Abstract
This Report reviews the main results of some 60 years of collaboration between the European Union (EU) and the International Labour Office (ILO) and coincides with the 100th anniversary of the ILO. Started in 1958, EU-ILO collaboration has intensified over recent years, covering an ever-greater range of issues to address the future of work and the challenges it poses to the sustainability of decent work and social protection.

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<th>Description</th>
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<tbody>
<tr>
<td>ALMPs</td>
<td>Active labour market policies</td>
</tr>
<tr>
<td>AMPs</td>
<td>Active manpower policies</td>
</tr>
<tr>
<td>EAfA</td>
<td>European Alliance for Apprenticeships</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ECEG</td>
<td>European Chemical Employers Group</td>
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<tr>
<td>ECSS</td>
<td>European Code of Social Security</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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<tr>
<td>EES</td>
<td>European Employment Strategy</td>
</tr>
<tr>
<td>EMCEF</td>
<td>European Mine, Chemical and Energy Workers’ Federation</td>
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<tr>
<td>ESCO</td>
<td>the European Skills, Competences and Occupations</td>
</tr>
<tr>
<td>GED</td>
<td>The ILO’s Gender, Equality and Diversity Branch</td>
</tr>
<tr>
<td>GSP</td>
<td>Generalised Scheme of Preferences</td>
</tr>
<tr>
<td>HLM</td>
<td>High Level Meeting</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>INST</td>
<td>Institute for International Labour Studies</td>
</tr>
<tr>
<td>ITC-ILO</td>
<td>ILO International training centre in Turin</td>
</tr>
<tr>
<td>MBO</td>
<td>Management by Objectives</td>
</tr>
<tr>
<td>MS</td>
<td>Member States</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PES</td>
<td>Public Employment Services</td>
</tr>
<tr>
<td>SIP</td>
<td>Social Investment Package</td>
</tr>
<tr>
<td>WCSDG</td>
<td>World Commission on the Social Dimension of Globalisation</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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<td>YG</td>
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EXECUTIVE SUMMARY

Collaboration between the European Union (EU) and the International Labour Office (ILO) started in the late 1950s and following the formation of the European Economic Community (EEC) and this study coincides with the 100th anniversary of the founding of the ILO in 1919. Since the real start of EU-ILO collaboration in 1958, this joint working has gone through different stages of development: a) the long period up to 1999 when the collaboration was still largely ad hoc and mainly focused on the provision of support to third countries, principally in the developing world; b) the period 2000-2007, when the so-called High Level Meetings (HLMs) among the senior representatives of the two organisations were established as a way to formalise and initiate the collaboration on a more formal and structured basis. This period ended with the start of the economic and financial crisis; c) the ensuing and current period has seen both organisations more actively collaborating, firstly to deal with the crisis by, inter alia, setting out the basis for a future of increasing prosperity in the context of a reinforced European social model. The period has been one of reciprocal consultations and interaction at all levels. Overall, the new century witnessed EU-ILO collaboration becoming stronger and more intense with, for example, the number of HLMs increasing and covering an ever-greater range of issues, though the crisis and its aftermath was a catalyst for bringing about change in the relationship.

Over the past two decades, through the HLMs the EU and ILO have developed a rich and substantial body of knowledge on the world of work worldwide, but particularly in Europe. Thorough policy analysis has led to the detailed definition of important policy guidelines shared not only between the two organisations, but to a much wider audience setting out best practice for a better society.

The collaboration with the ILO has helped shape the focus of the EU towards greater orientation in innovation and quality in the social field. Also, this interaction with the ILO has served to strengthen the so-called social model to achieve clearer aims than were previously articulated. The emphasis on high quality jobs, social security and trade unions, as well as on green jobs and sustainable development, have helped to give the ideology of the EU a progressive, democratic and open-minded perspective.

The method of social dialogue for decision-making in the EU has been strengthened through interaction with the ILO. Social dialogue can increase the rights of individuals and enterprises, and at the same time generating consensus. The resulting decision-making process can be slightly slower, but is more acceptable in the long run.

Sustainable development (i.e. development that meets the needs of the current generation without compromising the ability of the future generations to meet their own needs) is the over-arching goal that affects how all other goals should be considered. Sustainability underpins the development of green jobs and clean and renewable energy, but also contributes to financial stability and debt reduction.

International labour standards are an important aspect of the labour-related policies on development and trade. They are strongly related to the decent work policy driver and define the “minimum threshold” for the quality of employment and the consensus is that international labour standards should not be interpreted as simple guidelines.

The analysis tends to show that new regulation is likely to bear a cost for firms and, very often, also for governments, but these short-term concerns should be seen in the context of the longer-term contribution they can make to the economic and social development of countries.

The EU-ILO collaboration has played a crucial role in developing a common way of thinking and acting to address and solve social issues and those related to the optimal working of labour markets. The aim
is to meet the needs of workers and society, while guaranteeing the conditions for long-term sustainable economic growth and it can be a difficult balancing act. Overall there are all the ingredients in place for a comprehensive and systematic approach to helping ensure effective labour and social provisions can co-exist with a dynamic economic situation.

Since the introduction of the regular HLMs, enough time has passed to cover much of the relevant EU legislation and actions, including that of the individual Member States in the Social Pillar of the EU, encompassed by the Lisbon Strategy, the Europe 2020 guidelines, the flexicurity model, the reform of Public Employment Services (PES), the minimum wage legislation, the European Youth Guarantee (YG), and the guardianship of the growing digital labour platforms and the future of work. All interventions related to these aspects of the Social Pillar can be considered as implementation of the leads established by the HLMs which have then proceeded to the development of actions.

The more recent period of EU-ILO collaboration has focused on the challenges posed by the so-called 4th Industrial Revolution and its associated development of automation, digitalisation of production and consumption and the diffusion of artificial intelligence, not only in the production of goods and services, but more recently in the delivery of services as well.

This industrial revolution (or perhaps better viewed as an industrial evolution) has seen an increase in the pace of change on labour markets which has been interpreted by some in a rather pessimistic light for its possible effects on jobs and the economy, and by others in a more optimistic light. It is not clear yet and neither will be clear in the short term which perspective will be validated by the evidence and this study explores the different opinions and nuances in this more recent debate within the EU-ILO collaboration.

At the extreme, some commentators suggest that maybe half of the existing jobs would disappear in future years. However, this is counterbalanced by what might be considered the more optimistic views that, for example, suggest only a relatively small share (i.e. around 10%) of existing jobs is likely to disappear, although over 30% of the tasks involved in most of the surviving jobs may be subject to varying degrees of automation. Again, there is no firm evidence to support either of the two views and this study has little alternative but to suspend judgement on this issue.

Under both scenarios, routine tasks in many jobs will be subject to some level of automation. However, the past has shown that automation can bring with it many advantages including increased productivity, rising wages and opportunities to achieve a better work-life balance and this more realistic scenario is the one beginning to predominate.

This suggests in turn that the EU-ILO elaboration is largely well-focused to face the challenges of ‘industry 4.0’, the common expression for the 4th Industrial Revolution. Providing decent work with gender equality through the social dialogue, and its coordination remains central to the development of the labour market to meet the current and future challenges. The Human-Centred Agenda set out by the ILO in a recent report gives the general context for action which also applies to the EU. It suggests that the EU and each Member State should guarantee universal entitlement to life-long learning, support people going through the future of work transitions, implement a transformative and measurable agenda for gender equality, strengthen social protection and establish a universal labour guarantee, expand time sovereignty, harness and manage technology in support of decent work, and increase investment in decent and sustainable work.

There remain a few key issues needing further attention and elaboration and principally the growth in precarious forms of work but especially platform work and teleworking or smart working. These represent fast-growing opportunities for jobseekers and those looking to work in a more flexible way. Platform work and smart working may also be beneficial to employers with a need for flexible
employment patterns and the economy in generating productive activity, taxes and spending. However, the benefits of such working arrangements can only be maximised through the development of appropriate support structures that protect the rights of both employee and employer and help ensure that such working remains visible and legitimate.

The future of work will also need new investment and reforms of educational systems to allow a diffusion of STEM (Science Technology Engineering and Mathematics) skills and (where feasible) the dual principle (combining education and on-the-job training) at all appropriate levels of education and training. There also needs to be incentives for firms to invest in innovation and government support for high levels of research and development to both reduce the social cost of technical change and, at the same time, maximise its benefits. Innovation can accelerate the process of job creation in emerging industries, helping offset the process of job destruction in declining industries thereby helping reduce the duration of structural change and its economic and social costs.
1. INTRODUCTION

This study is written in the centenary year of the ILO and over 60 years since the Treaty of Rome (1957) which established the European Economic Community (EEC), the precursor to the EU. The relationship between these two mature organisations effectively began around 1958. In the formative period of collaboration, the focus of the EEC was on its internal development and so establishing working relationships with other international bodies such as the ILO was not a priority. Therefore, the relationship in these early years was largely informal, with ad hoc arrangements and variable outcomes. During this period given its greater experience, the ILO tended to take the initiative in forging closer links between the two organisations by, for example granting to the EEC formal observer status at the most important meetings and activities of the ILO.

This was a formative period for the relationship and an important opportunity for each organisation to begin to understand each other and experience the first forms of collaboration, but at that stage without a formal joint elaboration of specific policy guidelines. Perhaps the most important incidence of ILO influence on the policy of EU institutions was the White Paper on “Growth, competitiveness and employment. The challenges and ways forward into the 21st century”, developed under the then President of the European Commission, Jacques Delors, in 1985. The White Paper supported and highlighted within the EU a range of important concepts developed in collaboration with the ILO such as sustainable development, the active role of the state in infrastructural investments and in the common research and development effort at EU level.

However, the start of the new millennium was a watershed for EU-ILO collaboration. The two organisations decided to formalize their collaboration and ensure its stability and continuity by involving the highest representatives help to ensure effective decision-making for both organisations.

In 2000-2001, several meetings between representatives of the EU and ILO were organized and it was during this time that Juan Somavia (the Director-General of the ILO at that time) participated in the meetings with Romano Prodi (the then President of the EC) and Anna Diamantopoulou (Commissioner responsible for employment and social affairs). Mr Somavia also met Commissioners Paul Nielson and Pascal Lamy. In 2000, the EU and ILO signed a cooperation agreement establishing the basic principles of collaboration to be able to swiftly react to changes and challenges. This is a particularly fruitful and productive period for the EU-ILO collaboration but was interrupted by the emergence of the global economic and financial crisis of 2007 that forced the two organizations to refocus their policy agendas. The most important outcome of this period of intense collaboration was the perceptible influence of the ILO in the defining of the Lisbon Strategy and its updated elements in the subsequent Europe 2020 targets. High quality employment, the diffusion of renewable energy as a source for the creation of green jobs and sustainable development are all concepts jointly elaborated and discussed in depth at the influential High-Level Meetings (HLM) of the EU and ILO.

The post-crisis period has been mainly focused on the development and implementation of a substantial effort to curb the economic and financial crisis and minimize the social cost in terms of unemployment and poverty. Both organizations considered the crisis a catalyst to confirm the effectiveness of a common policy stance on sustainable development through encouraging decent work for the largest number of people possible by means of an effective flexicurity model that could be adopted in all EU Member States (MS). This required pro-active employment measures and reformed education systems to increase employability, especially of young people and at the same time to ensure a strong safety net in the form of effective systems of passive income support and social security for those experiencing spells of unemployment.
One of the most visible and effective embodiments of these ideas was the European Youth Guarantee (YG) within the European Youth Initiative (YEI), jointly advocated by the EU Parliament and the EC in 2013 as a tool to fight growing youth unemployment and inactivity while developing a modern system of flexicurity. The ILO contributed significantly to this policy development in the EU by providing examples where a combination of ALMPs and social support was effective, allowing the EU to allocate substantial resources to make the initiative a reality in each MS. During implementation period, the ILO has supported several individual MS with introducing the policy involving, for example, the need to develop more efficient systems of Public Employment Services (PES) as part of the delivery system of the measures.

This study reviews the first 20 years or so of the closer collaboration between the EU and ILO starting from when the HLMs were first set up. This is done by addressing eight key policy drivers in the first part of the study, namely: 1) decent work; 2) social dialogue and the social pillar; 3) sustainable development; 4) green jobs and climate change; 5) labour market policy on development and trade, including the definition of international labour standards; 6) gender equality and the workplace; 7) the future of the workforce and the ensuing redefinition of labour relations; 8) transition to formality and fight against undeclared work.

The second part of the review focuses on the future of work in which the main drivers of the so-called 4th Industrial Revolution (also known as ‘i4’) are explored with their expected labour market consequences. Starting from the secondary research, a balanced assessment is made of the risks from technological change on the labour market. The EU and ILO tend to suggest that the best way of addressing the risks and challenges posed by I4.0 consists of reconfiguring existing principles and adapting them to achieve sustainable development through the new forms of work. Realistically, technological progress is likely to destroy no more than around 10% of existing jobs, while changing the tasks performed in a significant proportion of other jobs. Furthermore, technological change offers opportunities for increased productivity and a better work-life balance. In essence the decent work agenda and an effective system of flexicurity remain basic requirements for all forms of work, though it is acknowledged that the growth in certain types of precarious employment such as platform work and teleworking or smart working, present new challenges.

The analysis is based on several sources of information. Firstly, the minutes of the HLMs are an important source but they do not provide a full picture since they represent deliberations at the higher level in both organisations and so can be light on operational detail. Nonetheless, this source is important to understand the climate, atmosphere and context in which the HLMs took place, while also allowing a good understanding of what were the main positions of both organisations in different contexts, as well as some existing differences in the jargon used and conceptual frameworks.

Other sources are used to supplement the limited detail in the HLMs including available correspondence from the main representatives of the two organisations, and the published official documents and reports, sometimes commissioned to external sources, internal or external research centres and think tanks. The secondary research material is then consulted to search for reliable empirical evidence of the issues under scrutiny and of the policy principles referred to in the discussions among EU and ILO representatives.

In addition, the research has benefited from interviews with a small selection of high-level representatives of the EU and ILO. Interviews were carried out by a highly experienced member of the research team using Skype or telephone and a discussion guide was developed to ensure a consistency of approach. The results provide some interesting insights to the processes involved in EU-ILO collaboration and the topics chosen to work together on. Taken together, the interviews add some qualitative information to the understanding of the collaboration between the two organisations,
though the small number involved, and their essentially subjective nature requires them to be treated cautiously.

The study addresses a significant range of topics covered by EU-ILO collaboration, though it is not exhaustive and due to the constraints of the research parameters, some thematic areas such as labour migration, global supply chains, maritime issues, public employment programmes, youth unemployment, and social protection, while referred to in the text, are not covered in as much detail as the eight topics listed earlier.

The study also covers EU-ILO cooperation on internal EU issues but does not cover EU-ILO cooperation in third countries, including EU aid to developing countries and joint research efforts which have been increasingly developed over the years on several internal and external issues for the EU. Their exclusion was set out in the initial parameters of the research, though their importance in the wider aspects of EU-ILO collaboration is acknowledged.

The study is structured in three main Parts. The first part addresses the more traditional outcomes of the collaboration in three main sub-sections (as outlined above). Chapter 3 describes historical collaboration between the EU and ILO, and Chapter 4 covers analysis of the main policy drivers of the joint EU-ILO elaboration on the so-called social pillar, based on the eight drivers (see above). Chapter 5, the last of the first part of the study, takes the eight policy drivers and considers their impact on the key policy guidelines central to most of the policies, actions and initiatives carried out by the EU in recent years and especially the Lisbon Strategy and the Europe 2020.

The second part I of the study focuses on the future of work by highlighting the main predictions regarding i4, the analysis by the EU and ILO, and the main actions taken or proposed to reduce the social costs and increase the quantity and quality of decent work. The second part is also structured in three main chapters. Chapter 5 provides the context of the policy analysis with the main drivers of the i4 highlighted with their possible labour market impact. Chapter 6 discusses the EU and ILO approaches to the issue with a discussion of the approach to growing precarious forms of work such as platform work and smart working. Chapter 7 provides a more detailed analysis of different policy interventions that may help mitigate the social impact of the i4.

The final chapters of the study provide summary remarks on the main findings, policy recommendations and suggestions for future research.
2. THE HISTORICAL EVOLUTION OF THE EU-ILO COOPERATION

This chapter describes how the relationship between the EU and ILO developed over time. According to the views of one expert interviewed, overall the relationship “has been dynamic and with its highs and lows”. Based on the intensity and main features of the cooperation, three periods in the relationship are distinguished, namely: 1958-1999; 2000-2007, and 2008-present). In this chapter each period of cooperation is discussed separately, following the same structure. Firstly, the context of each period (relevant historical events, economic situation, critical points for the EU or ILO) is described. Secondly, the situation and development of the EU and ILO relations is investigated (e.g. the frequency and type of the communication, high level meetings, topics emerging in the context of the EU-ILO collaboration). Finally, the chronology of the collaboration is presented for each period.

2.1. 1958 – 1999 period

2.1.1. Context

In the early part of the 1960s, most of the international organisations were still comparatively “young”. Consequently, only the first and infrequent cases of cooperative activities were initiated in that time. According to the interviewed experts, most of the early collaborations between the international institutions’ (e.g. World Trade Organisation (WTO), ILO) were related to trade. Following the end of World War II, European countries were characterised by rapid economic growth and high employment levels. Having faith in Keynesian policies, full employment was perceived as a possibility for all EU countries. In this context, active labour market interventions were mostly voluntary participation-based and concerned with filling job vacancies and paying out unemployment benefits. During the 1960s, the new concept of “active manpower policies” (AMPs) emerged throughout Western Europe and was perceived as a means to sustain non-inflationary growth. The system was supported by the Rehn-Meidner’s economic wage policy model, which was widely disseminated throughout the Western economies. According to the model, the AMPs would reduce structural unemployment and equalise wage levels, the combination of which would lead to an increase in overall productivity and a low rate of unemployment.

This view and the model it spawned provided grounding for the 1964 OECD recommendations, which were frequently used as a reference point for national labour reform efforts of the time. The recommendations highlighted the importance of overall manpower productivity, maintenance of high employment and business activity levels but avoiding inflation, and encouraging geographical and occupational mobility, among other things. In the same year these provisions were reinforced by the ILO Convention 122. Additionally, these recommendations implied extension of the scope of action for the Public Employment Services (PES). A PES was no longer considered to be a “passive” institution but rather an authority, responsible for the provision of adequate AMPs.

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2 Weishaupt, J.T., From the Manpower Revolution to the Activation Paradigm. Explaining Institutional Continuity and Change in an Integrating Europe, Amsterdam University Press, Amsterdam, 2011; Scarano (2018).
4 Scarano (2018).
6 OECD (1964), Recommendations of the Council on Manpower Policy as a Means for the Promotion of Economic Growth: C(64)48/Final, 21 May.
7 Scarano (2018).
The seemingly “Golden Age” began collapsing after the first oil crisis in 1973, which led to the growth in unemployment, resulting from the jump in prices. The initial response to the crisis was a continuous reliance on Keynesian measures principally requiring deficit-spending by countries. However, this approach did not bring the expected effect and unemployment and inflation remained high during the 1970s. Arising from this, competing responses of labour market policy started emerging across Western Europe, which led to the abandonment of Keynesian theories at the beginning of the 1980s. The beginning of the 1990s remained a tough period economically in Europe. The Maastricht Treaty of 1992 and establishing the European Union (EU) also introduced the monetarist policy view and convergence criteria. Besides the unemployment rate, skills shortages determined by the technological changes and globalisation emerged in the beginning of the 1990s. Additionally, significant demographic changes came to the fore – birth rates were declining in many countries, while life expectancy was increasing resulting in concerns about the sustainability of old age social security systems. The constraints introduced by the Maastricht Treaty and increasing reliance on monetarist policy, reduced the room to address the unemployment and demographic issues. Thus, there was an urgent need for a new framework addressing employment and social policy.

It was apparent that focusing on economic growth was not enough to overcome the structural problems of long-term unemployment, skills mismatches, emphasis on education, training, and active labour market policies was required. Thus, in 1993 the EC, at that time led by Jacques Delors, presented the White Paper “Growth, competitiveness and employment. The challenges and ways forward into the 21st century”. The main idea of the paper was strengthening the social dimension to counterbalance the neo-liberal view on which the Maastricht Treaty was based. The Paper set targets for social policies to combine competition and solidarity. Another stepping stone was achieved in 1997 when the European Employment Strategy (EES) was institutionalised by inserting a title dedicated to employment in the Maastricht Treaty. This indicated perceiving employment as equally important as macro-economic objectives and significantly the EU also put an emphasis on PES. Finally, it also introduced the Management by Objectives (MBO) concept, which emphasised the importance of measurable indicators to monitor the efficiency and effectiveness of public services.

2.1.2. Evolution of meetings and key policy ideas

The cooperation between the EU and ILO evolved in the following context. The European Economic Community (EEC) Establishment Treaty contained a number of social policy provisions of importance for future EU-ILO cooperation, such as free movement of workers, coordination of social security schemes, and equal pay for men and women. This very early contact has been described as an intense formal communication followed by a decline and dependency on the persons involved in the
communication. A series of agreements were signed by Walter Hallstein, President of the EEC at that time and David A. Morse, the Director-General of the ILO in 1958, 1960, and 1961. The 1958 agreement was based on the Treaty of Rome articles regarding the promotion of living and working standards and the maintenance of useful contacts with the United Nations (UN) and Specialised Agencies. The agreement established the grounds for cooperation between the two institutions and introduced the initial forms of this cooperation's practices: consultations between the ILO and EC, possibility of invitation for representatives of the ILO and EEC to express opinions for both organisations, exchange of information, and terms of technical assistance. The agreement of 1961 established a permanent contact committee to meet twice a year, which then led to the yearly meetings between Lionello Levi Sandri, the then European Commissioner for Social Affairs (in office 1961-1967) and David A. Morse, the Director-General of the ILO. These regular meetings became the precursor for the HLMs. These agreements were extended by the exchange of letters of 1961.

During the first 20 years of cooperation, the ILO (established in 1919) was evidently the senior institution between the two, it still being early years for the predecessor of the EU, the EEC. The ILO was characterised by a well-developed network of researchers and experts, leading in legislative development in the social field. Thus, up until the 1970s the ILO acted as the provider of information for the EEC, especially, with regards to health and safety, vocational training, social security, and labour mobility. Additionally, the ILO conventions played an important role in suggesting areas for cooperation between the two institutions.

In light of the 1973 expansion of the EU, the 1970s marked a turning point in this relationship as by then, the ambitions and competences of the EEC surpassed those of the ILO. The ILO could still provide highly technical assistance (e.g. the harmonisation of social security regimes of new MS). However, besides the growing competences of the EEC, it also had a stronger legal mechanism which meant that EEC legislations were binding, unlike the ILO Treaties. In addition, if they came into conflict, the EEC law took precedence and surpassed the ILO’s conventions. Thus, the EEC obtained the expertise, resources and means of action for the implementation of social and labour market policy. Furthermore, the ILO review of 1988 noted that three issues came to the fore for this cooperation:

1) ILO was based in Switzerland, while the EEC preferred agencies based in the EU;
2) as the EEC’s rules gained complexity, they started conflicting with those of the ILO;
3) the decentralisation of the decision-making process (between different Directorate-Generals (DG) was perceived as a problem by the ILO.

To solve these issues and revitalise the cooperation initiatives, the exchange of letters in 1989 between Jacques Delors (the President of the Commission of the European Communities) and Michel Hansenne (the Director-General of the ILO) initiated the enhancement of the permanent contact committee’s activities and granting the EEC an official observer status at the ILO. Additionally, the EEC
was tasked with inviting the ILO representatives to the meetings of those EEC bodies dealing with social and employment issues.26

In order to achieve coherence between the MS, the Commission issued Opinion 2/91 in 1993, which attempted to coordinate the EEC position with regards to the ILO Conventions. It suggested identifying ILO Conventions that must be ratified by all MS and enforcing their implementation. The Commission argued that this would create coherence among the social policies in the MS and prevent states from retreating from them.27 Nevertheless, the proposal was rejected and the implication of this was that no official leadership within the EU-ILO cooperation was created.28 One of the reasons for this resistance of MS to the enhancement of EU coordination at the ILO was legal, including the fact the EU as an organisation is not a part of the ILO.29

29 Johnson (2009).
### 2.1.3. Chronology of the Results

**Figure 1: Chronology of Results 1958-1999**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>ECC-ILO Agreement Consultation between ILO and EC, possibility of issuing invitations to representatives to express opinions in the fora of both Organisations, the exchange of information, terms for technical assistance.</td>
</tr>
<tr>
<td>1960</td>
<td>ECC-ILO Agreement The contents of the agreement are not available online.</td>
</tr>
<tr>
<td>1961</td>
<td>ECC-ILO Agreement Creation of permanent contact committee → High-level meetings. Exchange of letters The contents of the letters are not available online.</td>
</tr>
<tr>
<td>1964</td>
<td>The European Social Charter Formally provides for the presence of an ILO representative in a consultative capacity in the deliberations of the supervisory European Committee of Social Rights.</td>
</tr>
<tr>
<td>1964</td>
<td>European Code of Social Security (ECSS) Widely modelled on ILO Convention concerning Minimum Standards of Social Security, appointed the ILO Committee of Experts as one of the competent supervisory bodies.</td>
</tr>
<tr>
<td>1973</td>
<td>ILO convention 122 Compelling countries to an active labour market policy.</td>
</tr>
<tr>
<td>1988</td>
<td>EEC note to the Director General of the ILO Communities have more expertise, resources and direct means of action to promote and implement a dynamic social policy than ILO.</td>
</tr>
<tr>
<td>1990</td>
<td>ILO review Three main problems of the EU-ILO cooperation --&gt; enhancement of the activities of the permanent contact committee and EU observer status.</td>
</tr>
<tr>
<td>1990</td>
<td>ECSS revision An independent body is charged with the supervision, the ILO being likewise invited to send a representative.</td>
</tr>
<tr>
<td>1993</td>
<td>White Paper &quot;Growth, Competitiveness, Employment. The challenges and ways forward into the 21st century&quot; Moving to social dimension from the neo-liberal views.</td>
</tr>
<tr>
<td>1993</td>
<td>Decision of 19 March 1993 (1993) ECR I-1061 (ECJ Opinion 2/91) Identification of ILO conventions that should be ratified by all member states in areas of exclusive competency, recommendation that ECJ could enforce the provisions.</td>
</tr>
</tbody>
</table>

Source: Produced for this study.

### 2.1.4. Summary

The period 1958 to 1999 was one of continuous change: from the idea of full employment and Keynesian policies, to structural unemployment and the social conceptualisation of employment. While in the 1960s unemployment was not a persistent problem, the potential for collaboration between the EEC and the ILO emerged. At that time, it was grounded in the ILO’s expertise and well-developed networks on which the newly emerged EEC could rely. As the oil crises hit in 1971, the world
faced the problem of growing unemployment which was largely tackled through a shift to monetarist policies and full employment became a less tangible objective.

Nevertheless, the EEC was experiencing expansion at the time which led to the organisation’s objectives and competences surpassing those of the ILO. The relationship between the EEC and ILO was then based on three treaties that laid the groundwork for the current state of cooperation – the establishment of a permanent contact committee. When the ILO review highlighted some concerns about the relationship, both organisations reacted promptly and not only enhanced the meetings and invitations for representatives, but also granted the EEC formal observer status. The EEC attempted to enhance this relationship by establishing a coordinated method of all the MS ratifying selected conventions, but this did not work leaving the relationship still rather informal. Nevertheless, the EU kept on growing its competences in the field, which can be illustrated by the fact that in the 1990s the EU was the one establishing the concept of growth through nurturing of the workforce through the White Paper “Growth, competitiveness and employment. The challenges and ways forward into the 21st century”. It was the first serious stand to show that economic growth, as such, is not enough and is not sustainable in the long term - the labour market needs training and education.

2.2. 2000 – 2007 period

2.2.1. Context

The year 2000 marked a significant step forward in the EES. The Lisbon European Council introduced the Lisbon Strategy which committed the EU to medium-term goals for economic competitiveness, employment and social cohesion; as well as introduced the open method of coordination which encouraged the sharing of good practices among MS and European institutions. The Lisbon Council concluded that the overarching aim of the EU was “to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”.

Nevertheless, initial progress towards the targets set in the Lisbon Strategy was slow. Thus, the High-Level Group was set up, chaired by Wim Kok, and it carried out two mid-term reviews in 2003 and 2004 which were rather critical of the strategy. The 2003 report suggested three areas for improvement: the supply of labour (i.e. more effective activation strategies, female participation); the adaptability and flexibility of labour markets; and the share of investment in the workforce. The 2004 report criticised the open method of coordination, emphasising low effectiveness and the lack of political will in implementing it in each MS. In the light of these critiques, the new EC president, José Barroso, announced a new start for the Lisbon Strategy in 2005. The European Employment Guidelines and Broad Economic Policy Guidelines were combined into Integrated Guidelines for Growth and Jobs, which implied a new institutional design.

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32 European Council, 2000, 2.
36 Scarano (2018).
The EU experienced two more waves of enlargement between the 2004 and 2007. Additionally, globalisation was causing an increasing integration of world economies.\(^{37}\) These factors urged the need to search for additional models of employment strategy for the Lisbon Strategy. The concept of flexicurity became seen as a new potential avenue for exploration.\(^{38}\) The concept, often referred to as a Danish labour market policy model, is frequently called a “golden triangle” (see Figure 2. It represents the interplay of:

1) flexibility (easy hiring and firing);
2) social security for workers (well-functioning ALMPs);
3) Generous welfare systems (safety nets).\(^{39}\)

Figure 2: Flexicurity models


The European Commission saw this model as suitable to reinforce the implementation of the Lisbon Strategy by simultaneously increasing adaptability, employment and social cohesion.\(^{40}\)

2.2.2. Evolution of meetings and key policy ideas

According to one of the interviewed experts, the introduction of the Decent Work for All agenda, which underpinned a world-wide consensus on social globalisation, marked a watershed moment in the EU-ILO collaboration. The general tendency in the period from 2000 was a change of discourse, with the focus on a soft approach, as well as a broader definition of the “social” aspect of policy. This implies that, especially with regards to globalisation and trade, Europe was shifting from the hard and focussed approach related to the WTO, to the socially-focused and softer approach of the ILO.\(^{41}\) This approach was also present in the institutional dimension – the responsibilities of the Commission with

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\(^{40}\) Scarano (2018).

\(^{41}\) Orbie J., Tortell L., ‘From the social clause to the social dimension of globalisation’, in: J. Orbie (ed.), The European Union and the social dimension of globalisation; how the EU influences the world, Oxon: Routledge 2009.
regard to the EU's policy on social areas shifted from DG Trade to DG Employment and Social affairs and DG Development, which also gave the EC more room to play an enhanced role in the area and in relation to the ILO.\(^{42}\) Thus, the change in ideas led to the identification of the common aims of the EU and ILO.

