

European Economic and Social Committee

Employers' Group

Newsletter January 2016

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Netherlands Presidency
of the Council of the European Union

EU
2016



A Dutch presidency

in a critical period

During the Dutch presidency, nearly all 150 meetings of working groups and Informal Councils will take place in the Maritime Museum in Amsterdam. In the glorious 17th century, the headquarters of the Amsterdam Admiralty were located here. The place is symbolic of global thinking and the preservation of open borders. Since the fifties this has also been the Dutch trademark in the EU. It was at the origin of Dutch economic prosperity and has remained so long after any real political influence on the international scene had vanished.

Inherent specialist expertise and qualities in trading, transport and logistics are also specific features of the Dutch contribution to the EU. Interests of big commercial companies, financing, and international transport are characteristic in the overall picture. Another remarkable stronghold is the agricultural sector. Dutch agribusiness is highly productive, resulting in a very strong position for the sector in Europe and beyond. Commercial traditions, however, have not hampered a rise in manufacturing, although to a lesser degree than for instance in Germany, Italy or Sweden.

Specialist expertise and a deeply felt need for continuous adjustment to changing international circumstances can only subsist if they are sustained by a high standard of education. In international rankings, Dutch higher education generally scores very well. Surprisingly, in 2015 the Netherlands was ranked 5th in the world competitiveness ranking of the World Economic Forum. Unemployment is low by European standards. A very specific feature of the labour market is the very high number of self-employed without employees, about 12% of employed people. This phenomenon is largely the result of the flexibility of the labour market, and of the high penetration of ICT and creativity, leading to countless start-ups and service providers. So far, so good. But this rosy picture also has its dark sides that correspond to similar negative developments across Europe. Redundancies of large groups



The Maritime Museum in Amsterdam, where a majority of the Presidency meetings take place

of workers, notably older employees with lower middle incomes, which is largely a consequence of the rapid development of new production techniques in manufacturing and services, seem unstoppable. This phenomenon, linked to the recent deep financial and economic crisis, has promoted a climate of insecurity. Over the last few years, economic insecurity has been the main worry of large parts of the Dutch population. This worry is now even surpassed by the feeling of insecurity and vulnerability among parts of the population due to the influx of refugees/migrants.

Europe is in full transition. In this critical period the government sees as its main task to keep the wheels turning. Due to the complicated political landscape – a de facto minority government, composed of unusual partners of liberals and social-democrats, (too) many political parties, and a strong and vociferous Euro-sceptical party (Wilders) – the governmental approach is low key. Maybe due to the presidency, ministers have been highlighting the benefits of European integration. This is, by the way, in agreement with public opinion which, according to regular surveys, has on average a positive attitude towards the EU. It is noteworthy that the president of the euro area, the Dutch finance minister Mr Dijsselbloem, enjoys considerable popularity. The government says that it does not agree

with deepening integration, but in practice it supports all proposals that envisage reinforced surveillance and better functioning of the euro area. It has an outspoken view on "less but better legislation" in the internal market and on free competition on a level playing field.

Despite Euro-scepticism, traditional viewpoints look likely to regain ground in Dutch politics, although the picture remains confusing. Uncertainty prevails due to public opinion resisting the expected increase in the influx of refugees. This is a dominant theme. Directly related areas include strengthening the outer borders of the EU, the maintenance of Schengen – the government is firmly in favour – and possibly common military commitments in the Middle East. The government is in favour of closer defence cooperation as exists already with Germany and Belgium.

The presidency will pay specific attention to three main issues that are (rightly) considered as key challenges for the Union as a whole: the EU Urban Agenda, digitalisation and smart industry (Industry 4.0), and higher education. Halfway through the presidency, there will be a (consultative) referendum on the association treaty between the EU and Ukraine. As always in case of a referendum, the outcome is unpredictable, if not arbitrary, which means a headache for the presidency, and possibly damaging political consequences. Otherwise, it is wait and see, for circumstances are unstable anyway; consider the refugee issue, terrorism, the Middle East, Ukraine and Russia, the Brexit...

