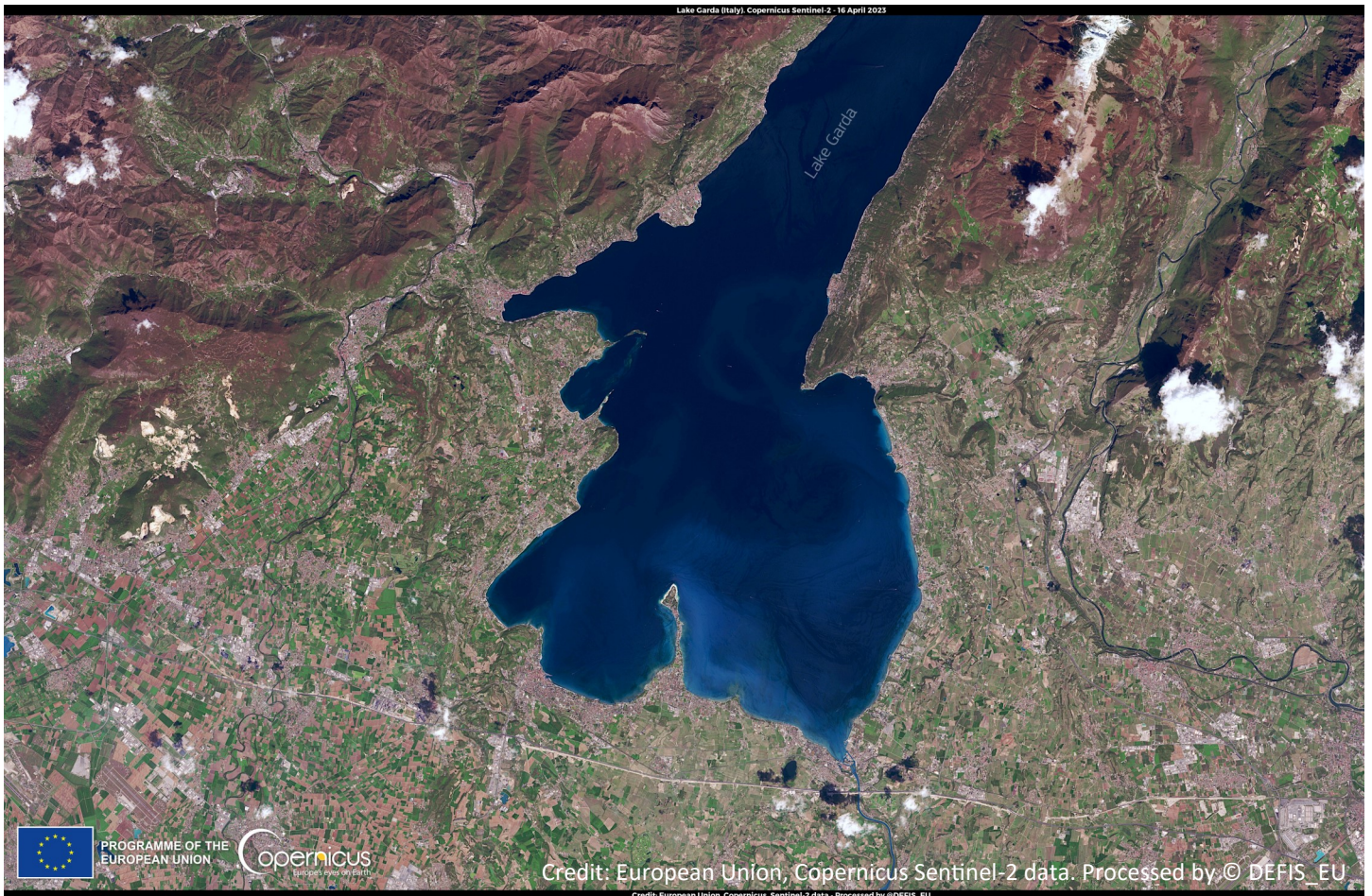


# Newsletter

October 2023

## The chronicle of a water crisis foretold



One just needs to check Copernicus satellite images to understand how regions across Europe are grappling with water scarcity. Scientists agree: summer droughts could become the norm in western Europe. Four of the past five summers

have been extremely dry. An extreme heat weather event that would have happened once every 10 years is now happening three times every 10 years. It's possible that within a decade, things will get worse.