This conceptual shift was followed by an intensified focus on the EU-ILO relationship and a series of the exchange of letters, official meetings and formal agreements. In 2000-2001 several meetings between representatives of the EU and ILO were organised. During that time, Juan Somavia (the then Director-General of the ILO) participated in the meetings with Romano Prodi (the then President of the EC) and Anna Diamantopoulou (Commissioner responsible for employment and social affairs). Mr Somavia also met Commissioners Paul Nielson and Pascal Lamy.\(^{43}\) In 2000 the EU and ILO signed a cooperation agreement establishing the basic principles of collaboration in order to be able to react swiftly to changes and challenges. The agreement established\(^{44}\):

1) EC attendance of ILO and Governance Body meetings;
2) Invitations to relevant meetings for the ILO representatives;
3) Consultations between the EC president and Director General of the ILO;
4) High level meetings (HLM);
5) Contact points for meeting follow ups.

These five modalities were the turning point in stepping up the collaboration – the EU and ILO effectively became equal partners.\(^{45}\)

The focus on the EU-ILO cooperation was increasing, as confirmed by the exchange of letters of 2001\(^{46}\) between Anna Diamantopoulou (Member of the EC) and Juan Somavia (the Director-General of the ILO). The exchange of letters set out the policy framework for the cooperation. It also noted the common interest in core labour standards identified by the ILO, human rights, economic development and trade liberalisation, and reconfirmed the observer status of the EU.\(^{47}\) Finally, it recognised the ILO as a global, regional and national level actor, in particular through the tripartite constituents within its governance system.\(^{48}\) Finally, it outlined the particular areas of cooperation, such as information exchange on the EES with the ILO Employment and Development Office, collaboration on social protection issues, and social dialogue with other regions in the world. Following this, all EU MS ratified core labour standards by 2002.\(^{49}\) Moreover, the EC obtained a very active role at the World Commission on the Social Dimension of Globalisation (WCSDG) established by the ILO in 2002.\(^{50}\)

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\(^{42}\) Ibid.
\(^{44}\) Landau et al. (2008).
\(^{45}\) Landau et al. (2008).
\(^{47}\) Johnson (2009).
\(^{48}\) Delarue (2006).
\(^{49}\) Johnson (2003).
Furthermore, in 2003 the Financial and Administrative Framework\(^\text{51}\) was established between the UN and the EC in order to foster a closer cooperation between the two organisations and to determine the financial and contractual aspects of the relationship. This framework further formalised the cooperation between the EU and the ILO and emphasised EU activities in the ILO. Following this, the EC and the ILO signed the Strategic Partnership as part of the Exchange of Letters of the 2001. The partnership also formalised the HLMs once a year to review the partnership framework.\(^\text{52}\) The HLMs evolved into the most important method of communication between the two institutions.

These two years were seemingly very active in comparison to previous years. The intensification of cooperation partly resulted from close interaction between the Lisbon Strategy and the ILO decent work initiative.\(^\text{53}\) Over the years the EU was not only inspired by the tripartite method and the decent work initiative, but also incorporated a substantial amount of ILO standards into its own law.\(^\text{54}\) Nevertheless, the period of high activity was followed by a slowdown in cooperation, though official communications still took place.\(^\text{55}\) It was also noted that person-to-person contact remained of high importance within the cooperation.\(^\text{56}\)

Officially, the cooperation was happening on several levels: exchange of letters, HLMs, co-funding of projects, and promotion of ILO’s standards. Since 2005, there was an increase in joint and co-funding initiatives that resulted from the European commitment for the promotion of the social side of employment and globalisation and assured the EC a distinctive role in global social governance.\(^\text{57}\) Additionally, in 2005 the European Economic and Social Committee signed a Memorandum of Understanding with the ILO illustrating the relevance of the cooperation and organisation of civil society within EU-ILO relations.\(^\text{58}\) Overall, the period is characterised not only by an increasing focus, but also by a clear formalisation of the EU-ILO relationship. Finally, an intensified focus on policy issues directed towards international scenarios and especially the developing world is also apparent. Topics, such as fair and inclusive globalisation, global social floor, green jobs among others came to the fore in the HLMs.\(^\text{59}\)

\(\text{52}\) Ibid.  
\(\text{53}\) Delarue (2006).  
\(\text{54}\) Landau et al. (2008).  
\(\text{56}\) Johnson (2003).  
\(\text{58}\) Delarue (2006).  
\(\text{59}\) Joint Conclusions of the 7th HLM (2008).
2.2.3. Chronology of the results

Figure 3: Chronology of Results 2000-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2000 | Agreement between EU and ILO
|      | New modalities for collaboration. |
| 2001 | Exchange of letters between ECC and ILO
|      | Strong common interest in promoting labour standards and HR, reconfirmed the observer status of the EU. |
| 2002 | Interview with an ILO official
|      | "Many contacts between the ILO and EU officials are based on personal contact and not a systemic relationship". |
| 2004 | Strategic partnership framework between EU and ILO
|      | Closer dialogue and funds approved by the EC for ILO implementation through a variety of channels. Formalisation of annual High-level meetings. |
| 2005 | Conclusions of the 7th European Regional Meeting (ECCS)
|      | "East-West: A common future". The ILO should strengthen its partnerships with donor countries and the EC in providing technical cooperation for decent work policies in countries |
| 2006 | ESEC Memorandum of Understanding with the ILO
|      | The relevance of the role of organized civil society in EU-ILO relations. |
| 2007 | A joint declaration between the European Economic and Social Committee and the ILO
|      | Strengthening the relations and cooperation between the two organisations. |
|      | EC communication on promoting decent work for all
|      | The EU contribution to the implementation of the decent work agenda in the world. |
|      | Council Conclusions on Decent work for all
|      | Support for stronger cooperation with the ILO. The Council encourages the ratification and application of the ILO Conventions on core labour standards. |

Source: Produced for this study.

2.2.4. Summary

This rather short period of time was very eventful for EU-ILO cooperation. It led to an overall stronger focus on the relationship, as well as the formalisation of cooperation. The first agreement was in 2000 providing the basis for the future cooperation between the organisations and establishing five modalities as foundational principles. The increasing focus on the relationship is evident in the intense formal agreements such as the exchange of letters or the Strategic Partnership. This shows that during this period the EU and the ILO more than ever became equal partners. This is firmly evident in the establishment of the HLMs which became the main method of communication within the relationship.
Thematically, as Europe (and the World) were looking for a sustainable growth strategy through the Lisbon Process and introduction of flexicurity, the EU-ILO relationship emphasised international issues and the developing world. Thus, it is evident that the EU-ILO cooperation reached its mature state during this period, allowing both organisations to expand the scope of cooperation in both activities and geography.

2.3. 2008 – present

2.3.1. Context

In 2008, the world economy faced its most dangerous crisis since the Great Depression of the 1930s. By early 2009, employment losses rose to historically high levels.60 The beginning of the economic recession marks a watershed in the development of labour market policies and strategies. Virtually all international and national organisations focused their activities on the single aim – mitigation of the negative consequences of the crisis. The financial crisis also slowed down the implementation of the Lisbon Strategy. The objectives set for 2010 were already proceeding slowly even before the crisis, and when new fundamental economic challenges emerged, some of these objectives were completely put aside.61 Furthermore, the global economic recession cast some doubts and renewed the public debate about the model of flexicurity as a guarantee of sustainable economic growth.62 63

The crisis caused specific issues to climb up the agenda which were not as relevant during the period of economic growth. Concerns over youth unemployment became one of the most widely discussed labour market related questions.64 The ratio of young people lacking experience and skills was growing.65 Moreover, the economic crisis had negatively affected permanent and full-time paid employment, while the extent of fixed-term employment significantly increased during the crisis and raised questions which were relevant for this specific form of work. Furthermore, the extent of the negative impact from the crisis varied between countries (e.g. Southern Europe was affected particularly strongly).66 This increased economic inequalities between some countries and raised questions for international organisations whether countries should help each other. The number of unemployed people increased significantly, while the government budgets were decreasing.67 Consequently, questions related to social security provisions (e.g. pensions or unemployment benefits) became prominent.

Reacting to the crisis, international organisations (EU and ILO among them) changed their strategies and presented a range of new policies and recommendations. The Commission presented the “Europe 2020” strategy in 2010.68 The general aim of “Europe 2020” is to deliver socially and environmentally sustainable growth. Employment goals, which were set in the Lisbon Strategy were changed around the new target of an overall employment rate of 75% and integrated with other objectives related to

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67 Ibid.
68 Scarano (2018).
education, energy, social exclusion, research and development. On this basis of Europe 2020, two important initiatives to address the social dimension of the EU were adopted in 2013: Social Investment Package (SIP) and Youth Guarantee (YG). In general, the instruments developed in response to the crisis have altered the existing EU institutional framework of the labour market and social policy: the fiscal consolidation became one of the main focuses in the crisis context.

In the context of the global economic recession, the ILO also reset its priorities and work plans, reacting to the new requests and realities. In 2008 the International Labour Conference adopted the Declaration on social justice for a fair globalization. The Declaration expresses the universality of the Decent Work Agenda: all Members of the ILO must pursue policies based on the strategic objectives – employment, social protection, social dialogue, and rights at work. Moreover, in June 2009 the Conference adopted a “Global Jobs Pact”. The fundamental objective of the Pact is to provide an internationally agreed basis for policymaking designed to reduce the time lag between economic recovery and a recovery with decent work opportunities. Both these documents were essential components of the further synchronisation of the EU and ILO actions.

During recent years, the economy has been recovering in most EU MS and the “crisis’ exit strategies” are no longer the single focus of national and international institutions. Furthermore, recent fundamental changes such as the rise of Industry 4.0 or new levels of globalisation have had major effects on the labour market. For instance, the World Economic Forum distinguishes four structural changes that are occurring at an increasing pace and shaping the current labour market:

- The demographics are shifting and the workforce is becoming much more dynamic. The prevalence of flexible and remote working is growing rapidly.
- Most of young people expect to change career direction a few times over their working lives. Thus, employers become a talent destination.
- The rapid technological change also has the fundamental influence on the economy. Automation, facilitated by better artificial intelligence (AI), has a major impact on jobs. Many jobs or tasks are highly likely to become computerised during the next decades.
- The last few years are also sometimes described as “the dawn of data”. Organizations start applying big data and supply chain sophistication to recruiting and retention.

2.3.2. Evolution of meetings and key policy ideas

The emergence of the single enemy – economic crisis – has led to an even closer cooperation between the EU and the ILO. During this period, collaboration between the two organisations materialized in different practices. Interviews with experts suggested that during the crisis the ILO became involved in helping some MS with challenges related to the labour issues they faced including wage costs, minimum wage adjustments and collection bargaining. Some experts stated that the post-crisis period was a ‘game-changer’ as it was the first time when MS (especially the ones worst affected by the crisis) asked the ILO for assistance (e.g., with tackling youth unemployment, encouragement of the social dialogue).

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69 Scarano (2018).
Furthermore, the ILO has contributed to the creation and refinement of the most important labour market related strategic documents of the EU, and vice versa. The EU played a key role in cooperating closely with social partners during the adoption of the June 2008 ILO Declaration on Social Justice for a Fair Globalization. The EU Presidency and Mr Vladimír Špidla (the then European Commissioner for Employment, Social Affairs and Equal Opportunities) emphasized the importance of the declaration. The EU has also contributed during the adoption of the Global Jobs Pact in 2009. Nevertheless, it seems that the reverse collaboration in the refinement of strategic documents is more frequent – the ILO accumulated knowledge is often invoked to ensure the relevance and compatibility of the EU strategic plans. For instance, in 2012 the ILO-Brussels Office sent their response to the EC Consultations on social protection in EU development cooperation. The ILO Office also sent their responses on civil society organisations in development countries, on a Post-2015 Development Framework, on the Europe 2020 Strategy. The ILO’s expertise was also invoked for the EU enlargement countries’ assessment.

Moreover, both institutions participate in the meetings of one another. The EU actively participates in discussions and negotiations at the institutional meetings of the ILO in Geneva (e.g. an annual International Labour Conference). During these meetings the representatives of the EU are directly informed and can express their position. In parallel, the ILO representatives are sometimes asked to participate in hearings or meetings at the EU Parliament or other institutions. One of the key institutions that ensure constant and regular communication and collaboration between the ILO and EU is the ILO Office for the European Union and the Benelux countries (the ILO-Brussels). Furthermore, a number of actors who play or played the key roles in the context of the EU-ILO collaboration can be mentioned (compared to the early years of the collaboration, when it was much more passive).

At the top, the president of the EC (currently Jean-Claude Juncker) and ILO Directors-General (currently Guy Ryder) remain as the key figures, especially in the context of the most important official statements. Moreover, the members of the EC responsible for the policies of most relevance in the context of the EU-ILO collaboration usually take active part in the initiation of the joint EU-ILO activities, meetings and discussions. The Commissioner for Employment, Social Affairs, Skills and Labour Mobility has one of the central roles. The last four Commissioners responsible for this area - Anna Diamantopoulou (in office 1999-2004), Vladimír Špidla (in office 2004-2010), László Andor (in office 2010-2014), and Marianne Thyssen (in office 2014 onwards) – have contributed significantly to the consolidation of the EU-ILO collaboration. Furthermore, the Directors of the ILO-Brussels constantly communicate with the representatives of the EU and often represent the position of the ILO in the EU institutions (since 2018 these responsibilities are performed by the current director Lieve Verboven).

The HLMs have remained the most important channel of communication during the recent decade. Eight HLMs (7th – 14th meeting) were organised starting from 2008. The reports of these meetings reveal the intensification and increased effectiveness of the EU-ILO cooperation. In the meetings that were organised around 2008, a relatively strong focus was put on the questions related to the practical challenges of the cooperation. In the following meetings the “challenges or difficulties of the partnership” were almost never mentioned. On the contrary, reports of the HLMs that were organised

76 Joint conclusions of the 8th HLM (2010).
79 E.g., one of the main goals of the 6th HLM was to “tackle challenges or difficulties of the partnership and to obtain joint conclusions on which to base future collaboration”.
during the economic recession emphasize that the ILO and the EC considerably intensified their cooperation on a wide range of issues. For instance, during the 7th HLM the ILO and the EC underlined that a prominent role in the crisis was crucial to prove the added value of both organizations.80

The economic crisis determined the thematic focus of the EU-ILO cooperation. A few themes such as social protection coverage, skills, youth unemployment, social dialogue, or sustainability received special and consistent attention. The ILO welcomed the increasing cooperation with the EU on broadening and extending social protection coverage.81 In 2008 the EC and the ILO expressed their interest to seek cooperation on flexicurity in relation to emerging countries.82 However, following the crisis flexicurity was discussed much more rarely. The role of skills became the strategic policy area. In the 10th HLM youth employment was described as “the main challenge to be faced in the EU and at global level”.83 Moreover, during the crisis strong partners were needed and the EU and ILO underlined the need to better use the tripartite structure of the ILO and to intensify the promotion of the involvement of social partners.84 Sustainability was described as pivotal in trying to achieve long-term progress and avoid the recurrence of such a destructive economic recession. It was emphasized that the employment potential of greening the economy is very relevant in the context of the response to the economic crisis.85 Finally, the integration of discriminated groups into the labour market was often discussed during the economic recession.86

Most of the policy areas that received special attention during the crisis remained relevant in subsequent years. However, some new policy themes such as the impact of globalisation on the labour market, the changing nature of jobs, undeclared work, or the challenges of countries external to the EU, appeared in the spotlight of the EU-ILO cooperation during the last five years. In the context of the refugee crisis, the scope of migration related policies and initiatives, which have been interpreted as relevant since the start of the EU-ILO cooperation, was expanded.87 In the 14th HLM, co-chaired by ILO Deputy Director-General Mr Moussa Oumarou and European Commission Director-General for Employment, Social Affairs and Inclusion Mr Joost Korte, it was emphasized that the partnership between the EU and ILO broaden their focus in the area of decent work. The promotion of the decent work in fragile contexts and global supply chains became one of key challenges.88 Furthermore, EU-ILO partnership emphasizes that addressing the changing nature of jobs is one of the shared aims.89 Moreover, the issue of undeclared work gained a lot of attention in recent years.90 During the recent period the partnership has also started to pay more attention to the challenges external to the EU (e.g. initiatives targeted at specific developing countries).

80  Joint conclusions of the 7th HLM (2008).
81  Joint conclusions of the 8th HLM (2010).
82  Joint conclusions of the 7th HLM (2008).
83  Joint conclusions of the 8th HLM (2010).
84  Joint Conclusions of the 13th HLM (2017).
85  Joint Conclusions of the 14th HLM (2018).
86  Joint Conclusions of the 12th HLM (2015).
87  Joint Conclusions of the 13th HLM (2017).
88  Joint Conclusions of the 14th HLM (2018).
89  Joint Conclusions of the 12th HLM (2015).
90  Joint Conclusions of the 13th HLM (2017).
2.3.3. Chronology of the results

Figure 4: Chronology of results 2008-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>ILO Office submission to the EESC on the EC Communication on The External Dimension of EU Social Security Coordination&lt;br&gt;The ILO Office comments the EC Communication on The External Dimension of EU Social Security Coordination. Comments are based on the principles described in the respective ILO Conventions and Recommendations, which ensures synchronisation of both organisations' strategies.</td>
</tr>
<tr>
<td>2012</td>
<td>ILO Response to EC Consultations on: 1) a Post-2015 Development Framework 2) civil society organisations in development 3) Social Protection in EU Development Cooperation (ECSS)&lt;br&gt;The ILO Office replies to the EC Consultations in order to provide advice, and ensure that crucial challenges and their solving strategies of the EU and the ILO match one another.</td>
</tr>
<tr>
<td>2013</td>
<td>Report of 9th European Regional Meeting&lt;br&gt;Government, Employer and Worker representatives are brought together to discuss the response to the economic and jobs crisis in the region, looking at levels of social protection, social dialogue and the application of labour law.</td>
</tr>
<tr>
<td>2014</td>
<td>ILO Contribution to the Public Consultation on the Europe 2020 Strategy&lt;br&gt;The ILO underlines four priorities related to the ILO 2013 Oslo Declaration, which taken together support a comprehensive employment policy at the EU level. The ILO promises to continue to work with the EU in the task of attaining the targets under the Europe 2020 Strategy.</td>
</tr>
<tr>
<td>2017</td>
<td>Report of 10th European Regional Meeting&lt;br&gt;Government, Employer and Worker representatives are brought together. The main focus of the meeting - general discussion on the report of the Director-General &quot;What future for decent work in Europe and Central Asia: Opportunities and challenges&quot;.</td>
</tr>
<tr>
<td>2018</td>
<td>Joint conclusions of the 7th-14th High-Level Meetings between EC and the ILO&lt;br&gt;Main method of communication established to review the partnership framework. Each meeting contributes to the implementation of the commitment to closely work together on issues of common concern in the year ahead.</td>
</tr>
</tbody>
</table>

Source: Produced for this study.

2.3.4. Summary

The recent decade marks the period after the explosion of the economic and financial crisis. In 2008-2010 the crisis received priority attention from the partnership and the united fight against the negative effects of the crisis determined the acceleration of the cooperation process between the EU and ILO. Moreover, the crisis generated some new specific challenges that were relevant for the cooperation: increasing unemployment, youth unemployment, social protection, or skills and knowledge development-related issues, as well as sustainable development. Consequently, the two institutions found new fields of common interest. For instance, the social investment package or Youth Guarantee, the idea for which was born in the context of EU-ILO cooperation, became key policies that
helped shape the EU labour market. Currently, the ILO and the Commission are working together with EU MS to improve the implementation of national Youth Guarantee.

After the economic recession, new modern trends started shaping the labour market. Taking these trends into account, the EU-ILO cooperation has focused more on the challenges related to globalisation (e.g. decent work in the global value chains, refugee crisis), the changing nature of work, and the informal economy. The EU and ILO assumed a stronger awareness of the important role of labour policy and the need to generate new high-quality jobs, especially for young people. The EU expected from the ILO suggested solutions to labour market problems that would enrich the European Social model and push in the direction of implementing new policies in all MS by identifying and sharing best practice in policy.
3. PAST ACHIEVEMENTS OF THE COOPERATION

This chapter describes the past EU-ILO cooperation in the specific thematic policy areas with a focus on the normative level of the collaboration. The chapter then gives more attention to the formation of the policy agenda rather than the specific outputs and results of the EU-ILO relationship.

The following eight policy drivers/thematic areas are analysed consecutively:

1) Decent work
2) Social dialogue and the social pillar
3) Sustainable development
4) Green jobs and climate change
5) Labour-related policies on development and trade, including the definition of international labour standards
6) Gender equality in the workplace
7) The future of the workforce and the ensuing redefinition of labour relations
8) Transition to formality and fight against undeclared work

According to the experts interviewed, some additional thematic areas – labour migration, global supply chains, maritime issues, public employment programmes, youth unemployment, and social protection – are also relevant in the context of the EU-ILO collaboration. However, because of the limited scope of the study, these policy drivers will be only mentioned in other parts of the study and not discussed in detail.

The EU-ILO cooperation in the context of each of the eight policy drivers/thematic areas is described and evaluated following the same logic and structure. Firstly, the context of the thematic area is described. It is identified how the relevance of the theme was changing since the beginning of the EU-ILO cooperation. Secondly, it is compared to how the definition and the aims of the policy driver are described by the EU and ILO. Thirdly, some practices of the EU-ILO collaboration in the specific thematic area are listed. Finally, based on the analysis of the context, definition and EU-ILO collaboration practices, the main advantages and shortcomings of the collaboration in the specific thematic area are identified.

3.1. Decent work

3.1.1. Context

Unemployment is one of the main challenges for economic development. Nevertheless, employment itself cannot be always interpreted as the sustainable

Box 1: Decent work

Decent work is productive work for women and men in conditions of freedom, equity, security and human dignity. Decent work consists of four inseparable, interrelated and mutually supportive strategic objectives: employment, fundamental principles and rights at work, social protection (social security and labour protection) and social dialogue.

Source: the EC91 and ILO92.

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solution to tackling unemployment.93 Globally, the number of unemployed individuals is exceeded by the number of those working in what the ILO terms ‘vulnerable employment’.94 This category includes people who are subject to high levels of precariousness in their work, more likely to be employed on informal terms and less likely to benefit from job security, regular income and access to social protection than their waged and salaried counterparts.95 The policy area of decent work targets the above mentioned challenges.

Even though the definition of “decent work” was not frequently used a few decades ago, the fight against vulnerable employment has always been a main focus of the ILO from the establishment of the institution. The initiation and development of the EU-ILO cooperation also largely revolves around the concept of decent work. Most of the specific policy areas in which both institutions cooperate (e.g. social protection, gender equality) can be interpreted as sub-themes of this policy area. This suggests that the phenomenon of decent work has been especially relevant in the context of the EU-ILO cooperation since its very beginning. Nevertheless, this thematic policy area was moved into the spotlight by the experience of most national and international institutions during the economic recession.96 Over the past few years the focus of this theme became more specific. For instance, the EU and ILO discuss decent work in the global value chains or “fragile context”. Furthermore, modern economic trends such as the ‘digital platforms’ economy or Industry 4.0 also increase the relevancy and change the focus of the decent work policies. Old rules and traditional attitudes are no longer sufficient to ensure high quality employment in the radically changed context of the labour.

3.1.2. Definition and aims of the policy driver

The concept of decent work has some synonyms because international or national institutions often refer to the same ideas using different concepts. Those topics related to the high quality of employment became especially widely discussed in the beginning of the 1990s. However, theoretical conceptualisation of this thematic is inconsistent.97 The concept of decent work was presented by the ILO in 1999, aiming to suggest a systematic definition of the quality of work. The EU was among the institutions that adopted the concept presented by the ILO. Nevertheless, in the context of the EU institutions the synonyms of the decent work such as “high quality jobs or work” are still used.98 Compared to other areas of EU-ILO cooperation, the definition of decent work is especially broad and covers many multi-dimensional aspects (e.g. fair income, social protection). Both institutions, the EU and ILO, interpret and describe the concept in a substantially similar manner. While describing the aim of decent work, both institutions mention poverty reduction. However, the ILO puts more emphasis on a “fair globalisation”99, while inequality and overall development is emphasized in the EU context.100 Security in the workplace, a fair wage, social dialogue and social protection are mentioned in the definitions of decent work provided by both the EU and ILO. In addition to these aspects, the definition from the ILO also includes better prospects for personal development, social integration and equality

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98 Ibid.
99 ILO webpage, “Decent work”.
of opportunity and treatment for all women and men.\textsuperscript{101} The definition used by the EU additionally includes similar, but not identical aspects: safe working conditions, and safeguarding rights at work.\textsuperscript{102}

Table 1: Aims and definitions of decent work

<table>
<thead>
<tr>
<th>Aim of the decent work</th>
<th>The ILO</th>
<th>The EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productive employment and decent work are key elements to achieving a fair globalization and poverty reduction.</td>
<td>Quality employment is fundamental to development, because when people cannot access decent work, inequality and poverty persist and development slows down.</td>
<td></td>
</tr>
</tbody>
</table>

| Definition of the decent work | Decent work sums up the aspirations of people in their working lives. It involves: • opportunities for work that are productive and deliver a fair income, • security in the workplace • social protection for families • better prospects for personal development • social integration • freedom for people to express their concerns, organize and participate in the decisions that affect their lives • equality of opportunity and treatment for all women and men. | The EU promotes employment that is • secure • pays a fair wage • ensures safe working conditions • provides for social protection • social dialogue • safeguarding rights at work. |


3.1.3. Good practices of transfer into internal legislation of the EU/MS

Decent work is one of the main EU-ILO areas of cooperation which has been relevant since the beginning of the partnership. Thus, the number of practices related to the cooperation of both institutions in the area of decent work is relatively high. The significant part of the relevant cooperation practices was implemented in 2007-2009 – the period of the economic recession when the decent work theme gained exclusive attention both on individual and cooperation levels of the ILO and EU. Practices, where the ILO supports the EU in the creation of an initiative or strategy, and vice versa, have been the most frequent. The most frequent support the ILO has given the EU has been in the form of knowledge and analysis. The ILO invoked its knowledge base to observe, evaluate or advise the EU in the creation, refinement or monitoring of its strategies and initiatives. Because of the greater political power held by the EU, the forms of its support have been more diverse. For instance, the EU has encouraged MS to ratify some policies adopted by the ILO. Joint actions of both institutions in the area of decent work remain relatively scarce (compared to the number of support activities of one institution to another).


\textsuperscript{102} European Commission webpage, “Employment and Decent work”.
### Table 2: Examples of Cooperation Practices

<table>
<thead>
<tr>
<th>Type of the cooperation</th>
<th>Examples of practices</th>
</tr>
</thead>
</table>
| **The EU supports initiatives and strategies of the ILO** | • The EU contributed to promotional framework for the ILO on the Occupational Safety and Health (OSH) convention (2007), as well as to the OSH strategy and the Safe Work programme (2003).  
• The Toolkit for Mainstreaming Employment and Decent Work was developed by the ILO with support from the European Commission within the Decent Work Campaign.  
• The EU provided strong support for the 2008 ILO declaration formalising the Decent Work agenda. Examples of the support: EC Communication on the Renewed Social Agenda, and EC staff working paper on the EU contribution to the promotion of decent work.  
• The EU cooperate with the ILO in promoting the ratification and implementation of the 2014 ILO Forced Labour Protocol and Recommendation.  |
| **The ILO supports initiatives and strategies of the EU** | • The ILO provided technical assistance and cooperation in the creation and monitoring of the EU decent work agenda.  
• The experts of the ILO acted as observers and contributed the improvements at the EU Advisory Committee on Safety, Hygiene and Health Protection at work and the senior Labour Inspection Committee.  
• The ILO analysed minimum wages and inequality of income in the EU. The findings of the analysis were used by the EU.  
• The ILO is an observer to the EU’s advisory committee on safety, hygiene and health protection at work and the senior Labour Inspection Committee and directly contributes to improving the functioning of labour inspection.  |
| **Practices of the mutual support** | • The expertise, training and information material on decent work and related issues provided by the ILO and ILO Turin training centre to EC Delegations in EC partner countries, to other EC staff and to other EU meetings and initiatives. Also, the EC awareness-raising regional initiatives to delegation staff on employment, social protection and decent work, are concrete examples of win-win situations.  
• The ILO presentations and contributions in meetings or conferences organised by the EU on broadening of the social coverage, and vice versa.  
• Both organisations are committed to hold a regular discussion between relevant Commission and ILO services on respective actions and cooperation on decent work in global supply chains to improve coordination and maximise the impact of the cooperation.  
• Both institutions are committed to actively engage in multilateral fora and share knowledge with the World Bank, OECD and the IMF.  
• Institutions are committed to cooperate on safer workplaces in the context of the G20, responsible supply chains in the context of the G7 and Vision Zero Fund.  |
| **Joint initiatives** | • Joint EC-ILO Action (2015-2017) component on the Youth Guarantee (YG)  
The joint EC-ILO Action (2015-2017) component on the YG is implemented through two main areas of focus. The first area revolves around direct support to three EU countries (Latvia, Portugal and Spain) through advisory services, technical support and capacity building in key areas relating to the implementation of the YG schemes. The second area relates to the development of policy benchmarks, |

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104 Joint conclusions of the 14th HLM (2018).
106 Joint conclusions of the 8th HLM (2010).
107 Joint conclusions of the 14th HLM (2018).
### Type of the cooperation

<table>
<thead>
<tr>
<th>Examples of practices</th>
</tr>
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<tbody>
<tr>
<td>guidance tools and learning resources for the use of all countries that are implementing the YG.</td>
</tr>
<tr>
<td>• Joint management projects under the thematic programme “Investing in people” aimed at improving social security (2009)</td>
</tr>
<tr>
<td>• EC-ILO management agreements under the programme “Investing in people” covering: social protection, employment, health, and safety at the work place.</td>
</tr>
<tr>
<td>• Joint programme under PROGRESS on “Expanding the knowledge base on decent work in Mediterranean countries” (2009)</td>
</tr>
<tr>
<td>• Joint research on OSH in the context of global supply chains. The ILO and EU promised to build on the results of this joint research to engage in joint advocacy and to explore other areas of joint research.</td>
</tr>
</tbody>
</table>

Source: Authors of this study.

#### 3.1.4. Main advantages and shortcomings

There are no doubts that decent work has many benefits. It is described as an indispensable part of sustainable development. Furthermore, it can be expected that motivation and productivity of employees working in the high quality conditions is higher compared to the ones working in the term of vulnerable employment. The attractiveness of the workplace increases which in turn contributes to the higher competitiveness of the organisation. Despite these benefits, introduction of the decent work is usually interpreted as the trade-off between the short-term costs and long-term benefits. For example, the raise of the employees’ salaries requires significant costs at this moment, and companies can only expect that the raise will increase employees’ motivation and productivity in the long run. Thus, many organisations are still unwilling to invest money in order to create decent work conditions for their employees. Following this logic, international organisations can promote the idea of decent work in two ways. Firstly, they can decrease the short-term costs of decent work conditions’ introduction. For example, EU investment funds attributed to the companies introducing decent work standards. Secondly, international organisations can spread the idea and share the good examples of significant decent work benefits for everyone in the longer run.

Decent work is the broadest area of the EU-ILO cooperation and close partnership in this case is crucial. The importance of the decent work agenda was acknowledged from the very beginning of this close cooperation. For this reason, some results and positive impact of the cooperation is already visible (see Chapter 4). On the other hand, the full potential for the cooperation in this core broad area has not yet been fully realised. Some of the advantages and positive results of the current EU-ILO cooperation in the decent work policy area include:

- The synergy of the strengths and advantages of both organisations is exploited.
- Regular collaboration combining the knowledge of both institutions decrease the costs
- The collaborative actions facilitate smoother communication with external institutions and increase the probability that the interests of the EU and ILO are represented at the international level.

