

Newsletter

May 2022

Conference on the Future of Europe: THE FIRST PARTICIPATORY STEP IN A THOUSAND-MILE JOURNEY



As we reach the end of this exercise in deliberative democracy, called the Conference on the Future of Europe, the words of Chinese philosopher Lao Tzu come to mind: "the journey of a thousand miles begins with one step".

This one step was at times confusing, at times divisive and at times constructive; but it was a step in the right direction to make the EU more participatory. We asked EU citizens to take centre stage to give decision-makers their vision for the future of Europe.

Civil society organisations, as the link between EU institutions and citizens, have played an active role in helping this process to succeed and put forward proposals that reflect realities on the ground.

As employers, we know it is not easy to look to the future, as we still struggle with the fallout of the COVID-19 pandemic and the war in Ukraine. However, what is clear is that we need to build resilient and innovative structures to preserve economic prosperity, to strengthen care for the environment and above all to take care of people's well-being.

Citizens have played a major role in putting forward their proposals for a stronger, more relevant EU, one which takes care of our quality of life. We employers have been active in ensuring that proposals aimed at achieving a stronger economy are also put forward, because it is only through a stronger economy that we can provide the strong social Europe that citizens desire.

It is both possible and necessary to reshape the EU in a way that it will guarantee its strategic autonomy, sustainable growth and human progress, without depleting and destroying our planet. Let's not forget that climate change is still an enormous challenge ahead of us, one which we must address with urgency.

The recipe is both simple and complex. As we need to adapt to change, the EU must support the shift to a sustainable and resilient growth model based on innovation and competitiveness, which fully incorporates the green and digital transition.

An innovation principle must be enshrined in law so that we make sure that the impact of any new regulation on our companies' capacity to innovate is properly evaluated. This is why we employers have proposed a Competitiveness check. This proposal was also backed by the citizens.

The private sector must be strengthened so that we can create economic value, quality jobs and overall added value for the EU economy. Companies cannot thrive in Europe without the certainty of having access to affordable energy and critical raw materials.

I was pleased to see in the recommendations that we must reduce dependencies on oil and gas imports through energy efficiency projects, support for affordable public transport, high-speed rail and freight networks, as well as the expansion of clean and renewable energy provision.



I am also pleased to see proposals aimed at enhancing the circular economy, as well as a review of global supply chains, in order to reduce the EU's dependency and to shorten the chains.

Perhaps what is missing in the proposals put forward by citizens is how are we going to reach the climate targets whilst at the same time strengthening our economy. We need to ensure that we embrace the green transition while at the same time enhancing our competitiveness.

Without a strong economy, everything else fails. If we have a strong economy, we can afford the investment required to fight climate change and take care of those citizens who are hard hit during the transition.

Enterprises are already making massive investments to address climate change and we need to incentivise companies more and more to help them continue to invest.

To get a sense of the reality, consider the following figure: for us to reach the target of reducing emissions by 40% by 2030 an estimated EUR 260 billion of investment is required each year.

In a nutshell – what we are working for is smart regulation, sound labour market reforms and future-oriented investments aligned with political priorities.

This Conference was indeed a first step in the right direction – a step which must be carefully assessed. Now, we should avoid engaging in institutional exercises that will inevitably lead to a lot of talk, drain our energies and make us lose sight of the enormous challenges ahead of us. Europe needs real positive action now!

So let's deliver the first building blocks that will allow our economy to become more resilient and thrive through change. A Europe built on the needs of everyday life of people and the realities of enterprises is the only way to secure a strong future moving forward.



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Open letter by Gennadiy Chyzhykov, President of UCCI



UKRAINIAN CHAMBER
OF COMMERCE AND INDUSTRY

Kyiv, 25th of April 2022

Dear reader,

As we all know by now, what is happening is not a "special operation" but an illegal and unprovoked invasion by Russia.

The number of victims of this war is growing every day, especially among the civilian population of our country.

Ukrainian women and children are dying.

