European Economic and Social Committee

SECTION FOR THE SINGLE MARKET, PRODUCTION AND CONSUMPTION
Digital Transition and Single Market Observatory

WORK PROGRAMME
in the 2023–2025 half term of office

1. **Background and objectives of the Digital Transition and Single Market Observatory**

The Digital Transition and the Single Market Observatory was set up in October 2020 with a view to providing the EESC with a flexible, horizontal structure enabling it to:

- analyse how the Digital Single Market operates;
- identify shortcomings and obstacles; and
- propose solutions.

The Observatory concentrates on the development of the EU Digital Single Market and covers, among other things, the activities of the EESC on the Digital Agenda, including policy initiatives related to Data, Cybersecurity, Research and Development (R&D) and market uptake of digital technologies, such as Artificial Intelligence, Big Data and the Internet of Things. It also follows its objective of learning, informing and disseminating.

The Observatory is composed of **24 members**, including a president and two vice-presidents, rotating every two and a half years between the three groups. The current president is **Louise Grabo** (Sweden, Group III). The vice-presidents are **Franca Salis-Madinier** (France, Group II) and **Matteo Carlo Borsani** (Italy, Group I).

2. **Priority topics**

At its meeting on 8 June 2023, the Observatory identified the priority topics for the 2023–2025 half term of office. It intends to focus on six key digital technologies, namely Artificial Intelligence, Big Data and Real-Time Analytics, Additive Manufacturing and 3D Printing, Blockchain, Robotics, and Cloud Computing. It also agreed that all the activities will be pursued with two main missions:

- to deepen knowledge on the requirements and implications of adapting and complying with different pieces of EU legislation on digital technologies by EU Industry, and the requirements for ensuring capacity-building to integrate and uptake digital innovative technologies;

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- to analyse the impact of digital technologies on civil society in relation to labour market development, upskilling and reskilling of the workforce, correct adaptation of the regulatory framework and compliance with human and democratic values, such as a human-in-command approach for Artificial Intelligence.

The priority topics are further developed below with a list of related EESC opinions adopted in the current and last mandate.

a) **Impact of the new EU digital regulatory framework on EU Industry and the need to strengthen its ability to integrate digital technologies**

For the development of many products and services, data needs to be widely and easily available, easily accessible, and simple to use and process. Data can be a key factor of production. Digital technologies such as Big Data, Artificial Intelligence and Blockchain, when integrated into production processes, final products or services, may allow the deployment of new and innovative features, ensuring, inter alia, resource efficiency and better quality.

In this context, the EU has been shaping a comprehensive but also complex regulatory system. Several EU pieces of legislation, currently in the adoption process or already adopted, cover different digital technologies and types of applications[1].

It is critical to understand the implications and impact of such a regulatory framework on EU companies, especially SMEs, and the challenges they might encounter in order to adapt and comply with new regulatory requirements.

Innovative and technological know-how is a driver for global competition, and Europe needs to stay ahead. However, despite the excellent research results achieved in many technology areas, European industry is not fully exploiting these opportunities. Exploitation of new technologies requires major investment, and start-ups and SMEs may lack awareness, know-how, structure and processes for effective technology absorption and innovation.

The activities of the Observatory will focus on the requirements for adapting and complying with the different EU pieces of legislation on digital technologies by EU Industry, including SMEs and start-ups, and the requirements for ensuring capacity-building to integrate and uptake digital technologies. Activities will also focus on the state of play of related EU Initiatives, with a view to advising on further supporting actions.

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[1] For instance, the Digital Service Act sets out new rules regulating the responsibilities of digital services. The European Data Act sets out rules on the right of control for individuals and businesses over their data, while the Regulation on a framework for the free flow of non-personal data in the EU aims at removing obstacles to the free movement of non-personal data between different EU countries and IT systems in Europe. The Artificial Intelligence Act sets out harmonised rules for the placing on the market, the putting into service and the use of artificial intelligence systems while the Artificial Intelligence Liability Directive lays down rules for certain aspects of non-contractual civil liability for damage caused with the involvement of AI systems. The EU Cybersecurity Act introduces an EU-wide cybersecurity certification framework for ICT products, services and processes, while the Cyber Resilience Act introduces basic cybersecurity requirements for connected products.

b) Impact of digital technologies on civil society

The Digital Transition will have major impacts on people, revolutionising the labour market with the transformation and loss of existing jobs and the creation of new ones. The digital revolution requires establishments to change their ways of operating, moving away from labour-intensive to more technology-intensive types of work organisation. These might go together with replacing humans by machines and changes in the content of jobs and skills, working conditions and work relations. Recent debates also revolve mainly around the risks of AI-enabled algorithmic management in the workplace. EU high decision makers declare the need to regulate AI in the workplace, especially the impact of algorithms, with specific legislation.

The impact of workplace digitalisation is uneven among workers with different skills levels. Increased investment in digitalisation is generally associated with increased employment of high-skilled workers and reduced employment of low-skilled workers. But recent trends also show the impact of new AI systems on high skilled jobs in IT, journalists, graphic and financial sectors. The existing digital gender gap is closing in internet user skills, but remains significant in specialist digital skills. Therefore, the digital divide is still an important issue.

New EU legislative initiatives aim to regulate the use of algorithms at work such as the Commission's proposals for an Artificial Intelligence Act or the Directive on improving working conditions in platform work. Such initiatives raised some questions among stakeholders and (legal) experts. However, the extent to which these technologies raise ethical dilemmas largely depends on how they are designed and implemented in the workplace. Surveillance at work, impact on working conditions, health and security and dehumanised relationships are all issues to be dealt with through social dialogue.