These advantages are explored in greater detail below.

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109 Joint conclusions of the 8th HLM (2010).
110 Joint conclusions of the 8th HLM (2010).
Firstly, the EU often invokes the knowledge base and experience of the ILO (e.g. the ILO analysed minimum wages and inequality of incomes in the EU and the findings of the analysis were used by the EU). At the same time, the EU uses its political power to ensure that ILO advice or requirements are not ignored (e.g. the universal requirement for the MS to ratify ILO conventions). Moreover, both organisations are committed to ensure regular communication between relevant EU and ILO services on the different challenges related to the decent work agenda. Regular communication leads to synergies by ensuring that ideas and strategies of the two organisations are well coordinated. This allows avoiding ineffective overlaps as well as ideological or strategic conflicts. Finally, the EU and ILO also invoke their partnership for communication with external institutions. For example, both institutions are committed to actively engage in multilateral fora and share knowledge with the World Bank, OECD and the IMF. This cooperation ensures smoother communication on the international level, as well as strengthens the negotiating positions of both institutions.

Nevertheless, the EU and ILO cooperation in the area of the decent work also faces some shortcomings that prevent the creation of a greater positive impact:

- Fundamentally different progress in the area achieved in the different regions of the world
- Concepts that leave room for different interpretations
- Multidimensional nature and especially broad scope of the policy driver
- Modern economic shifts leading to the rapidly changing context and needs of the labour market
- Looking at the short-term, the benefits-costs ratio of the one-time supportive activities of one institution to another is higher compared to the creation and initiation of joint initiatives.

These challenges for cooperation in the area of decent work are described more in detail.

Firstly, the ILO aims to ensure that decent work would be implemented all over the world. On the other hand, the focus of the EU is effective development of its MS. Consequently, it becomes quite complicated for the EU and ILO to reach an agreement about the minimal threshold of decent work and decide where initiatives should focus. Some challenges might seem relevant observed from the perspective of the EU, but rather minor when observed in the world context. Secondly, the concept of decent work lacks specificity in some of its aspects (e.g. what workplace can be interpreted as secure). Thus, the “commitment to continue communication” in the area of decent work remains one of the most frequent activities of the EU and ILO in this area. Nevertheless, questions on how to increase the impact and effectiveness of the initiatives are mentioned more often.111 Thirdly, the rather wide scope of the policy driver means that a variety of consistently implemented initiatives is necessary in order to create the positive impact. However, too much attention paid to decent work might lead to the situation where “narrower” thematic areas, which are also relevant for the EU-ILO collaboration, are ignored. In order to avoid this risk, it might be worthwhile considering the establishment of specialised bodies that would ensure more regular cooperation in this area. For instance, recently both institutions committed to explore the possibility to establish new working methods, including the creation of a steering committee.112

Moreover, the especially quick reaction of the institutions is needed in order to ensure that the principles of decent work are adjusted to the recent fundamental changes of the labour market. The collaboration of two or more institutions in the undiscovered fields often decreases the speed of the

111 Joint Conclusions of the 14th HLM (2018).
112 Ibid.
reaction (compared to the individual action). Nevertheless, it can be expected that despite the slower pace of actions, the collaborative responses would create the stronger positive impact in the long-term. Finally, creation of the joint initiatives is more time-consuming than one-time support actions. However, the joint initiatives usually create the wider scope impact. The first examples of the joint initiatives recently implemented (e.g. joint research on OSH in the context of global supply chains, the joint EC-ILO Action component on the YG), prove that the strong foundation for the highest form of cooperation is already in place.\footnote{Ibid.}

In summary, because of the especially wide scope and universality of the thematic area, the EU and ILO cooperation and joint actions targeted at the establishment of decent work principles are especially relevant. More specifically, the close collaboration can save some costs for both institutions. For example, both institutions’ strengths could be invoked: expertise of the ILO and political influence of the EU; duplication of effort, stronger influence of the EU and ILO in the international context. Nevertheless, the collaboration also faces some challenges that might increase the perceived short-term costs of the joint actions (e.g. slower reaction of the institutions’ reaction to the recent modern changes of the labour market). Despite this, there are no doubts that looking at the long-term the collaborative EU and ILO actions can create more sustainable positive impact in the area of decent work. Therefore, both institutions should take actions (that might increase costs on the short-term) in order to eliminate the shortcomings. For instance, the encouragement of the consistent joint initiatives (instead of the one-time supportive actions), or establishment of specialised bodies that would ensure more regular communication and cooperation in this area might be beneficial.

3.2. Social dialogue and social pillar

3.2.1. Context

Social dialogue can be interpreted as an integral component of the decent work agenda.\footnote{Eurofound webpage (2019). “Social Dialogue”, available at: https://www.eurofound.europa.eu/topic/social-dialogue.} However, in the context of EU-ILO collaboration, social dialogue receives exceptional and special attention. For instance, in the HLMs, questions specifically related to social dialogue are distinguished from the more general discussions about decent work.\footnote{HLM (2008).} Social dialogue is one of the few areas of cooperation that was already emphasized in the very beginning of the closer relationship between the ILO and EU. More particularly, this area of cooperation has remained relevant since 2001.\footnote{E.g., Joint Conclusions of the 10th HLM (2012).} During the period since 2001, the social dialogue gained its special “renewed momentum” twice. First of all, during the economic crisis the need for social partners grew, and the role of social dialogue was highlighted even more in 2008-2009.\footnote{Joint conclusions of the 7th HLM (2008).} Moreover, in 2012, in the 10th HLM it was emphasized that “social dialogue is a key area for cooperation which will gain renewed momentum...”

Box 2: Social dialogue

Social dialogue can be defined as negotiations, consultations, joint actions, discussions and information-sharing involving employers and workers. Well-functioning social dialogue is a key tool in shaping working conditions, involving a variety of actors at various levels.

with the ILO’s focus on promoting social dialogue as one of the pillars of decent work. Social
dialogue has been developed significantly on many levels since the year 2000. For instance, the EC
reports that sectoral social dialogue has developed considerably, from just 19 economic sectors in 1999
to 43 committees in 2016. The ILO and EU not only encourage social dialogue, but also actively apply
this principle in their organs. It is especially relevant in the context of the ILO and its tripartite structure
(meaning that absolute majority of ILO organs and subdivisions are composed of government
delegates as well as employers’ and workers’ representatives).

3.2.2. Definition and aims of the policy driver

Even though the descriptions used by the ILO and EU of the social dialogue reflect similar ideas, some
significant differences can be identified. Both definitions contain the idea that social dialogue should
be interpreted as a tool or principle, and not as the final aim as itself. The ILO and EU recognise that
social dialogue has the potential to encourage good governance and resolve important issues through
the involvement of social partners. However, the definition used by the EU puts more emphasis on the
European governance, while the definition used by the ILO mentions economic progress as the final
aim of the social dialogue. Both definitions mention negotiation, consultation and information-sharing
as the most common activities of social dialogue. In addition, the definition used by the EC includes
joint actions as one of the social dialogue activities. Finally, both definitions claim that social
dialogue can exist as a “tripartite process, with the government as an official party to the dialogue or it
may consist of bipartite relations only between labour and management (or trade unions and
employers’ organizations), with or without indirect government involvement”. Nevertheless, the
tripartite nature of the social dialogue is emphasized more in the definition used by the ILO, while in
the EU definition representation of “the two sides of industry” is highlighted.

Social dialogue is useful in most of the fields relevant for the EU-ILO cooperation. The ILO distinguishes
some of the key fields: the creation of labour legislation to ensure good working conditions, workers’
rights and equality at work, access to public goods and redistribution, growth and innovation, etc. It is
also emphasized that social dialogue is expected to contribute to sustainable development.

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119 E.g., Joint Conclusions of the 10th HLM (2012).
126 Hermans, Maarten, et al. "Social dialogue as a driver and governance instrument for sustainable development." HIVA Research Institute
### Table 3: Social dialogue

<table>
<thead>
<tr>
<th>Aim of the social dialogue</th>
<th>The ILO</th>
<th>The EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>The main goal of social dialogue itself is to promote consensus-building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.</td>
<td></td>
<td>The aim of social dialogue is to improve European governance through the involvement of the social partners in decision-making and implementation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Definition of the social dialogue</th>
<th>Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.</th>
<th>European social dialogue refers to discussions, consultations, negotiations and joint actions involving organisations representing the two sides of industry (employers and workers). It takes two main forms:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(127)</td>
<td>• a tripartite dialogue involving the public authorities,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• a bipartite dialogue between the European employers and trade union organisations. (130)</td>
</tr>
</tbody>
</table>


### 3.2.3. Best practices of transfer into internal legislation of the EU and Member States

The analysis of the ILO and EU implemented initiatives reveal three most frequent forms/aims of the EU-ILO cooperation in the area of social dialogue:

- **Social partners’ capacity-building**
- **Exchange on research activities related to the area**
- **The cooperation between the EU and ILO itself is often implemented through the social dialogue.**

These forms of cooperation are described more comprehensively below with specific examples.

Firstly, both institutions often cooperate in the capacity-building of social partners. For instance, the ILO and EU have recently started a new project “Strengthening of social dialogue” in North Macedonia, a candidate country of the EU. Several progress reports by the EC indicated a need to further develop social dialogue among the main stakeholders in the economy of that country and so the ILO provides assistance to in its endeavours to advance the social dialogue as an essential element of the European Social Model. The project is funded by the EU and implemented by the ILO will be achieved through institutional and legislative improvement, along with activities aimed at strengthening the capacities

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127 ILO webpage. “Social Dialogue”.
129 ILO webpage. “Social Dialogue”.
131 Joint Conclusions of the 12th HLM (2015).
of the tripartite actors to engage effectively in social dialogue. Furthermore, since 2003, both the bureau for workers’ activities (ACTRAV) and the bureau for employers’ activities (ACT/EMP) of the ILO International training centre in Turin (ITC-ILO) have been involved in transnational projects supported by the EU. These projects aim to strengthen the capacity of worker and employer organizations throughout Europe, especially those from new member states and candidate countries, to participate in social dialogue at national and European levels. In 2011, the ITC-ILO, with support of the EU, launched the employers’ young professionals’ academy in order to develop high-potential staff members in employers’ organizations in the EU.

Secondly, exchange on research activities related to the area of social dialogue is another component of the EU-ILO cooperation. For example, in order to strengthen the knowledge base of the ILO in the area of International Framework Agreements, the programme DIALOGUE is developing several research and policy development activities. DIALOGUE is implemented by the ILO collaborating closely with the European Commission. Moreover, in 2011 the ILO and the EU launched a multi-annual joint project to promote a balanced and inclusive recovery from the financial, economic and social crisis in Europe through sound industrial relations and social dialogue. The principle of the social dialogue is established regular practice in EU legislation (e.g., Articles 151-156 of the Treaty on the Functioning of the European Union). In addition to the regular practices, social dialogue is also promoted in the specific projects. In order to document and analyse emerging trends and good practices in social dialogue and industrial relations, the ILO has implemented the project “Post-crisis social dialogue: Good practices in the EU-28” and the project benefits from the financial and technical support of the EC. Some of the best social dialogue practices identified during this project include: social summits and social conferences sustaining social dialogue in France; crisis summits and new regional National Social Dialogue Institutions in Germany; the resilience of bipartite social dialogue in Spain through peak inter-sectoral agreements; etc.

Finally, the cooperation between the ILO and EU can often be interpreted as a form of social dialogue itself. For instance, the ILO participates in the EC technical meeting and vice versa. Because of its tripartite government system, the ILO represents and combines ideas and knowledge of different social partners. One more tangible example of a win-win situation in the area of social dialogue is the protocol of agreement signed on 9 November 2007 by EU social partners in maritime transport, incorporating large parts of the 2006 ILO consolidated maritime labour convention. Equally important is that EU social partners have requested implementation of parts of the agreement through a Decision of the EU Council.

3.2.4. Main advantages and shortcomings

The principle of the social dialogue has many advantages and has the critical role in achieving the aims of the EU-ILO collaboration. Similarly, the EU-ILO collaboration can be beneficial for the fostering of the advantages and shortcomings.
social dialogue. However, if the principle was without any shortcomings, then it would be implemented everywhere, but it is not the case. The advantages and disadvantages of the social dialogue, as well as benefits and challenges of the EU-ILO collaboration in the context of this policy driver are described in this chapter.

The Social Protection, Governance and Tripartism Programme of the ITC/ILO lists some key benefits of the social dialogue:

- Public participation
- Legitimacy and ownership of public policies
- Quality of public policies’ creation and implementation
- Conflict prevention and social peace

In the first place, social dialogue is one of the main forms of public participation. Information-sharing, negotiation, joint decision-making, and other core principles of the social dialogue lead to the higher quality of the governance and democracy. Secondly, the social dialogue increases public policies’ perceived legitimacy and the feeling of ownership among the key stakeholders. In turn, it decreases the probability of any resistance and leads to the more positive perspectives of the decision since actors who were involved in the policy creation process are more likely to also contribute to its implementation. Furthermore, social dialogue increases the quality of public policies. Involved social partners often have a wide range of knowledge and can bring to the table their experience of day-to-day practices and this allows the making of better-informed decisions. Also, by helping find trade-offs between diverging economic and social interests, social dialogue can prevent social conflicts.

Despite the above-mentioned strengths, social dialogue also has some potential limitations:

- Time and workload-consuming process
- Decreased speed of the reaction and decision-making
- Loss of stakeholders’ freedom of actions

To begin with, comprehensive and regular social dialogue requires a lot of time and work. Thus, looking at the short term it might seem that costs of the social dialogue exceed the benefits. Moreover, social dialogue often makes decision-making less rapid and effective. Finally, some of the stakeholders can feel like they are losing their power and freedom to act as every decision should be approved by the social partners, which in turn can lead to apathy and passivity. Nevertheless, the long-term the benefits of social dialogue are undeniable. Therefore, international institutions (the EU and ILO including) should focus on the mitigation of the above-mentioned challenges.

The close EU-ILO cooperation in fostering social dialogue started almost two decades ago and the organisations were able to notice some results of their joint initiatives. Social partners’ capacity-building activities have significantly contributed to the higher participation of social partners. For instance, shortly after the completion of the EU-ILO’s decent work for transport workers project in 2010-2011, the Trade Union of Transport and Communications of Croatia signed an agreement with employers to establish a social council for road transport, which is the first bipartite sectoral social

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140 Ibid.
141 Ibid.
142 Ibid.
Capacity-building projects have also resulted in the adoption of new context-specific policies and strategies that target the promotion of social dialogue. For instance, two ILO projects delivered for the European Chemical Employers Group (ECEG) and the European Mine, Chemical and Energy Workers’ Federation (EMCEF) converged in a bipartite workshop that resulted in the adoption of a declaration on the involvement of social partners from new MSs and candidate countries. Furthermore, research-based projects contributed to the creation of reports confirming the importance of social dialogue (e.g. “Curbing Inequalities in Europe – How Can Social Dialogue and Industrial Relations Help to Close the Gap?”). Some of the joint EU and ILO research-based projects also contributed to the creation of policy papers (e.g. “Sectoral Social Dialogue in EU 12 and Candidate Countries”) and this tends to confirm that the area of social dialogue is especially “favourable” for the joint EU-ILO research-based projects.

In summary, the EU-ILO cooperation in the area of social dialogue is one of the most developed. The institutions focus on the three aims: social partners’ capacity-building, research-based projects, and social dialogue in the context of the cooperation itself. It can be expected that the clear focus increases effectiveness of actions but some shortcomings of the cooperation in this area can be identified. The principle of tripartism and social dialogue has its disadvantages since it often makes decision-making less rapid and effective. Thus, the ILO and EU joint initiatives could focus more on solving this challenge. Furthermore, considered the tripartite structure of the ILO, representatives of the ILO can be included more often in EU level meetings as the representatives of different stakeholders.

3.3. Sustainable development

3.3.1. Context

Sustainable development is one of the most complex areas relevant for EU-ILO cooperation and in its broadest sense it can be interpreted that sustainable development is the core principle and goal. Following this logic, all other areas of the ILO, EU or their joint policies can be understood as the components necessary for the sustainable development. For instance, the importance of decent work in achieving sustainable development is highlighted by Goal 8 of the 2030 Agenda for sustainable development, which aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. Moreover, the area of green jobs and climate change, which is also relevant in the context of the EU-ILO cooperation, is

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144 Ibid.
147 HLM 2008.
directly related to environmental sustainability, though in the context of the EU-ILO cooperation area of sustainable development is often distinguished as a specific theme.150

Questions related to sustainable development gained more attention and have been discussed at the international policy level for three decades. For example, some experts claim that the White Paper “Growth, competitiveness and employment. The challenges and ways forward into the 21st century”, which was presented by the EU in 1993, was the first serious stand to show that economic growth as such is not enough and is not sustainable in the long term.151 Some important steps in the encouragement of sustainable development had already been taken at the beginning of this century. For example, the EU sustainable development strategy was adopted in 2001,152 and the importance of sustainable development was also emphasized in the Lisbon Strategy. Nevertheless, the emergence of the global economic crisis presenting essential short-term challenges complicated the achievement of the long-term sustainable growth objectives.

The relevance of the sustainable development theme reached its peak after the first years of the 2008 economic crisis. The logic of sustainable development was invoked by international and national institutions, while planning how to recover after the global economic recession and avoid the repetition of the mistakes that led to the economic crisis in the first place.153 Sustainable development is multidimensional theme and so single and sporadic actions cannot guarantee progress and strategic documents and broad policies play crucial role in this thematic area.

Most key documents directly related to sustainable development have been adopted during the recent decade. “Europe 2020”, the general aim of which is to deliver socially and environmentally sustainable growth, was presented in 2010.154 In 2015, the UN countries adopted the 2030 Agenda for Sustainable Development – the main guidelines document in the area.155 In the context of the EU-ILO cooperation, the theme of sustainable development has gained exceptional attention during recent years. For instance, in the 13th HLM, co-chaired by ILO Deputy Director-General for Policy, Deborah Greenfield, and the Director-General of DG Employment, Social Affairs and Inclusion of the EC, Michel Servoz, it was emphasized that “Restoring sustainable and inclusive growth and creating more and better jobs are today’s outstanding political objectives of both the EU and the ILO”.156 In the 10th, 11th and 12th HLMS “Sustainable development” was distinguished as the key area for their cooperation.

3.3.2. Aims of the policy driver

While discussing their initiatives and responsibilities in the area of sustainable development, both the EU and ILO frequently directly refer to the 2030 Agenda for Sustainable Development, though neither organisation presents specific definitions or aims of the sustainable development policy driver. Therefore, universal descriptions used by the UN are absolutely relevant in the specific EU and ILO context. In 1987, the United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own

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150 E.g., Joint Conclusions of the 12th HLM (2015).
153 13th HLM.
156 Joint Conclusions of the 13th HLM (2017).
needs.” This definition still reflects the core idea of sustainable development and three pillars of sustainable development are usually distinguished. Sustainable development “provides a comprehensive approach bringing together economic, social and environmental considerations in ways that mutually reinforce each other”. One of the sustainable development goals – decent work – is the most often mentioned by the ILO. It reveals that in the discussions related to sustainable development, the ILO puts more emphasis on the first two – economic and social – pillars of sustainability. ILO Deputy Director-General Gilbert Houngbo in his speeches often emphasizes the relevancy of the sustainable development theme. A similar pattern can also be identified in the context of EU-ILO cooperation. Themes directly related to environmental sustainability are often distinguished and discussed separately.

3.3.3. Best practices of transfer into internal legislation of the EU Member States

Because of the multidimensionality of the area, it can be claimed that most of the initiatives and policies that are implemented by the EU and ILO can contribute to the achievement of sustainable development goals. Nevertheless, both organisations’ cooperation practices directly targeted at the social development, can be described as relatively abstract. The normative level is the focus of these initiatives and the exchange of views and information is the most frequent practice in this area. Some examples of EU-ILO cooperation practices aimed at the sustainable development include:

- ILO Institute for International Labour Studies (INST) carried out research on social and environmental sustainability in the EU.
- In 2009 the EC and the ILO signed a contribution agreement for a joint management project under the EU programme PROGRESS “Addressing European labour market social challenges for a sustainable globalisation”. The project included the analysis of responses to the crises, greening the economy and related skills.
- The EU and ILO have held a number of informal exchanges and consultations on the assessment of the crisis and responses to it (e.g. Director-General of the ILO Juan Somavia and President of the EC José Manuel Barroso in March 2009, on the ILO assessment of crisis responses as requested by the G20 Summit). Furthermore, the ILO was invited by the EC to contribute to expert groups (CEPS) meeting on the future of European Employment Strategy.
- ILO-ICT organised an EC co-funded conference on addressing the financial, economic, and social crisis and role of social dialogue.

157 ACADEMIC IMPACT webpage “Sustainability”, available at: https://academicimpact.un.org/content/sustainability.
160 E.g., Joint Conclusions of the 12th HLM (2015).
161 Joint Conclusions of the 12th HLM (2015).
162 Joint Conclusions of the 8th HLM (2010).
163 Ibid.
164 Ibid.
The ILO and EU committed to exchange information on the work on a global indicator framework (and associated global and universal indicators), including the work of the Interagency Expert Group on Sustainable Development Goals Indicators.\(^\text{165}\)

### 3.3.4. Main advantages and shortcomings

Currently, international and national institutions tend to emphasize the variety and multidimensionality of sustainable development’s advantages more often. Some of the key advantages relevant for the activities of the EU and ILO are decreased environmental impact, guarantee of a better future, and development of new sectors leading to the creation of new jobs. In the face of the climate change, principles of sustainability are one of the key strategies that might decrease or solve environmental issues. Furthermore, focusing only on the present often leads to the creation of challenges in the future. Sustainable development mitigates this risk and is also aimed at the development of new sectors that contribute to preserving environmental quality (e.g. renewable energy), as well as processes and product innovations. These developments are expected to create significant numbers of high-quality job places.\(^\text{166}\)

Nevertheless, some shortcomings of sustainable development cannot be neglected similar to most of the other policy drivers that are relevant in the context of EU-ILO collaboration, implementation of the sustainable development’s principles significantly increases costs for government and business in the short term (e.g. the price of new equipment necessary to change the source of energy). Moreover, rules targeted at the preservation of the environment might cause some industries (e.g. coal mining) to reduce their activities which, in turn, leads to unemployment. The introduction of the sustainable principles might decrease companies’ competitiveness in the short-run. For example, the correct treatment of waste might decrease the efficiency of manufacturing. This means that key actors (e.g. employers) face some shortcomings in the sustainable development principles introduced. However, despite the potential long-term benefits, sustainable development principles often are still ignored. Thus, the intervention of international institutions, as well as in their joint activities, is necessary to encourage the spread of sustainable development principles.

The EU-ILO collaboration has great potential to contribute to the wider spread of sustainable development principles in the EU and across the world. Some advantages of the current EU-ILO cooperation practices in this area include:

- Actions of both institutions based on the same strategy
- Agreement about the narrower focus of the actions
- Aims of activities adjusted to the context and main needs at the time.

These advantages are described more in detail below.

The universal global strategy – 2030 Agenda for Sustainable development – was chosen as the principal guideline for the individual and cooperative practices of the EU and ILO in the area of sustainable development helping ensure that the fundamental understanding of the area is the same. Furthermore, the idea of social development is especially broad and multidimensional and to avoid the potential vagueness of specific aims, the EU and ILO have agreed on the focus of their goals in the context of sustainability. Both institutions agreed to work together to promote the effective implementation of the 2030 Agenda with special focus on decent work and social protection.\(^\text{167}\) Finally,
practices of the EU and ILO are adjusted to the specific needs of the time. For instance, during the period of 2012-2015 the importance of sustainability for recovery after the economic crisis was discussed.

On the other hand, the EU-ILO cooperation in the area of sustainable development has some shortcomings:

- It is difficult to agree on and jointly implement specific “practical” actions
- The risk of the different interpretations of the theme.

It is much more difficult to reach agreement between the two institutions on the plan of “practical” activities (compared to the oral agreement or statements that sustainable development is important). Therefore, most of the sustainable development related EU and ILO cooperation practices lack specificity and tend to focus more on the normative rather than practical challenges. There is a lack of specific joint initiatives that are targeted at the clear aim that require specific actions of the EU and ILO. This potentially decreases the effectiveness of the collaboration in this area. Moreover, the multidimensionality of the theme causes difficulties in identifying practices that could be directly targeted at the sustainable development and increases the risk that practices and interpretations will not be consistent enough.

3.4. Green jobs and climate change

3.4.1. Context

The areas of climate change and green jobs are closely interrelated. Green jobs are often understood as one of the necessary conditions to fight climate change and the concept is relatively new compared to the broader discussions about tackling climate change. The popularity of the climate change topic among scientists significantly increased during the 1960s-1970s but this challenge gained more attention on the institutional level only in 1990s. For example, in 1991 the European Commission issued its first Community strategy to limit carbon dioxide emissions and improve energy efficiency. In the context of EU-ILO cooperation, one aspect of the fight against the climate change gained relatively more focus – the relationship between climate change and the labour market. The broad strategic questions were raised from the beginning: how the labour market should be transformed in order to fight climate change, and what is the impact of the climate change on the economy and labour market? The initial discussions about the potential of cooperation in the area of greening the economy started around 2006-2007 and at that time this topic was still under-investigated. As a result, both institutions agreed to cooperate while investigating the “relations between environment, employment and social policy”.

Soon after that the ILO and EU narrowed down their focus on climate change and the notion of the green jobs is directly related to climate change in the context of the labour market. Therefore, since 2006-2007, both organisations placed a lot of emphasis on this topic. Similar to other policy areas relevant in the context of the EU-ILO cooperation, greening the economy and green jobs in particular gained special attention in the context of the economic recession. For instance, “a positive attitude
towards grasping opportunities of the greening of the economy” was part of a proposal for the EU Economic Recovery Package. The area of greening the economy and green jobs is closely related to some other thematic areas of EU-ILO cooperation. For instance, the ILO claims that green jobs are decent jobs. Moreover, the fight against climate change can be interpreted as part of the sustainable development strategy because it should lead to environmental sustainability. Green jobs are also one of the aspects of the future workforce.

3.4.2. Aims of the policy driver
Definitions of green jobs used by different international institutions vary according to whether such jobs are found solely in environmental sectors. The ILO consistently uses the broader definition of green jobs: “Green jobs are decent jobs that contribute to preserve or restore the environment, be they in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency”. It means that according to the ILO, green jobs can be found in both: green economic sectors from an output perspective and job functions in all sectors from an environmentally friendly process perspective. The EU institutions are not as consistent in their definition of the green jobs though the broad definition (like the one of the ILO’s) is often used. It is recognised that the growing importance of sustainability has reached all sectors and that green jobs should not be considered only as the preserve of eco-industries. However, sometimes (especially while measuring progress in the number of green jobs) the narrower definition, where only jobs in the eco-industries can be defined as green, is used.

When discussing the aims of the policy driver, both the EU and ILO have a shared vision that all green jobs respond to the global challenges of environmental protection and contribute to preserve or restore the environment. More particularly, the ILO claims that green jobs help:

- Improve energy and raw materials efficiency
- Limit greenhouse gas emissions
- Minimize waste and pollution
- Protect and restore ecosystems
- Support adaptation to the effects of climate change.

In addition to the environmental goals, the EU puts much emphasis on the economic potential of green jobs. For instance, it is often acknowledged that “greening of jobs and creating green jobs are considered to have significant potential to boost the labour market, as this can help achieve sustainable development and economic goals and create decent work.”

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171 Joint Conclusions of the 7th HLM (2008).
176 ILO webpage “What is a green job?”
3.4.3. Best practices of transfer into internal legislation of the EU Member States

The ILO and EU joint practices related to green jobs are limited and both institutions individually manage their own green jobs initiatives. The ILO’s Green Jobs Programme signals the organisation’s commitment to act on climate change and to promote resource-efficient and low-carbon societies.\(^{178}\) In parallel, the EC has its Green Employment Initiative published in July 2014 together with the Green Action Plan for SMEs and the Communication on the Circular Economy. The main ideas of the ILO’s Jobs Programme and the EC’s Green Employment initiative are in principal similar. Therefore, one of the main aims of the cooperation in green jobs is to ensure that similar initiatives implemented by both organisations separately, are compatible and, do not ineffectively overlap. For example:

- The experts of the ILO made comments and suggestions the EU’s Green Employment initiative. The close alignment with ILO findings and ILC Conclusions of 2013 on just transition was identified. Representatives of the ILO also suggested what aspects considered fundamental by the ILO, should gain more attention in the Green Employment Initiative.\(^{179}\)

- The ILO also contributed to the EC’s Green Paper consultations.\(^{180}\)

Furthermore, another dominant cooperative practice in the area of green jobs is joint research projects. For instance:

- EC-ILO Contribution Agreement under programme PROGRESS to implement a technical cooperation project. The project aimed to elaborate a comparative analysis of methods of identification of skill needs on labour markets in transition to the low carbon economy, and a study of occupational and skill needs in two green sectors: renewable energy and green building.\(^{181}\)

- The ILO in cooperation with the European Centre for the Development of Vocational Training (Cedefop) conducted policy applied research into skill needs for greener economies.\(^{182}\)

3.4.4. Main advantages and shortcomings

The area of green jobs is relatively narrower and more specific (e.g. compared to the sustainable development) and so it can be expected that joint actions of the EU and ILO would create results quickly. Furthermore, the EU and ILO are already aware that significant progress of the greening the economy has been achieved during the recent decade\(^{183}\) though it is probable that the EU and ILO initiatives have at least partially contributed to this positive progress. Both the advantages and shortcomings of the EU-ILO cooperation in this area are closely related and the endeavour of the ILO and EU to ensure compatibility of their green jobs initiatives is commendable. On the other hand, they mostly try to ensure the compatibility only of the ideas and strategies behind these initiatives which does not guarantee that all potential synergies are realised. Therefore, it is reasonable to assume that joint actions might create even better results and the EU institutions have expressed a preference that the definition of green jobs should be based on the one used by the ILO. For instance, Jean Lambert

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180 Joint Conclusions of the 9th HLM (2011).


(Member of the European Parliament) reported on the Green Employment Initiative: Tapping into the job creation potential of the green economy. Nevertheless, different definitions are still used in different situations. And there is also no single agreement about the methods suitable for assessing the size of the green economy. The ILO admits the need to agree on the method and definition “to accurately gauge the green economy’s size and rate of growth, and to identify the jobs associated with it”.

3.5. Labour related policies on development and trade, including the definition of international labour standards

3.5.1. Context

Labour related policies on development and trade and international labour standards are the “pillar” of the decent work policy driver. They define the “minimum threshold” for the quality of employment. Interviews emphasized that international labour standards should not be interpreted as simple guidelines – “they are much more forceful than that”. In the context of the EU-ILO cooperation, questions related to labour policies on trade and international labour standards gain special attention and are often discussed separately from the general questions related to decent work. The EU expressed its interest in core ILO identified labour standards in the exchange of letters between Anna Diamantopoulou (Member of the EC) and Juan Somavia (the Director-General of the ILO) in 2001. Therefore this policy driver has been relevant for the EU-ILO cooperation since the beginning of this century. Nevertheless, the relevance of the theme, as well as its focus, has varied depending on the specific context. For instance, during the economic recession, some EU Member states implemented particularly strict austerity measures creating some tensions between these austerity measures and countries’ obligations under international labour standards. This challenge was addressed in the 9th HLM and the relevance of this topic has increased again as reaction to the recent radical transformation of the labour market (e.g. emergence of the digital labour platforms). Consequently, international core labour standards and trade-related matters were discussed in every HLM since 2014.