This is a real and deliberate genocide of the Ukrainian people in the 21st century.

In the last two months of our brave resistance, Ukraine has suffered enormous civilian and economic losses. We estimate that we have suffered more than USD 2 billion in direct costs, including military losses, increased military and social spending, support programmes, and losses to the economy and enterprises. We have also experienced huge infrastructure losses of nearly USD 20 billion in the first month of the war alone. Overall, experts estimate that Ukraine's losses have exceeded USD 600 billion and we calculate that our GDP has fallen by 50%.

So far, about 30% of entrepreneurs in Ukraine have completely stopped their activities, and about 50% are operating at limited capacity. We anticipate that these numbers will get worse this month. We are now facing an acute logistics problem, especially where maritime transport is concerned, given that the Russians have completely blocked our seaports. This has direct implications for grain and other goods, 90% of which are exported through seaports. Large amounts of grain intended for international export are stuck and are prevented from being exported. Unable to export this grain, Ukraine is losing billions of dollars that we need, and that we need now! The government of Ukraine is trying to establish additional transport corridors at the border with EU countries, but we could use further logistical support from our partners.

We are seeing that many companies are re-opening and resuming operations and production. They see it as their patriotic duty to maintain operations and support our military and civilians. For instance, many companies are relocating from the occupied territories in an effort to re-open. Every day, more than a thousand applications for business transfers are submitted to State and local authorities. More than 350 companies have already started the transfer process and 90 companies have already resumed operations.

During the war, the work of the Ukrainian Chamber of Commerce and Industry (UCCI) has not stopped even for a day. We are responsible for supporting SMEs, particularly during these trying times. Currently, we work closely with Ukraine's State authorities, with other entrepreneurs' associations and with foreign partners.

We appreciate the support and assistance of our international and, in particular, our European partners, especially Eurochambres and the International Chamber of Commerce (ICC).

In particular, all of our partner organisations have already joined forces to oppose the Russian aggressor by intensifying the blockade of the Russian economy.

Therefore, we appeal to our European partners on specific issues:

1. to continue to impose large-scale sanctions against Russia;
2. to call on the European community to block any business collaboration with Russia. I ask you to promote the replacement of Russian goods with Ukrainian goods, as this can further boost our ability to defend Europe;
3. we call for Russia's membership of the ICC to be suspended. There is no place for this aggressor in Eurochambres, the ICC and other reliable institutions.
4. we draw attention to the need to provide comprehensive support and assistance to Ukrainian regional chambers, as these work directly with Ukrainian businesses and are actively helping them to survive. This assistance and cooperation are critically important now.

I am grateful for and confident in your motivation to support Ukraine and its entrepreneurs during these trying times.

Thank you, all of you!

Yours sincerely,

Gennadiy Chyzhykov

President of the Ukrainian Chamber of Commerce and Industry

Standards and norms

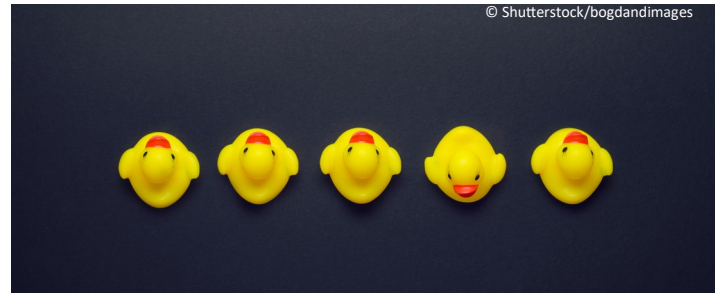
EXCEPTIONS PROVE THE RULE

In Britain, the first standard ever was for a screw-cutting lathe, which was developed in 1800 and led to the standardisation of screw thread sizes for the first time. In Germany, the first was for a cone pin and was published in 1918 by the newly founded standardisation committee for German industry, the DIN. That pin holds together machinery parts and is now to be found in European standard DIN EN 22339.