The Netherlands is a sub-top European player with keen interests in European integration and stability, and with a solid and active, but meanwhile somewhat neglected, tradition in Europe's policymaking. Given the increased uncertainties, one may hope that the government puts its best foot forward.



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The Netherlands in the EU



Share in EU area

1.1%
41 540 km²

Population density (per km²)
2013 data

498.4



116.4



NL

EU

Share in EU GDP

4.7%

Share in EU population

3.3%

16.9 million inhabitants

Overall life satisfaction

2013 data



GDP per capita

Life expectancy at birth

(Years – 2013 data)



Did you know that...

Amsterdam/Schiphol is the **4th busiest airport** in terms of passengers in the EU and handles the most passengers on intra-EU transport.



The Netherlands is **the biggest exporter of cut flowers** in the EU and the biggest producer of onions.



Among the EU Member States Dutch holiday-makers have the **highest share of tourism nights spent in campsites, caravan and trailer parks.**

Greenhouse gas emissions* (percentage change 2013/1990)



* including international aviation



Half of Dutch employed persons (**50.3%**) work **part-time**; more than ¾ of women and ¼ of men work part-time.

The Netherlands has the **third highest share** of people employed in the **cultural sector (3.9%)** in the EU.

Employment rate men (aged 20 to 64)



Employment rate women (aged 20 to 64)



Hourly labour costs



UEAPME calls for cross-cutting EU policy on Crafts and SMEs

In early December 2015, I was invited by Jacek Krawczyk to attend the EESC Employers' Group meeting in order to discuss political priorities. My statement at the meeting provided an SME (Small and Medium-size Enterprises) perspective on the debate aimed at identifying the 2016 European policy objectives. I explained that UEAPME welcomed and supported the integration of SMEs' viewpoint in all EU policies, but also highlighted the need for a general, cross-cutting SME policy.

SMEs need the Small Business Act (SBA) strategy as it is the only one that considers, in an integrated way, all aspects of SME creation, development and transfer. This overarching framework for EU policy on SMEs aims to improve the approach to entrepreneurship in Europe, simplify the regulatory and policy environment for SMEs, and remove the remaining barriers to their development. To illustrate this, I referred to the evolution of the situation from 2008 until now and spoke about the SBA review. Between 2008 and 2015, important developments have taken place in the discussions relating to the revision of the SBA, covering topics such as the digital economy and its impact.

The rich and convergent responses to the 2015 Commission consultation on the revision of the SBA demonstrate the very positive results generated by the implementation of the SBA over the last few years, and the scope for additional results that would come from strengthening the SBA.

In spite of this, the Commission has opted for a more segmented approach to SME issues, aiming to address these mainly in the context of specific EU policies (Capital Market Union, Single Market and so forth). While it certainly makes sense to pay due attention to SMEs in the design of specific EU policies, this cannot substitute the cross-cutting policy approach needed to unleash the full growth and job creation potential of SMEs. This point of view is shared by most SME envoys of the European Member States.

Furthermore, to back up my account of the SME situation, I presented the joint UEAPME-BUSINESSEUROPE paper on EU policy for Crafts and SMEs. I highlighted that UEAPME supported the European Commission's policy line to integrate SME issues in all EU policies, especially the new Single Market Strategy. However, when integrating SME elements into EU policies, the fundamental principles of the SBA need to be respected. As such, we truly believe that the "Think Small First" principle and better regulation principles – to be fully applied to new Commission initiatives – are an essential part of the SME dimension to European policy. When referring

to a letter sent by representative business organisations in mid-2015 to EC President Juncker which explained the SME point of view, I reiterated that the EC's action agenda for 2016 implied that the SBA should be strengthened and revised.

