

Making the European Union Capable of Action

Employers' Group Manifesto on the Conference on the Future of Europe (CoFoE)

#TheFutureIsYours



European Economic
and Social Committee
Employers' Group

Making the European Union Capable of Action

The COVID-19 pandemic has shaken our societies and democracies. As we implement our exit strategies, we realise the magnitude of the economic, social and societal challenges we face, which are equal to the expectations citizens have of Europe. It is therefore the perfect moment for all Europeans to have their say in shaping the future of Europe.

The Conference on the Future of Europe is a one-time opportunity to open the debate beyond Brussels and the national capitals. The EU has been in crisis mode for more than 15 years: the failure of the Constitutional Treaty, the financial crisis, the Euro and sovereign debt crisis, the Ukraine crisis, the refugee crisis, Brexit and now the COVID-19 pandemic. The fact that the EU has somehow mastered all these crises shows on the one hand the degree of its resilience. But on closer inspection, it has often been more of a muddling through, rather than sovereign crisis management.

As it's clear to anyone that crises will continue to arise with the same regularity, and the next to come will be even more daunting for mankind, the EU must find a new way to deal with future unsettling challenges.

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Climate change is a threat on a new scale – the droughts and floods of summer 2021 alone reached a new dimension – and it requires immediate and enormous efforts from our societies and economies. Green transformation is an opportunity for businesses but it also represents a huge challenge for them. The current skyrocketing of energy prices is worrying and might point to a future in which we face the risk of unstable energy resources.

Geopolitical situations remain highly volatile and dangerous: the unexpected escalation of the situation in Afghanistan is very critical and will require all efforts to avoid a humanitarian disaster. The oppressive political regime in Belarus – in geographical neighbourhood of the EU – remains



unacceptable. On top of this, there are serious attempts to destabilise our Western democracies from the outside, especially from Russia (the latest example was during the German election campaign), which has increased the virulence of its cyber-attacks over the years.

If we accept the fact that the EU will remain in a permanent crisis ("permacrisis"), this must lead to the assumption that we will need more effective steering instruments that are flexible, agile, and simply faster not only to allow the European Union to survive, but also to act powerfully and effectively as a global superpower.

The economic and social polarisation which came with the financial and euro crises, coupled to the EU's inner conflicts following the refugee crisis of 2015/16 continue to have long-term destructive effects. As a consequence, in many EU member states, trust towards national governments is eroding. This poisonous combination creates a fertile ground for the rise of extremist political forces that not only want to destroy the EU, but are also sawing away at the cornerstones of our representative democracies. The Conference on the Future of Europe has been called upon to send a clear signal to reverse these trends.

For democracy, for the rule of law, for a social market economy and for European unity.

The EESC is well placed to play a very constructive role at this conference. Representing the bone structure of our day-to-day life in all European countries with its deep-rooted links with all walks of life (employers, trade unions, civil society at large), the EESC has the unique role of bridging the gap between policymakers and civil society.

The Employers' Group is the representative body within the EESC for more than 20 million European companies – big and small – that provide citizens with jobs, that deliver goods and services for consumers and form the backbone of our European economies and societal welfare.

With this paper we want to provide some impulse for the on-going discussions at the CoFoE, but certainly not anticipate the important discussions which have yet to take place. We, employers, feel hugely responsible and committed to this European Union, a historically unique peace and freedom project which has been able to develop prosperity and security in the EU and beyond. Yet, like every ambitious project, so too the EU needs continuous improvement and new ideas.

The objectives remain unchanged

The objectives of the European Union (Art. 3 TEU) have lasting validity: to promote peace, freedoms, its values and the well-being of its peoples, to work towards a fully functioning internal market and a competitive social market economy, full employment, and social justice, and strengthening economic, social and territorial cohesion.

However, unanimity must not be a dogma in common foreign and security policy

A major obstacle to the institutional capacity to act is the continued use of unanimity in key policy areas. The EU should speak with a strong, united voice. In foreign and security policy, the passerelle clause should be used by default to take qualified majority decisions. It is obvious: each single Member State – even the large ones – is too small on its own to be able to solve world policy issues on an equal footing with other global actors. This means that only if the Member States are prepared to relinquish

sovereignty in this area will it be possible to gain a real strategic weight in foreign policy and act on par with the USA and China. In common trade policy, the exclusive competence of the Union (Art. 3 TFEU) has been clarified, but here the EU Commission must also actively and fully exercise this comprehensive competence, which the Treaty assigns to it. The problems the EU is facing with ratification of FTAs that have already been negotiated in line with the mandate of the Commission undermines the EU's credibility as a trading partner.