Labour standards can be and are also set on the national level but national labour standards alone cannot guarantee high quality employment. The ILO emphasizes that international labour standards are necessary as they “ensure a level playing field in the global economy”. It is likely that national governments and employers aiming to get a comparative advantage in international trade would tend to lower their national labour standards and the international

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187 Johnson (2009).
labour standards set the universal minimum threshold that mitigates this risk. Furthermore, the international legal framework adopted by governments and social partners increases the interest of different countries to make sure that the same rules are implemented across borders, so that “those who do not put them into practice do not undermine the efforts of those who do”.  

3.5.2. Aims of the policy driver

In the context of EU-ILO collaboration, when labour standards are mentioned both organisations tend to refer to the ILO’s system of international labour standards. Therefore, the consistency of the definition and interpretation of the policy’s drivers is almost guaranteed. Based on the ILO’s definition, “International labour standards are legal instruments drawn up by the ILO’s constituents (governments, employers and workers) setting out basic principles and rights at work”. The ILO has maintained and developed a system of international labour standards since 1919 and the declared aims of the international labour standards directly refer to the concept of decent work. Standards are “aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity”.

3.5.3. Best practices of transfer into internal legislation of the EU/MS

Some collaborative EU-ILO practices in the area of labour policies on trade and international labour standards can be mentioned:

- Regular informal exchanges of information on relevant countries under GSP (Generalised Scheme of Preferences) and GSP plus while considering the respective mandates of the ILO and EC.
- A joint management project under Investing in People, signed in 2008 on analysing and addressing the effects of trade on employment.
- Projects: Monitoring and Assessing Progress on Decent Work and Assessing and Addressing the Effects on Trade on Employment. A joint ILO-EC publication on “Assessing and Addressing the Employment Effects on Trade” was publicised in 2011.
- The ratification process of the ILO labour standards in the Member states is encouraged and the ILO labour standards are protected by the EU charter of Fundamental rights.

3.5.4. Main advantages and shortcomings

According to the ILO, because of the challenges of globalization, the relevance of international labour standards has increased even more. The ILO also identifies the key benefits of international labour standards:

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188 Ibid.
191 Joint Conclusions of the 8th HLM (2010).
192 Ibid.
193 Joint Conclusions of the 9th HLM (2011).
International labour standards as the means for the decent work

More fair and stable globalization

Improved economic performance

Combination of international experience and knowledge

In the first place, the international labour standards ensure that economic development remains focused on improving human life and dignity, instead of the pursuit of profit. Moreover, because of globalization, actions at the national level are not enough. It is also proved that “higher standards and respect for equality can translate into better and more satisfied workers and lower turnover of staff”.194 Finally, international labour standards represent the international agreement on how a particular labour problem could be tackled at the global level and combines knowledge and experience from all over the world.195

Nevertheless, the (perceived) shortcomings of international labour standards are the main reason why they are still not universally applied. Products manufactured while ensuring high labour standards tend to be much more expensive than products made under worse working conditions and this potentially might decrease the competitiveness of companies or countries applying high labour standards. Furthermore, the international minimums of the labour standards might discourage the efforts of more developed countries to seek further progress in this area since they already meet the standards. There are few key strategies on how these challenges might be addressed and it is necessary to convey the message that in the long run, better working conditions could lead to increased competitiveness. Moreover, it is necessary to ensure that the set minimum is ambitious enough to raise standards to an acceptable level.

The EU-ILO collaboration could be beneficial in solving the challenges related to implementation of international labour standards since it has already significantly contributed to the spread of higher labour standards. More particularly, ratification by all EU MS of certain ILO Conventions has produced a foundation of international labour standards common to all EU MS. For example, fundamental trade union rights were ratified in all 15 EU MS at the time via ILO Convention No. 87 of 1948 (Freedom of Association and Protection of the Right to Organise).196 One of the main advantages of the cooperation in this area is that the ILO’s single approach was chosen as the central approach. Therefore, institutions do not need to invest additional efforts by trying to synchronize their individual visions and ideas.

3.6. Gender equality at the workplace

3.6.1. Context

Gender equality issues became prominent in the second half of the 19th century. In the context of the EU or ILO, equality between women and men is among the founding values of these organisations. For example, for the EU, 1957 marks the year when the principle of equal pay for work of equal value became part of

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194 ILO webpage “The benefits of International Labour Standards”.
195 Ibid.
the Treaty of Rome. Gender equality is usually interpreted as a cross-cutting issue that affects all aspects of development and the EU and ILO apply this approach. For example, according to the ILO, gender equality is “a cross-cutting policy driver for all ILO policy outcomes”. Gender equality can be achieved by following the two-pronged approach beginning with institutions such as the ILO or EU implementing initiatives that are directly targeted at the gender equality-related challenges. Also, gender equality can be ensured by applying the integrated approach – addressing the specific needs of genders in all the interventions (regardless of the intervention’s policy area).

This specificity of the policy driver determines that gender equality issues might be actively solved even though targets related to this policy driver are not particularly good. If gender equality needs are integrated in all interventions, positive results can be achieved even though the number of directly targeted initiatives is low. This can be also illustrated by the “emergence” of the gender equality theme in the context of the EU-ILO cooperation. Both organisations have cooperated in this area since the beginning of the close relation. For example, in the report of the 2002 World Commission on the Social Dimension of Globalisation stressed the importance of the gender equality issues among others. On the other hand, in the HLMs gender equality was emphasized as the key policy driver relatively rarely and inconsistently. For instance, the importance of this policy driver was emphasized in the 7th and 8th HLMs and after that was not mentioned in the meetings until the 13th meeting. Nevertheless, cooperative gender equality-related practices were implemented continuously.

3.6.2. Aims of the policy driver

The definitions of the gender equality used by the ILO and EU revolve around the equality of opportunities regardless of the individual’s gender but some differences can be detected. The EU uses the broader and more universal definition: “Gender equality refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men.” The definition used by the ILO focuses more on one specific aspect of gender equality – the labour market. It emphasizes that “the primary goal of the ILO is to promote opportunities for women and men to obtain decent work in conditions of freedom, equity, security and human dignity. Gender equality is a key element in reaching this goal.” Both institutions emphasize that gender equality is “a precondition for, and indicator of, sustainable people-centred development.” Thus, sustainability is the final goal of gender equality. The EU and ILO have also defined their gender equality-related priority areas. The ILO’s Gender, Equality and Diversity Branch (GED) expertise focuses “on issues related to equal opportunities and treatment for all women and men in the world of work”. The European Commission has defined more multidimensional priority areas:

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199 Ibid.
201 Joint Conclusions of the 13th HLM (2017).
204 European Institute for Gender Equality. Concepts and definitions.
• equal economic independence for women and men;
• equal pay for work of equal value;
• equality in decision-making;
• dignity, integrity and ending gender-based violence; and
• promoting gender equality beyond the EU. 206

3.6.3. Best practices of transfer into internal legislation of the EU Member States

The EU-ILO cooperation in gender equality appears to be less normative and more practice focused compared to other policy drivers. As in other thematic areas, the ILO and EU collaborates to strengthen their knowledge relevant for the gender equality issues. For instance:

• ITC-ILO continuously collaborates with the EU and UN Women to strengthen their methodological expertise in the area of gender equality.207

Furthermore, both institutions consult one another in the creation of policies and strategies. It ensures that ideas and gender equality-related strategies of both institutions are compatible. For example:

• The ILO contributed to the EC policy documents implementing the European Consensus on Development in relation to gender mainstreaming and building on the “EU Programme of Actions on Gender Equality and Women’s Empowerment in External Relations”.208

The ILO and EU have also implemented several joint initiatives related to the gender equality policy driver. For instance:

• In 2009, the ILO and the Delegation of the European Union to Ukraine launched a joint project to promote “Gender Equality in the World of Work” in Ukraine.209 Both institutions described this cooperation as “highly successful”.210
• ITC-ILO and the EC (DG EMPL) also implemented joint programme on “Raising the awareness of companies about combating gender stereotypes”. Because of the successes of the first results, the programme was extended.211
• The EC/UN Partnership on Gender Equality for Development and Peace is another great example of the joint ILO and EU initiative. The aim of the initiative is to support stronger action on gender equality and women’s empowerment in national development processes and in cooperation programmes supported by the EC. The EC chaired the Programme Steering Committee, and at the national level, EC delegations play a leading role in the programme in the 12 participating countries. The ITC, as the training arm of the ILO, made its practical approach to capacity development for gender mainstreaming (an approach to policy-making that considers both women’s and men’s interests and concerns)212 available to programme

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207 Joint Conclusions of the 8th HLM (2010).
208 Joint Conclusions of the 7th HLM (2008).
210 Joint Conclusions of the 8th HLM (2010).
211 Joint Conclusions of the 8th HLM (2010).
partners and stakeholders. It managed the programme website, on-line learning modules and contributed to the global Gender Help Desk.213

3.6.4. Main advantages and shortcomings

Gender equality in the workplace creates several different benefits. Some of the benefits are more normative (e.g. increased happiness of citizens, or encouraged compliance with human rights). Other advantages are more “pragmatic” – increased organisational performance, improved image of the organisations and attraction of talents, enhanced organisational reputation.214 On the other hand, implementation of the gender equality principles also faces some challenges and shortcomings. Some governments or organisations might perceive rules targeted at gender equality as too risky since they might lead to positive discrimination. For example, a woman candidate is hired instead of the better qualified man.215 Furthermore, standard requirements sometimes might seem unsuitable because of the traditional or religious national contexts. Intervention of the EU, ILO and other international organisations might be useful for solving these challenges. For instance, the knowledge and expertise of the EU and ILO might result in recommendations on how to ensure gender equality while at the same time avoiding positive discrimination.

There are some examples proving that EU-ILO collaboration has already created some positive results in this thematic area. The EU and ILO implement a variety of joint “practical” initiatives aiming to ensure gender equality at the workplace (e.g. the global Gender Help Desk). It decreases the risk that good initiatives will stay on the level of ideas and will not be realized. Furthermore, it is commendable that successful cooperation practices were repeated or continued even after the end of the initial plan (e.g. “Raising the awareness of companies about combating gender stereotypes”). The ILO and EU notice that initiatives with narrower focus are especially successful. For example, the commission underlined the successful implementation, with ITC-ILO under a contract addressing the combating of gender stereotypes in small and medium size enterprises.216 Nevertheless, some shortcomings of the EU-ILO cooperation in the area of gender equality can be also identified. In addition to the policy driver targeted initiatives, the ILO and EU could also collaborate more actively in encouraging an integral approach towards gender quality needs. Joint actions can be taken to ensure that the specific needs of each gender are addressed in all the interventions. Moreover, the issues related to gender equality received less attention during the period of 2011-2016 (e.g. this policy driver was not described as the key area for cooperation in HLMs).


216 Joint Conclusions of the 8th HLM (2010).
3.7. The future of the workforce and the ensuing redefinition of labour relations

3.7.1. Context

Questions related to the welfare of the workforce and matching skills demand and supply have been discussed in most international institutions since their establishment. However, for a long time these aspects were investigated or addressed only looking at the scope of ‘the present’. For example, the focus was to analyse and decrease the mismatch between the skills supply and demand at that time and the elements of the future of the workforce or forecasting gained significantly more attention only more recently. It was widely acknowledged that it is necessary to focus not only on the challenges that are relevant at that time, but also on the ones that are expected to emerge in the future. Based on the fact that the EU and ILO have recently put much emphasis on this thematic area, the future of work is distinguished as the specific object in the second part of this study. The change of approach and the relevant time frame when assessing the workforce, was mostly determined by current economic trends. The technologies are changing rapidly and most young people expect to change career directions a few times over their working lives. It is often emphasized that a variety of jobs will disappear and that new jobs will appear in the near future. For this reason, the interventions and strategic actions of international institutions are necessary to ensure sustainable development of the workforce.

Similar trends related to this policy driver can be identified in the context of EU-ILO cooperation. From the beginning of this century, the EU and ILO have raised questions related to the welfare of the workforce, skills mismatches and labour relations. For example improving capacities for matching skills and labour market needs was frequently mentioned but more future-related aspects of this theme (such as forecasting) have been only directly addressed around a decade ago. And the ILO and EU prioritised this policy driver only a few years ago. Recent modern labour market trends also determined the need to redefine labour relations. The emergence of new technologies has led to the growing popularity of new forms of work (e.g. remote work, flexible work, self-employment). The old strategies and rules are not fully valid anymore to ensure decent work in this new context.

3.7.2. Aims of the policy driver

The concept ‘future of the workforce’ does not indicate any specific direction or aim differently from other policy drivers relevant in the context of EU-ILO cooperation, for example. The intention to achieve gender equality or decent work is also visible in the concept. In contrast, ‘Future of the workforce’ identifies the time scope (the future) and the main focus (the workforce) of the policy driver and so the

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218 ILO webpage: “Building skills of the future workforce”.
220 Joint Conclusions of the 7th HLM (2008).
221 E.g., Joint Conclusions of the 13th HLM (2017).
EU and ILO do not present any specific definitions of this concept. The context of use of this definition reveals that the idea includes ‘decency’ of the future work, as well as balanced skills supply and demand. The EU and ILO similarly interpret the aim of this policy driver with both organisations emphasising that it is necessary to discuss the future of work in order to respond to “the world of work ongoing changes”. The main goal of this policy driver is to ensure that everybody, as well as society as a whole, will benefit from the labour market changes, and that future work will provide security, equality and prosperity.

One narrower definition – labour relations – is especially relevant in this context. According to the ILO, the term labour relations (also known as industrial relations) refers to “the system in which employers, workers and their representatives and, directly or indirectly, the government interact to set the ground rules for the governance of work relationships”. In the EU context, the terms ‘industrial or employments relations’ are more common than ‘labour relations’. These definitions in general reflect the relationship between management and employees. Nevertheless, during recent years both the EU and ILO started expanding coverage of this definition by trying to make it relevant in the context of the growing popularity of new employment forms (e.g. making the definition more distinct from the contract employment). The term labour relations is closely related to the social dialogue and both these approaches are interpreted not as the final goal, but as the means to promote decent work, social protection and other policy drivers.

3.7.3. Best practices of transfer into internal legislation of the EU Member States

Knowledge-sharing and research cooperation are the most common EU-ILO practices in the area of the future of work. Both institutions have committed to collaborate in the development of the tools and research necessary for the effective forecasting of future skills needs. For example, the EU and ILO carried out joint research on skills development and created a knowledge-sharing platform for methods and tools development. Furthermore, the ILO's experts often advise the EU on new policies and strategies related to this policy driver. For example, the ILO was invited by the EC to contribute to expert group (CEPS) meeting on future of the EES in 2009. The ILO was also represented at the EU expert group on new skills for new jobs. The EU and ILO also cooperate on the European Skills, Competences and Occupations (ESCO) project drawing on the synergies of both institutions. For example, ESCO's occupations pillar is structured in a hierarchical way and linked to ISCO, the International Standard Classification of Occupations developed by the ILO and this allows statistical data acquired using ESCO to be comparable at international level.

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228 Ibid.  
229 Joint Conclusions of the 8th HLM (2010).  
230 Joint Conclusions of the 7th HLM (2008).  
231 Joint Conclusions of the 8th HLM (2010).  
3.7.4. Main advantages and shortcomings

The EU-ILO cooperation in the area of the future of work is advantageous and questions relating to this policy driver gained significant attention only a few years ago and the area is still under investigation. Thus, the EU-ILO research cooperation has much potential to create the added value in the thematic area\(^{233}\) and is especially relevant when the complexity of skills forecasting methods is considered. One of the highest risks for the effectiveness of the EU-ILO cooperation in this area is related to the decreasing relevancy of the old labour relations definitions. Both organisations admit the need of ensuring the redefinition of labour relations and some changes have been adopted recently. Nevertheless, considering the rapidly changing nature of work, further developments are needed and the EU-ILO cooperation can be especially useful for ensuring that definition are universal and used consistently in different contexts.

3.8. Transition to formality and fight against undeclared work

3.8.1. Context

Informal or undeclared work is one of the forms of ‘vulnerable employment’.\(^{235}\) The fight against undeclared work is an indispensable part of the decent work policy driver and international bodies such as the EU or ILO have acknowledged the relevance of the issues related to the undeclared work since their establishment. However, this topic gained significant attention only in the 1990s. For example, the EC’s Communication, which prepared the ground for an EU-wide policy debate on undeclared work, was presented in 1998.\(^{236}\) This policy driver has been investigated further in the 2000s, for example in 2007 the EC published another important Communication “Stepping up the fight against undeclared work”.\(^{237}\)

However, the relevance and popularity of the transition to formality theme reached its peak only a few years ago and much of the impetus came from recent economic trends. Undeclared work affects tax revenue, social security and labour standards and for these reasons, it has become a significant challenge for labour market policies in the context of economic recovery.\(^{238}\) The working time reduction, emergence of the less hierarchical working relationships with more flexible pay systems or time accounting, growing popularity of self-employment, the growing ease of setting up cross-border groupings of enterprises, and some other modern trends in the labour market have increased the risk and scope for undeclared work\(^{239}\) and the attention paid to combating undeclared work in the context of EU-ILO cooperation reflects the same pattern. This policy driver has received some attention since the very beginning of the mature cooperation between the two organisations but it became prominent only after the economic crisis. In the HLM of 2017 it was emphasized that enhancing cooperation in

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\(^{233}\) Joint Conclusions of the 8th HLM (2010).


\(^{237}\) Ibid.


view of facilitating transitions from the informal to the formal economy and reducing undeclared work will remain high priorities for both the EU and ILO in the years to come. Furthermore, the scope of this issue varies, depending on the context and in Europe it is significantly smaller compared to the situation in, for example, Latin America and the Caribbean. For this reason, broadening the geographical focus of EU-ILO cooperation to the non-European countries has also contributed to the growing relevancy of the topic.

3.8.2. Aims of the policy driver

The EU and ILO interpretations of the fight against undeclared work goals do not vary significantly. The main purpose of the transition to formality is directly linked to the strategies of decent work but it is admitted that the transition to the formal economy is essential to achieve inclusive development and to realize decent work for all. However, there is some vagueness in the usage of definitions related to the undeclared work and from the outset it is essential to understand that informal and undeclared work are not the same. The ILO has clearly defined all the relevant concepts and is consistent in the usage of definitions. According to the ILO, informal employment refers to “all informal activities carried out in the formal sector enterprises, informal sector enterprises, or households”. Undeclared work refers to “any paid activity, lawful in nature but not declared to the public authorities.” The ILO views undeclared work “through the lens of the informal economy” and all economic activities that are not covered by formal arrangements are interpreted as undeclared work. The definition of the EC is in principal similar and only differences in the regulatory system of MS are mentioned additionally: “The concept of ‘undeclared work’ is taken to mean any paid activities that are lawful as regards their nature but not declared to the public authorities, bearing in mind that differences in the regulatory system of Member States must be taken into account.” On the other hand, legal definitions of undeclared work at the national level in Europe are not common and many European countries have no formal definition of undeclared work in law. It complicates the measurement of the scope of undeclared work, as well as developing effective solutions.

3.8.3. Best practices of transfer into internal legislation of the EU Member States

For some time, cooperation between the EU and ILO in the fight against undeclared work was relatively ‘abstract’, broad and normative and both institutions have discussed the importance and relevance of the theme and consulted over the strategic planning. For example, the ILO’s experts have analysed definitions of undeclared work used in the EU and emphasized that inconsistencies should be eliminated. For example, the challenge that in some EU countries undeclared work means different things to different government agencies (e.g. tax, immigration, OSH, business compliance) was emphasized. During recent years, when the EU-ILO started to pay more attention to undeclared work,
more specific practical initiatives have started. Most of the recent EU-ILO targeted programmes are focused on individual countries. For instance, in 2015 the ILO implemented a project funded by the EC on “Supporting the transition from informal to formal economy and addressing undeclared work in Greece”. One of the project’s initiatives was to equip the labour inspectorate and other related enforcement authorities with modern strategies, methods and tools for ensuring compliance, based on the EU experience. Currently both organisations are implementing another similar project in Ukraine “Enhancing the labour administration capacity to improve working conditions and tackle undeclared work”. The project provides the expertise and information support to the State Labour Service of Ukraine to develop, test and implement a systematic and multiannual strategy to tackle undeclared work.

3.8.4. Main advantages and shortcomings

The EC lists some main advantages of the fight against undeclared work: higher pension rights, better access to healthcare, improved working conditions (especially for the groups that currently are at the margins of society), and respect of employment rights. However, the fight against undeclared work also has some shortcomings. Firstly, a variety of different tools (e.g. public communication campaigns, professionals and government departments focusing on the solving of this issue, phone lines or websites where citizens could anonymously report about the undeclared work) are needed. Thus, the fight against undeclared work is especially costly. Furthermore, undeclared work is especially “deeply rooted” and widespread and if citizens perceive the informal economy as “normal” practice, it becomes extremely difficult to find and identify the undeclared work. Therefore, there is a high risk that the actions of organisations will be ineffective, showing that the cooperation of different actors (EU and ILO included) in combatting undeclared work is necessary.

The EU-ILO collaboration in tackling undeclared work has its advantages starting with the strengths of each institution used in the joint initiatives. The relevant example is the project aimed to decrease undeclared work in Greece where the EU specific experience was used to equip related enforcement authorities with modern tools for ensuring compliance. Furthermore, recently implemented joint EU and ILO initiatives focus on the national level (e.g. the programme in Ukraine or Greece). It guarantees that the content of the programmes is adjusted to the specific context and that differences in the regulatory systems of MS, so relevant in the case of undeclared work, are taken into account. On the other hand, the EU-ILO cooperation in this area faces some challenges, and one of the most significant issues is the lack of a common definition in the MS. It prevents understanding of the scope of undeclared work or ensuring that it is dealt with consistently within a country or across the EU.

4. EU-ILO COLLABORATION FROM THE EU PERSPECTIVE: THE OUTCOMES

Chapter 3 describes specific outcomes and achievements of the EU-ILO collaboration. In contrast to the Chapter 3, this chapter pays less attention to the normative or ideas level and the focus is ‘tangible’ results of the cooperation. The results are evaluated from the perspective of the EU, considering what the effects are of the collaboration with the ILO. Seven key strategies, reforms and legislations affected by the EU-ILO cooperation are described consecutively:

1) Lisbon strategy and EU2020
2) Flexicurity legislation within the MSs
3) YG reform
4) Implementation of the PES reform
5) Implementation of the apprenticeships system and other educational reforms involving the dual principle and traineeships
6) Minimum wage legislations
7) Guardianships of digital labour platforms and the future of work

The introduction of each policy and its context are followed by analysis of the ILO collaboration’s impact and particularly the impact on the policy agenda, as well as on specific legislation/regulation.

4.1. Lisbon strategy and EU2020

4.1.1. Introduction

The Lisbon Strategy, also known as the Lisbon Agenda or Lisbon Process, was an action and development plan devised in 2000 for the economy of the EU between 2000 and 2010. The aim of the Strategy was to make Europe “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. The Lisbon Strategy was followed by the Europe 2020 strategy which is the EU’s agenda for growth and jobs for the period between 2010 and 2020. It emphasises smart, sustainable and inclusive growth to overcome the structural weaknesses in Europe’s economy, improve its competitiveness and productivity and underpin a sustainable social market economy.

4.1.2. Analysis of the impact of ILO collaboration

The ILO’s impact on the Lisbon and Europe 2020 strategies is especially significant. The ILO has affected the policy agenda and legislation relevant for these strategies through different mechanisms starting with how ideas of the ILO influenced and inspired the policy agenda of the strategies. Secondly, the ILO responded to consultations on the strategies and has also committed to cooperate in trying to achieve the goals of the strategies. Finally, the EU encouraged MS to ratify those ILO conventions directly related to the goals of the Lisbon Strategy and Europe 2020.

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253 Ibid.
The EU and ILO acknowledge that the policy agenda of the Lisbon Strategy was strongly influenced by the ILO’s Decent Work Agenda which was developed in 1999 around four pillars: employment creation, rights at work, social protection and social dialogue.\footnote{International Trade Union Confederation (2017) How do donors support the Decent Work Agenda?, available at: \url{https://www.ituc-csi.org/IMG/pdf/oda_decent_work_en.pdf}.} One year later, the Decent Work agenda was integrated into the Lisbon Strategy. The EU’s chosen approach towards this policy action reflected ideas, principles, and pillars as the ILO’s strategy and the synergy between the Lisbon Strategy and the Decent Work agenda has created significant positive results. By incorporating the Decent Work Agenda into its main strategic document, the EU expressed support for the agenda and called for its worldwide implementation.\footnote{ILO “ICL coverage: Decent Work an essential element of EU Lisbon Strategy on growth and employment”, mp3 available at: \url{https://www.ilo.org/global/about-the-ilo/multimedia/audio/WCMS_093793/lang--en/index.htm}.} Commissioner Vladimír Špidla and other experts claim that the EU “has played a strong role in putting decent work for all and fair globalisation high on the international agenda”.\footnote{European Commission, Press Release Database (2007) “EU takes action to promote ‘fair globalisation’ at ILO forum”, available at: \url{http://europa.eu/rapid/press-release_IP-07-1635_en.htm?locale=en}.} Furthermore, as a result the ILO ‘brand’ has gained general acceptance.\footnote{Swedish assessment of multilateral organisations (2008) The International Labour Organisation, available at: \url{https://www.government.se/contentassets/878a33c6d05c467bbc2c925c1576bef2/the-international-labour-organisation-ilo}.} This illustrates that EU-ILO collaboration has directly contributed to the increased importance and influence of the ILO worldwide.

In the case of the Europe 2020 Strategy, collaboration between the EU and ILO has also influenced the content and vision of the programme. The ILO sent its comprehensive response to consultation on the Europe 2020 Strategy\footnote{ILO (2013) Contribution to the Public Consultation on the Europe 2020 Strategy, available at: \url{https://www.ilo.org/wcmsp5/groups/public/---ro-geneva/---ilo-brussels/documents/genericdocument/wcms_393396.pdf}.} and by referencing to the 2013 Oslo Declaration, the ILO experts emphasized the importance of the four priorities which, when combined, can support a comprehensive employment policy at the EU level. The four priorities are to: “1. Gear up policies and programmes to reach headline targets 2. Give due attention to the quality of employment 3. Better apply employment and social indicators in EU economic governance 4. Uphold human, social and labour rights and strengthen social dialogue.”\footnote{Ibid.}

Collaboration between the ILO and EU has also affected the legislation practices related to the Lisbon Strategy and Europe 2020. The ILO standards were also incorporated in the more specific regulatory documents that followed the strategies\footnote{Ibid.} and the ILO’s ideas were incorporated into the EU strategic documents. For this reason, the EU became particularly interested that the principles originally presented by the ILO would be followed. Thus, the EU directly encouraged its MS to ratify a series of updated ILO conventions on decent work.\footnote{European Commission, Press Release Database (2007) “EU takes action to promote ‘fair globalisation’ at ILO forum”.} Some of the interviewed experts also emphasized that the ILO has been particularly influential on the development of the social pillar of the EU and the previous work and experience of the ILO were adopted and adjusted as necessary. In this case the ILO had the role as the senior partner and according to the experts, the influence of the ILO in the creation of the EU social pillar was even stronger when compared to the contributions during the development of the Lisbon Treaty and Europe 2020. Furthermore, based on the interviews, since 2000 much of the collaborative work between the EU and ILO has been on promoting the European model of social policy. This means that the EU was spreading its ideas further than the neighbouring countries through the ILO (e.g. EU funded projects in developing countries delivered by the ILO).
4.2. Flexicurity legislation within the Member States

4.2.1. Introduction

The EU and its MS adopted their key strategic and policy documents related to flexicurity around 2007 and 2009 and the application of the concept led to increased passive income support, including not only more conspicuous unemployment insurance, but also passive support for the long-term unemployed. Two more waves of EU enlargement between the 2004 and 2007, as well as the growing influence of globalisation, encouraged the EU to search for additional models of employment strategy. The concept of flexicurity emerged from this and became prominent in the EU context. Practical flexicurity policies can be adopted only at the national level but the EC made efforts to prompt the adoption of the necessary legislation within the MS by defining the main principles behind the concept. Two main strategic EU documents directly related to the principle of flexicurity were presented in 2007: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards Common Principles of Flexicurity: More and better jobs through flexibility and security, and Council of the EU conclusions on the common principles of flexicurity.

4.2.2. Analysis of the impact of ILO collaboration

There is evidence that the EU-ILO cooperation impacted on the flexicurity legislation with the MS and there are two most significant aspects of this influence. Firstly, the ILO’s actions and communications increased the awareness of the flexicurity approach in the EU and MS. Secondly, the ILO “helped” the EU by investigating the policy responses of individual MS (especially the new members), as well as by suggesting ideas on how the principle of flexicurity could be adjusted in the specific national contexts.

The EU-ILO cooperation was significant for the investigation of the flexicurity potential in the EU and in 2008, the EC and the ILO expressed their interest to seek cooperation on flexicurity in relation to emerging countries. In the beginning, when the EU started discussions about flexicurity the ILO worked as an “independent investigator” and analysed the potential of the principle in the European context. The ILO analysis proved that “the good labour market performance of those countries which have gone the flexicurity way. It has also confirmed the relevance of the flexicurity approach for the new EU Member States and non-EU countries”. Thus, the ILO and its research contributed to the EU continuing to give much attention to this principle for some time. Furthermore, the ILO implemented flexicurity related projects at the national level in some MS and it is claimed that in the ILO “flexicurity” project covering Bulgaria, Croatia, Hungary, Lithuania and Poland “ILO research and discussions at ILO meetings have resulted in flexicurity being placed higher on the region’s agenda and increased awareness of the flexicurity approach.”

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265 Joint conclusions of the 7th HLM (2008).


4.3. Youth Guarantee reform

4.3.1. Introduction
The YG is a commitment by all MS to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship and traineeship. All EU countries committed to the implementation of a YG in a Council Recommendation of April 2013. During the economic recession, the scope of the youth unemployment was growing rapidly, and became one of the main risks for the sustainable development of the EU. The YG was presented in this context as the response addressing the detrimental long-lasting consequences of long-term unemployment on young people.

4.3.2. Analysis of the impact of ILO collaboration
The YG is one of the most prominent examples of EU-ILO cooperation outputs and the policy idea was developed within the context of the EU-ILO collaboration and has become a key policy for Europe. Furthermore, both organisations collaborate especially closely during implementation of the programme. In the HLM of 2012, both organisations agreed that youth employment is the main challenge to be faced in the EU and at global level and while the YG programme was first presented by the EC, the ILO significantly influenced the methodology of the programme. The ILO suggested that it followed the sequential type of school-to-work transition typical of Scandinavian countries as this would be easier to export to the EU countries (as compared to the ‘dual’ principle more typical of Germany and Austria). The EC and EP followed this suggestion of the ILO and since 2015 the ILO and the EC have been working together with EU MS to improve the implementation of national YG schemes and to develop quality apprenticeship systems and programmes in key sectors through tripartite social dialogue. For instance, MS receive ILO advisory services on how to implement the YG and this increases the chances that durable and effective legislation is implemented.

