 15 years that it has been active – which you can peruse in the form of a very accessible presentation. The results show that the CCMI has lived up to its remit.

The work of the CCMI, generally based on information provided by the economic and social fabric of these sectors, has brought the problems, needs and proposals of a major part of the European economy to the attention of the European institutions and shone a spotlight on important sectors which are not always sufficiently taken into consideration when EU policies are shaped.

Although the CCMI and the views and proposals it conveys have not always been welcomed readily and automatically within the EESC, after 15 years we can say that the CCMI has found its place and its sphere of activity.

We must be proud of our intimate connection to the experience accumulated by the ECSC which makes us the only body to go right back to the start of European integration. Despite considerable difficulties and a situation very different from that in which the ECSC Treaty was shaped and operated, we have succeeded in passing on and developing practical knowledge of industrial policy which is more valuable to the EU than ever before.

We are not proud because of a sterile and rhetorical nostalgia, but rather because we know that our skills and close ties to a large part of European society enable us to tackle key issues such as industrial policy, technological and social innovation, digitalisation and the ongoing transformations needed to make Industry 4.0 a reality.

I would like to bring these comments to a close by thanking the EESC's Workers' Group and the European trade unions in this sector for supporting the CCMI and myself as I carried out my duties. I would ask you to continue heeding and supporting the CCMI in the future. As always, I will do my utmost to ensure its success.

## Mr Jacques L. Glorieux, CCMI Delegate

Allow me to add a few words to close this introduction to the CCMI's 15<sup>th</sup> anniversary conference.

Thank you to Count Étienne Davignon for opening this event and for presenting to us the challenges that lie ahead. He has been a particularly influential figure in some of the great European achievements since the Treaty of Rome and has shown us that there is still much to be done.

He spoke to us previously at the 10<sup>th</sup> anniversary celebration and he promised that he would come back again for the next anniversary. Thank you once again Count Davignon.

I, like my friend Enrico Gibellieri, had the privilege and the pleasure of taking part in the last few years of the ECSC Consultative Committee. In fact, we are the two “survivors” out of 108 members of that committee, which ended along with the ECSC Treaty in July 2002. He was a member of Group II (steel workers) and I was a member of Group III (coal consumers/dealers).

After July 2002, as Enrico will remember, the CCMI was gradually set up over a period of two years, until the arrival of ten new EU Member States in 2004.

That same year, the number of Member States rose from 15 to 25 and the number of sectors covered was extended well beyond coal and steel to include industrial change in areas such as health, the shipyards, textiles, aerospace, shipbuilding, the automotive sector and the chemicals and forestry sectors etc.

Another important change which occurred was the merger of two completely different groups: Group III of the ECSC Consultative Committee, which included consumers/dealers from the coal and steel sector, and the EESC's Various Interests Group (Group III). This took place through the admission of delegates – 10 at first and later 17 – to sit alongside an equal number of members from the EESC's Group III.

Members and delegates from Group III come from very different backgrounds. It would take too long to list them all, but they include: civil society, the liberal professions, cooperatives, farmers, associations, the social economy, crafts, consumer protection and the environment, etc.

Working in full cooperation with the other two groups – employers and workers –, Group III offers a different vision and perspective, thus ensuring a comprehensive approach that is both based on expertise and relevant to the own-initiative opinions, information reports and referrals that we prepare.

The two panels this morning will address topics that effectively highlight the direction that the CCMI intends to take over the next few years.

As outlined by Enrico Gibellieri, the CCMI has covered a wide range of issues as part of a sector-specific approach, focusing on the social and economic impact of changes caused by companies offshoring, relocating and restructuring.

Now we want to keep track of, and even anticipate, the major changes caused by energy transition and the Industry 4.0 digital revolution. This will be the topic of the first panel.

We then want to examine the wider challenges for society in this new European industrial era, which means taking the services sector into account, including medical, educational, social and social care services. The second panel will address this topic.

We aim to continue working in accordance with the model of structured dialogue initiated by the ECSC Consultative Committee. This Consultative Committee, which was keen to ensure the continuation of such a dialogue after the ECSC Treaty, published a summary proposal in 1998 stating that, in its view, this model of structured steel-coal dialogue had proved to be effective and could be extended to other industrial sectors with similar characteristics.

