

Newsletter

June 2022

Thorny road to nuclear energy comeback



For the first time in its history, the European Union is facing serious risks linked to supply, security and skyrocketing prices of energy. The instability resulting from the Russian war in Ukraine coupled with the pre-war volatility of energy prices, which

was connected to the increase in global demand for gas and disruptions in supply, has made finding alternatives to Russian fossil fuels a political priority for the EU.

Under the current circumstances, the use of the EU's existing energy sources that can be deployed immediately without impediments must be the highest priority.

There are few options that offer true energy sovereignty for Europe. Renewables is one. But weaning Europe off Russian gas can hardly be done without nuclear in the energy mix.

In February, the EU proposed to include nuclear energy in EU taxonomy for green investment, drawing a backlash from environmentalists who flagged risks of accidents and nuclear waste.

18 countries in Europe generate nuclear energy, 13 of which are in the EU. Nuclear accounts for 25% of electricity production in the EU. Countries like France or Sweden use nuclear power as a stable back-up for deploying a high share of renewables in their energy mix and therefore are better fit to achieve climate neutrality. With the current threat of energy shortage, some EU Member States are choosing to extend the life of the nuclear sector and defer their nuclear exit plans.

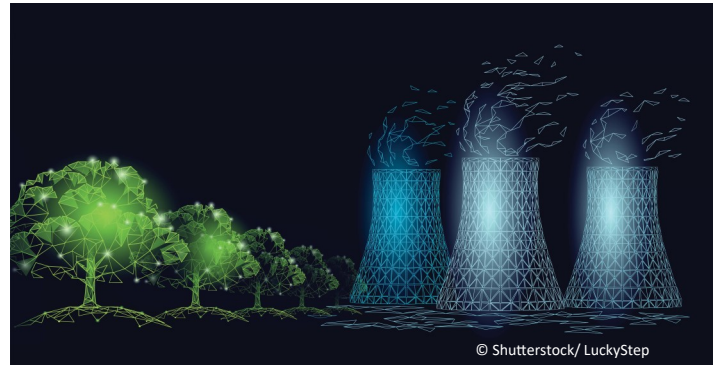
Europe is clearly learning to embrace nuclear energy again, for several reasons.

First, on the way to decarbonisation, nuclear energy plays a role in stability of supply. Wind and solar plants are volatile sources of electricity which call for back-up plants or electricity storage. Compared to fossil energy, nuclear represents a stable low-carbon source and in combination with better storage capacity and interconnection of the European electricity market it can effectively respond to the energy demand.

With increasing appetite for electrification, Europe needs more electricity that comes from stable low-carbon sources.

Second, nuclear ensures energy autonomy. Uranium is a relatively common element in the earth's crust and its price is not as volatile as that of gas. Over two thirds of the world's production of uranium comes from mines in Kazakhstan, Canada and Australia. The volume of fuel needed for nuclear plants is much smaller compared to those running on fossil fuels. One small pellet of uranium dioxide weighing five grams produces the same amount of energy as a tonne of coal or about 480 cubic metres of natural gas. For this reason, nuclear power plants do not require large storage capacities and can easily stock fuel for three years on average. Longer refuelling and stocking capacity helps with buying nuclear fuel under more favourable conditions as well as switching to other suppliers.

Third, the Member States that choose nuclear power in their energy mix benefit from more stable energy prices. The practice of schemes used by Member States for new-build nuclear plants ensures that electricity is produced at a fixed price for end



consumers. Similarly, to renewable sources, nuclear power plants have much lower marginal costs than gas and coal plants. Also, since nuclear energy is an important source of low-carbon electricity and heat that can contribute to attaining carbon neutrality, its marginal cost does not include any carbon pricing, which rose more than 200% in 2021 and which significantly affects the price of gas in the EU market.

Last but not least, under current circumstances the EU should make maximum use of its own available resources and existing capacity to tackle the shortage in energy supply. While cutting off Russian oil and gas, Europe needs to ensure a stable and affordable supply to preserve both the purchasing power of households and the competitiveness and resilience of European industry.

Prolonging the existing fleet in Member States, and the safe long-term operation of nuclear power plants, is by far the most affordable solution for 2030 and beyond, which will allow for a smooth transition to climate neutrality.