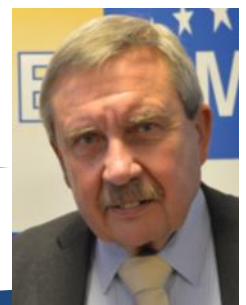
Last but not least in the discussions, I acknowledged the open question emanating from

the meeting on the difference between micro enterprises and small and medium ones, as the discussions highlighted the fact that there may be a need for a policy approach specifically tailored to micro enterprises. I will therefore look into this and consider it together with my UEAPME colleagues and members.

Finally, following my statement, the Employer's group expressed its support for the UEAPME approach regarding SME policy. This then led to a proposal to hold a joint seminar in March 2016 in order to further discuss European policy and follow up on the SME policy situation.



Peter Faross presenting UEAPME views on SME Policy during the Employers' Group meeting



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COP21: A historic result – but now the hard work begins



One hundred and ninety-five countries have concluded an agreement which is binding under international law, a historic achievement. If the agreement enters into force in 2020, the involvement of almost every nation on earth in limiting and monitoring human impact on our atmosphere will be solidly established.

Countries are aiming to offset the greenhouse gases emitted into the atmosphere through their natural reabsorption, e.g. by forests. This is intended to limit global warming to 1.5 degrees and keep it at that level.

This very ambitious goal came as a surprise to many, since current scientific findings indicate that even the EU target of a two-degree increase is virtually unattainable because the voluntary country targets announced for reducing CO₂ emissions are completely inadequate.

Despite this tension, we should see the results of the Paris conference as a breakthrough, since it was already clear at the 1997 Kyoto world climate summit that even though it is leading the way in reducing greenhouse gases, Europe will never be able to halt global warming on its own. Europe's efforts will have little impact unless the rest of the world joins in. There has now been a radical shift: Paris (2015) has delivered the basis for globally coordinated climate protection.

On the other hand the weak, non-binding and long-term measures agreed on in Paris will have disappointed many of the more impatient among us, as the great economic and social asymmetries in the world preclude the sort of rigorous, binding measures of which the EU is an exemplar.

We should not wonder at this outcome: after all, nobody has the right to deny emerging countries' need to develop and their hunger for energy. The principle of energy justice must apply for everybody, which means that ultimately there can be no effective climate protection without an

equalisation in living conditions.

This tough condition will have serious implications for the coming decades. It means that global CO₂ emissions will continue rising until the middle of this century and that India will be able to double its coal production as planned over the next five years, to 1.5 billion tonnes. This is bad not just in climate terms but also for European industry. For instance, cheap Chinese imports are gaining market shares globally and squeezing out the products of European manufacturers, whose modern facilities would moreover have produced significantly less CO₂.

Another economic burden will result from the commitment made in Paris by the industrialised countries to help poor countries from 2020 with climate protection and adaptation to planetary warming to the tune of 100 billion dollars a year.

We must address all these problems, contradictions and challenges. We would do well be guided by the principle, in the spirit of Paris, that every country should make the maximum

contribution to climate protection in accordance with its individual capacity. It is not so much *technical* factors that constrain this contribution, but above all the *economic* and *social* acceptability of the very different measures in the countries concerned.

In particular civil society in all its diversity is called upon here to find ways of resolving the conflicting environmental, economic and social interests over the long term in a worldwide cooperative effort. Their work begins now.



EESC contribution to the radio debate on COP21 which took place on 1 December 2015 at the European Parliament ("Climate change and its effects on our daily life").

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An integrated and competitive European Union: turning challenges into opportunities

For the European Union, 2015 has first and foremost been a year of economic recovery, spurred on by factors such as the action taken by the European Central Bank and low oil prices. It has also witnessed two particularly serious developments in the form of the worsening migration crisis and the horrific terrorist attacks in Paris, which have highlighted the European Union's inadequate response capacity.

The result was a shift in the European political agenda in the second half of the year, with a view to achieving a suitable balance that would guarantee security without restricting the exercise of European freedoms, primarily the free movement of people within the Schengen area. This is a difficult balance to strike, given the emergence or consolidation of political movements prone to displays of nationalistic intolerance.

