



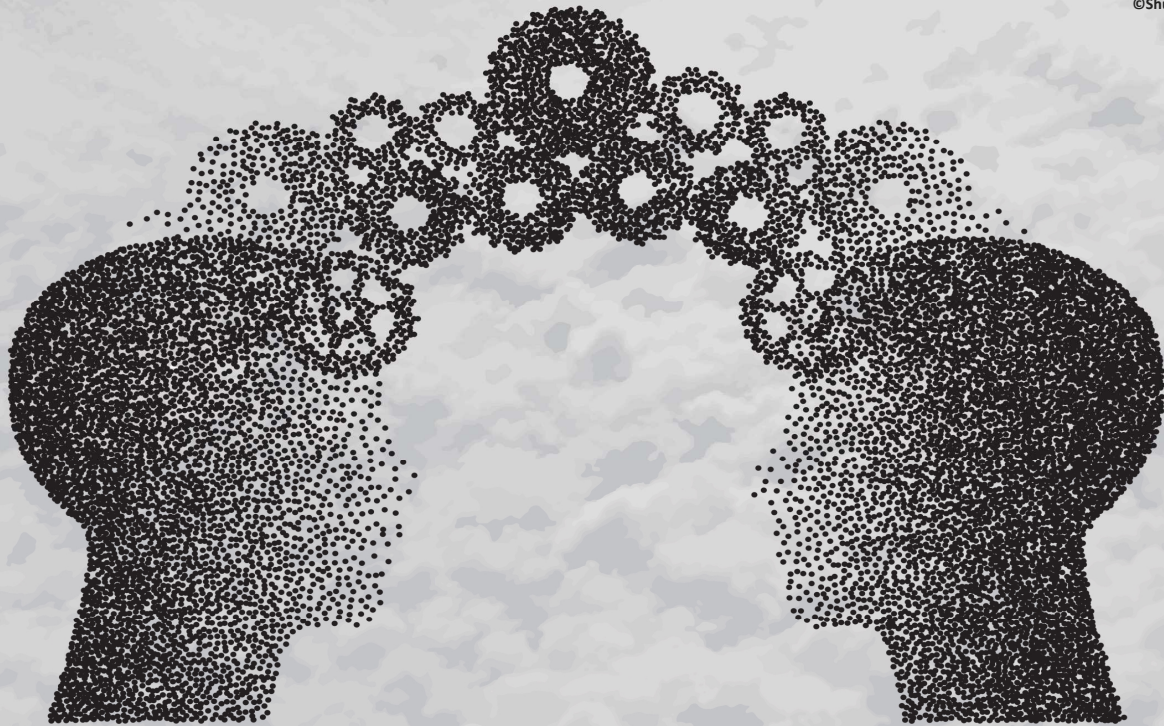
European Economic and Social Committee
Employers' Group

Newsletter

March 2018

Bridging the skills gap for growth and job creation

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The business perspective

Unprecedented technological development, profound changes in the public sphere and the widespread penetration of digitalisation into the economy call for an equally unprecedented improvement in the skills of the workforce.

The pace of deployment of new technologies is causing an equally swift change in the demands on employee skills and competencies, not just in industry and services, but also in education and health, as well as in management.

Jobs are being lost. Some trades and professions are withering or disappearing. Ever more new ones are appearing, requiring new skills and competencies. The social climate is changing, with new social problems arising that are fundamentally changing the social and economic environment.

In this swiftly evolving situation, if the European economy is to meet the challenges of the hour, to retain and accelerate its competitiveness, the answer lies in continuous investment in human capital, so that people's skills keep pace with technological progress.

Our responsibility is to ensure the balanced and coordinated development of skills and competencies of workers in industry and the public sector and to address the social problems coming in the wake of a revolution in the landscape of our society.