Take subsidiarity and proportionality seriously

In addition to "surrendering" national sovereignty in certain policy areas, there must also be a culture of "restraint" on the part of the Commission in exercising its right to propose legislation. The – much-strained – principles of subsidiarity and proportionality (Art. 5 para. 3 and 4 TEU) could prove to be a perfect instrument if they were finally taken seriously. The question of locating responsibilities is not an end in itself, but must be recognisably beneficial to citizens, i.e. plausible. Otherwise, there is a risk of loss of acceptance.

Not everything can be a matter for the heads of state and governments

The complexity of world affairs is leading to more and more decisions being dealt with purely by the heads of state and governments. This permanently overstretches the role of the European Council. The European Policy Centre (EPC)¹ proposes working more in accordance with the "Barnier method". Crisis teams and task forces (e.g. for Brexit) should be increasingly set up. This would then be an intermediate form between the traditional community method and looser forms of coordination between the member states. (The Brexit Task Force chaired by Michel Barnier, who acted as a semi-political negotiator, succeeded in maintaining unity between member states while ensuring the full participation of the EU institutions). Such innovative structures and processes could also be used as crisis teams to deal with extraordinary future challenges. At the same time, national politicians and civil servants should understand that EU Policy is not Foreign Policy, but Domestic Policy and thus devote much more regular time to Brussels, so that EU dossiers are dealt with in

¹ <https://epc.eu/en/Publications/Europe-in-the-age-of-permacrisis-3c8a0c>

the same routine as national files.

Migration: Solutions must be found

Migration is proving to be one of the biggest and most dangerous wedges dividing the EU.

European refugee policy is full of contradictions, visible to all European citizens. We invoke our European values and at the same time are unable to provide humane conditions in hot spot regions with large scale refugee camps, or to save people from drowning in the Mediterranean Sea. In all EU Member States, there are political forces that very successfully profit from these contradictions and politically exploit the fear of irregular migration.

The asylum system must be reformed. We currently have a state of lawlessness at the European external border, which risks being worsened by the Afghanistan crisis. We need to implement a humane border policy. For this, we need fast and fair procedures, safe corridors, humane reception facilities, agreements with countries of origin and transit for faster repatriation of those who do not need protection in the EU after the procedure.

At the same time, we are running into an increasingly noticeable shortage of skilled workers due to demographic change: this should be a reason for the EU to further promote regular migration and specifically facilitate the immigration of skilled workers from third countries (e.g. in the areas of IT, the green economy, and healthcare professions).

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Breaking free from the “ghost” of a transfer union

The financing of the Recovery Fund by the issuance of European debt instruments has raised the old fear that debt-financing of expenditure at EU level could become the norm and undermine budgetary discipline in the EU Monetary Union. The European institutions – facing a pandemic of historical dimensions – showed their capacity to act swiftly. This type of crisis management can serve as an example for instruments used in future crises, under the condition that the funds are perceived as well-spent. Therefore, their use must be clarified in a transparent manner and controlled by the EU Commission. On this basis, it should be possible to transform the ghost of a transfer union into a European virtue, a union of solidarity in which neighbouring countries help each

other in times of exceptional need caused by no fault of their own. Such wider sharing of risk might become a credible approach if market discipline can be significantly strengthened.

Strengthening the Single Market

The Single Market has contributed significantly to economic growth and consumer welfare within the European Union. It has not, however, achieved its full potential, and economic gains could be secured by better and more effective application and enforcement of existing legislation and a deepening of the Single Market. Therefore, infringement procedures should be accelerated and the EU Pilot tool applied more often. The cost of Non-Europe is costs arising from the lack of full achievement of the Single Market and the benefits foregone for citizens, businesses and Member States. Further removal of barriers to the free movement of goods and services brings benefits for everyone – customers, workers and businesses. The proper functioning of the Single Market also depends on the safety and quality of goods and services.

During the COVID-19 pandemic, businesses faced new barriers imposed by some Member States excessively restricting the free movement of goods, services and people. We need to ensure that this will not be repeated and that Member States will work in a more coordinated manner. One precondition of a well-functioning Single Market is better-law making. We have to avoid excessive bureaucracy that brings extra costs for business and society. Thorough impact assessments with SME tests, ex post evaluation and the application of the “one in, one out” principle are the golden rules of better regulation, and must be used in practice.

Furthermore, for all new initiatives, a specific competitiveness check should be undertaken before their launch.