I wish you all a very successful CCMI conference.



## Mr Joost van Iersel, EESC Member

In 2004, nearly 15 years after Bangemann, Commissioner Liikanen published a communication on industrial policy – one year before the steel and coal sector organisations joined the EESC. In 2004, I wrote my first EESC opinion as part of the CCMI. It was primarily about industrial change and was largely based on the pioneering views of the famous CEO of Volvo and member of the European Round table of Industrialists, Mr Gyllenhammar. He argued that continuous change is the main characteristic of industrial development and, as such, quite opposed more stationary administrative and legal processes, such as those that characterised public organisations like governments and the EU. From that moment onward the CCMI established its main focus on industrial change – which has come to be its trademark.

Since the beginning, the CCMI has produced an extensive series of opinions that have highlighted the specific characteristics of particular sectors, in close cooperation with sector organisations, businesses and trade unions. The main focus has always been on accurate analysis as well as the need for the European institutions to adopt specific approaches to competitiveness, technological progress and innovation. In the beginning, our main partner was DG Enterprise, but close links were also established gradually with all DGs that to varying degrees had to do with specific responses to industrial processes. These included DG R&T, DG Employment, DG Internal Market, DG Environment and DG Transport, but the focus was always on industrial change.

15 years is a lifetime. First of all, the composition of the CCMI began to change fundamentally. During each new period the membership of the delegates was extended to an ever broader range of economic activities. In line with the increasing significance of services in manufacturing, services are now also duly represented at the CCMI.

Despite the deep financial and economic crisis, the dynamics and the transformation process in business continued, with high speed. Not long ago, the economy was still dominated by the second industrial revolution which saw large corporations mastering the market for mass production. In the eighties the third revolution, automation, broke through. This caused a redefinition of mass production and a considerable increase in the distinctive models and products in each industrial sector. At this very moment we are in the middle of the fourth industrial revolution, Industry 4.0., which is bringing about innumerable variations in ICT applications. This goes hand in hand with the Internet of Things, i.e. machines talking to machines. A further new step will be Artificial intelligence, which will foster more unpredictability in relation to industrial developments and have huge consequences for society.

These developments were and are duly reflected in the way CCMI opinions are conceived, as well as in their conclusions and recommendations. Successive industrial revolutions mean that the distinctive lines between sectors are blurring. In line with the increasing specialisation and fragmentation of production processes in industry, the emphasis has clearly moved from a purely sectorial approach to analysing value chains and to the significance of the most profitable parts of these in terms of European competitiveness. The next stage is an increase in and the enhanced significance of services in manufacturing. Nowadays we are used to speaking about the servitisation of manufacturing. Software and software development is a dominant feature in manufacturing. Technology and innovative systems are leading. This deep transformation also has huge consequences for business models. New categories of SMEs are taking centre stage in all production or service sectors. Ensuring that the necessary emphasis is placed on education, training and skills is paramount. Last but not least, society itself will be greatly affected by this deep transformation. The way we live together at home and in our communities will be heavily affected by this new revolution. Personalisation and customisation, for instance, will be essential. A new expression like “prosumers” encapsulates in one word the extent to which the mutual relationship between society and the production sector will change.

All of these factors are having a significant influence on the shape of the CCMI at the EESC. As industrial change has been the CCMI’s dominant motto from the start, I may conclude this short introduction by underlining that the CCMI has continuously been at the forefront of developments of substance at the EESC. The CCMI’s main contribution to the EESC and to the various sections of the EESC has been, and remains, bringing in concrete experience from a broad spectrum of economic activities. Its main contribution to the European debate is to draw attention – in a broad range of opinions – to the fast-paced developments in economic life that must ensure competitiveness, the quality of production and services, job creation and effective customisation. Finally, looking at the difference between themes to be discussed today, compared with the celebration of the CCMI’s tenth anniversary, demonstrates clearly how fast the economic and social scene is changing.