4.4. Implementation of the PES reform

4.4.1. Introduction
In the EU context, public employment services (PES) are one of the principal bodies that connect jobseekers with employers and effective PES are considered to be essential for the sustainable development of the labour market. Therefore, the EU provides guidelines and implements reforms targeted at the improvement of PES and there have been significant reforms implemented since their inception in the 20th century. The need for new reforms became apparent some five years ago with the economy recovering after the crisis, and new employment programmes (e.g. the YG) adopted in the EU. It was considered necessary to ensure that PES are capable to support these new programmes, and to adequately deliver ALMPs. Consequently, the “European Network of Public Employment Services” (PES Network) was created in the 2014.

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270 Joint Conclusions of the 10th HLM (2012).
4.4.2. Analysis of the impact of ILO collaboration

The direct impact of the EU-ILO cooperation on the implementation of PES reform is not as clear as in some other areas but some synergies between the EU and ILO can be identified. Both organisations mostly cooperate in the capacity-building of the PES. The ILO has been supporting PES since its establishment\textsuperscript{275} so its contributions are especially relevant in this area. The ILO states that capacity building of the PES is aimed at shifting from the control functions they traditionally performed, to providing quality services to jobseekers and employers.\textsuperscript{276} Interviewed experts claimed that the ILO’s help and influence was especially relevant for the “preparation” of the EU accession countries since it was strongly involved in preparing these countries with expert advice and funding on a whole range of employment issues, including industrial relations, ALMPs, and labour market statistics. Furthermore, the ILO is still involved with accession countries such as Serbia and Albania.

4.5. Implementation of the apprenticeships system and other educational reforms involving the dual principle (work-based learning; new VET system; industrial doctorates; etc.), traineeships

4.5.1. Introduction

The implementation of the apprenticeships system and other educational reforms involving the dual principle is closely related to the YG programme as youth is the main target group of similar initiatives. A few EU level initiatives and programmes have been implemented during recent years to guarantee the quality of apprenticeships or traineeships in the MS. For instance, the EC published its declaration on the “European Alliance for Apprenticeships” in 2013. Furthermore, the European Alliance for Apprenticeships (EAfa) was established and unites governments and key stakeholders with the aim of strengthening the quality, supply and overall image of apprenticeships across Europe, while also promoting the mobility of apprentices.\textsuperscript{277} These EU level initiatives affect national apprenticeship or traineeship related policies of the MS.

4.5.2. Analysis of the impact of ILO collaboration

The EU-ILO cooperation has contributed to raising awareness of the benefits of apprenticeships and is the most significant impact of the cooperation in this area. Under the YG, the ILO and the EC are working together with EU MS to develop quality apprenticeship systems and programmes in key sectors through tripartite social dialogue.\textsuperscript{278} This increases awareness in certain MS about the potential benefits of the development of different apprenticeship systems. However, the most common mechanism for cooperation is related to the synergies of research from both organisations. The ILO often states that the EU’s research has impact on the content of the ILO’s research and toolkits and vice versa. For instance, the ILO Toolkit for Quality Apprenticeships is one of the most comprehensive and widely used apprenticeship-related resources. The Toolkit aims to improve the design and implementation of apprenticeship systems and programmes and the ILO clearly states that “the EC-funded project on quality apprenticeships and youth guarantee brought useful inputs” to this


\textsuperscript{277} European Commission webpage “European Alliance for Apprenticeships”, available at: https://ec.europa.eu/social/main.jsp?catId=1147

\textsuperscript{278} ILO webpage, “EC-ILO Action on the Youth Guarantee”.

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In parallel, the ILO’s conclusions often determine the content and strategic direction of the EU’s policies. Furthermore, the cooperation increases the chances of both institutions to present the highest quality publications and toolkits such as the ILO’s publication “Developing quality traineeships for young people” which received financial support from the EU Programme for Employment and Social Innovation.

4.6. Minimum wage legislation

4.6.1. Introduction

Interest in minimum wage policy tools is high and increasing. Wages (minimum wage included) are one of the policy domains included in the European Pillar of Social Rights and so the EU started to officially encourage its MS to adopt minimum wage laws, and to ratify international minimum wage conventions. For example, in 2014 in the Political Guidelines for the Commission, President Juncker emphasized his belief that it is “necessary for all EU Member States to put in place a minimum wage”. Minimum wage is one of the key means for the fight against the exploitation of labour and the ILO’s conventions play a significant role in the encouragement of minimum wage legislation. In 1928, the ILO adopted the Minimum Wage Fixing Machinery Convention, 1928 (No. 26) and in 1970, it adopted the Minimum Wage Fixing Convention, 1971 (No. 131) which is considered to offer broader protection than that envisaged by ILO Convention No. 26.

4.6.2. Analysis of the impact of ILO collaboration

Joint EU-ILO projects that target minimum wage legislation are not especially common and it is partly determined by the specificity of the area. Minimum wage legislation is the liability of the individual MS and international organisations can only encourage adoption of minimum wage laws. For these reasons, the impact of the EU-ILO cooperation in the area of minimum wage legislation is not so visible but it can be claimed that cooperation increases the probability that legislation will be adopted more widely. The ILO’s conventions provide the guidelines and emphasize the importance of minimum wage legislation and the EU encourages MS to enact the related international recommendations. This combination of the actions of the two organisations increases the potential influence of the recommendations. To illustrate this, only 52 out of 187 ILO member countries have ratified the minimum wage convention (No. 131). However, in the EU 23 out of 28 member states have some form of national minimum wage. Furthermore, the ILO and EU collaborate in the research projects that investigate the European context of the minimum wage. For example, the ILO and EC implemented

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283 Ibid.
the joint project “on Minimum Wage in the Enlarged EU”\textsuperscript{286} and joint research projects help the EU better understand the specific context of the MS, and help make more informed decisions.

### 4.7. Guardianships of digital labour platforms and the future of work

#### 4.7.1. Introduction

Digitalisation, globalisation and other modern trends generate radical changes in the European labour market they are likely to exert strong influence on the organisation of work.\textsuperscript{287} Existing legislation or strategies targeted at decent work are not always relevant in the modern context where decreasing number of workers in Europe have a job based on the traditional employer-employee relationship. One of the major transformations in the world of work is the emergence of the digital labour platforms\textsuperscript{288} and reacting to this change the EU and ILO have started active discussions and have taken some actions aiming to define the status of such workers. Because of their rapidly growing numbers, the conditions of platform workers are one of the subjects of the second part of this study.

#### 4.7.2. Analysis of the impact of ILO collaboration

The EU-ILO collaboration in this area is especially significant. Digital labour platforms can be described as a global phenomenon. For this reason, experts emphasize the need for international collaboration in the guardianships of digital labour platforms since purely national responses would be inappropriate and ineffective.\textsuperscript{289} Therefore, the EU-ILO collaboration on this matter is commendable and in the most recent HLMs, the ILO and EU agreed that the future of work is one of the key policy drivers and the organisations committed to focus on “addressing the changing nature of jobs”.\textsuperscript{290} This collaboration has already created significant results. In 2017 the EP expressed its position about the legislative changes in the EU law that are necessary for the protecting workers in the online platform economy.\textsuperscript{291} The most important suggestions are based on the ILO’s recommendation (more particularly, ILO Employment Relationship Recommendation No 198\textsuperscript{292}). The EP has called on the Commission to “broaden the Written Statement Directive to cover all forms of employment (…), taking into account ILO Recommendation No 198.\textsuperscript{293} Furthermore, in 2018 the EU presented the “European legal framework for digital labour platforms”, which maps a kaleidoscopic array of platform-mediated working arrangements.\textsuperscript{294} Some of the study’s conclusions are based on the ILO’s research and strategies.

\begin{itemize}
  \item \textsuperscript{290} Joint Conclusions of the 12th HLM (2015).
  \item \textsuperscript{291} Ibid.
  \item \textsuperscript{293} Garben, S. (2017).
  \item \textsuperscript{294} De Stefano, V., & Aloisi, A. (2018).
\end{itemize}
5. PERSPECTIVES FOR THE FUTURE OF WORK

In this chapter, the main predictions on the future of work are outlined drawing on the available secondary information. There then follows what is described as the Human-Centred Agenda proposed by the ILO to cope with the anticipated challenges of the future of work.

The world of work is under constant change, some of the already observable trends are expected to have substantial impact on the future of work. Many jobs will disappear, while others will change the way they are executed. There is much debate among international organizations and in particular the EU and ILO as to the best way to address the ongoing changes to reduce the costs and increase the benefits of what is perceived as a new industrial revolution, sometimes called industry 4.0 (i4.0).

5.1. Main trends driving the future of work

The pace of technological change is increasing295 as computers and the software running them offer greater potential in most situations from industry to the home. New ways of harnessing their economic potential are being developed leading to key advancements in machine learning, artificial intelligence and robotics.

The pattern of globalisation is also changing, much of which is facilitated by technological advancements. One of the first major effects of this was the development of offshoring, as lower communication and transportation costs resulted in the relocation of labour-intensive activities to regions with an appropriate infrastructure but, importantly, cheaper labour296. However, because of technological developments and increasing labour costs in those countries where offshoring was concentrated, the trend is being reversed and there are many cases where services are being repatriated. However, it is not just a push effect since businesses are moving back to take advantage of the skilled labour, research and marketing opportunities with higher value added as the terms of comparative advantage alter in an increasingly interdependent world. The global value chain has discovered a new mix of reshoring and offshoring297.

At the same time, demographic change means that EU countries are facing older populations. The population dependency ratio298 is expected to increase by 25 percentage points in Europe by 2050; while in Africa a decline of almost 19 percentage points is expected299. An increase in the dependency ratio leads to a decline in the supply of labour which can be countered by labour migration, active ageing and, of course, the use of technology in place of labour. Moreover, the expected environmental change is likely to impact on economic activities which could result in a requirement for the restructuring of economies and employment.

The key factors identified above differ only slightly between ILO, EU or the OECD and all have a global focus to some extent, with each organisation looking to the effects on their own constituencies and this may be reflected in their different emphases when assessing the future of work.

5.1.1. Industry 4.0

The term i4.0 was originally used by the German government (Zukunftsf projekt Industrie 4.0300) and refers to a policy framework designed to maintain and increase industrial competitiveness through a strategic
policy. The concept describes the organisation of production processes based on technology and devices autonomously communicating with each other along the value chain\(^{301}\). Its introduction inspired a large societal as well as research discussion, as it covered multiple trends already observable in most developed countries. Existing research, also emanating from international organizations, agrees that these trends are likely to result in a substantial change in the structure of existing employment\(^{302}\) in the EU countries\(^{303}\).

By following the German example, the EU supports\(^{304}\) the shift to I4.0 by adopting a strategic policy approach of actively supporting the technological change through investments in the adoption of new technologies in industrial production. The EU strategy is to accelerate the transition instead of its prevention or mitigation. The motivation for active support of I4.0 is either direct macroeconomic benefits\(^{305}\), but also the intention is to speed up the unavoidable restructuring of existing employment. One of the indirect effects of supporting economic activities under I4.0 is restricting the potentially harmful side effects of the economic transition, such as structural unemployment, or growing income inequality that might ensue.

5.2. Future of work – predictions based on available research

In this sub-chapter the main features of the future of work identified in policy research are set out with the attention focused on those stimulating the most intensive discussions in the academic literature, as well as among international organisations. Describing the main mechanisms driving the future of work helps to understand the policy approaches and measures outlined in Chapters 5 and 6.

5.2.1. Declining share of labour on production

In the most advanced economies, technological innovations are the main drivers of labour productivity. With the increase in the technological intensity of production, labour’s share of the production process (and hence contribution to productivity) is declining. A study by Schwellnus and co-authors\(^{306}\) estimates a decline in the share of labour in production for the OECD countries between 1995 and 2000 to be 3.5 percentage points and this decline is closely associated with the:

i. decline in investment prices (driven by the fall in the prices of IT);

ii. changes in the global value chain allowing the relocation of labour-intensive production to regions with cheaper labour.

This leads to the decoupling of wages from total productivity\(^{307}\) as labour productivity grows faster than wages\(^{308}\).

\(^{301}\) European Parliament (2016).

\(^{302}\) Please, find more details in the following sub-chapter.

\(^{303}\) Based on expectations of the European Commission (2018), ILO (2019a), or the OECD (2017).

\(^{304}\) European Parliament (2016).

\(^{305}\) Based on the Boston Consulting Group (2015) the impact of Industry 4.0 for Germany was 5-8% growth in productivity; annual growth in revenues of 30 billion of euro (1% of GDP) and a 6% increase in employment in the horizon of the following 10 years.

\(^{306}\) Schwellnus et al. (2018).

\(^{307}\) Schwellnus, Kappeler and Pionnier 2017.

\(^{308}\) At the same time wage inequality grows because the already well earning, skilled workers are more complementary to new technology. The issue of Skill-Biased Technological Change is introduced in the next sub-chapter.
The gains from technological progress are therefore not divided equally between capital (technology) owners and workers. This presents a challenge for the redistributive policies through taxation and social transfers. Available evidence also demonstrates that economic gains from the declining share of labour in production are also unequally shared among firms, with the most dynamically growing firms, and those entering the technological frontier, gaining most. This presents an additional challenge for establishing potential redistributive measures.

Although appearing as a rather technical topic of the economic debate, the declining share of labour on production has important implications for the policy debate and legislative process. Questions of appropriate reaction to this trend drive less convergent approaches, such as in the case of the Robot tax, or the universal (basic) income.

5.2.2. Skill-Biased Technological Change drives working income polarisation

The inequality between the owners of capital owners and workers grows with the adoption of new technologies and the inequality among wage earners also increases as the new technology tends to be more favourable towards-skilled labour. In other words, technological change appears to be skill-biased, namely tending to reduce the demand for unskilled labour compared to skilled labour. The concept of skill-biased technological change emerged to help explain observable growth in working income inequality. An alternative concept of routine-biased technological change is based on an empirical model at the level of particular tasks. It claims that many

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309 Causa and Hermansen 2017.
310 Schwellnus et al. 2018.
311 In terms of labour productivity.
312 For more information, please, refer to sub-chapter 7.4.
routine tasks are being replaced by automation, driven by technological advancement and not necessarily the more skilled tasks. This spawned a range of empirical studies supporting the concept of routine-biased technological change (Table 3).

Table 4: List of selected empirical studies in support of routine-biased technological change

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year of publication</th>
<th>Geographical scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autor, Levy and Murnane</td>
<td>2003</td>
<td>US</td>
</tr>
<tr>
<td>Autor, Katz, and Kearney</td>
<td>2006</td>
<td>US</td>
</tr>
<tr>
<td>Spitz-Oener</td>
<td>2006</td>
<td>Germany</td>
</tr>
<tr>
<td>Goos and Mannin</td>
<td>2007</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Autor and Handel</td>
<td>2013</td>
<td>US</td>
</tr>
<tr>
<td>Autor and Dorn</td>
<td>2013</td>
<td>US</td>
</tr>
<tr>
<td>Matthes et al.</td>
<td>2014</td>
<td>Germany</td>
</tr>
<tr>
<td>Goos, Manning and Salomons</td>
<td>2014</td>
<td>EU 15</td>
</tr>
<tr>
<td>Fernández-Macías and Hurley</td>
<td>2016</td>
<td>EU 15</td>
</tr>
<tr>
<td>Marcolin, Miroudot and Squicciarin</td>
<td>2016</td>
<td>EU 15</td>
</tr>
<tr>
<td>Fernández-Macías and Bisello</td>
<td>2017</td>
<td>EU-15</td>
</tr>
<tr>
<td>Sebastian</td>
<td>2018</td>
<td>Spain</td>
</tr>
</tbody>
</table>

Source: Based on Sebastian and Biagi (2018).

Although, routine tasks might be distributed along the whole skills spectrum\(^{313}\), increased wage dynamics is more pronounced in the segment of higher educated workers, where routine tasks are less frequent\(^{314}\).

An influential study\(^{315}\) exploring the long-term development in the private returns to education in the US formulates a hypothesis of a race between education and schooling. Using historical examples, the authors show that in past cases of increases in the wage premia observable for workers with higher education, the educational systems\(^{316}\) reacted with increasing access (i.e. the supply) to higher levels of education in anticipation of rising demand stimulated by the prospect of higher earnings. It suggests that, overall, upskilling policies (i.e. policies aimed at increasing the skill level of the population) show a potential to compensate for the effect of the skill-biased technological change on the structure of labour demand and its implications on wage inequality. In other words, the supply of skills increases in response to an increased labour demand. Nevertheless, the increasing wage inequality by itself provides justification for strengthening the progressive element in taxation measures: in other words, the redistribution of the taxation from low to high skill workers might partly compensate for the worsening living conditions of low skill workers.. Because the technological change is skill biased,

\(^{313}\) Defined by the occupational task complexity (Frey and Osborne 2015, Fig. 3) or required educational level.

\(^{314}\) Acemoglu and Autor 2011) (Frey and Osborne 2015, Fig 3.

\(^{315}\) Katz and Goldin 2008.

\(^{316}\) Initial together with adult education.
Redistributive policies are needed to address the deepening polarisation of income from different employment opportunities of low and high skill workers. Because of the change in the structure of the demand for skills, the working conditions of low-skilled workers are also worsening in non-financial terms. Regulation related to working time and decent working conditions is therefore necessary to address this tendency317.

5.2.3. Automation, job destruction and job creation

Building on the extensive literature on the skill and routine-biased technological change is a series of more recent studies providing estimates of future job destruction driven by technological advancements and automation. The pioneering study of Frey and Osborne (2015) attracted substantial attention by painting a rather dramatic picture of almost one in every two workers in the US being at risk of replacement due to automation. The study adopts a job-based, rather than task-based approach: where it assumes that the disappearance of some tasks will automatically mean the disappearance of the related job. Later studies, especially those adopting the task-based approach show that in most cases it is likely to be tasks that are being replaced by automation instead of whole jobs318.

Table 5: Estimations of future job destruction and creation due to new technology and automation

<table>
<thead>
<tr>
<th>Study</th>
<th>Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frey and Osborne, 2015</td>
<td>47% of workers in the United States are at risk of having jobs replaced by automation.</td>
</tr>
<tr>
<td>Chang and Phu, 2016</td>
<td>ASEAN-5: 56% of jobs are at risk of automation over the next 20 years.</td>
</tr>
<tr>
<td>McKinsey Global Institute, 2017</td>
<td>While less than 5% of all occupations can be automated entirely using demonstrated technologies, about 60% of all occupations have at least 30% of constituent activities that can be automated.</td>
</tr>
<tr>
<td>Arntz et al. 2016</td>
<td>An average 9% of jobs in the OECD are at high risk of automation. A substantial share of jobs (between 50 and 70%) will not be substituted entirely but a large share of tasks will be automated, transforming how these jobs are carried out.</td>
</tr>
<tr>
<td>World Bank, 2016</td>
<td>Two-thirds of jobs in the developing world are susceptible to automation.</td>
</tr>
<tr>
<td>World Economic Forum, 2018</td>
<td>Nearly 50% of companies expect that automation will lead to some reduction in their full-time workforce by 2022.</td>
</tr>
</tbody>
</table>

Source: Adopted based on ILO 2019a, Table 1.

317 For more detail, please, refer to sub-chapters 7.5-7.7.
318 Arntz et al. 2016.
Available estimates (Table 5) provide an approximation of the scope of the expected job (or task) destruction related to the utilisation of new technologies such as automation, computerisation or artificial intelligence. It shows that predictions vary widely according to whether a job or a task-based approach is followed. This has led to disagreement as to which tendency will eventually prevail: the more pessimistic or the more optimistic scenario. In reality there is no evidence available yet to support either view.

However, there are numerous examples from the past where the introduction of important innovations has led to significant job creation. Technical change invariably involves some job destruction, but the human and financial resources freed from the disappearance of old jobs can be used by the expanding sectors where the new jobs will be created. The role of economic policy is to speed up the process of reallocation of such human and financial resources from the declining to the expanding sectors. Economic theory or empirical research fails to provide a consensus on the impact of technological change on employment and especially unemployment\(^{319}\). By looking at the long-term fluctuations in the country-level unemployment rate, empirical studies\(^{320}\) have not observed an increasing trend that can be associated with the introduction of new technologies. In contrast, the short-term and firm-level evidence draws a less clear picture\(^{321}\). Considering the absence of a long-term growing trend in the unemployment rate\(^{322}\), technology-related job creation should, in the long-run, be equal to technology-related job destruction\(^{323}\).

However, there are studies and expert views suggesting that “everything that can be automated will be automated”\(^{324}\). For example, aggregated responses from a Delphi study with experts performed by Bertlesman Stiftung shows that the unemployment rate is expected to increase, on average, to 11 percent in 2020, and 24 percent by 2050. They suggest the universal basic income (UBI), as a solution to such challenges. Similar arguments can be found in many other research papers, academic discussions, and journal articles all over the world.\(^{325}\) The overall results, however, are ambiguous. Some of them argue that UBI will have a positive impact on poverty reduction and economic growth under some conditions\(^{326}\), while others prove that this impact will be negligible for the economy and the society\(^{327}\).

In addition, even though the UBI trial performed in Finland was assessed as unsuccessful, other countries are still starting similar experimental programmes of these types. For example, California City paid their first UBI in February 2019 and will continue the experiment for a further 17 months. Once finalized, the analysis will assess the well-being and wealth of the individuals\(^{328}\). Therefore, the UBI

\(^{319}\) Piva and Vivarelli (2018).

\(^{320}\) See e.g. Nickell (1997).

\(^{321}\) At the firm or sectoral level, various types of innovation show different associations with firm-level employment, also conditioned on the length of the observation period. Processing firm level data positive association of innovation on employment was explored for example by Blanchflower and Burgess (1998). Based on Greenan and Guellec (2000) innovative firms create more jobs, but at the sectoral level the association becomes reverse and only observable for product innovation. Piva and Vivarelli (2005) account for the “business stealing” effect potentially explaining the differences in the association at the firm and sector level. They find a moderate, but positive effect of innovation on employment in Italian firms. The association between innovativeness and employment was also confirmed for Germany. Lachenmaier and Rottmann (2011); or Spain Ciriaci et al. (2016).

\(^{322}\) This is also in line with a principle of classical economic theory known as the Say’s Theorem. This Theorem claims that each supply (in the long-run) generates related demand. Excessive labour supply resulting from technology related job destruction, should (after the market adjusts) lead to an increased demand for labour.

\(^{323}\) For a more detailed description of the mechanisms compensating the short-term job destruction driven by technological progress see Vivarelli (2014).

\(^{324}\) https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/BST_Delphi_E_03lay.pdf.

\(^{325}\) See for example publications issued within scientific journal “Basic Income Studies”, Ed. By Haagh, Anne-Luise, Howard Michael.


\(^{328}\) The Los Angeles Times “A California City Just Launched a Basic Income Trial, April, 16th, 2019.
might still be considered as an option and policy challenge for European policy makers in the very near future.

Finally, considering the dynamics of technological innovation, the growing importance of lifelong learning policies becomes clear. A complementary policy approach involves the further stimulation of technological innovations, such as in the case of EU, through policies supporting the transition to i4.0. These policies usually aim to speed-up the transition process and thus firstly, shorten the period; secondly, assure international competitiveness and; thirdly, are dependent on the availability of skilled labour.

### 5.2.4. Telework and new contractual relationships

Work performance from places other than an employer’s premise is becoming more popular during the last decade due to the intensive usage of ICT in the workplace. EU statistics show that during the recent period the number of teleworkers has increased constantly. While in 2000 the overall proportion of people engaged in telework ranged from 4% to 5% in the European countries, in 2005 it increased up to 7% and it reached the level of around 10% in 2017.\(^{329}\). Given the fact that some studies argue that employees today “aspire to a new workplace paradigm that places a higher priority on work/life balance and workplace flexibility”, where work is a ‘thing’ and not a ‘place’\(^{330}\), it might expected that further increases in such work in the future.

The ICT usage gives not only more freedom to the choice of workplace, but also introduces several changes to the type of contractual relationship possible between employers and employees. Telework is often used to make contractual relationships more flexible and give more freedom to both sides of the contract\(^{331}\). The existing statistics confirm that at the EU level, employment contracts involving ‘part-time’ telework are about four times higher than ‘full-time’ telework. In 2002 the ETUC, together with other partners\(^{332}\) created and signed a framework agreement on telework with the aim to secure the same level of protection for teleworkers, as for workers that perform their activities at the employer’s premises. In fact, although teleworking is perceived as a mode of employment bringing several societal, environmental and economic advantages for society, it might also bring additional challenges for policymakers. Such policy challenges might be related to poorer protection of the occupational health and safety of the teleworker, the organisation of her/his working time, proper workload, access to training, the provision and maintenance of necessary equipment for regular work, or social security insurance.

### 5.2.5. Platform Economy

The increased utilisation of the Internet in economic activity appears to be related to a dynamically growing segment of the economy. New online social networks have led to the increased sharing of personal information and this has created new opportunities in: marketing, customised product design, and direct connections of consumers to producers or service sellers. It has enabled the creation of new online (digital) platforms, the best-known of which are the worldwide companies Uber (transport) and Airbnb (accommodation).

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\(^{330}\) PwC, 2013, NextGen A Global Generational Study.

\(^{331}\) Eurofound, 2010, Telework in the European Union.

\(^{332}\) The Union of Industrial Employers’ Confederation of Europe, the European Union of Crafts and Small and Medium-Sized Enterprises (UNICE/UEAPME), the Centre of Enterprises with Public Participation (ECPE).
The definition of a platform is a business that connects external producers and consumers and enables value-creating interactions between them\(^{333}\). Literature\(^{334}\) distinguishes between platforms that:

i. **Online Labour Markets** allowing the remote delivery of electronically transmittable services (i.e. Amazon, Mechanical Turk, Upwork, Freelancers, etc.) and  

ii. **Mobile Labour Markets** where the matching and administration processes are digital, but the delivery of the services is physical and requires direct (localised) interaction. (i.e. Uber, Airbnb, etc.)

With the growth in economic activity based around the platform economy, the number of workers delivering their products or services directly to the consumers using this method continues to increase. Based on Katz and Krueger (2016) the number of platform workers in the US grew by 50% between 2010 and 2015 and the share of platform workers in total US employment is estimated to be 0.5% (in 2015)\(^{335}\).

For the EU countries, Pesole and co-authors (2018) claim that in 2017 the share of adults who have ever provided paid services via a platform, ranged from 6% in Finland to 12% in the UK. Four out of five such workers did so in the last 12 months, and more than half spend greater than 10 hours per week on this activity. Furthermore, for one quarter of these workers their income derived from platform working accounted for around 50% of their total income.

With the likelihood of further increases in the platform economy, ensuring that these workers are in the formal economy and benefit from work regulation as well as collective representation becomes an urgent challenge\(^{336}\).

### 5.3. The EU perspective on the future of work

The expectations related to the future of work, explored by the available research and shared by the EU together with other international organisations\(^{337}\), have already been outlined in the previous chapter. This chapter focuses on two particular points related to the future of work, specifically observable from the perspective of the EU.

#### 5.3.1. The importance of the service sector

In the report on Employment and Social Development in Europe, the EC outlines its position with regards to the expected changes in the labour market\(^{338}\). It claims that the expected transitions seem to be favouring services over manufacturing, as GDP seems to be growing faster in EU service sectors than in manufacturing\(^{339}\). Within the European service sector, it is not only capital-intensive sectors that have grown fast; a substantial share of the growth was driven by labour-intensive services\(^{340}\) such as healthcare or social work\(^{341}\).

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\(^{333}\) Choudary 2018.  
\(^{334}\) Codagnone et al. (2016a).  
\(^{335}\) This is consistent with the estimates of Farell and Greig (2016), claiming that 0.5% of adults in the US worked for a platform in a given month and around 1.5% of adults have ever worked for a platform.  
\(^{336}\) For further elaboration see sub-chapter 6.2.1 as well as 7.7.  
\(^{337}\) Mainly the ILO and the OECD.  
\(^{338}\) European Commission 2018a.  
\(^{339}\) Ibid, p.54.  
\(^{340}\) This is likely driven by ageing, which in Europe is the fastest in the world.  
\(^{341}\) Ibid, p. 54.
5.3.2. Flexible working arrangements are becoming more common

Moreover, the nature of work is changing, as evidenced by the increase in the share of atypical working contracts and a rise of independent and alternative working arrangements. The shares of self-employed, part-time or temporary employed in total employment in the EU grew during the post-crisis period. The growth of atypical working contracts is closely related to the increase in the use of telework, as well as being driven by the rise of the platform economy. Assuring appropriate working conditions and rights of workers in these working arrangements becomes one of the most urgent policy challenges for EU legislators.

5.3.3. The Human-Centred Agenda – proposed by the ILO

Based on a thorough examination of emerging and already observable trends, the ILO’s Global Commission on the Future of Work proposed the ILO Human-Centred Agenda (ILO HCA). The ILO HCA is not rooted in a broader industrial strategy accelerating socio-economic transition, but focuses purely on the policies relevant from the perspective of the mission of the ILO. The ILO HCA is a proposed set of policy priorities aiming at smoothing adaptation to the expected labour market changes. The priorities are organised hierarchically, with three top-level priorities of investments into people’s capabilities, the institutions of work and decent and sustainable work. These are further elaborated into ten medium level priorities based on a set of supplementary policy briefs and papers as set out in Table 5 below.

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342 European Commission 2016, p. 3.
343 European Commission 2018a, p. 56.
344 Such as, for example, the German Industry 4.0.
Table 6: The Human-Centred Agenda proposed by the ILO

<table>
<thead>
<tr>
<th>Top level priority</th>
<th>Medium level priority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investing in people’s capabilities</strong></td>
<td><strong>Recognize a universal entitlement to lifelong learning</strong> and establish an effective lifelong learning system that enables people to acquire skills, upskill and reskill throughout their life course.</td>
</tr>
<tr>
<td></td>
<td><strong>Step up investments in the institutions, policies and strategies that will support people through future of work transitions</strong>, building pathways for youth into labour markets, expanding choices for older workers to remain economically active and proactively preparing workers for labour market transitions.</td>
</tr>
<tr>
<td></td>
<td><strong>Implement a transformative and measurable agenda for gender equality</strong> by making care an equal responsibility of men and women, ensuring accountability for progress, strengthening the collective representation of women, eliminating gender-based discrimination and ending violence and harassment at work.</td>
</tr>
<tr>
<td></td>
<td><strong>Strengthen social protection systems to guarantee universal coverage of social protection from birth to old age</strong> to workers in all forms of work, including self-employment, based on sustainable financing and the principles of solidarity and risk sharing.</td>
</tr>
<tr>
<td><strong>Investing in the institutions of work</strong></td>
<td><strong>Establish a Universal Labour Guarantee</strong> that provides a labour protection floor for all workers, which includes fundamental workers’ rights, an “adequate living wage”, limits on hours of work and ensuring safe and healthy workplaces.</td>
</tr>
<tr>
<td></td>
<td><strong>Expand time sovereignty</strong> by crafting working time arrangements that give workers greater choice over scheduling and working hours to balance work and private life, subject to the company’s needs for greater flexibility, as well as guaranteed minimum hours.</td>
</tr>
<tr>
<td></td>
<td><strong>Actively promote collective representation of workers and employers and social dialogue</strong> through public policies.</td>
</tr>
<tr>
<td></td>
<td><strong>Harness and manage technology in support of decent work</strong> and adopt a “human-in-command” approach to technology.</td>
</tr>
<tr>
<td><strong>Investing in decent and sustainable work</strong></td>
<td><strong>Create incentives to promote investments</strong> in key areas for decent and sustainable work.</td>
</tr>
<tr>
<td></td>
<td><strong>Reshape business incentive structures to encourage long-term investments</strong> in the real economy and <strong>develop supplementary indicators of progress towards well-being</strong>, environmental sustainability and equality.</td>
</tr>
</tbody>
</table>

Source: ILO 2019a, Table 2.

