



*Employers entrusted to deliver
Sustainability Growth Innovation*

Policy Kit

with regard to the Spanish Presidency of the Council of the EU

1 July 2023 – 31 December 2023

SIG Europe represents employers and enterprises of services of general interest since 1961. Our members are organisations and enterprises active in fields such as:

- Central & local administrations,
- Healthcare,
- Social services,
- Education,
- Housing,
- Waste management,
- Energy,
- Transport,
- Water,
- Environment,
- Communications.

Modern public services and services of general interest (SIGs) support the fundamental goals of the EU, enabling business, cohesion, economic and social solidarity, and a better quality of life for citizens.

This Policy Kit, prepared considering the priorities of and the programme of the Spanish presidency of the Council of the EU, aims to present key SIG Europe positions on the main files to be discussed at the EU level over the next six months.

Reindustrialise the EU and guarantee its open strategic autonomy

- SIG Europe welcomes that, since March 2023, a renewed focus has been put on the **need to boost the EU's long-term competitiveness, economic security and resilience**. SIG Europe welcomes this new approach, which must also put SIGs and public services at its heart.
- **Public services and services of general interest are core elements of the EU social market economy**. Accessible, high-quality and affordable services of general interest are instrumental to the lives of citizens and enterprises. **SIGs are more than enabling elements of the EU industrial ecosystems; they are key actors**, directly impacting the performances of many of the "Drivers of competitiveness" highlighted by the European Commission in its communication "Long-term competitiveness of the EU: looking beyond 2030".
- Contributing throughout the EU socio-economic ecosystem, SIGs and public services must now take centre stage at the EU level. Throughout recent crises, EU leaders have seized opportunities to improve cooperation. **Shaped by crises and external pressures, these responses have improved the coherence and relevance of the EU**.
- SIG Europe now calls for engaging in a reflection to improve this coordination and coherence, going beyond crisis response. In recent years, we have witnessed the rapid uptake of Important Projects of Common European Interest (IPCEIs) on critical projects for resilience and open strategic autonomy – on microelectronics, batteries, and hydrogen. In total, 208 companies from 21 Member States have joined IPCEI projects, with €26,7bn of state aid approved and an additional €50bn of expected private investment.
- The **success of IPCEIs highlights the importance of the EU level in such industrial projects**. Building upon those developments, SIG Europe calls for starting a reflection on the **creation of "pure" and genuine EU Public Goods**.
- With the preparation of the **Strategic Agenda for 2024-2029** now in motion, we believe that there is room for more action to preserve the EU's edge on critical and emerging technologies relevant to green and digital transitions. We see those possibilities – which could, in the long run, serve as a basis for EU Public Goods – in sectors such as **energy** (through a genuine Energy Union, starting with guaranteeing the security of supply and energy security as a whole), **healthcare** (especially on pandemic preparedness and healthcare scientific research), or **security** (including of our critical and strategic infrastructures, including water and public transport).
- **Foresight must play a central role in anticipating upcoming challenges**. SIG Europe welcomes the 2023 Strategic Foresight Report's focus on the need to bridge social, economic and environmental

challenges, and boost social cohesion, reinforce the EU's internal and external policies, further improve the investment framework across the EU and propose ways to measure well-being beyond GDP.

- **SGIs** – services of general interest – **will remain instrumental in anticipating and addressing the challenges highlighted in the 2023 Strategic Foresight Report**. Active in essential sectors such as energy and water distribution, social services, healthcare, public administration or public transport, SGIs will play a central role in guaranteeing that social, economic and environmental growths go hand-in-hand.
- Foresight and the need to develop the EU's open strategic autonomy will be at the centre of the informal European Council in Granada. In line with the principles of openness and inclusiveness at the heart of the foresight approach to foresight, **we count on the Spanish presidency of the Council of the EU to involve social partners and further anchor foresight in the EU decision-making process**.