### **The challenges of energy transition and Industry 4.0**

Four years ago, the CCMI started with an initial opinion on Industry 4.0. At the time the Commission was still badly organised in this field. There was no obvious spokesman for this development and hardly any sensible policies. I remember well that the CCMI called on the Commission to respond adequately to initiatives in Germany in particular. Not long thereafter Commissioner Oettinger took the lead and from then on Industry 4.0 rose quickly to the occasion. Commissioners Oettinger, Ansip, Bieńkowska and Moedas appeared like four crusaders, preparing European industry for 4.0 and the digitalisation

era. As part of the same process, the Commission also presented the Digital Single Market Strategy and within a short period of time this strategy had moved up the President of the Commission's priority list. Meanwhile all Brussels institutions are convinced that digitalisation will be the decisive factor in business and societal developments both in the near and long-term future. New business models, new business concepts, new partnerships, a new relationship between the public and the private sector, new regional concepts of cooperation – for instance via economic platforms –, new relations between SMEs, start-ups and large corporations, a more intense relationship between universities and economic operators and, last but not least, a new relationship between economic operators and consumers/customers will come into being. In parallel, the social component is of paramount importance. Fragmentation in business is continuing. Hierarchical structures are being replaced by more flexible entities that are able to respond to sudden dynamic developments in markets. Flexicurity will get a new meaning and practices will be adjusted. For me it is clear that to be successful, society has to be properly prepared for this overwhelming development. It is not only a matter for business; it is not only economic matter. On the contrary it is a societal issue. The role of the EU will be very important as China and the US consider digitalisation as a decisive geo-political factor.

I am very pleased to introduce to you the panellists on this first panel. They will each give their respective views on the transformation process that is going on and that requires our fullest possible attention.

## Mr Patrizio Pesci, CCMI Delegate

After paying tribute to the key role played by the founders of the CCMI – including Count Etienne Davignon, and colleagues Enrico Gibellieri and Jacques Glorieux –, Patrizio Pesci highlighted the fact that the CCMI has clearly achieved some satisfying results in its first fifteen years of activity.

The CCMI has become a leading player in the area of restructuring as a result of its numerous opinions on a wide variety of industrial sectors (from shipbuilding to the automotive sector, timber, renewable energies, defence and even the circular economy). Its role is also recognised by the EESC's institutional partners, the European Commission and the European Parliament.

Patrizio Pesci added that although the CCMI can be proud of its achievements, it should not succumb to complacency and should focus on the new challenges ahead.

The CCMI now seeks to address the twofold challenge of Industry 4.0 and the new industrial policy just launched by the European Commission, which places particular emphasis on screening investments by third-country companies in some key European sectors.

Patrizio Pesci therefore called on the CCMI to carry on its role as the EESC's operating arm in the area of restructuring management and policy and to continue its efforts.



## Mr Adrian Harris, General Secretary of Orgalime

Over these past years we have often worked together on different reports concerning our industry – whether on mechanical engineering, metalworking or the industry as a whole. And each time this has been when there are changes in our industry or its environment.

And now we are living through another period of change with the digitalisation of manufacturing, energy networks and in fact the economy as a whole.

Today there are over 1 bn connected people but we are fast moving towards 50 bn connected devices. So the internet is increasingly becoming a B2B matter.

I speak on behalf of a sector that directly employs almost 11 million people across Europe and had a turnover of EUR 2 000 billion in 2016. And both of these figures are on the rise. And for the first time in many years the rise is not principally due to exports but also to reinvestment in the internal market by our customers.

How is Industry 4.0 changing our lives? First for us this is where the growth lies: not only of course from sales of hardware, but much more from what connected devices provide: data, then data analytics and then a whole range of benefits:

- From resource savings in your own plants and efficiency gains (just in time maintenance- logistics) – right in line with a circular economy vision.
- From new service offerings which make investments more efficient and also for a better life for staff.
- But also the digitalisation of energy networks is providing new opportunities for empowerment of consumers (both private and industrial), and therefore more competition, more flexibility in the networks and in the end more affordable energy.

How is this different from today's situation in consumer markets? Quite simply because we are talking about an evolution which is based on using data from physical assets – equipment and systems.

We in the EU start from a position of strength in manufacturing based services: in mechanical engineering, in automation and energy technologies, we are the world leaders and the ongoing change should allow us to maintain our position.