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Skills gap - facts and figures:

- In the future, **9 out of 10 jobs** will require digital skills.
- At the same time, **169 million Europeans** between 16 and 74 years – 44% – do not have basic digital skills.
- Today, **40% of companies** have difficulties finding ICT specialists
- There will be **500,000 unfilled vacancies** for ICT professionals by 2020

Source: European Commission

Businesses have difficulty hiring qualified workers

The EESC Employers' Group's thematic meeting on bridging the gaps for growth and job creation, to be held in Sofia on 22-23 March 2018, comes at a very opportune moment – firstly because of the Bulgarian Presidency's willingness to put education and skills on their ambitious presidency agenda, and secondly because of the publication of the European semester package, accompanied by country reports referring among other things to increases in labour market shortages, a growing phenomenon in the EU that will limit future growth.

The situation is alarming. Labour market shortages are at their highest level in 20 years, and a majority of companies are citing such shortages as a factor that limits their production. Education and training systems need to be adapted to match labour market needs, by producing more STEM (science, technology, engineering and mathematics) graduates and more people with digital skills. Vocational training is needed for all groups in society, particularly for young people.

The EU's societies and economies rely heavily on highly educated and skilled people, and the Employers' Group in the EESC therefore welcomes the Education Package published during the Bulgarian Presidency, following on from discussions at ministerial level held during the EU Social Summit in Gothenburg in November 2017. The recommendation on key competences for lifelong learning updates a recommendation from 2006 in response to changing requirements for competences including basic skills, digital competences and competences in STEM, and highlights measures to support competence development in these areas. The Digital Education Action Plan outlines a number of relevant policy objectives, in particular developing Europeans' digital skills and making them more visible, and boosting innovation and digital competences in all education institutions.

In the EESC's opinion, the employers welcome the new Framework for Quality and Effective Apprenticeships (including e-apprenticeships), considering that apprenticeships and other



forms of work-based learning act as a springboard to jobs and active citizenship, and enhance employability and employment prospects. In particular, dual-training apprenticeship systems can play a key role in providing young people with skills and competences that can help them into employment and will contribute to increasing Europe's global competitiveness.

Education and training are the best investments we can make in Europe's future. They play a vital role in boosting growth, innovation and job creation. The meeting in Sofia should address all the challenges associated with skills shortages and take another look at what policy actions are required in order to avoid labour market mismatches increasingly acting as a brake on economic growth, at how to better tailor education and training systems to labour market needs and encourage Member States to step up labour market reform, in particular to address skills mismatches and design effective labour supply measures, and at what role and commitment business and employers should take on in this new deal.



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Employers' priorities for 2018

The single market, trade, digitalisation and the circular economy are among European employers' organisations' key political priorities for 2018. The secretaries-general of Eurocommerce, UEAPME and Copa-Cogeca discussed the political priorities of their organisations for 2018 with the Members of the Employers' Group.

SMEs going digital

Digitalisation will be one of the key priorities for UEAPME in 2018. This involves e-commerce, improving skills adaptation and establishing a proper legal framework. The organisation is collecting best practices from among its members in order to help other entrepreneurs make the transition.

With regard to the circular economy, it is important for us to make sure that SMEs can make a smooth green transition in a way that does not hamper their activities – said Véronique Willems, secretary-general of UEAPME. This also includes the EU Plastic Strategy recently announced by the European Commission.

Value added tax and issues related to VAT regimes, the review of the SME VAT scheme and the flexibility of VAT schemes in general are other areas of focus for UEAPME in 2018.

Agricultural sector focuses on FTAs and CAP

The future of the Common Agricultural Policy (CAP) and the impact of trade deals on agriculture will be a key area of interest for Copa-Cogeca. A number of detailed aspects of changes to the CAP are of crucial importance to the whole sector. An example of this is the concept of greening – how to continue introducing greening in a sustainable manner, how to ensure sufficient return and how to avoid additional red tape. Mr Pesonen also pointed out challenges that the farming sector faces in terms of employment: providing a sufficient number of qualified seasonal workers remains a challenge.



Copa-Cogeca is also concerned about the progress on trade negotiations with Mercosur. According to Mr Pesonen, the current state of play does not provide sufficient benefits for European agriculture and for smaller enterprises in particular.

Tough times for businesses still to come?