Make progress in the green transition and environmental adaptation

Review of the Electricity Market Design

- SGI Europe has **supported the EU Council's energy emergency package and the proposal of the REPowerEU to weather the storm in 2022 and ensure the security of supply**. Short-term measures based on demand reduction and voluntary joint procurement of EU gas purchases allowed EU Member States to manage gas storage levels and prevent blackouts on the energy and electricity market. **Combined with additional schemes and financial support packages, it allowed the EU to develop its diversity of supply and boost renewable capabilities**.
- In the long term, however, **SGI Europe calls for the EU Green Deal to remain the only way forward**, emphasising flexibility and technology neutrality. On the financial side, it is necessary to **set schemes into motion to enable the massive investments we face to accelerate the EU race out of fossil fuels**. Following the presentation of the proposal for the revision of the Electricity Market Design, alignment will be needed between the different proposals to build a functional and stable electricity market, guaranteeing investment safety for enterprises.
- SGI Europe believes that the **new revised market design must offer consumers stable prices of low-cost and low-carbon sources and anchor this at the root of the needed evolutions**. Every measurement taken must address the security of supply in the energy sector to not harm consumers and the economy throughout the European Union.
- To that end, SGI Europe also calls to **align the EMD with the newly proposed Critical Raw Materials Act (CRM) and the Net Zero Industry Act (NZIA)** as will be the preconditions to make the NZIA and the CRM a true success. This way, a boost in the new green hydrogen market using existing gas networks to which millions of European commercial and industrial customers are connected can be created and safeguard economic competitiveness.
- In parallel, in line with the proposal of the European Commission delegated act on the EU Taxonomy on gas and nuclear, **SGI Europe also calls for technology neutrality in the NZIA**. Currently, only one type of nuclear energy generation is included in the Act. To achieve the climate goals set under the EU Green Deal and reach the targets under the Paris Agreements, **nuclear energy will have to play a more significant role in energy-independent production**.
- Focusing on the dual objective of becoming climate-neutral and relying on a broad diversity of supply, the future of the EU energy market must support the long-term planning of the economy through stable prices and the necessary investments in its transformation.

Improve the provision of skills and address shortages

- **The EU's high-quality and inclusive education and training are one of its biggest strengths, essential for EU competitiveness.** SGI providers express **concerns regarding skills mismatches and labour shortages**, especially in some sectors that have proven resilient and crucial during the COVID-19 pandemic (such as the healthcare and social services sectors). **Those ramping trends and demographic ageing affect the opportunities to adapt and manage the continued provision of affordable, high-quality and accessible SGI services.** In contrast, an ageing population increases the demand.
- The issues related to skills mismatches are a concern for both high- and low-qualified profiles, threatening the overall competitiveness of the European Union economy. To tackle the challenges of the twin transition, **addressing labour shortages must be placed on equal footing with the investment needs.** SGI providers welcome the **2023 European Year of Skills**. It must give a fresh impetus to **lifelong learning and empower people and enterprises to contribute to the green and digital transitions**, supporting innovation and competitiveness.
- In December 2022, **SGI Europe concluded its project "Green Skills in VET" project**, co-funded by the European Commission. **The project focuses on identifying the needs of providers of services of general interest (SGI) operating in the water, energy, and transport sector in selected countries (Belgium, France, Germany, the Netherlands, Spain, and Portugal) and exploring the cooperation between vocational education and training (VET) institutions and SGI enterprises.**
- **Among its core findings, the project highlighted that the challenges are diverse.** Specifically, the water sector reported a decrease in the levels of biodiversity, an increase in pollution and the emergence of new forms of natural resource management. The energy sector calls for investment in research and development to support the transition to sustainable, clean and renewable sources and innovative and enabling technologies for environmental sustainability processes. Finally, the transport industry aims to reduce emissions equal to 90% by 2050 and use alternative fuels.
- It also recognised that a **strategy of economic growth and social inclusion** (as well as environmental sustainability policies) **through training for skills development is necessary to achieve the objectives of the EU Green Deal.**
- **A qualified building workforce will also be essential to ensure the high levels of renovation required to decarbonise the building sector** and accelerate the building renovation rate in Europe to implement the political ambitions for 2040 practically.