Our industry is well placed to build on these strengths through increasing digitalisation of production, products, processes and services.

But what has been missing all this time? An EU industrial policy.

Orgalime of course supports the idea that manufacturing industry must have a significant share of the EU GDP and welcomes figures contained in the Communication showing that the decline has stopped: from 14.7% in 2009 to 16.1% in 2016, with manufacturing added value increased by 23% since 2009.

- First – a long term modern forward looking industry policy just as China and the US and other competitors of ours have developed. The engineering industry has continued to invest in Europe (EU 28) at an average of almost EUR 61 billion a year throughout the past decade. However, in the USA investments in the manufacturing sector have exceeded the level of the pre-crisis years by nearly 50% whereas in Europe we were still below that benchmark in 2015. This means a policy which goes beyond this Commission. Why? Simply because manufacturing investment is a long term issue. And it must be policy which focuses on ensuring the competitiveness of EU based manufacturing.
- Next we want policies, regulation and EU financing under the MFF to be coherent and to provide real EU value added.

To conclude then, Orgalime welcomes the European Commission's Communication on "Investing in a smart, innovative and sustainable Industry: A renewed EU Industrial Policy Strategy" and hopes it is a first step towards the long-term EU industrial strategy which we feel is necessary: industry's investment decisions depend on a clear and predictable framework rather than on the next election.

Beyond that, we believe that the digital transformation of industry, moving from the era of traditional industries to that of knowledge-based and smart industries requires a strategic partnership between companies, industry associations, and policy makers at regional, national and EU levels: this should be the goal for "Laying the Foundations" of a European Vision for Industry.

And last but not least, we appreciate the role that the CCMI has played at our side for many years to ensure that the EU institutions never forget the role that industry plays in Europe's economy and the life of our citizens and we count on your support in moving towards a modern, forward looking and long term industrial strategy where both policy tools and financing focus on providing real EU value added.



## Mr Mark Nicklas, EC – DG GROW

Industry is a driver of prosperity and high standards of living in Europe. We have a strong industrial base, built on a large Single Market, a skilled workforce and an excellent science base. However, industry is undergoing a major transformation process. The key drivers of this industrial transformation are the twin challenges of digitalisation and sustainability.

Technological breakthroughs in areas like artificial intelligence, robotics and Internet of Things change production processes, products, business models and the nature of work. At the same time, processes, products and business models need to be adapted to the sustainability challenges, embracing decarbonisation and a circular economy.

These two transformations should not be seen as separate ones. Digitalisation and Industry 4.0 contribute to a reduced carbon footprint and increased resource efficiency. For example, smart sensors in the production processes will reduce the use of materials and waste. Smart, connected machines will reduce energy consumption.

This is why both elements are at the core of the renewed EU industrial policy strategy. A more competitive and innovative European economy needs to be the European response to globalisation and technological change. This means embracing innovation, digitalisation, decarbonisation and the circular economy.

We need to boost the uptake of smart technologies by European industry. The vast majority of SMEs in Europe are lagging behind in terms of industry 4.0 readiness and digitalisation.

At the same time, we need to build on our leadership in clean production and clean energy technologies. European industry is a world leader in terms of energy efficiency. Energy transition and the circular economy should not be seen only as an environmental imperative. More sustainable and resource-efficient production provides a competitive advantage for European industry.

The renewed EU industrial policy strategy aims at a smart, innovative and sustainable industry. Digitalisation and decarbonisation require innovation – both in terms of breakthrough innovation for the decarbonisation of energy-intensive industries and an accelerated uptake of digital and sustainable technologies.

The European industry needs to invest more in innovation, digitalisation and modernisation of production equipment. It is also essential to invest in people. New technologies need new skills and new business models. We have a strong industry, but more efforts are needed to maintain and reinforce Europe's industrial leadership in this industrial transformation. The renewed EU industrial policy strategy sets the framework to enable European industry and European citizens to reap the benefits from this transformation. It needs to be matched by efforts at national and regional level to enable companies to adapt and innovate.



## Mr Carlos Trias Pintó, CCMI Member

In the last 15 years we have been transitioning towards a new landscape: All industrial sectors (banking, insurance, health, food, automotive, creative industries, etc.) have been disrupted and reinvented by technology, regulation, and changing customer needs.