The current political climate is challenging for businesses, with growing North-South and East-West divisions in the EU – noted Christian Verschueren, secretary-general of EuroCommerce. In his view, some governments in Europe are currently challenging the foundations of the EU by undermining the rule of law or adopting protectionist practices. He stressed the importance of a properly functioning single market and open trade. Ongoing social reforms – which have not been

undertaken in numerous countries – are important in order to sustain the economic recovery in the EU.

Digital transformation of the economy also remains a key interest for EuroCommerce. In 2018, the organisation is keen to focus, among other things, on tax aspects of the digital economy and on the impact on the labour market.

Brexit – growing concerns among employers

With regard to Brexit, all three organisations expressed their concerns about a negative impact on European businesses. "No matter what the result of the negotiations is, we must make sure that SMEs can continue trading with as little administrative burden as possible," said Véronique Willems.

The growing risk of no agreement by March 2019 is also a concern for European agriculture. First of all, it will certainly have an impact on the financing of the Common Agricultural Policy. Secondly, the United Kingdom remains an important market for EU farmers. "We are terribly concerned by the possible impact of a so-called hard Brexit. Any customs or additional administrative burden imposed on trade exchange with the UK will have an impact on prices," said Pekka Pesonen, secretary-general of Copa-Cogeca.



THE EUROZONE: (still) unfinished construction that survived the earthquake

Political will is needed once again to identify a European common sense of purpose - reminds Joost van Iersel, President of the EESC's Section for Economic and Monetary Union and Economic and Social Cohesion in his farewell interview.

You've spent 16 years at the Committee. Was the EU different then?

Joost van Iersel: At the turn of the century the situation was completely different for a number of reasons. The EU had only 15 members and our expectations for the future were quite stable. We were anticipating a long-term European project, something that would last. We were aware that there might be economic hiccups, even some temporary backsliding but, overall, the mood was very positive. Despite the attacks in 2001 in New York and the Internet crisis in 2000, things seemed to be moving in the right direction. How different it was then! There was no sign at the time of a fundamental economic crisis, nor of disruptive digitalisation, refugees or Brexit....

Then the EU enlargement took place and the club became more difficult to manage...

Jvi: Politically, the enlargement was yet another positive signal. Personally, I would have opted for gradual processes of enlargement both for EMU and for the EU. However, in politics it is easier to go broader than to go deeper. Questions about management always come later. More importantly, with Lehman Brothers hitting the wall in 2007, a breath-taking earthquake in the global economy took place. It changed the whole landscape, and all of a sudden we realised how unprepared Europe and the Eurozone were.

Why wasn't the EU sufficiently prepared for the crisis? Was it due to a lack of political courage and naivety or was there simply not time to finish the architecture?

Jvi: All scenarios were discussed even before EMU was created, but in 2007 the EU had no choice but to enter crisis management mode. Our key priorities were to put out fires and save the Eurozone – and all of this had to be done against a backdrop of uncertainty, suspicion and deep political tensions.



Many blame the crisis for killing enthusiasm for the European project. Would you agree?

Jvi: Absolutely! What happened was that public opinion blamed the financial sector and the EU for all the uncertainty, right from day one. Sometimes it seemed a miracle that the EU and the ECB were able to weather the storm and keep the boat on course. After a few years we thought it was over, but then in

2012 a new financial and economic crisis broke out and Europe again suffered from a serious backlash. Fortunately, at the time the basis for crisis management was stronger. Thanks to new legislation and agreed measures, the situation could be kept sufficiently under control, although it is a long process – just look at Greece, for instance.

Have we learned our lesson? Are Eurozone reforms deep enough?

Jvi: There can be no doubt that the EU has improved considerably. There is much tighter oversight of the budgets and considerably more critical monitoring of what the Member States are doing, as well as more transparency and openness in the Eurozone. But it is not enough. The architecture of the Eurozone is still fragile. Deepening EMU remains a top priority: the Banking Union, the Economic (and Political) Union, a European Capital Market. For the sake of the EU at large, EMU must be better equipped for the next crisis.