However, the EU not only ended 2015 with heightened external security threats but, since the British Prime Minister, David Cameron, confirmed in May that a referendum would be held on the United Kingdom's possible withdrawal from the Union, this has hung over the European integration project like yet another black cloud.

In this context, the major challenges facing the European Union in 2016 are essentially building on a common response to security challenges, including the question of migration, without overlooking the necessary impetus for economic growth and employment via the Economic and Monetary Union and a more integrated European internal market, as well as the on-going negotiations with the United Kingdom to prevent an "à la carte EU".

Restoring confidence in, and the credibility of, the European integration project calls for more Europe, not less. The fundamental question is how to bring about this integration in the most orderly and coherent manner possible for the benefit of all. Only in this way will it be possible to enhance the European Union's ability to react to events swiftly



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and appropriately, not only to address current challenges, but also to anticipate future challenges.

The European Economic and Social Committee undoubtedly provides an unrivalled platform for helping to find mutually agreed solutions based on a professional approach, dialogue and negotiation. These are three essential conditions for enabling us to turn challenges into opportunities and move forward to attaining our joint goal of a stronger and more cohesive, more competitive and global EU which can act with greater flexibility and less bureaucracy to set its sights even higher.

This is the unequivocal commitment of the Spanish members of The Employers Group of the Committee, made up of eight members with in-depth knowledge and extensive expertise in their respective areas of activity, which range from agriculture and the food sector to the financial sector, via SMEs, infrastructures and industry. It is a compact delegation whose members also belong to the Spanish Confederation of Business Organisations (CEOE), the most representative business organisation in Spain, which is in turn a member of BUSINESSEUROPE, the leading voice of enterprises in Europe.

We work with enthusiasm and will continue to do so to make an active contribution to achieving not only the priorities of the Employers' Group, but of the Committee as a whole. Because focusing on competitiveness and improving the business environment means concentrating on creating and growing businesses which are the key to creating more jobs and greater prosperity.

EU Industrial Policy:

Does a one-size-fits-all approach work?

The event organised in November by the Malta Chamber of Commerce, Enterprise and Industry in collaboration with the Employers' Group of the European Economic and Social Committee (EESC), helped to shed light on issues and concerns faced by manufacturing operators in periphery states of the European Union. The event provided a platform on which the challenges being faced by manufacturing could be analysed and studied in a sober manner, and explained to leading exponents of relevant European Union institutions.

Manufacturing is generally recognised as one of the main pillars of Malta's economy but for various reasons the share of industry in the total value added has followed a declining trend for a number of years. In fact, its share has declined steadily from 21% in 2000 to 11% of gross value added last year. Moreover, Malta chamber members report that the conditions for investment in manufacturing are much less favourable now than they were 5 years ago and even less favourable than they were 10 and 20 years ago. As a result, the balance of the Maltese economy continues to shift consistently from manufacturing to services. This shift, within the context of the present good economic progress, is being institutionally endorsed on the basis that other sectors may offer higher value added whilst requiring less energy and land to operate from. Recent growth registered in Malta was, in fact, underpinned by activity generated by new sectors which are both volatile and highly mobile. We are concerned that this economic imbalance does not guarantee satisfactory future prospects in terms of growth and employment generation as it would do if manufacturing assumed a stronger share in the total economy. Of course, we feel it is in the nation's long-term interest to urgently address these needs if Malta is to achieve a sustainably balanced economy. And to urgently address these needs we must ensure that the fundamental needs of manufacturing are placed high up on the policy making agenda.

Not that it is of any consolation, but we are, of course, aware that our trends in manufacturing are not too dissimilar to those experienced in many European countries. The EU has responded with its policy and measures aimed at an Industrial Renaissance which aims to ensure a modernised industrial base

to support industrial competitiveness and growth whilst achieving a balanced economy across Europe.