The new globalization/digitalisation framework means several risks that are increasing all types of inequality gaps (social, digital, financial...):

- More complex products and services, not easy to understand and risky.
- Radical transformation of the work environment and loss of jobs.
- Robots replacing personalised advice.
- Virtual currencies and anonymous pre-paid instruments financing illegal transactions.
- Legal uncertainty regarding which regulation applies to new players (GAFA and others).
- Cybersecurity.

But, at the same time, these new threats are associated with new opportunities:

- Easier access to products and services.
- More and better choices.
- Possibilities for price comparison via websites.
- More personalised and tailored offers.
- Reduction of transaction costs (saving time and money).
- Enhancing safety by means of new biometric authentication systems.
- Non-banking financial companies are offering bank-like services (including credit unions, insurance companies, money market funds, asset managers, hedge funds, private equity firms, mobile payment systems, micro-lenders and peer-to-peer lenders, equity crowdfunding, etc.).

At this point in time, how do we achieve The Treaty on European Union, article 3 premises? (more and more heavenly music: well-being of its peoples, sustainable development, balanced economic growth, highly competitive social market economy, full employment, social progress, quality of the environment, equality between women and men, economic, social and territorial cohesion...).

In our view, this could be achieved by fostering new sustainable economic models (Circular Economy, Collaborative Economy, Functional Economy, Economy for the Common Good, etc.), which are changing the relationship between producers, vendors, and consumers, who sometimes become “PROSUMERS”, shaking up certain traditional concepts such as salaried employment, by offering more flexible forms of work and job-sharing.

In fact, a smart combination of traditional business models and new (truly) sustainable economic models (more inclusive and participatory), could rebalance the current trends, empowering the widest range of people to participate in economic projects of different sizes.

In this sense, the public authorities of the EU should support:

- Responsible research and innovation (RRI), a process that takes into account effects and potential impacts on the environment and society.
- Education, training and information provision to improve understanding among all stakeholders of the new sustainable economic models and of the role of sustainable finance.
- Innovation fund open to public-private partnerships to set up pilot projects that can create shared value.

And more concretely, fostering citizenship empowerment:

- To strengthen crowdfunding and other collaborative economy solutions by exploring the potential of establishing a “quality label” to build users’ trust to better develop virtual communities and facilitate interaction among cooperative customers.
- Introduction of open-source software solutions.
- To bolster equity crowdfunding, peer to peer lending regulations and hybrid lending.
- To create a platform (hub) to provide responsible consumers with objective information on sustainability in terms of investments and loans.



## Mr Wolfgang Greif, CCMI Member

### Digitisation-driven structural change expands conceptual intervention

Recent years have seen major breakthroughs in the development of digital technologies. Computing, storage and transfer capacities are getting faster and cheaper at an enormous rate. Innovation has led to new technical possibilities, thanks to which an ever-greater number of activities can be automated, as well as, increasingly, non-routine and interpretative tasks. The opportunities created in this way are being transformed into new products and services faster than ever before. Incubator centres across the world have access to more resources and better technology in order to fathom out alternatives for new products and services.

Combined with a significant drop in the price of digital technologies and applications, the digitisation of business models and processes is being spurred on in all economic sectors and is giving rise to noticeable changes in the product and service landscape. Existing business models are crumbling and new ones are emerging. Value chains, markets and sectors are changing. Thus the drastic reduction in search and transaction costs is enabling the development of entirely new expansionary business models (e.g. online marketplaces and platforms in the “sharing economy”), which go hand in hand with huge productivity gains.