Europeans use billions of cubic metres of water every year not only for drinking water, but also for farming, manufacturing, heating and cooling, tourism and other service sectors. With thousands of freshwater lakes, rivers and underground water sources available, the supply of water in Europe may seem limitless. But population growth, urbanisation, pollution and the effects of climate change, such as persistent droughts, are putting a huge strain on Europe's water supplies and on its quality.

According to the European Environment Agency (EEA), about 20% of Europe and 30% of Europeans are affected by water scarcity during an average year. At the current consumption rate, this situation will only get worse. About 88.2% of Europe's freshwater use (drinking and other uses) comes from rivers and groundwater, while the rest comes from Reservoirs (10.3%) and Lakes (1.5%), which makes these sources extremely vulnerable to threats posed by over-exploitation, pollution and climate change.

The EU estimated last year that drought-related damage would cost about €9bn per year, soaring to an annual €40bn if global warming was to reach 3C. Temperatures have already increased by at least 1.1C since pre-industrial times, according to scientists.

Since the 1970s, the EU has set up stringent legal frameworks and developed initiatives to protect water resources. However, many of the objectives set have not been reached due to insufficient funding, slow implementation and insufficient integration of environmental objectives in sectoral policies.

Out of the 17 Sustainable Development Goals, two relate to water. The EU has made only moderate progress towards SDG 14 "Life below water." As for SDG 6 "Clean water and sanitation", trends regarding water quality in the EU are negative, with concentrations of some surface and groundwater pollutants rising.

This is why, over the last year, the European Economic and Social Committee has started to invest time and resources to ring alarm bells, demanding a different approach, a swift transition towards a water-smart society: a Blue Deal.

The existing tools to address water challenges remain fragmented and water-related objectives are not well integrated across all EU policies. A standalone strategic priority on a par with the EU Green Deal has become a must!

We need to start with the careful evaluation of the underground sewer systems in all Member States and for the mapping of water resources and investments in each EU country, in order to obtain up-to-date information on the state of existing water infrastructure and identify pressing investment needs.



Every economic sector should abide by specific standards on water quality and water usage. All water users in the EU, including agriculture, industry, households and public administrations, should adopt sustainable practices to reduce water consumption, and should be encouraged to equip themselves with devices that help them achieve more sustainable use and consumption of water. It is essential for agriculture and industry to bear the societal cost of their water consumption and emissions, as this will lead to more sustainable practices. This is why it would be advisable to make water accounting mandatory.

Let me be clear: the EU has the opportunity to transform water-related challenges into novel prospects for technology development, societal advancement, new skills and business growth, with the ultimate goal of achieving a water-secure and resilient economy. Structured investment in R&D, water industry stewardship and skills will be essential.

However, all this calls for a Blue Transition Fund, to form a single EU access point for water investments, covering the transition towards sustainable water infrastructure and management, uptake of water-efficient technologies, jobs and skills, and reducing inequalities concerning access to high-quality and affordable water and sanitation. The fund should be adopted in no more than 4 years and incorporate a river basin approach, using EU financial resources already in place as a starting point, but also introducing blue bonds for water investments at EU level.

Last but not least, water should be recognised as a strategic priority in the 2028-2034 programming period and as such the governance should be adapted, by setting up a consultative EU stakeholder platform (like the one on the Circular economy), establishing a European Water Centre including an international dimension and finally a dedicated Commission vice-president position in charge of the water portfolio.

*The article was first published in [Euractiv](#).*



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## Unlocking the Potential of the Single Market with Digitalisation

The year 2023 marks the 30th anniversary of the European Single Market. Although the Single Market has made many inspiring advancements, much remains to be done to improve its functionality for European citizens and businesses. In this context, the European Economic and Social Committee (EESC) explores in its opinion the transformative possibilities of digitalisation for the enjoyment of the Single Market freedoms: goods, services, people and capital.

### Digitalisation drives efficiency in goods and services trade

The upcoming opinion INT/1019 "A way forward for the deepening of the Single Market through digitalisation", which will be discussed at the EESC's October plenary, looks at the role of digitalisation in improving the free movement of goods and services. Digitalisation is reshaping the free movement of goods within the European Single Market, streamlining transport and logistics, reducing administrative complexities and simplifying cross-border trade. This necessitates investments in future-proof transport infrastructure and the adoption of transport-related electronic documentation to ensure the efficiency, productivity and safety of freight transport.