Because standards create markets, they are increasingly at the centre of geopolitical competition and industrial policy, not only at the international but also at the European level. As society develops, new products come onto the market daily and the demand for norms and standards continues. They are not occupational therapy for under-employed technology geeks. They fulfil a crucial purpose for our societies and economies. Studies have shown that standards contribute 1%/year to Germany's GDP; a broadly similar number for the yearly growth rate in each European country can also be attributed to standards. They play a central role not only in innovation and in making things work together more efficiently but also for public policy goals such as consumer protection.

The EU is not alone in having a strategic perspective on the setting of standards – in October 2021 China's State Council published an "outline for the development of national standardisation", stating that international standardisation activity was considered important and would receive the same resources and attention as the domestic equivalent and aiming to increase the engagement of Chinese stakeholders in international standardisation, even offering them financial rewards.

The process of agreeing on standards is complex and tends to be rather lengthy. Several standardisation organisations and other stakeholders are involved in setting the rules, nationally and internationally. The resulting protracted process has drawn criticism, especially in the digital technology field, where new developments happen fast, and where the community expects their speedy adoption. But not only technical areas are governed by standards. Today, many standards are motivated by considerations including, for example, health and safety and consumer protection, and a comprehensive, if time-consuming exchange with all concerned parties is required. Living up to these expectations and finding a fitting governance system for European standardisation organisations is therefore one key aspect of the new EU standardisation strategy and the EESC's opinion: given that standards have become rather influential for many industrial and other societal activities, it is essential that they be set in an inclusive and participatory manner, taking into account the interests and views of SMEs, and of environmental and social stakeholders. Building such a broad consensus is not easy, and



interests can be contradictory – consumers want realistic data, engineers need reliable and replicable testing methods, producers want quick decisions – so it's a fine line to walk.

Particularly on the international stage, it is important for the EU to keep its ability to stand up for its values, e.g. regarding consumer protection, but also in order to secure the competitiveness of European companies. That means, on a very practical level, having European experts who lead international standardisation work. However, as much as those involved deplore and contest the notion, standard setting is not considered a very fun, dynamic or sexy activity. Therefore, the number of young engineers or technicians willing to get involved in this field is so far rather limited. The EESC thus very much applauds the EU's commitment to try and attract new talent to the standardisation world.

They are sorely needed to ensure a high level of European engagement in international standard-setting, not least in the digital field, which together with the governance issue is at the centre of the Chinese government's attention. The aim, as stated by Xi Jinping, is to "propose Chinese solutions in the governance reform of international standardisation organisations." This can largely be understood as a call for a state-led system and should have the EU's alarm bells ringing, as the topic of consumer protection and broad societal participation is clearly not an integral part of it.

The value, not only financially but also socially, of standard-setting should be obvious to all European stakeholders. And so should be the ways and means, i.e. investment in experts and expertise, in innovation and research, of enabling participation by civil society and in building alliances amongst and beyond EU Member States, to achieve a better representation and take-up of European interests in international standardisation organisations and in improving the functioning of European ones.



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"[Standardisation strategy](#)" and INT/983 "European standards and European standardisation deliverables"

Macron's second term of office for France must focus on upward social mobility

When he was first elected president of France in 2017, Emmanuel Macron immediately became a standard-bearer for radical centrism. But this time, considering the current geopolitics and national situation, he ran not so much on his aspirations for the radical centre, but on his record as a true reformer, on his vision for world affairs, and as a leader who has reinvigorated French politics. However, the final election results show a clearly divided and fragmented country, much more so than in 2017.

We need to make sure we understand that in France, in politics, purchasing power is king. The more pro capita income increases, the more people vote for Macron. The lower the pro capita income, the more people vote for the extremes – left or right. There is no secret to that equation. It is something of an old French tradition of class struggle between the rich and the poor. The rich think we're going in the right direction. The poor have no hope, and they vote for the far left or right.