When the EU's energy dependence on Russia decreases, it will be a good starting point not only to think about, but also to roll out innovation, namely the use of nuclear sources for the production of hydrogen and waste recycling as part of a circular economy chain.

All the investment made in nuclear energy will allow the EU to upgrade to the new generation of nuclear power plants, which can surely help benefit the green transition. The business case for nuclear energy is clear and the security and safety aspects have even been reinforced to withstand extreme external events, both natural and man-made, such as a plane crash or explosions.

This should also be reflected in the new taxonomy rules, which should not build barriers to investments in this sector because nuclear energy should be seen as a boon rather than a bane.

This article was first published in Euractiv: <https://www.euractiv.com/section/energy/opinion/thorny-road-to-nuclear-energy-comeback/>



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Czech Presidency of the Council of the EU

EUROPE AS A TASK

The Czech Republic will take over the Presidency of the Council of the EU from France on 1 July under the motto "Europe as a task: rethink, rebuild, repower".

The Presidency's motto is connected to the title of a speech given by Václav Havel in Aachen in 1996 at the award ceremony of the Charlemagne prize, a reflection on the role of Europe in the world. Europe and the world looked a little different than they do today, but the ideas he conveys are timeless and inspiring. He says, for example, that Europe can be the kind of leader that leads by example. And that is a pretty good definition of the role of the European Union.

The preparations for the Czech Presidency were significantly altered by the war in Ukraine, which began in February. "We are witnessing a very rapid development. Our presidency will have to respond to that. We must reckon with the fact that external circumstances will fundamentally affect the political atmosphere in which we will act in the role of presiding state," said Mikuláš Bek, Minister for European Affairs.

Minister Bek's team is finalising a document setting out the priorities of the Czech Presidency. Many of them are also based around the long-term goals of the Czech diplomatic effort within the EU. For example, the country has been a long-term proponent of EU expansion to the Western Balkans. Meanwhile, the Eastern Partnership programme, the EU's chief democracy and civil society boosting initiative in Eastern Europe and Caucasus, was set up in Prague during the Czech Republic's previous EU presidency in 2009.

It is already clear that the document will contain five main priorities:

1. War in Ukraine;
2. Energy security;
3. Defence and (cyber)security;
4. Economic resilience;
5. Democratic values.

According to Czech businesses, the presidency should focus on the development of the internal market, the finalisation of international trade agreements, energy security, openness of the digital economy, and humanitarian aid to Ukrainian refugees.



The main priorities of Czech businesses within the Czech Presidency include:

- **A resilient and open Europe**, by strengthening the open strategic autonomy of European industry, its resilience, diversification, ambitious common trade policy and effective multilateralism.
- **Competitive and sustainable Europe**, ensuring its energy security and a gradual path to EU climate neutrality, considering the impact on industrial competitiveness, as well as deepening and improving the EU internal market, increasing competitiveness and strengthening EU growth.
- **Europe with a dynamic labour market**, with the aim of creating an inclusive and flexible labour market, promoting employment by increasing the predictability of the regulatory environment, respecting diversity and reducing the administrative burden.

The period of this Czech Presidency of the Council of the EU will undoubtedly be a challenging one for the European project. But as Mikuláš Bek, Minister for European Affairs stated: "Crises have always been an opportunity for the EU to call things that are considered a given into question and to be even better prepared to face the challenges of the future. I am confident that during our presidency we will have the strength and capacity to turn these challenges into opportunities and I am honoured to be part of it". Indeed, we are all honoured to play a part in shaping Europe at this significant moment in time.



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The European Chips Act

A UNIQUE INITIATIVE WITH SOME QUESTION MARKS

Semiconductors are an essential component of many different economic sectors and areas of life – both for industry and consumers. Moreover, the green and digital transition targets cannot be met without them. To strengthen the European semiconductor ecosystem and reduce external dependencies, all EU Member States need to act together – and the European Chips Act could be a unique opportunity to achieve these goals.

The European Commission presented the European Chips Act on 8 February 2022. It comprises a set of measures aimed at ensuring the EU's security of supply, resilience and technological leadership in semiconductor technologies and applications.

