

EU policy agenda 2024-2029

Stronger together in
times of transitions



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Summary

The aim of this exploratory report is both to provide input for the Dutch contribution to the EU's medium-term agenda and to inform citizens ahead of the European Parliament (EP) elections in June 2024 about what the SER believes needs to be done at a socio-economic level to safeguard important EU values.

It has become increasingly common to reassess the EU's political agenda every five years, after the European Parliament is elected, on the basis of a kind of 'coalition agreement' between the three European institutions, namely: the European Council, where the heads of government of the Member States meet to steer EU policy; the EP, where citizens are directly represented; and the European Commission (EC), the EU's executive body, which has the exclusive right of initiative in this area. The EU is de facto the fourth tier of government in the Netherlands, alongside the national government, the provinces and the municipalities. As such, its involvement in Europe is also part of national policy. This makes this exploratory report also relevant to the medium-term agenda of the SER itself.

In setting its agenda for the years to come, the EU will have to respond to the current geopolitical realities. There is not only direct political and economic rivalry with countries such as Russia and China, but also systemic competition over what constitutes the backbone of the EU, its values. Principles such as democracy, an independent judiciary and the rule of law, fundamental rights of the individual, solidarity, non-discrimination, and a social market economy are important EU values that must be safeguarded. For all these reasons, there is an urgent need to strengthen the EU. This requires effective policies across a wide range of areas, in three interlinked parts:

1. Strengthening socio-economic and political resilience.
2. Ensuring the success of the green and digital transitions by strengthening open strategic autonomy.
3. Continuing the upward convergence of living conditions, employment opportunities, and productivity between and within Member States.

This exploratory report focuses on those items of the EU policy agenda that fall within the core remit of the SER and contribute to the three objectives outlined above. Although we identify separate policy areas, it is important to consider them in terms of their underlying interrelationship, which is why integral policies are essential. The SER makes the following recommendations for the EU policy agenda for 2024-2029.

A Economic agenda: Strengthening competitiveness and economic resilience

A strong economic Europe is essential if it is to maintain its international influence in today's geopolitical context. Finding the right balance between economic efficiency and resilience is a major challenge for economic policy. The logic of the economy and that of geopolitics are often at odds with each other. A joint European approach to competitiveness and resilience also creates economies of scale and efficiency that enable transitions to succeed. Items for the economic agenda of the EU:

- Further development of the policy on open strategic autonomy, with a more precise definition of the goods and services for which autonomy is to be considered strategic. A structural approach is important and requires a good degree of cooperation between the public and private sectors.
- Geopolitical changes make the signing of trade agreements more urgent, as they can contribute to the strategic autonomy of Europe. European trade policy must not be at the expense of human rights, labour rights or the environment, inside or outside the EU.

- European private and public investment in knowledge and innovation must be structurally increased to 3 percent of GDP. Achieving excellence and high levels of participation by the business community in programmes such as Horizon Europe are needed to increase impact and valorisation. In addition, European programmes should provide ample funding opportunities for innovation in small and medium-sized enterprises (SMEs). Investment in education and skills is also crucial in this respect.
- In order to avoid the risks of a more interventionist industrial policy, a number of preconditions need to be met in order for industrial policy to be effective. In addition to strengthening the knowledge base, it is important to ensure that sufficient efforts are made to apply existing competition policy and, where targeted funding is provided, to ensure a transparent and effective allocation process based on independent evaluation. To this end, more European coordination with regard to state aid is needed to avoid exacerbating disparities between countries, regions or companies and distorting the internal market. With a view to EU resilience, the defence industry should be given due attention where industrial and technology policy is concerned. Priority must also continue to be given to promoting entrepreneurship in general.
- For industrial policy to be effective, it is important to choose the right instruments. Consideration could also be given to the introduction of sustainability requirements in European calls for tender, or to the promotion of the demand side of things. If governments encourage the demand side, this can make new applications more attractive to companies, so that subsidies are not needed, or not as much. The set of instruments must also take into account the accessibility of SMEs and a good level of engagement under employees.
- Adequate integration and consideration of social and environmental interests to ensure a balanced industrial policy. As a more interventionist industrial policy within the framework of the green and digital transition means more money going to individual companies (through subsidies, state aid and tenders), the SER assumes that a company that receives public funding to make the necessary transitions will invariably ensure that important social conditions are met. In any event, this involves ensuring that such a company has a collective labour agreement, respects the right to association and trade union rights, and devotes attention to the education and training of employees within the framework of the transitions. Compliance and enforcement are key issues in this respect. The SER assumes that the social partners will be empowered to reach agreements at different levels, including on how to absorb the impact on employment opportunities, as was done in the Netherlands, for example, at sectoral level when coal-fired power stations were closed.
- Continued strengthening of the internal market, as this is essential to tackle the green and digital transition in an efficient way and to strengthen strategic autonomy. This also requires the political attention of the Council. This involves mapping out obstacles and addressing them. This will also allow the potential of the internal market to be better exploited. In particular, there are still plenty of opportunities in a number of industrial ecosystems and in the area of services and the digital economy. The creation of a capital markets union will also help to strengthen the internal market. Finally, for the internal market to function well, compliance with and enforcement of existing Member State regulations are essential. It is preferable to maintain a clear annual policy cycle for further integration of the internal market, with substantial progress achieved through sufficient provision of political guidance and close involvement of the social partners to raise and consequently also tackle concrete obstacles.