In these recent elections, we witnessed a new phenomenon. Extreme right leader Marine Le Pen increased her foothold compared to 2017, but because she was pushed further to the centre by a new party on the far right, led by Éric Zemmour, a former journalist, who was more extremist on some topics, particularly migration.

How can we give hope back to French citizens and make sure that next time around we will not see a Marine Le Pen pretending even more to represent the centre of the political spectrum? The answer is simple: Upward social mobility. Macron has to focus on the underprivileged and give them real prospects of climbing the economic and social ladder.

France's leitmotiv as a nation has always been about sharing wealth. You'd be hard pressed to find a country that's more egalitarian than France. If you have earned money, you are forced to redistribute it. There's strong state pressure, but things haven't been working lately on this front. So the model needs to be rethought at that level.

We are going to have a third round of polls – the legislative elections – which will take place in June. The system, as it's set up, has always delivered positive results for the presidents, and I'm not worried at all for Macron here: there will be a firm majority, because there's not enough homogenous opposition on the left or on the right.

The Left including the Greens had roughly 80 members in Parliament out of 577, of which the Socialist party had 28 members



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(a number which might be much lower this time around). *Les Republicains* had about 100 members, but I fear that number will settle between 50 and 100 based on the type of alliances they'll be able to put together. The support for President Macron will be clear and they will try to keep their seats that way.

And if *Les Republicains* want to save themselves, they have to do things a bit differently, particularly on the major issues that have been plaguing France, the deficits and the Stability and Growth Pact. That would pave the way to prosperity and hope.

We must carry out reforms in our country, especially on pensions where the system is marred by deep inequalities between public and private. Things are stuck on that front. And if you look at everything President Macron has done over the past five years, there are many reforms he wasn't able to implement. A big test of his second term will be the reforms he will be able to carry out.

Reforms will be very difficult. We're closely knit to the EU and the revision of the Stability and Growth Pact might help us change things. When it comes to Europe, I think Macron is a good ally and he will continue to follow that path. Finally, he's aligning himself with the German government's proposal by appointing two ministers, who will be in charge of the environmental transition.

The road ahead for Mr Macon is paved with obstacles and challenges, but this being his second term we surely hope that he has learned the lessons of the first.



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REPowerEU

IT'S 5 MINUTES AFTER MIDNIGHT FOR THE EU'S ENERGY MARKET

With skyrocketing energy prices which sparked serious concerns in October 2021, Europe's energy market plunged with the start of the Russian invasion of Ukraine. Now more than ever, Europe needs to succeed in increasing its energy independence as fast as possible to guarantee the stability of energy supply. But first of all, it has to get ready: the decision to wean the EU off Russian gas may be taken for us.

REPowerEU, presented by the European Commission on 8 March 2022, is a plan that aims to diversify gas supply, enable the Member States to mitigate the impact of high energy prices on vulnerable consumers, replenish gas stocks and provide a replacement for the Russian gas needed for heating and electricity production. These measures are intended to reduce EU demand for Russian gas by two thirds by the end of 2022.

There is no doubt that the EU has to become independent of Russian gas and immediate actions have to be taken, but it is already 5 minutes after midnight. Now, at a time when Russia has already halted gas supplies to Poland and Bulgaria, it will not be easy for the EU to stay focused on the overall objectives of its energy policy and energy system (security of supply, affordable prices and carbon neutrality) while facing a potential energy shortage.

Unfortunately, some of the REPowerEU measures cannot be implemented quickly, either because of the regulatory burden or simply because of financial, technical or human barriers. LNG terminals are not built in a few months (except for floating LNG terminals), it takes years; even installing solar panels can be delayed by a limited number of fitters and severe raw materials shortages. The boom in demand for heat pumps and solar panels combined with supply-chain disruptions in my country, the Czech Republic, mean that anyone wanting to opt for clean technologies is in for a lengthy wait.