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There is also another issue we have to deal with. Since the crisis, disparities between Member States have increased – exactly the opposite of what a fully functional Eurozone needs. There are visible divisions in the EU between East and West, North and South. This has to be addressed. There is a broad economic recovery, but the benefits are unevenly distributed. My view is that for political and economic reasons, the Member States and the Union must work hard to establish convergence with a view to solid, long-term growth and an innovative European economy. However difficult it may be, a Europe of permanent frontrunners and laggards must be avoided.

Is the future of the Eurozone linked to the future of the EU or is a multispeed Europe a done deal?

Jvl: The discussion on a multispeed Europe is largely artificial, because it is already a reality; see for instance Schengen and EMU – multispeed Europe in action. That is fine as long as all Member States agree on the common way ahead. More ambitious integration by some countries in certain areas is acceptable as long as we encourage the others to join. In the case of EMU, remember that the Euro is the currency of the Union! All this is not only a matter of political will; it is also a matter of countries' culture and history. It boils down to background, traditions, social and economic developments and management of the business sector. The more integrated we are, the more difficult it sometimes is to find common ground while respecting these differences.

Political will is therefore needed once again to identify a *European common sense of purpose* in a global context that is unpredictable and sometimes inimical. Look at geopolitics and economic and social challenges! The stakes are high. Global players like the USA, China and Russia are interacting with the EU politically and economically. We have no alternative but to keep together to build up a resilient European position. A badly needed *common sense of purpose* should promote more convergence, more trust and more stability. It will also be the only way to fight nationalist populism. A deeper EMU is paramount for this reason as well, as EMU aims to foster conditions conducive to growth, jobs and prosperity.

How do you see the future of the EESC?

Jvl: This is where I see the European Economic and Social Committee providing real added value. Despite differences between the three groups, there is strong support for the common goal of pushing on with integration. Today the EU needs holistic and innovative projects that go beyond daily governance and business as usual. Political and economic dynamics require both resilience and adaptability based on our own values. The objective should be to secure our common future.

Mr Joost van Iersel is the President of the EESC's Section for Economic and Monetary Union and Economic and Social Cohesion since April 2013. He has been a Member of the EESC since 2002.

From 1992 until 2002 he was chairman of the Chamber of Commerce of The Hague. From 1979 until 1994 he was a Member of Parliament (Christian Democrats), and also served as president of the Dutch European Movement.

Mr van Iersel is a former general secretary of a Dutch employers' association. During his career as Member of the Employers' Group at the EESC he was rapporteur of 45 opinions and member of around 80 study groups.

” Today the EU needs holistic and innovative projects that go beyond daily governance and business as usual. ”



Joost van Iersel
in the Dutch
Parliament (1981)

Steel packaging as a way to reduce food waste

The recent statistics on food waste seem surprising, even shocking. According to the Food and Agriculture Organization of the United Nations, roughly one third of the food produced in the world for human consumption every year never reaches our plates. That represents approximately 1.3 billion tonnes of food (UN FAO, 2018). Each year, this amount would in fact suffice to feed 3 billion people, which is four times more than the number of people suffering from undernourishment on this planet (UN FAO, 2018). In Europe alone, as estimated by EU figures, food waste amounts to 88 million tonnes (European Parliament, 2017).

Why is so much food wasted? There are countless reasons. To find some logic behind this problem we need to look at the entire food supply chain. This concerns not only consumers who throw away food, individual hotels and restaurants that bin the food they do not use and shops and supermarkets that get rid of the foodstuffs they do not manage to sell. We need to go further down the supply chain to the early stages - food on farms that gets thrown away by farmers, or, more likely, by machines, even before it reaches grocery stores.

This leads us to ask why such a situation has evolved. Who is to blame for it? In the search for an answer to this question, we do not have to go far. It may be sufficient to look at our consumer behaviour. What do we take into account when buying food? When doing grocery shopping we look for so-called value for money. Take, for instance, the example of tomatoes. The tomatoes we want to buy should be neither too big nor too small. Asymmetry and imperfections are not desirable either. That is why a huge amount of food is already being thrown away in the fields, where computers determine whether or not the product meets the required visual standards. The product simply has to look good, it has to look tempting. And what about grocery shopping in the winter? Even though tomatoes or green beans, for instance, are not grown on our continent at this time of the year, do we not still seek out "fresh" fruit and vegetables?