While the European Services Directive has contributed to the free movement of services, obstacles like complex national licensing regimes persist. The EESC recognises the potential of digitalisation to overcome these challenges, particularly in the provision of e-services. However, effective regulation, technology-neutral rules and sufficient consumer protection are essential for the growth of e-commerce and the free movement of services.

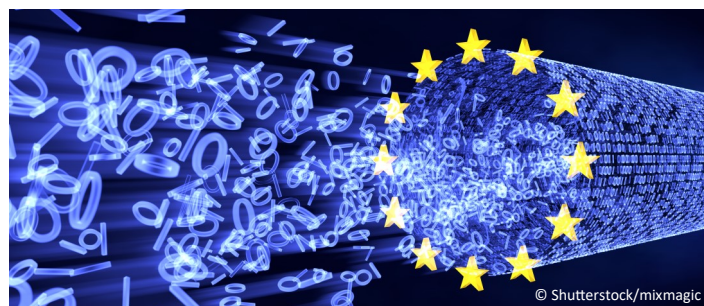
### Encouraging the free movement of people and capital

Digitalisation also plays a powerful role in facilitating the free movement of people, with initiatives like the European Digital Covid Certificate simplifying verification processes. Standardised digital identification systems, including eID-cards and the proposed European Digital Identity Framework, offer secure digital identification for residents, businesses and EU citizens. Digitalisation also simplifies social security and labour mobility, fostering interconnected systems and promoting labour mobility.

Digitalisation is also central to promoting the free movement of capital, particularly in financial services. It simplifies transactions, reduces costs and instils confidence in cross-border trade. Harmonising rules for digital financial services, supporting the development of digital FinTech solutions and investing in data protection and cybersecurity are needed to boost capital mobility within the Single Market.

### Data has a key role in the well-functioning Single Market

Data is the cornerstone of digitalisation in the Single Market, strengthening other market freedoms and fostering resilience,



sovereignty and competitiveness. The European Data Strategy outlines a roadmap for a robust European data market, emphasising data sharing and exchange. Regulatory initiatives like the Data Act and the Data Governance Act further contribute to enhanced data accessibility, provided harmonised data protection rules are in place.

To fully unlock the potential of digitalisation, inclusive access to digital infrastructure, investments in data centres, and cloud computing infrastructure are paramount. These elements are essential to facilitate the seamless movement, processing and storage of data within the Single Market.

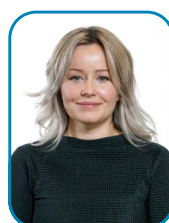
### Building digital foundations and governance

To ensure the success of the digital transformation, essential enablers and prerequisites must be put in place. These include investments in research and innovation, skills development, regulatory support and sustainability. European Digital Innovation Hubs play a pivotal role in involving a broader audience, including micro, small and medium-sized enterprises (MSMEs), in the adoption of digital solutions.

Digitalisation of public governance (e-governance) is essential for a more efficient, accessible and transparent Single Market. This includes promoting harmonisation of digital services, enhancing public procurement processes, fostering the development of the European Public Procurement Data Space (PPDS), and creating a European digital identity framework. Digitalisation of tax systems and data accessibility also plays a vital role.

### A better functioning Single Market on the horizon

The EESC believes that a more robust and integrated Single Market is possible to achieve with the promise of digitalisation. As we mark the 30th anniversary of the Single Market, let's embrace the possibilities that digitalisation offers, envisioning a future where the Single Market and its freedoms become more efficient, user-friendly and transparent for everyone.



About the author:

**Mira-Maria Danisman**

[Rapporteur of EESC opinion INT/1019 "A way forward for the deepening of the Single Market through digitalisation"](#)

EESC Employers' Group member

# Renewing the dynamics of European integration and deepening our Single Market

## A CALL TO ACTION

The EU is the world's biggest exporter of manufactured goods and services, and the biggest import market for over 100 countries. Europe's Single Market – which today consists of almost 450 million consumers and represents 18% of world gross domestic product (GDP) – acts not only as a driver of exports, but more generally as a source of growth and job creation.

But can this position be sustained – not just in the next 5 years, but in the next fifty?

