Striking the right balance between privacy and the free flow of data, fostering cooperation between business, academia, the EU and Member States, increasing financing for innovation and "demystifying" artificial intelligence (AI) – these are some of the measures needed to support digitalisation in the European Union. The panel took place on 30 August in Turku, Finland. The discussion was organised by the Employers’ Group and Confederation of Finnish Industries within the framework of the Europe Turku Forum.

Digitalisation and automation have become major global trends, analysed and discussed by all major world economies, said Jacek Krawczyk, President of the Employers’ Group, in his introductory speech. The EU countries have to tackle these issues together to create synergies. He underlined that it is important for economies and societies as it has an impact on both.

Taneli Lahti, Head of EK’s Brussels Office, reminded those present that the European Union has two unique components that give the community a competitive advantage. These components are both European values, firstly, freedom of thought, and secondly,
freedom of information and the rule of law, which are very important for the economy. The first guarantees flourishing innovation through the courage to think differently. The second guarantees the equal application of new ideas on the Single Market. He reminded us that these values had to be taken care of in order to provide a bright future for the European project.

Digital transformation – the Finnish way forward

Digitalisation is one of the major trends changing society and business, Jari Partanen, State Secretary to Finland’s Minister for Economic Affairs, reminded us in his keynote speech. In his view, rapid technological advances, together with climate change, are pushing the EU towards sustainable growth and strengthening its competitiveness. Digitalisation provides us with tools for new, more competitive solutions. That is why digitalisation is so crucial for the EU’s competitiveness.

The Finnish Presidency to the Council of the EU puts much emphasis on digitalisation and is pushing for a holistic approach to discussing competitiveness. Digital economy, supported by a coherent digital policy is one of conditions that will allow the EU to be a global leader in digitalisation.

While climate neutrality challenges all industries and value chains, it also creates opportunities for the digital economy. It increases the market potential for circular and climate-friendly solutions based on digital technologies and a better use of data.

The digital economy must be sustainable, reliable, competitive and socially inclusive. In order to fully unlock its potential, we need to mainstream the digital transformation in companies from all sectors and of all sizes (SMEs in particular). This requires, among other things, a proper regulatory framework for data flow, for artificial intelligence (AI) and for innovation in general.

Finland was the first EU country to formulate a national AI strategy in 2017, becoming a role model. According to Mr Partanen, AI and other emerging technologies are key tools for improving competitiveness. We must make sure that all European companies have the understanding, the courage and the skills to develop and apply AI not only in their existing operations and in value chains but also to create new business models.

The business case for digitalisation – a case study in the maritime industry

During the conference, an initiative by One Sea was presented as a prime example of a business-driven collaborative initiative for transforming existing solutions through digital innovation. The goal of the project was to create a fully functional and autonomous maritime transport ecosystem. The project was developed through a public-private partnership and involves leading companies from the sector.

Proposed innovation includes remote and autonomous operation of the vessels. Autonomous ships travel with a crew but digitalisation enhances situational awareness and increases safety.

Sauli Eloranta, Chairman of One Sea, underlined in his presentation the importance of a proper legal framework for such innovation. Without proper legislation, testing such solutions would be impossible. That is why, following the Finnish model, the project was presented to an International Maritime Organisation that is supposed to create a regulatory framework for autonomous ships.

Smart and Intelligent Europe - How to get there?

Artificial Intelligence is no longer science fiction but everyday life and it will accelerate even more in forthcoming years, stated Professor Kari Liuhto from the University of Turku, when opening the panel discussion on “Smart and Intelligent Europe – How to get there?”. The participants attempted to address issues of financing, mentality, ethics and skills in relation to developing AI and introducing digitalisation solutions.

Minna Arve, Mayor of Turku, explained what the city does to boost innovation. It is an excellent example of close cooperation between academia, the municipality and businesses. Moreover, the presence of companies from various sectors of the economy facilitates synergies and the exchange of information. Turku attempts to create friendly conditions for innovation by serving as a platform for tests, experiments and simulations of innovative solutions.