5.3.4. Policy conclusions from the Human-Centred Agenda

In the ILO’s Global Commission on the Future of Work report of January 2019, work is presented as a right, not a commodity and it refers to the social contract that underpins living in democratic societies and which is delivered through social dialogue as collective representation of workers and employers.

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346 In line with the reasoning of Solow (1990).
However, the main issue for the ILO is how to **reinvigorate the social contract** to meet the challenges of the future. The ILO calls for a global social contract\(^\text{347}\) and claims that in order to make it workable there is a need to **expand human freedoms** and renew the democratic underpinnings of labour markets\(^\text{348}\) in the **new emerging economies** – the green economy, the digital economy, and the care economy. Already the social partners have to face some fundamental challenges. For trade unions, it is already difficult to include those who are involved in new forms of employment or the informal economy and small and medium-sized enterprises (SME) also fight for representation as a group.

According to the ILO, **social protection** should be recognized as a human right and safety and health at work as a fundamental principle and right at work. Moreover, collective bargaining should also be a fundamental right\(^\text{349}\). Digital connectivity and access to mobile phones should be universal. The ILO underlines these requirements by stating that: “the economic and social imperative of gender equality can no longer be questioned”\(^\text{350}\).

In the context of their HCA, the ILO refers to skills in relation to **lifelong learning**. Most probably a combination of foundational skills (social and cognitive), including “learning to learn”, and the skills needed for specific jobs, occupations or sector that will be needed in the future workplaces. Capabilities needed to participate in a democratic society will also be crucial\(^\text{351}\). The ILO recognizes the complementary responsibilities of governments, workers and employers, as well as of educational institutions in building “an effective and appropriately-financed lifelong learning ecosystem”\(^\text{352}\). It calls for the expansion of PES and a proactive approach towards the use of ALMPs. The sharing of unpaid work in the home should be fostered by tailored policies, and specific measures are needed to address gender equality in the emerging technology-enabled jobs.

Regarding social protection, the ILO advocates the introduction of a **social protection floor** that would afford a basic level of protection to everyone in need. In addition, a **Universal Labour Guarantee** would provide a basic protection floor for workers covering fundamental workers’ rights and a set of basic working conditions, such as an adequate living wage, limits on hours of work, and safe and healthy workplaces. The ILO also addresses the notion of time poverty and underlines that workers should have greater autonomy over their working time and a right to digitally disconnect and efforts to implement maximum limits on working time alongside measures to improve productivity should be continued. To create real choices for flexibility, a minimum hours guarantee should be introduced.

**The state** should **guarantee the freedom of association and the right to collective bargaining** for all workers. Regarding **digital labour platforms**, the ILO recognises that the associated problems can be addressed only at the international level and in response it proposes the establishment of an **international governance system** to require platforms to respect certain minimum rights and protections and to regulate use of data and algorithms with accountability in the world of work. Regarding **AI**, its use in work-related matters requires a **human-in-command approach** to help ensure that final decisions affecting work are taken by humans, not algorithms.

**Investment in decent and sustainable work** should be increased, including in key areas such as the rural economy and with a high-quality physical and digital infrastructure. The ILO proposes to revise corporate accounting standards and introduce changes in reporting practices for business. Finally,
according to the ILO, new measures of a country’s progress “to account for the distributional dimensions of growth, the value of unpaid work performed in the service of households and communities and the externalities of economic activity” should be introduced; as such, these measures would replace GDP-based ones.

The agenda resulting from the ILO HCA provides a comprehensive basis for action both in the EU as well as MS levels. It is recommended that EU MS especially should introduce national strategies on the future of work through social dialogue.
6. EU SCENARIOS AND APPROACHES TO FUTURE OF WORK POLICY

Three main general approaches to the future of work policy might be distinguished:

1. **Liberalist (neo-liberal)**, in which the main role in the implementation of future of work development is taken by private companies (employers), consumers and workers;

2. **Dirigiste (interventionist)**, which is based on an active role of the state sector in implementation of relevant policies, infrastructures and innovative economic activities; and

3. **Mixed approach**.

The neo-liberal model is market-led and the state acts as a facilitator that intervenes only in cases of market failure. The driving force for the achievement of the anticipated policy goals is private capital, and the private sector is the main "doer". People are perceived primarily as consumers and educational and training policies are determined by the requirements of the employment market.

In the dirigiste model, the state is the key player and the leader who sets goals and sets the policy agenda. The state and the private sector act as partners with some functions delegated to the state, and some left to the private sector. As the aim of the policy is to create the best conditions for competition, regulation is perceived as a policy instrument that can be used to achieve certain policy goals. The dirigiste approach views people as society participants (not only consumers) and puts greater emphasis at all levels.

The aim of chapter 6 is to establish which of the above-mentioned approaches has been applied by the EU and its MS (and which has been advocated by the ILO) in addressing the challenges posed by i4.0, and to discuss the most relevant areas of policy intervention. This chapter especially addresses normative issues, namely the definition of policy objectives which are desirable according to the EU and ILO to smooth the structural change expected due to the new industrial revolution discussed in chapter 5. The following chapter will address the main interventions decided so far in the EU and its MS as a result also of the elaboration developed on i4.0 thanks to the collaboration and joint action of the EU and ILO.

6.1. Policy approaches to the future of work

6.1.1. The EU’s position on the future of work

In the 2018 edition of the Employment and Social Developments in Europe review – dedicated solely to the issue of the changing world of work and its implications for employment and society – the EC highlighted technological progress and digitalization (with associated organisational change) as the main drivers of change in the world of work. These are, as the EC explains, supplemented with other dominant trends such as globalisation, demographic shifts, and the increased participation of women in the labour market. The relationship between capital and labour in the future is placed at the centre of the EC’s deliberations.

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The EC puts an emphasis on the mechanisms that would lead to job destruction or job creation and although it states quite straightforwardly that displacement of workers by machines is the first-round effect of the discussed of trends in the labour market, additional jobs might be potentially created in the more distant future. The review also take a closer look at manufacturing and concludes that displacement in this sector may reflect the re-allocation of productive resources towards higher productivity activities, and that capital-deepening (understood as an increase of capital per worker) is (along with digitalisation and globalisation) the third main force that drives changes in this sector.

The model simulations conducted by the EC and presented in the 2018 report confirm that workers are being replaced not only by capital, but also by other workers with different qualification profiles and that qualifications are key to making labour more complementary to physical capital, “thus increasing productivity and accelerating the demand for well-qualified workers”. The endeavours of MS to invest in human capital are recognized as necessary to complement new technologies and improve processes. On the other hand, according to the EC, over-qualification can be avoided by matching labour demand that might be achieved by preventing early school leaving, facilitating upskilling and promoting skill-intensive industries and reducing barriers for firms for entry, exit and growth.

The EC recognises a strong demand in all MS for cognitive and social skills. On the one hand, completely new occupations will emerge resulting in significant changes in skills demands, including ICT (Information and Communication Technologies) and STEM (Science, Technology, Engineering and Maths) skills. But on the other hand, the “novel fluidity of work puts a premium on personal imitative and professional resilience”, and this, combined with automation, creates more demand for such skills as problem-solving, creativity, people management or emotional intelligence.

Furthermore, the European Political Strategy Centre (EPSC), the EC’s in-house think tank, notes that job polarization (i.e. the disappearing of mid-level jobs) and job displacement (i.e. involuntary job loss due to external factors, including automation) have already intensified in advanced economies. As result, the need for lifelong learning, essential to deal with growing numbers of work transitions, has been growing. The EPSC even states quite controversially that “the future of work is about skills” and calls for a general skills endowment. Public policies should thus be concentrated around the following areas:

- refitting education,
- supporting firms in growth and job creation through investing in skills,
- customising and ensuring portability of social rights,
- developing indicators that enable public investment to lead to effective social outcomes.

The need to reform social protection systems has also been noticed by the EC, especially in the context of the portability of social protection entitlements in the current and future work environment. Regarding the Universal Basic Income (UBI), however, the EC points out that it would require a major increase in state spending and suggests that the introduction of such a solution is at least questionable due to the fact that the EU’s shrinking workforce and its ageing society might not generate the productivity gains necessary to fund it.

The European Centre for the Development of Vocational Training (Cedefop) indicates that increased automation and robotisation will result in changes in the content of jobs and in work organisation (such

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357 Ibidem, p. 76.  
358 High-Tech Leadership Skills for Europe – Towards an Agenda for 2020 and Beyond, European Communities 2017, p. 12.  
as increases in work complexities and processes). In this context changes in the economic structures of MS that are likely to affect the distribution of employment across sectors of the economy can also be anticipated. While recognizing the importance of challenges that are associated with ongoing demographic changes (such as population ageing), Cedefop highlights the fact that not all EU MS labour markets have fully recovered from the economic crisis and so remain vulnerable to changes that might further undermine their abilities to respond to the forthcoming digital-age challenges.

In their joint statement on digitalisation of 16 March 2016, the European Social Partners called upon the EC to shape the employment policy agenda in a way that underpins the digital transformation of MS economies and labour markets. Favourable policy and regulatory measures should, according to the social partners, safeguard the interests of enterprises and working people at the same time, and mainstreaming of educational investments should go to programmes dedicated to equipping workers with digital skills and ensuring that older generations have access to skills updating. Moreover, the European social model should be strengthened and made more sustainable.

Taking a different stance, the European Group on Ethics in Science and New Technologies (EGE) puts an emphasis on the need to rethink traditional work-related concepts before certain solutions are developed and applied. The EGE argues that the future of work will be quite different from what we know now, thus concepts such as work, employment, capital, identity, justice, solidarity and social security (and their interrelatedness) would also have to be understood differently and thus redefined. The concept of work is placed in the centre of this thesis and the EGE advocates for a broader understanding of work that encompasses a range of unpaid contributions to society (including “invisible work” such as caring for children and the elderly). The EGE states that: “Shaping the future of work in our societies requires to look at the nature and function of work.” In such a context it introduces the term “societal upskilling” (as opposed to “individual upskilling”), which can be interpreted as “collective duty and commitment to find solutions to ensure dignified livelihoods for all people.” What is more, the EGE underlines that the value of work – both instrumental and intrinsic – is “shaped not only by the nature of work itself or the value that it holds in our society, but by the political and economic structures of our societies”, which play a key role in shaping the future of work.

The need of redefining the traditional work-related concepts was partially acknowledged by the High-Level Expert Group on the Impact of the Digital Transformation on EU Labour Markets which was created on 7 May 2018, under the EC Directorate-General for Communications Networks, Content and Technology and Directorate-General for Employment, Social Affairs and Inclusion. The Group announced discussions on such concepts as “private data as labour” and “intermediaries”, as well as the debate on the definition of “workers”. The final report of the HLG was published on 8 April 2019; it

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363 As already stated in the first part of this report, there has been cooperation between the EU and ILO in relation to solutions that would enrich the European social model.
367 Ibidem.
includes specific recommendations on a skilled workforce supporting digitalisation, managing new labour relations and a new social contract.

Generally, it might be argued that the EC approaches the issue of the future of work from a rather liberalist position by placing markets in the centre of deliberations. On the other hand, the EGE and the High-Level Expert Group on the Impact of the Digital Transformation on EU Labour Markets seem to approach the issue from a more dirigiste angle by trying to shift the debate towards a more “human” centred approach.

6.1.2. Policy conclusions resulting from the ILO HCA

The ILO HCA broadly presented in sub-chapter 5.3. of this study, presents several policy conclusions. However, the main issue for the ILO is how to reinvigorate the social contract to meet the challenges of the future. The Organization calls for a global social contract and claims that in order to make it workable there needs to be an expansion of human freedoms and renewal of the democratic underpinnings of labour markets in the new emerging economies – the green economy, the digital economy, and the care economy. Already the social partners must face some fundamental challenges. For trade unions, it is already difficult to include those involved in the new forms of employment or the informal economy and SMEs also struggle to get adequate representation.

According to the ILO, social protection should be recognized as a human right, and safety and health at work as a fundamental principle and right at work. Moreover, collective bargaining should also be perceived as a fundamental right. Digital connectivity and access to mobile phones should be universal. The ILO also underlines that “[t]he economic and social imperative of gender equality can no longer be questioned”.

In the context of their HCA, the ILO refers to skills in relation to lifelong learning. Most probably a combination of (1) foundational skills (social and cognitive), including “learning to learn”, and (2) the skills needed for specific jobs, occupations or sector, will be needed in the future workplaces. Capabilities needed to participate in democratic society will be also crucial.

The ILO recognizes complementary responsibilities of governments, workers and employers as well as of educational institutions in building “an effective and appropriately financed lifelong learning ecosystem”. It calls for the expansion of public employment services (PES) and a proactive approach of active labour market policies. The sharing of unpaid work in the home should be fostered by tailored policies, and specific measures are needed to address gender equality in the technology-enabled jobs that are just emerging.

Regarding social protection, the ILO advocates the introduction of a social protection floor that would afford a basic level of protection to everyone in need. A so-called Universal Labour Guarantee, in turn would, according to the ILO, provide a basic protection floor for workers covering fundamental workers’ rights and a set of basic working conditions, such as an adequate living wage, limits on hours of work, and safe and healthy workplaces. The ILO also addresses the notion of time poverty and underlines that workers should have greater autonomy over their working time and a right to digitally disconnect; efforts to implement maximum limits on working time alongside measures to improve...

370 Ibidem, p. 28.
371 Ibidem, p. 42.
372 Ibidem, p. 34.
373 Ibidem, p. 11.
productivity should be continued; to create real choices for flexibility, minimum hours guarantees should be introduced.

The state should guarantee the freedom of association and the right to collective bargaining for all workers. Regarding digital labour platforms, the ILO recognises that the associated problems can be addressed only at the international level; it proposes the establishment of an international governance system to require platform holders to respect certain minimum rights and protections and to regulate of the use of data and algorithmic accountability in the world of work. Regarding Artificial Intelligence (AI) use in work-related matters, a human-in-command approach should be applied, ensuring that final decisions affecting work are taken by humans, not algorithms.

Investment in decent and sustainable work should be increased, including in key areas such as the rural economy and a high-quality physical and digital infrastructure. The ILO proposes to revise corporate accounting standards and introduce changes in reporting practices for business. Finally, according to the ILO, new measures of country progress “to account for the distributional dimensions of growth, the value of unpaid work performed in the service of households and communities and the externalities of economic activity” should be introduced\(^\text{374}\); as such, these measures would replace GDP-based ones.

The agenda resulting from the ILO HCA provides a vast platform for action both on the EU as well as Member State levels. Taking the ILO’s viewpoint, the EU MS especially should introduce national strategies on the future of work through social dialogue. The most important policy actions suggested by the ILO are summarized in the Table 6 below.

Table 7: Chosen policy actions in relation to the future of work as suggested by the ILO

<table>
<thead>
<tr>
<th>Policy intervention area</th>
<th>Suggested policy action</th>
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| **Rights of workers**    | – Expanding human freedoms and guaranteeing fundamental rights at work.  
– Developing institutional capabilities that provide foundations for just societies. |
| **Social contract**      | – Strengthening of tripartite social dialogue and the mechanisms thereof which give effect to the social contract.  
– Supporting regulations that ensure that all the actors in the world of work can fully participate in the social dialogue, including those who are currently excluded. |
| **Social protection**    | – Guaranteeing universal social protection from birth to old age. Introducing stable, equitable and adequate mandatory social insurance benefits.  
– Extending adequate social protection coverage to workers in all forms of work, including for those who move between wage employment and self-employment and platform and tele-workers.  
– Ensuring that rights and benefits are accessible and portable.  
– Supporting a lifelong society to alleviate pressure on social protection systems.  
– Introducing new mechanisms to reconfigure unemployment insurance, training and leave entitlements as “employment insurance”. |
| **Labour protection**    | – Reviewing and, where necessary, clarifying responsibilities and adapting the scope of laws and regulations to ensure effective protection for workers in an employment relationship.  
– Ensuring that all workers enjoy adequate labour protection and human working conditions. |

\(^{374}\) Ibidem, p. 13.
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<th>Policy area</th>
<th>intervention</th>
<th>Suggested policy action</th>
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| Policy intervention | Developing an international governance system for digital labour platforms that sets and requires platforms (and their clients) to respect certain minimum rights and protections. | - Investing in incubating, testing and disseminating digital technologies in support of decent work.  
- Adopting appropriate regulatory measures that provide workers with a guaranteed and predictable minimum number of hours.  
- Introducing measures to compensate for variable hours through premium pay for work that is not guaranteed and waiting time pay for periods when hourly workers are “on call”. |
| Wages | Investing in wage-setting institutions through an appropriate application of statutory minimum collectively bargained wages. | - Promoting inclusive wage-setting institutions that encompass the informal work. |
| Education and training | Devising appropriate financing mechanisms tailored to country-specific and sectoral contexts. | - Introduction of options to incentivize businesses to increase their investment in training.  
- Promoting access to universal quality education, delivered by well-trained and well-paid teachers who cannot be replaced by technology.  
- Creating quality assurance mechanisms for lifelong learning and monitoring the effectiveness of lifelong learning system. |
| Young people | Increasing opportunities for decent work for youth through employment programmes and support for young entrepreneurs. | - Introducing incentives for the private sector to offer young people quality apprenticeships.  
- Promoting equal pay for work for equal value. |
| Older people | Increasing support to older workers that expands choice and enables a lifelong active society. | - Increasing opportunities for partial retirement or raise the retirement age on an optional basis, while protecting older people from having to work beyond their limits.  
- Ensuring at least a basic pension for everyone. |
| Women and gender equality | Promoting the sharing of care and domestic responsibilities between men and women. | - Establishing and expansion of leave benefits and greater investments in public care services, also between the state and the family.  
- Introducing pay transparency policies.  
- Introducing affirmative action tools (quotas, targets to equality plans) that are measured and constantly updated.  
- Promoting women’s participation in decision-making, pursuing and supporting greater representation by women.  
- Countering the tendency of new business models in the digital economy to perpetuate gender gaps by the adoption of specific measures to ensure equal opportunity and equal treatment of women in the technology-enabled jobs. |
| Other areas | Ensuring the effective application of fair fiscal policies and tax systems. | - Promoting more competition for innovation and enterprise development better suited to social goals.  
- Fostering interaction and cooperation with countries with young populations, including via external migration-related instruments. |
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<th>Policy area</th>
<th>intervention</th>
<th>Suggested policy action</th>
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<tr>
<td></td>
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<td>− Exploring innovative measures that require enterprises to account for the impact of their activities on the environment and on the communities in which they operate.</td>
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<td></td>
<td></td>
<td>− Developing and using (instead of GDP) an indicator (or indicators) of unpaid work performed in the service of households and communities that would capture the externalities of economic activity and measure the distributional and equity dimensions of economic growth.</td>
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By taking the human-centred approach, the ILO calls for a more dirigiste policies in response to present and future work-related challenges.

6.1.3. **Convergence of the ILO and EU policy priorities**

A dominant share of the EU policy priorities addressing the issues related to the future of work was formulated in the European Pillar of Social Rights (EPSR). This was initiated by the European Parliament in 2016 and jointly proclaimed by the European Council and the European Commission in 2017.

The EPSR is organised hierarchically along the three top-level policy priorities, with 20 underlying policy principles. Its convergence with the policy priorities of the ILO HCA is significant because the original initiative of the European Parliament was influenced by the ILO study Building a social pillar for European Convergence (ILO 2016).

Chapter 1 of EPSR covers issues related to equal opportunities and access to the labour market. According to the first principle of the EPSR “Education, training and life-long learning”, individuals should be granted the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market. It is accompanied with a set of principles aiming at ensuring gender equality as well as equal opportunities and access to the labour market. Moreover, active support for employment should be provided through a right to timely and tailor-made assistance to improve employment prospects.

Principles organised under Chapter 2 “Fair working conditions” of the EPSR cover the ILO HCA policy priorities related to investing in the institutions of work. These include a secure employment with basic healthy and safe working environments, decent wages and organised collective representation.

Chapter 3 of the EPSR “Social protection and inclusion” includes specific social and labour rights that are in line with the ILO HCA, such as the:

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a) Childcare and support to children; 
b) Social protection; 
c) Unemployment benefits; 
d) Minimum income; 
e) Old age income and pensions; 
f) Health care; 
g) Inclusion of people with disabilities; 
h) Long-term care; 
i) Housing and assistance for the homeless; 
j) Access to essential services.

In summary, it can be argued that the policy orientation expressed by the EU in the EPSR closely mirrors the ILO HCA, although the latter sometimes calls for an even stronger approach (e.g. ensuring a basic pension for everyone).

The EPSR is a policy orientation point for specific EU actions in the area of employment and social affairs that is discussed more thoroughly in the following chapter of this study.

6.2. Policy approaches towards relevant work and skills-related areas

This chapter discusses the most relevant areas of actual and possible policy intervention in relation to the future of work for the EU and its MS.

6.2.1. Platform workers

The beginning of the so-called ‘collaborative economy’ can be dated to around 1995, the year when the online auction site eBay was launched in the US. During the next few years the intensive development of new technologies and the increase of social and environmental responsibility, led to the rapid increase of the sharing (or collaborative) economy. The collaborative economy is built on the assumption that transactions are based on the peer-to-peer (P2P) exchange of goods and services by using online platforms.\(^{380}\)

Subsequently, new business models were created in which, according to the EC definition, ‘activities are facilitated by online platforms that create an open marketplace for the temporary use of goods or services’\(^{381}\). Digital platforms gave room for the development of new forms of entrepreneurship that lower barriers to entry, business risks, and redefine the nature of trust between business stakeholders, but also change the nature of work.\(^{382}\)

However, there is a significant shortage of data on the number of platform workers across Europe, their revenues, forms of employment, and productivity. Existing studies broadly assess that around 2% of European workers in selected EU countries are engaged in platform work as their main job. This number differs from country to country and from one study to the other, ranging from 0.3% to 20%. Around 8% of the working-age population use online platforms at least once a month as an additional source of work.\(^{383}\)

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\(^{381}\) EC, “A European agenda for the collaborative economy – supporting analysis”.

\(^{382}\) EC, 2017, Literature review on taxation, entrepreneurship and collaborative economy.
income\textsuperscript{383}. Nevertheless, it is important to note that these data are not comparable due to differences in the definition of the term ‘working through a digital platform’.

The ‘open-access’ nature of digital platforms gives easily and low or no cost access to participate in the labour market in a flexible and irregular way. As several studies show, most drivers assigned to the online taxi platform Uber work under 15 hours, while full-time employed taxi drivers spend on average 35 hours working for their company\textsuperscript{384}. The flexibility offered by digital platforms is also positively perceived for women in the labour market\textsuperscript{385} providing an opportunity for a work-life balance that suits their situation. The use of platforms therefore offers broader working opportunities in terms of location, length and type of employment for individuals; digital platforms could rapidly develop alternative forms of traditional long-term employment contracts\textsuperscript{386}.

In fact, as Eurofound studies show, due to the specific working arrangement for platform workers, based on tasks performed on an \textit{ad hoc} basis, there is a higher uncertainty regarding the rights and level of social protection, working conditions, or stability of employment\textsuperscript{387}. Platform workers are very often identified as self-employed\textsuperscript{388}, who do not benefit from the recent legislative changes in labour law applicable to most MS\textsuperscript{389}. This can create incentives for tax optimisation at the cost of platform workers\textsuperscript{390}. Such a situation can lead to several abuses and unequal competition on the market\textsuperscript{391}. Inadequate social insurance coverage is one issue facing such workers since a self-employed platform worker requires no social contributions to be paid by the employer (though the self-employed person will be liable for their own contributions). This affects the competition between the standard business model and new business model offered by the use of digital platforms in diverse sectors and can negatively affect individuals in the long-term with respect to their pensions level, depending on national provisions, which vary.

The current situation sets out several challenges for new legislation regarding the protection of platform workers which needs to be addressed at EU and MS levels.

Firstly, the definition of what constitutes being ‘employed’ should be reconsidered and unified in the labour law and in the civil law. Despite several legislative attempts to regulate the employment contract for platform workers, there are still situations where such work is treated as ‘an internship’, or ‘scholarship’ and social security contributions and personal income taxes are not paid\textsuperscript{392}. Any new legislation should take a closer look at the differences between labour law definitions (employees) and civil law definitions (all other forms of employment).

Secondly, as stated by the European Trade Union Confederation (ETUC)\textsuperscript{393} position on platform workers, being registered as self-employed means that there is no possibility to benefit from collective

\textsuperscript{383} Eurofound, 2018, Employment and working conditions of selected types of platform work, 
\textsuperscript{384} Rawler, 2015.
\textsuperscript{387} \texttt{https://www.eurofound.europa.eu/observatories/euwork/industrial-relations-dictionary/collaborative-economy}.
\textsuperscript{388} Valenduc, 2016, Work in the digital economy: sorting the old from the new, ETUI Working Paper, 2016.03.
\textsuperscript{389} Kennedy 2016, Three paths to update labour law for the gig economy, ITIF.
\textsuperscript{390} EC 2017, Literature review on taxation, entrepreneurship and collaborative economy.
\textsuperscript{391} European Platform Undeclared Work, 2017, New Developments and Trends in Undeclared Work within the Sharing/Collaborative Economy.
\textsuperscript{392} EC 2017, Literature review on taxation, entrepreneurship and collaborative economy.
\textsuperscript{393} ETUC position on single market strategy for Europe, 2016, adopted at the ETUC Executive Committee on 16-17 December 2015, 
agreements. Labour protection is not guaranteed, workers are unable to present their point of view, the workers’ protection is reduced and workers are unable to negotiate their minimum earnings requirements, or workers’ rights. New EU legislation should consider the ability of collective agreements to cover platform workers and strengthen the social dialogue between different sectors and platforms.

Thirdly, as already shown, the increasing number of self-employed poses a risk to social security systems and the well-being of platform workers in the future. New legislation could be aimed at stronger securitisation of social security rights and health care insurance to all workers, regardless of their employment contract status.

6.2.2. Smart working and teleworking

In order to understand the development of smart working and teleworking and assess their challenges and limitations for policymakers, it is important to be aware of the related definitional problems faced. While the concept of telework can be dated back to 1974 when the term was introduced for the first time by Nilles, during succeeding years several names were used in the literature to present the new concept of work. The activity has been named as a telecommuting, remote working, homeworking, or even telecottages and telecenters. More recent literature uses names such as smart working, ICT-based work, home-anchored worker. Basically, they are variations on the same theme – where work is carried out remotely from a normal workplace, often using IT.

At the EU level there are several studies that attempt to structure and define all new types of employment. Eurofound in their most recent report on the subject attempt to harmonize the definitions and adjust them depending on the working characteristics, such as time worked and place of work. They use a term of ICT-based mobile work and define it as “work arrangements carried out at least partly, but regularly, outside the main office (...) using ICT for online connection”. On the top of that, Eurofound and the ILO in their joint study examine the characteristics of the new types of employment and what challenges lay ahead for policymakers for several EU and non-EU countries. For the scope of this study and because the Eurofound term of ICT-based mobile work has been widely used and analysed, this definition has been adhered to when examining the development of smart working.

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397 Eurofound, 2014, New forms of employment,
Eurofound, 2018, Overview of new forms of employment 2018 update,
398 Eurofound, 2018, Overview of new forms of employment 2018 update,
Therefore, in this study the definition from Eurofound and the ILO of the ICT-based mobile work (T/ICTM – telework/ICT mobile) is adopted. Teleworking constitutes a smaller part of ICT-based work and assumes that a person works in one place, outside the office.

The Eurofound and ILO study divides the T/ICTM work into the following categories:

- Regular home-based teleworkers;
- Occasional T/ICTM workers, with mid-to-low mobility and frequency of work outside the employer’s premises;
- High mobile T/ICTM, with high frequency of working in various places, including working from home.\textsuperscript{400}

The EU statistics show that the share of T/ICTM workers varies significantly between countries and occupations, ranging from 2% to 40% of employees. At the EU level there is around 17% of employees working on a T/ICTM basis. In the majority of countries this work is carried out occasionally by professional and managerial categories and mostly by men. Women are more engaged in T/ICTM work at home.\textsuperscript{401} Usually T/ICTM employees have full-time permanent contracts of indefinite durations.\textsuperscript{402}

The development of ICT-based work in general has a positive impact on employees affecting different elements of their well-being, but also on regional cohesion or the environment. For example, the Eurofound and ILO survey found that workers report the positive impact of T/ICTM work on the reduction of their commuting time which, in consequence, gives them more freedom to maintain a good work-life balance, greater working time autonomy, flexibility in working time organization, or even higher productivity. The same study demonstrates that T/ICTM work increases the motivation of employees and reduces their turnover in companies. In addition, it also reduces fixed costs to firms related to office space and other related costs. The reduction in commuting to work in traditional business hours reduces the traffic during peak hours and reduces the need to live close to the workplace, thereby potentially reducing urban sprawl.\textsuperscript{403} At the regional level the possibility to work from any place provides an opportunity to address depopulation in the rural areas of Europe.\textsuperscript{404} Some empirical studies also confirm that the positive relationship between the use of teleworking and the reduction of commuting reduces air pollution.\textsuperscript{405} It has been also demonstrated that avoiding commuting has a positive impact on other external costs such as noise and lower levels of congestion, which create significant socio-economic savings for society.\textsuperscript{406}

Research is defining some additional challenges that might provide a good starting point for a public debate in different EU MS. The Eurofound and ILO study observes that the flexibility in work organization very often leads to longer working hours, the creation of overlaps between work and private lives, and work intensification. In addition, highly mobile workers might have worse working conditions, might work informally and work beyond normal business hours. Regular home-based workers are at greater risk of not having working conditions properly secured. On the other hand,

\textsuperscript{400} \url{https://www.eurofound.europa.eu/sr/node/52285}.


\textsuperscript{402} Eurofound, 2018, Overview of new forms of employment 2018 update.

\textsuperscript{403} Moeckel, R., 2017, Working from Home modeling the impact of telework on transportation and land use, Transportation research procedia, vol. 26, pp. 207-214.

\textsuperscript{404} \url{http://www.micropol-interreg.eu/IMG/pdf/Report_-_Modern_work_forms_-_from_telework_to_smart_work-2.pdf}.


occasional T/ICTM workers are at higher risk of having lower social insurance paid and at higher risk of lower pensions in the future.