Creating a new context for trade policy

Open markets and reducing unjustified trade barriers are and must remain the EU’s fundamentals. In view of protectionist tendencies and geopolitical conflicts, the trade policy environment has become harsher. For the European Union, international trade and investment on fair terms are a prerequisite for securing



prosperity, sustainability and jobs. In this context, the quality of trade agreements must be continuously improved in order to push back exploitative and environmentally damaging economies in favour of sustainable economic models. We call for an open, fair, inclusive and predictable international trading environment that throws its weight behind democracy and the rule of law, peace and stability, social and environmental sustainability, and an open, fair and rules-based world trade order. Europe needs to protect global trade rules, ensure a level playing field and strike the balance between strategic autonomy and openness to international trade, by promoting a strong industrial base and resilient international supply chains. We should not forget that more complexity, bringing excessive red tape for foreign companies, could harm the attractiveness of the EU Single Market, as well as the trust of our trade partners.

Moreover, trade policy has the potential to contribute significantly to mitigating climate change by, for example, facilitating trade of environmental goods, services and technologies. However, the global trading system is in its deepest crisis since the World Trade Organisation (WTO) came into existence. To revive rules-based multilateralism, it is crucial to adopt a positive approach based on a commitment to common goals – such as modern rules, better market access and climate action – and reinforced by the urgency of these overarching goals.

Becoming capable of action in order to remain relevant

If one agrees with the analysis of a “permacrisis”, then structural changes are needed, otherwise the

EU will only be driven by and react to global political developments. Instead of relying on the current rigid legal governance approach, which in most cases is designed to limit EU action, the Union must be enabled to exercise its powers more flexibly when confronted with crises. In return, it must exercise more restraint in areas that can be better resolved at the national level.

As much as there are good arguments not to underestimate the soft power wielded by Europe through the “Brussels effect” (*Anu Bradford*) of setting international standards through good governance, there is a need for complementary hard power through a common security and defence policy. A fully fledged European Defence Community would provide a strong foundation for the Common Foreign and Security Policy and also give more support to a common migration policy. Only in this way can the idea of constituting Europe as an area of freedom, security and justice become a reality again.

Social welfare requires a sound economic foundation. Competitiveness and higher productivity based on skills and knowledge represent a sound recipe for maintaining and enhancing the wellbeing of European societies. Investments in new technologies and innovations that will help to achieve a net zero carbon EU by 2050 need new mechanisms and regulatory frameworks that reward these efforts and create large-scale incentives. Political measures to address climate change will require agile and technology-driven approaches. It will require efforts at every level of society. Enterprises need to be enabled to act at the centre of this long-lasting combat by innovating, investing and offering solutions globally.

Whether the Conference on the Future of Europe will ultimately be a success depends largely on whether and to what extent the European Council is prepared to take on board the demands and proposals that this conference will produce. Together with the European Parliament and the European Commission, it must develop a follow-up that is not limited to a “roadmap” but leads to real action. A dashboard should be created allowing citizens to see how their proposals are followed-up. If suggestions are not taken seriously, citizens should receive an explanation.

The Conference on the Future of Europe shouldn’t be seen as an end in itself, but rather as an ongoing process to substantially upgrade the implementation of Article 11 of the Treaty, and make it a structural element, not just an extraordinary gathering.

1. Climate change and the environment

Climate change is a huge global challenge on every level in our societies. The EESC employers' group strongly supports the Paris agreement and 1.5-degree policies. We have seen a turning point: for the first time, all the major economic powers have committed to the goals of carbon neutrality by the 2nd half of the century. The EU is leading with its aim to be carbon-neutral by 2050. The EU's diplomatic efforts have to be increased for creating a climate alliance starting with the US and China and finally extending towards WTO level.

Climate targets have to be realistic and the different starting points in the Member States need to be taken into account. It's clear that the emission reductions must be substantial, and the ambitious targets will require massive investments of an unprecedented scale in innovation, technology and low-emission production and services. This demands an unprecedented effort from the business community, and it can and must be done without undermining European competitiveness.

Climate change mitigation represents an opportunity for economic growth. Implementing the European climate targets means that the EU's global climate lead will further increase. This will benefit export companies that develop or use green technologies. At the same time, however, the competitiveness gap will widen if non-EU countries don't start tightening up their own climate targets. It is therefore important for the EU to be able to reduce the competitive disadvantage of its export companies operating on the world market.

- We need to quickly mobilise emission-reducing pilot projects as well as invest in new technology. For this end, both the EU and national recovery funds need to be used efficiently. It is also essential to invest in electrification and other low-emission energy solutions, as well as hydrogen and carbon capture and reuse as raw materials.
- The EU emissions trading scheme (EU ETS) and other market-based instruments are essential.



The EU ETS includes means of ensuring that European companies can compete globally as the EU's ambitious climate policy advances. Free allocation and the compensation of indirect electricity costs (implemented in a harmonised way in all EU Member States) will continue to play a crucial role for business.