We also need to get rid of burdensome administrative procedures, speed up the process for granting permits for renewables and encourage Member States to define suitable "go-to areas" so that renewables can be rolled out quickly. It is important to ensure that fiscal and regulatory measures do not discourage investments in low-carbon solutions by energy companies just when those companies are being asked to pick up the pace so as to reach Green Deal goals and are being confronted with the extra costs involved in weaning off Russian gas.

In order to cope with this serious problem, we have to activate all the energy resources available to us and look for areas where energy can be saved and gas can be replaced. At the same time, we



have to ensure that energy can be shared across Europe. War has come. Member States without direct access to LNG terminals are in a difficult position, and better interconnectedness between Member States and bigger storage facilities are needed. This requires a proper plan for preparedness and resilience. Many of the REPowerEU proposals cannot be delivered in the short term, but we have to act now. Europe is being put to the test again, as it was during the first wave of the COVID-19 pandemic, and solidarity and cooperation among Member States is key to ensure the smooth running of our economy.

Background:

As a direct consequence of and in reaction to the Russian invasion of Ukraine, in March 2022 the European Commission announced and proposed an outline of the REPowerEU Plan which seeks to make the EU independent of Russian fossil fuels well before 2030, starting immediately with gas.

The plan also describes a set of measures which will react to rising energy prices and replenish gas stocks for next winter. In addition to the Energy Prices Toolbox, the plan provides the Member States with additional guidelines, confirming the possibility of regulating prices in exceptional circumstances and applying temporary tax measures on windfall profits and using of emission trading revenues to ease the pressure on consumers. EU state aid rules also give the Member States options for providing short-term support to companies affected by high energy prices, and so help reduce their exposure to energy price volatility in the medium to long term. The Commission will propose on 18 May a plan to phase out Europe's fossil fuel dependence from Russia while increasing the resilience of the EU-wide energy system.



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Strategic foresight: EUROPE IN FRONT OF ITS FUTURE

The world is changing dramatically, and any country or continent determined to successfully face the future must have a clear idea about it - and about itself. This is why Strategic Foresight is so important for all global players, and the EU cannot lag behind.

Strategic foresight (SF) is made taking a given field of policy activity and identifying different possible scenarios: for each scenario, a response is proposed in order to tackle the challenges and seize the opportunities. In this context, particular attention is given to Megatrends, that is those structural shifts that are longer term in nature and have irreversible consequences. Only understanding and tackling Megatrends can we shape a vision for the future. This is particularly clear now, with one crisis coming after the other, and the long-expected recovery from the pandemic disrupted by the energy shortage and a real war. It is clear that the two phenomena are interlinked: Russia's deliberate market manipulation to keep energy prices high and thus undermine consensus for the Green Deal in Europe on the one hand, and the attack on Ukraine on the other hand are part of the same strategy to change the geopolitical situation. It is time for the West, and especially for Europe, to have a very clear vision of what is happening, what is coming and what we must do to prepare for a new and increasingly dangerous world.

The von der Leyen Commission has been the first to appoint a Vice-President responsible for Strategic Foresight, in the person of Commissioner Maroš Šefčovič. Under his leadership, the institution publishes Strategic Foresight Report since 2020. The EESC has also responded by issuing Opinions on the 2020 and 2021 Reports, while all our Sections are considering SF and Megatrends issues in their activities.

In particular, the EU finds itself sandwiched between the US, China and Russia, with the last two becoming increasingly assertive and even threatening. No European country can face the current world disorder alone. European solidarity is the most important tool to defend our long term goals and position in the global arena, and we need to go back to the idea of a European interest that prevails on individual interests.

Also, the war in Ukraine has clearly shown that we are not progressed enough in our foresight capabilities. For years, Russia has been showing its dissatisfaction with the current world order, making continuous interventions in its surroundings, weakening Moldova, Ukraine and Georgia, renewing its grasp on Belarus and Kazakhstan, attacking the very heart of our democracies with interference in the US and many European elections, daily performing cyberattacks against us. A standstill in disarmament negotiations gave the Russian leadership a pretext to get new weapons. All this was pointing to a war in Ukraine, which Moscow considers one of the buffer States that have to separate it from NATO countries. We have been reading a stack of analyses



predicting that Putin just wanted to keep the West and Ukraine itself under pressure, and that there would not be a real invasion, for a bunch of reasons. Well, look at the situation now.

