

## ETUC INPUTS for the Strategic Foresight Report 2022 – CALL FOR EVIDENCE

### SUMMARY

The ETUC supported the European Green Deal as a growth strategy that would transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy in which there are no net emissions of greenhouse gases by 2050 and economic growth is decoupled from resource use.

We think that, especially in view of the war in Ukraine, the green and EU's digital transformation will be reinforced as part of a wider strategy that pursues the strategic autonomy of the EU.

The green and digital transformation are taking place in parallel and they influence each other. The EU Taxonomy, in particular the debate on the extension of the taxonomy to social aspects, is evidencing the link with the development of a modern social model of the EU. The experience of the EU Taxonomy for sustainable investments tells us that these twin transitions will remain at the top of the political agenda only if the just transition, including fairer labour transitions, will be able to shape Europe and its future.

This is because “strategic thinking” is such only if it captures the changing nature of our societies. At the moment, it appears clear that demand for security - in different dimensions of life - is mounting among people to seek protection against an endless set of repeated crises. As studies have shown, workers become more reluctant to change if they remain pessimistic on their future and they see themselves as losers in the green and digital transformation. In this regard, it is important to signal that a wide range of Europeans believe that in the EU, or in multilateralism, resides the solution to global challenges but they attach very little trust to the politicians to deliver in an European or international dimension. Workers support the green and digital transformations but they assign greater relevance to social justice, fair taxation and good quality jobs. The ETUC has worked hard to encompass workers' will and encompass more variables to determine trade union social and political priorities, especially in the EU Semester (See [ETUC annual documents for Growth/Recovery and Social Progress](#))

The ETUC considers the sustainability agenda, as defined in the UN2030 Agenda, is still the most progressive policy framework to advance the green and digital transformation for strategic autonomy, in a logic of social justice and cohesion of our societies. An SDG8-centred approach is the key to design a policy mix that ensures just transitions to transform the EU's economy into a more resilient, autonomous, advanced and green one.

In order to integrate the UN2030 Agenda in its activities within the European Semester, the ETUC adopted a Goal-8-centred model. The ETUC focuses on Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), as this can have positive spill-over effects on the realisation of all the other SDGs.

The ETUC developed the “**Sustainable Growth & Decent Work Index**” ([#EU\\_SDG8i](#)). This tool assesses the implementation of Goal 8 in Europe, and uses SDG 8 indicators and, exploiting the strong connection between SDG 8 and other goals, other indicators that reinforce the connection between decent work and all other dimensions of sustainability. Therefore, it contributes to policy proposals at both European and national levels, and orientates policy decisions for a quick progress toward all SDGs.

Development of [#EU\\_SDG8i](#) allows comparisons among European countries (EU+EEA), as well as trends over time (past 10 years).

In short, the “ETUC Sustainable growth and Decent Work index<sup>1</sup>” is a synthetic indicator, useful to monitor social progress in Europe, that assess, ranks and benchmarks the Member States’ performance according to three composite indicators:

- economic wellbeing of people;
- quality of labour institutions; and
- vulnerability of workers.

These indicators are also correlated to other SDG targets, as well as to key policy areas such as trade union rights, digitalisation (DESI - Digital Economy and Society Index), and the Green Deal indicators.

A couple of considerations:

- There might be a positive correlation between the #EU\_SDG8 index and the DESI indicators. Investments in decent work can help speed up the digitalisation agenda, it is therefore important that a strong protection is established for workers engaged in platform work or the digital economy, as in the big web companies; and
- The RRF and next Semester cycles can be a “game changer” to convert the EU into an economy that ensures growth, jobs and environmental sustainability. The correlation between the #EU\_SD8i and indicators of green sustainability should help identify concrete measures for a just transition.

Finally, considering the havoc that this war is provoking, the Strategic Foresight Report 2022 should investigate relevant economic consequences on the EU economy. The ETUC asks to evaluate the introduction of emergency measures that protect jobs and workers’ income in view of turbulences on the labour market. To prevent such risks, the ETUC asks to investigate advantages of re-financing the SURE instrument and measures that offer flexibility to governments’ expenditure to support the economy and preserve social cohesion.

## **SUSTAINABILITY, RESILIENCE, STRATEGIC AUTONOMY**

The Strategic Foresight report is increasing in its importance and relevance for the documents and analysis related to the EU Semester. It is important to continue to deepen this work but improving the capacity to encompass all dimensions of social fairness and justice.

The ETUC agrees that the EU has to reinforce its capacity to take the right decisions to improve strategic autonomy. Also in developing an appropriate industrial strategy, and increase resilience of society knowing that there is an increasing demand for security. Security is a multidimensional demand that covers:

- Maintaining peace and ensuring a defence against EU enemies. This is not only an issue of defence strategy but also of reinforcing – for example - economic, energy and food autonomy.
- Creating a healthcare system that is adequate to the needs of people, especially in the case of pandemics or other sanitarian crises.
- Social and territorial cohesion in the view of reinforcing democratic institutions at national and European level.

Even if the world is confronted with recurrent crises, sustainability is still the main policy framework and the UN2030 agenda represents the most advanced policy framework that

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<sup>1</sup> Full methodology is available [here](#)

gathers the largest consensus in the EU and worldwide. This is an asset that has to be exploited in full. The UN2030 Agenda covers the 3 dimensions of sustainability and includes the policy drivers for redesigning a development model that is better respectful of the expectation of workers in the EU. **To reap the benefits of the UN2030 agenda and its Sustainable Development Goals (SDG) in full, the ETUC recommends that the Strategic Foresight Report takes a SDG8-centred approach to development, especially when increasing the just transition aspects of development.**

## MEASURING THE IMPACT OF COVID CRISIS ON WORKERS

Figure 1: #EU\_SDG8 index: composite indicator of sustainable growth and decent work (2010-2020)