B Social agenda: further implementation and strengthening of the social pillar

A strong social Europe is essential to maintain social stability, solidarity and unity and to ensure that the transitions are successful. Items for an ambitious and future-proof social agenda:

- Follow-up on the implementation of the directive on adequate minimum wages in Member States. These items include: the adaptation of the criteria and timing for the adjustment of statutory minimum wages and the involvement of social partners in this process; the initiatives to implement the law, including the right to collective bargaining; strengthening the social dialogue with a view to raising the collective coverage rate to 80 percent and specific support for social partners through the European Social Fund Plus (ESF+ fund).
- A framework for setting minimum standards for an adequate level of social security, similar to what has been done with minimum wages under the current commission (see above).
- The European Pillar of Social Rights (EPSR) will be further fleshed out and given concrete content, by strengthening and extending the headline targets for employment opportunities, skills and the fight against poverty, among other things. This calls for a thorough evaluation of the progress made in Member States in achieving the targets of the social rights pillar. For this purpose, suitable indicators should also be developed for all 20 principles of the social rights pillar to properly monitor the progress of upward convergence within the European Semester. The SER underlines the parity of social and economic policy coordination within the European Semester.
- Continued focus on skills alongside qualifications and equal access to education and training. This will require the European Year of Skills (2023) to be followed by a concrete action plan. This also involves (automatic) recognition of skills as well as qualifications in other Member States. Ensuring equality and inclusion in the provision of educational facilities and society at large is now more important than ever, especially in light of the green and digital transitions. The right to proper training, quality jobs with decent pay and working conditions for workers must be a priority.
- Continue to work on the reform of the regulation on the coordination of social security. This has been on the agenda since 2016.
- Better regulation of posted workers from third-country countries and agreements on enforcement at a European level, so that a less strict admission policy in one Member State via posting of workers does not have any consequences for Member States with a stricter admission policy. Also, abuses in chains of posting of workers must be dealt with, including by means of regulations to prevent abuse by unscrupulous employment agencies and by PO box firms, as has been proposed by the social partners in the construction sector.
- Partly in view of the above, it is important that the upcoming review of the European Labour Authority takes a close look at whether its mandate and resources are adequate to enable expectations in terms of policing abuses and promoting the creation of a level playing field.
- An increasing number of workers face psychosocial risks (psychosocial workload, PSW). The SER has recommended that PSW be a compulsory part of every occupational health and safety catalogue actively in use and every (sectoral) risk inventory and evaluation in the Netherlands. The European Parliament has asked the European Commission, in consultation with social partners, to come up with a directive to tackle these preventively. According to the SER, key issues in PSW policy are the options for adapted work, the feasibility for SMEs in particular and enforceability.
- Implementation of a possible agreement by the social partners on teleworking and the 'right to be unavailable'.

- Continued strengthening of a European health policy where diseases with cross-border health risks are concerned, for example, pandemics. The new Health Emergency Preparedness and Response Authority (HERA) can be further strengthened in the coming period.
- Targeted use of cohesion funds on the green and digital transition to prevent the transitions from exacerbating disparities between and within Member States and regions and to promote employment opportunities and competitiveness, and thus raise incomes. Another idea could be to tailor EU support for research and innovation (even) better to situations in the regions, with better access for social partners.

