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**NOTE**

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From: Presidency

To: Permanent Representatives Committee/Council

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Subject: European Semester 2023: Impact of new technologies on labour: Towards a just digital transition  
- Policy debate

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Delegations will find attached a Presidency steering note on the above subject, with a view to the policy debate at the Council (EPSCO) on 9 October 2023.

**EPSCO Council (Employment and Social Affairs)****European Semester 2023:****The impact of new technologies on labour: Towards a Just Digital Transition**

The European Union and its Member States have long been faced with the need to address future major challenges common to all world economies and societies, related with the green transition, digitalisation, demographic changes and the depopulation of part of their territory.

With particular regard to digitalisation, the European Council stated in the "new Strategic Agenda for 2019-2024"<sup>1</sup> that, over the coming years, the digital transformation will continue to accelerate and have far-reaching impacts, and that our policy must be shaped in a way that embodies our societal values, promotes inclusiveness and remains compatible with our way of life.

With this in mind, the Commission announced in 2020, in its Communication "Shaping Europe's Digital Future"<sup>2</sup>, its willingness to focus on three key objectives to ensure that digital solutions help Europe pursue its own path towards a digital transformation that respects our values: a technology that serves people; a fair and competitive economy; and a European path towards digital transformation that reinforces our democratic values, respects our fundamental rights and contributes to a sustainable, climate-neutral and resource-efficient economy.

The digital transition, and its impact on employment, on the skills needed by companies and workers and on working conditions and labour relations, is a huge challenge for employment, labour and social protection policies as well as for social dialogue.

Digitalisation is bringing about a profound transformation in the way goods are produced and services are provided. Although it is unrealistic to think that new technologies can fully replace people, the increasing automation of processes is leading to the emergence of new occupations, the complete transformation of others and the disappearance of many that have become obsolete or unnecessary.

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<sup>1</sup> European Council Conclusions, 20 June 2019.

<sup>2</sup> Communication "Shaping Europe's Digital Future", 19.2.2020, COM (2020) 67 final.

The technological revolution can create new employment opportunities and close existing labour participation gaps. For example, artificial intelligence (AI) and robotics alone can be expected to create almost 60 million new jobs worldwide in the next five years<sup>3</sup>. Provided that policy actions that effectively address the digital divide are deployed, digitalisation can equally benefit rural and isolated areas that are particularly exposed to the effects of ageing societies and depopulation.

In addition, digitalisation has significant implications as concerns the right to inclusive, quality education, training and lifelong learning set out in Principle 1 of the European Pillar of Social Rights. The digital transition has made it more necessary than ever that digital skills can be acquired and updated to enable all citizens to fully participate in society and to enable enterprises and workers to successfully manage the changes taking place in the labour market.

The Decision declaring the European Year of Skills<sup>4</sup> recalls that, in the EU, more than 90% of professional occupations require a basic level of digital skills, whilst around 42% of EU citizens, including 37% of working people, lack basic digital skills.

The measures at EU, national, regional or local level taken to achieve the objectives set out in that Decision should contribute to the achievement of the EU 2030 targets, defined by the Action Plan of the European Pillar of Social Rights. This includes notably that at least 60% of all adults should participate in training every year and that at least 80% of 16-74-year-old should have basic digital skills, a precondition for inclusion and participation in the labour market and society in a digitally transformed Europe.

Furthermore, the impact of the use of Artificial Intelligence on working conditions and workers' rights is becoming increasingly relevant. While use of AI systems can bring many benefits to workers and businesses, it also comes with challenges, for instance when companies delegate duties of their managerial and organisational power to algorithms, increasing their capacity to control.

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<sup>3</sup> Communication "A strong social Europe for just transitions" ST 5353/20.

<sup>4</sup> of the European Parliament and of the Council of 10 May 2023 on the European Year of Skills (OJ L 125, 11.5.2023, p. 1)

Central aspects of labour relations and working conditions such as recruitment and selection, task allocation and job performance appraisal, career advancement and termination of contracts are increasingly entrusted to automated decision-making systems.

The use of these automated systems can benefit workers, for example by enhancing their productivity, promoting inclusivity, or increasing safety on the workplace. Yet, it may give rise to significant new risks such as algorithmic bias which may undermine fundamental principles and rights at the workplace. Against the objectives of the Union of Equality,<sup>5</sup> they can perpetuate discrimination on the grounds of disability, racial or ethnic origin, religion or belief, gender, age or sexual orientation.

Employment and labour policies must offer sufficient guarantees to provide an appropriate, fair and effective response to these realities, ensuring that technological development goes hand in hand with adequate working conditions, labour and social protection. With this in mind, AI and the use of algorithms should be subject to human control and digitalisation at the service of working people should be advocated, whilst respecting their individual and collective rights.

For example, some countries have adopted legislation on the duty of algorithmic transparency by companies and the need to inform workers' representatives about its use in the organisation of work.

Social justice, inclusion, equality, workers' rights and health and safety must be ensured when technologies are used at the workplace. In the same way as we assert that the green transition needs to be fair, so too, must a fair digital transition be an objective of our public policies, in line with the European Pillar of Social Rights and the European Declaration on Digital Rights and Principles<sup>6</sup>. This means that opportunities for the development of economic activity and the improvement of the quality of employment and working conditions should be ensured and negative economic and social impacts on workers' rights avoided.

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<sup>5</sup> For an overview against EU legislation and initiatives against discrimination, see: [The Union of Equality \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic-union-of-equality_en.pdf)

<sup>6</sup> [European Declaration on Digital Rights and Principles | Shaping Europe's digital future \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic-digital-rights-and-principles_en.pdf)

The need for reforms and investments that support the digital transition has been regularly highlighted in the European Semester. The Annual Sustainable Growth Survey 2023 identified such measures as essential to strengthen the EU's economic base, promote business creation and entrepreneurship with tackling the digital skills gap as a particular challenge to be addressed to strengthen fairness and competitiveness.

For such a fair digital transition, the social partners have a crucial role to play. Tripartite and bipartite social dialogue and collective bargaining, at all levels, are key tools for the analysis, definition and implementation of policies fully adapted to the needs of employers and workers.

**In this context, Ministers are invited to exchange views on the following issues:**

- What new initiatives could be launched at EU level to monitor and address the impact of new technologies on employment, skills, workers' rights, working conditions, labour relations and social rights?
- How can we make the digital transition fair? How can the European Semester help Member States take appropriate action? What is the role of tripartite and bipartite social dialogue?