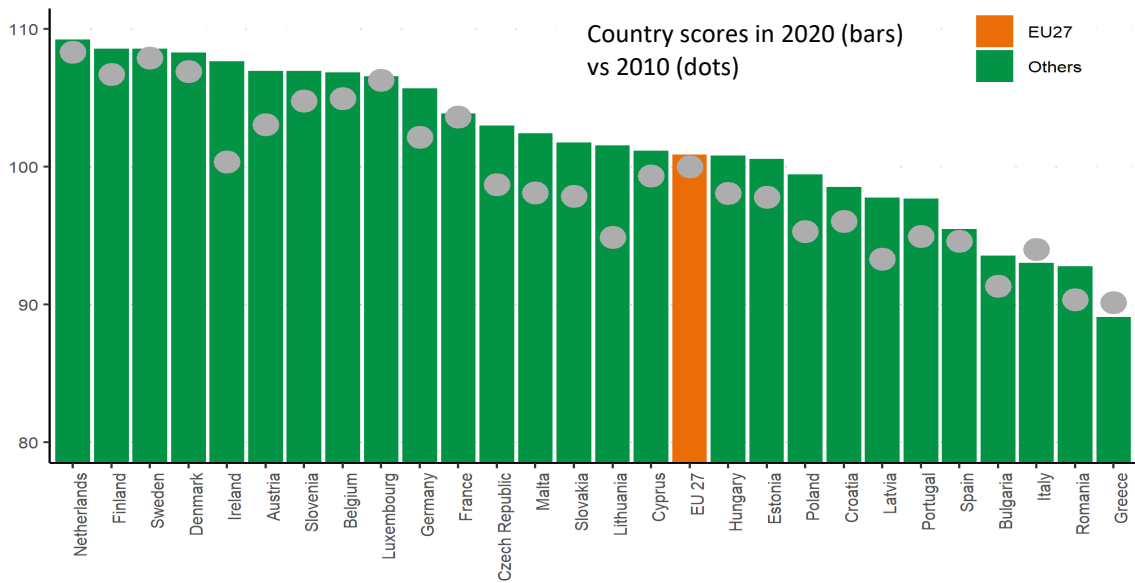
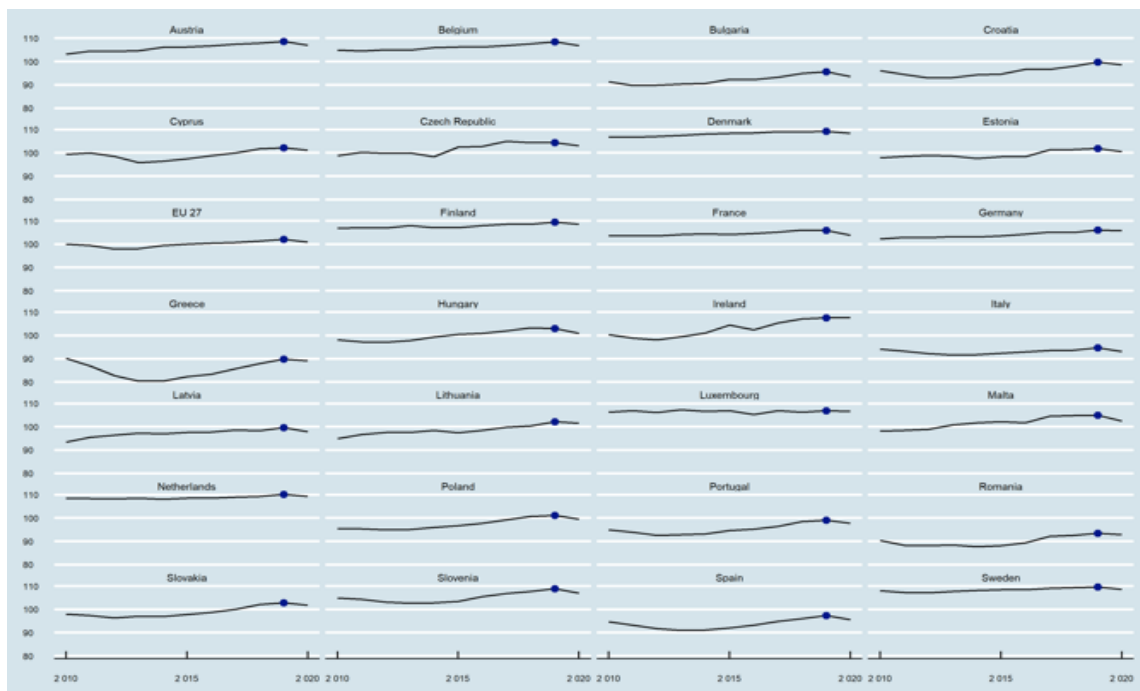


Figure 2: #EU\_SDG8 index (2010-2020). The blue dot represents the 2019 score



The SDG8-centred approach offers a methodology that is confirmed by qualitative inputs from ETUC members. Collected in March 2022, such inputs, combined with the EU\_SDG8 index allows us to make the statements hereunder. This multiple source of evidence is key to develop a strategic foresight approach.

The pandemic has deteriorated, to different degrees, the Member States' potential to be sustainable. Countries with weaker social models have great performance variations, therefore limiting the potential of sustainable growth and decent work. This denotes a lack of resilience, especially in the economic and social field. As expected, the quality of employment has contributed to undermine the position of workers. In the economic well-being composite indicator, a drop in GDP levels is compensated by a strong increase of government expenditure for social protection. The effects on the vulnerability of workers will likely be visible in the longer term.

On investments, the Trade Unions' (TU) demands can be divided into 2 groups. One with a strong focus on a green transition and another one on a balanced mix of investments across the priority board. In the latter case, TU tend to prioritise investments that produce jobs and improve workers position on the labour market. In both cases, TU identify a number of measures that can be qualified as just transition measures. National budgets should reflect these demands.

A substantial mismatch between social priorities in NRRPs and TU proposals not always are a result of conflict of views between social partners and governments. The mismatch can also be caused because social priorities are barely identifiable in the NRRPs, while unions have a clear idea of what has to be done. Also, when NRRPs identify social priorities, trade unions rank them with different degree of urgency. Nonetheless, in these situations there is room to improve the social impact of the NRRPs.