Another blatant example of poor preparedness to sudden shocks was the COVID-19 pandemic: it has taken us by surprise, as if it had been a completely unpredictable event. And yet, voices had been raised years ago to warn us that a deadly virus could take a death toll of several million people. Despite this, the epidemic plans of many countries, including several EU Member States, were decades old, and were of little use when the virus started conquering the planet.

In the last years, while confirming allegiance to its traditional alliances and the intention to remain integrated in NATO, Europe has finally acknowledged the need to do more for its defence and to play a more determining role in the world. European leaders have started talking of a geopolitical Commission, of open strategic autonomy, of European sovereignty in fields as various as technology, industry and public health. And, most importantly, Europe has deployed all its resources under the so called "Brussels effect" in the direction of a green and digital revolution meant to lead the world by example. The twin transitions and their wide acceptance at a global level are essential to combat climate change thus granting a future to humankind but, given their high level of ambition, these goals are also very delicate and can be threatened by severe shocks like a war. This is why we are in favour of multilateralism, but this is also why we should be very well aware that other global players may have other plans.

A better integration of Strategic Foresight in actual policy-making has proven to be absolutely crucial for the future of us all, and cannot be postponed any longer.

More information about the event *Strategic foresight: a vision for the future of Europe* by the EESC REX Section: <https://europa.eu/!xxKqGk>



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A competition policy fit for new challenges

At this time of major uncertainty, achieving our strategic autonomy has never been more important. And while competition law has been able to adapt to many challenges, we have not gone far enough here as regards incorporating the European policy agenda on sustainability, the digital transition, and resilience.

Competition policy has been able to preserve and foster the economic prosperity of the European Union, which is deeply committed to the principles of the social market economy. This is the European Commission's assessment at the end of 2021 of the application of competition law in Europe in recent years. And this is a shared view.

Similarly, all stakeholders agree that schemes providing exemptions from the general competition framework have proved their worth since 2019, and during the COVID-19 pandemic.

However, in 2022, while the Commission has again moved rapidly in adopting a temporary framework in relation to the war in Ukraine, it is imperative to ensure that this aid is actually granted in the various areas, that businesses are actually able to benefit from it. The Temporary Crisis Framework must be able to complement the State aid instruments that are already available to the Member States, as well as the existing schemes under the national recovery and resilience plans. Ensuring that the EU's businesses can access the temporary measures hinges primarily on having accessible, non-restrictive eligibility conditions for the most impacted businesses.

A well-functioning single market and competition policy stimulate efficiency and innovation and provide an environment in which successful companies can grow and become global champions. The integrity of the internal market is essential to our recovery plan; we must reiterate this! In this regard, we will follow with interest the deployment of the Single Market Emergency Instrument.



The Commission is pursuing a review of competition policy tools (merger, antitrust and State aid control) to ensure that they all remain fit for purpose, and complement its existing toolbox.

This is an excellent opportunity to adapt and harness the full suite of competition policy tools to the task of supporting our dual transition, and to equip ourselves with the instruments needed to compete globally in this context.

We must support the implementation of a competition policy that is particularly geared towards delivering the transitions embarked on by the EU, which will require ambitious trade and investment policies, extraordinary public and private investments, innovation and a well-functioning single market. All sections of Europe's economy, and in particular SMEs and services, must be able to finance this dual transition. The European Union and the Member States must now put in place a legal and financial framework that ensures a level playing field in the market for all stakeholders, regions and citizens.



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EmployersEESC

Print:
QE-AH-22-004-EN-C
ISSN 2467-4478

EESC-2022-35-EN

Online:
QE-AH-22-004-EN-N
ISSN 2467-4494

EN