Ms Arve also underlined that a change in mindset is needed, moving from being organisation-oriented to human-centric. Smart cities must develop services for their citizens, first ensuring that they have a good understanding of people’s needs. This could be done through the proper use of data.
“When talking about digitalisation it is too easy to say let’s not regulate at all, we should regulate, but in the proper way”, said Miapetra Kumpula-Natri, Member of the European Parliament. In her view, we need regulation that creates competition and creates conditions for companies to bloom. She indicated that conditions for such growth include proper infrastructure (including 5G, which is necessary to develop a data-driven economy) and a skilled workforce. This certainly requires proper investments both at European and at national level. Finland is willing to spend up to 4 % of GDP on R&D.

While regulation must allow space for trying and testing, it must preserve the EU values and create a framework for privacy. According to Ms Kumpula-Natri, legislation on digitalisation should be kept at European level to avoid fragmentation.

Sauli Eloranta, Chairman of One Sea, focused on the importance of a mentality change in relation to digitalisation. To identify the opportunities that digitalisation brings to a specific business, a company “insider” and ICT outsider need to cooperate but the process has to be initiated internally. He also underlined the need for a fact-based debate on the impact of automation on employment and the European Commission has an important role to play here.

Mr Eloranta also elaborated on the importance of promoting European developers in a platform economy. While solutions in a platform economy are often interconnected, choosing the largest or most obvious service provider from outside of the EU might lead to the domination of such players.

International cooperation on digitalisation gives concrete results and cooperation between the EU and Japan is an example of this, said Eve Päärendson, Member of the Employers’ Group from the Estonian Employers’ Confederation. The recent agreement with Japan contains regulations on data exchange and there is long history of cooperation between European and Japanese companies in developing robotics and the internet of things.

The standards for digitalisation and AI should be developed as much as possible at global level. Fora such as the G20, the G7 or the WTO (in the case of e-commerce) have their role to play in developing a common understanding on and principles for AI and digitalisation.

Ulrich Samm, professor for Plasma Physics at Heinrich-Heine University Düsseldorf and a member of the Employers’ Group, underlined the different paths for tackling digitalisation taken by Europe, in comparison to the US or China. The emphasis on privacy and ethics in digitalisation in Europe could lead to a competitive edge because products developed with respect for such values are more trustworthy. In his view, in the future, trustworthiness will be equally as important for companies as being green and sustainable.

He also welcomed the fact that funding for innovation is growing at European level and that instruments such as Horizon Europe are an opportunity not to be missed. Still, EU funding for R&D is relatively small in comparison to national budgets. That is why countries need to spend more on R&D but not just on any R&D. While Europe is good on basic research and long-term projects, there is room for improvement when transforming the results of the research into a product or a service on the market.

"Europe needs to believe in innovation and competition. Europe has to be consistent in this approach and rely on innovation and competition," said Tellervo Kylä-Harakka-Ruonala in her closing remarks. It is crucial that the EU provides an overall business environment that is encouraging, enabling and that encourages enterprises to innovate, invest and trade.
The new term of the European Parliament was an opportunity to further enhance cooperation between MEPs and employers’ representatives, said Jacek Krawczyk, president of the Employers’ Group and vice-president of the Lewiatan Confederation. Cooperation should focus on areas where there was extensive convergence of interests, such as the single market and digitalisation, but also climate change and the demographic crisis.

Henryka Bochniarz, chair of the Lewiatan Confederation’s board, underlined that business was willing to cooperate with MEPs representing all political families, as such unity increased the chances of favourable legislation. Future conditions for doing business were shaped mainly by decisions taken at European level, a fact of which Polish companies were fully aware.