- Business investment should not be slowed down by regulatory uncertainty. A new EU-level regulation or revision should be made only if it is inevitable for reaching the climate target. EU Member States must be seen as an attractive investment environment. To ensure this, the legislation needs to be predictable, supportive of innovation, providing incentives, and de-risking in new technology investments, as well as accompanied by comprehensive impact assessments. It is important for the EU to play an active role in international climate policy to involve other countries in tightening up their own targets in accordance with the Paris Climate Agreement. This would support cost-effective mitigation efforts, create a level playing field and minimise carbon leakage while enabling greater ambition.

- The practical implementation of climate and energy policy must be planned in co-operation with businesses.
- The overall ambition must allow for a smooth transition during which the safe and sustainable low-carbon sources will have their role to play. The green transformation has to be seen in a global picture and strategic dependencies need to be taken into account.
- The increase in energy prices will be a challenge for businesses. We have to ensure that Europe will take all necessary steps to avoid destabilisation of

the energy system but at the same time continue our efforts to break away from fossil energy. Not only consumers but also employers will face this phenomenon, which will impact Europe socially and economically.

- In order to support the decarbonisation of transport, more EU funding is needed for alternative fuels and transition technologies, as well as for the associated infrastructure. Rail transport has to be further developed, and cross-border projects in particular can significantly contribute to decarbonising the European economy.

2. Health

With the proposed EU Health Union, the European Union and its Member States must respond to EU citizens' call for the EU to play a more active role in protecting their health.² There needs to be particular improvement in the EU's capacity to effectively prevent, detect, prepare for and manage cross-border health threats.

Strengthening the EU's crisis preparedness and response infrastructure requires coordination between Member States, as well as strong public-private partnerships with strategic investments for research, development, manufacturing, deployment, distribution and use of medical countermeasures.

The development of the COVID-19 vaccine showed that collaboration delivered. Companies, governments, academics and regulators turned their full attention to solving a shared problem.

If we want Europe to remain the leading continent when it comes to vaccine development, we must continue investing in expertise for vaccine development and crucial manufacturing knowhow. This should also be supported by a dynamic regulatory framework and a robust intellectual property (IP) framework.

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Being better prepared in the future means to obtain the necessary information and shared data based much more rapidly on inter-operable indicators, and improve tracking tools to contain virus spread and avoid lockdowns that are very damaging for our economies and societies. One lesson we should also draw from this crisis is to find and maintain solutions that preserve as much as possible the spirit of the Single Market in future pandemics, which notably includes the free movement of workers and goods. Another lesson is the need to ensure more synergies between public health and workplace health and safety.

Create a European Health Union involving businesses

Businesses strengthen Europe as a business location and create high-quality jobs in research and development as well as the production of medicines, vaccines and innovative health products. The use



² According to a recent EU survey, 66% of EU citizens would like to see the EU given more say over health-related matters. 54 % of people surveyed say that public health should be a spending priority for the EU budget ([Public opinion in the EU in time of coronavirus crisis 3 \(europa.eu\)](#))

of new technologies (telehealth, assistive systems, digital platforms) is of great importance to reinforce the prevention and treatment of diseases and to ensure the resilience of our health and care systems in the future. In the context of an ageing population, new technologies can foster the search for alternatives to long-term care that increase people's well-being,

while having a positive impact on public spending. EU funding programmes, such as Horizon Europe and InvestEU, should increasingly support businesses in implementing research results in the health sector. Furthermore, patent protection has to be ensured as important pillar of all research activities.

3. A Stronger Economy, Social Justice and Jobs

Competitiveness and higher productivity based on skills and knowledge represent a sound recipe for maintaining and enhancing the well-being of European societies, all the more in the context of the post-COVID recovery.

Social security systems and redistribution (e.g. in tax systems) are instruments to reduce individual risks and to limit inequality. As the accepted level of inequality differs from country to country, the appropriate level has to be negotiated within the Member States. Security provided by social security systems, labour market regulation or other instruments reduces the risk of job losses and therefore increases the ability to adapt to structural changes.

In order to emerge stronger from the pandemic, the focus of EU and Member State policies should be on increasing investments in innovation in line with facilitating the transition towards a competitive digital, climate-neutral and circular economy, creating favourable conditions for job creation, and securing a skilled workforce.

The digitalisation of the economy, with in particular the growing phenomenon of online intermediation platforms, must be accompanied by legal security for companies to avoid any unfair competition.



Pushing forward the development of key enabling technologies in Europe

It is important to ensure Europe's technological sovereignty in strategically important sectors. Therefore, research and innovation activities need to be stepped up in key enabling technologies such as artificial intelligence, micro- and nanotechnology, photonics, quantum technology, new materials (e.g. graphene), biotechnology and energy and mobility technology (e.g. hydrogen). The commercialisation of research and innovation activities in Europe should be promoted inside the European Research Area (promoting the mobility of researchers, developing research infrastructures and opening them up to businesses, defragmenting national RTI systems and developing cooperation between business and science).