In general, new forms of employment such as T/ICTM work create opportunities for companies, individuals, society and the environment. Therefore, the new aims of European policymakers could be addressed to support the development of new forms of employment through investments in modern ICT infrastructure in lagging regions, especially rural and border regions. Indirectly, the introduction of regional spatial planning strategies facilitating controlled urbanisation processes would be helpful to maximise the benefits of infrastructural investments to establish regional priorities and capacities, and to bring balanced spatial and environmental development.

Additionally, the promotion and support of digital skills, especially among the most disadvantaged groups such as the elderly or low-educated (see PISA digital skills for deeper comparison\(^{407}\)), the modernisation of educational systems and the development of innovative informal learning tools through lifelong learning activities (like the Digital skills & job measures of the EU\(^{408}\)) will help speeding up the process of adaptation and the dispersion of positive effects of T/ICTM work among individuals.

On the other hand, the aim of the European policymakers should be to continuously secure occupational health and safety in a workplace, proper working conditions and working time, the possibility to take part in collective agreements and the possibility to benefit from social security system.

6.2.3. The reform of educational systems

In the Rethinking Education communication\(^{409}\) and the 2013 youth unemployment communication\(^{410}\), the EC called on the MS to step up their efforts at developing vocational education and training. Furthermore, the EU puts an emphasis on the necessity of lifelong learning and encourages its MS to develop and implement novel education and training-related tools.

In 2015, the “Riga Conclusions”\(^{411}\) laid down a set of deliverables to be implemented by 2020 in the field of VET throughout the EU, and VET has gained extra prominence through the EPSR in 2017. Best practices of EU MS in the field of education and training can now be exchanged via the European Policy Cooperation (ET 2020 framework)\(^{412}\).

**Implementation of the dual principle**

The principle of the dual education is defined as a contrast to the (more traditional) sequential education, with initial education comprised of activities taking place before the start of the working career. The duality is present in two regards:

- the duality of learning venues (schools/VET providers and training companies) and
- the duality of actors (public and private)\(^{413}\).

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In practice it is a form of ‘blended’ learning with a combination of formal classroom learning with practical (work-based) learning elements. At the EU level, the dual principle in education is encouraged because of the performance of the German model of dual vocational education during the last global economic crisis. Educational programmes following the dual principle, by design should ease the school-to-work transition of graduates. As in the German example, they envisage cooperation between companies and publicly funded vocational schools. In the short-term the model allows for facilitating recruitment and employment procedures for companies, but in the long run it can make workers’ transitions harder due to the acquisition of specific work-related skills that may have limited transferability in a changing labour market.

**Lifelong learning**

There are few doubts that with the expected dynamic employment structure in the future, as well as the changing composition of skills in demand within existing occupations, the need for lifelong learning will increase. Ensuring access to lifelong learning, therefore, becomes a policy priority. Failing in this effort means potentially exposing an increased share of the population to structural unemployment, as well as substantial losses in terms of economic competitiveness as skills mismatches prevail.

Available studies on lifelong learning participation indicate the substantial differences between the EU MS and provide a typology of existing barriers to participation. The EC launched the initiative of Upskilling Pathways setting out a recommendation for national lifelong learning policy frameworks to focus at ensuring lifelong learning options for low-skilled in different situations through the life course. Individuals possessing lower levels of education should be assisted to increase their level of formal education to at least upper secondary, or to acquire a minimum level of literacy, numeracy and digital skills.

**Other proposed reforms**

Novel tools and instruments relating to the educational systems are being introduced by EU MS including the industrial doctorate and work-based learning (WBL), including apprenticeships. WBL is relevant for all levels of VET and can be implemented in any sector. In order to support quality apprenticeships and other forms of WBL, the EC established the European Alliance for Apprenticeships and adopted a proposal for a European Framework for Quality and Effective Apprenticeships in 2017 as part of the New Skills Agenda for Europe. To support these efforts, Cedefop developed the analytical framework (AF) for apprenticeships.
6.2.4. Policy approaches towards I4.0 – chosen aspects

Innovation improves not only competitiveness, boosts growth and creates productive jobs, it also helps make people’s lives better by improving healthcare, transport or digital services, for example. Innovation accelerates the process of job creation related to emerging industries, making it closer to the process of job destruction of declining industries and therefore reducing the length of structural change and its social cost. Therefore, from the perspective of the state, but also from the perspective of private businesses, it is important to ensure proper support for this area.

Fiscal incentives for firms to innovate

The mix of instruments used to support innovation differs considerably between countries, partly due to its development over time and adaptation to the country’s specific political and socio-economic circumstances. Whereas much emphasis was previously placed on the design and evaluation of individual instruments of innovation policy, there is now greater interest in understanding the effectiveness of the larger portfolio of policy instruments used to improve a country’s innovative potential and capabilities. One of the most important instruments supporting innovation are fiscal incentives.

There is considerable heterogeneity within the types of fiscal incentives, and they can include direct funding such as grants, public procurement, loans, guarantees and tax incentives. Tax incentives are provisions of the tax system that aim to encourage a particular type of activity relative to the general tax treatment of business activity. Research and Development (R&D) tax incentives are increasingly used to promote business to invest in R&D. In 2016, tax incentives for R&D accounted for 46%, while direct funding for R&D amounted to 54% (2006: 36% and 64% respectively).

Due to the huge diversity of tax incentives, the analysis requires narrowing and in relation to corporate tax, the elements of which are most often used in tax incentives (see Table 7).

Table 8: Main features of R&D tax incentives in selected OECD and other countries, 2015

<table>
<thead>
<tr>
<th>Types of incentive scheme</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure-based R&amp;D tax incentives:</td>
<td></td>
</tr>
<tr>
<td>Volume-based R&amp;D tax credit</td>
<td>Australia, Austria, Belgium, Canada, Chile, Denmark, France, Hungary, Iceland, Ireland, New Zealand, Norway, United Kingdom</td>
</tr>
<tr>
<td>Incremental R&amp;D tax credit</td>
<td>United States (credit on fixed, indexed base and incremental for simplified credit)</td>
</tr>
<tr>
<td>Hybrid system of volume and incremental credits</td>
<td>Italy, Japan, Korea, Portugal, Spain</td>
</tr>
<tr>
<td>R&amp;D tax deduction beyond 100% recovery</td>
<td>Belgium, Brazil, People's Republic of China, Czech Republic, Greece, Hungary, Netherlands, Poland,</td>
</tr>
</tbody>
</table>


Several key features to consider include whether the tax incentive is linked to the current expenditure on R&D or on future income derived from the R&D; whether the incentive is volume-based or incremental; whether the incentive is capped on the amount claimed or more generous for SMEs; and whether the incentive is corporate income tax-based or provided through other taxes, such as personal income or payroll taxes. Some tax incentives provide additional support to recipients that collaborate with universities or other publicly funded research bodies. In Poland, for example, R&D centres can benefit from higher deductions under the R&D relief.

Increasingly, countries are adopting hybrid systems that combine a volume and incremental tax credit. In order to manage the overall cost of R&D incentives and target the incentives to smaller firms, some countries apply upper ceilings or thresholds to eligible R&D expenditures or tax benefits.

Income-based incentives, often referred to as patent, IP or knowledge boxes, have raised several questions about their effectiveness. Due to the highly mobile nature of IP assets, such as patents, copyrights, trademarks, and brands, the assets and future income from them can be located away from the activity that generated the assets and income.

The tax incentives discussed above generally apply to business entities and income taxation. Several countries have R&D tax incentives that provide tax benefits to other stakeholders and using other taxes. Some examples include an exemption on payroll withholding taxes for qualified R&D workers; personal wage tax reduction for foreign researchers and key staff; wealth tax exemption for business angels; lower tax rates on capital gains for qualified R&D investments; and favourable tax treatment of employee stock options for R&D researchers and managers. Tax relief from consumption taxes, land and property taxes are also provided. Some of these incentives are a large part of the total R&D

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incentives in some countries, e.g. Belgium and the Netherlands. An advantage of these other tax incentives is they support R&D independent of whether the firm is profitable or loss-making\textsuperscript{426}.

OECD research finds that direct subsidies are more targeted towards long-term research, while R&D tax schemes are more likely to encourage short-term applied research and boost incremental innovation rather than contribute to radical breakthroughs. Recent OECD analysis suggests that direct support measures – e.g. contracts, grants, awards for mission-oriented R&D or support for networks – may be more effective in stimulating R&D than previously thought for young firms that lack the upfront funds to start an innovation project\textsuperscript{427}.

A separate issue is the extent to which tax incentives are effectively used by entrepreneurs. A necessary condition for the effectiveness of tax incentives is the existence of a positive impact of those incentives on entrepreneurial behaviour. However, if not all firms take advantage of these incentives, this is not enough to guarantee their effectiveness, or at least, their expected aggregate impact will not be maximized. A good example here is Poland where, when designing the changes in the R&D relief for 2017, it was assumed that the total amount of deductions under this relief would amount to PLN 1,666 million, while in reality it was eight times smaller than assumed\textsuperscript{428}. Therefore, the actual knowledge and use of these policies is key to assess their effectiveness. Either due to lack of tax information or to lack of knowledge of the tax incentives from the firm’s point of view (demand side of information) or to the complexity of tax systems that complicates the understanding of tax incentives (supply side of information), not all firms are able to fully exploit tax incentives. In the end, these information problems interfere with the maximization of the effectiveness of the tax incentives originally designed to support entrepreneurship. Therefore, either by misinformation, complexity or by the costs involved in the use of tax incentives, the (limited) evidence suggests that entrepreneurs might not benefit from all of the existing tax incentives\textsuperscript{429}.

\textbf{Best practice of MS legislations in the field of Industry 4.0}

With more and more prominent use of advanced technologies in their economies, most EU MS have implemented large-scale i4.0 policies to increase productivity and competitiveness and improve the high-tech skills of their workforce\textsuperscript{430}. National i4.0 policies are all part of “an overarching framework or strategy”, indicating the priority status i4.0 has in Europe. Because the initial technological advancement of each EU MS and specific local needs diverge considerably, the respective norms and regulations have developed different ways to deal with the challenges posed by i4.0 on the national level\textsuperscript{431}. Below is a brief perspective on some of those countries that have already achieved positive results and shared their best practices with other MS, namely: France, Germany, Sweden and United Kingdom.

\textbf{France}

To tackle the lack of competitiveness and underinvestment in industry, the French government launched the ‘The new industrial France’ (NFI) programme in 2013. In 2014 the so-called “Alliance for


\textsuperscript{427} Ibidem, p.16.


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the industry of the future" was announced to integrate relevant political actors into this programme to encourage working together on projects and developing systematic solutions to re-structure the French industrial model through digitalization. The alliance includes companies, engineering science universities, professional and research organisations, and the national industrial council (CNI). NFI is organised into five pillars: development of future technologies; support of companies in the transition phase; training of staff; public relations work; and strengthening of European and worldwide cooperation432.

The alternate programme “Industrie du Futur" (IdF) was launched by the French government in April 2015 to direct the second phase of NFI. According to the EC, the IdF has offered ‘a more focused and needs-oriented mechanism compared to its NFI predecessor’433. Building on the gains of the NFI programme, IdF has several objectives that include making France the leader in the world’s industrial renewal and support the use of digitalization to transform business models and companies. IdF integrates five pillars: technological offerings, business transformation, training, international cooperation and IdF promotion.

The platform contributed to the collaboration between public and private industry and technology stakeholders. With Approx. EUR 10 billion of public funding and industry contributions, IdF managed to support more than 3,400 companies with diagnosis for modernising production tools, provided more than 800 companies with loans, and increased regional involvement434. Moreover, by January 2017 around 50 lecturers and 15 schools are teaching on topics related to SI and 300 experts have been identified and referenced435.

Germany

According to the EC, around 15 million jobs in Germany are directly or indirectly linked to the production of goods, meaning that the fusion of the digital world and industrial production offers key opportunities for companies, boosting the country’s international competitiveness and generating better conditions for job creation. The first High Tech Strategy was launched in 2006 with the goal of coordinating research and innovation actions intended to deliver an integral innovation policy. In 2010, the Federal government announced High Tech Strategy 2020 as a successor programme with I4.0 being one of the ten “Future Projects" developed in support of the strategy.

I4.0 is a national strategic initiative brought through the Ministry of Education and Research (BMBF) and the Ministry for Economic Affairs and Energy (BMWI). The strategy supports the integration of cyber physical systems (CPS) and Internet of Things and Services (IoTS)436 to secure and develop Germany’s leading position in supplying and producing digital equipment, processes and products437, and therefore, enhance economic growth. Furthermore, the platform aims to develop a consistent understanding of I4.0 through dialogue with stakeholders, to formulate recommendations for action and to demonstrate how industrial manufacturing can be digitised.

According to a SWOT matrix for Germany’s *Industrie 4.0*, the strength of the platform is a comprehensive framework with vast involvement of policymakers, industry, science and social partners, while the main weakness is in ensuring actual deployment at shop-floor level, which will become increasingly relevant. I4.0 offers international cooperation opportunities and transferability on one hand, and on the other poses a threat by balancing between different industrial and sectoral interests. Overall, with EUR 200 million complemented by financial and in-kind contributions from industry, I4.0 has reduced industry segregation; transformed the research agenda into practice, developed reference architecture and launched the platform with 150 members. By facilitating partnerships and dialogue, I40 has also helped to avoid a segregation of industry domains and enabled integrative embedded systems. Being one of the largest and diverse I4.0 Platforms globally, German I40 is helping stakeholders and policymakers to drive forward I40 at all levels. For example, Germany’s initiative for I4.0 was used as an example for Austria’s *Plattform Industrie 4.0*.

**Sweden**

Around one million workers are employed in the production industry and related services in Sweden. Because of industrial changes, Swedish companies are confronted by digital transformation pressure, severe competition, megatrends, societal challenges and new advanced manufacturing opportunities.

To remain competitive at the global level, the government has sought to promote digital transformation through several initiatives. The government developed a strategy for new industrialisation² and commissioned Sweden’s innovation agency VINNOVA to push forward a digitalization of businesses and industries. The agency has supported the launch of the innovation agenda Made in Sweden 2030 that aims to give Sweden a lead in sustainable and innovative manufacturing and services. In 2013, VINNOVA launched Produktion 2030, a strategic research and innovation programme as an instrument to achieve the Made in Sweden 2030 agenda. The objectives of the programme include strategic long-term efforts to modernise Sweden’s industry base; to make it the primary choice for sustainable production and customized, high-end industrial services, to upskill the workforce and to facilitate investments in production R&D. With funds of EUR 25 million offered by VINNOVA for 2013-2018 period, supplemented by approximately EUR 25 million from industry, P2030 funded 30 projects involved over 150 businesses, set up a PhD school and obtained 50% industry co-financing for every activity and instrument.

P2030 accommodates five main instruments: financing of research and innovation projects; knowledge transfer; education; mobility; and internationalization. The platform uses a bottom-up approach for implementation that allows significant backing of industry funding and gives key responsibility to stakeholders. This provides the programme with long-term sustainability, allows the addressing of:

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actual industry needs and supports partnership between industry, research and academia and generates new partnerships through funding and instruments.

P2030’s areas of strength are linked to the focus areas of EFFRA and a few ideas on concepts from the Finnish SHOK programmes picked by the Swedish platform. These along with the composition of instruments became vital for the progress and innovation in P2030.

United Kingdom

In 2011, the UK launched a national initiative, The High Value Manufacturing Catapult (HVMC), to increase its competitiveness and advance manufacturing industry. As a private-public partnership the initiative is overseen by the British innovation funding agency Innovate UK. Being the largest of the eleven national catapults under the programme, HVMC is composed of seven technological centres, which enable UK businesses to have access to industrial scale technology to accelerate and de-risk new concepts to commercial reality. It is unique element of the initiative that contributes to its overall success.

With the public, business and joint public-private funding of GBP 470.51 million (EUR 541 million), HVMC had value of innovation work representing 123% of the target; every GBP 1 of public funding generated GBP 17.

According to a SWOT matrix for the UK’s Catapult, the strengths of the platform are applied support to companies and research organizations for scaling up technologies, and a significant commercial income and solid monitoring and evaluation system. The weakness, however, is that the industrial demand has at times exceeded available capacity. The programme offers significant opportunities to extend into new markets including construction, and to exploit digital technologies, and improving productivity. However, it aims to maintain the balanced funding model ‘which is important to ensure that the right balance is achieved between encouraging risk taking, enabling collaboration and stimulating innovation in areas that are relevant and of benefit to industry’.

After the HVMC underwent a comprehensive assessment of the leverage effect on public investment, a leverage of 17:1 was identified, exceeding the leverage of any other initiative by more than threefold. According to the EC, this success can be largely attributed to the significant amounts of commercial income the HVMC has been able to secure through competitive R&D contracts.

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448 Ibid.
7. ANALYSIS OF EMPLOYMENT TRENDS AND RELATED LEGISLATION

The future of work is going to test the traditional employment contract which needs to become more flexible to encompass all the newly emerging types of working engagements. At the same time, assuring decent work is going to be more challenging with growing income inequalities and further worsening of the position of the low-skilled. The ILO responds to this challenge with the ILO HCA and a major share of the policy priorities identified in this is already present in the initiatives of the EP or the EC. This chapter of the study lists the particular medium-level priorities identified in the ILO HCA\textsuperscript{450}, outlines them in more detail, provides links to existing EU legislation, and indicates those areas where future legislation initiatives are likely to emerge.

7.1. The universal entitlement to lifelong learning

The New Skills Agenda for Europe\textsuperscript{451} launched by the EC, with its ten underlying actions already addresses to a significant extent the ILO’s call for recognition of the universal entitlement to lifelong learning.

One of its underlying actions, the Upskilling Pathways\textsuperscript{452}, addresses the provision of lifelong learning, including active outreach towards potential beneficiaries among the disadvantaged groups. The EC Recommendation on Upskilling Pathways: New opportunities for Adults\textsuperscript{453} is less ambitious than the original proposal of the Commission calling for a Skills Guarantee\textsuperscript{454}, the concept of which proposed guaranteed access to lifelong learning to those who left initial education without completing upper secondary education, and more in line with the proposal of the ILO. The Recommendation on Upskilling Pathways is implemented through new priorities being incorporated into the already established funding schemes, such as the European Social Fund (ESF) or the Erasmus+ programme.

The ILO urges MS to create quality assurance mechanisms for lifelong learning\textsuperscript{455}. In the case of EU MS, this is usually administrated by the national authorities. Nevertheless, the European Qualifications Framework (EQF)\textsuperscript{456} presents an important step towards harmonising national initiatives in this area.

A comparable situation is in the area of skills anticipation, also highlighted by the ILO\textsuperscript{457}, as well as the New Skills for New Jobs agenda of the EU\textsuperscript{458}. Here, country-level initiatives are subject to harmonising efforts at the EU level\textsuperscript{459}.

\textsuperscript{450} The structure of the report follows the medium level policy priorities of the ILO HCA.
\textsuperscript{458} Mostly through the European Centre for the Development of Vocational Training - CEDEFOP (http://www.ceedfop.europa.eu/).
The ILO also proposes *establishing a system of entitlements to training through a reconfigured “employment insurance” system or “social funds” that would allow workers to take paid time off to engage in training.* Although some of the EU MS use variations of this type of measure, the policy area remains unexplored by policymakers at the EU level.

### 7.2. Support people through future of work transitions

The YG, within the context of the Youth Employment Initiative (YEI), presents a significant EU-wide support to young individuals transiting from school to work. The YG offers options to young individuals after graduation from school or university if they have not secured a job or further education or training. The decision on the design of programmes is taken at the level of individual EU MS, but the policy approach and target group are identified at the EU level. The YG fits the focus of what the ILO identifies as the need for increasing *opportunities for decent work for youth through employment programmes and support for young entrepreneurs.* Financial resources, as well as the attention paid to the issue of youth employment at the EU level, has remained high since 2013.

The OECD (2017) points at the possibility that some traditionally disadvantaged groups could benefit from technological progress and its impact on the future of work. For example, even relatively inexperienced young people might have a comparative advantage over older workers in technology-intensive industries, because they are more familiar with digital media and have stronger ICT competences. As working lives are extending from the increase in the retirement age (especially so in Europe) work-related transitions in older age groups might become a more pressing issue. The attention paid to older workers in terms of employment policies has not received the same degree of attention as youth. EU-level policies targeting older workers are more focused at their inclusion in lifelong learning, or at supporting flexible working arrangements. Public employment policies, specifically targeting unemployment spells after 50 years of age appear at the national level. At the EU level, the attention is likely to increase as structural unemployment among older workers is likely to increase due to the change in the structure of jobs caused by automation and technological change.

PES represent the usual infrastructure through which EU countries provide support for work-related transitions. In this area, the ILO proposes the following points:

**a) Increase investment in PES**

Some of the EU MS are already among the world leaders in funding their PES. As the work-related transitions become more pressing because of labour market change, intensified support needs to be available through PES. There are no ongoing initiatives to set up a joint EU-level mechanism or plan of

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460 Individual learning accounts (ILA) present a measure to some extent addressing the urge identified by ILO HCA. ILA measures were implemented in Austria or the UK. For an overview, see CEDEFOP (2009).


466 Based on the OECD.Stat, Denmark, Germany, Sweden and the Netherlands were the leaders among the OECD countries.
increasing the resources flowing into PES\textsuperscript{467}. Nevertheless, in the case of some EU MS\textsuperscript{468}, the ESF finances a substantial share of PES activities such as ALMPs.

\textbf{b) Improve labour market information to support decision making}

In this area, the European network of Employment Services with the EURES\textsuperscript{469} job portal has significantly improved the availability of labour market information for jobseekers at the EU level. Mutual learning is supported in this area through projects of the European Commission such as the European PES Network\textsuperscript{470} or the Mutual Learning Programme\textsuperscript{471}. The European Commission further supports harmonising labour market related statistics through Eurostat and supporting policy relevant research through its agencies such as EUROFOUND, CEDEFOP or the JRC.

\textbf{c) Make PES proactive}

Most of the EU MS are facing demographic changes with an ageing population and reducing numbers available for work. There is a role for PES to adopt active outreach strategies to reach those currently distant from the labour market such as those not in employment, education or training (NEET), and to other groups that may wish to return to work such as those on parental leave or migrants. Suggestions on how PES might improve their active outreach are commonly present in the recommendations addressing particular MS (the Country Specific Recommendations) under the European Semester\textsuperscript{472}, particular measures and strategies remain in the competency of EU MS.

\textbf{7.3. Implement a transformative and measurable agenda for gender equality}

Expectations associated with the future of work (e.g. ILO\textsuperscript{473}, OECD\textsuperscript{474}) point at the potential of technological innovations, when used in telework and flexible workplace arrangements, to enable more flexible organisation of work and family responsibilities. If supported by properly designed legislative actions, this could contribute to a reduction in the gender employment gap.

In 2017, the EC initiated the \textit{EU Action Plan 2017-2019 Tackling the gender pay gap}\textsuperscript{475} identifying the main policy priorities defining the eight strands of action at the EU, as well as at national and corporate levels. Under these strands, specific actions are taking place, for example, one ongoing legislative action by

\textsuperscript{467} Substantial non-financial support is provided to MS, for example under the Benchlearning Project overseen by the European PES Network (Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014 on enhanced cooperation between Public Employment Services (PES));
\textsuperscript{468} The ESF plays a significant financial role compared to ALMP spending (in particular for Bulgaria, Czech Republic, Estonia, Greece, Latvia, Lithuania, Malta, Romania, Slovakia and the UK) (European Commission 2015, p. 6).
which the Directive on the Framework Agreement on Parental Leave[^476] is being repealed and substituted by a new Directive on Work-life balance for parents and carers. This is going to define the main parameters of prenatal and paternity leave in line with the ILO recommendation, to encourage both parents to share care responsibilities[^477].

Non-legislative actions to support greater investment in public care services are taken with the support of EU financial mechanisms. These include monitoring of the existing provision and exchange of experiences between EU MS. The EU Action Plan 2017-2019 Tackling the gender pay gap coordinates the ongoing activities, which are in line with the priorities identified by the ILO.

### 7.4. Strengthening social protection

With new technologies biasing the demand for labour towards the more skilled, income polarisation is expected to grow further in the future. The low-skilled are expected to be falling more often into the risk of poverty. Although its design may differ substantially, the accessibility of the (minimum) social assistance schemes is not usually an issue in the case of EU MS since such schemes are present in all EU MS. The accessibility of more elaborated elements of social protection becomes a challenge, especially for the rising groups of non-standard workers.


Table 9: Lack of formal social security coverage for non-standard workers in EU member states

<table>
<thead>
<tr>
<th></th>
<th>Casual workers</th>
<th>Seasonal workers</th>
<th>National specificities</th>
<th>Freelance</th>
<th>Apprentices</th>
<th>Trainees</th>
<th>Vocational trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment benefits</td>
<td>RO, HU, MT, LT</td>
<td>BG, RO, LV, HU, MT, LT</td>
<td>AT, CZ, DE, PL, SK</td>
<td>BE, EL, HR, MT, NL, PL</td>
<td>EL, FR, IT, LT, MT, NL, PL, RO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sickness benefit</td>
<td>HU, LT, LV, RO</td>
<td>HU, LT, LV, RO</td>
<td>CZ, SI</td>
<td>BE, HU, NL, PL</td>
<td>DK, FR, HU, LT, NL, PL</td>
<td>DK, EL, FR, HU, PL</td>
<td></td>
</tr>
<tr>
<td>Maternity benefit</td>
<td>LT, RO</td>
<td>BG, LT, LV, RO</td>
<td>CZ, PL, UK</td>
<td>BG, FR</td>
<td>BE, MT</td>
<td>FR, HU, IT, LT</td>
<td>EL, FR, HU, IT</td>
</tr>
<tr>
<td>Accident and occupational injuries</td>
<td>RO, HR, LT</td>
<td>BG, LT, LV, RO</td>
<td>CZ, ES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old age/survivors’ pensions</td>
<td>MT, LT</td>
<td>BG, HU, RO, LT</td>
<td>CZ, HU, LU, MT, PL</td>
<td>BE, HR, MT</td>
<td>EL, FR, HU, IT, LT, MT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invalidity</td>
<td>HU, LT</td>
<td>HU, LT</td>
<td>AT, PL</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>


The legislative schemes defining access to these elements of social protection are defined at the level of MS. The main role of the EC and the EP remains one of coordinating and harmonising the national schemes478. This is the case of the ongoing initiative related to the introduction of a common European Social Security Number479. The urge for further harmonisation grows with the rising numbers of cross-border workers as well as non-standard forms of work.

The concept of unconditional, basic or the citizen’s income is widely discussed in the social policy literature480. It is attracting growing attention, especially in the context of automation and a declining share of labour on value added481. It can be expected that measures designed to compensate for the decline of the labour share on benefits from production are going to be of growing interest to policymakers.

Box 9: Basic Income Experiment 2017-2018 in Finland

KELA (The Social Insurance Institution of Finland), under the Ministry of Social Affairs and Health of Finland, randomly selected 2,000 unemployment insurance recipients and paid them an unconditioned monthly payment of 560 euro for the period of 2 years.

Based on the first evaluation report, although positive effects on subjectively perceived wellbeing are clear, no effect on employment of participants was observable (Kangas et al. 2019).

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480 See for example Van Parijs (1992) or Wright (2005).
481 Schwellnus et al. 2018.
and legislators. Some EU MS are experimenting with new models of social protection, such as the already well documented Basic Income Experiment 2017-2018 in Finland482.

7.5. Establish a Universal Labour Guarantee

Although there are some concerns about the longevity of digital labour platforms483 their role in the economy is expected to grow484. Traditional institutions guarding the standards of the working conditions and workers’ rights are, therefore, going to be under increased pressure to adopt strategies of extending their activities towards this growing segment485.

In respect to the future of work, the ILO urges that all types of workers, including those working under newly emerging types of employment contracts, should enjoy the Universal Labour Guarantee including:

a) Fundamental workers’ rights:
   i. Freedom of association
   ii. Recognition of the right to collective bargaining
   iii. Freedom from forced labour

b) A set of basic working conditions:
   i. Adequate living wage
   ii. Limits on hours worked
   iii. Safe and healthy workplaces.

From the worldwide perspective, the EU MS present countries with rather advanced protection of fundamental workers’ rights and working conditions. A substantial share of the progress in this area was done at country level, even before the establishment of the EU. More recent advancements such as the ratification of the ILO Forced Labour Protocol486 were co-ordinated at the EU level. Some of the initiatives present a reaction on specific problems that have arisen in the context of the free movement of workers and business activities in the EU (Directives dealing with posting of workers487), protection of workers’ rights in specific situations (Directive on the protection of employees in the event of the

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482 Initiatives in this field emerged also in other MS, for an overview see Behrendt and Nguyen (2018).
484 On the basis of previous research, it seems likely that somewhere between 1 per cent and 5 per cent of the adult population in the EU has participated at some time in paid work in the platform economy. (European Parliament 2017, p. 38).
485 The repository of good practices in this field can be found at: https://www.eurofound.europa.eu/data/platform-economy.


### 7.6. Expand time sovereignty

The ILO report on changes in working time provides worldwide evidence on the share of workers forced to work excessive hours resulting in “time poverty”. This problem seems to be the least pressing in the case of the EU MS, as the share of workers working over 48 hours per week in Eastern Europe is the smallest in the worldwide comparison (5%), followed by Western\footnote{Including North and South Europe.} Europe (10.4\%\footnote{(Messenger 2018, Figure 2).}).

Regulation of working time is usually subject to opposing interests. By appealing to expand their time sovereignty, the position of the ILO could be considered to favour the side of employees. The ILO’s objective is crafting working time arrangements that give workers greater choice over scheduling and working hours to achieve a suitable work-life balance\footnote{ILO 2019a, p. 40.}. However, when the interests of employers is considered, the ability to expand workers’ time sovereignty and not damage employers is limited. Employing new technologies and innovations to increase labour productivity and flexible working time presents one of the few ways that might help in this balance between the interests of workers and employers.


• The proposal on minimum requirements addresses the shortcomings of the driving time regulation (EC No 561/2006\(^{501}\) and EU No 165/2014\(^{502}\)) – limiting drivers’ fatigue and stress and to ensure fair competition.

• The new proposal of the EC for a Directive on transparent and predictable working conditions - supporting greater predictability of the working time\(^{503}\).

Supporting working time restrictions might be considered as a policy response to the ongoing trends of automation and declining share of labour on productivity related to the implementation of new technologies. In this respect, it would present a milder response that the concept of a basic (universal) income, or government-guaranteed jobs\(^{504}\). Several social experiments are at hand providing evidence on the positive impact of the decline in the working hours on labour productivity (per-hour), levels of stress, work-life balance, as well as life satisfaction\(^{505}\).

On the one hand, new technologies at the workplace allow for flexibility or even a reduction in the working time, but on the other hand, they often allow the blurring between working and personal time\(^{506}\). This is done through the usage of new communication technologies to transmit the workplace into the worker's home, or in combination with new digital labour platforms connecting workers directly to producers. In some cases, when the blurring of working and personal time might become undesirable, the ILO specifically points to the need to establish a right to digitally disconnect\(^{507}\). Initiatives on this concept have already been widely discussed in France\(^{508}\) and Germany\(^{509}\). The discussion is fuelled by a rapid increase of high-skilled professional working in times which were usually reserved for family or free time, such as the evening hours. In 2016 the French Parliament amended the French Labour Code\(^{510}\) implementing the right to disconnect\(^{511}\).  