C The digital agenda: innovation while upholding European values

For the digital transition, it is important that the EU remains internationally competitive, that it retains its sovereignty, and at the same time, that European standards and values remain respected. The EU now has a solid digital agenda, based on the premise that 2020-2030 will be Europe's 'digital decade', with the current Commission having already launched numerous new policies and legislation. Given the rapid digital developments and the great strides that the EU has already made, it is important that the ambitious digital agenda of the EU is also pursued in the new mandate period. Being proactive is important in this regard. Items for a digital agenda:

- Active uptake and continuation of the EU policy and legislative processes launched under the current Digital Agenda, including the transformation/implementation at national level.
- Continuous monitoring of technological developments and their impact on (implemented) policies, with the continued active involvement of social partners and other stakeholders, as developments in this area are rapid and adjustments may well be necessary.
- Ensuring effective stakeholder engagement and multidisciplinary expertise in the development and deployment of new digital technologies (e.g. employees in combination with artificial intelligence (AI) in the workplace), to assure that the technology remains a tool and not an end in itself, and that they work for everyone.
- Foster a broader people-oriented approach to new technology and AI in particular. This means that decision-making that is based on AI and affects industrial relations in the workplace or the employment relationship of an employee (including temporary workers and hired self-employed contractors) should, in principle, always involve a human being. A similar line of reasoning for decision-making based on AI can be followed where it concerns the relationship between government and citizen. In principle, surveillance and monitoring practices both in the workplace and in public spaces are not allowed to be invasive and must respect human rights. More extensive support and guidance is needed for employers, workers, government, and citizens on AI – e.g. through manuals and certification – so that they are able to make careful judgements on the application of AI systems with proper consideration of the risks AI poses. The involvement of workers and their right to information and consultation must also be safeguarded.
- Innovation remains key in this area. This is important for ensuring competitiveness. The EU should focus on strengthening its position as a global player based on interdependencies. This will require significant investment. It is important to involve SMEs in this.
- Consideration should be given to creating a level playing field to avoid dependencies and to accommodate new players and business models. A continued focus on effective legislation and its enforcement at EU and national level is needed to prevent and counter abuse and consolidation of any overly

dominant economic positions of major technology companies that act as 'gatekeepers' in the digital economy. Market access will be safeguarded this way and give new players the opportunity to develop themselves further.

- Security is also an important prerequisite for promoting digitalisation, which is why cybersecurity threats continually need to be tackled.

D Sustainability agenda: more needed to meet climate targets

The current commission has put forward a raft of policies and legislation on this issue, but to meet the 2030 climate targets, speeding up current measures and their implementation is urgently needed. This also requires more investment in sustainable energy and energy infrastructure. When it comes to shaping policies further, attention needs to be paid to the link with economic and social aspects (*just transition*) and third countries (leakage effects). Items for a sustainability agenda:

- Reinforcement of cross-border energy infrastructure within the EU, especially power grids, to foster the transition to sustainable energy supplies and reduce dependence on energy imports from third countries. This is also the case for green hydrogen, which, in addition to infrastructure, is in need of an appropriate regulatory framework.
- The setting of climate targets for 2040, which, given the potentially far-reaching consequences, require careful and transparent consideration to maintain public support. This public support is essential to achieve the targets.
- More focus on circularity. Without the raw materials transition, the climate targets will be jeopardised. Intensifying European policy on circularity is therefore important, for instance, by putting more efforts into *refusing* and *rethinking* products instead of *recycling* and *recovery* (shift from lower to higher strategies of circularity on the so-called R Ladder).
- Further accelerate the phasing out of fossil fuel subsidies, ideally at a global level. This is under consideration, but no decision has yet been taken. It is essential that the phasing out of fossil fuels and the phasing in of alternative sustainable energy remain in step with each other.

E Completing the establishment of a banking and capital markets union and strengthening the Economic and Monetary Union (EMU)

This was a priority of the current European Commission, but has not yet materialised, while debt has risen in several countries and severe pressure on public finances will continue for years to come. Important items on the agenda therefore remain:

- Completion of a capital markets union to alleviate capital market fragmentation and promote investment. This requires agreement on the EC package of proposals from late 2021 and strengthening EU supervision of this market (stronger powers for European Securities and Markets Authority, ESMA). Consideration should be given to creating an EMU-wide market for risk-free bonds (common safe assets).
- Establishment of a banking union. The next European commission will have to consider how to play a mediation role between Member States in order to emerge from the impasse around the European deposit guarantee scheme. The proposed Crisis Management and Deposit Insurance framework (CMDI) serves as a good intermediate step for this. In addition, the banking crisis framework needs to be strengthened.
- The strengthening of EMU requires, in addition to the establishment of the capital markets and banking union, agreement on the Stability and Growth Pact (SGP), in particular when it comes to strengthening prudential supervision. The exposure of banks to governments through the holding of governments bonds needs to be reduced and the impact of digitalisation on ecustomer behaviour needs to be looked at.