According to a recent survey conducted by the Lewiatan Confederation, almost 90% of Polish businesses support further deepening of European integration. They also expect efficient EU action in areas such as AI, digitalisation, fighting climate change and R&D.
The Congress opened with a speech by Angel Gurría, the Secretary-General of the OECD. He concluded that through OECD agreements, base erosion and profit shifting has been to a very large extent eradicated. The very far-reaching agreements regarding exchange of information means that there is nowhere to hide anymore. The area remaining for the OECD and the Inclusive Framework, which encompasses more than 130 countries, is to update international tax rules so that the digitalisation of the economy is properly reflected. An agreement is expected in the course of 2020.

The Congress dealt with many tax issues, such as how countries have implemented limitations of interest deductibility, Sharia law and taxation, Taxation of Space, Investment funds etc. Many sessions dealt with tax reforms and the ongoing work on taxation of the digitalised economy.

Lafayette G. “Chip” Harter, Deputy Assistant Secretary for international tax affairs at the U.S. Department of the Treasury said that the focus of tax work was no longer on tax avoidance and aggressive tax planning but on which country should get the tax revenues. There was broad agreement that the countries in which consumption of goods and services take place should receive somewhat more of the total tax revenues, at the expense of traditional producer countries. He strongly warned countries against taking unilateral action (like France and the Czech Republic).

“The U.S. intends to respond to attempts by other countries to impose taxes specifically targeted predominately at U.S.-based enterprises,” He said that up to 24 governments could be in the firing line of punishing U.S. trade policies if they go ahead with their individual digital tax plans.

Prof. Wolfgang Schön, Director of the Max Planck Institute, Munich, warned “old” European countries that they could lose much in corporate tax revenues with the new international tax rules. Mick Keen, Deputy Director of the Fiscal Affairs Department of the IMF said that the Fund’s analysis, even though not complete, showed that many companies were not highly profitable and that a distribution of negative residual profits among countries could result in substantial revenue losses for many countries.

I participated in a panel together with Jeffrey Owens, former Head of Tax at the OECD, Mike Williams, Director, International Tax HM Treasury, UK, Mick Keen, IMF, Mukesh Butani, Partner BMR Legal, India, Claus Staringer and Pasquale Pistone, both professors at the Institute for Austrian and International Tax Law, Wirtschaftsuniversität, Vienna. The focus was on future tax reforms, the CCCTB and the potential abolition of the corporate income tax. There was broad agreement on the panel that facts and analysis must be allowed to play a larger role again in tax reforms. Media and populism should not be the main drivers in tax policy.

“After decades of glacial intellectual movement, we’re now rushing ahead without really thinking through, to my understanding, many of the basic implications of these schemes,” said Mr Keen, who is the lead author of a recent IMF paper on proposed international corporate tax reforms.

The Employers’ Group of the EESC has also felt a strong need to refocus the tax debate and to gather facts and figures. In consequence, the Group therefore issued a report on 5 July 2019 on “The Role of Taxes on Investment to Increase Jobs in the EU – An Assessment of Recent Policy Developments in the Field of Corporate Taxes”.

I agreed with Mr Keen that much more analysis should have been carried out before new rules were so hastily decided upon.

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The anniversary of the Association for Overseas Training Scholarship

During July and August 2019 in my capacity as the representative of the Board of Directors of the World Network Fund in Tokyo, I had the opportunity to participate in the Association for Overseas Training Scholarship’s (AOTS) 60th Anniversary Events and the 10th World Convention of the AOTS Alumni Societies.

During the past 60 years since its establishment, the AOTS has been developing human resources for industries in Europe, Asia, Africa and Latin America, offering assistance to developing countries, with the support of the Japanese government and privately owned Japanese companies. Their efforts have also been supported by the World Network Fund in Tokyo and the members of its Board of Directors have been invited for a meeting at the Ministry of Economy and Industry of Japan and had the opportunity to discuss with minister Seco two concepts, which have been set out to be organised and implemented during the events. Minister Seco has also been briefed about the implementation of EU-Japan EPA in Bulgaria.