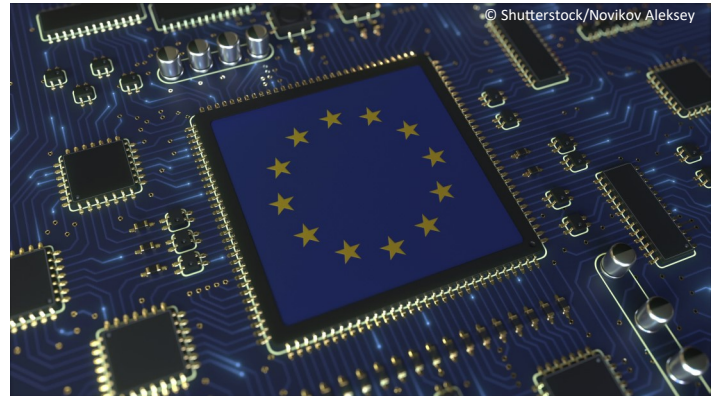
The initiative consists of various components:

- a "Chips for Europe Initiative", which will pool resources from the Union, the Member States and the private sector through an enhanced "Chips Joint Undertaking";
- a new framework to ensure security of supply by attracting investment in new advanced production facilities, thus accelerating innovation in advanced nodes and innovative and energy-efficient chips;
- a coordination mechanism between the Member States and the Commission for monitoring the supply of semiconductors, estimating demand and anticipating and mitigating shortages.

Strengthening the European semiconductor ecosystem is absolutely necessary, but requires private investment and significant support from the public sector. Therefore, the Commission plans to invest EUR 43 billion in the upcoming years. However, this is not "fresh money". The majority of the budget has already been earmarked, e.g. under the Horizon Europe and Digital Europe programmes, and will only be reallocated. Moreover, the sum of EUR 43 billion can only be reached with major private investment, which will still need to be secured. For comparison: with the "CHIPS for America Act", the US plans to invest USD 52 billion between 2021 and 2026, and China aims to mobilise an estimated USD 150 billion by 2025.

At the same time, granting significant State aid – up to 100% financed by taxpayers – could lead to investments which are not commercially sustainable and could have a negative impact on the market. The economic viability of such projects must be guaranteed, at least in the medium term, to ensure that investment from public funds is effective. This is the only way to avoid the worst-case scenario of an underused semiconductor factory that costs millions of euros a day.

The EU must also focus on the needs of European industry. Proficiency in small feature sizes (< 10 nm) is not the sole determining factor in the success of the semiconductor ecosystem. The strengths of Europe's semiconductor industry – for instance, in



power semiconductors and sensors that are significantly larger – must also be considered. The specific requirements for microelectronics will become increasingly differentiated in the future and an ever-wider variety of chip solutions will be needed that are disruptive and innovative, regardless of their size. A comprehensive approach, primarily based on an innovative semiconductor ecosystem is therefore necessary.

The semiconductor value chain is one of the most globalised. No single state has complete autonomy across the entire value creation process. Instead, there is a high level of division of labour and interdependence between nations and regions due to the high costs and complex stages of production. Therefore, establishing a closed value chain in every part of the world would not make economic sense. Rather, a detailed analysis of the strengths and weaknesses of the European semiconductor ecosystem should serve as the starting point for a debate on how targeted investment could increase Europe's resilience. In parallel, the EU should strengthen international partnerships.

This situation must also be taken into account when it comes to the envisaged emergency measures, which are extremely far-reaching. Prioritisation of orders for critical sectors, common purchasing schemes and export controls are extensive market interventions that must be reserved for exceptional situations. Against the background of a market-based ecosystem, globalised value chains and the high level of interdependence between different regions of the world, state intervention must be limited to the necessary minimum. The Commission should outline the prerequisites for these measures in more detail.

In its June Plenary the EESC will discuss the opinion "[A Chips Act for the EU](#)" (INT/984) .



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Severe labour shortages in the Greek tourism sector

No break for the Greek tourism sector! After the COVID-19 pandemic hit hospitality so hard, more than 50 000 jobs in Greek hotels and catering are now unoccupied. How can the country with the second highest unemployment rate in Europe be missing over a fifth of its tourism staff?

The tourism sector is the engine of the Greek economy, contributing to more than 50% of GDP on islands and in remote areas. Throughout the financial crisis and the subsequent period of deflation, it has gone on creating jobs and income in Greece. No one can deny, therefore, that tourism can and should continue to be an important factor for economic, social and sustainable growth.

The causes of these labour shortages are varied and this is not only a Greek phenomenon - similar problems are also faced by major markets such as Italy, Spain, Portugal, France, the United Kingdom and the United States.

