Communication on the EU's Digital Single Market
A missed opportunity for European workers in the manufacturing sector

The European Commission published its long-awaited [Communication on the "Digital Single Market"](#), the Juncker Commission's second highest priority, on 6th May 2015. Although the Commission had announced that this Communication would cover all aspects of the digitisation of the economy, of society and of manufacturing systems, the text that was finally published is disappointingly narrow. It mistakenly focuses almost exclusively on the consumer experience of the internet at a time when the digital transformation of industry, along the lines of the '*Industrie 4.0*' concept, is generating major upheaval. Depending on what is ultimately decided, there is potential for major benefits and risks for European industrial value chains and workers. The industriAll European trade union therefore calls on the European institutions to engage in serious policy design and dialogue on this topic. Anticipating change, preventing the concentration of power and wealth in the value chain and promoting the cooperative features of digital networking are key issues that need to be addressed and discussed in this context.

Content of the EU's Digital Single Market Communication

The Communication defines a set of actions to be implemented before the end of 2016. It is based on three pillars:

1. Better access for consumers and businesses to digital goods and services

- Facilitate **cross-border e-commerce**, especially for SMEs, with harmonised consumer and contract rules
- Review the Regulation on Consumer Protection Cooperation
- Enforce affordable cross-border parcel delivery
- Tackle geo-blocking
- Launch a sector-specific anti-trust enquiry on e-commerce
- Modernise copyright law to ensure the right balance between the interests of creators and those of users or consumers
- Review the Satellite & Cable Directive to improve cross-border service supply
- Simplify VAT arrangements for cross-border sales of e-commerce start-ups.

2. Shaping the environment for digital networks and services

- Incentivise investment in high-speed broadband infrastructure and revise telecoms rules
- Improve the coordination of radio spectrum assignment among EU Member States
- Review the audiovisual media framework
- Investigate online platforms (search engines, social media, app stores, etc.) regarding transparency of search results, pricing, the usage of information being collected, relations with suppliers, promotion of own services; accelerate the removal of illegal content
- Swiftly adopt the Data Protection Regulation and revise the e-Privacy Directive
- Support the development of cybersecurity technologies

3. Maximising the growth potential of the digital economy

- Propose a 'European free flow of data initiative' to promote the free movement of data in the European Union and a 'European Cloud' initiative covering certification of cloud services, the switching of cloud service providers and a "research cloud"
- define priorities for standards and interoperability in areas critical to the Digital Single Market, such as e-health, transport planning or energy (smart metering)
- Develop the digital skills of workers and citizens and specify interoperable e-government services

IndustriAll Europe welcomes the EU's Digital Single Market Communication but points out its shortcomings

IndustriAll Europe **welcomes** the priority set by the European Commission on the digital transformation of the economy and society in its Communication on the Digital Single Market.

We specifically welcome the focus on **interoperability** and **standardisation** (§4.2): "*Standardisation has an essential role to play in increasing interoperability of new technologies within the Digital Single Market. It can help steer the development of new technologies such as 5G wireless communications, digitisation of manufacturing (Industry 4.0) and construction processes, data driven services, cloud services, cybersecurity, e-health, e-transport and mobile payments.*"

We also welcome the topics identified as "*missing technological standards […] for supporting the digitisation of our industrial and services sectors (e.g. Internet of Things, cybersecurity, big data and cloud computing)*" and the call for **fast delivery** and for **fair licensing conditions** of standard essential patents.

However, we regret that these considerations are not taken up in the Commission's work plan. We also believe that the **standards** for the **digital integration of manufacturing** must be open, as we stated in our Policy Brief in February 2015.

We also welcome the prospects of a "*Public-Private Partnership on **cybersecurity** in the area of technologies and solutions for online network security*" (§3.4). It follows some of the recommendations that we set out in our September 2014 Policy Brief on the telecommunications infrastructure sector.

We support the "*concerns*" of the Commission regarding "*the growing **market power** of some [digital] **platforms** […and] their strong bargaining power compared to that of their clients, which may be reflected in their terms and conditions*" (§3.3.1).

However, we believe that this bargaining power also affects the platforms' suppliers in addition to their clients. That is why we demanded, in March 2015, a **strong regulation** of **monopolistic digital platforms**, along the following lines:

1. the 'big data is open data' principle
2. a mandatory 'fair' search algorithm
3. dismantling cross-subsidisation structures
4. preventing unfair trade practices.

We recognise that the Commission has no direct responsibility for education and **skills** and welcome the possibility that it plays its role here by "*enhancing the recognition of digital skills and qualifications and increasing the level of ICT professionalism in Europe*" (§4.3.1).

More generally, industriAll Europe regrets that many issues raised by the digitisation of manufacturing have **not** been addressed in this Communication.

industriAll Europe's views on the digitisation of manufacturing

industriAll Europe believes that the digitisation of manufacturing has had an impact on and will increasingly have an impact on industrial work.