Concept 1: Live in Harmony Together, Grow Together
As international society has remained plagued with problems on a worldwide scale, such as poverty, disputes, terrorism and environmental challenges, it has become more important to secure global-level cooperation and collaboration across national borders. Meanwhile, on the economic front, we are witnessing the emergence of new economies, as well as the intensifying conflicts between free trade and protectionism. The world economy has become more diverse and complicated than ever.

With the advent of emerging economies, the scope of foreign aid to developing countries has gone beyond the existing context. Aid now provides support for the construction of strategic partnerships between developing and developed countries, and is expected to lead to future expansion of economic collaboration among developing countries.

Under these circumstances, it is understood that the world community appreciates the significance of creating a society based on the principle of “Live in Harmony Together, Grow Together,” while promoting mutual economic, technological and personnel exchanges, and establishing sustainable relationships based on true mutual understanding and equal partnership. Particularly in the fields of economy and industry, increasing attention has been paid to the growth of global business across borders, and acquisition of human resources and partners responsible for growth. In collaboration with the AOTS Alumni Societies (hereinafter: AASs), which has been spreading throughout the world, the AOTS has been playing a role in connecting people and uniting companies through promoting human resource development.

We have adopted “Live in Harmony Together, Grow Together” as the basic concept to organise both the AOTS’s 60th Anniversary Events and the 10th World Convention of the AOTS Alumni Societies. It is our hope that both occasions could serve as a platform to reflect on the social significance and past achievements of the AOTS and the AASs network, and discuss the course of our collaboration in the next 10 or 20 years or even further. In particular at the World Convention, we have shared common problems that the AOTS and the AASs are facing and discussed solutions to them in order to maintain and enhance the sustainability of the AOTS and the AASs network, thereby ensuring a continued contribution towards international society.

Concept 2: Passion across the Generations
Through their training and daily life in Japan, the former programme participants from Europe, Asia, Africa and Latin America developed strong ties with the Japanese people and among themselves. The returnees formed the AASs in their home countries and regions.

They have kept their spirit and efforts to make a great contribution to the development of their own countries, the strengthening of the relationship between their countries and Japan, and the promotion of communication among the members. This high spirit has been passed down from the time when the AOTS and the AASs were established. We have reached a point where we need to accept a great responsibility for passing it to the next generations for future development.

Over the past 10 years, there have been drastic changes to the business environment around us, as well as our business structures, and in the midst of this, the AOTS has taken on the challenge of continuing the line of subsidised initiatives and expanding self-financed initiatives. We have anticipated that we should discuss cooperative measures towards a better future with AAS members, with the key word “next generations” in mind, and ensure that they are subsequently carried out. These activities make AOTS Alumni Societies in Europe, Asia, Africa and Latin America natural partners of the EESC and of Domestic Advisory Groups in their mutual efforts for the implementation and follow-up of FTAs.

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The EESC delegation, led by Stefano Mallia, chair of the Brexit Ad Hoc Group, met representatives of Scottish stakeholders on 17 and 18 September. The goal of the trip to Scotland was to prepare the groundwork required to ensure that the relationship between the UK and the EU can and will continue even in the post-Brexit era.

The meetings included discussions with the Edinburgh Chamber of Commerce, the Citizens’ Assembly, the Scottish Council for Voluntary Organisations (SCVO), and the Scottish Trade Union Congress (STUC). The delegation also met with Members of the Scottish Parliament and the Cabinet Minister for Public Finance and Digital Economy.

"The EESC, as the representative of organised civil society, is determined to preserve the special relationship between the United Kingdom and the European Union", said Stefano Mallia. He underlined that the EESC had a fundamental role to play in implementing the provision in the Political Declaration of November 2018 that refers to the need to keep the civil dialogue alive.

After Northern Ireland and Scotland, similar missions are to be held in the near future in Wales and in England.

The 30th Anniversary of Employers Poland – international conference and jubilee celebration

The international conference and gala, where the 30th anniversary Vector awards will be handed out, will take place on 2 October in Warsaw to mark three decades of activity of Employers of Poland. This year's celebrations of the oldest and largest employers' organisation in the country was held under the honorary patronage of the President of Poland, Andrzej Duda.

