Conférence européenne des **Présidentes et Présidents de Parlement**
European Conference of **Presidents of Parliament**
Rome, 15-16 octobre 2026 / 15-16 October 2026

Artificial intelligence and the labour market

Background document

> *The development, deployment and use of artificial intelligence systems shall ensure respect for human rights, democracy and the rule of law and promote human oversight and accountability, both in the public and private sector.*
>
> *The impact of artifical intelligence on the labour market calls for a human-centred approach: AI should augment human capabilities, not replace human dignity.*

THE CHALLENGE

The rapid diffusion of artificial intelligence (AI) is reshaping labour markets in ways that are both profound and poorly understood. Analyses by the International Monetary Fund (IMF, 2024) estimate that **around 40% of jobs globally are exposed to AI** – a share rising to **60% in advanced economies**. The World Economic Forum's Future of Jobs Report projects a net global employment gain of approximately 78 million positions by 2030, yet this aggregate figure conceals a deep restructuring of occupational profiles and required skills.

The most systematic empirical analysis comes from the **Organisation for Economic Co-operation and Development (OECD)**. The *OECD Employment Outlook 2023: Artificial Intelligence and the Labour Market*, drawing on original surveys of workers and employers across seven countries, reached a nuanced conclusion: there is currently **no evidence of an aggregate decline in labour demand** attributable to AI. Highly skilled occupations – theoretically most exposed to recent AI advances — are in fact recording stronger employment growth than lower-skilled ones. AI appears, for now, to **complement rather than replace** specialist skills.

Yet the picture is changing fast. The OECD Employment Outlook 2025 and the dedicated paper Algorithmic Management in the Workplace (OECD AI Papers No. 31, February 2025) – based on a survey of over 6 000 firms in France, Germany, Italy, Japan, Spain and the United States – document the **rapid, large-scale adoption of algorithmic management**. In the United States, 90% of firms have adopted at least one algorithmic management tool; the European average stands at 79%. The European Working Conditions Survey (EWCS 2024) finds that approximately 26% of EU workers are subject to some form of algorithmic management. On AI adoption more broadly, the latest Eurostat data show that in 2025 approximately 20% of European enterprises used AI technologies (up 7.5% from 2024), rising above 55% among large firms. The EU's Digital Decade target is 75% of enterprises using AI by 2030.

SOCIAL PROBLEMS

Polarisation and growing inequality

The productivity gains generated by AI are not distributed evenly. They tend to concentrate among high-skilled workers and large, technologically advanced firms, while workers with intermediate or low qualifications – and small enterprises – face occupational pressure. The European Parliament estimates that **14% of jobs in OECD countries are automatable** and a further 32% will undergo substantial change. The OECD warns of a risk of **labour market polarisation**: well-paid, high-skill work grows alongside precarious, low-pay work, while the middle is hollowed out.

Surveillance, work intensity and psychosocial risks

Algorithmic management enables forms of monitoring that go well beyond what any human supervisor could achieve. The OECD survey reveals that workers subject to algorithmic management systematically report worse outcomes: greater work intensity, reduced autonomy and privacy concerns and health problems, expecially where digital systems assign tasks or monitor performance automatically (according to EU-OSHA 2025 survey, based on over 28 000 workers across all EU Member States, Iceland, Norway and Switzerland).

One key finding of the OECD research is that these **negative effects are not inevitable**: in Nordic countries with strong traditions of worker participation – Denmark, Finland, Norway, Sweden – algorithmic management does not reduce autonomy, trust or job satisfaction. **Workers' prior consultation is the single most effective mitigation factor**.

Algorithmic discrimination

AI systems trained on historical data risk **systematising and scaling up existing biases**. In recruitment, performance assessment and promotion decisions, algorithms may reproduce gender, age or ethnic discrimination that would be legally contestable if carried out by a human manager. The opacity of algorithmic decision making – compounded by the absence of transparency obligations in many jurisdictions – leaves workers with no effective means of challenge.

Transparency deficit and rights gap

Workers are frequently unaware of the algorithmic mechanisms that govern their employment. The information asymmetry between employer and employee is amplified by the technical opacity of AI systems. Without robust **explainability** requirements and effective redress mechanisms, workers cannot exercise their rights. As the Parliamentary Assembly noted in its Resolution 2345 (2020) "Artificial Intelligence and Labour Markets: Friend or Foe?", the absence of legal safeguards for workers exposed to AI-based decisions represents a significant gap in the Council of Europe's human rights framework.

THE COUNCIL OF EUROPE RESPONSE

The Framework Convention on AI (CETS No. 225)

The Council of Europe's most significant contribution is the **Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law** (CETS No. 225), adopted by the Committee of Ministers on 17 May 2024 and opened for signature in Vilnius on 5 September 2024. It is the first international **legally binding** instrument on AI.

The Convention establishes a risk-based approach across the full AI lifecycle, requiring human oversight, accountability and transparency. It explicitly recalls the **European Social Charter** (revised) (ETS No. 163) as the human rights framework within which AI systems operating in employment contexts must function. While it does not directly regulate the employment relationship, it creates the constitutional floor of rights within which national and European AI labour rules must operate.

The Parliamentary Assembly (PACE): AI and labour markets

The PACE's most substantive contribution is its Resolution 2345 (2020) "Artificial Intelligence and Labour Markets: Friend or Foe?" adopted in October 2020. The related report defines five priority areas for member states:

- **Transparency and the right to challenge algorithmic decisions.** The use of AI in hiring, assessment and dismissal must be treated as "*high risk*", subject to the most stringent regulatory requirements. Workers must be informed, and effective contestation mechanisms must be available.
- **Social innovation and redistribution.** Member states should consider social taxation on automation – a 'robot tax' – to redistribute productivity gains.
- **Human-centred strategies in line with the recommendations of the International Labour Organization (ILO)**. PACE endorses the recommendations of the ILO Global Commission on the Future of Work: human-centred strategies, investment in skills, lifelong learning, and work that guarantees freedom, dignity, economic security and equality.