Implement the Fit-for-55 and the 2040 climate targets

- SGI Europe calls for a **2040 climate target of a minimum of 80% emissions reduction**, which implies keeping the path defined by the EU Green Deal. **The EU should accelerate its decarbonisation efforts in each sector where economically and socially feasible.** Reducing the EU's gross emissions shall remain the priority. Carbon offsets will be needed in specific cases, but a determined framework must ensure efficient use.
- A well-balanced climate implementation plan **requires careful examination of the economic, social and environmental dimensions and placing them all at the heart of EU decision-making.** It will be essential to consider these three dimensions to reach climate neutrality by 2050.
- Over the next decade, SGI Europe calls for **adequate means to reach the climate and energy targets and for the EU to succeed in the green transition.** In a competitive geopolitical context and the challenges on raw materials, EU enterprises need **investments, long-term visibility, and coherence among EU legislation.**
- **Social partners must be involved in the coming mid-term climate talks in devising green skills plans and must be active** in ensuring a just transition.
- SGI Europe underlines the importance of European legislation being **technology neutral to enable more industries to contribute to the climate objective.**

- The most efficient way to deal with **residual waste in a sustainable and beneficial manner is via Waste-to-Energy (WtE)**, and this approach can become an essential piece towards energy independence.
- To achieve climate neutrality, **transport-related emissions must be reduced by 80% by 2040 and 90% by 2050**. A **modal shift towards rail freight and public passenger transport requires ambitious goals** with consistent control measures to create incentives and programmes for expanding multimodal transport offers.

Conclude the trilogue on the Energy Performance in Buildings Directive (EPBD)

- SGI Europe calls for avoiding an EPBD imposing unreachable and unaffordable measures to reduce emissions in buildings. Data collected by SGI Europe members highlight that the complete energy **retrofitting of all buildings to high-efficiency levels cannot be financed by tenants, landlords, homeowners, or Member States**.
- The **national, regional and local levels are best placed to decide on the most efficient and socially sustainable strategies to achieve this aim and balance this new revision's social and economic impacts**. The EU's climate targets will only be reached if the focus is put on CO2-free heat supply and is combined with buildings cost-efficiently upgraded to a level compatible with the provisions of low carbon heating and cooling (for instance, via heat pumps).
- About the trilogue negotiations, SGI Europe urges the co-legislators to ensure that the **efficiency side of zero-emission buildings in the existing stock is not defined at the EU level** and that the EPBD does **not include a building-specific renovation obligation of 30% or 45% of buildings by 2033**, as this requirement would lead to an unreachable renovation rate of 5% per year (at least for the Member States that do not have a Minimum Energy Performance Standard).

Prepare the upcoming trilogue on the Urban Wastewater Treatment directive

- In anticipation of the upcoming negotiations on the Urban Wastewater Treatment Directive, SGI Europe underlines the **importance of the effects of the introduction of the Extended Producer Responsibility (EPR) scheme and the Polluter-Pays Principle**. SGI Europe calls on the European Parliament and Council to **support the Commission's proposal and ensure that a strong EPR system is implemented through this directive**.
- SGI Europe recalls that **all control at-source measures must have priority over one-sided end-of-pipe measures**. It makes economically and ecologically more sense to **avoid pollution at the source instead of removing substances** once they have entered the water cycle, which is difficult and costly for wastewater treatment plants.
- SGI Europe generally supports the approach for additional treatment stages for Wastewater Treatment Plants but in a realistic manner. To that aim, SGI Europe calls for:
 - **Ensuring that further treatment stages are designed to be practical** and give the operators the necessary planning and investment security. Official permit granting procedures are tight and there is a massive shortage of staff at the wastewater treatment plant side.
 - The **financial burden on wastewater customers resulting from further treatment costs and the proposed energy neutrality efforts must not be overlooked**. In doing so, the broader framework conditions and challenges facing the wastewater industry need to be taken into account before imposing further measures.

Promote greater social and economic justice

Review the EU Economic Governance

- Following the presentation of the Commission's legislative proposals to reform the EU economic governance, **SIG Europe urges leaders to engage and agree on a position on the issue swiftly**. With the scheduled deactivation of the general escape clause (GEC) by the end of 2023, **new rules must be in place when the GEC will be deactivated**.
- Since sustained public investment is an essential complement to private investment, the upcoming deactivation of the GEC, combined with monetary tightening and the debt built up during the pandemic, could pressure governments to consolidate their finances by cutting public investment. However, unlike during the sovereign debt crisis, **real investment and net public investment have risen in the last two years**, thanks to the efforts by EU institutions to support the economy, mainly through NextGenerationEU and the Recovery and Resilience Facility.
- SIG Europe has always advocated for a **comprehensive reform of the Stability and Growth Pact and the EU economic governance framework to put a definitive end to austerity faced by public services and SIGs in the past**.
- The European Commission's **careful approach** before laying out its legislative proposals was crucial to **build a consensus on the need to foster more national ownership and highlight the benefits of multi-annual fiscal planning**. These pillars for revising the economic governance framework could give fiscal rules more impact, accompanied by credible enforcement mechanisms.
- The review of the EU economic governance could have a determining role in **granting Member States the means to respond to global challenges**. SIG Europe will keep advocating for a future legislative proposal if the focus on productive public investment is maintained. The transformation of the EU economic governance must **lead to counter-cyclical public productive investment in services of general interest** at the heart of the green and digital transitions.