Very few countries have elaborated plans to contribute to the achievement of the Porto's Social Headline Targets. It demonstrates the need for multiply efforts to better connect the expenditure under the RRF with achieving the EU targets on employment, education/training and poverty.

The European Pillar of Social Rights (EPSR) proves to be an effective measure to evaluate the social quality of NRRPs. However, the concept of social investment is broader than the rights and principles embedded in the EPSR. The EPSR should be complementary in order to set the EU agenda on the sustainability track. It is the highest expression of just transition and should be better developed in the implementation of the NRRPs.

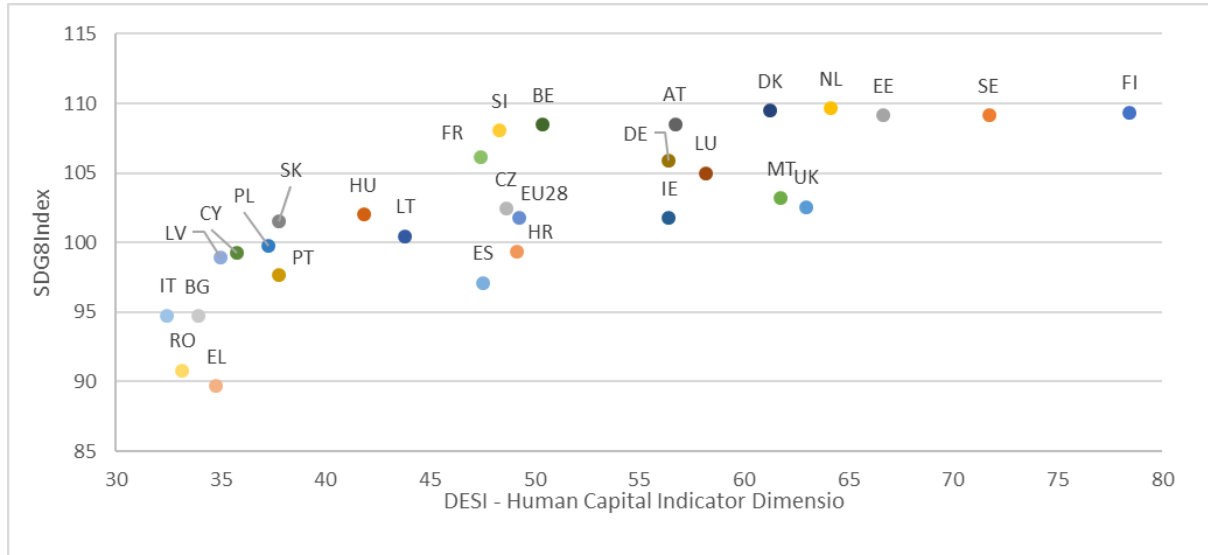
Factual evidences show that social dialogue is useful in designing and implementing policies and/or reforms. When social partners are merely heard, this cannot be considered as social dialogue. This report is also meant to be an urgent call for the EU to invest in social dialogue.

Spain and Finland show good practice in social dialogue. On the other hand, in too many countries, trade unions cannot express a point of view because they are not consulted at all and have no access to timely and quality information (such as in Croatia). It is time to bridge the wide dialogue gap that social partners suffer in the EU.

A combination of a solid monitoring based on composite indicators with qualitative reporting from national levels, allows to draw up coordinated national recommendations that are conducive to achieve the common objectives. Social dialogue is rather a *sine-qua-non* condition for this to work well.

## DECENT WORK AND DIGITALISATION

Figure 3: Correlation between EU\_SDG8 Index and DESI-Indicator related to human capital dimension



Strong positive correlation appears between EU\_SDG8 index and Human Capital

**Digital divide (among countries and among people) is a burden on the creation of quality jobs. Still the digital transformation can be boosted by the agenda for sustainable growth and decent work.** The graph above shows that *decent work* (in Europe the EPSR can be considered a proxy) is quite effective to trigger digital transformation, which means that the digital divide will be reduced if labour market inclusiveness and workers' protection are improved.

The graph shows that the performance of the EU countries in terms of digitalisation varies greatly and there is a clear correlation between the delay countries are experiencing in their technological development and their lower performance, during the last decade, in terms of sustainable growth and decent work. This element is crucial to set the EU economy on resilience tracks.

The ETUC input to the NRRPs also showed how a SDG8-centred approach would support the digital transformation creating a positive correlation between the #EU\_SDG8i and the DESI indicators. The next Strategic Foresight Report should take into account that this correlation is stronger for countries that are both late in the sustainability agenda and late in the modernisation of their economies. Investments in decent work can help speed up digitalisation. Therefore, it is important that a strong protection is established for workers engaged in platform companies or the digital economy, as in the big web companies.

## ENVIRONMENTAL AND JUST TRANSITION OUTLOOK

This chapter tries to draw some preliminary considerations from the investigation that the ETUC launched to highlight correlations between the #EU\_SDG8 index and some "green" variables. The ecological indicators are those proposed by the European Social Partners in their common [document](#) on indicators, that complement the GDP as measure of well-being.

At this stage, it is opportune to stress that the ETUC supports the objective of the Fit for 55 package to rapidly reduce the EU’s greenhouse gas emissions. In that regard, it is fair to say that the Fit for 55 package, as currently proposed, concretely shows how to reach the 55% emission reduction enshrined in the Climate Law and that has been supported by ETUC. National Plans allocate huge financial resources to this objective, even though we believe that for the transition to happen, it needs to be inclusive and socially fair. The burden of the transition should not be supported by low-income households or vulnerable groups, and no worker should be left behind in this process. On those aspects, some elements of the Fit for 55 Package remain disappointing, worrying or insufficient.