Supporting the innovative power of MSMEs

The greater participation of MSMEs (micro, small and medium enterprises) in innovation projects increases their competitiveness. However, as SMEs have fewer resources for networking and innovation activities, they suffer from entry barriers when participating in European partnerships and innovation networks. Therefore, MSMEs should be able to access publicly funded research infrastructures and to participate in funding applications, tenders and networks with as little administrative burden as possible. In order to enable their scaling, access to finance for MSMEs, start-ups and spin-offs with high-risk innovation projects should be further developed by entities such as the European Innovation Council and the European Investment Bank. Regulatory sandboxes that enable the testing of innovative technologies, products, services or approaches will also be decisive.

A precondition for a successful green and digital transition is that MSMEs are included and incentivised to join the transition. MSMEs' strengths, resources, challenges and needs have to be carefully considered when creating the path for the green and digital transition.

Responsibility and liability

Europe's social market economy is characterised by the long-term thinking of investors. This is often linked to family owned, traditional companies. It also fits to the general requirement that every decision maker and every company has to bear the liability for their own decisions. Competition is essential to provide efficiency and innovation and to limit the concentration of power. EU competition law has to continue to provide this essential pillar for European markets in the future, which requires strong empowerment.

The right business environment

Excessive bureaucracy creates unnecessary costs for business and society. For every new rule, we should aim to take out an old existing rule. One in, one out should be the guiding principle for Better Regulation.

The "Think Small First" principle should also be respected in all legislative proposals, and an SME test should be carried out in the Commission's impact

assessment. It must be clearly justified in what way the planned measures are proportionate for SMEs in terms of compliance costs and administrative burdens. The Social Partnership between employers and trade unions has the potential to reduce conflicts, increase stability and align different interests. At the European level the problem-solving capacities of the Social Partners could be increased if the players showed the political will to make it possible.

Securing skills fit for the future

As we accelerate the green and digital transitions, national education and training systems should be rapidly modernised to anticipate and deliver skills and competences relevant for the needs of the current and future labour markets. For example, new needs in terms of jobs and skills are already emerging in the health sector.

National policies must address the existing skills mismatch and skills gap hitting in particular Crafts and SMEs, and promote work-based learning and VET. It is crucial that Member States ensure that SMEs have enough skilled workers and opportunities to update their digital skills when needed. This includes both employees and entrepreneurs.

Good education and apprenticeships that qualify workers for modern jobs is essential for being successful in a modern, knowledge-based economy. At the same time, qualifications are the foundation of personal income. Dual vocational training or apprenticeships should not be considered as second best, but as an equivalent alternative to university education. Some Member States have been more successful in implementing these education opportunities.

Particular attention should be paid to the attainment of STEM and digital skills, as well as the infrastructure that would facilitate online and blended learning.

Furthermore, intra-European mobility should be promoted to secure skilled labour, especially interregional placement through the EURES-network.

A competitiveness check for all EU initiatives

When the Union legislates, including on social policy, all initiatives should be based on evidence, proof that they fulfil their purpose, and subject to

competitiveness checks, as a control measure to avoid proposals that hinder increased competitiveness, more jobs and sustainable growth. The division of competences between the EU and Member States, where social policy is mainly a responsibility for Member States, must be fully respected.

Establishing an EU-wide electronic notification system for the provision of services

Promoting the freedom of services would provide sustainably support to Europe's economic recovery.

To avoid internal market barriers in the services sector, an EU-wide electronic notification system for the provision of services should be established. It should be implemented by significantly reducing the number of notification and verification obligations and by creating query options for authorities regarding social security and tax registration.

4. EU in the World

In recent years, multilateral cooperation has become less of the norm, despite the need to address collective threats like COVID-19 and climate change. As China grows ever more assertive and the US no longer constitutes the world's undisputed hegemon, the EU should seek to proactively influence the profound shifts in the global arena by pursuing strategic autonomy across different policy areas, from defence to investment, technology, climate and energy.

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The EU's global role starts at home

The prerequisite for European strategic autonomy is internal unity, strength and resilience.

The EU should focus on investment in education and R&D, addressing fragmentation, deepening the single market, promoting ecosystems and value chains in critical sectors and boosting its strategic comparative advantages in high-added value sectors. Greater economic strength would in turn promote the international role of the euro.

Strengthening ties with surrounding regions

In order to find the right balance between the security of critical supplies and open markets, the EU should



strengthen its economic ties with its surrounding regions, beginning with the Western Balkans, Turkey, Eastern Europe, the Mediterranean and the Middle East, but also reaching much of sub-Saharan Africa, as this will be a key ingredient of a future which is both secure and sustainable.