The thirtieth anniversary of the organisation’s work coincides with the thirtieth anniversary of Poland’s economic transformation, which Employers of Poland has taken part in since the very beginning. This fact inspired the choice of the theme for the anniversary conference "Employers of Central and Eastern Europe: Thirty years of experiences and the future." The conference will take place at the Royal Castle in Warsaw. Representatives of business and employers’ organisations from Poland and abroad, amongst others, will take part in the discussions on economic transformation and its future in our part of Europe.

The following eight discussion panels are planned as part of the event: "Development of market economy, development of entrepreneurship, the establishment of independent employers' organisations", "It started in Central and Eastern Europe – the road to success", "Entrepreneurs as economic ambassadors – regional and European expansion", "30 years on the Polish and European market – experiences and perspectives", "Successful women. Experiences and challenges in the coming years", "Innovation and new technologies at work and in business", "SMART CITY – synergies between entrepreneurs and residents" and "Climate neutrality – the business goal of the 21st century".

The anniversary event will culminate in the Employers of Poland 30th Anniversary Gala, which will take place at the restaurant Endorfin in Warsaw (Zamoyski Palace). During the gala, the 30th anniversary Vector awards will be given to people whose economic achievement or contribution to the development of Polish entrepreneurship over the past three decades has been exceptional.

This year our organisation's anniversary is a celebration of the Polish free market economy and entrepreneurship and a celebration of everyone who has been essential to the development of Poland.

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How to strengthen democracy, the rule of law and fundamental rights – tools discussed in a Finnish EU-Presidency conference

The conference gathered some 350 participants to Finlandia Hall, Helsinki. Answers were sought to questions such as what impact various forms of disinformation have on democratic processes; what kinds of rule of law tools the EU has at its disposal; and how to build inclusive societies where the voice of everyone is heard.

Finland will keep these themes firmly on the agenda throughout its Presidency, because strengthening common values and the rule of law is one of the Presidency priorities. Minister for European Affairs Tuppurainen and Minister of Justice Henriksson will present the results of the conference to their colleagues at the General Affairs Council and the Justice and Home Affairs Council respectively.

“The common value base shared by all Member States is the strength of the Union. It is something that unites us – not something that divides us,” Minister for European Affairs Tytti Tuppurainen pointed out in her speech.

As has been stressed also by the EESC democracy, the rule of law and fundamental rights are interlinked, interdependent and mutually reinforcing. One cannot exist without the others. They should be promoted in a horizontal, integrated and comprehensive manner. Different tools should be further developed in order to prevent possible deficits and tackle current and emerging challenges. A proactive and interdisciplinary approach is needed, based on objective and verifiable data. As was pointed out by the President of the International Bar Association, Mr. Mark Ellis, “Civic education is key in countering populism.”

The Presidency conclusions of the conference stressed that democracy, the rule of law and fundamental rights are essential building blocks of our societies and the very foundation of the European project. Anchored in our constitutional traditions, the EU Treaties and the EU Charter of Fundamental Rights, as well as in the international obligations common to us, they should be the things that unite us. In a constantly changing political and societal landscape, these values and principles should not be taken for granted.

The respect for these values and principles reinforces the credibility and unity of the Union and the trust between the Member States’ authorities, and influences directly the operating environment of companies and the daily lives of citizens. Furthermore, these three values and principles are a precondition for sound public finances.

Rule of law is the cornerstone of all democratic societies. A proper system of checks and balances maintains the separation of powers, ensures accountability and enhances resilience. In order to maintain trust in public institutions, the principles of legality, legal certainty, prohibition of arbitrariness of the executive powers, judicial independence, impartiality, and equality before the law need to be respected. The role of national and European courts is crucial for ensuring effective judicial protection. From this point of view the rule of law is the bedrock of well-functioning Single Market.

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