Two decades into the 21st century, Europe is losing its place in the world order. Having been at the vanguard of economic development and innovation in the last two centuries, our continent has dramatically lost ground. Its competitiveness has faded, and the US and China have already overtaken the EU on many indicators, just as decarbonisation and digital transition are paving the way to the next era of prosperity.

Meanwhile, over the past few years, policymakers in Brussels and national capitals have often resorted to introducing new legislation, inadvertently making the business environment more complex and fragmented – and, in turn, less attractive. As a result, European industry is now increasingly looking to invest outside the EU.

In the longer term, the EU could risk failing to deliver the green and digital transitions. Without a truly harmonised Single Market, European companies will be less able to compete with third countries on stable energy prices, have access to competitive financing on liquid capital markets, recruit swiftly skilled labour, etc.

Despite the European Commission's pivotal role as the guardian of the Treaties, and the only body that can enforce EU law uniformly, it has increasingly shied away from addressing Single Market barriers repeatedly flagged by the business community. This is partly because the Commission is not confronting Member States due to political considerations, but also because deepening the Single Market is not an encompassing policy priority anymore in the way it used to be.

And that is a shame. The Single Market is the motor behind the EU's competitiveness. Deeper integration is set to unlock €700+ billion before 2030. And removing barriers is budget neutral – it does not require new funds or subsidies.

It seems clear that deepening the Single Market and addressing fragmentation should be a strategic, cross-institutional priority during the next political cycle. The



European Commission and European Council should seize the momentum of the Independent High-Level Report on the Future of the Single Market - overseen by Enrico Letta and expected in March 2024 - to spearhead a new encompassing programme to deepen the Single Market in all areas and really enable the free circulation of people, goods, services, capital and data across borders between the EU27.

Together with other business associations, ERT aims to contribute to this debate and feed into Enrico Letta's Report by, firstly, gathering detailed evidence and analysis of specific cases of cross-border barriers; secondly, by detailing the causes of the Single Market's fragmentation through a technical study; and, thirdly, by developing policy recommendations on how to address these barriers and deepen the Single Market.

To gather up-to-date evidence of cross-border barriers, ERT has developed a [template](#), pre-approved by DG GROW, for businesses to complete. EESC stakeholders are encouraged to contribute to this exercise and **submit a completed template by November 10** (and latest by end of November). The templates will be assembled into a compendium of 100+ case studies, which will be presented to the Commission, and also feed into the analysis of barriers in the technical study.

For any questions about the template or the campaign more broadly, please do not hesitate to reach out to [philippe.adriaenssens@ert.eu](mailto:philippe.adriaenssens@ert.eu) and [a.wusten@global-counsel.com](mailto:a.wusten@global-counsel.com).



**European Round Table  
for Industry**



# President Mallia's mission to Ireland

## PUTTING COMPETITIVENESS AT THE CENTRE OF EU ACTION

Ireland has a particular position in Europe's political and economic landscape due to its small and open economy. With the great organisational support of Chambers Ireland and South Dublin Chamber, EESC Employers' Group President Stefano Mallia met with a number of political and business stakeholders at the beginning of October. Over two days he discussed the EU's political and economic landscape whilst also referring to Ireland's economic situation.

A main topic of concern was State aid. In many of the meetings it was voiced that Ireland was worried that continued State aid would distort the single market, and thereby undermine the crown jewel of Europe's economic cooperation. President Mallia underlined the importance of a level playing field in the Single Market. Europe's enterprises need to be able to thrive by themselves; State aid can only be a temporary measure for times of crisis. Instead of heavy subsidies, infrastructure (such as housing in Ireland, for example) needs to be strengthened to allow the economy to flourish.

While there was no question that Europe's industries needed to become green, considerable concern was expressed regarding the Green Deal. It was pointed out that Ireland's agricultural sector in particular will be deeply impacted by a raft of new regulations. President Mallia on the other hand, highlighted that the Green Deal was conceived in a different reality, and therefore it would be positive as well as prudent if we evaluate where we are at the moment and what progress has been registered when it came to achieve the set targets.

Wind energy is a big opportunity to green Ireland's energy sector, but the actual implementation is facing difficulties. Permitting is proving difficult and lengthy, and there are still concerns among Ireland's citizens regarding noise and the visual impacts of living close to a wind turbine.