Improve social dialogue across Europe

- The Council recommendation on social dialogue provides tools for **implementing the 2016 quadripartite statement on a new Start for Social Dialogue and its related Council conclusions**. It must become the new pillar of the EU's future endeavours to reinforce social dialogue in all Member States. **Recognising the diversity of collective bargaining systems across the EU is crucial**.
- The Council recommendation also fully **recognises the role of trade unions and employer organisations in negotiating balanced collective agreements autonomously and without interference**. Strong and balanced social dialogue systems have improved working conditions and competitiveness and created social peace, as demonstrated during COVID-19.
- The recommendation emphasises that **social and civil dialogue cannot be confused**. Social partners are representative organisations which are mandated by their constituents. This difference should be clearly recognised across the EU and must prevent situations where this confusion is used to drown the voice of social partners.
- The recommendation encourages Member States to **entrust social partners with implementing EU social legislation through collective agreements, given that the overall protection level remains**. It should also lead to promoting collaboration with the EU social partners to implement social partners' agreements better and provide appropriate support to do so. This should ensure a better understanding by national governments of the space needed by national social partners, including from a legislative point of view, to implement EU agreements and respond to new labour market issues.
- SIG Europe calls on the Spanish presidency to **monitor the implementation of the Council recommendation on social dialogue** as a critical element to support and boost social dialogue across the EU.

Strengthen European unity

Develop a coherent migration policy

- SGI Europe welcomes the recent opening of the **Labour Migration Platform**, co-conducted by DG HOME and DG EMPL, as a tool to **work on employment and migration issues as two related issues**. This platform will enable regular exchanges between Member States' experts at the operational level and all relevant stakeholders, such as the EU social and economic partners. Social partners could play a key role in connecting stakeholders from our networks with national and EU experts to build this bridge between the migration and employment sectors.
- Building upon the Labour-INT I and II, SGI Europe presented a **project proposal earlier this year under the Asylum, Migration and Integration Fund (2021-2027), jointly with all the partners of the EU Partnership for Integration** (SGI Europe, ETUC, SME United, Eurochambres and BusinessEurope). It will aim at strengthening the multistakeholder approach to facilitate the integration of migrants and refugees into the EU labour market. The project will involve EU cross-sectoral economic and social partners, as well as various organisations at the national and regional levels.
- Connecting employment and migration can also ultimately support the successful integration of newcomers in the EU. SGI Europe renewed on 19 December 2022, by signing the joint statement with the European Commission and other social and economic partners, its commitment to the multistakeholder approach, which **links up partners for providing skills and qualifications recognition, language training and integration services**.

Strengthen the resilience of the EU

- **There is an urgent need to protect EU critical infrastructures**. The Proposal for a Council Recommendation on a coordinated approach by the Union to strengthen the resilience of critical infrastructure (of October 2022) was drafted in light of the attacks on critical infrastructure on the German rail and NordStream. It complements the recent revisions of the Critical Entities Resilience Directive (CER) and the Network and Information Security Directive (NIS2).
- The preparedness will be strengthened by **helping and supporting the Member States with stress tests, expertise, and exchange of the best practices, with priority on sectors such as energy, transport, digital and space**.
- SGI Europe advocates for better governance and enforcement of existing rules between the providers/operators of different critical infrastructures. Data exchanges would therefore be welcomed to enhance communication amongst all parties involved.
- However, Europe must ensure that **no network provider is forced to publish information which could be used for future attacks on their infrastructures**. Any obligations for sharing data must accommodate national differences in the designation of critical infrastructures.