

POSITION PAPER:

The Role of Social Partners in the Twin Transition in Central and Eastern Europe

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The twin transition—the simultaneous green and digital transformation—is a defining strategic priority of the European Union. It sits at the intersection of the European Green Deal, the Digital Strategy, the Industrial Strategy, and the European Pillar of Social Rights. For the Central and Eastern European (CEE) region, together with Austria, this transition presents both considerable opportunities and structural challenges due to the region's economic composition, labour market characteristics, and varying traditions of social dialogue.

Employers' organisations across the seven countries (Austria, Slovenia, Slovakia, Hungary, Czech Republic, Croatia and Romania) recognise that the effective implementation of the twin transition requires structured cooperation among governments, employers, and trade unions. The social partners are not merely stakeholders—they are institutional co-authors of a fair, competitive, and innovation-driven transition.

Without early institutionalized social dialogue, the twin transition risks deepening regional disparities, accelerating skills mismatches, and undermining industrial investment in CEE.

This position paper outlines the current landscape, assesses the role of social partners within the twin transition, and presents concrete recommendations for strengthening their contribution on a national and regional level.



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European Policy Framework

The employers' position is based on the following EU frameworks:

European Green Deal, Fit for 55, REPowerEU – requiring sweeping decarbonisation, energy transition, and climate-neutral industrial transformation.

EU Digital Strategy, Digital Decade – expanding digital infrastructure, skills, and innovation ecosystems.

European Pillar of Social Rights – emphasising skills, social protection, and fair working conditions as enablers of transition.

Treaty on the Functioning of the European Union – Articles 151–156 formally embed the role of social partners in shaping employment and social policies.

Pact for European Social Dialogue (2025) – reaffirming the central role of employers' and workers' organisations in navigating global technological and ecological transformations.

Just Transition Mechanism – mandating participation of social partners in territorial transition planning and implementation.

These frameworks collectively confirm that social partners are necessary institutional agents of transition, not optional participants.

Regional Context

The seven countries in CEE region share several structural characteristics relevant to the twin transition:

- A **strong presence of energy-intensive industries and manufacturing** sectors deeply integrated into European value chains.
- **Significant regional disparities** between advanced industrial centres and less diversified areas.
- A **shortage of digital and green skills**, coupled with **demographic pressures and emigration** in some countries.
- **Diverse traditions of social dialogue**—Austria and Slovenia with long-established tripartite practices; Hungary, Romania, and parts of Slovakia and Croatia with more fragmented systems.



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Twin transition will reshape employment structures, workplace organisation, regulatory frameworks, and competitiveness models. The scale of transformation requires structured cooperation that recognises the specific socio-economic context of the region.

The Role of Social Partners in the Twin Transition

Anticipation and Strategic Guidance

Social partners help anticipate labour market disruptions, skill requirements, and sectoral restructuring. Proactive tripartite analysis can prevent labour shortages, support SMEs, and guide policymaking.

Designing a Just and Competitive Transition

Employers and trade unions contribute to ensuring that transition policies are socially balanced, while safeguarding industrial competitiveness, investment attractiveness, and productivity growth.

Shaping Skills, Training, and Workforce Adaptation

The transition requires unprecedented reskilling and upskilling efforts. Social partners can design training frameworks, sectoral skills councils, and jointly govern public–private training institutions.

Supporting Innovation and Business Transformation

Through collective agreements and social dialogue structures, employers and unions can facilitate organisational change, innovation uptake, and digital adoption, reducing operational resistance and ensuring predictability for companies.

Strengthening Regional Cohesion

In regions facing industrial phase-out, social partners can co-shape Just Transition Plans to avoid depopulation, long-term unemployment, and the loss of local value creation.



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Challenges Specific to CEE Region

- Uneven levels of institutionalisation of social dialogue.
- Declining coverage of collective bargaining in several states.
- Limited administrative capacity of social partner organisations in some countries.
- Rapid technological change outpacing regulatory and institutional frameworks.
- Financing gaps and limited access to EU or innovation capital for SMEs.
- Political volatility that can weaken structured dialogue.

These challenges call for reinforced structures, capacities, and tripartite mechanisms.

Recommendations from Employers' Organisations in the Region

Strengthen the Institutional Role of Social Partners

Employers' organisations call for:

- The formal integration of social partners into all national and regional twin transition strategies, action plans, and monitoring mechanisms.
- Stable and predictable tripartite structures insulated from political fluctuations.
- Recognition of employers' organisations as essential contributors to economic and industrial policymaking.
- National mechanisms to secure long-term funding for capacity building of social partner organisations.

Build Skills for the Future Labour Market

Employers support:

- Large-scale retraining programmes focused on digital skills, green technologies, and high-value manufacturing.



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- Incentives for companies to invest in training, such as training vouchers, tax credits, and co-financed training schemes.
- Development of dual education systems and apprenticeship programmes aligned with future sectoral needs.

Support the Transformation of Companies, Especially SMEs

Employers recommend:

- Simplification of access to EU and national funding instruments for SMEs to accelerate digitalisation and green investment.
- Sector-specific transition roadmaps co-developed by social partners (e.g., automotive, energy, construction, tourism).
- Advisory services supporting SMEs in environmental reporting, digital transformation, cybersecurity, and innovation management.
- Coordinated national investment in digital infrastructure, AI adoption, and clean technologies.

Encourage Flexible, Innovation-Friendly Labour Market Frameworks

Employers propose:

- Collective agreements and regulatory approaches that allow agile work organisation, hybrid work models, and platform-economy adjustments.
- Labour legislation that supports innovation, emerging job roles, and entrepreneurial activity, while maintaining adequate protection.
- Promoting experimental approaches and pilot projects within collective bargaining frameworks for new forms of work, including AI-augmented roles.

Ensure a Balanced and Fair Transition While Protecting Competitiveness



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Employers stress:

- That Just Transition policies must integrate competitiveness, investment capacity, and industrial viability as core pillars.
- That environmental regulation must be predictable, feasible, and aligned with technological readiness and market realities.
- That the cost of transition for companies, especially SMEs, is manageable and supported by EU and national incentives.
- That social dialogue should help preventing excessive administrative burdens that would impair business agility.

Improve Cross-Border Cooperation of Social Partners in CEE and Austria

Employers advocate:

- Participating in EU-level social dialogue committees to amplify the region's voice.
- Collaborating in EU-funded regional projects, such as GROW, promoting capacity building and knowledge exchange.
- Joint monitoring of supply-chain disruptions, technological shifts, and labour market dynamics.



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Position of Employers Organisations of the CEE initiative

The twin transition represents a historic opportunity to transform Central and Eastern Europe into a competitive, resilient, and sustainable economic region. Employers' organisations firmly believe that the social partners—employers and trade unions—must be central actors in guiding this transformation.

Strong, institutionalised social dialogue is not only a cornerstone of Europe's social model; it is a prerequisite for a successful green and digital transition. Through structured cooperation, strategic planning, and investment in people and innovation, the CEE region can fully leverage the twin transition to strengthen their global competitiveness and ensure a fair future of work.

Employers' organisations stand ready to contribute through evidence - based dialogue and shared transition pathways as constructive, forward-looking partners in shaping the next phase of Europe's transformation.



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