Moreover, the EU should not lose track on the EU accession perspective for the Western Balkans

Engaging with like-minded partners towards multilateral solutions

Rather than sinking into protectionism and closure, the EU must govern interdependence with formally accepted institutions, laws and procedures. This will require an engagement with like-minded liberal democracies, as well as in broader multilateral institutions. Challenges such as climate change or the pandemic response require the involvement and action of the largest number of countries, even when values are not shared.

Actively shaping trade policy

The EU is a key player when it comes to international trade. It must behave like one when it comes to negotiating trade deals with international partners. Trade agreements must not be overburdened with demands to advance other policy objectives, but should be implemented in such a way that the benefits of trade are recognised by the general public.

The EU must continue its efforts to create and implement better market access and modern trade rules through the WTO and further EU trade agreements with key trading partners. The aim should be to improve mutual market access to goods, services and investment and to remove unjustified barriers to trade. When new trade agreements are negotiated, increased attention has to be paid to secure supplies of key raw materials and intermediate products for EU production as well as to facilitate trade for environmental goods and services and new technologies (e.g. environmental technologies).

In addition, the European Commission should make the rules of origin in preferential EU trade agreements more uniform, practical and user-friendly, since the application of the very different rules of origin in individual agreements poses great difficulties, in particular for SMEs. Furthermore, the European Commission should intensify the dialogue with SMEs on trade issues and provide clear information tailored to SMEs (e.g. specialised websites on specific topics, theme guides in several languages).

5. Values and rights, rule of law, security

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European rights and values

The state has an important role in the social market economy. It must be strong where it is needed and focussed on what is needed. Too much involvement of political decisions in economic processes is as problematic as not enough clarity regarding the framework of economic activities.

The rule of law and transparent governmental decision-making is essential for a fair and functioning social market economy. Fundamental and general rules should be valid for every firm and citizen in the EU.

Strengthening the rule of law by including the economic dimension

The principle of the rule of law must play a stronger role in the internal market, just as it does in the enlargement process. In particular, in addition to the existing pillars such as independence of the judiciary

and media pluralism, the economic dimension of the rule of law must also be given greater attention. After all, reliable rule-of-law structures in economic life as well as rule-of-law behaviour by public authorities are a mandatory prerequisite for investments and other



economic activity. The rule of law in the economic sphere is also an important location factor, which is why the Commission's forthcoming Rule of Law Report 2022 should take greater account of this aspect.

Judicial cooperation, which ensures greater legal certainty in cross-border relations and easier access to justice for citizens, is essential to promote a common culture of the rule of law and the effective application of the Charter of Fundamental Rights.

6. Digital transformation

Digital is crucial to ensuring Europe's competitive advantage in the global economy and delivering growth and jobs. Digital technologies will offer EU businesses new opportunities to close the gap with their competitors at global level.

The EU has to develop its vision and strategy for the digital transformation by rolling out modern and robust infrastructure, cybersecurity, cloud technology, key enabling technology and data, while remaining open to free trade and supporting the multilateral system.

In order to achieve this, concerted efforts between businesses, Member States, regions and EU institutions are needed.

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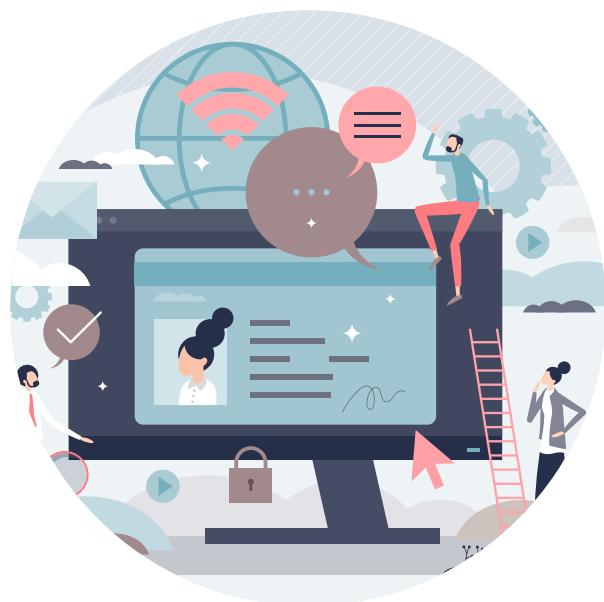
It is also essential to ensure a framework of fair competition in the digital economy, especially for SMEs.