With a historically low unemployment of 4,2% (September 2023), Ireland's labour market situation is very tight. To put it differently, the number of people in employment in Ireland increased by 15% in the 4 years up to the second quarter of



2023. However, while Ireland has been successful in attracting a skilled labour force from the EU and beyond, the lack of affordable housing in Ireland is still a main obstacle for attracting new talent. This in turn will affect Ireland's competitiveness in the short and long term.

On a more positive note, the impacts of Brexit have been limited and felt mostly at the political level. The framework is in place, but it now needs political willingness to make the best of it for businesses on both sides. Meanwhile, Ireland's pro-EU stance stands unaffected. According to the [European Movement Ireland](#), 88% of Irish citizens are convinced that Ireland should stay in the EU.



Big hopes lie in the Draghi report on competitiveness, which was announced by President von der Leyen in her State of the Union address. It was clear for all parties that Europe needed to scale down its regulation to create a Single Market in which companies can focus on doing business. President Mallia summarised that we needed to work together at both EU and national levels to keep competitiveness at the core of policy-making. He also referred to the report being drawn up by Enrico Letta concerning the Single Market and that indeed both exercises needed to be interlinked.

President Mallia concluded the two-day visit with an intensive Q&A session with the Irish business community during which he fielded questions concerning competitiveness, enlargement, Ukraine and the Green Deal.



# EESC Employers' Group delegation at European Forum for New Ideas

This year the EESC Employers' Group also participated in the European Forum for New Ideas (EFNI) in Sopot, Poland, held from 11 to 13 October. Twenty-five Employers' Group members took part in discussions on the question "What will happen tomorrow?"

Discussions at the 2023 EFNI focused on the biggest challenges for business and society. This year, participants also often came back to the subject of the important upcoming elections which will clearly define the Europe of tomorrow. In panels covering over 90 topics, new ideas about the future of Europe were discussed with 1000 representatives from the world of business, science, culture and administration.

The EESC Employers' Group also organised a panel entitled "Shaping Europe: Giving EU companies all the tools to become global players", which aimed to assess whether the European Commission package on competitiveness released in March 2023 and similar packages were sufficient to allow the 27-country bloc to remain a global player and fundamentally improve the EU's business environment, investment potential and companies' productivity, to ultimately deliver growth and prosperity. Speakers included the EESC Employers' Group President, Stefano Mallia, the Director-General of Business Europe, Markus Beyrer, the Vice-President of FAKRO, Pawel Dziekonski and a Senior Analyst at Google, Kamila Sotomska.

President Mallia summarised the event: "Apart from the very active participation of the Employers' Group, it was also a fantastic opportunity to meet many people from all over Europe and discuss current and future challenges, including climate change, migration, competitiveness and skills".



**EESC Employers' Group members took part in nine panels. Find some of their quotes below:**

**Stefano Mallia on the panel "How to rebuild Ukraine" :**

"We need to support Ukraine in its green and digital transition. While this might currently be a herculean task, we have to set the tracks now so Ukraine can undertake the necessary economic reforms and in due course integrate into the Single Market."

**Alena Mastantuono on the panel "The circular economy – saving the world":**

"What can we do to facilitate a circular economy?"

- Consumers: Buy only what you consume
- Companies: Tighter collaboration within and between industries can save significant material and emissions
- Europe: Don't regulate, incentivize"

**Isabel Yglesias on the panel "Is gender equality in the EU a reality or a fiction?":**

"Changing the study-work-retirement culture is key to ensure that care is not a barrier on gender equality at work. A generational change is on its way - it will certainly help consolidate the changes in recent years."

**Peter Clever on the panel "US and EU – competition or cooperation" :**

"EU and US are cooperative competitors in economic terms and close and indispensable allies by safeguarding/restoring the multilateral world order based on rule of law."

**Heiko Willems on the panel "Digital Decade: state of play and challenges for a digital Europe" :**

"Europe has adopted a lot of legislation for the digital world. Now it's time to see, if and how these laws work. We don't need more regulation, but implementation, clarification and - probably- adaptation, if the rules aren't fit for purpose."



**Stefano Mallia at Employers' Group panel on "Shaping Europe: Giving EU companies all the tools to become global players" :**

"The EU is attracting less FDI than the US due to a lack of R&D investment, a fragmented R&I landscape, dependency on imports, higher regulatory burden, brain drain and educational gaps as well as limited venture capital."