**Greenhouse gas emissions per capita Linear model estimating the effect of greenhouse gas emissions per capita on #EU\_SDG8i**

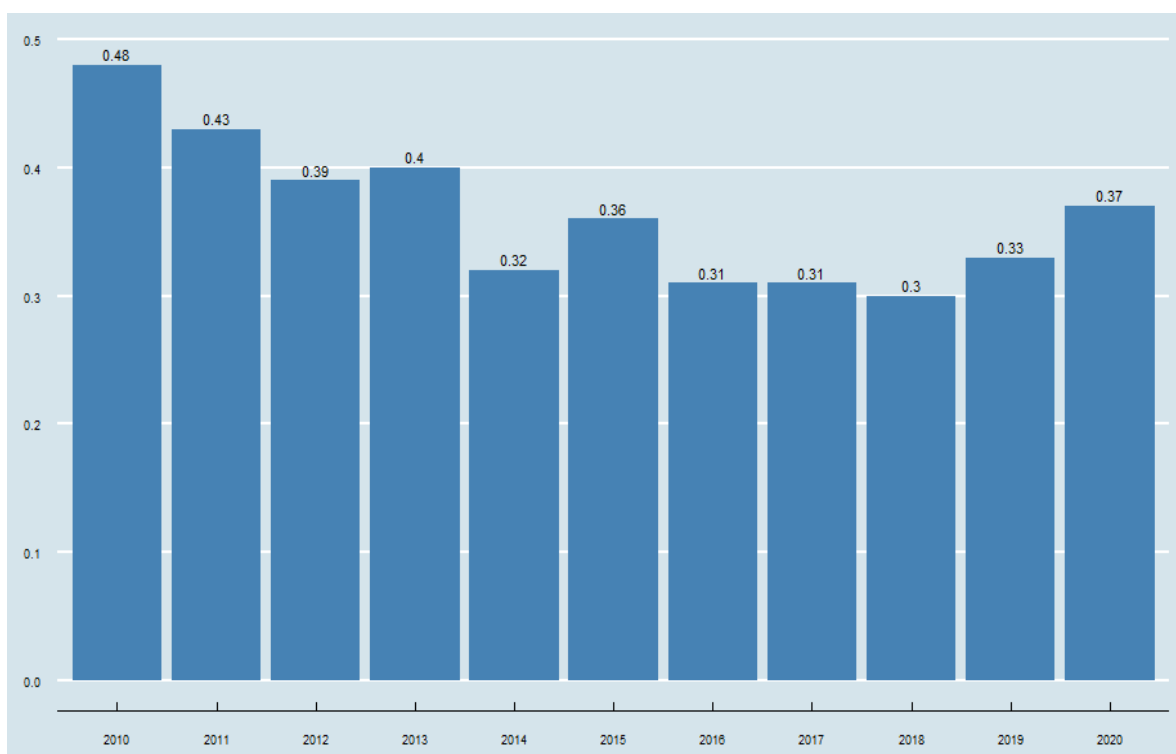


Figure 4: Correlation between #EU\_SDG8i and greenhouse gas emissions per capita.

Data partially confirms the evidence that ETUC gathers through its affiliated organisations. Time correlation between EU27 countries and greenhouse gas emissions per capita fell between 2010 and 2018 but not in 2019 and 2020, where an increase is observed. This means that in the last two years (of the data available) the improvements in the #EU\_SDG8 composite indicator came at the expenses of higher emissions. Here the transition is deeper and needs specific just transition measures to get it through.

Some EU countries are already showing a negative correlation (in some case a strong one) between the two dimensions, coherently with a development model where a SDG8-centred strategy helps transition toward a “relatively” low-carbon production system. This seems to be

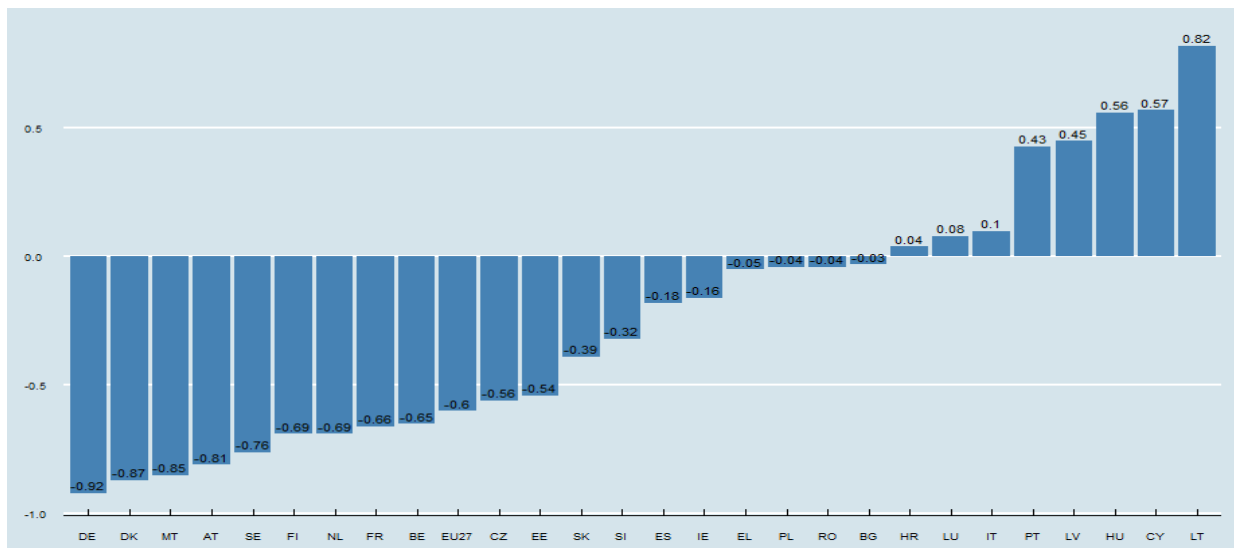


Figure 5: Average countries correlation

true for Germany, Denmark, Malta, Austria, Sweden and Finland, among others. Other countries, such as Italy, Portugal and the former transition economies of Eastern Europe, are still characterised by a clear trade-off between #EU\_SDG8i and Environmental/climate issues and need a deeper transformation.

While in the latter group of countries (eastern European economies) the need to catch up with the level of production and well-being of other European countries can – in the transition phase – leads to a misalignment between the Targets of SDG8 and SDG13, the situation in other countries is more worrying.

