

Newsletter

March 2023

Seize the momentum of the Windsor deal to build a stronger relationship with the UK



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Just days after the decisive breakthrough that will overhaul the controversial Northern Ireland protocol, a delegation of EESC members (Jack O'Connor, Tanja Buzek, Cillian Lohan, and Klaas Johan Osinga and myself) visited the UK.

During the visit (6-8 March 2023), we all welcomed the progress that has been made with the conclusion of the so-called "Windsor Framework",

which will lower the costs of doing business. It will also settle the flow of goods from Great Britain into Northern Ireland without breaching EU rules, as the new arrangements are underpinned by robust safeguards to ensure the integrity of the EU's Single Market to which Northern Ireland has a unique access.

The deal is a positive step as it has put the UK back on the agenda, after the 27-country bloc had dealt with other preoccupations.

Under the Windsor agreement, reached on 27 February after almost two years of negotiations, the two sides have agreed that goods travelling from Britain will not face customs checks if they are staying in Northern Ireland and would go through a 'green lane'.

Scrapping customs checks on goods staying within the UK was one of the main demands of London, although the details on how businesses would be qualified as 'trusted traders' remain to be seen.

Meanwhile, products which are going to be moved across the border into the Republic of Ireland would be subject to a 'red lane' and customs checks. On medicines, meanwhile, the agreement provides that drugs approved by the UK's medicines regulator would also be made available in Northern Ireland.

European Commission President Ursula von der Leyen also confirmed that the agreement would finally unlock UK access to the €95.5 billion Horizon Europe research programme, promising that the EU would "immediately" start work on the UK's association agreement.

For years, we witnessed a toxic relationship between London and Brussels. But economic realities, and the need for European and transatlantic unity in the face of Russia's aggression in Ukraine all need a strong EU-UK relationship.

The Northern Ireland Protocol remained the foundational roadblock to setting the UK-EU relationship on a better footing. With the matter on the path to be settled, Brussels and Britain can finally begin to build out a successful and productive relationship on issues of trade, defense cooperation, and even digital policy—especially when unity is needed now more than ever.

Now, we need to take advantage of this new momentum and more constructive climate, despite the possible and inevitable hiccups in its implementation. The agreement itself will need to be approved by both EU member states and, more crucially, the UK House of Commons—whose earlier rejections of the "Irish backstop" to deal with the border issue ended Theresa May's premiership.

I cannot hide it: Employers across Europe were very disappointed with the UK departure from the EU, because we knew that links would be irreparably lost between EU and UK companies.



Opinion polls suggest now a hefty majority of Britons think that leaving the EU was a mistake that has left the country economically and politically weaker. But it would be a mistake to confuse this with popular support for rejoining.

So, what we need to do is to work constructively to deepen cooperation on issues key for our future competitiveness.

We stand ready to engage constructively in this process and this is what we have underlined during our mission to the UK, where we met with Scottish representatives, visited the House of Lords and met Lord Kinnoull, chair of the European affairs and Lord Jay, Chair of the Sub-Committee on the Protocol on Ireland/Northern Ireland. We also met Sir Oliver Heald, Co-Chair of the UK-EU Parliamentary Partnership Assembly (PPA), and Hilary Benn, Vice-Chair of the UK Delegation to the PPA.

All exchanges were accompanied by a discussion of how relations between UK and EU civil society can be maintained and strengthened, which could considerably contribute to enhancing the overall relationship between the UK and the EU.

We also stressed the views of UK CSOs, particularly UK youth organisations, that the loss of free EU movement and people-to-people contacts arising from the UK's decision not to remain in EU programmes such as Erasmus+ is one of the most negative and undesirable consequences of Brexit.

"This is the beginning of a new chapter in our partnership," said von der Leyen. I cannot agree more.



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Does entrepreneurship mindset have a gender?

Does entrepreneurship mindset have a gender? It should not, and most probably it does not. However, obstacles, cultural dogmas, stereotypes and gender-based biases exist that make a large part of society believe that men are better entrepreneurs than women. Are they truly? Is it even comparable? But this wrongful belief is spread around, discouraging young women to pursue their potential and become entrepreneurs.

Statistics show unpleasant truths on the discrepancies between the performance of female and male founders – only 15.5% of startup founders in Europe are female, and only 7% of venture capital funding in Europe goes to startups with a female founding team-member.

I am a mother of three small children. I think it makes me more cautious when I make decisions about everything – from the very simple to the more complicated ones.