Under the umbrella of “digital transformation” we are experiencing so much complex development, where technological, social, legal and, not least, economic elements are intertwined at many levels. This is precisely the case for the implications of digitisation for work and employment too, not only in manufacturing, but also in branches of the economy which to a great extent have long resisted technological rationalisation. This trend means that new employment fields are opening up in many areas, and new options for organising work mean that people are finding gainful employment in some respects more accessible, offering greater autonomy. On the other hand, nowadays the impact of digital growth is already becoming more pronounced and picking up in intensity, and this needs to be managed:

- Thus the increasing digital penetration in the world of work for employees working in a context of rapid technological innovation is entailing new challenges and accelerated dynamics towards the acquisition of what are known as “digital skills”;
- Through digitisation, work can be flexible in time and place, which is widely associated with the increase in more flexible and less stable forms of employment, which in part fall outside the sphere of traditional labour legislation and social security systems;

- Digitisation is leading to a gradual polarisation of workplace autonomy and wages for work; to a large extent, digitised places of work are either at the very high or very low end of the wage and autonomy distribution;
- With digitisation meaning that employees are more accessible, it can be expected that the intensity of work will rise further, increasing availability and – as a consequence – health and safety risks too;
- Workers in digitised forms of work organisation produce large quantities of personal data, which contain information relating to where employees do what, when and with whom, which means that further incursions into people’s privacy are possible;
- Despite the employment effects that can be expected in certain segments of the labour market in view of the high digitisation-driven rationalisation potential, an overall fall in demand for labour, including for employees with mid- to high-level skills, is to be expected.

Indeed, it is impossible to predict with any precision the consequences of the comprehensive technological change on the labour market and work organisation. It is nonetheless clear that the repercussions of digitisation for employment need to be managed accordingly, with the involvement of all parties concerned, in particular the social partners. Political attention and guidance are needed at national and European levels. Possible progress obtained for employees arising from digitisation cannot be taken for granted with any certainty. For the opportunities generated by digital change to be open to the greatest number of people possible, targeted intervention measures are needed.

### **Employment effects: “Blind spot” in the EU strategy on the digital single market**

With its Digital Agenda for Europe and the Digital Single Market initiative, the EU Commission is building on the Digital Agenda devised in 2010 under the Europe 2020 Strategy. The Juncker Commission has declared the Digital Agenda to be one of the Union’s absolute priority projects, with no fewer than seven commissioners being tasked to deal with its implementation. In May 2015, the Commission put forward a comprehensive programme in its communication on a Digital Single Market for Europe. As this title already suggests, this programme is, however, confined to a narrow view on matters relating to the creation of a uniform European economic area and the dismantling of the restrictions on and costs of digital transactions.

The digital single market-package just has an influence on the periphery of the sphere of work and employment. Wider reference is only made to the need to keep updating digitally appropriate educational systems. Other employment policy implications of digitisation go unheeded. Thus, questions on the quality of work characterised by digitisation are scarcely addressed. In European policy papers, secondary importance is likewise attached to assessing what the “digital revolution” could mean for labour market development in general and for specific, particularly affected sectors; this relates to effects such as the repercussions of digitisation on work organisation, labour law and social security.

The Commission views the general public as being affected in their capacity as consumers at best, but not in terms of their jobs too. Thus it is to be noted that the Digital Agenda for Europe lacks a targeted strategy for shaping “good digital work”. It is therefore all the more welcome that other EU institutions do not share this blinkered view which has hitherto dominated the European debate on digital change:

- Several of the political groups represented in the European Parliament have for some time now been calling for digital change in the workplace to be managed at European level as well. A number of parliamentary committees are working on reports and opinions in which they urge the European Commission to recognise and address the employment policy implications of digitisation. One study commissioned by the Parliament and published in January 2015 on the growing wage inequality in Europe established that the growing penetration of digital technologies in all segments of the labour market is ousting middle-income and medium-skilled jobs in particular, and therefore warrants the greatest political attention in labour market policy too.
- The European Economic and Social Committee (EESC) has also drawn up several opinions – including several requested by Council presidencies – on digitally-driven changes to work and the major repercussions thereof on the labour market, employment and social security: issues which have hitherto been neglected in the Digital Agenda. These opinions outlined the key challenges for managing this issue in Member States and at European level, and put forward policy recommendations for tackling them.
- These initiatives can really be seen as a response to moves by European trade union associations, which have for a long while been pointing to the diverse and pressing need to manage these matters in order to work towards an agenda for digital work which places emphasis on social distributional issues. In concrete terms, the trade union side is urging that digitisation should under no circumstances be seen merely as a technological or market-related issue. Instead, political action is being called for to manage an appropriate transition from traditional to digital jobs in industry and the services economy.