**Share of energy from renewable sources Correlation between #EU\_SDG8i and share of energy from renewable sources. Years 2010 – 2020**

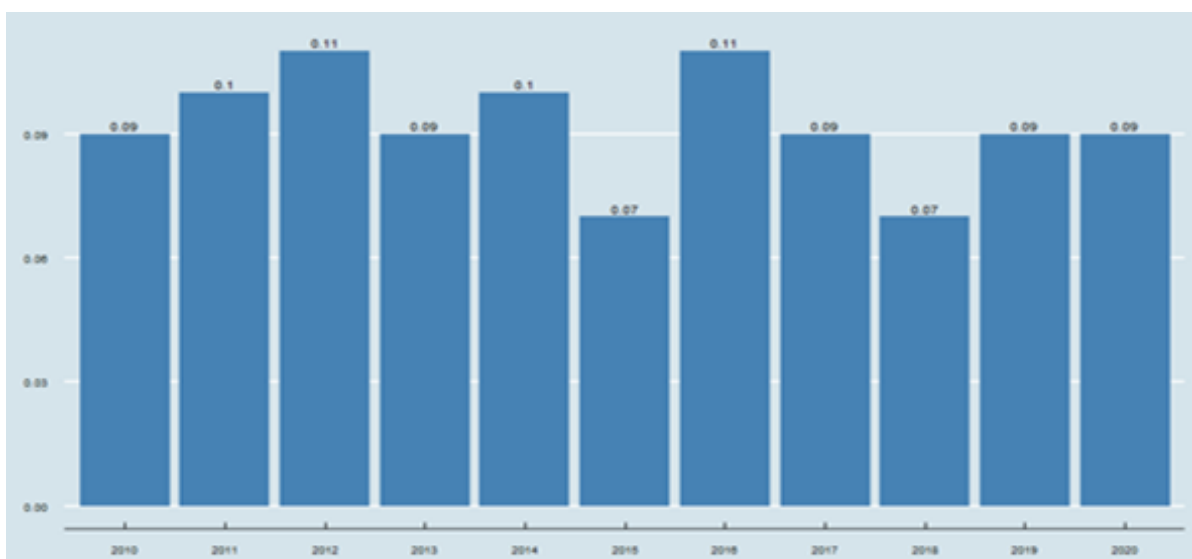


Figure 6: Average Time correlation

The data shows no evidence of time correlation between the #EU\_SDG8i and the share of energy from renewable sources, meaning that between 2010 and 2020 there was no clear trend in all countries considered.

**Correlation between #EU\_SDG8i and share of energy from renewable sources. Years 2020 – 2020**

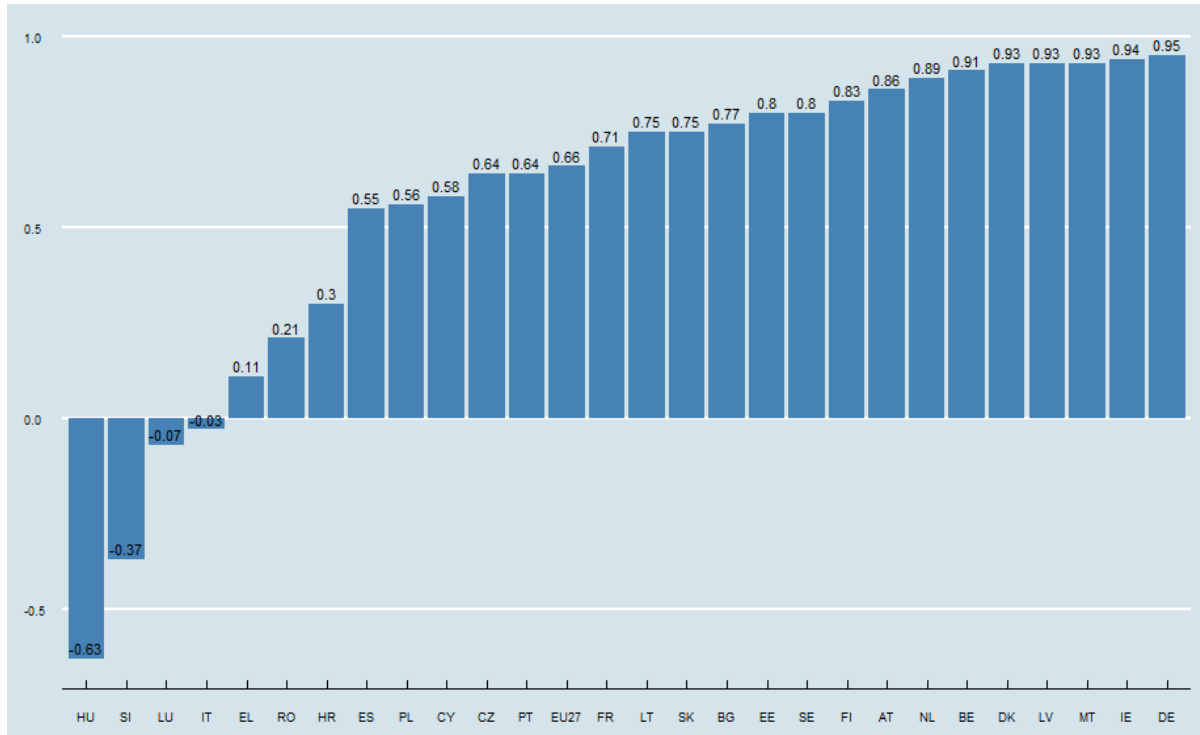


Figure 7: Average countries correlation

A correlation between SDG8 and share of energy from renewable sources at country level shows that for most countries an improvement in the #EU\_SDG8i is linked to a greater use of energy from renewable sources. Nevertheless, this is a misleading correlation because, as shown by the model presented later, the use of energy from renewable sources has no effect on the #EU\_SDG8i when controlled by other variables.

**Correlation between #EU\_SDG8i and urban population exposure to air pollution by PM2.5. Years 2020 – 2020**

Data shows a clear negative correlation between #EU\_SDG8i and urban population exposure to air pollution by PM2.5, meaning that improvements in the composite index is linked, on average, to a decrease of urban population exposure to PM2.5. However historical data shows no clear trend.