**Paul Rübiger at EFNI panel on "EU24 panel. What kind of Europe after the Euro-elections?" :**

"There are no ifs, buts or maybes in this: no water means no life. With the demand for water growing faster than the world population, there is a clear need for an EU Blue Deal."

**Arnold Puech d'Alissac at EFNI panel on "Food security: challenges and solutions" :**

- "The green deal has to consider food security
- CBAM is a threat to EU competitiveness and puts industry, farming and consumers under pressure."

**Wauthier Robyns de Schneidauer at EFNI panel on "Demography is changing Europe"**

"In the EU, the younger generations will not be numerous enough to support the older people. Generational transition requires a policy that extends beyond a focus on the older people only, for example by providing daycare for children."

## Welcome to our new EESC Employers' Group member!



©Arvidsson

### TOMAS ARVIDSSON

<b>Nationality:</b>	Swedish
<b>Organisation:</b>	Confederation of Swedish Enterprise and Swedish International Freight Association
<b>Fields of expertise:</b>	Transport, logistics, energy, forestry, agriculture, SME-issues, international trade
<b>Short message:</b>	With a background as an SME entrepreneur and for many years active in CEE before the entry of several countries into the EU, I have given an extra good eye to these issues as well as the enlargement of the Union. I look forward with joy and curiosity to future work together in the EESC.



©Central Chamber of Commerce

### TEPPO SÄKKINEN

<b>Nationality:</b>	Finnish
<b>Organisation:</b>	Finland Chamber of Commerce
<b>Fields of expertise:</b>	Climate, energy and industrial policy
<b>Short message:</b>	I'm glad to join the Committee and the Group at such an important moment for Europe and for our companies. Now is the time to accelerate the green transition while safeguarding our competitiveness internally and in the world. Looking forward to meeting up and learning from the other members from all around Europe.



©Wood

### PÄIVI ELINA WOOD

<b>Nationality:</b>	Finnish
<b>Organisation:</b>	Confederation of Finnish Industries
<b>Fields of expertise:</b>	I have been working with Single Market issues for a long time, especially in the transport sector, financial instruments and industrial policies; I also have experience in UN-level negotiations. Previously, I worked at the European Commission and the Finnish permanent representation to the EU, as well as for the government of Finland as a civil servant.
<b>Short message:</b>	Firm believer in European co-operation

## Eurochambres President Vladimír Dlouhý joins Employers' Group meeting

Eurochambres President Vladimír Dlouhý joined the Employers' Group meeting in September to discuss the challenges for Europe's economy and the priorities of Eurochambres. He outlined the necessary action on various essential challenges that businesses have had to face in 2023 and discussed with the members of the EESC Employers' Group.

Political tensions and instability are a consequence of the COVID-19 pandemic and also Russia's invasion of Ukraine. However, the EU trade agenda must foster open and rule-based foreign trade also in these conditions. All participants agreed that the Commission must continue to enhance cooperation and bilateral agreements with like-minded partners, while dependencies on politically risky countries, for example in relation to raw materials, have to be avoided.

President Dlouhý also underlined that there is without question an imminent need to fight climate change. However, Europe has to strike a balance between environmental responsibility and protecting EU businesses from excess legislation. To give an example, a recent survey by Eurochambres highlighted that the EU's sustainable finance framework has placed significant bureaucratic burdens on European SMEs without providing noteworthy financing advantages. To support SMEs in their sustainability efforts, the sustainable finance framework must address this gap between SMEs' motivation and means.

Regarding the SME Relief Package, President Dlouhý underlined that the Package might have come too late, given that the next EU elections are going to take place in a few months. While the intention of the package is welcome and will bring positive development for SMEs, more must be done to make doing business easier for them, especially after several challenging years.



For the Employers' Group, as well as for Eurochambres, Europe's diminishing competitiveness is a main concern. For example, only two EU firms can be found among the world's 20 largest technology companies.

President Stefano Mallia summarised: "We have witnessed a gradual shift towards competitiveness over the past months, culminating in President von der Leyen's State of the Union speech, which marked a change in rhetoric towards a renewed focus on economic challenges. However, mere rhetoric will not be sufficient. We need tangible actions to make Europe again a place to invest, innovate and grow."

President Dlouhý was confirmed as the new president of Eurochambres in March 2023. This followed the resignation of his predecessor, Luc Frieden, who had been named lead candidate of his political party in Luxembourg.

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