Digitisation is first and foremost a further step in technological development and will have a huge impact on **productivity** and on **employment** in the manufacturing sector.

However, digitisation is also a **specific phenomenon**. Its consequences go beyond productivity.

Using digital technologies, people and objects can be connected anywhere and anytime. This

permanent and ubiquitous connectivity to a global network entails specific risks and opportunities, on two issues:

1. the **concentration** of **power** and **wealth**
2. the **coordination** of human work.

Impact on productivity and employment in the manufacturing sector

The most obvious impact of introducing digital technology in industrial firms is a spectacular increase in productivity in all processes.

1. in the **manufacturing** process itself. The direct interaction between the machine and the item being processed, between 'Cyber-Physical Systems', leads to unprecedented levels of customisation while keeping the speed of mass manufacturing. This is the concept of 'Factories of the Future', of '*Industrie 4.0*' in Germany.
2. in the **product design** process. The integration of Computer-Aided Design, of digital simulation, of optimisation algorithms and of "agile" methods leads to fast product development and to 'first mover' advantage on the market.
3. in all **business** processes: purchasing from suppliers, order processing and accounting, become fully automated.

All in all, digitisation will have a **massive impact** on **work** and on **employment**. So far, there are only partial estimates. According to the think tank [Bruegel](#) (July 2014), on average 54% of all EU jobs are at risk of being computerised. This varies between 47% in Sweden to 61% in Romania. The European consultancy [Roland Berger](#) (October 2014) has observed that, in France, there is a "high" risk of 42% of all jobs being automated – including, for the first time, white collar jobs.

IndustriAll Europe generally favours technical developments that increase efficiency in the use of resources.

However, we cannot remain passive in the face of such structural transformations. We want to support them – but if, and only if, they are managed in a socially responsible way.

There are tools that can be used to manage industrial change. They must be used:

1. **Anticipation of change**. Workers in all industrial firms must be informed, well in advance, of transformations in the workplace caused by digitisation. They must be given sufficient information and time and the opportunity to react constructively. This is the very purpose of workers' information and consultation rights. The digital transformation of industry must be a new opportunity to develop and enrich them.
2. **Education and training**. This is essential for workers, individually and collectively, to adapt positively to change and for them to participate actively in the new and digitally-enabled industry.
3. As a general framework condition, there is a need for **social dialogue** at all levels. The digital transformation of industry is so deep that it needs to be thoroughly and honestly discussed between employers and workers, in every firm, in every EU Member State and at the European level.

In addition, reflecting on **working time** and on its possible reduction in line with productivity gains generated by digitisation may be worth considering.

The industriAll European Trade Union and its affiliates are ready to take part in these actions.

Specific impacts: concentration of wealth and power and coordination of human work

Digitisation increases the non-material content of industrial goods. The value is less embodied in matter and more in the connected services that the product provides, in its software, its design, its multimedia content.

Digitisation also creates networks and marketplaces where supply and demand come together.

These are cases of fixed costs economics and of network effects. Industrial economics tells us that these situations lead to a **concentration** of power and wealth and to monopolies.

We have already witnessed the emergence of these monopolies. Digital platforms such as Amazon, Google, Apple App Store and Alibaba are becoming the only channels through which industrial manufacturers can reach their customers. They concentrate the value added of the whole supply chain in their hands. They deprive industrial manufacturers of the means to invest, to innovate, and to provide decent wages and working conditions to their workers. This evolution is not acceptable, and this is why we have come up with our first proposals on how to prevent this from happening.

Lastly: the networking of people, sensors, machines and objects provides the means for a remarkable **coordination** of efforts. For industriAll Europe, digital networking must not be a tool for unilateral control by a few over many, a tool for 'Big Brother'-like surveillance of citizens and workers. It should be the opposite. In our view, the coordination that is facilitated thanks to digital technologies must be **democratic**. All participants in the network must be given equal capacity to participate in the discussion about:
•   what work should be done;
•   how it should be done;
•   how its risks and benefits will be shared.

This is **workers' participation in the digital age**, a central demand of trade unions.

To summarise: industriAll European Trade Union considers the digitisation of manufacturing as both a risk and an opportunity. We are ready to support this transition but only if it is managed in a **socially responsible way** and if it is **democratic** and **inclusive**.

IndustriAll Europe eagerly looks forward to the up-coming EU Internal Market Strategy, which is expected to tackle some of the missing items of the EU's Digital Single Market, and to take part in the ensuing policy debate.

Background documents
• European Commission: Communication on the "Digital Single Market" of 06th May 2015
• European Commission: detailed Staff Working Document on the "Digital Single Market"
• industriAll Europe: Policy Brief 2014-03 on Telecommunications networks
• industriAll Europe: Policy Brief 2014-04 on monopolistic digital platforms
• industriAll Europe: Policy Brief 2015-01 on open standards for the digital integration of manufacturing.