UNI Europa’s reply to DG Environment’s public consultation on the Circular Economy

Who we are
UNI Europa is the European trade union federation for 7 million services workers in the private sector, representing 272 national trade unions in 50 countries.

General remarks
Equilibrium modelling results and a comparative labour study suggest that for the total European economy at large, the circular economy could produce better welfare, GDP, and employment outcomes than the current development path\(^1\). Furthermore, with the circular economy idea of moving from a product based to a service based economy, the services sector has the possibility to play an important role. UNI Europa welcomes the consultation and the general aim of making our economy circular. We however regret the lack of opportunity in the questionnaire to contribute with social and employment related concerns. To achieve the overall principles of a circular economy these elements are crucial and should be given more prominence. UNI Europa’s reply aims to contribute to this beyond the questionnaire.

An important dimension of a circular economy is to move from an economy of owning to an economy of access. The rental economy can serve as a good example of an economy of service: instead of continuously buying several pairs of jeans or a car for your own personal use, you pay for the time you use the item, returning the product to the provider when you do not need it any more. The consumer enjoys the convenience of access and choice and the retail service provider takes on a longer relationship with a client rather than just a one off sale. In addition, as more goods would be reused and repaired, fewer new goods would be bought, implying further opportunities for service providers, with extended warranty and strengthened end-of-life product rules as key elements.

Promoting resource efficient and service-based business models should also be encouraged through public procurement with a focus on buying services rather than products, enabling current product providers to expand their business model into the service field. In doing so, collective agreements and health and safety standards must be respected.

\(^1\) Growth Within: a circular economy vision for a competitive Europe, Ellen MacArthur Foundation, June 2015
Restructuring

The services sector will be greatly affected by increased digitalisation, through e.g. expansion of ICT services, e-commerce and innovative parcel delivery solutions. The digitalisation of the economy is likely to lead to job losses when more tasks are carried out by machines. The circular economy on the other hand is foreseen to have job potential. By adopting innovative solutions to save resources, or offering more sustainable services, companies can expand their markets and transform or create new jobs. Based on its nature, a true circular economy is also likely to create local jobs, which cannot be relocated.

These two strands of development will be closely interlinked, especially since many examples of sharing and collaborative economies are carried out over the internet. With the combination of digitalisation and circular economy, it is crucial to ensure a just transition with the close involvement of social partners, at both European, national and local level. Discussions of the potential employment impact of a circular economy need to take place in the broader context of the European labour markets. The goals and pace of structural reform are a greater determinant of future European employment than the circular economy, especially since 70 percent of European employment is in service sectors.

Sharing economy

New forms of employment can be seen within the realm of what is commonly referred to as the sharing economy. In comparison with other sectors, for the services sector the sharing economy is especially prominent, as in many cases what you are buying is labour and someone’s time, not goods. There have been unfortunate examples of what could be referred to as “sharewashing”, where big companies move beyond the mutually beneficial collaborative economy to a rental or gig economy and set up large business structures which make individuals function like micro-entrepreneurs without proper social security. These new players are challenging traditional methods of service provision and long-established service providers. In many cases, the nature of the employment relationship and legal status of the parties involved remain unclear. The question of whether the driver of a private vehicle that can be hired via an online platform is self-employed or “dependently” employed, and, if so, by whom – the passenger or the operator of the online platform – frequently remains unclear. This renders the identification of relevant legislation, in terms of both employment and liability law, as well as collectively agreed provisions, a legal challenge. If none of the established categories of law or collective agreements are applicable, the sharing economy would be operating in legal grey areas. This may exert competitive pressure on employment and businesses operating within established categories of law and collective agreements.

In order to ensure fair labour market outcomes in the face of such transformations of employment, active employment policies will be necessary. Currently, reliable and up-to-date information that could inform such policy interventions is missing. To rectify this, detailed and frequently updated employment statistics showing the spread and growth of non-standard and new forms of employment are needed. Further, research on employment in service industries as a whole is needed. To this end, adequate funding for research on service sector employment should be provided under Horizon 2020. The findings produced by such research should be enacted by active EU and national employment policies that ensure that opportunities for the creation of high quality jobs are taken while risks are avoided.

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2 Growth Within, a circular economy vision for a competitive Europe, Ellen MacArthur Foundation, June 2015
The circular economy package needs to ensure that new forms of employment improve rather than deteriorate job quality, and that the introduction of new forms of work organisation and employment conditions are made subject to negotiation between social partners.

Skills

The labour force has to be equipped with the relevant skills in order to ensure an effective, job-rich transition. The urgent need of a green transition coupled with the expectedly fast paced transformation due to digitalisation, mean that inventive forms of life-long learning structures need to be explored. As with any transition to a new economy it is important to have a longer-term perspective and identifying where there will be skills gaps, focusing on the areas where education, vocational training and requalification of workers are most important. The development thereafter of roadmaps for e.g. green skills and up-skilling, should be done in conjunction with social partners. To this end, measures such as the setting of benchmark indicators concerning public and private investment in vocational education and training should be considered, for instance in the framework of the Europe 2020 strategy. Moreover, to improve employees’ access to lifelong learning, EU framework legislation guaranteeing minimum entitlements to paid educational leave should be considered. The circular economy package needs to include integrated structures for this, taking the role of social partner involvement into account.

Moving to a resource efficient service based economy offers both qualitative and quantitative opportunities but as with any economic transformation there are clear societal risks if the social dimension is neglected. The actions suggested in the coming circular economy package must on no account result in cuts in employees’ social protection rights. The EU, national governments, and the social partners should initiate debates with a view to defining measures that ensure high levels of mandatory social protection for the entire workforce – including the self-employed, crowd workers, and workers in the sharing economy. This will ensure a smooth just transition and facilitate further green skills development.

UNI Europa, the European Services Workers’ Union

As the European trade union federation for 7 million service workers, UNI Europa speaks for the sectors that constitute the backbone of economic and social life in Europe. Headquartered in the heart of Brussels, UNI Europa represents 272 national trade unions in 50 countries, including: Commerce, Banking, Insurance and Central Banks, Gaming, Graphical and Packaging, Hair and Beauty, Information and Communication Technology Services, Media, Entertainment and Arts, Postal Services and Logistics, Private Care and Social Insurance, Industrial Cleaning and Private Security, Professional Sport and Leisure, Professionals and Managers and Temporary Agency Workers. UNI Europa represents the largest region in UNI Global Union.