European Digital Innovation Hubs

European Digital Innovation Hubs (EDIHs) can play a significant role in setting up local, regional, and international service networks for SMEs to advance their digital transformation. These networks should include not only EDIHs but also other service providers, both public and private. For EDIHs and their counterparts to be successful they need to have strong connections to SMEs and their communities. This can best be achieved through regional and national business associations and other SME representative bodies.

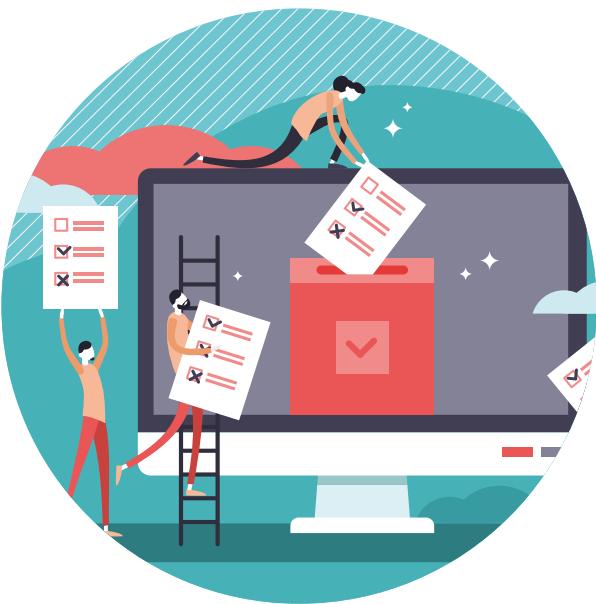
Strengthening the European Cyber Security Economy

Cybersecurity is the foundation of a competitive digital economy in Europe and an important part of European security and defence. Strengthening the European cybersecurity economy should therefore be a top priority for the EU. The development and preservation of European know-how in this field must be a priority for EU legislators and EU financing, e.g. by increasing awareness about cybersecurity through Horizon Europe and Digital Europe. Education and training of cyber security experts is also required to cope with the shortage of skilled workers in the field of cybersecurity. Erasmus+, Horizon Europe and EIT Digital, for example, can make an important contribution in this area. In addition, appropriate support measures must be put in place for businesses. It would be important to adapt or interpret European procurement rules in such a way that European suppliers are given a winning edge.



Promoting Digital Education

The Covid-19 crisis has highlighted the massive need for further training in digital knowledge, especially the prevalence of digital illiteracy among the EU's older cohorts more than in any other age groups. Digital education should be promoted at all levels of education, be it the school system, vocational training, the higher education sector or adult education. The EU Skills Agenda must be implemented with regard to digital skills. For example, one of the Commission's objectives is that 70 % of the adult population should have basic digital skills by 2025. The Digital Education Action Plan 2021-2027 is part of the EU Skills Agenda and includes two strategic priorities: to promote the development of an efficient digital education ecosystem and develop digital skills for digital change. In particular, the development and promotion of digital skills is a top priority for the economy. We could also add educational training among SMEs on digital skills and cybersecurity.



The European business community is a strong supporter of European, national, regional, and local democracy. Only well working political systems can provide European citizens and businesses what they need from the public sector.

Evidence-based and transparent policymaking in the EU institutions is a prerequisite for the acceptance of new regulatory projects by businesses and citizens. More focus must be given to the implementation and enforcement of existing rules.

Data sharing

Access to data, even for the smallest companies, is a prerequisite for the future data economy. It is crucial for competitiveness, as it can serve both to improve existing processes and develop new business models. At European level, impulses are needed so that as much public-sector data as possible can be made available for innovation in administration, business and society. In addition, companies should be specifically supported in the development of innovative data-based business models (e.g. public-private partnerships, knowledge transfer). Once companies are affected by disclosure obligations, the confidentiality interests of companies must be taken into account. Furthermore, the development of high-performance broadband infrastructure must be stepped up in order to create the necessary infrastructure for processing large amounts of data.

7. European Democracy

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Civil society and media pluralism, including the safety and security of journalists, are the cornerstones of liberal democracy. Media freedom is one of the biggest concerns as part of the fundamental rights and rule of law working agenda. Europe needs a live and vibrant civil society that stands up for media freedom where we see it under threat.

We have to build new foundations for democratic participation. Participatory democracy itself should be regarded as the foundation of post-COVID reconstruction. The key to this lies in mobilising citizens. The voice of organised European civil society is a key element in this discussion and cannot be sidelined. While feedback from individuals is extremely valuable, feedback from organisations that represent whole societal groups and economic sectors can often be even more substantial in terms of content and representativeness.