I believe there are many solutions to this tremendous problem. However, in the context of the Circular Economy Package, thanks to which the transition to a stronger and more circular economy has become a "hot topic" in Europe, I encourage readers to think about the role which packaging material plays with regards to foodstuffs. Take, for instance, steel. Without a doubt steel packaging provides an effective, responsible and environmentally-friendly solution to food packaging. It is defined as a permanent material, which means that the products made from it can be recycled indefinitely. In fact, with 77.5% recycled in 2015, steel is the most recycled packaging material in Europe (APEAL, 2016). Its unique preservation qualities play an impressive role in preventing food waste at all stages in the supply chain. Providing a unique 100% barrier against light, water and air, as well as being impact resistant and virtually unbreakable, steel packaging protects products from damage or spoilage and thus minimises product loss during transportation and storage considerably.

Not only does steel packaging protect products for up to 5 years (with a long shelf life of 3-5 years), harvesting-transport-canning time is generally less than 3 hours, which in turn minimises product loss at the processing stage (APEAL, 2018). Moreover, canned food and beverages maintain their properties, including taste, as well as their nutritional value. In addition, portion-sized packaging allows consumers to buy the precise quantity needed, minimising product loss at the consumption stage. Last but not least, misshapen or "ugly" food can be canned and processed as normal. This minimises product loss at the retail stage.

Yet the benefits of steel as packaging material are even more far-reaching. Steel cans are undemanding in terms of transportation, storage and handling in general, requiring no energy (no freezing) during transport or storage and no additional packaging during transport or freezing.

Particularly given that the steel industry is often considered to be one of the dirtiest industrial sectors, we can point hesitantly towards the material's impact on the environment, or, more precisely, its "carbon footprint". By way of illustration, let us consider the average amount of CO₂ needed to produce 1kg of virgin general steel (BOS route) - 2.75kg (Mike Berners - Lee, 2011). Is this to be considered a lot? To make an objective comparison, let us go back to tomatoes and green beans. In general, 1kg of tomatoes is responsible for 9.1kg of CO₂ (Mike Berners - Lee, 2011). Does it not, therefore, make sense to stick to tinned tomatoes in winter? I believe so, and the same applies to green beans, especially considering that, being imported from Egypt, their environmental impact is almost 3 times higher than that of 1kg of green beans in a can (APEAL, 2016).

All in all, it is important to remember that packaging materials have an important role to play in preserving food – in terms of not only protecting products but also extending their shelf life. Steel is

not just a perfect example of a circular economy, a closed cycle and sustainability, but also a packaging material that helps to provide a perfect solution to a problem of food waste. Thanks to steel's strength, total barrier properties and shelf life, canned food stays fresh for longer, retaining its flavour and nutrients, while being less likely to spoil or be wasted unnecessarily.



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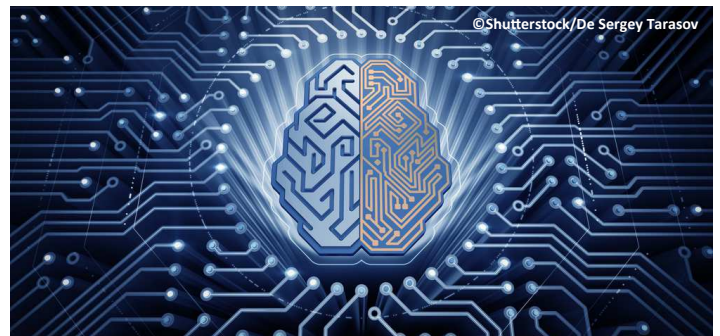
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Artificial intelligence and robotics: inevitable and full of opportunities

Artificial intelligence (AI) is on the rise. Nevertheless, Europe is lagging behind the US and China. The EU should put its full weight behind the acceleration of AI and robotics in Europe. Some people are concerned by this development. What will happen to service and manufacturing jobs as automation accelerates as a result of AI and robotics? Such concerns are understandable but should not be the main approach to the subject.