## Concrete recommendations by the EESC for political management of digital change

Forward-looking policy-making at EU and national levels must ensure that the potential offered by digitisation is unlocked whilst its pitfalls are avoided. In doing so, the maxim for digital policy should be “Grasping opportunities and avoiding risks”.



- In order to equip employees in the EU with the skills they need in this digital age, public and private investment in vocational training must be fostered. In addition, steps must be taken to check whether European measures are needed to ensure that Member States’ positive experiences with training-leave are made more widespread across the EU.
- Digitised working environments heighten the risk that employees are forced – or feel forced – to be available all the time. Such “work without boundaries” causes stress and burnout. Therefore in these times of ubiquitous digital mobile communications at national and European level, we have to investigate which measures are needed to limit the all-embracing availability and/or accessibility of today’s world.
- For forward-looking policy planning, better statistics and investigation are needed to make more precise predictions about labour market developments and the polarisation of work and income, and also about, amongst other things, the spread of and increase in non-standard forms of employment and practices in what is known as the “platform economy”.
- In order to counter the rise in income inequalities driven by digitisation, collective bargaining should be promoted at all levels, especially in sectors and businesses that are affected by digitisation.
- Robust provisions on the protection of personal employee and consumer data are needed: European data protection legislation should not keep Member States from going further in their regulations.

- The EU and Member States, in consultation with the social partners, should consider strategies for adjusting the scope of social and labour standards so that they reflect the conditions of a digitised working environment.
- Political measures and laws should be introduced which secure appropriate levels of mandatory social protection for the entire workforce - including those in new employment conditions.
- In order to bolster employment, despite the decline forecast in the demand for labour, policy solutions need to be developed in line with the needs of individual Member States; this is likewise the case in the domains of public investment and employment-promoting innovation, as well as in the distribution and reduction of work.
- Reform of the tax systems is needed to ensure that for income generated in both conventionally organised sectors and the sharing economy, similar levels of taxation apply.
- Part of the digitisation dividend has to be used to ensure the sustainability of social security systems in the future and to reduce the burden on the labour force.

## Mr Dirk Jarré, CCMI Delegate

Allow me to present **five initial statements and five action proposals** for consideration and further debate. These points emanate from discussions in Group III and reflect concerns about the future of the European Union and of the Consultative Commission on Industrial Change.

**First statement:** Ethical rules and visions concerning a just society are the essential foundation of the sense and orientation of human life and mankind's social behaviour. This means that basic moral principles and the hope for a better future are to be considered as more important than scientific, technological and economic achievements. Europe can only successfully compete globally if people – inside and outside – strongly believe in its values and objectives.

**Second statement:** The orientation, the basic principles and the promises of European integration are enshrined in the Treaties of the European Union, as its foundation stone. They comprise human dignity, freedom, equality, solidarity and democracy, but also pluralism, non-discrimination, tolerance, justice, social integration and respect. These promises are spelled out more specifically in the Charter of Fundamental Rights of the European Union, which constitutes an integral part of the Treaties.

**Third statement:** It is the undeniable principle of the European Union that what is not in the Treaties cannot be done by the Union – but what is in the Treaties must be implemented. The orientations, values and goals of the Union must not stay a vague illusion but should become a strong reality, clearly visible for everybody inside and outside Europe.

**Fourth statement:** EU citizens and all other persons living in the EU must be able to fully rely on the Union and build their lives on strong trust in the full implementation of its maxims and promises. People living in our society must have a real chance to engage and invest themselves in the European project so that they can declare themselves “proud Europeans”.



**Fifth statement:** Through the attitude and actions of all its members and delegates, the CCMI has the full responsibility to make the Union's values and principles consistently visible in all its activities, regardless of the economic, technological or social issues it addresses.

What are the consequences of these statements for us as actors of the CCMI? Let me briefly **suggest five ideas for tangible action** for the coming years of our mandate:

**First:** Each and every opinion of the CCMI should include a brief but prominent chapter stating the conformity of what we argue with the values and objectives enshrined in the Treaties, and in particular in the Charter of Fundamental Rights of the European Union.

**Second:** Each and every opinion of the CCMI should contain clear statements proving that we are serious about social and economic justice in all our demands and proposals.