Being cautious – is it good or bad for business and for professional growth? Sometimes, not always. Women who have given birth are the bravest and most risk-taking persons I know. They risk their own lives and their child's life at every stage of pregnancy and childbirth. Depending on where in the world they are located – that risk is either higher or lower – but it is real. In 2020, approximately 800 women died daily as a result of pregnancy and childbirth. Most of those deaths could be prevented.

Being a full-time working mum is hard. But that is a choice I have made. What we see in Europe – highly educated women switching to a part time job if they have a child, does not apply to men. Around 30% of women with medium and high-level education switch to a part time job when having children, while only 8% of men with the same educational background change their work patterns.

Why it is happening? Cultural dogma and stereotypes which state that women/mothers are the primary care takers of children, elderly family members etc. The obstacle – highly educated men are better paid than women and her staying at home is a better option for the family budget. But why are men better paid? The average gender payment gap in the EU has changed minimally over the last decade and is around 13%. In Latvia – the country I come from – this gap is even higher – 22.3%. There are structural reasons for this related to the underrepresentation of women in some professions (ICT for instance), but gender equality plays major role here. All this, together with gender-based biases, creates an environment where women cannot thrive as a professional, as an entrepreneur – it seems that we don't have time for such growth, that we have different life duties. But do we? And who sets these duties?



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I am a woman. I am a wife. I am a mother. I am a daughter. I am a professional. I am a leader. I am a manager. I am a friend. I am a colleague. I have so many roles in my life and those roles are not strictly defined. I am the one setting borders and limits to them, combining them, and trying to find balance every single day.

As a wider society, we need to find solutions for obstacles, cultural dogmas, religious aspects and gender-based biases that challenge a woman's place in society, putting us in a box. No one wants to live in a box. Freedom of choice, freedom of action, freedom of speech, freedom of expression – these are fundamentals for growth – personal, professional, economic and social.

Here in Europe, we women have achieved so much and so little the same time when we put gender equality in the spotlight. It's a bit like a bureaucratic burden for companies – new applicable rules are added, but the old ones are not minimised or redistributed evenly between involved parties.

What we can, and what we should do, is fight unconscious biases about women in business and professional environments. Encouraging women's involvement in the decision-making process could be one of the solutions. Clear and united policies amongst all EU countries on gender inclusion, creating possibilities, access to funding and preventing the gender pay gap, are a must. Specific funding programs focusing on female entrepreneurs in a country where this does not exist yet could help to diversify our business environment. Not including women in any area of economic, social or political action causes loss. Female entrepreneurs are the largest unused potential for Europe's economic growth.

I pay tribute to all women and all men who respects each other's numerous roles and limitations, and who try to find balance in their lives together. I shout out to those around the globe who already have positions at higher political and economic decision-making level – in a room full of possibilities – empower a woman who deserves that same chance. She can do it!



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Interview with Oliver Gierlichs, Managing Director and CFO of Bayer Ukraine “UKRAINE WILL NEED A NEW MARSHALL PLAN”

What was Bayer's main motivation for continuing to invest in Ukraine despite Russia's invasion?

Ukrainian agricultural production is essential for the world: Ukraine is one of the biggest global suppliers of grain and other agricultural commodities. Bayer is fully committed to helping prevent what could become an unprecedented food crisis. We share the view of the UN that global access to Ukraine's food products is crucial to alleviate pressure on the global food system. Through our commitments, we are acting on the declarations by the UN, the G7 and the European Union calling for steps to be taken to ensure the global food supply.

Bayer aims to continue making significant investments in Ukraine, mainly to rebuild its agricultural system. In 2022, we started investing EUR 35 million in the Pochuiky seed plant. This investment includes increasing seed dryer capacity and providing additional field equipment and storage facilities, and will lead to new employment opportunities in the region. By stepping up the plant's capacity, we plan to cover the demand for corn seeds in Ukraine and increase exports to the EU.

Besides the ongoing uncertainty, what are the biggest difficulties Bayer is currently facing when doing business in Ukraine?

Since the first days of the full-scale invasion, our employees have demonstrated high levels of flexibility, responsibility and commitment: working, organising logistics, maintaining business processes and even growing and producing seeds. We have managed to maintain our business processes and communication with clients with no significant disruption.

We appreciate the openness to dialogue from the government and other authorities which are always ready to meet up and listen. Now, the most urgent issue for us is better predictability and clarity regarding mobilisation.

In the current situation, we are also focusing on ensuring that Ukraine's healthcare system functions properly and that patients have seamless access to our innovative pharmaceutical and consumer health products. We donated medicines like antibiotics and medical supplies in 2022 and continue to do so in 2023.



