

# ENSURING EUROPEAN SOCIETAL RESILIENCE TO FUTURE CHALLENGES

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## ***Introduction***

In achieving Europe's fair green and digital transition, this path will certainly be affected by the long-term consequences of Russian military aggression against Ukraine. It will also affect energy, food, security, defence, economy, and geopolitics. However, these challenges will not divert the European Union from its long-term objectives. Making the right decisions will only speed up their achievement. Ultimately, this could foster our resilience and open strategic autonomy in various areas, from energy, food, security, and critical supplies (raw materials needed for the transitions) to cutting-edge technologies (STRATEGIC FORESIGHT REPORT, 2022).

With a renewed sense of urgency linked to the rapid evolution of the geopolitical situation, appropriate policies are needed to strengthen opportunities and minimise potential risks related to the interaction between the green and digital transitions (STRATEGIC FORESIGHT REPORT, 2022).

## ***Strategic foresight report (2022)***

Strategic foresight report (2022) identified ten key areas for action:

1. Strengthening *resilience and open strategic autonomy* in sectors critical for the twin transitions in an increasingly unstable geopolitical environment.

In the energy sector, intensified efforts are needed on green energy sources, replacing our reliance on fossil fuels, while diversifying sources during the transition period. The 'energy efficiency first' principle applied across society and all sectors of the economy would considerably reduce energy consumption. Building on ongoing modernisation efforts, the trade, customs, competition and State aid policy toolbox will also need to be kept up to date to respond to challenges resulting from the twin transitions and other market developments, resulting notably from the geopolitical situation. This would protect the EU against unsustainable products and processes from third countries, while cushioning the effects of the inevitable short-term costs both within and outside Europe (COM/713 final, 2021).

2. Strategically *managing critical supplies* to increase diversification and minimise risks of new dependencies, also stepping up action to ensure the availability of critical raw materials.

Developing domestic capacities and diversifying sources of supply along the value chain will be instrumental to significantly reduce the existing strategic dependencies and avert the risk of replacing them with new ones. This is of particular importance in the area of critical raw materials, which requires a long-term and systemic approach. Efforts are needed to promote the highest sustainability standards and innovation, minimise the environmental and social footprint of the raw materials value chain, as well as mobilise the network of trade and investment agreements and the Team Europe financial firepower to attract investment across the entire raw materials value chain assets in the EU and third countries.

3. Supporting the transition to new quality jobs, by adapting the *education and training systems*.

This entails both learning skills to adapt to a rapidly transforming technological reality and labour market, as well as green skills and climate awareness to support value creation in the green transition and responsible citizenship. Labour mobility across sectors and targeted legal migration need to increase.

4. Developing *monitoring frameworks* for measuring wellbeing beyond GDP and assessing the enabling effect and overall footprint of digitalisation.

The four dimensions of competitive sustainability, i.e., fairness, environmental sustainability, economic stability, and productivity require an ambitious and integrated policy design that pays attention to both synergies and tensions. To guide political decisions that deliver on its full sustainable potential and to benefit from sustainable finance, a new and sound EU-level framework is needed for measuring both the enabling effects of digitalisation and its overall footprint in terms of greenhouse gas emissions and energy and resource use, including minerals and rare earth.

5. Setting *standards for greening digitalisation* and ensuring the EU's first mover advantage in competitive sustainability.

Product design, based on the 'reduce, repair, reuse and recycle' principle should become mainstream. Current action to ensure the sustainability of physical goods in the EU needs to be matched with standards for all sectors, to reverse overconsumption and planned obsolescence. The recent Commission proposals (COM/143 final, 2022) to oblige traders to provide consumers with information on the durability

and reparability of products could provide a solid basis for this. The EU must develop a more strategic approach to international standardisation activities in relevant global formats (COM/31 final, 2022).

6. Stepping up *green and digital diplomacy*, by leveraging regulatory and standardisation power, promoting EU values, and fostering partnerships.

Rules-based multilateralism and values-based international cooperation should be prioritised. Global cooperation, including through a proactive research and innovation agenda with like-minded partners, will be important to accelerate the development of twinning technologies and to address concerns related to digitalisation. This will require developing physical green and digital infrastructure (secure 5G and 6G, clean transport corridors, alternative energy sources, clean power transmission lines) and providing an enabling environment for projects.

7. Ensuring cohesion by strengthening *social protection and the welfare state*, including via compensating mechanisms.

Workers, companies, sectors, and regions in transition require tailored support and incentives to adapt. Social dialogue, investments for quality job creation, and timely development of partnerships between public employment services, trade unions, industry and educational institutions are key. Regional development strategies and investments, supported by cohesion policy, should underpin the twin transitions, while reducing economic, social, and technological disparities, including environmental injustice. Seamless and secure connectivity, including in rural and remote areas, in combination with capacity and skills building, will be key to ensuring all citizens and businesses can benefit from twinning.

8. Mobilising *additional strategic investment*, in particular in R&I and new technologies, to accelerate the twin transitions.

To strengthen the EU's resilience and facilitate the twin transitions, targeted reforms and investments need to tackle vulnerabilities at national and EU levels. Relevant macroeconomic and sectoral policies need to be closely coordinated. A further shift in investments towards long-term, and sustainable assets is required. The EU will need to leverage additional private and public long-term investments in twinning, especially in R&I across critical technologies and sectors, uptake and synergies between technologies, human capital, and infrastructures. Fiscal policies and taxation need to be adapted to the twin transitions, spare additional investment towards projects promoting them, and provide the right price signals and incentives to producers, users, and consumers. The recent proposal to introduce a debt-equity reduction

allowance and to limit the deductibility of interest for corporate tax purposes will have an important role in fostering the twin transitions (COM/216, 2022)).

9. Providing a *future-proof and conducive regulatory framework*, also by using more artificial intelligence for policymaking and citizens' engagement.

The single market and its various dimensions, e.g., on data or energy, need to continuously evolve to accompany the twin transitions. A better regulatory framework, with incentives for innovation, is needed to promote circularity, create enabling markets, strengthen industrial ecosystems and ensure diversity of market players. EU policymaking should further exploit the use of digital solutions, such as digital twins, artificial intelligence for forecasting, or modelling in impact assessments. The twinning could be better analysed in evaluations of existing legislation, by looking at combined effects. Consumers should be protected against deceptive practices, such as greenwashing or planned obsolescence (Digitalisation in Europe 2022–2023, 2022).

10. Promoting strong *cybersecurity and data policies*, so that data fuelling the twinning are protected and shared.

Improved interoperability between different owners, generators, and data users in the EU, including national and subnational information systems, will facilitate data sharing by different actors: public authorities, businesses, civil society, and researchers. Common approaches to cybersecurity benchmarks for products and services, including comprehensive sets of rules, technical requirements, standards, and procedures will be important.

The presented areas of action respond to the need to increase synergy and address tensions within the twin transition. Consequently, a dynamic approach to anticipating change and adapting policy responses is required. Only in this way will digital technologies support the new, regenerative, and climate-neutral economy.

### **Literature:**

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