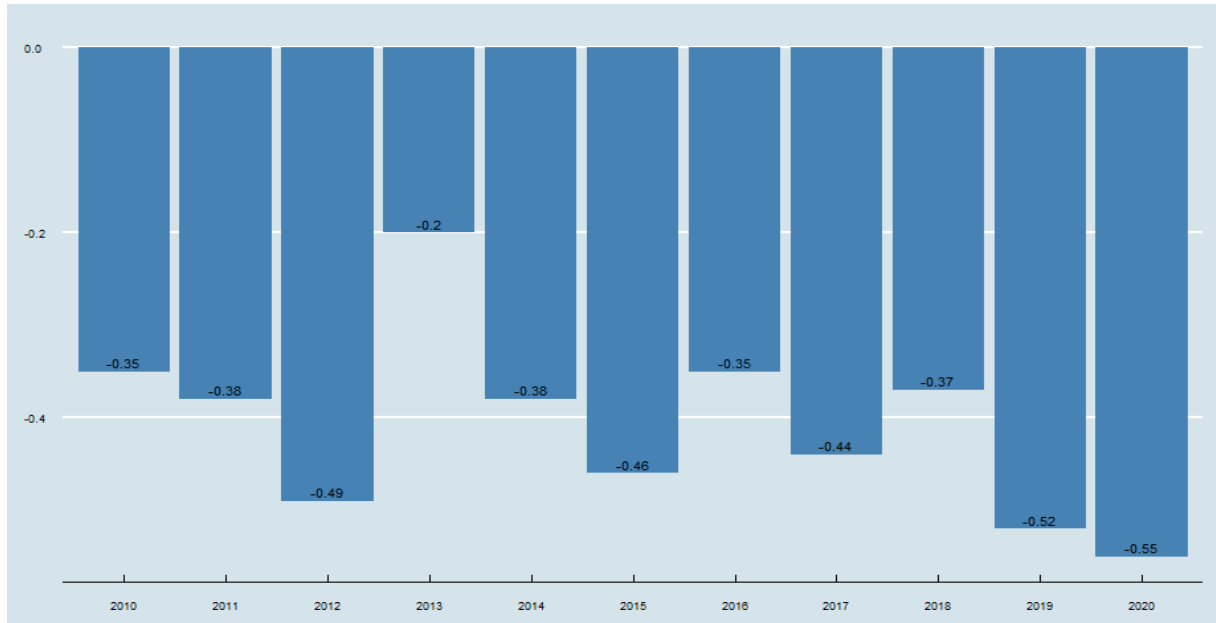
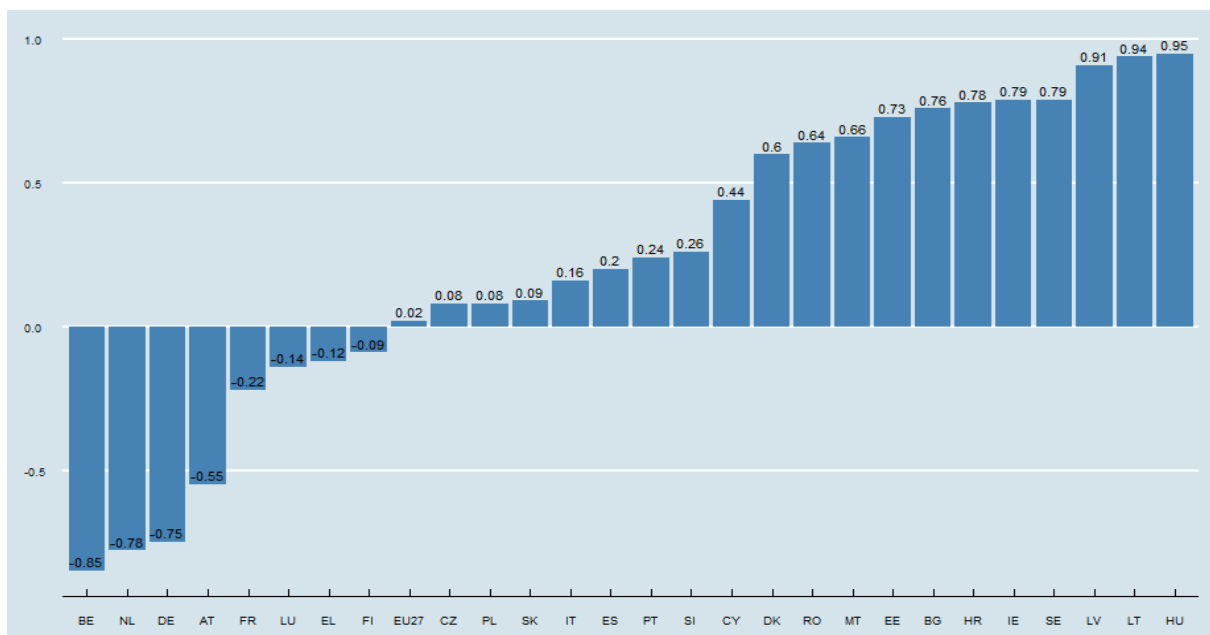