Automation is hardly a new phenomenon. In some ways, it dates back to the industrial revolution. The development of AI and robotics is in fact a continuation of a long development, in which jobs have moved upwards in the value chain – becoming more productive and better paid jobs. The question should not be if AI will benefit Europe, but rather, what the EU should do to harvest the full potential of AI.

AI and robotics present new possibilities for all people in Europe. This is particularly the case for the manufacturing sector. Not only can technology in production enhance productivity, robots can also remove obstacles and better our working environment. Robots can help improve the working conditions in the manufacturing sector by phasing out dangerous and tedious tasks that traditionally have been done manually.

Will this development lead to mass unemployment? The answer is surely no. The use of AI and robotics will ensure manufacturing and production jobs in Europe. Digitalisation and automation will remove incentives to relocate factories to other regions where production costs are lower. At the same time, high-quality jobs will be created to support digitalized and automated production. Countries like Denmark, Sweden and Germany have the highest numbers of robots operating in their manufacturing sectors. With low unemployment and a significant contribution to GDP growth, the manufacturing sectors in these countries are flourishing. Further to this, Denmark, Sweden and Germany have all seen factories and manufacturing jobs return back home after de-localization in the 00s to countries outside Europe where labour costs were lower. In short, the more advanced industry becomes, for example, by means of digitalisation, the better the manufacturing sector will perform. This development will be supported by the creation of new high-value jobs that pay better than traditional manual jobs in the manufacturing sector.

The proliferation of robotic automation is inevitable. The question should therefore rather be: what can Europe do to take full

advantage of the opportunities presented by AI and robotics? The EU should embrace the era of digitalisation wholeheartedly for the sake of consumers, manufacturers and employees alike. Sharing of data is vital. The European Commission's proposal on the free flow of non-personal data is a welcome step in the right direction. It ensures the right to store and move non-personal data freely in the EU, while also removing unnecessary restrictions and minimising legal uncertainty.

To successfully harvest the potential of AI and robotics, the EU should ensure that any gaps in legislation are filled in and that businesses continue to prepare and implement the General Data Protection Regulation, which will juxtapose data privacy laws across Europe.

Industry is also awaiting the European Commission's upcoming AI initiative. This initiative should include guidance on the future use of AI and call for more EU funding to support the development and deployment of AI and robotic technologies. Taxation on robots, on the other hand, should be avoided. Quantifying taxes based on efficiency compared to a human would create disincentives to invest in technological advancement, and hence hamper the growth potential of the manufacturing sector.

Instead, the EU should commit to the widest possible sharing of data, while promoting AI and robotics and support for the development of these technologies. This will allow innovation to boost and increase Europe's competitiveness against the United States and China, thereby contributing to a prosperous future for Europe.



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EU-Turkey Joint Consultative Committee meeting

EU-Turkey relations, the role of Turkey in the refugee crisis, the modernisation of the EU-Turkey Customs Union, trade and sustainable development, and the Blue Economy in the Western Mediterranean – these were the main topics discussed at the meeting of the EU-Turkey Joint Consultative Committee (JCC). The EESC delegation was in Istanbul and Adana between 19 and 21 February 2018.

During the meeting, Dimitris Dimitriadis, Member of the Employers' Group, presented the EESC opinion on the role of Turkey in the refugee crisis. The document was adopted during the EESC plenary session in February.

"Turkey has played and continues to play a particularly crucial and decisive role in the refugee crisis, which has become one of the EU's main 'unresolved' problems," said Mr Dimitriadis, who is the rapporteur of the opinion. Despite recognising Turkey's efforts in hosting more than three million refugees, the EESC stressed the need for Turkey to grant them the non-discriminatory protection required by international law.

The meeting in Istanbul was divided into three different sessions and consisted of discussions with human rights organisations,



professional organisations and trade unions. The topics discussed included problems with the judiciary system, increasing presidential power in Turkey, the situation of women, and freedom of expression. The participants in the discussion underlined the necessity to keep the door open for Turkey in terms of EU accession.

On 20 and 21 February, the regular EU-Turkey JCC meeting took place in Adana. The debate focused on EU-Turkey relations, the refugee crisis, the customs union, and social and labour rights.



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