– **Reform of education and training.** AI literacy should be embedded in national curricula; vocational training systems must be adapted; and lifelong learning should be reinforced, with particular attention to workers most at risk of displacement.
– **A European legal framework for workers' rights in the AI age.** The PACE calls for a comprehensive mapping of gaps in the human rights framework applicable to AI in the workplace.

Other relevant PACE work includes: Resolution 2341 (2020) "Need for democratic governance of artificial intelligence", insisting on ex ante public oversight of algorithms; Resolution 2662 (2026) "Protecting democracy from disruptions caused by artificial intelligence"; Resolution 2680 (2026) "The role of the OECD in evaluating the impact of artificial intelligence on the future of work", and the ongoing report entitled "Artificial intelligence and gender equality: risks and challenges".

SOLUTIONS: A CONVERGING AGENDA?

Across the OECD, ILO, PACE and European institutions, a consistent set of policy responses has emerged:

– **Regulate AI in the workplace as high-risk.** The EU AI Act (Regulation 2024/1689) classifies AI systems used for recruitment, performance evaluation, promotion and dismissal as *high-risk*, subject to ex ante conformity assessment, transparency obligations and a prohibition on purely automated decisions in fundamental aspects of the employment relationship. The Directive on improving working conditions in platform work ((EU) 2024/2831) extends these principles to gig economy workers. The Directive must be implemented by 2 December 2026.
– In December 2025, the **European Parliament** adopted a resolution calling on the Commission to extend algorithmic management safeguards to all workers. The forthcoming Quality Jobs Act, announced by the EU Commission is expected to consolidate these principles.
– **Ensure prior consultation of workers.** The OECD, PACE and ILO converge on this point: algorithmic management produces significantly better outcomes – for workers and firms alike – when workers are consulted in advance and their representatives involved in governance. Member states should require consultation where AI systems are introduced that affect working conditions.
– **Invest massively in reskilling and upskilling.** The OECD Employment Outlook 2025 and OECD Skills Outlook 2025 call for substantial, sustained public investment in workforce training, with priority for workers most at risk: older workers, the low-qualified, and groups in sectors facing rapid automation. The EU Council Recommendation on human capital (March 2026) encourages member states to use AI-powered skills intelligence systems for anticipating training needs.
– **Guarantee transparency and explainability.** Workers must have the right to know when and how AI systems affect decisions about them, and to challenge those decisions before an independent body. Convention CETS No. 225 and the EU AI Act both provide frameworks; member states must ensure effective implementation.
– **Explore redistributive fiscal instruments.** The option of a "robot tax" or automation levy to fund social protection and retraining should be considered. While no consensus yet exists on design, the question of how productivity gains from AI are distributed – across firms, workers and society – is central to any sustainable response.
– **Promote AI literacy at all levels.** From school curricula to workplace training, citizens and workers need the skills to interact with, understand and challenge AI systems. The European Commission, the OECD and PACE all highlight this as a prerequisite for meaningful human oversight.

QUESTIONS FOR DISCUSSION

- What can national parliaments do to ensure that AI systems used in the workplace respect workers' fundamental rights, including the right to transparency and to challenge algorithmic decisions?
- How can member states best manage, for the purposes of employment and social equity, the productivity gains generated by AI and what role can national parliaments play in this regard?
- What legislative or regulatory measures are needed to close the gap between existing labour law and the specific risks posed by algorithmic management?
- How can national parliaments promote investment in reskilling and ensure that no worker is left behind in the AI transition?
- What can be done to prevent AI from aggravating existing inequalities – particularly along gender and ethnic lines – in hiring, assessment and promotion?

Appendix: key reference documents

Parliamentary Assembly of the Council of Europe

- Resolution 2680 (2026) "The role of the OECD in evaluating the impact of artificial intelligence on the future of work" (rapporteur: Marietta Karamanli, France, SOC)
- Resolution 2662 (2026) "Protecting democracy from disruptions caused by artifical intelligence" (rapporteur: Deborah Bergamini, Italy, EPP/CD)
- Resolution 2345 (2020) and Recommendation 2186 (2020) "Artificial intelligence and labour markets: friend or foe?" (rapporteur: Stefan Schennach, Austria, SOC)
- Resolution 2341 (2020) and Recommendation 2181 (2020) "Need for democratic governance of artificial intelligence" (rapporteur: Deborah Bergamini, Italy, EPP/CD)
- Report in preparation: "Artificial intelligence and gender equality: risks and challenges" (rapporteur: Edite Estrela, Portugal, SOC)

Council of Europe

- Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law (CETS No. 225), opened for signature on 5 September 2024
- 4th Council of Europe Summit, Reykjavík Declaration and Reykjavík Principles for Democracy, 2023

OECD

- "Employment Outlook 2023: Artificial Intelligence and the Labour Market", Paris, 2023
- "Employment Outlook 2025: Can we get through the demographic crunch?", Paris, 2025
- "Algorithmic Management in the Workplace", OECD AI Papers No. 31, February 2025
- "Artificial Intelligence and the Changing Demand for Skills", OECD AI Papers No. 14, April 2024
- "OECD Skills Outlook 2025"

Other international organisations

- IMF, "Gen-AI: Artificial Intelligence and the Future of Work", Staff Discussion Note, 2024
- ILO, "Generative AI and Jobs: A Global Analysis", 2023
- WEF, "Future of Jobs Report", 2025
- EU Regulation 2024/1689 (AI Act); EU Directive 2024/2831 on platform work
- EU Council Recommendation on human capital and skills, March 2026