Figure 8: Average time correlation

**Correlation between #EU\_SDG8i and domestic material consumption per capita. Years 2020 – 2020**

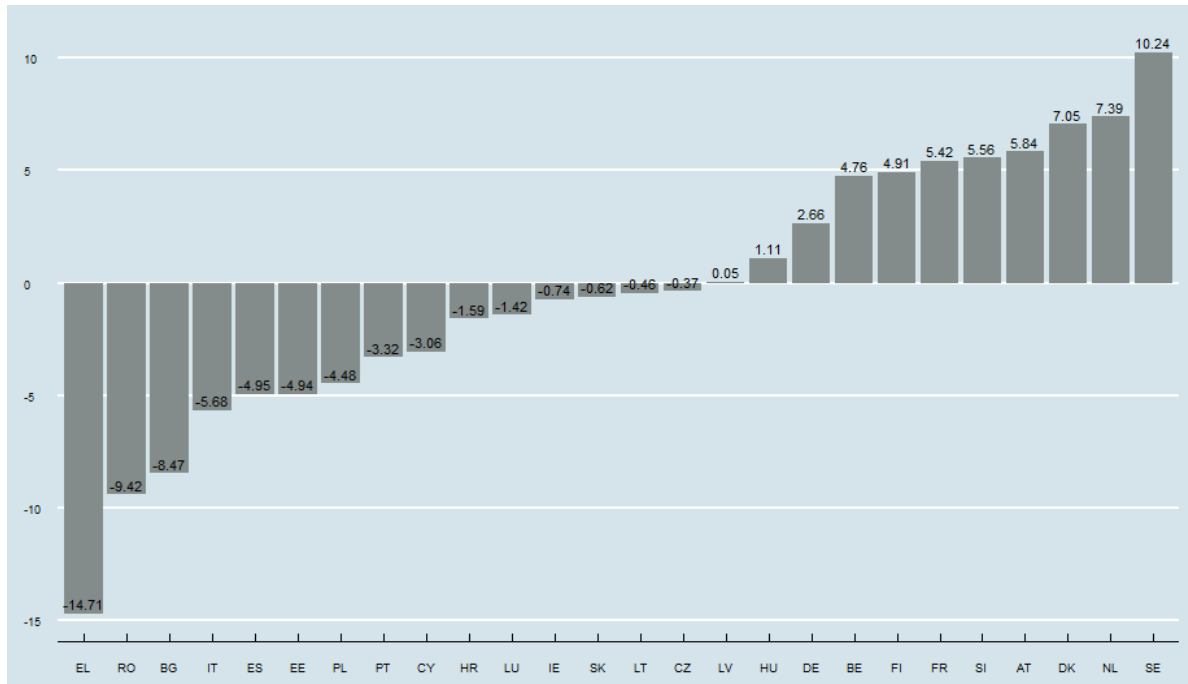
Figure 9: Average country correlation



The only countries that show a strong negative correlation between these two indicators are Belgium, Netherlands and Germany, while for most of the other countries an increase in the #EU\_SDG8 composite indicator is correlated to an increase in the domestic material consumption per capita.

Some key messages can be drawn from these data.

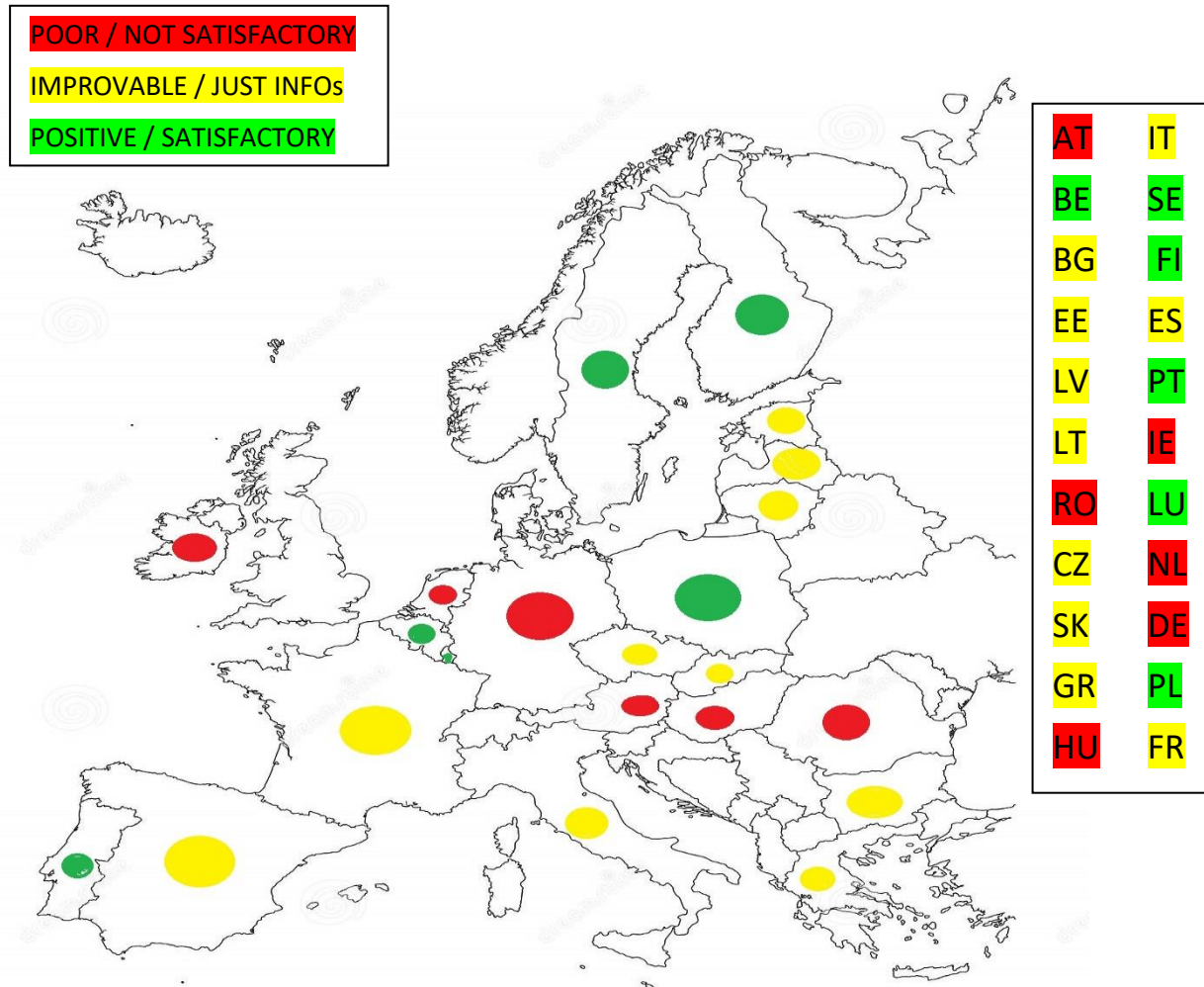
Fig. 10 – Model coefficient of #EU\_SDG8i per country



The model shows that averaging out the effects of time and countries, one unit increase of the #EU\_SDG8i composite costs +0.37 tons of greenhouse gas emissions per capita and +0.19 tons of domestic material consumption per capita. The model also shows that the effect of share of energy from renewable sources and exposure to air pollution by PM2.5 on the #EU\_SDG8 composite is not statistically significant. The figure below (Model coefficient of SDG8 per country) shows the differences between the value of #EU\_SDG8 composite indicator in each country and the EU27 average. These differences are calculated taking into account the effect of all four environmental variables and of time.