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What can the EU institutions do to facilitate investment by EU companies in Ukraine?

We support the EU's emergency relief measures. These have been critical in enabling essential services to start up again and in repairing critical infrastructure, a key prerequisite for facilitating investment in the future. The International Expert Conference on the Recovery, Reconstruction and Modernisation of Ukraine co-hosted by the European Commission and Germany in Berlin last year was an important milestone in preparing Ukraine's recovery and planning the necessary building blocks to facilitate investment. The EU institutions should keep up their strong involvement in planning the recovery by involving the public and private sectors. EU-backed guarantees would also be very helpful for attracting further private investment.

Beyond the enormous cost of rebuilding Ukraine, there will be difficult and delicate choices to make about how best to connect the nation to European markets and commerce, as accession will take time. What are your views on this?

Since June 2022, Ukraine has been a candidate to become an EU member. The record speed at which Ukraine received candidate status was a strong signal of the EU's commitment and President Volodymyr Zelensky rightly said that it was a unique and historic moment. But accession will indeed take time, as the country has to fulfil the conditions set out in the EU Treaties. After the invasion, the EU agreed to liberalise access to the EU market for certain Ukrainian goods and set up solidarity lanes. Another important factor in enabling Ukraine to advance on the path to accession is continuing to develop a highly trained labour force. This is one of the areas where EU funding and expertise can help on the way to EU membership.

Do you think shifting Ukraine from a wartime to a peacetime economy will be an opportunity to make it a testing ground for the green and digital transition?

According to the Economics Observatory, the Ukrainian economy has lost 30-35% of GDP since the invasion last year. Once hostilities have stopped, Ukraine will need a new "Marshall Plan" to re-build its economy and the EU has to play a crucial role in that. Yes, it can be a testing ground for the green and digital transition as Ukraine can deliver structural changes in a relatively short period of time. Carbon-neutral production, turning to a more biobased economy, the use of alternative energy sources and applying digital technologies

can fuel economic growth in the post-war recovery. Take agriculture as an example: there is a great opportunity to invest in the next generation of sustainable farming, specifically precision agriculture and climate-adapted seeds.



Oliver Gierlichs

Managing Director and Chief Financial Officer at Bayer Ukraine

Water

NEW FOCUS ON AN ESSENTIAL RESOURCE

Water is fundamental for life but could soon become a scarce resource. In 2019, 38% of people in the EU were already affected by water scarcity, a serious problem with a yearly price tag of EUR 2-9 billion. With climate change gaining momentum, it is high time that the EU pays proper attention to water.

Demand for water is constantly on the rise, as many industries need more and more of it. To give an example, the chemical industry has already felt the impact of the drought: Marie Zimmer, Head of Responsible Care / Corporate Social Responsibility at France Chimie, said at a [recent CEFIC event](#) that the industry was for example already seeing the impact of droughts on inland waterway transport. CEFIC believes that the key to greater resilience in terms of water scarcity is a systemic change and new focus on water management at every level.

However, water scarcity is certainly not only a European problem. While 98% of people in the EU use safely managed drinking water services, at global level that figure falls to 74%. The UN wants to tackle this problem via its 6th Sustainable Development Goal: Ensure availability and sustainable management of water and sanitation for all, and will discuss the topic with global stakeholders at the UN 2023 Water Conference at the end of March.

The problem of water is gaining visibility at EU level as well. The European Commission has dedicated one of the five EU Missions to restoring our oceans and water, and the European Parliament has recently called for an EU Water Strategy. Likewise, the EESC has begun to work on water by calling for an EU Blue Deal and holding a high-level conference to raise awareness about this issue.



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Fighting water scarcity and enhancing emergency preparedness will not be easy and multi-faceted solutions will be needed. Predicting future developments will enable us to choose the right ways to tackle the problem. Options assessment and foresight studies will help map out paths for the future, as we need to gain a better understanding of what is at stake through impact and risk assessments.

To achieve the ambitious 6th Sustainable Development Goal, we need a business environment that lets our companies be innovative and the European Research Area can be instrumental in this. One prerequisite for this will be ensuring that companies have access to the right skills. SMEs and family businesses must not be overlooked, as they can deliver more specialised solutions.

It seems that the discussion on water has finally started. We must continue to shine a spotlight on this topic if we want this fundamental resource to be available in the future. There are no ifs, buts or maybes in this: no water means no life.