**Third:** Each and every opinion of the CCMI should make an explicit contribution to the common good of European society and promote the well-being of people in a broad sense.

**Fourth:** Each and every opinion of the CCMI should clearly aim at promoting economic sustainability, respecting the needs and rights of future generations.

**Fifth:** Each and every opinion of the CCMI should be communicated by all members of the CCMI to her or his constituency and surroundings, in order to enhance debates on the present and the future of Europe and collect people's opinions, hopes and fears in an emerging civil dialogue.

**Finally,** the CCMI should, through its innovative thinking and the quality of its opinions, emphasise the demand to be represented in all decision-making bodies and processes of the Union dealing with the interrelated industrial-societal changes in Europe.

## Ms Aileen Körfer, UNI Europa

The existing legislation and social security systems need to be modernised in such a way that they also cover platform workers. More information on platform workers needs to be gathered and provided in order to be able to safeguard platform workers' rights, especially the right to organise and to be included in collective bargaining. The European Union needs to adapt to job transformation by creating a strong mechanism for skill anticipation, as well as a framework for the recognition of skills and qualifications acquired through lifelong learning programmes. Skills need to be made transferable in order to enable a balance between labour market flexibility and economic and social security for workers.



## Mr Calvet Chambon, MEP

- 1) Work has been continuously deconstructed and reconstructed over the centuries. The globalisation of trade and the development of digital technologies have completely changed working times, spaces and arrangements. From employed worker to the self-employed, work now has a thousand faces.
- 2) Whatever our expertise or sector of activity, our jobs are changing and we need to learn constantly and abandon our preconceptions in order to adapt to new trends.
- 3) Despite the high youth unemployment rate, 2 million jobs remain unfilled in Europe. In many countries there is a mismatch between the skills of job seekers and the needs of the labour market.
- 4) Today most jobs require digital skills: 40% of companies, especially SMEs, need ICT specialists and have difficulty recruiting them. More than half of these specialists do not work in this sector. The social partners, companies, educational institutions and civil society need to take the initiative and join forces.
- 5) The transition to digital will involve an increase in the productivity of the economy, leading to increased wages and lower prices, while fostering the creation of new products and services using fewer resources.
- 6) Digital will replace certain jobs (the OECD forecasts that 9% of jobs will be automated), particularly at middle-income level, leading to polarisation of the labour market. These challenges arising from the transition need to be anticipated in future methods of management and work organisation.
- 7) But digital will also create well-paid jobs for digital and technology specialists. The new jobs will create new situations which will have to be taken into account in our welfare system.
- 8) Digital will transform jobs and skills, which will make it necessary to strengthen education and further training policy, in particular by taking into account those most affected by the changes in the labour market.
- 9) The welfare state needs to adapt to digital and support the opportunities but also to manage crises, including through cohesion policy, trying to solve problems related to inequality and the quality of life.

## Mr Claude Rolin, MEP

The anniversary of the Consultative Commission on Industrial Change is a good time to look back and consider how the Union started with the European Coal and Steel Community, but more importantly it is also a good time to look forward.

The future is industry 4.0. This development is a challenge for both our societies and our businesses, and means that new industrial and management concepts will need to be rolled out. Factoring in the social dimension is key to its success.

Industry 4.0. will change work and the way it is organised. We will need to step up investment in lifelong learning and work-linked training – which is a real win-win opportunity.

The strategy of upskilling and upgrading qualifications will affect most employees, but we must make sure that no one is left behind. This means that we will need to focus on the people who have not been able to keep up so that they can break back into the labour market.

One danger in the future will be the increasing individualisation of workers. In order to tackle this, industry and the economy will need to allow workers' associations to operate more effectively by strengthening social dialogue at company and sector level.

This new economy must be seen as an opportunity: a chance to reshape the role of industry and the place of companies within society. Industry must rise to this challenge and live up to its responsibilities: this is a challenge for society as a whole.

In the immediate future social dialogue will have to be a driving force in this new challenge facing society, giving a human face to the economy.

I wish the CCMI every success in the future. Rest assured that we at the European Parliament will certainly follow up on your work and take the legislative measures required for progress. We must do everything required of us to build the future together.







## ***European Economic and Social Committee***

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