Once we factor in the effects on the environment, we see huge differences among countries. Greece is the worst performer with a difference of more than 14 points compared to the EU27 average, but also Romania, Bulgaria, Italy, Spain, Estonia and Portugal show differences of more than 3 points. The best performers are Denmark, Netherland and Sweden with a positive difference of more than 7 points on the EU27 average. The RRF and next Semester cycles can be a “game changer” to convert the EU into an economy that ensures growth, jobs and environmental sustainability. The correlation between the #EU\_SD8i and indicators of green sustainability should help identify concrete measures for a just transition. Such Just Transition Framework should: (1) guarantee that just transition strategies are developed in all sectors and regions through social dialogue and collective bargaining; (2) guarantee workers’ right to information, consultation and participation, especially in the event of restructuring processes and decarbonisation plans; (3) guarantee individuals’ right to training and workers’ participation in the design of training programmes; and (4) secure sufficient investments as well as develop industrial strategies to create alternative quality job opportunities.

MEASURING SOCIAL DIALOGUE



The ETUC would like to stress that the next Semester phase should give legs to the Action Plan Implementing the European Pillar of Social Rights (EPSR Action Plan) as endorsed in Porto by all EU institutions and Members States. In this regard, the implementation of the RRF is crucial. Social dialogue can ensure a more effective allocation of resources and the full implementation of the RRF is crucial to create new and quality jobs. Creation of quality jobs means the elaboration of a plan that directs investments in strategic sectors with higher potential of job creation and simultaneous progress in all 20 principles of the EPSR. Social dialogue is an overwhelming tool to manage such a complexity. Our monitoring says that job creation is badly assessed in NRRPs.

To date, the involvement of social partners has varied according to the willingness to commit of national governments. The map on the left shows that the greatest majority of ETUC members were not involved, or declare that they were unsatisfied with the level of involvement. In the absence of a clear framework for social partner involvement at EU and national levels, it will not be possible to establish a stable and fruitful cooperation between policy makers and social partners, increasing the risk of diverting the EU Recovery plan from its overall social purpose (as for instance social and green objectives envisaged by the RRF Regulation).

In a recent survey covering countries that spend 85% of the RRF we have found that the match between social priorities in the NRRPs and trade union proposals is less than 25%. With only

2 countries (Spain and Finland) showing some alignment between government and trade union proposals. Some countries, like Croatia, cannot even participate in the survey due to lack of information on both the plan and the Governments' intentions.

The Technical Support Instrument (TSI) is also an instrument that should be bound to social partners' involvement when supporting Member States to implement policies that are relevant to the economic and social development of the target country.

It is difficult, or maybe of little use, "measuring" social dialogue as a policy option that includes social partners in policy making at different levels, from government to workplace. On the other hand, it can be possible and useful to monitor effectiveness of social dialogue in a specific context. Moreover, not all forms of industrial relations can be classified as social dialogue. At EU level, social dialogue belongs to recognised social partners, whose representativeness criteria are defined, at EU level, by stable and transparent criteria. For these reasons, social partners have a great capacity for the democratisation of European processes as recognised by the EU Treaties as well.

Measuring effectiveness of social dialogue in the EU Semester can be useful to understand how to increase quality of the governance of the EU economy and, therefore, better implementing the EU agenda for green and digital transformation.

To do that, it is important to have a clear definition of social partners' involvement so that the measurement of performance could lead to the definition of effective policy drivers. In the social dialogue field, it should be taken into account that autonomy of social partners cannot be undermined, and for that reason any form of support to social dialogue needs a direct involvement of the social partners themselves. Only national social partners can actually report on the quality of social dialogue, having regard to their autonomy and the variety of national social dialogue models.

The ETUC defines "trade union involvement" in the Semester as any form of dialogue (1) with national and European decision-makers which meaningfully (2), in a timely manner (3), with adequate capacities (4) and at the appropriate level (5) is conducive to ETUC affiliates exercising influence in the designing and in the implementation of policies at the milestones of the European Semester and, if desired, in any other process related to the economic governance of the EU.

1. Dialogue: a process that consists of a two-way flow of information, involving at least the decision-maker and the trade unions, which has the potential to lead to the conclusion of an agreement.
2. Meaningfully: trade unions should have access to complete written information to deliver a fully-informed position.
3. In a timely manner: sufficient time should be made available to trade unions to elaborate the position/intentions of the decision-maker and react according to their actual capacities, without altering or derogating from their internal democratic constraints.
4. Capacity: trade unions should have sufficient capacity to participate in the social dialogue progress.
5. At the appropriate level: the dialogue should take place with those who are actually able to influence policy decisions. This can be at political level (i.e., Ministries, Undersecretaries, etc.), but also technical levels since this can be useful and desirable to better prepare consultation with the appropriate political level.

This definition allowed the ETUC to develop an index of trade union involvement in the Semester that worked until the pandemic crisis has overhauled the entire EU Semester Process. The definition is still at the basis of the ETUC methodology to monitor the trade union involvement in the design and implementation of the NRRPs.

This has allowed the ETUC to monitor the effectiveness of involvement of its members in the EU Semester over time and create conditions for reinforcing the implementation of the [Quadripartite Statement for A New Start for Social Dialogue](#). It now constitutes the know-how that allows the ETUC to assess the level of involvement of social partners in the definition of NRRPS.

Social dialogue is crucial to implement the Action Plan for the Social Pillar. According to the ETUC monitoring methodology, it appears evident that trade union involvement is an asset that only some workers in Europe currently benefit from.