- Reforming the SGP with more time for debt reduction, more scope for public investment, and more alignment with the environmental and social goals of the EU Treaty and the Charter of Fundamental Rights. It should also give Member States enough leeway to make the investments needed to achieve the EU's long-term goals.
- Rigorous application of the accession rules when Member States like Bulgaria or Romania want to join the Eurozone, so as not to weaken the EMU.
- The possible introduction of the digital euro must guarantee privacy and anonymity without compromising the fight against illegal transactions, maintain the efficiency of the Dutch payment system, create tangible benefits for businesses or citizens without additional costs and not stifle private innovation. They must serve to benefit the stability of the financial system.

F. Enlargement of the EU

In the years ahead, the EU will probably also need to prepare for the possible enlargement of the EU (e.g. Ukraine). Focal points from previous SER opinions are still relevant here (such as maintaining a balance between what is politically desirable and what is socio-economically and institutionally possible, and also between the speed and quality of the enlargement process). In this respect, special consideration should be given to maintaining the capacity of the EU to act in the event of enlargement, for instance, by switching to majority voting in several areas. (Incidentally, this may also be advisable separately from such an enlargement.) The EU also needs to be adequately prepared for the free movement of workers after accession, given the size of the potential additional population.

What is needed to realise the above agenda?

In order to implement the above agenda effectively, a number of things are needed.

- First of all, the quality and enforcement of regulations are important. This means timely and correct implementation and enforcement of regulations; continuing to conduct impact assessments to monitor the quality of regulations and ensuring that administrative obligations on business, government authorities, and professionals are proportionate within reason to the set goals and are limited as much as possible without jeopardising the achievement of the stated aims of the regulations. This last point can be achieved, for instance, by avoiding duplication of reporting obligations, avoiding inconsistencies in European legislation and, where possible, applying the one-stop-shop approach or repealing obsolete legislation. Timely information on the impact of EU policies and the content of obligations is also crucial.
- Secondly, social partners must be properly involved in the formulation of EU policies and regulations and their translation into national and regional policies. In this context, more clarity is needed on how the European Commission intends to deal with agreements resulting from the EU social dialogue where implementation through EU legislation is envisaged.
- Thirdly, adequate funding is needed. This may necessitate adapting the EU budget to the priority axes of the agenda; in principle, this is preferable to the creation of even more funds outside of the EU budget or an extension of existing temporary funds. As mentioned above, the SER assumes that a company that receives public funding to enable it to make the necessary transitions will ensure that important social conditions are met.

A better link between Dutch and European policies

The above agenda is of great importance to the Netherlands. In order for EU policies to contribute as effectively as possible to Dutch interests, it is essential that the Netherlands recognises its role in their formulation and implementation. The EU is the fourth tier of government in the Netherlands. More than half of the laws in the Netherlands are the result of European policy. This means that European policy is Dutch policy, and Dutch policy must be firmly anchored in European policy. The close administrative and political relations that the

Netherlands has between municipalities, provinces and the national government must also apply to the national and European levels, in an official and political sense. Certain challenges can be tackled most effectively within the framework of the EU. This calls not only for active Dutch input from politicians, governance, and civil society to help shape European policy, but also for the Netherlands to be adequately prepared and ready to implement those policies.

Proactive means that:

- An EU check is carried out on proposed Dutch policies in order to then make a well-considered decision on how and where Dutch policies will align with European policies;
- Strategic policy agendas are drawn up that provide clarity on the Dutch ambitions in a particular European policy area;
- Ministries invest more in strategy and expertise in European areas;
- More direction is being given at the political-administrative level. This is especially important for themes such as climate, upwards social convergence, digitalisation, and strategic autonomy where integrated policy is essential.

This leads to better European policy and better representation of the interests of the Netherlands therein.

Thorough preparation and implementation of European policy entails:

- Making the targets and associated standards agreed in the EU explicit and binding through legislation, regulations, and decision-making in all policy areas that help determine whether the set targets are achieved. This is, of course, closely related to the need, advocated above, for more political-administrative guidance on important European dossiers;
- Mapping out in good time what European agreements mean for the various policy areas. It is desirable to involve implementing authorities and social partners in drawing up and fleshing out implementation plans;
- Properly informing companies, citizens, and employees about upcoming European legislation and its expected consequences;
- A strengthening of relations between the regions and the national government in the implementation of EU policy whereby social partners are more closely involved in EU initiatives and projects at a regional level.



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