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**Box 10: Recent international experiences with working time adjustments**

**France**: Reduction of the legal duration of the workweek from 39 to 35-hours in 2000.

**Germany**: Allowed employers temporary reduction to a 4-days workweek, to compensate for the drop in the demand due to the global economic crisis.

**South Korea**: Reduction of the legal workweek from 44 to 40 working hours (Messenger and Ghosheh 2013).

As a part of a social experiment, one private company in New Zealand tested a reduction of workweek from five to four days (Graham and McClay 2018).

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\(^{504}\) (Messenger 2018).

\(^{505}\) (Messenger and Ghosheh 2013) (Graham and McClay 2018).

\(^{506}\) (Messenger 2018).

\(^{507}\) (ILO 2019a, p. 40).


\(^{510}\) Article 55(1) often also referred to as the ElKhomri law: [https://www.legifrance.gouv.fr/eli/loi/2016/8/6/ETSX1604461L/jo#JORFSCTA000032983228](https://www.legifrance.gouv.fr/eli/loi/2016/8/6/ETSX1604461L/jo#JORFSCTA000032983228).

\(^{511}\) A similar step was taken by Italy in 2017: [http://www.senato.it/japp/bgt/showdoc/17/DDLMESS/0/1022243/index.html](http://www.senato.it/japp/bgt/showdoc/17/DDLMESS/0/1022243/index.html).
Implementations through amendments to the labour code present the most straightforward and internationally transferable experience\textsuperscript{512}.

### 7.7. Revitalizing collective representation

Effective and competent collective representation is a solution to a significant share of policy aims identified in the ILO HCA. The results of the social dialogue can mitigate the impacts of the declining share of labour on production or the increasing importance of access to lifelong learning. In cases where conflicting interests meet, no universal answer can be provided either from the supra-national or the national level. Time and context-specific solutions need to be found. The simple presence of the “infrastructure” able to seek for such solution is an asset by itself. Using the wording of ILO\textsuperscript{513}, collective representation and social dialogue:

- \textit{i. present a public good that lies at the heart of democracy;}\textsuperscript{513}
- \textit{ii. provide the institutional capabilities needed to navigate future of work transitions.}\textsuperscript{513}

The motivation for supporting social dialogue with its underlying institutions is also clear to the EC. Social dialogue is supported not only at the national, but also at the EU level\textsuperscript{514}. The institutional framework supporting social dialogue at the EU level is quite well elaborated, including for example the:

- The European Foundation for the Improvement of Living and Working Conditions – EUROFOUND (https://www.eurofound.europa.eu/),
- European Economic and Social Committee (https://www.eesc.europa.eu/),
- The European Trade Union Confederation (https://www.etuc.org/en/).

The legislative framework supporting social dialogue at the EU level has been in practice for a long time; for example the Directive on establishment of social dialogue committees has been in practice since 1998\textsuperscript{515}. The EC pays attention to the need of collective representation of social partners\textsuperscript{516}, it has a long tradition of investing in it, and actively supporting it through public policies.

Up to this point, the approach of the ILO is met and expected changes in the world of work are going to bring new challenges in the field of collective representation and social dialogue.

With the new means of communication, representation becomes easier, faster and cheaper. An increasing share of social dialogue can take place at the local or company levels. The role of government in supporting social dialogue is going to become less central, jointly at company, region as well as country level. \textit{The shift to (new) governance reflects the realization that – while indispensable to guide and legitimize the process – government is not the only means to ensure governance\textsuperscript{517}.}

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\textsuperscript{512} Alternatively, the right to disconnect could be implemented through steering and supporting these policies at the firm level. Experiences in this field can be found in Germany: https://www.baua.de/EN/Service/Publications/Report/Mental-Health.html.

\textsuperscript{513} ILO 2019a, p.41.

\textsuperscript{514} For an organisation to be recognised as a partner in European social dialogue, it must be organised at the EU level and capable of taking part in consultations and negotiating agreements. Since 2006, representativeness studies have been carried by the EU agency in charge of research on living and working conditions – Eurofound, (https://www.eurofound.europa.eu/). https://ec.europa.eu/social/main.jsp?catId=3206&langId=en&navItem=1 (Retrieved on 15th of March 2019).


\textsuperscript{517} ILO 2018, p. 5) (Ruggie 2014.)
Nevertheless, the biggest challenge facing the social partners (including the governmental policies supporting collective representation of workers) is to reach out towards workers in the informal sector and in the newly emerging forms of employment (such as the platform workers)\(^{518}\).

Based on mapping of existing initiatives of collective representation of platform workers in West European countries, Vandaele (2018) first distinguishes two types of digital platform work. The online crowd workers\(^{519}\) perform placeless, computer-based specified tasks or services\(^{520}\), while the on-demand work\(^{521}\) is time- and place-dependent on-demand work, typically demanded via apps\(^{522}\). These different types of workers, when collectively represented, follow either the logic of membership (members’ needs and interests are driving the activity) or the logic of influence (activity is shaped by the dialogue).

Table 10: Digital platform workers and the dominant logic of collective representation

<table>
<thead>
<tr>
<th>Logic/Type platform work</th>
<th>Macro crowd work (Online labour markets)</th>
<th>On-demand work (Mobile Labour Markets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>Worker-led platform cooperatives</td>
<td>Worker-led platform cooperatives; grass-roots unions; union-affiliated guilds</td>
</tr>
<tr>
<td>Influence</td>
<td>longstanding unions; labour market intermediaries as quasi-unions</td>
<td></td>
</tr>
</tbody>
</table>


Listing the initiatives of collective representation of platform workers shows that traditional models of representation such as the trade unions are only able to cover some of the needs of the platform workers, creating space for emerging worker-led and grass-roots initiatives.

Box: 11: The first collective agreement in the platform economy is Danish

The Danish union 3F claimed to have concluded the world’s first-ever collective agreement in the platform economy with Hilfr.dk, a platform for cleaning services in private homes. The fact that the platform is a Danish one has contributed to a shared understanding between the platform and the unions on seeking to improve employment terms and conditions. Initially a 12-month pilot project, the agreement introduces a minimum wage, sick pay and holiday allowance and pension contributions for those working regularly for the platform, i.e. more than 100 hours. While the workers covered by the collective agreement will cost more for Hilfr.dk customers, the latter will become able to tax-deduct the cleaning services. Following an assessment of the pilot project, a possible follow-up agreement for a three-year period is foreseen.


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\(^{518}\) ILO 2019a.

\(^{519}\) Vandaele 2018, p. 12.

\(^{520}\) Representing the Online Labour Markets distinguished by Codagnone and co-authors (2016a), mentioned in Chapter 2.

\(^{521}\) Representing the Mobile Labour Markets distinguished by Codagnone and co-authors (2016a), mentioned in Section 1.

7.8. **Harness and manage technology in support of decent work**

Although employing new technologies at the workplace is generally related to clear gains in labour productivity, safety and overall quality of work, negative side effects might also emerge. Among them potential deskilling, a decline in workers’ satisfaction and alienation of work to workers. Implementing automation and artificial intelligence in the production processes can potentially end up in reducing workers’ autonomy and the richness of the content of the job (ILO 2019a, p. 43). With the increasing incidence of these new technologies at the workplace, these risks need to be given more attention.

The ILO proposes to adopt the “human-in-command” principle to artificial intelligence that ensures that final decisions affecting work are taken by human beings, not algorithms. This principle, in combination with collective representation of workers through social dialogue should minimise the negative side effects of the implementation of new technologies.

Platform workers remain outside collective representation and at the same time subject to decisions to a great extent determined by artificial intelligence algorithms. For these reasons, their risk of suffering from negative side effects of implementing new technologies is the highest. In this respect the ILO set up the Maritime Labour Convention from 2006 as a potential way forward in addressing the challenges of workers, employers, platforms and clients operating in different jurisdictions (ILO 2019a).

### Box 12: Maritime Labour Convention, 2006

The ILO (2019a) states this convention as a possible example for regulating platform work. The advantage of the convention is that it defines the minimum requirements for seafarers working on ships, employment standards and working conditions, health and medical care as well as social security protection. It is enforced internationally, through an international system of certifications administrated in ports. Mainly because of these features, its design could be inspirational in designing an internationally enforced convention for a segment of platform workers. (ILO 2006).

7.9. **Increasing investment in decent and sustainable work**

In the last policy area identified by the ILO_HCA of *increasing investment in decent and sustainable work*, policy recommendations are phrased in a way more relevant to developing countries. Detailed policy frameworks are operated at the EU level to support the rural economy through agricultural subventions, with specific programmes focusing on the green economy, as well as supporting competitiveness through policy frameworks such as i 4.0. The final objective of these approaches should not be reduced to assuring growth in terms of GDP, but to the quality of life and wellbeing of Europeans.
8. CONCLUSIONS AND RECOMMENDATIONS: SUMMARY REMARKS

The collaboration between the EU (especially the EC and DG EMPL) and the ILO has varied over the past 60 or so years. The relationship has evolved to a progressive integration of the thinking of these important international organizations on key aspects of the labour market and its regulation. This evolution has followed a two-way model. On the one hand, it has been influenced by the debate within the EU that has increasingly highlighted the role of the Lisbon Strategy as a driving force for the future of EU citizens. On the other hand, the ILO thinking on formal, decent work and other aspects of labour relation have been important elements in the evolution EU thought regarding the so-called social pillar. This chapter highlights the main outcomes of this two-way interaction and the importance that each organization has had on the other in the development and elaboration of policy guidelines.

Based on the research, it is reasonable to claim that the collaboration with the ILO has helped shape the focus of the EU towards greater orientation in innovation and quality in the social field. Also, this interaction with the ILO has served to strengthen the so-called social model to achieve clearer aims than previously articulated. The emphasis on high quality jobs, social security and trade unions, as well as on green jobs and sustainable development, have helped give the ideology of the EU a progressive, democratic and open-minded perspective.

The method of social dialogue for decision-making in the EU has been strengthened through interaction with the ILO, though with the perverse effect of slowing the decision-making process in the EU with implications for increased costs of time and the potential to be less effective due to the slower process. However, decision-making is also more widely shared and, as a result, accepted by those on the receiving and implementing ends. This will tend to make such decisions stronger with the potential to bolster social cohesion.

While being cautious regarding the economic costs of the policy proposals identified, the EU and ILO also tend to demonstrate that these costs are largely a short-run phenomenon since in the long-run the benefits can outweigh the short-run costs, thus making the policy proposals ambitious and innovative.

8.1. Traditional outcomes of the Collaboration between EU & ILO

This part of the study reviews the main results of the collaboration between the EU and the ILO from 1958 until now. This joint working has gone through different stages of development, identified in this study as three important periods: a) 1958-1999; b) 2000-2007; c) 2008-today, and each period is considered in more detail below.

During the period up to 1999, EU-ILO collaboration was still largely ad hoc and mainly focused on the provision of support to third countries, principally in the developing world. This period ended with the start of the economic and financial crisis. During the early period, employment policies were conceived essentially as expansionary fiscal and monetary policy, but unemployment was, until the late 1970s, not the main issue. It is only after this period that unemployment became a predominant social issue alongside the failure of traditional spend and tax policies. Microeconomic interventions in terms of employment services and training schemes aimed at increasing employability started to gain momentum. As far as the EU-ILO relationship was concerned, it remained largely informal, although the ILO recognised the EU through conferring formal observer status in its activities. The concept of employability, coupled with an emphasis on the education and training of the workforce, also informed the White papers of 1975 on “Growth, Competitiveness and Employment”, edited by the then President of the EC.
In the second period covering 2000-2007, the HLMs among the senior representatives of the two organisations were established to put the collaboration on a more formal and structured basis. In this relatively short period, the basis of the cooperation as a collaboration among equal partners was established. This also determined a shift in the focus of discussions which was no longer on external aid, but the internal organization of EU MS. The elaboration of ideas strongly influenced the way the Lisbon Strategy was conceived and organized. The period was interrupted by the economic and financial crisis which, among others, affirmed that the targets of the Lisbon Strategy were not going to be easy to achieve due to MS policy being refocused on reducing unemployment and especially for youth who were disproportionately affected by the crisis.

The ensuing and current period (from 2008 onwards) has seen both organisations more actively collaborating, firstly to deal with crisis by, inter alia, setting out the basis for a future of increasing prosperity in the context of a reinforced European social model. The Period has been one of reciprocal consultations and interaction at all levels. Overall, the first almost two decades of the current century has witnessed EU-ILO collaboration becoming stronger and more intense with, for example, the number of HLMs increasing and covering an ever-greater range of issues, though the crisis and its aftermath was a catalyst for bringing about change in the relationship. An important basis for collaboration during this period has been the YG, devised to address youth unemployment in the MS, especially the Southern and Eastern countries. The YG was conceived and developed within the context of the EU-ILO collaboration.

More recently, with the youth unemployment rate falling in most MS to pre-crisis levels, the attention of the two organisations has shifted towards the challenges posed by the i4, addressed in the second part of this study.

Over the past two decades, through the HLMs the EU and ILO have developed a rich and substantial body of knowledge on the world of work across the extensive ILO constituency, but particularly in Europe. Thorough policy analysis has led to the detailed definition of important policy guidelines shared not only between the two organisations, but to a much wider audience setting out best practice for a better society.

The first part of the study reviewed the development of these policies in some of the most important subject areas in which it has been implemented, namely: 1) decent work; 2) social dialogue and the social pillar; 3) sustainable development; 4) green jobs and climate change; 5) labour market policy on development and trade, including the definition of international labour standards; 6) gender equality and the workplace; 7) the future of the workforce and the ensuing redefinition of labour relations; 8) transition to formality and fight against undeclared work.

The concept of decent work sees employment as formal and providing the fundamental rights at work in addition to adequate social protection, which means not only social security, but also labour protection. The concept also allows for social dialogue among the social partners. Decent work is linked to many other policy drivers: gender equality, flexicurity, social dialogue, international labour standards, etc. in a cross-cutting way. Using an EU term, it is sometimes called ‘high quality work’, but this is effectively a synonym for decent work. The role of decent work underpins many actions of both organizations. The EU, for instance, suggests the MS adopt the policy guidelines of the ILO on these matters. Moreover, the ILO supports the initiatives of the EU in this field or they may organize joint initiatives. In general, the ILO tends to contribute its expertise on such issues, while the EU contributes its political influence to effect change.

Social dialogue is another legacy of the ILO derived from the tripartite structure of the organization. Social dialogue is a method of policy decision-making and implies that the best and most effective
Policy initiatives are those shared by the main social players. Social dialogue presents potential difficulties because of the multiple players but has the advantage that consensual decisions taken among the social partners are likely to be more effective when it comes to implementation. In short, social dialogue is a formidable tool to create consensus on the implementation of policy initiatives. Both the EU and ILO work together to strengthen the role of the social partners. Social dialogue demonstrates the same trade-off between short and long-term objectives already highlighted in the case of decent work. Both organisations tend to always involve the social partners in their decisions and frequently in research activities in recognition of the valuable and often unique contributions they can make.

Sustainable development (i.e. development that meets the needs of the current generation without compromising the ability of the future generations to meet their own needs) can be seen as the overarching goal that affects how all other goals should be considered. Sustainability underpins the development of green jobs, and clean and renewable energy, but also contributes to financial stability and debt reduction. The Delors White paper was perhaps the first official EU document to propose sustainable development as a goal and since then, many strategic EU documents were focused on the achievement of sustainable development and it was also a key goal in moving out of the crisis after 2008. A principal aim of the EU and ILO is to remove all short-run obstacles and reduce the costs to achieve the long-term benefits of sustainable development by encouraging the correct treatment of industrial waste and favour innovation in the field of renewable energy, not only in industry, but also among households. Due to the scale of the issue and its multidimensional nature, most of the sustainable development-related EU and ILO cooperation practices tend to lack specificity, focusing more on the normative rather than practical challenges.

Green jobs and climate change are a relatively new area for attention and the ILO regards them as closely related to the decent jobs agenda because they are also decent jobs. It is just one aspect of sustainable development and suggests that preventing climate change may have positive effects both in the short and long-runs if the right actions according to an appropriate schedule are taken. The broad definition of green jobs covers jobs related to sustainability in all sectors of the economy, and a narrower definition more typically used by the EU, covers only jobs in the eco-industries. It means that in a broader sense, any action in favour of the environment has the potential to create green jobs. One of the main aims of the EU-ILO cooperation is to ensure that similar initiatives implemented by both institutions separately are compatible and do not overlap. The collaboration has also created several joint research projects in the field.

International labour standards are an important aspect of the labour-related policies on development and trade. They are strongly related to the decent work policy driver and define the “minimum threshold” for the quality of employment. Interviewed experts emphasized that international labour standards should not be interpreted as simple guidelines – “they are much more forceful than that”. The obvious aim of the EU-ILO collaboration in this field is that the same rules are implemented across all borders so that “those who do not put them into practice do not undermine the efforts of those who do”. This is an important condition to prevent situations where higher quality production methods, designed according to the highest labour standards, do not have any negative impact on those who implement them in the short-run.

Gender equality in the workplace is a long-standing central value of both organizations. The EU uses a broader and more universal definition of gender equality whereas the ILO focuses more on the labour market. This driver is also related to the concept of sustainability and to decent work. The ITC-ILO collaborates regularly with the EU and UN Women to strengthen their methodological expertise in gender equality matters. The collaboration is more practical because there are specific actions taken
jointly by the two organizations, including a continuous monitoring of the results achieved. The two organizations tend to implement and recommend gender mainstreaming to all MS, as well as to third countries. Joint actions are often taken to persuade firms to implement gender equality principles.

The future of the workforce and the ensuing redefinition of labour relations is a more recent driver and focus of attention for the two organizations. There is a growing awareness that the optimum matching of skills supply and demand should be achieved not only with reference to the current economic structure, but also with the new one emerging because of the implementation of what is perceived by some as a new industrial revolution. The definitions used and policy implications are similar between the two organizations. The ILO emphasizes more the role of social dialogue to promote the achievement of decent work and social protection in this context. Knowledge-sharing and research cooperation are the most common EU-ILO practices in the area of the future of work. Both institutions have committed to collaborate in the development of the tools and research necessary for the effective forecasting of future skills needs. For example, the EU and ILO carried out joint research on skills development and created a knowledge-sharing platform for methods and tools development.

Transition to formality and the fight against undeclared work is an integral part of the decent work policy driver and attention has grown from the 1990s onwards. The EU emphasizes in its definition the differences in the legislation of individual MS. For a considerable time, the cooperation of the EU and ILO in the fight against undeclared work was relatively ‘abstract’, broad and straightforward. However, recently, when the EU-ILO started to pay more attention to the issues, more specific practical initiatives were initiated. Most of the recent EU-ILO programmes targeted at the fight against undeclared work are focused on individual countries. A shortcoming of this driver is its high cost and low effectiveness since undeclared working is often rooted in the culture of a country to such an extent that it is considered “normal” practice. However, while this presents a formidable problem for policymakers, the EU-ILO cooperation in this field remains important.

For each of these policy drivers the study describes the historical context in which they have gained momentum and have been defined, often for the first time; the type of social problems they are designed to target; the available best practices in their transfer into internal legislation of the EU MS; and their main advantages and shortcomings. The analysis tends to show that new regulation is likely to bear a cost for firms and, very often, also for governments, but these short-term concerns should be seen in the context of the longer-term contribution they can make to the economic and social development of countries.

Moreover, the linkages between one policy driver and the others are explored since they should represent a part of the same consistent and robustly based programmes that will help drive development not only of European society, but also in many other parts of the world in the future. The EU-ILO collaboration has played a crucial role in developing a common way of thinking and acting to address and solve social issues and those related to the optimal working of labour markets. The aim is to meet the needs of workers and society, while guaranteeing the conditions for long-term sustainable economic growth and it can be a difficult balancing act. Overall there are all the ingredients in place for a comprehensive and systematic approach to helping ensure effective labour and social provisions can co-exist with a dynamic economic situation.

Since the introduction of the regular HLMs, enough time has passed to cover much of the relevant EU legislation and actions, including that of the individual MS in the Social Pillar of the EU, encompassed by the Lisbon Strategy, the Europe 2020 guidelines, the flexicurity model, the reform of PES, the minimum wage legislation, the European YG, and the guardianship of the growing digital labour platforms and the future of work. All of interventions related to these aspects of the Social Pillar can be
considered as implementation of the leads established by the HLMs which have then proceeded to the development of actions.

8.2. Outcomes on the “Future of work”

The more recent period of EU-ILO collaboration has focused on the challenges posed by the so-called 4th Industrial Revolution and its associated development of automation, digitalisation of production and consumption and the diffusion of artificial intelligence, not only in the production of goods and services, but more recently in the delivery of services as well. The impact of the EU-ILO collaboration on these aspects of the future of work is covered the second part of the study.

This industrial revolution (or perhaps better viewed as an industrial *evolution*) has seen an increase in the pace of change on the labour market has been interpreted by some in a rather pessimistic light for its possible effects on jobs and the economy. At the extreme, some commentators suggest that maybe half of the existing jobs would disappear in few years. However, this is counterbalanced by what might be considered more rational views that, for example, suggest only a relatively small share (i.e. around 10%) of existing jobs is likely to disappear, although over 30% of the tasks involved in most of the surviving jobs may be subject to varying degrees of automation. Under both scenarios, routine tasks in most jobs will be subject to some level of automation. However, the past has shown that automation can bring advantages including increased productivity, rising wages and opportunities to achieve a better work-life balance and this more realistic scenario is the one beginning to predominate.

Higher productivity should encourage more economic growth through the development of new products and services and the more efficient delivery of existing ones. Under this scenario, self-employment and entrepreneurship have an important role to play in helping create the new businesses to replace some of the resources lost from change in the old businesses. Overall, this should help guarantee the ‘neutrality of technical change’ meaning that technical change will have only temporary effects on unemployment. To this end, investment in the adoption of new technologies in all sectors of the economy should be encouraged and incentivised.

This suggests that the EU-ILO collaboration is largely well-focused to face the challenges of I4.0. Providing decent work with gender equality through the social dialogue and its coordination remains central to the development of the labour market to meet the current and future challenges.

The Human-Centred Agenda (HCA) set out by the ILO in a recent report gives the general context for action which also applies to the EU. It suggests that the EU and each MS should guarantee universal entitlement to life-long learning, support people going through the future of work transitions, implement a transformative and measurable agenda for gender equality, strengthen social protection and establish a universal labour guarantee, expand time sovereignty, harness and manage technology in support of decent work, and increase investment in decent and sustainable work. This means that the ILO HCA is based on the principles discussed in the first part of the study but adapted to the challenge posed by I4.0.

The EU approach to I4.0 is set out in the 2018 edition of the Employment and Social Developments in Europe review edited by the EC. The model simulations conducted by the EC and presented in the study confirm that workers are being replaced not only by capital, but also by other workers with different qualification profiles and that qualifications are key to making labour more complementary to physical capital, “thus increasing productivity and accelerating the demand for well-qualified workers”. The endeavours of MS to invest in human capital are recognized as necessary to complement new technologies and improve processes. On the other hand, according to the EC, over-qualification can be avoided by matching labour demand that might be achieved by preventing early school
leaving, facilitating upskilling, promoting skill-intensive industries and reducing barriers to the entry, exit and growth of firms.

In addition, the European Political Strategy Centre (EPSC), the EC’s in-house think tank, notes that the polarization of jobs (i.e. the disappearing of mid-level jobs) and job displacement (i.e. involuntary job loss due to external factors, including automation) have already intensified in advanced economies. The best way to face this is by investing in the skills of the workforce, especially the young component. Other contributions are offered by Cedefop which emphasizes the importance of training, especially on-the-job, and the EGE, which launched the concept of “social upskilling” as a complement to the skills development in industry. By collective upskilling is meant the “collective duty and commitment to find solutions to ensure dignified livelihoods for all people”.

There remain a few key issues needing further attention and elaboration and principally the growth in precarious forms of work, but especially platform work and teleworking or smart working. These represent fast-growing opportunities for jobseekers and those looking to work in a more flexible way. Platform work and smart working may also be beneficial to employers with a need for flexible employment patterns and for the economy in generating productive activity, taxes and spending.

The collaborative economy is built on the assumption that transactions are based on the peer-to-peer (P2P) exchange of goods and services by using online platforms. For the EU countries, the share of adults who have ever provided paid services via a platform, ranges from 6% in Finland to 12% in the UK. Across the EU, four out of five such workers did so in the last 12 months and more than half spend more than 10 hours per week on this activity. Furthermore, for one quarter of these workers their income derived from platform working accounted for around 50% of their total income. All the available information suggests that these shares will further increase in the coming years.

Platform workers work a varying number of hours as compared to standard workers doing the same jobs. For instance, in the online taxi platform Uber, drivers have an average of 15 hours against 35 of the average taxi driver which implies a greater flexibility of working arrangements that could be beneficial to some workers. On the other hand, platform work is associated with a higher uncertainty regarding the rights and level of social protection, working conditions, or stability of employment. Moreover, platform workers are very often identified as self-employed, who do not benefit from the recent legislative changes in labour law applicable to most MS. This can create incentives for tax optimisation at the cost of platform workers and is clearly against the principles of decent work. Inadequate social insurance coverage is one issue facing such workers, for instance. Moreover, as stated by the ETUC position on platform workers, being registered as self-employed means that there is no possibility to benefit from collective agreements. New legislation could be aimed at stronger securitisation of social security rights and health care insurance to all workers, regardless of their employment contract status.

Teleworking was first identified in the 1970s and spread quickly with the advent of the development of ICT. Terms such as smart working, ICT-based work, home-anchored worker all apply here and are variations on the same theme – where work is carried out remotely from a normal workplace, often using IT. Research has identified three forms of telework/ICT mobile work, also called T/ICTM work: a) regular home-based telework; b) occasional T/UCTM work; c) high mobile T/ICTM work. The difference between b) and c) is in the degree of mobility and frequency of work outside the employer’s premises, which is mid-to low in the former case and high in the latter case.

The EU statistics show that the share of T/ICTM workers varies significantly between countries and occupations, ranging from 2% to 40% of employees. At the EU level there is around 17% of employees working on a T/ICTM basis. In the majority of countries this work is carried out occasionally by
professional and managerial categories and mostly by men. Women are more engaged in T/ICTM work at home. Usually T/ICTM employees have full-time permanent contracts of indefinite durations.

In general, ICT-based work has a positive impact on employees affecting different elements of their well-being, but also on the regional cohesion or the environment. T/ICTM work reduces commuting time and increases working time autonomy and flexibility in working time. It can also reduce turnover for companies and their fixed costs related to office space and other related costs. Furthermore, the reduction in commuting to work and indirectly the traffic during peak times has environmental consequences and it also reduces the need to live close to the workplace, therefore possibly reducing urban development. However, those regularly home-based are at greater risk of not having secure working conditions. However, occasional T/ICTM workers are at higher risk of having lower social insurance paid and at higher risk of lower pensions in the future.

Overall, the EU-ILO organizations agree on the need to stimulate smart working for the benefit of workers, firms and society at large. However, attention should be paid to the need to secure decent work for those involved, in terms of occupational health and safety in the workplace, proper working conditions and working time, the possibility to take part in collective agreements and the possibility to benefit from the social security system.

The benefits of such working arrangements can only be maximised through the development of appropriate support structures that protects the rights of both employee and employer and help ensure that such working remain visible and legitimate.

The future of work will also need new investment and reforms of educational systems to allow a diffusion of STEM (Science Technology Engineering and Mathematics) skills and (where feasible) the dual principle (combining education and on-the-job training) at all appropriate levels of education and training. There also needs to be incentives for firms to invest in innovation and government support for high levels of R&D to both reduce the social cost of technical change and at the same time maximise its benefits. Innovation accelerates the process of job creation in emerging industries, helping offset the process of job destruction in declining industries thereby helping reduce the duration of structural change and its economic and social costs.
9. **SUGGESTIONS FOR FURTHER RESEARCH**

This study has provided a unique perspective on EU-ILO collaboration covering the key issues the two organisations have faced in the past and what they are likely to face in the future. It is important to understand the history of this collaboration since certain events have shaped the collaboration. The study has identified the most important drivers of the policy discussion examining the positive and negative outcomes in any collaboration. In addition, special attention has been paid to the future of work, a crucial topic that recognises the possible effects of i4 on MS and the world economy.

The study should encourage a new interest not only in the collaboration, but also in the very important issues and policy guidelines it helps develop. The work of the EU and ILO is comprehensive and in-depth and has important implications for the future development of European society and of other developed and developing countries. More attention should be given to a critical reconstruction of the issues dealt with in this study, bringing them to the attention of academics, policymakers and practitioners at all levels. One way to achieve this is through social dialogue among the social partners, but also more discussion should be promoted in the media since a growing awareness of the importance of these issues is important for the long-run development of societies, even if there are some short-term cost implications in doing so.

The EU and ILO collaboration can be judged a success and both organisations have moved closer together on many issues and the importance of their work has wide acceptance. However, there is not enough information available to tell the story of this collaboration in more detail, particularly giving a better understanding of how other organisations could learn from it. More documentation should be made available from both the EU and ILO. This study aims to underpin the importance of understanding the EU-ILO collaboration which could be useful in other regions such as Africa, Asia, Latin America and could involve the relationship between the ILO and other local supranational and international organizations.

A future study could also address the limitations of this study, covering those issues not fully explored, especially the collaboration in the field of external aid and some of the other policy drivers, such as migration, etc. All the specific drivers could be further researched and the analysis deepened to better understand the implications and possible consequences of implementation of the policies surrounding each driver. However, this requires the EU and ILO to provide researchers access to more information on these issues.

A future study is likely to devote more coverage to green jobs, sustainable development, climate change and related issues rather than on the current issues of decent work, social dialogue and international labour standards. However, these current issues will remain central to the work of both the EU and ILO, though it is hoped that in the future the wider acceptance and implementation of good practices in these fields will mean less need for some of the background information that was necessary for this study.

Future research efforts could usefully focus on the future of work since relatively little is known about the consequences of i4.0 on production and consumption patterns, as well as labour markets and the main consequences need to be closely monitored and the EU-ILO elaboration contributes to this aim. More emphasis should be put on collecting empirical evidence on new jobs and skills that will be in demand and both organizations and associated agencies (e.g. Eurofound, Cedefop, EGE, etc.) share the priority of providing youth with the appropriate skills needed to match future labour demand. It is therefore important to accurately forecast changes and suggests a mainstreaming of the future of work as a cross-cutting issues (similar to gender mainstreaming, for example) and focused on the technological evolution of the future of work.
In particular platform work and all forms of T/ICTM work should be monitored closely and more research is needed on assessing the size of these two labour market developments and their impact on the conditions of workers and the society at large. The number of workers involved by sector, age, location should be monitored using new robust empirical data detailing the impact on wages, employment levels and other related factors, exploring the advantages (and disadvantages) for employees, employers and society at large.
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This Report reviews the main results of some 60 years of collaboration between the European Union (EU) and the International Labour Office (ILO) and coincides with the 100th anniversary of the ILO. Started in 1958, EU-ILO collaboration has intensified over recent years, covering an ever-greater range of issues to address the future of work and the challenges it poses to the sustainability of decent work and social protection.

This document was prepared by Policy Department A at the request of the Employment and Social Affairs Committee.