What is clear is that the vacant positions are not created by anti-labour policies of some companies, as has recently been rather simplistically suggested. On the contrary, hoteliers have for many years now regulated their relations with their employees and have endorsed a social agreement with them, with its mandatory application from 2018 onwards to the 10 000 hotel businesses that employ 120 000 -150 000 employees. Furthermore, the Association of Greek Tourism Enterprises (SETE), as a social partner, has consistently defended the legitimacy and quality of all the businesses it represents, putting the emphasis on labour relations.

The shortage of employees in the tourism sector therefore has a multitude of other causes: the reduction in working hours, the six-month employment season and the inadequate allowances paid during the off-season, to name but a few. The boom in other sectors of the Greek economy, for example express food delivery, construction, trained tourist bus drivers becoming delivery drivers for industrial products, as well as the preference for undeclared or under-declared jobs in short-term leasing (e.g. Airbnb) have led many tourism workers to leave the profession and turn to other types of work for their survival.

There is no doubt that the reaction should be immediate and substantial in order not to damage the image of high quality that we all wish Greek tourism to be distinguished for. SETE has already sent instructions to its members to submit positions on the platform of the Public Employment Service (DYPA) - the unemployment register of the Manpower Employment Organisation (OAED) - so that those seeking employment in the tourism sector can be immediately put in touch with companies



looking for staff. Further measures are also being planned, such as sector-specific career days and other related "coupling" events for tourism.

In addition to the above-mentioned immediate initiatives, however, it is clear that medium- and long-term actions are also required. There is a need for a detailed analysis of trends and developments at national and international level and for a precise approach, as far as possible, regarding the new skills that will be required.

More ecological and digital trends in consumer behaviour are defining new business models that require priority to be given to information, vocational education and training. Mobility programmes for apprenticeships, focussing on digital and sustainability skills, should also be strengthened, especially in new destinations and remote areas. At the same time, of course, the confidence of tourism workers must be restored through the adoption of good and attractive working practices on the part of tourism businesses.

Only with policies that serve the above-mentioned objectives can the tourism sector adapt to the new era and make Greece the ultimate destination for multi-themed and authentic experiences, as well as a sustainable destination that respects the environment, culture, and local communities. This is what the National Reconstruction Plan prescribes, this is what the traveller rewards today and this is what the European Recovery Fund requires in order to disburse the corresponding funds.

A longer version of this article was first published in Kathimerini:
<https://www.kathimerini.gr/economy/561858463/ergasiakes-scheseis-kai-toyrismos/>



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For a Europeanisation of migration policy

Things have been moving fast in the last few months, and the heartening wave of solidarity towards Ukrainian refugees has accelerated the need to reflect on an EU migration policy that could finally become more rational, cohesive and mutually beneficial: one that is not only dictated by EU principles and values, but one that is bolstered by the long-awaited legislative tools.

The past few years have seen a series of new emergencies, appearing one after the other at a breath-taking pace, to which the European Union has responded with original solutions and solidarity among Member States and their societies. This was the case with the COVID-19 pandemic, when the European Commission took the lead of a very successful vaccination campaign; climate change, with the Green Deal, is now setting an example to the rest of world, as is the response to the ongoing war, with Europe effectively mobilising the European Peace Facility to support Ukraine, and therefore preventing further aggression against Eastern Neighbourhood countries.

The armed conflict in Ukraine - following the uncalled-for invasion by Russian troops - has also resulted in a wave of refugees, whose numbers have been unequalled since the Second World War: according to the UN, more than 14 million people have fled their homes since Russia's invasion of Ukraine, of which more than six million have left for neighbouring countries, while eight million people are displaced inside Ukraine itself. Of the refugees moving to the EU, over three and a half million have gone to Poland, almost one million to Romania, hundreds of thousands to Hungary, Slovakia and the Czech Republic (to which we can add our good neighbour Moldova, which now has the highest proportion of Ukrainians in comparison to its original population). To give a vivid example, a city like Kraków increased its population by 25%. One can therefore easily imagine the pressure put on the social systems of the hosting countries, as far as housing, employment, health and education, etc., are concerned.