8. Migration

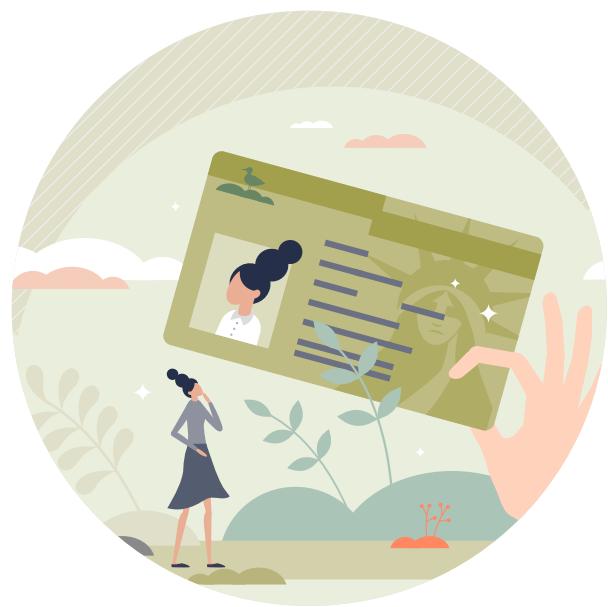
Migration is proving to be one of the biggest and most dangerous wedges dividing the EU.

European refugee policy is full of contradictions, visible to all European citizens. We invoke our European values and at the same time are unable to provide humane conditions in hot spot regions with large scale refugee camps, or to save people from drowning in the Mediterranean Sea. In all EU member states, there are political forces that very successfully profit from these contradictions and politically exploit the fear of irregular migration.

The asylum system must be reformed

We currently have a state of lawlessness at the European external border, which risks being worsened by the Afghanistan crisis. Right now, there is an opportunity to implement a humane border policy, as fewer and fewer people have come irregularly since 2017. For this, we need fast and fair procedures, safe corridors, humane reception facilities, agreements with countries of origin and transit for faster repatriation of those who do not need protection in the EU after the procedure and a viable solidarity mechanism with the border countries.

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The EU should promote regular migration of skilled workers

At the same time, we are running into an increasingly noticeable shortage of skilled workers due to demographic change: this should be a reason for the EU to further promote regular migration and specifically facilitate the immigration of skilled workers from third countries (e.g. in the areas of IT, the green economy, and healthcare professions).

9. Education, culture, youth and sport

As the EU and its Members States are shaping the recovery from the pandemic and as we accelerate the green and digital transitions, modernising our national education and training systems should be a key priority for policymakers to ensure competitive economies and thriving societies.

At a time when all our energy should be focused on creating more jobs, the links between education and the labour market should be put in the spotlight,

thinking from a skills-first perspective to help ensure employability.

Key skills gaps should be addressed through redesigned curricula fit for the future

Education and training systems should prioritise bridging the digital skill gap, as nearly 90 % of jobs

require digital skills but 40 % of Europeans still lack basic digital skills.

- Member States should promote education in science, technology, engineering and mathematics (STEM) by raising attractiveness of STEM studies and careers, particularly focusing on attracting girls and women to these fields.
- Digitalisation needs to be promoted at all levels of education, be it the school system, vocational training, the higher education sector or adult education. It is essential for every student in the EU to master the basic digital vocabulary and have a clear picture of the future challenges and opportunities triggered by digitalisation. Furthermore, coding, data manipulation and suchlike should be on any program's curriculum.
- Education systems across Europe need to encourage students to strive for innovation. Entrepreneurial skills and interdisciplinary should be fostered through new and creative ways of teaching and learning from primary school onwards.

Public-private partnership in the governance of education and training systems

Another important ingredient for enhancing the employability of graduates is the involvement of business in the governance of education and training systems at the various levels, including by defining their skills needs and fully participate in adapting curricula in a timely and efficient manner.



Promoting the cultural and creative sectors as key contributors to shaping Europe's post-pandemic recovery

Cultural and creative sectors are a strategic asset for maintaining Europe's rich cultural diversity and increasing its attractiveness internationally, promoting innovation as well as sustainable growth and jobs in the EU.

The Member States should cut red tape hampering, in particular, creative and cultural SMEs and self-employed, streamlining the procedures for providing services and facilitating the mobility of services, artists and cultural operators.

The creative sector in Europe has great potential, but it needs better framework conditions to fully develop and become a serious competitive player on the world market. A clear EU ambition for the inclusion of creative and cultural industries in the EU's external policy, including trade policy, is also needed.

Improving European entrepreneurial culture

Entrepreneurship represents a key competence for improving competitiveness and innovation, even more so in the context of the post-pandemic recovery.

The pandemic has had a disproportionate impact on youth. Encouraging entrepreneurship education to develop young people's entrepreneurial skills could be a way to reduce unemployment and to give young people an opportunity to shape their professional lives.



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