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State of the Energy Union 2022

TOO MUCH OPTIMISM FOR OUR TIMES

As a result of the European energy crisis, the war taking place in Ukraine and the resulting changes in geopolitics and organisation of energy supply to Europe, we are faced with downturn, inflation and destabilisation. Given the difficult context, the European Commission has presented a rather optimistic view of the state of the Energy Union, the measures taken and the new objectives set out in the REPowerEU document.

The State of the Energy Union 2022 reads as an exposé. I don't want to say that it has a sheen of marketing about it, but it focuses on presenting the successes and achievements of the past year. For example, many objectives that were seen as too ambitious before Russia invaded Ukraine are now presented as a realistic response to the energy crisis. And this should be cause for concern.

I also regret that the Energy Union 2022 report does not properly address the topic of Europe's strategic energy autonomy. This issue has been reshaped to fit the need, or more like the necessity, to become independent from Russian energy imports.

At the same time, as many as eight Chinese wind turbine producers featured in the world's top ten suppliers last year. The only European producers in this list are the Danish Vestas and the German-Spanish Siemens Games, which are losing market shares. China is also a global centre for solar panel production. The ten module suppliers with the greatest share of the global market in 2023 (based on sales in 2022) provided as much as 245 GW to customers, i.e. over 75% of the global supply. This group includes only one American company (First Solar), one Canadian company (CSI founded by Dr Shawn Qu) and one Korean company (Q CELLS). The rest are Chinese producers. I'm not talking about this partner's credibility in economic relations, but about a noticeable monopolisation of components and devices that we identify as essential to becoming independent.

LNG imports have brought Europe closer to the USA. This country is also increasingly present among EU countries in military and economic terms. This is good because in partnership with the USA we can effectively respond to Russia and China's raw materials and energy policies. But we need to be a strong player in this partnership. Investment is certainly needed for this, which we have also highlighted in the opinion [TEN/791 "State of the Energy Union 2022"](#), to be discussed at the EESC's March Plenary. We called on the Council and the Commission to develop appropriate funding instruments, including through the establishment of a European Sovereignty



Fund, to boost investment in clean households, energy technologies and energy infrastructure.

The State of the Energy Union 2022 also does not focus enough on society. We believe that comprehensive human resources policy, the development of specialist skills or social policy in general have not been adequately taken into account.

We need to remember that the Energy Union is first and foremost a political project with well-defined objectives. It is a concept based on solidarity and trust between Member States. The result should be an integrated energy system in which energy flows freely across the borders of the Member States. EU citizens should be able to enjoy a sustainable, low-emission and climate-friendly economy designed with its stability in mind. The reforms currently being implemented should result in strong, innovative and competitive European companies. But above all, the creators of this concept envisaged putting citizens at the heart of the Energy Union, and this is what was missing from the State of the Energy Union 2022 report. In our document we pay particular attention to the need to support and develop distributed energy and the expansion of energy networks, including direct lines. Businesses and local communities must have the possibility to develop energy independence. This requires openness and policy decisions that support distributed energy.

The lack of clear coordination at European level during the energy crisis should also be noted among the lessons learned from the work of the EU institutions in recent months. In this context, as the EESC, we call for the creation of an instrument based on the SURE model to support struggling workers and businesses.

In difficult times we need practical, workable solutions, sound diagnosis, not only to achieve energy security and climate goals but also to survive in the global market.



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Europe urgently needs a skilled workforce to be competitive

As part of the European Year of Skills, the EESC held a conference on "Skills and talents as key drivers for personal fulfilment, economic growth and competitiveness" on 10 March.

There is growing concern that Europe's competitiveness will be endangered unless its workforce is sufficiently skilled to face the challenges of the green and digital transitions and remain employable in the new world of work. Equipping people with adequate skills is key to responding to acute shortages in the labour market, where companies are struggling to find qualified workers.

"Developing skills and talents is a win-win situation. It is a way to empower everybody and promote personal fulfilment and good careers, as well as a way to enable businesses, especially SMEs, to function, thrive, innovate and create growth and jobs," said EESC President Schweng at the opening of the conference.

"Europe needs to rebuild and strengthen its competitiveness. We should work on our education systems and adapt them to the changing world," added Commissioner for Jobs and Social Rights Nicolas Schmit.

The conference took a closer look at dual education and in-work training, and at apprenticeships in particular, as an excellent way to prepare people for the challenges ahead.

"We are facing the enormous challenge of empowering people, particularly adults, to obtain and maintain the skills needed to find a job and stay in that job. Experts see work-based approaches to upskilling as much more suited than classroom-based instruction or long training courses," said Mara Brugia, Deputy Executive Director at CEDEFOP.