Yet again, the only convincing approach to this crisis has been solidarity. Solidarity with the people of Ukraine and amongst us Europeans: the EU has activated the Temporary Protection Directive to provide immediate assistance to people fleeing the war, and it has quickly made funds available through the Cohesion's Action for Refugees in Europe (CARE), to enable Member States and regions to deliver emergency support. In addition, the EU has granted Ukrainians the right to stay and work throughout its territory for up to three years, so that many of them could settle down in other EU countries, for example because they have family there: it is estimated that more than 700 000 Ukrainians went to Germany, 40% of whom are children.

This set of decisions is very good news, for two reasons. First of all, solidarity is a founding principle of our Union, and it needs to be



upheld, manifested and of course applied universally and in a consistent way: we all know that this has not always been the case, for example when Mediterranean countries like Greece, Italy and Spain, were left alone to manage massive new arrivals from Turkey, North Africa and the Middle East. Now a precedent has been set, and it should be remembered in the future. The second reason is that the tragedy of Ukrainians has given new impetus to the EU's decision-making in the field of migration: the EU must use this momentum to move forward with the New Pact on Migration and Asylum, in order to develop a sustainable, rational and rights-based EU asylum and migration policy.

The stress on a rights-based approach is crucial: human rights are violated in numerous countries across the world, and it is in the nature of the EU to defend democracy in all ways, for example by protecting those who are persecuted because they made use of their freedom of speech. A serious policy in the field of political asylum must be a European one, as opposed to the 27 different policies we have now. Another case where rights were at stake was the instrumentalisation of migrants enacted by Belarus last year, to which the EU has responded in a strong and coordinated way, leaving no room for the exploitation and abuse of people for political goals.

As underlined in our ongoing opinion REX/554, the Belarusian case was not the first example of the instrumentalisation of migrants. The instrumentalisation of migrants is a challenge for the European Union as a whole, and it is therefore an opportune time to reshape Europe's solidarity mechanisms in the form of sharing, as a concerted answer to hybrid challenges.

Unfortunately, with migration becoming more and more significant due to climate change, resource scarcity, regional wars and the gap between North and South, such attempts to destabilise the European Union could multiply. And even in the absence of those risks, we would still have to deal with increasing migration flows that need to be managed properly: what we need to develop is a common stance that would pass through more binding solidarity. Of all and for all. The New Pact on Migration and Asylum rightfully proposes better relocation procedures for vulnerable groups and people rescued at sea, and a common and fast reaction to migration crises. We could summarise all this with the term Europeanisation of migration policy, meaning a common and coordinated approach which is badly needed for the economic, social and democratic progress of our societies.

To discuss these questions, the REX Section held a conference on 12 May with precisely this title, and which tried to draw lessons from the instrumentalisation of migrants, the war in Ukraine and our recent history. Different experts from the field, including the Commission's Vice-President for Promoting our European Way of Life Margaritis Schinas, participated in the event. During the debate, the participants expressed the view that policy responses must remain driven by EU values and guided by the force of democracy, the rule of law and the model of open and fair society that we all stand up for.

No matter which direction or route refugee flows may take, Europe needs to continue to deliver international protection in line with

European common values and legal obligations, and stand in solidarity with the countries that are faced with migratory flows, to alleviate the pressures on hosting societies. Let us prove that Europe is not just a free market, but a powerful actor of change – for the better.



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The road to economic recovery

Just like we needed to learn how to deal with the pandemic, we now need to learn how to manage the recovery period in the most economically effective, sustainable and inclusive way. This difficult time does not have to be wasted time if we take stock of the lessons learnt and thereby enhance our resilience for future crises. At the workshop "The road to economic recovery" at the Euro-Mediterranean Summit of Economic and Social Councils in Marrakech, a discussion was held on what is needed to make recovery successful in the Middle East and North Africa (MENA) region.

The road to recovery needs to be paved with the lessons learnt during the pandemic, but obstacles lie ahead. Inflation, rising costs, disrupted supply chains and the energy crisis, which have also been fuelled by the Ukraine crisis, will add to the challenges businesses face in recovering. The labour market has been shaken by a shortage of workers and a lack of skills, but also by the psychological effects of COVID-19.