The need for digital skills also goes well beyond the job market. As digital technologies permeate our professional and private lives, having at least basic digital literacy and skills has become a precondition for participating effectively in today's society. Challenges relating to new generative language systems like Chat GPT or Mediajourney concern disinformation, unknown sources and data security. Moreover, the development and use of new and innovative digital technologies will always need to comply with human and democratic values, such as a human-in-command approach for Artificial Intelligence.

The activities of the Observatory will focus on analysing the impact of digital technologies on civil society in relation to labour market development, upskilling and reskilling of the workforce, correct adaptation of the regulatory framework and compliance with human and democratic values. The activities will also focus on the state of play of related EU Initiatives.

c) Non-exhaustive list of EESC Opinions on the Digital Transition

EU Digital governance

INT/985 – Europe's semiconductor ecosystem
INT/978 – Data Act

INT/961 – Decision of the European Parliament and of the Council establishing the 2030 Policy Programme "Path to the Digital Decade"
INT/933 – Europe's Digital Decade: 2030 Digital Targets
INT/932 – Digitalisation of Justice
INT/928 – Digital Markets Act
INT/929 – Digital Services Act

Artificial Intelligence

INT/1001 – Artificial Intelligence Liability Directive
INT/940 – Regulation on artificial intelligence
INT/942 – Exploiting the economic and social opportunities of digitalisation and improving the digital transformation of the economy, especially the SMEs, focusing on human-centred artificial intelligence and data
INT/945 - Developing Artificial Intelligence in European micro, small and medium-sized enterprises (MSMEs)
INT/939 - Coordinated plan on artificial intelligence

Ensuring EU Digital Research and Innovation capacity fit for the Digital Transition

INT/996 – A new European Innovation Agenda
INT/986 – Chips Joint Undertaking
INT/980 – Digital Sovereignty: a crucial pillar for the EU's digitalisation and growth
INT/962 – Pact for Research and Innovation in Europe
INT/936 – Establishing the Joint Undertakings under Horizon Europe
INT/923 – Joint undertaking / High-performance computing
INT/904 – Liberal Professions 4.0
TEN/677 – Digital Europe Programme

EU Cybersecurity

INT/999 – Cyber Resilience Act
INT/930 – Cybersecurity strategy
TEN/730 – Cybersecurity and Resilience of Critical Entities
TEN/684 – European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres
TEN/646 – Cybersecurity Act

3. **Working methods**

Digitalisation is a cross-cutting issue that should be included within the remits of all sections. The Observatory should explore synergies and create links with other EESC bodies and be proactive and innovative in this respect. The Observatory president, its vice-presidents and all members, as well as the secretariat, have different but crucial roles to play in co-designing and co-creating its activities.

The Observatory will tackle the priorities identified beforehand by focusing on the most innovative digital technologies on a case-by-case basis.

The Observatory may make use of the following working methods.

a) Meetings

The Observatory is entitled to hold **three meetings a year**; one additional meeting will require authorisation by the Bureau and the CAF[2]. The president can invite expert speakers and stakeholders to the meetings in order to ensure the cutting-edge quality of the debate.

b) Public events and hearings

The Observatory can organise hearings in relation to ongoing opinions, to provide expertise or as follow-up activities for selected opinions. Public events linked to the Observatory priority topics can also be organised, alone or in close partnership with other EESC sections and observatories, EU institutions, rotating presidencies of the Council or national organisations or institutions (such as national economic and social councils, civil society organisations or public institutions).

c) Fact-finding missions

Exchange of experience and good practices with different Civil Society Organisations, sectoral and thematic organisations from EU Member States, such as Data Protection Authorities, should be encouraged, and the Observatory can organise fact-finding missions (subject to the prior authorisation of the Bureau and of the CAF).

d) Information documents

The Observatory can adopt information documents on selected topics. These information documents are adopted by the Observatory and thus do not necessarily represent the official position of the EESC.

e) Studies and questionnaires

The Observatory can propose studies to the EESC Bureau (in the framework of EESC studies planning) on selected topics. It can also draw up questionnaires for civil society organisations and other selected stakeholders. Results of these questionnaires can be presented in hearings or conferences organised by the Observatory and disseminated through press releases and social media.

f) Collaboration within the EESC

The Observatory will work together with other EESC sections and Observatories. Structured collaboration between the three EESC observatories may be established and joint meetings organised, especially with regard to subjects that fall under the remit of the other Observatories. The presidencies of the three observatories (presidents and vice-presidents) with the presence of the presidents of

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2   Commission for Financial and Budgetary Affairs.

relative sections and the secretariat can also organise regular coordination working meetings. Common themes can be defined and considered jointly by the three observatories.

g) Collaboration at EU policy level

Contact and the exchange of experience and good practices with civil society organisations and other stakeholders are a central part of the Observatory's work. In addition to other things, fact-finding missions are a tool that can be used to gain better knowledge of the state of play on Observatory issues in Member States. Closer contact and synergies may be also put in place with institutional stakeholders. Synergies with entities outside the EESC, such as Knowledge and Innovation Communities (KICs) of the European Institute of Innovation and Technology (EIT), may also be explored to achieve deliverables under shared priority topics of the new mandate. Coordination meetings can be also envisaged with the European Commission to discuss the Observatory contribution to the Commission's work programme at the Commission's DG level.

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