Petri Salminen, president of SME United, emphasised that SMEs face major difficulties in recruiting qualified staff, hampering their innovation and growth potential: "SMEs are increasingly looking for candidates with transversal and soft skills such as team work, problem solving, adaptability and creativity."

Martha Schulz of Eurochambers stressed the importance of working with third countries to attract workers and reap the benefits. "We need to be internationally competitive. Stakeholders need to be strictly involved at all stages. Together, we can ensure that Europe continues to play a leadership role in economic growth," said Ms Schulz.

Trying to sum up, some conclusions can be the following:

The lifespan of acquired skills and competencies is constantly getting shorter making the acquisition of relevant skills and competencies a lifelong process. We believe that it is crucial to equip our young people with good basic competencies, to



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allow them to acquire further specific skills and seize future opportunities.

Most importantly, lifelong learning opportunities should be open to workers of all skills and qualification levels. More emphasis needs to be placed on providing them with the necessary advice and guidance and to motivate them to upskill and reskill.

Strengthening our skills supply also calls for greater involvement of social partners, who due to their experience on the ground are able to detect skills shortages and skills gaps by sector and area. They should play a crucial role in the design and management of training systems.

Taking into account the recruitment difficulties faced by European businesses, we believe that dual learning schemes can be a good solution for skills acquisition. This is particularly pertinent for a large number of SMEs in view of the technical nature of the work they carry out, requiring unique expertise.

Effective partnerships with companies are also needed at the level of higher education institutions, to help ensure that students enrolled in these education systems can also couple their education with relevant work experience to acquire the necessary skills and competences.

On the topic of labour migration, the focus on attracting non-EU nationals with the skills needed for the EU needs to be balanced by measures to mitigate the brain-drain. This calls for an emphasis on the skills development of European workers, as well as of the migrants already present and working in the EU. The EESC looks forward to the initiative on the EU Talent Pool foreseen later this year, and considers that its success will depend on the deployment of adequate resources to make it accessible and operational.

The EU is a long way from meeting its training and retraining objectives, so it is important to empower people to take up learning throughout their careers: this will be beneficial for economic growth and stability and to enhance their personal satisfaction.



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Minimum income policies to tackle poverty and social exclusion

Poverty is a major problem, not just on a global scale but also within the EU. Despite some progress achieved in reducing poverty in Europe since the beginning of the century, over 95 million people still remained at risk of poverty in 2021. The situation for some categories of people, and in many Member States, is worsening, also due to the effects of Russia's invasion in Ukraine, the increase in energy prices and the rise in general inflation since then.

With the recommendation of 30 January 2023 on adequate minimum income, the Council aims to address the challenge of poverty. The Council recommends that Member States provide and, where necessary, strengthen robust social safety nets by combining adequate income support through minimum income benefits and other accompanying monetary benefits, in-kind benefits, and by giving access to enabling and essential services.

The target is to reduce the number of people at risk of poverty by at least 15 million by 2030. At first glance, this target does not seem very ambitious, but the guidance provided to Member States and the basis for a solid methodology certainly make it an important step forward.

Minimum income policies currently exist in all Member States, but their adequacy, reach and effectiveness vary significantly. For instance, in some countries, the adequacy of minimum income schemes is below 20%, and the take up of minimum income support varies from 30% to 50%. The recommendation offers guidance on how to improve adequacy through statistical references or basket systems of goods and services reflecting the cost of living, introduces clear targets for take up and coverage, and introduces imperative monitoring.

The added value of the proposed opinion that globally backs the recommendation, lies in the fact that some issues are emphasised or specified. This is done by accentuating the important role of employment and reintegration as the best ways out of poverty and social exclusion, by referring to the



impact of the transposition of the directive on minimum wage, by referring to the necessity of assessing minimum income on a yearly basis at least, taking into account inflation, and by emphasising the principle of "leave no one behind" that is developed by explicit reference to the self-employed, pensioners and groups of vulnerable people in general, including the homeless and Roma. Particular attention is also given to family composition, focusing on the situation of single parent households and households with more than two children, which are most at risk of poverty.

The proposed opinion ([SOC/744 Recommendation on minimum income](#)) also suggests observing a shorter timing for implementation concerning coverage and take up. Lastly, we insist on the involvement of relevant civil society organisations and social partners in governance and monitoring.

Let's hope that with this small contribution, the EESC can also contribute to the fight against poverty, because it is clear that we have a long way to go.



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