In many areas the pandemic has given impetus for Europe to refocus on what is important. For example, digitalisation was our saviour during lockdowns, but it has also shown that we need to do more to provide the necessary skills and enhance cybersecurity. Another example is tourism. Despite it being one of the hardest hit sectors, the pandemic has encouraged the sector to become more sustainable and innovative. Last but not least, the pandemic has clearly drawn our attention once more to the crucial role social and healthcare workers play in our society and the fact that these professions need to be promoted to solidify Europe's already strong social basis. Europe will have to pay specific attention to these issues during its recovery and beyond.

The situation in the MENA region has been worsened by the pandemic. Surging unemployment rates and food insecurity are just two indicators of this worrying trend.

The workshop concluded that the following areas will be crucial for a successful recovery in this region:

- **A better business environment** needs to be created for private enterprises. This requires a number of actions, including building better infrastructure, finding quick solutions for financing through public-private partnerships and attracting foreign investment. The education system needs to be urgently reviewed to meet industry's needs for new skills and deliver them promptly.
- **Food security** was put under enormous stress during the pandemic and needs to be strengthened, inter alia, by creating more reliable water infrastructure, especially in the dry MENA region.
- **Co-operation and coordination** at all levels are crucial for a speedy recovery. The sharing of experiences and best practices needs to be encouraged.
- **Social dialogue** needs to be fostered so that the recovery can be shaped in an inclusive way.
- **Sustainable tourism** can create new jobs and income, especially in rural areas.
- **For successful digitalisation**, infrastructure and skills need to be enhanced, especially in rural areas.
- **Environmental protection** needs to become a more central part of the agenda, with rules that make it easier to monitor the process and implement restrictions.
- **Gender equality** needs to be enhanced in all areas of society and from education to employment.

The recovery will pose a challenge for all of us. But if we approach it right, we can look back at the COVID-19 period as a lesson that made us stronger and more united.



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Commission Vice-President Dubravka Šuica and Employers' Group members discuss the follow-up to the Conference on the Future of Europe

The EESC Employers' Group invited European Commission Vice-President Dubravka Šuica, who is in charge of democracy and demography, to discuss the follow-up to the Conference on the Future of Europe and the other issues in her portfolio. She expressed her gratitude to the EESC members for their involvement in this "unique opportunity" to reconnect and engage with citizens, including through civil society actors.

"Politics has changed in the European Union. I regularly say that our guiding principle is keeping citizens at the heart of the process. For the first time ever, this Conference has brought citizens into the heart of policy-making in the European Union. This strengthens our representative democracy and helps make it more responsive," said Ms Šuica, adding that politicians must now do their homework.

She underlined that we need to narrow the gap between expectation and reality.

At the moment, the European Parliament and some Member States are calling for a new Convention to revise the Treaties and implement the citizens' recommendations.

Employers' Group President Stefano Mallia insisted that the EU should focus on more pressing problems.

"With the war in Ukraine, our democratic and economic wellbeing is at stake. Never before have we felt so strongly that we must do whatever it takes to turn the EU into a stronger geopolitical actor capable of taking action when and where we need to – on security, defence and energy, but also on food security and migration," he said.

Employers' Group members are convinced that, in order to implement most of the citizens' recommendations, we should make full and better use of all the possibilities the Lisbon Treaty already provides, rather than embark on a new Convention for a



Treaty change that might further rock the EU, which is still facing the consequences of the pandemic and now the war in Ukraine.

"The ordinary procedure for revising the Treaties is cumbersome and lengthy, and it would entail a serious risk of drawing political energy away from other important tasks that the EU needs to urgently face," said Mr Mallia, opening the door to a possible Convention only if "we limit it to specific policy areas such as health, common defence and security policy, and energy and make sure that the EESC, as the house of civil society, is properly and meaningfully involved."

Referring to Commission President Ursula von der Leyen's proposal to involve citizens in legislative work, Ms Šuica reminded members that "politics is not business as usual any more."

"We politicians also must evolve to ensure our democracy is 'Fit for the Future'. The Conference on the Future of Europe is part of our response to this challenge. (...) Citizens are not objects of democracy, nor of national parliaments or the European Union. They are participants. The Conference does not replace representative democracy. It reinforces it. Otherwise, we leave a space for other, less constructive narratives to develop."

Members welcomed the more open process but said that organised civil society should be constructively and properly included in any participatory democracy process.

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Print:
QE-AH-22-005-EN-C
ISSN 2467-4478

EESC-2022-39-EN

Online:
QE-AH-22-005-EN-N
ISSN 2467-4494

EN