As the national champion for competitiveness, our Chamber worked in parallel with our European counterparts. In 2014, we took a proactive step in delivering a business agenda to Government in the form of an 'Economic Vision for 2014 to 2020', of which an integral part was our 'Industrial Policy for Malta'. This was published separately as a document in its own right to outline the fundamental requirements necessary to secure a modernised industrial base to support industrial competitiveness and growth for our manufacturing industry – now and in the future.

At the same time, through BUSINESSEUROPE, our Chamber participated actively in the consultation process which led to the formulation of Europe's Industrial Policy. For this purpose, BUSINESSEUROPE drew up a policy document which converged with our own Industrial Policy - listing a number of fundamental priorities for manufacturing which resulted to be much in line with the key policy drivers we had ourselves proposed for Malta.

Whilst our document proposes a policy direction that is conducive towards a more balanced economy with a more sustainable and prominent role for manufacturing, Europe's Industrial Renaissance plan specifically targets for manufacturing to directly contribute 20% of GDP across Europe by the year 2020. A study commissioned by our counterparts in Germany shows that this 20% direct contribution will indirectly create a further 10% contribution to GDP in terms of the services the manufacturing sector requires.

From where we stand, given Malta's consistent declining trend in the share of manufacturing, it seems we have a mountain to climb in order to gain lost ground and raise the share of manufacturing to GDP to the prescribed twenty per cent.

During the event we asked whether Europe's One-Size-Fits-All regulatory approach is the best answer to overcoming these regional challenges we face in local manufacturing. We also asked if we are getting it right in terms of Industrial Policies – both in Malta and in Europe. Are we reaching our objective to influence the decision takers towards a focused and unwavering



effort to implement the competitive enhancing measures listed in our Industrial Policy document?

Our challenge is to enhance Malta's export competitiveness because our country's sustainable economic prosperity depends on export-led activity. On a micro level, companies in small peripheral states have no other option but to sell products outside their national confines and in doing so, operators are hampered by economies of scale restrictions which are further compounded by additional burdens like transport costs to ship raw materials in and the finished product back out to its intended market. Operators on the mainland are spared from similar disadvantages. Besides, such difficulties which are directly related to production and logistics, economies of scale also come into play to increase the cost-base in an indirect manner via the relative limitation in the availability of skills as well as in the cost of water and energy to take a few examples.

We fear that further erosion of Malta's limited cost advantages together with the recent development that bars us from using State Aid compensatory measures such as investment tax credits could lead to further investment loss, leading in turn to further deterioration in competitiveness. Manufacturing decisions today are made on the basis of reason not emotion. Investment decisions are taken by people sitting in front of dashboards showing comparisons of cost-benchmarks in various regions. No-one owes Malta a living



and decisions will be made in favour of regions that yield the highest returns. Due to our relative declining competitiveness, new product lines are being lost to other more competitive regions. If product lines go elsewhere, investment goes elsewhere and the competitiveness of local factories declines even further.

There are some serious matters that must be put right by the Maltese and European Authorities. A number of important decisions are therefore required and these must be followed up by timely and effective implementation.

However we are far from done for. We are confident that we can overcome the island's inherent geographical challenges. This will bring us back on the same level playing field and we will recover the ground that we have lost. The future can be secured by working together towards our ultimate coherent Economic Vision for Malta that places at its core a well-diversified economic portfolio yet also giving due focus to a vibrant manufacturing industry.



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New member of the Employers' Group



We are pleased to announce that Ricardo Serra Arias has joined the Employers' Group. Mr Serra Arias is the president of the Spanish farmers association *ASAJA-Sevilla and ASAJA-Andalucía*. He is also a vice-president of COPA-COGECA EU and a vice-president of *ASAJA Nacional*, with responsibility for international relations.

He runs a family farm which produces citrus fruit, potatoes and maize. Since 2006, he has also been a member of the European Technology Platform 'Plants for the Future'. He was nominated as an EESC member in the last renewal, in September 2015.



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